

## Chapter-I

### Social, General and Economic Sectors (Non-PSUs)

#### 1.1 Introduction

##### 1.1.1 Budget Profile

There are 63 Government Departments and 39 Autonomous Bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2009-14 is given in **Table 1.1.1**.

**Table 1.1.1**  
**Budget and expenditure of the State Government during 2009-14**

(₹ in crore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
<b>Revenue Expenditure</b>										
General Services	4,118.72	3,694.34	4,109.96	4,180.15	4,993.94	4,475.11	5,443.94	5,372.23	6,804.28	6,182.04
Social Services	4,900.94	4,980.28	5,358.43	5,169.49	6,447.89	6,019.65	6,856.51	6,095.84	7,766.53	7,298.01
Economic Services	1,745.16	1,658.12	1,973.30	1,863.75	2,351.14	2,101.63	2,568.74	1,995.29	2,755.73	2,067.95
Grant-in-aid and contributions	396.29	324.73	555.00	407.68	532.72	378.80	847.92	496.86	727.66	668.41
<b>Total (1)</b>	<b>11,161.11</b>	<b>10,657.47</b>	<b>11,996.69</b>	<b>11,621.07</b>	<b>14,325.69</b>	<b>12,975.19</b>	<b>15,717.11</b>	<b>13,960.22</b>	<b>18,054.20</b>	<b>16,216.41</b>
<b>Capital expenditure</b>										
Capital Outlay	1,956.92	1,646.74	2,005.09	1,854.84	3,094.58	2,316.94	3,653.48	3,542.09	4,874.19	3,712.03
Loans and advances disbursed	307.77	30.06	150.54	59.68	307.91	246.83	264.05	272.57	248.66	277.99
Repayment of Public Debt	1,311.58	472.87	1,299.63	519.36	1,638.73	1,015.78	2,297.13	1,472.21	2,152.79	1,316.81
Contingency Fund	34.00	71.42	10.00	536.71	35.00	69.07	40.00	32.07	40.00	194.48
Public Accounts disbursements	10,963.47	12,321.83	11,665.36	17,608.20	12,662.52	19,832.00	12,872.30	20,961.24	14,212.33	25,190.33
Closing Cash balance	-	538.91	-	1,229.41	-	1,085.18	-	1,945.54	-	2,433.41
<b>Total (2)</b>	<b>14,573.74</b>	<b>15,081.83</b>	<b>15,130.62</b>	<b>21,808.20</b>	<b>17,738.74</b>	<b>24,565.80</b>	<b>19,126.96</b>	<b>28,225.72</b>	<b>21,527.97</b>	<b>33,125.05</b>
<b>Grand Total (1+2)</b>	<b>25,734.85</b>	<b>25,739.30</b>	<b>27,127.31</b>	<b>33,429.27</b>	<b>32,064.43</b>	<b>37,540.99</b>	<b>34,844.07</b>	<b>42,185.94</b>	<b>39,582.17</b>	<b>49,341.46</b>

Source: Annual Financial Statements and Finance Accounts

##### 1.1.2 Application of resources of the State Government

The total expenditure<sup>1</sup> of the State increased from ₹ 12,334 crore to ₹ 20,206 crore during 2009-10 to 2013-14, the revenue expenditure of the State Government increased by 52 per cent from ₹ 10,657 crore in 2009-10 to ₹ 16,216 crore in 2013-14.

The revenue expenditure constituted 80 to 86 per cent of the total expenditure during the year 2009-10 to 2013-14 and capital expenditure was 13 to 18 per cent. During the period, total expenditure increased at an annual average rate of 14 per cent, whereas revenue receipts grew at an annual average rate of 15 per cent during 2009-10 to 2013-14.

<sup>1</sup> Total expenditure includes revenue expenditure, capital expenditure, loans and advances.

### 1.1.3 Persistent Savings

During the last five years, there were persistent savings of more than ₹ one crore in 18 cases as per details given in **Table 1.1.2**.

**Table 1.1.2**  
**List of Grants indicating persistent savings during 2009-14** (₹ in crore)

Sl. No.	No. and Name of grant	Amount of Savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
<b>Revenue-Voted</b>						
1	04-Judicial Administration	28.57	29.91	28.05	50.90	36.52
2	06-Revenue and General Administration	56.74	29.52	43.94	64.40	14,66.73
3	07-Finance, Tax, Planning, Secretariat and Miscellaneous Services	4,18.97	1,06.35	5,80.10	5,49.18	1,16.17
4	12-Medical, Health and Family Welfare	91.88	1,24.39	1,53.99	1,33.41	1,16.11
5	13-Water Supply, Housing and Urban Development	47.75	3,72.80	2,35.77	1,53.22	3,08.25
6	15-Welfare	80.43	83.72	1,97.45	1,91.96	1,78.11
7	16-Labour and Employment	5.61	12.08	12.39	36.45	28.70
8	18-Co-operative	1.83	4.87	10.30	6.03	8.53
9	19-Rural Development	70.21	75.22	92.71	1,33.00	1,79.22
10	22-Public Works	28.64	34.94	35.43	56.85	95.65
11	23-Industries	1.34	5.15	14.47	11.32	20.89
12	24-Transport	5.62	2.52	1.37	5.90	3.22
13	26-Tourism	2.85	2.92	30.66	30.05	13.43
14	28-Animal Husbandry	8.49	15.53	4.48	9.04	24.93
<b>Capital-Voted</b>						
1	07- Finance, Tax, Planning, Secretariat and Miscellaneous Services	51.24	8.78	72.43	20.60	40.81
2	11-Education, Sports, Youth Welfare and Culture	7.80	60.20	1,66.31	1,22.03	1,84.55
3	15-Welfare	5.09	13.74	22.03	3.54	6.75
4	23-Industries	9.55	11.54	13.35	23.69	28.21

*Source: Appropriation Accounts*

Reasons for savings in 2013-14 were not intimated (November 2014) by the State Government. However, this indicated inadequate financial control.

### 1.1.4 Funds transferred directly to the State implementing agencies

During 2013-14, GoI directly transferred ₹ 1,903 crore to the State Implementing Agencies without routing through the State Budget. There is no single agency in the State to monitor the funds directly transferred by the GoI to the Implementing Agencies and no data is readily available on how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by the State Implementing Agencies and funded by the GoI.

### 1.1.5 Grants-in-Aid from Government of India

The Grants-in-Aid received from the GoI during the years 2009-10 to 2013-14 have been given in **Table 1.1.3**.

**Table 1.1.3**  
**Grants-in-Aid from GoI**

Particulars	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Non-plan Grants	1,183	1,435	762	869	981
Grants for State Plan Schemes	2,334	2,253	2,840	3,040	3,558
Grants for Central Plan Schemes	11	21	10	8	13
Grants for Centrally Sponsored Plan Schemes	217	356	462	540	523
<b>Total</b>	<b>3,745</b>	<b>4,065</b>	<b>4,074</b>	<b>4,457</b>	<b>5,075</b>
Percentage of increase over previous year	11	9	0.22	9	14
Percentage of Revenue Receipts	39	35	30	28	29

The Grants-in-Aid from GoI increased from ₹ 3,745 crore in 2009-10 to ₹ 5,075 crore in 2013-14. The percentage increase ranged between 0.22 *per cent* and 14 *per cent* during the period from 2009-10 to 2013-14 over the previous year whereas its percentage to revenue receipts ranged between 28 *per cent* and 39 *per cent*.

### 1.1.6 Planning and conduct of Audit

The Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/projects etc., criticality/complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings as well as media reports. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Reports (IRs) containing audit findings are issued to the heads of the audited entities with request to furnish reply within one month. 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 Uttarakhand under Article 151 of the Constitution of India.

During 2013-14, compliance audit of 161 drawing and disbursing officers of the State and 46 units of autonomous bodies were conducted by the Office of the Accountant General (Audit), Uttarakhand. Besides, one Performance Audit was also conducted.

### 1.1.7 Significant audit observations and response of Government to Audit

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments, which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing the specific programmes/ schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

As per the provisions of Comptroller and Auditor General of India's Regulations on Audit and Account, 2007, the departments are required to send their responses to draft performance audit reports/ draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks. It was brought to their personal attention that in view of likely inclusion of such paragraphs in the Report of the Comptroller and Auditor General of India, to be placed before the Uttarakhand Legislature, it would be desirable to include their

comments in the matter. They were also advised to have meeting with the Accountant General to discuss the draft reports of Performance Audits and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries concerned for seeking their replies. For the present Audit Report, one draft Performance Audit<sup>2</sup> and 17 draft paragraphs were forwarded to the concerned Administrative Secretaries. But the reply of the Government has been received in three cases only (November 2014).

### **1.1.8 Recoveries at the instance of Audit**

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 29.81 lakh pointed out in two cases, the DDOs concerned had effected recovery of ₹ 29.31 lakh in these cases during 2013-14.

### **1.1.9 Lack of responsiveness of Government to Audit**

The Accountant General (Audit), Uttarakhand conducts periodical inspection of the Government Departments by test-check of transactions and verifies the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by issue of Audit Inspection Reports (IRs). When important irregularities, etc. detected during audit inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The heads of offices and next higher authorities are required to report their compliance to the Accountant General (Audit) within one month of receipt of IRs. Serious irregularities are also brought to the notice of the Heads of the Departments by the Office of the Accountant General (Audit), Uttarakhand through a half yearly report of pending IRs sent to the Additional Chief Secretary (Finance) of the State.

Based on the results of test audit 5,898 audit observations contained in 2,045 IRs were outstanding as on 31<sup>st</sup> March 2014 details of which are given in **Table 1.1.4**.

**Table 1.1.4**  
**Outstanding Inspection Reports/Paragraphs**

Sl. No.	Name of Sector	Inspections Reports <sup>3</sup>	Paragraphs	Amount Involved (₹in lakh)
1.	Social Sector	1,092	3,618	6,111.40
2.	General Sector	347	649	605.48
3.	Economic Sector(Non-PSUs)	606	1,631	3,889.28
<b>Total</b>		<b>2,045</b>	<b>5,898</b>	<b>10,606.16</b>

<sup>2</sup> Nirmal Bharat Abhiyan.

<sup>3</sup> Outstanding inspection Reports/ Paragraphs have been taken from 2006-07.

During 2013-14, 10 meetings of *ad hoc* committee were held in which 67 paragraphs were settled. The departmental officers failed to take action on observations contained in IRs within the prescribed time frame resulting in erosion of accountability.

It is recommended that the Government may look into the matter to ensure prompt and proper response to audit observations.

### **1.1.10 Follow-up on Audit Reports**

#### **1.1.10.1 Non-submission of suo-motu Action Taken Notes (ATNs)**

According to the Rules of Procedure for the internal working of the Committee on Public Accounts, the Administrative Departments were to initiate, *suo motu* action on all Audit Paragraphs including performance audits featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether these are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the State Legislature.

It was, however, noticed that out of 295 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2011-12, *suo-motu* ATNs in respect of 80 audit paragraphs involving 35 Departments had not been received (as detailed in *Appendix 1.1.1*) upto 31 March 2014.

#### **1.1.10.2 Action taken on recommendations of the PAC**

Action Taken Notes, duly vetted by the Accountant General (Audit) on the observations/recommendations made by the PAC in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/recommendations. Out of 295 Audit paragraphs featuring in the Civil chapters of Audit Reports for the years from 2000-01 to 2011-12, only 184 audit paragraphs have been discussed by the PAC up to 31 March 2014. Recommendations in respect of 102 Audit paragraphs have been made by the PAC, however, ATNs on the recommendations of the Committees is pending from the State Government in respect of four paragraphs.

### **1.1.11 Status of placement of Separate Audit Reports of autonomous bodies in the State Assembly**

Several Autonomous Bodies have been set up by the State Government. A large number of these bodies are audited by the Comptroller and Auditor General of India for verification of their transactions, operational activities and accounts, regulatory compliance audit, review of internal management, financial control and review of systems and procedure, etc. The audit of accounts of one autonomous body (Uttarakhand Jal Sansthan) in the State has been entrusted to the Comptroller and Auditor General of India. Separate Audit Reports (SARs) of Uttarakhand Jal Sansthan issued by Audit for the year 2011-12 are yet to be placed before the State Legislature.

### **1.1.12 Year-wise details of reviews and paragraphs appeared in Audit Reports**

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years alongwith their money are given in **Table 1.1.5**.

**Table 1.1.5**

**Details regarding reviews and paragraphs appeared in Audit Report during 2011-13**

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2011-12	02	81.89	10	146.32	02	00
2012-13	03	283.16	09	166.42	03	00

During 2013-14, one performance audit and 17 audit paragraphs were issued to the State Government. However, reply in respect of one Performance Audit and two audit paragraphs were received from the Government/ Department.

One performance audit<sup>4</sup> and 14 audit paragraphs involving money value of ₹ 94.37 crore have been included in this Chapter. Replies, wherever received, have been incorporated at appropriate places.

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<sup>4</sup> Nirmal Bharat Abhiyan.

## PERFORMANCE AUDIT

### DRINKING WATER AND SANITATION DEPARTMENT

#### 1.2 Implementation of Nirmal Bharat Abhiyan

Total Sanitation Campaign programme, now renamed as Nirmal Bharat Abhiyan, a flagship programme of Government of India focusing on personal hygiene, home sanitation, safe water, garbage disposal and waste water management, was launched in 1999. A performance audit of implementation of the scheme in the State was conducted and the significant findings of the audit are given below:

##### Highlights:

- *Bottom up approach was not adopted for preparation of Annual Implementation Plan due to non-establishment of Block Resource Centres to provide inputs from GP to District level.*  
[Paragraph 1.2.6.2]
- *Funds to the districts were being released in lump sum basis by the SWSM without giving any component-wise breakups as well as the sharing by the State Government and GoI. Resultantly, the districts did not maintain any records of actual sharing of release under the scheme between GoI and the State Government.*  
[Paragraph 1.2.7.1]
- *Acknowledgement of funds amounting to ₹20.92 crore released to GPs were not obtained in the test-checked districts.*  
[Paragraph 1.2.7.6]
- *There was an overall shortfall of 40 to 52 per cent in achievement of individual household latrines for below poverty line families in the sampled districts.*  
[Paragraph 1.2.8.1]
- *Eighty one per cent applications of Gram Panchayats were rejected by the GoI for Nirmal Gram Puraskar during the period 2009-11 on the grounds of open defecation, waste garbage on streets, choked drains, open urination near schools etc. which showed that proper verification, as per guidelines, was not being conducted before processing respective applications for NGP award.*  
[Paragraph 1.2.9.1]
- *In the test-checked districts, there was a shortfall of 33 to 81 per cent in achievement of physical targets under various Information, Education and Communication (IEC) activities and no detailed plans were prepared.*  
[Paragraph 1.2.10]

#### 1.2.1 Introduction

The Government of India (GoI) launched the Total Sanitation Campaign (TSC) in 1999 with a view to carry out sustainable reforms in rural sanitation sector. The campaign focused on personal hygiene, home sanitation, safe water, garbage disposal and waste water management. Further, achievements and efforts made by rural communities in ensuring full sanitation coverage were also recognized through awarding such communities, the Nirmal Gram Puraskar



(NGP), started in 2003. Encouraged by the success of NGP, the TSC was renamed (April 2012) as “Nirmal Bharat Abhiyan” (NBA) to accelerate sanitation coverage in rural areas through renewed strategies and saturation approach.

### **1.2.2 Organizational set-up**

The Ministry of Drinking Water and Sanitation, Government of India is responsible for implementation of Nirmal Bharat Abhiyan. Chief Secretary, Government of Uttarakhand is the Chairperson of the Executive Committee of the Project Management Unit (PMU) which is the Nodal Agency for implementation of the scheme in the State. The Executive Committee is assisted by the Director, PMU, who is responsible for executing the policies, annual programs and budgets as approved by the Executive Committee and the General Body of the PMU. At district level, the Project Manager (PM) of District Project Management Unit (DPMU) was vested with the responsibility of formulation and approval of the annual plans and implementation and monitoring of the scheme.

### **1.2.3 Audit Objectives**

The audit objectives were to ascertain whether:

- the planning for implementation of the Scheme at different levels was adequate and effective;
- funds were released, accounted for and utilised by the State Government in compliance of the guidelines issued under the Scheme;
- the implementation of the Scheme under various components was transparent and in accordance with the scheme parameters;
- Information, Education and Communication (IEC) activities under the Scheme were effective in generation of demand of sanitation services;
- convergence with other departments/schemes was effectively achieved; and
- the mechanism for monitoring and evaluation was adequate and effective.

### **1.2.4 Audit Scope and Methodology**

The performance audit was conducted during June 2014 to November 2014 covering the period from 2009-10 to 2013-14. Out of 13 DPMUs in the State, four DPMUs<sup>5</sup> were selected by Probability Proportional to Size with Replacement (PPSWR) method on the basis of project cost of activities executed in the districts/DPMUs. Further, a total of nine<sup>6</sup> development blocks (20 per cent rural blocks in a DPMU, subject to a minimum of two from each DPMU) were selected through Systematic Random Sampling (SRS) method. In the same way, 90 Gram Panchayats (GPs) in these development blocks were selected (25 per cent of GPs in a development block subject to a maximum of ten from each of them) for detailed scrutiny. To check sustainability of sanitation

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<sup>5</sup> Almora, Dehradun, Pauri and U.S.Nagar.

<sup>6</sup> Doiwala and Sahaspur of Dehradun; Dugadda, Khirsu and Pauri of Pauri Garhwal; Bhaisiyachhana and Hawalbagh of Almora, Kashipur and Bajpur of Udham Singh Nagar.



efforts made by NGP awarded GPs, five or total number of such GPs, whichever is less, in selected development blocks, were additionally selected. Besides, a maximum of ten beneficiaries in each sampled GP were selected for the beneficiary survey. Physical verification of individual household toilets of selected beneficiaries and common sanitary facilities viz. school toilets, Anganwadi toilets, community sanitary complexes, compost pits, garbage pits, soak pits, etc. created in selected GPs was also carried out during the audit.

Before commencement of audit, the audit objectives, scope and methodology were discussed in an entry conference held on 29 May 2014 with the Principal Secretary, Department of Drinking Water and Sanitation, Government of Uttarakhand. Draft Report was sent (20<sup>th</sup> November 2014) to the Government for their reply/response and an exit conference was also held on 25.11.2014 to discuss the audit findings. The response of the Government has been incorporated at appropriate places.

### **1.2.5 Audit Criteria**

The audit criteria applied for assessing the performance of various activities under NBA was derived from the following sources:

- TSC guidelines 2007, 2010 and 2011 and NBA Guidelines 2012; notifications and circulars issued by Ministry of Drinking Water and Sanitation, GoI;
- State Government orders relating to implementation of the NBA;
- Guidelines for the *Nirmal Gram Puraskar*; and
- Provisions of Financial Hand Books.

### **1.2.6 Planning**

#### ***1.2.6.1 Preliminary surveys, baseline surveys and Project Implementation Plan***

As per the NBA guidelines 2007, NBA was to be implemented in phases with start-up activities. The start-up activities included conducting of preliminary survey to assess the status of sanitation and hygiene practices, people's attitude and demand for improved sanitation, etc. These activities also included conducting a baseline survey (BLS) and preparation of Project Implementation Plan (PIP).

As per the first PIP which was produced before audit in the selected districts, it was found that BLS was conducted in 2002-03 but no records pertaining to this BLS except online survey reports could be provided to audit. Hence, authenticity of targets taken in the PIP could not be verified with actual data. Further, on being asked whether any preliminary survey was conducted before BLS, the DPMUs stated that no preliminary surveys were conducted. Hence, the very objective of preparing preliminary survey was not fulfilled. As a result, the District NBA project proposals for seeking Government of India assistance for implementation of the scheme were not based on reliable data inputs.

Besides, the data received through Baseline survey held (2013) in the test-checked districts was also modified at DPMU level (*Appendix 1.2.1*) while compiling it and the targets were fixed

accordingly. This made the whole process of BLS meaningless despite incurring an expenditure of ₹ 31.10 lakh on it in the districts<sup>7</sup>.

The Government stated (November 2014) that house to house baseline survey (2002) was conducted in 11 lakh households, out of which 8.84 lakh households were identified for toilet construction.

The reply was not acceptable as audit pointed out that BLS conducted in 2013 was customized at their level and the targets were fixed accordingly which defeated the purpose of the BLS as well as of the scheme.

### **1.2.6.2 Annual Implementation Plan**

As per the NBA guidelines, a bottom up approach was to be adopted for preparation of Annual Implementation Plans (AIPs), *i.e.* annual plan of GPs consolidated into annual plan of blocks and those of blocks consolidated into annual plan of district and those of districts consolidated into annual plan of State. Further, beneficiaries were to be identified GP-wise to be taken as a target.

It was found that beneficiaries were neither being identified GP-wise nor bottom up approach was being followed. Instead, the plans were being prepared by the districts themselves and sent to the State Government for approval and consolidation in violation of the GoI guidelines. The Government stated (November 2014) that figures are taken from GP which was compiled by the NGO in the said instance, so it is bottom up in letter and spirit. The reply is not acceptable as Plans were neither prepared at GPs level nor at Block level. The district level plan was prepared on the basis of data compiled by the NGOs and hence the bottom up approach was not adopted in letter and spirit.

### **1.2.6.3 Institutional Mechanism**

During audit scrutiny, it was found that institutional structures responsible for implementation of the programme, were not functioning as required under the guidelines. Some instances are as follows:

- The State Water and Sanitation Mission (SWSM), set up at the State level as a step towards achieving coordination and convergence among State departments dealing with Rural Drinking Water Supply, Rural Sanitation, School Education, Health, Women and Child Development, Water Resources, Agriculture, *etc.*, did not include the Secretaries-in-charge of Education, Women and Child Development, and Agriculture Departments as its members. Further, only four out of required 10 meetings were conducted during the coverage period. This resulted in lack of coordination and convergence between different departments as indicated in Para no.1.2.11.
- The Government was required to set up a Communication and Capacity Development Unit (CCDU) for taking up state level HRD and IEC activities as well as monitoring of NBA projects. It was also mentioned in the guidelines that specialist consultants from the fields of Communication, Human Resource Development, and Monitoring and School Sanitation

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<sup>7</sup> Pauri ₹ 7.18 lakh, Almora ₹ 9.03 lakh and U S Nagar ₹ 14.89 lakh.

might be engaged by the CCDU. It was found that only one specialist consultant from the field of Communication and Training was engaged while the remaining two posts<sup>8</sup> remained vacant which resulted in lack of monitoring and weak planning of IEC activities.

- Against the required 14 meetings of District Water Sanitation Mission (DWSM) in each district in last five years, the number of meetings actually held was a meager seven, six, eight and one in Dehradun, Pauri, Almora and U S Nagar respectively. This adversely affected the IEC and Planning activities like inadequate IEC activities, poor baseline survey, delay in release of funds to the GPs, non-obtaining of receipt of the incentives paid, and inadequate convergence with other schemes/departments.
- It was found that no Block Resource Centres (BRCs) were set up in any of the districts of the State. Instead, all the works of BRCs were being executed by the DPMUs of concerned Districts which were nodal office of the district concerned. Non-establishment of BRCs resulted in top-down approach of planning instead of bottom-up approach as envisaged in the guidelines. Further, it was very difficult for the nodal office to monitor the progress of the scheme in each GP of the district with their limited resources. Had the BRCs been established, the monitoring would have been effective and decentralized and as a result, the overall implementation of the scheme would have been better. This may be substantiated by the fact that out of a total of 291 GPs proposed<sup>9</sup> by the sampled districts in the review period for awarding of NGP status, only 37 GPs<sup>10</sup> could meet the benchmark and be awarded with the NGP status. Government stated during the exit conference (November 2014) that BRCs were a component of NRDWP scheme and were yet to be established.

## 1.2.7 Financial Management

The NBA scheme funds were required to be utilised as per approved AIPs. Audit scrutiny however showed that inefficient fund management by the implementing authorities led to delay in release of funds to GPs, insufficient IEC activities, short achievement of targets, non-maintenance of sustainability of NGP status as has been discussed in the subsequent paras.

### 1.2.7.1 Funding Pattern

NBA is funded by the GoI and State Government. As far as individual latrines are concerned, the beneficiaries were also supposed to contribute a certain amount of funds. Key components of NBA along with their percentage share of total allocation and funding pattern for each sub-component is given in **Table 1.2.1**.

<sup>8</sup> Community Development specialist, Human Resource Development specialist.

<sup>9</sup> Dehradun: 117, Pauri: 75, Almora: 71, U S Nagar: 28.

<sup>10</sup> Dehradun: 04, Pauri: 05, Almora: 24, U S Nagar: 04.

**Table 1.2.1**

Component	Percentage allocation of the total project outlay		Funding pattern		
			GoI Per cent	State Per cent	Beneficiary contribution Per cent
Information Education and Communication (IEC), Start-up Activity and Capacity Building	Up to 15 per cent		80	20	0
Revolving Fund	Up to 5 per cent		80	20	0
Individual household latrines (IHHL)	Actual amount required for full coverage	2009-10	Model 1- Up-to ₹ 1,500, Model 2- ₹ 1,500 to ₹ 2,000, Model 3- Above ₹ 2,000		
		2010-11	₹ 2,000	₹ 700	₹ 300
		2011-12	₹ 2,700	₹ 1,000	₹ 300
		2012-13 onwards	₹ 3,700	₹ 1,400	₹ 900
Community Sanitary Complex (CSC)	Actual amount required for full coverage	2009-10	60	20	20
		2010-11 onwards	60	30	10
Institutional toilets including school and Anganwadi sanitation	Actual amount required for full coverage		70	30	0
Administrative charges	Up to 4 per cent		80	20	0
Solid and Liquid Waste Management (SLWM)	Actual cost as per SLWM project cost within limits permitted	Up-to 2011-12	60	20	20
		2012-13 onwards	70	30	0

Scrutiny of records showed that the funds to the districts were being released in lump sum basis by the SWSM without giving any component-wise breakups as well as the sharing by the two Governments. Resultantly, the districts did not maintain any records of actual sharing of total funds released under the scheme between the two Governments. The Government stated (November 2014) that the Department has taken note of the audit observation and will act accordingly in future.

### **1.2.7.2 Receipt and Expenditure**

The year wise details of receipts and expenditure on the programme during the period 2009-10 to 2013-14 are as per **Table 1.2.2**.

**Table 1.2.2**

(₹ in lakh)

Year	Opening balance		Receipt		Total Available fund	Expenditure		Total Expenditure	Closing balance	
	GoI	State	GoI	State		GoI	State		GoI	State
2009-10	1,039.17	41.60	919.23	494.78	2,494.78	1,063.09	328.81	1,391.90 (56%)	895.31	207.57
2010-11	895.31	207.57	2,050.83	997.17	4,150.88	1,503.47	489.81	1,993.28 (48%)	1,442.67	714.93
2011-12	1,442.67	714.93	845.96	164.67	3,168.23	1,193.68	1,007.61	2,201.29 (69%)	1,094.95	(-)128.01
2012-13	1,094.95	(-)128.01	2,586.14	1,085.97	4,639.05	1,238.78	482.71	1,721.49 (37%)	2,442.31	475.25
2013-14	2,442.31	475.25	594.08	221.64	3,733.28	1,769.92	667.54	2,437.46 (65%)	1,266.47	29.35

*Source: Data provided by Project Management Unit, Dehradun*

As is evident from the table, funds spent on programme against those released during the period 2009-14 ranged from 37 to 69 per cent.

In addition to above, records of the test-checked districts showed that unspent balances with the various DPMUs remained in the range of 32 per cent to 69 per cent during 2009-14. Despite this, the SWSM continued to release funds to the implementing agencies.

On being pointed the concerned DPMUs stated that funds could not be utilised to the desired level due to insufficient manpower, unawareness at GP level and beneficiaries' unwillingness to take the incentive money as same was felt insufficient. Further, The Government stated (November 2014) that the pace of physical verification of the targets is considerably decreased given the geographical terrain and accessibility problems in the hills and the incentive amounts are released only after verification.

The reply is not acceptable as SWSM and DPMUs justified the audit objection in different ways.

#### **1.2.7.3 Delay in release of funds**

As per the NBA guidelines, the state share should be released within 15 days of release of central share. The PMU should release the funds to the concerned districts within 15 days of receipt of central grants and districts should release the funds for the works to the GPs within 15 days of such receipt so that the beneficiaries could get the benefit of incentive within time.

It was observed that the PMU released the funds to districts with a delay ranging from one to eight months and at DPMU level, funds were released with a delay of one to 12 months.

The Government accepted the facts and stated (November 2014) that this was due to non-submission of required documents for releasing the funds.

#### **1.2.7.4 Mismatch of data**

Audit found that data related with transactions of NBA funds differed in manual records (Balance Sheet) from those contained in Management Information System (MIS). There was a huge difference of 2 per cent to 62 per cent in the manual records and MIS information with respect to availability of funds with the sampled districts during the coverage period. The difference ranged from 0.02 per cent to 71 per cent with regard to total expenditure in these districts in the same period (*Appendix 1.2.2*). The Government stated (November 2014) that necessary measures were already in place to check the discrepancy in future. The reply is not acceptable as the Department did not initiate the work of reconciliation of the manual data related with transactions of NBA funds from those contained in MIS till the date of Audit (November 2014).

#### **1.2.7.5 Incentives released without following the guidelines**

As per guidelines, incentives for the construction of Individual Household Latrines can be given to the household only after on verification/recognition of its achievements *i.e.* on completion and use of the toilet.

Records of the four test-checked districts showed that cheques amounting to ₹ 34.84 lakh<sup>11</sup> were released to the GPs without verification/recognition of construction and use of toilets resultantly, the cheques got time barred and were returned by the GPs to the DPMUs during 2009-14. These cheques were not revalidated by the respective DPMUs. On this being pointed out, the Project Managers stated that cheques were not revalidated as they had been issued on the basis of wrong information furnished by the concerned Gram Pradhans and the Education Department. This

<sup>11</sup> Dehradun: ₹ 2.07 lakh, Pauri: ₹ 22.69 lakh, Almora: ₹ 9.38 lakh and U S Nagar: ₹ 0.70 lakh.

indicated that the DPMUs, in violation of the scheme guidelines, issued cheques without carrying out the prescribed physical verification of the activities.

#### **1.2.7.6 Non-obtaining the receipt/UC against the funds transferred to GPs**

During the test-check of records of selected districts, it was found that acknowledgement of funds amounting to ₹ 20.92 crore released to GPs, was not obtained by the selected DPMUs during the coverage period 2009-14. It was further seen that the incentive amounts were being paid in cheques/cash to the beneficiaries by the GPs.

In contravention to the financial rules, it was found that the incentive amount which was disbursed to the GPs, was treated as expenditure without taking receipts from the concerned GPs. The whole incentive amount was also booked as expenditure in advance in ledger and other financial accounts of concerned DPMUs. In the test-checked GPs it was found that funds amounting ₹ 8.87 lakh<sup>12</sup> released by the respective DPMUs remained undistributed and were lying in Gram Nidhi accounts. The Government accepted the facts and stated (November 2014) that the process of direct transfer of funds to the beneficiaries was being initiated.

#### **1.2.7.7 Unadjusted Advances**

Under the NBA scheme, for construction of toilets, funds were transferred to different supporting organizations<sup>13</sup> (SOs) by the DPMU against which the SOs were required to submit utilization certificates of such funds after construction of the toilets. During audit, it was found that due to non-submission of utilization certificates by the concerned SOs, an amount of ₹ 219.06 lakh was lying unadjusted in the State (May 2014). Out of this amount, ₹ 130.06 lakh was with the DRDA and ₹ 71.98 lakh remained with ADEO/DEO.

The Government while accepting the facts stated (November 2014) that demi-official letters have been written to respective DMs and constant monitoring meeting were being held to resolve the pending cases.

In addition to above, it was also found that DPMU Almora had distributed ₹ 30.80 lakh to District Education Officer (DEO), Almora in the year 2011-12 for the construction of eighty school toilets at the rate of ₹ 38,500/- per toilet (as per approved list) in two installments. As per the guidelines second and final installments was to be released only when the toilets had been constructed, completion certificates obtained, submission of photographs by the respective schools and physical verification of toilets by the DEO and DPMU officials. Audit noticed that the DEO had submitted completion certificates of the construction of eighty new school toilets for final adjustment of ₹ 30.80 lakh. The DPMU without ascertaining and physically verifying the completion of the constructed toilets with the approved list of toilets, adjusted the amount.

The Government stated (November 2014) that if at the time of sanctions in NBA, the work had already started by other funding agencies, they replace it by a new un-saturated school and logically the list would differ. The reply is not acceptable as DPMU should have considered the

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<sup>12</sup> Dehradun: ₹ 3.01 lakh, Pauri: ₹ 4.33 lakh, Almora: ₹ 0.33 lakh, U.S. Nagar: ₹ 1.20 lakh.

<sup>13</sup> District Education Officer, District Programme Officer, District Rural Development Agency and NGOs.



approved revised list and physically verified the constructions at the time of release of final payment to the DEOs concerned.

### 1.2.7.8 Operation of multiple bank accounts

As per NBA guidelines, funds (GoI and State Share) received under NBA were to be kept in separate saving bank accounts at all levels (State and District). The interest earned on this account was to be treated as funds received under NBA.

Scrutiny of records showed that NBA funds were kept in three bank accounts by DPMU Dehradun, and in two bank accounts by DPMU U. S. Nagar which were operational as of date of audit (June/October 2014). The Government stated (November 2014) that necessary action for closing more than one account at DPMU level would be taken up.

## 1.2.8 Implementation of scheme

### 1.2.8.1 Achievement vis-à-vis Targets

To make Gram Panchayats Nirmal during the year/ in the coming years, annual targets under IHHL (BPL) component were to be prepared under the scheme. Sufficiency of targets was to be assured to meet the goal of Nirmal State in the stipulated time.

The year-wise State and districts level targets of IHHL (BPL) and achievement made is given in **Table 1.2.3**.

**Table 1.2.3**

IHHL at level of	2009-10		2010-11		2011-12		2012-13		2013-14		Total	
	T	A	T	A	T	A	T	A	T	A	T	A
State	92,354	55,874	98,748	52,324	78,315	51,998	64,219	37,554	44,922	25,899	3,78,558	2,23,649 (41)
Dehradun	13,983	5,850	10,312	7,110	6,047	3,325	5,246	4,108	3,600	3,251	39,188	23,644 (40)
Pauri	11,357	5,566	11,847	5,045	11,847	6,722	11,847	4,910	7,559	4,157	54,457	26,400 (52)
Almora	6,119	4,855	8,000	4,574	12,432	6,749	10,786	6,523	10,786	4,820	48,123	27,521 (43)
Udham Singh Nagar	10,315	4,453	7,906	6,214	9,599	5,616	3,897	2,160	4,141	1,612	35,858	20,055 (44)

*Source: As per information provided by concerned DPMUs, T-Target, A-Achievement*

*Figures in parentheses indicate percentage of shortfall*

It is evident from the table that the overall shortfall in achievement of targets was 41 *per cent* for IHHL (BPL) in the State. The shortfall in the four sampled districts ranged between 40 to 52 *per cent* during coverage period 2009-14. It was also seen that there was no beneficiary-wise focused approach in setting the IHHL targets. Instead a lump sum figure of total households without toilets was taken as the target to be achieved in the year.

The Government stated (November 2014) that the targets were 4,41,631 against which 4,11,629 (93 *per cent*) were constructed. The reply was not acceptable as the department is showing a cumulative achievement since first PIP. However, the audit had commented on the BPL achievements during the coverage period (2009-14) only which had a shortfall ranging between 40 to 52 *per cent* in the four sampled districts.

### 1.2.8.2 Selection of IHHL beneficiaries

NBA programme is aimed to cover all BPL households and APL households restricted to SCs/STs, small and marginal farmers, landless labourers with homestead, physically handicapped and women headed households. The cash incentive was to be given to the households on completion and use of the toilet and in recognition of its achievement.



Test-check of records of the sampled districts showed that IHHLs were constructed (without any area specific targets), verified physically and incentive amounts released after completion and use of toilet. However, joint physical verification of 871 households of 90 GPs showed the following:

- Toilets were not found constructed in the houses of 48 IHHL beneficiaries but incentive amount was transferred to Gram Nidhi for distribution to these beneficiaries.
- Ten IHHLs were constructed and incentive was received by the households. However, most of the toilets were not being used and were found covered with debris and others raw materials.

The Government assured (November 2014) that the matter would be looked into.

### **1.2.8.3 Selection of GPs for Saturation**

According to NBA guidelines, AIP should be prepared following the saturation approach highlighting comprehensive sanitation and water coverage on the basis of identification of GPs that could be made Nirmal during the year/ in the coming years.

Test-check of records of PMU showed that out of 7,555 GPs, only 306 (four *per cent*) had achieved saturation in the State as of March 2014. Details of the total number of GPs existing in the district (T), GPs proposed for saturation (P) and GPs got saturated (A) as reported by the sampled DPMUs are as per **Table 1.2.4**.

**Table 1.2.4**

Year	Dehradun			Pauri			Almora			U S Nagar		
	T	P	A	T	P	A	T	P	A	T	P	A
2009-10	403	64	64	1,208	20	46	1,146	00	00	309	00	00
2010-11		36	36		20	19		00	00		00	00
2011-12		17	17		20	10		00	00		00	00
2012-13		05	05		20	10		00	00		00	00
2013-14		08	08		20	10		00	00		00	00
<b>Total</b>	<b>403</b>	<b>130</b>	<b>130</b>	<b>1,208</b>	<b>100</b>	<b>95</b>	<b>1,146</b>	<b>00</b>	<b>00</b>	<b>309</b>	<b>00</b>	<b>00</b>

*Sources: Figures provided by respective DPMUs*

It is evident from the above table that no GPs were proposed for saturation in districts of Almora and U S Nagar despite the fact there were a total of 1,455 GPs. Targets were achieved in Dehradun and Pauri Districts, as the number was small.

### **1.2.8.4 Conversion of insanitary latrines into sanitary latrines**

NBA guidelines clearly stipulated that all the bucket/insanitary latrines<sup>14</sup> persisting in the districts should be converted into sanitary ones.

As per records of the PMU, there were a total of 1,242 insanitary latrines in the State out of which only 736 (59 *per cent*) were converted into sanitary latrines<sup>15</sup> till the date of audit (November 2014). During the audit of test-checked districts it was observed that in Dehradun only 39 *per cent* (24 out of 61 insanitary latrines) were converted into sanitary latrines and in case of Pauri and

<sup>14</sup> Insanitary latrine means a latrine which requires human excreta to be cleaned or otherwise handled manually.

<sup>15</sup> Sanitary latrine means a latrine which is used as a toilet within a sanitation system.

Almora Districts, no insanitary latrines were reported during the coverage period. In reply, DPMU, Dehradun while giving no reasons, stated that remaining insanitary latrines shall be converted into sanitary ones on high priority.

### 1.2.8.5 Community Sanitary Complex

Community Sanitary Complexes (CSCs) are an integral component of the NBA. CSCs comprising an appropriate number of toilet seats should be constructed and should be set up in a place in the village acceptable and accessible to all and where no IHHL can be constructed due to lack of space.

Details of the CSCs proposed in the PIP and actually constructed under the scheme are as per **Table 1.2.5**.

**Table 1.2.5**

State/ District	Total no. of			
	Block	GP	Proposed CSC in the PIPs	CSC constructed up to March 2014
State	95	7,555	470	109
Dehradun	06	403	0	0
Pauri	15	1,208	50	10
Almora	11	1,146	40	30
Udham Singh Nagar	07	309	50	0

*Source: Inputs received from sampled districts*

It can be seen from the above table, only 23 per cent of CSCs were constructed up to March 2014 against the proposed CSCs in the PIP at the State level whereas in test-checked districts the achievement was only 29 per cent. Out of six CSCs<sup>16</sup> falling in sampled blocks of Almora and Pauri districts, three were constructed near temple premises, two in the concerned villages and one in the market place. Thus, the CSCs were constructed without any assessment which is also supported by joint physical verification findings as enumerated below: -

- In CSC at Railakote (Almora) a population of 15 households (without IHHLs) of the GP expressed that the CSC could have been of use if the same was constructed near habitation.
- In CSC Sarkar-ki-Aali (Almora), instead of two latrine seats, only one seat was constructed, the urinal pot was found broken. There was no water exit and latrine was filthy. CSC constructed at Sainj (Almora) was found to be used occasionally, but was dirty.
- CSCs constructed at Naula and Lingunta (Almora) were found to be in good condition, whereas the one at Ufalda, Pauri District was found in a very bad condition and was dirty both from inside and outside.

<sup>16</sup> GPs: Sainj, Sarkar-ki-Aali, Railakote, Naula (Hawalbagh Block of Almora), Lingunta (Basiyachanna block of Almora and Ufalda (Pauri Block of Pauri).

The Government while accepting the facts stated (November 2014) that land acquisition and O&M are major issues in community toilets and further stated that in the present year (2014-15), 72 units were proposed to be constructed out of which 26 are under progress already.

### **1.2.8.6 Solid and Liquid Waste Management**

As per NBA guidelines, Solid and Liquid Waste Management (SLWM) was one of the main components to address the objective of NBA *i.e.* improvement in the general quality of life in rural areas. SLWM was to be taken in project mode in each GP. Under this component, activities like common compost pits, low cost drainage, soakage channels/ pits, reuse of waste water, system for collection, segregation and disposal of household garbage, *etc.* was to be taken up. Scrutiny of records of the test-checked districts showed following expenditures made under various activities of SLWM during the period 2009-14 as detailed in **Table 1.2.6**.

District	Activity	Number	Total Expenditure
Dehradun	0	0	0
Pauri	Garbage pit	76	3.46
Almora	Compost pit	442	10.79
	Soak pit	12	
	Garbage pit	17	
U S Nagar	Compost pit	9	0.19

*Source: As per data provided by sampled district*

It may be seen from the table that no SLWM activity was carried out in Dehradun. Test-check of the records of DPMU, Almora showed that all the construction works (except one garbage pit constructed at GP Sarsu, in Almora district for an amount of ₹ 34,500/-) were carried out for individual households which was against the provisions of the guidelines. Further, it was seen that SLWM activities were not taken up in project mode as envisaged in NBA guidelines in any of the Gram Panchayats of the State.

The Government accepted the fact and stated (November 2014) that the activity had been planned in project mode for the year 2014-15.

### **1.2.8.7 Anganwadi toilets**

NBA guidelines envisaged that each Anganwadi in Government buildings should be provided with a baby friendly toilet. In those Anganwadis, which are in private buildings, the owner must be asked to construct the toilet as per design, or may be constructed from revolving fund component under the NBA.

Test-checked districts were not able to furnish the information as per audit requests such as number of Anganwadis in Government and private buildings, information relating to Anganwadis having toilets and those without toilets and number of Anganwadis having baby friendly toilets. In absence of the records and data, audit could not comment on the construction of baby friendly toilets in these districts.

Following information was collected by audit from the DPMUs and District Programme Officers (DPOs) of the concerned districts. Details of the Anganwadis without toilets operating in the selected districts were as per **Table 1.2.7**.

Table 1.2.7

District	No. of Anganwadis without toilets as per DPO (ICDS)	No. of Anganwadis without toilets as per (2013-14 PIP) of DPMU
Dehradun	1,135	48
Pauri	1,345	23
Almora	170	7
U S Nagar	00	75

Source Information collected from concerned DPMUs and DPOs

It is evident from the above table that the two sets of figures provided by the concerned DPMUs and DPOs were at variance.

Test-check of records of sampled districts showed that no anganwadi toilet was constructed in Dehradun and U S Nagar. However, 23 and three anganwadi toilets were constructed in Pauri and Almora respectively during the coverage period. The Government stated (November 2014) that the data provided by the concerned DPOs was inclusive of Anganwadis in private buildings while as the data with DPMU was of Anganwadis in Government buildings and further stated that no interest was shown by the anganwadis as the incentive amount of ₹ 10,000/- was found to be inadequate to construct anganwadi toilets. The reply was not acceptable as both the figures showed the number of Anganwadis without toilets which supported the Audit observation. Further, the toilets in private buildings could have been constructed using the revolving fund.

### 1.2.8.8 Non-production of records

Audit identified 10 Gram Panchayats in each sampled block to verify the incentive amount to be paid and its distribution to the beneficiaries. During audit of Sahaspur block of Dehradun district, only 4<sup>17</sup> out of 10 selected GPs produced records of NBA scheme to the audit. Similarly 2 GPs<sup>18</sup> of Dugadda Block of district Pauri and one GP<sup>19</sup> of Bajpur block of U S Nagar district did not produce their records. As a result, audit could not ascertain whether the scheme was implemented as per guidelines in the concerned GPs or not.

### 1.2.9 Nirmal Gram Puraskar (NGP)

#### 1.2.9.1 Selection procedure of GPs for Nirmal Gram Puraskar

As per the guidelines, 2010, the Panchayati Raj Institutions (PRIs) are required to submit application in the prescribed format to the district officials-in-charge of rural sanitation for award of NGP. The district official shall verify the facts and on finding the applicant eligible, recommend the PRI to the State Government.

Scrutiny of records of the PMU, showed that a list of 573 GPs<sup>20</sup> were forwarded to GoI for award of NGP. Out of this, only 107 GPs<sup>21</sup> were selected by the GoI and 466 (81 percent) GPs were rejected during the period 2009-11. GoI had rejected the applications citing reasons as open defecation, waste/ garbage on streets, choked drains, open urination near schools, surveyed households having no access to toilets and no system was in place for garbage

<sup>17</sup> Dhoolkot, Rampur Bhauwala, Kyarkulibhatta and Arkadia Grant.

<sup>18</sup> Graston Ganj and Padampur Motadhak.

<sup>19</sup> Beriya Daulat.

<sup>20</sup> 282 GPs in 2009-10 and 291 GPs in 2010-11.

<sup>21</sup> 44 GPs in 2009-10 and 63 GPs in 2010-11.

collection. NGP status of 101 GPs which were forwarded for the year 2011-12 is awaited from GoI. No process was initiated for the years 2012-14. The action of district and state officials itself indicates that the applications were processed with improper verification and without considering the NGP guidelines.

Details of GPs of selected districts that were processed for NGP award for last two years are as per **Table 1.2.8**.

It is evident from the table that State officials had processed the nominations of the same GPs consecutively for last two years despite the fact that the said GPs had been rejected earlier. This substantiates

audit observation that proper verification, as per guidelines, was not being conducted before processing respective applications for NGP award.

The Government stated (November 2014) that the necessary procedure as per guidelines were being followed. The reply was not acceptable since the rejection percentage of NGP status would not have been as high as 81 *per cent* if the necessary procedure was adopted by the Department in the first place.

#### **1.2.9.2 Procedure for payment of incentive amount**

As per the guidelines, once a GP is selected for the award under NGP, the prize money will be released in two equal installments. The first installment will be released immediately after GPs are selected for the award. Release of the second installment is contingent on the sustainability of the open defecation free (ODF) and Nirmal Gram Status attained by the GP. For this purpose, random checks will be carried out by the State DWSM after 6 months in all awarded GPs. If Nirmal Gram and ODF status is found continuing, second installment will also be released by the State DWSM.

Test-check of the records of 34 out of 37 selected NGPs of four sampled districts showed that in contravention of the NGP guidelines, incentive amounts were released to 28 NGPs<sup>22</sup> in one installment instead of two instalments, and in six NGPs,<sup>23</sup> funds were released in two installments but no verification was carried out before the release of the second installment. Further, amounts to 14 NGPs<sup>24</sup> were released with a delay of 36 to 89 days whereas the same were to be released immediately after the said GPs were selected for award during the coverage period 2009-14.

The Government stated (November 2014) that the necessary procedure as per guidelines was being followed. The reply was not acceptable as the Department released incentive amounts in

**Table 1.2.8**

District Name	No of GPs Proposed and rejected in the year 2009-10	No. of same GPs again proposed and rejected in the year 2010-11
Almora	06	05
Pauri	10	10
Udham Singh Nagar	04	02
Dehradun	29	20

*Source: Details as per records of Selected DPMUs*

<sup>22</sup> 23 GPs in Almora, 02 NGPs Pauri, and 03 U S Nagar.

<sup>23</sup> 01 GP in Almora, 02 GPs in Dehradun, and 03 GPs in U S Nagar.

<sup>24</sup> 13 in Almora and 01 in U S Nagar.

one instalment to 28 NGPs instead of two instalments whereas in six NGPs second instalment was released without verification in violation of the guidelines.

### 1.2.9.3 Non-maintenance of NGP Status

State and districts should ensure sustainability of NGP status through proper monitoring. There shall be random checks by the DWSSM to ensure that GPs maintain their NGP status.

During the course of audit, it was seen that no monitoring/ random checks, as envisaged in the guidelines, were carried out by the Block and District authorities in the test-checked districts for the coverage period 2009-14. As a result, the Nirmal Status of the GPs declared during 2009-10 to 2010-11 could not be maintained. The households of test-checked NGPs without toilets are as per **Table 1.2.9**.

**Table 1.2.9**

District	Total no of NGPs	No of test check NGPs	Total no. of house holds	Households without toilets as per BLS survey 2013		
				BPL	APL	Total
Almora	24	22	2,133	512	690	1,202
Pauri	5	3	280	38	66	104
Udham Singh Nagar	4	3	1,412	03	03	06
<b>Total</b>	<b>33</b>	<b>28</b>	<b>3,825</b>	<b>553</b>	<b>759</b>	<b>1,312</b>

*Source: Data provided by concerned DPMUs*

It is evident from the above table that only 34 *per cent* households were without toilets. Thus, despite NGP status, the said GPs were not Open Defecation Free (ODF) which itself negates the very purpose of NGP status. It was further seen that NGPs were not functioning as training centers for other GPs as no training was imparted to any of the GPs aspiring for NGP status. On this being pointed out, the DPMUs while accepting the audit objection, replied that corrective measures shall be taken in future.

The joint verification carried out in 10 NGPs out of total of 37 NGPs showed the following: -

- In 5 out of 10 NGPs, it was found that 28 households were without toilets well before the NGP award (2009-11).
- No surveys were conducted in any of the 10 NGPs after the declaration of NGP status as envisaged in guidelines.
- 8 out of 10 NGPs were found with stagnant water and choked drains.
- Human faeces and open urination was found in two (school/ inter college) having 10 toilets as there was no water supply.
- In 7 out of 10 NGPs garbage/waste and animal excreta was found in front of the households.

### 1.2.9.4 Usage of the Incentive Amount

PRIs that receive the incentive amount should use it for improving and maintaining sanitation facilities in their respective areas. Activities that could be taken up using this incentive money were ensuring maintenance of community sanitary facilities and sustaining ODF status, creating additional sanitation facilities, solid and liquid waste management requirements, promotion of



vermin-composting, promotion of toilets for differently abled persons, any other innovative matters and providing individual toilets to BPL SC/ST families.

Test-check of the records of 11 out of 37 NGPs showed that out of total expenditure of incentive amount of ₹ 10.50 lakh incurred by these NGPs, no work was carried out as per the guidelines. Instead, the NGPs had expended the award money on activities like purchase of tent and utensils, construction of water pipeline, construction of roof of Primary school, construction of entrance gate of GP, pipe purchase, construction of lane, etc.

The Government stated (November 2014) that necessary procedures as per guidelines were being followed. However, records of the Department contradicted the Government claim.

#### **1.2.10 Information, Education and Communication (IEC)**

IEC activities are important components of the programme. These are intended to trigger the demand for sanitary facilities in the rural areas. The States are to evolve their own area specific strategy using folk media, mass media and outdoor media. Each project district should prepare a detailed IEC plan along with the Annual Action Plans (AAP) with defined strategies to reach all sections of the community.

During test-check of the records of the sampled districts, no detailed IEC Plans along with Annual Action Plans (AAP) with defined strategies were found to have been prepared. Only summarized details of activities and proposed expenditure were included in the AAP. Thus, the IEC activities were not carried out in accordance with the provision of the guidelines.

Scrutiny of records of sampled districts also showed that there was a shortfall<sup>25</sup> of 33 *per cent* to 81 *per cent* in achievement of physical targets under various IEC activities during the period 2011-14 such as Song and Drama, Wall writing, Street Play, Mela, Hoarding, Group Meeting, Participatory Rural Appraisal, Exhibition, School Rallies, Work shop and Inter Personal Communication. As a result, only ₹ 1.90 crore (5 *per cent*) out of total expenditure of ₹ 40.86 crore was utilised during the coverage period on the activities. The expenditure was less than the stipulated percentage of up to 15 *per cent* of the total expenditure of the test-checked districts.

The Government admitted to shortfall in IEC activities and stated the need for improved IEC activities during exit conference (November 2014).

#### **1.2.11 Convergence**

As per NBA guidelines, a District and Water Sanitation Mission shall be constituted at the district level. It should have representatives from other departmental district offices<sup>26</sup> and identified NGOs as its members. It should plan and implement the district NBA Project with convergence mechanism with other line departments.

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<sup>25</sup> Song and Drama: 71 *per cent*, Wall writing: 76 *per cent*, Street Play: 56 *per cent*, Melas: 77 *per cent*, Hoarding: 61 *per cent*, Group Meeting: 77 *per cent*, PRA: 47 *per cent*, Exhibition: 66 *per cent*, School Rallies: 69 *per cent*, Work shop: 33 *per cent* and Inter Personal Communication: 81 *per cent*.

<sup>26</sup> Offices of Agriculture, Health, Education, Panchayati Raj, Social Welfare, ICDS, PHED, Water Resources, Information and Public Relations Departments.



- During test-check of the records of selected districts, it was noticed that the representatives from other departmental district offices were not included in DWSMs. Thus, the purpose of convergence with other line department was defeated.

#### ***Convergence with IAY***

- Only 1,215<sup>27</sup> out of 3,946<sup>28</sup> (31 *per cent*) IAY beneficiaries (which were to be provided incentive amount out of NBA funds as per guidelines 2007) of the nine selected blocks of four sampled Districts were provided with incentive amounts during the coverage period 2009-14.

#### ***Convergence with MGNREGA***

- As per NBA guidelines, the activities like construction of IHHLs, Anganwadi/school toilets and solid and liquid waste management were to be undertaken under MGNREGA Scheme.
- During the test-check of records of the sampled four districts, it was seen that incentive amounts were not paid to the IHHL beneficiaries who had constructed individual latrines through MGNREGA funds in any of the districts for the coverage period 2009-14 except U S Nagar which had paid an incentive amount ₹ 10.21 lakh to 222 beneficiaries during the year 2013-14.

The Government stated (November 2014) that the district level DWSMs have been constituted as per the order (May 2005) of Government of Uttarakhand and they were functioning as per the rules and regulations provided in the GO. As regards convergence with IAY, the Government accepted that there was much scope for improvement. The reply is not acceptable as the prescribed representation of other departments and NGOs were not included in DWSM as per provisions of the guidelines.

## **1.2.12 Monitoring Mechanism**

### ***1.2.12.1 Inspections***

As per NBA guidelines, monitoring through regular field inspections by officers from the State level and the district levels was essential for the effective implementation of the Programme.

Test-check of records of the PMU showed that a Field Inspection Group was constituted (October 2006) for inspection of activities carried out from NBA funds. However, it was seen that only 67 inspections (19 *per cent*) were carried out against required 360 during the coverage period 2009-14.

Test-check of records of four Sampled Districts showed that as per directions issued by PMU dated (November 2008), only DPMU, U S Nagar had carried out inspections till April 2012. However, no such inspections were carried in any other sampled districts. It was also observed

<sup>27</sup> Dehradun 762, Pauri 198, Almora 234 and U S Nagar 21.

<sup>28</sup> Dehradun 1553, Pauri 1008, Almora 498 and U S Nagar 887.

that after directions from the PMU in April 2012, U S Nagar and Almora districts had started inspections at the field level. However, no such information and records were available with other two districts, Dehradun and Pauri.

During exit conference (November 2014), the Government agreed that more attention is needed for carrying out the inspections.

#### **1.2.12.2 Non-constitution of State Review Mission**

As per NBA guidelines, State Review Mission was to be constituted at State level which was to be responsible for reviewing the implementation of the scheme. It was also advised to set-up a panel of experts at State level for conducting reviews in various NBA districts periodically.

Test-check of records of the PMU depicted that no Review Mission was constituted by the State Government till the date of audit (June 2014). Similarly, no Panel of Experts at State level was set up for conducting periodic reviews of various NBA districts. The Government stated (November 2014) that the State Review Mission has been constituted from the year 2014-15.

#### **1.2.12.3 Swachhhata Diwas**

As per NBA guidelines, each Gram Panchayat will earmark a particular day of each Month to be named as ‘Swachhhata Diwas’ (Sanitation Day) with the objectives of recording numbers of toilets constructed in previous month, activities undertaken under IEC, HRD, SLWM, identifying individual demands for sanitation works, verifying expenditure made, etc.

During the course of audit of four sampled districts, it was seen that no Swachhhata Diwas was organized by any of the GPs. The Government while agreeing to the facts stated (November 2014) that more attention is needed for organising the ‘Swachhhata Diwas’.

#### **1.2.12.4 Departmental Monitoring and Evaluation Study**

As per NBA guidelines, monitoring of the NBA project should be carried out at all levels. Block PRIs and Block level officials must review progress in each Gram Panchayat. The CEO of the District Panchayat/ Secretary of the DWSC must review the progress of the project with Block Officials on a monthly basis. Similarly, Secretary in-charge of rural sanitation in the State must review progress with the District Officials on a quarterly basis.

Audit of nine selected blocks of four sampled districts showed that no mechanism was developed for monitoring of NBA Projects and no monitoring was carried out as per guidelines at any level. It was also found that only one video conference and one meeting (10 per cent) out of required 20 reviews were conducted at State level. No evaluation studies on implementation of NBA were carried out during the coverage period. Further, there were no financial provisions in the scheme or instructions from the GoI in respect of undertaking evaluation studies.

The Government while accepting the audit observations stated (November 2014) that evaluation studies shall be conducted in 2014-15 and regarding monitoring, Government further stated that Secretary concerned was regularly briefed based on the input received in regular monthly/

quarterly meetings at Director level. The reply was not acceptable as minutes of only two meetings held at Secretary level were made available to audit.

### Conclusion

Bottom up approach was not adopted for preparation of Annual Implementation Plan for implementation of NBA. Institutional mechanism was not functioning as required under guidelines which resulted in lack of monitoring and weak planning of IEC activities. Funds to the districts were being released in lump sum basis with a delay ranging from one to eight months by the SWSM without giving any component-wise breakups as well as the sharing by the State Government and GoI. The unspent balances with the various DWSMs remained in the range of 32 *per cent* to 69 *per cent*. Transactions of NBS funds differed in manual records from those contained in MIS. A high percentage of applications relating to Nirmal Gram Puraskar were rejected by GoI on the grounds of open defecation, waste/garbage on streets etc. which showed that proper verification, as per guidelines, was not being conducted before processing respective applications for NGP award. Due to non inclusion of other line departments in the DWSMs, the purpose of convergence mechanism was defeated.

### Recommendations

The Government/Department may consider:

- (i) Strengthening institutional structures, responsible for implementation of the programme, as envisaged in guidelines;
- (ii) Conducting physical verifications in a time bound manner and taking steps for reducing delay in release of funds at every level; and
- (iii) Undertaking IEC activities as per guidelines to boost the demand for sanitary facilities.

The above points were reported to the Government (November 2014), reply was awaited (December 2014).

## COMPLIANCE AUDIT

### CHIEF MINISTER'S OFFICE

#### 1.3 Irregular Expenditure

##### **Payment of ₹ 2.53 crore was made to ineligible persons/institutions from Chief Minister's Discretionary Funds.**

Chief Minister (CM) can sanction certain amounts<sup>29</sup> as grants to persons and institutions as per his discretion under Rule 2 of Uttarakhand Chief Minister's Discretionary Fund Rules, 2000. The CM can override monetary limits of grants in cases where he is of the view that it would be appropriate to sanction the grants on the rates greater than prescribed in the Rules.

Scrutiny (January 2014) of records of the CM office showed that 11 grants worth ₹ 2.53 crore were sanctioned by CM during 2009-10 to 2013-14 to ineligible<sup>30</sup> persons/ institutions. These persons/institutions did not fall under categories which were eligible for grants under Uttarakhand Chief Minister's Discretionary Fund Rules, 2000. Hence, grant of ₹ 2.53 crore to these beneficiaries was in violation of Discretionary Fund Rules and was, thus, irregular.

On this being pointed out, the office of the CM replied (January 2014) that all the sanctions were made by Hon'ble CM as per his discretion. The reply is not acceptable as the competent authority could use its discretion only in sanctioning (or not sanctioning) the amount/ rate of grants to eligible persons and institutions but cannot change the eligibility criteria as provided in the Discretionary Fund Rules, 2000.

The matter was referred to the Government (May 2014); reply was awaited (December 2014).

## DAIRY DEVELOPMENT DEPARTMENT

#### 1.4 Non-achievement of objectives

##### **Due to diversion of Central Assistance in adjusting of old liabilities of ₹ 6.48 lakh and ₹ 8.22 lakh on payment of milk and on related civil works respectively, objectives of Cheese Making Unit could not be achieved even after exhausting the whole Central Assistance of ₹ 35.33 lakh.**

Uttarakhand Co-operative Dairy Federation (UCDF) Limited, Haldwani proposed (December 2007) setting up of a Cheese Making Unit at Simili, Chamoli to harness the market potential of cheese

<sup>29</sup> Helpless/disabled persons, destitute widows/children: not exceeding ₹ 5,000; Institutes engaged in social and cultural activities (excluding those which are formed on the basis of religion or caste): not exceeding ₹ 5,000; Poor and ill persons: not exceeding ₹ 5,000; Non-government educational institutions: not exceeding ₹ 1,00,000; Family of persons killed in heinous crimes: not exceeding ₹ 20,000; Persons affected in natural calamities: not exceeding ₹ 35,000; Talented BPL students for education and research: not exceeding ₹ 15,000; Talented BPL students for foreign education: not exceeding ₹ 40,000 and BPL families for marriage of daughters: not exceeding ₹ 20,000.

<sup>30</sup> 06 sanctions for Bar councils: ₹ 1.05 crore, 04 sanctions for bonus of 1854 employees working in CM Office and Uttarakhand Niwas: ₹ 1.38 crore; 01 sanction for employees welfare fund: ₹ 0.1 crore.

in Uttarakhand, cut cost of transportation of milk from distant places and maximize returns to farmers on per kilogram milk. The Unit was to be set up under project 'Strengthening of Milk Grid in Uttarakhand'<sup>31</sup> which, in turn, was to be implemented under Rashtriya Krishi Vikas Yojana (RKVY), a scheme financed by Government of India (GoI) in the form of 100 per cent grant.

Director, Agriculture, Uttarakhand provided ₹ 8.90 crore<sup>32</sup> to UCDF Limited, Haldwani for implementation of the project 'Strengthening of Milk Grid in Uttarakhand'. Out of this amount, UCDF earmarked (July 2009) ₹ 35.33 lakh (Capital Expenditure: ₹ 15.33 lakh and Operational Expenditure: ₹ 20 lakh) for installation of a Cheese Making Unit by *Dugdh Utpadan Sahakari Sangh* (DUSS) Simili, Chamoli.

Scrutiny (September 2013) of the records of DUSS, Simili showed that UCDF supplied plants/machinery worth ₹ 13.49 lakh<sup>33</sup> to DUSS. Further, it released only ₹ 7.52 lakh (June 2011) earmarked as operational expenditure after deducting ₹ 6.00 lakh for operational expenditure to be incurred by the UCDF itself and recovering another ₹ 6.48 lakh towards discharge of past dues with DUSS, Simili. Thus, DUSS actually received only plants/machinery worth ₹ 13.49 lakh and ₹ 8.22 lakh<sup>34</sup> in cash against the earmarked funds of ₹ 35.33 lakh.

The cheese making equipment, supplied at a cost of ₹ 13.49 lakh by UCDF, were lying idle in the store even after a lapse of three years after their procurement. Further, ₹ 8.22 lakh, cash received to set up the Unit, was also spent on payment of milk and on related civil works. This resulted in non-achievement of objectives of the project as the milk producers of the region were deprived of the benefits of the Unit. The General Manager (GM), DUSS stated (September 2013) that Cheese Making Unit could not be installed due to shortage of milk and lack of technically proficient staff. The reply of GM, DUSS was not acceptable as these limitations should have been taken into account at the planning stage itself and not after appropriating and spending the Central Assistance. At the same time, adjustment of old liability of ₹ 6.48 lakh from Central Assistance as well as deduction of ₹ 6.00 lakh as operational expenditure by UCDF, which was not responsible for setting up of the Unit, amounted to diversion of funds.

The matter was reported to the Government (April 2014). On receipt of audit observation, the Government has set up an inquiry. The inquiry report was awaited (December 2014).

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<sup>31</sup> A project devised to give higher value realization to milk producers in Uttarakhand by undertaking various sub-projects at a cost of ₹ 9.89 crore.

<sup>32</sup> Ninety per cent of the total project cost of ₹ 9.89 crore, released ₹ 8.00 crore in July 2008 and ₹ 0.90 crore in April 2009.

<sup>33</sup> After deducting ₹ 1.14 lakh as its consultancy fee and making cash payment of ₹ 0.70 lakh to DUSS from total earmarked Capital Expenditure of ₹ 15.33 lakh.

<sup>34</sup> ₹ 7.52 lakh from amount meant for operational expenditure and ₹ 0.70 lakh from amount meant for Capital Expenditure.

## FOREST DEPARTMENT

### 1.5 Non-recovery of expenditure

**Expenditure amounting to ₹ 2.24 crore incurred by the Forest Department for implementation of a CAT plan is still to be reimbursed by Public Sector Undertaking (THDC India Ltd.)**

Consequent upon construction (1998-99) of the Tehri Hydroelectric Project on the Bhagirathi River by the Tehri Hydroelectric Development Corporation (THDC), a Catchment Area Treatment Plan (CAT Plan) of Bhagirathi River basin, prepared by the Uttarakhand Forest Department costing ₹ 67.18 crore (Establishment cost: ₹ 11.07 crore and Works: ₹ 56.11 crore) was approved by the THDC in 1998-99. The CAT Plan was to be executed through the Tehri Dam Division-I, New Tehri of the Forest Department and the cost of the CAT Plan was to be borne by the THDC.

Audit scrutiny (May 2013) of records of the Divisional Forest Officer, Tehri Dam Division-I, New Tehri showed that the division had completed the project in March 2008 by incurring an expenditure of ₹ 62.96 crore<sup>35</sup> whereas the THDC deposited only ₹ 60.72 crore<sup>36</sup> for the same during the period 1998-99 to 2007-08. The short deposit of ₹ 2.24 crore by the THDC was met from the departmental allocation of the Forest Department which was yet to be recovered from the THDC after a lapse of six years.

On being pointed out (May 2013), the Division stated that the THDC was being requested periodically<sup>37</sup> to reimburse the amount. Further, information collected from the THDC (June 2014) showed that the THDC had requested for reconciliation of the balance expenditure of ₹ 2.24 crore in the meeting held in August 2010 with the Forest Department. However, the Department could neither reconcile the expenditure nor bring the matter to the notice of the State Government for the recovery of the expenditure till date.

Thus, due to lack of pursuance at the apex level of the Forest Department, the expenditure of ₹ 2.24 crore borne by the exchequer is still to be reimbursed by the THDC.

The matter was referred to the Government (May 2014); the reply was awaited (December 2014).

<sup>35</sup> 1998-99:-₹ 5.70 crore, 1999-2000:-₹ 4.99 crore, 2000-01:-₹ 5.30 crore, 2001-02:-₹ 6.63 crore, 2002-03:-₹ 10.52 crore, 2003-04:-₹ 9.92 crore, 2004-05:-₹ 9.83 crore, 2005-06:-₹ 4.17 crore, 2006-07:-₹ 3.33 crore, 2007-08:-₹ 2.57 crore.

<sup>36</sup> 1998-99:-₹ 5.70 crore, 1999-2000:-₹ 4.99 crore, 2000-01:-₹ 2.28 crore, 2001-02:-₹ 12.58 crore, 2002-03:-₹ 8.00 crore, 2003-04:-₹ 6.00 crore, 2004-05:-₹ 7.31 crore, 2005-06:-₹ 6.61 crore, 2006-07:-₹ 3.00 crore, 2007-08:-₹ 4.25 crore.

<sup>37</sup> Letter no 515/2-36 dated 07.10.2009, 555/2-36 dated 20.10.2010, 861/2-36 dated 15.01.2011 and 2039/2-36 dated 22.02.2011.

## HIGHER EDUCATION DEPARTMENT

### 1.6 Non-achievement of objectives

**Construction of women's hostel building at Government Degree College, Rishikesh remained incomplete despite expending of entire sanctioned cost of ₹ 25.00 lakh and objectives of a girls hostel constructed by incurring an expenditure of ₹ 1.08 crore in Government Post Graduate College, Rudrapur was not fulfilled.**

The University Grants Commission (UGC), New Delhi sanctioned (March 2004) ₹ 25.00 lakh for construction of a single storey women's hostel at the Government Degree College (GDC), Rishikesh, Dehradun. This sanction was made under the Special Scheme for Construction of Women's Hostels during the XI<sup>th</sup> plan. The work was entrusted (June 2004) by the Principal of the College to the Uttar Pradesh Awas Vikas Parishad, Saharanpur and an amount of ₹ 22.50 lakh<sup>38</sup> was also released to it during the period from November 2004 to February 2009.

Test-check of records (October 2013) of the Principal, GDC, Rishikesh, Dehradun showed that Principal got the estimate revised (August 2007) from one storey building to three storey building to avail benefit of revised financial assistance under the scheme from ₹ 25 lakh to ₹ one crore. The revised estimate was submitted (August 2007) to the UGC for approval of an amount of ₹ 1.19 crore for the purpose.

Meanwhile, the construction agency was allowed to start the construction work (February 2006) of three storey building<sup>39</sup> without receiving financial sanction against the revised estimate submitted to the UGC. Further, the UGC rejected (June 2008) the revised estimate submitted by the College on the ground that it was submitted incomplete and after cutoff date (16 August 2007) of the scheme. UGC instructed the college to re-submit fresh proposal before next meeting of the committee concerned which was to be held shortly. The college missed this opportunity too by submitting the revised estimate in August 2009 after new cutoff date of 15 September 2008. This caused shortage of funds for the upcoming three storey building.

Due to paucity of funds, the construction agency stopped (July 2009) the construction work after incurring expenditure of ₹ 25 lakh (released amount of ₹ 22.50 lakh and ₹ 2.50 lakh as liability) and expressed its inability (October 2009 and March 2012) to complete even ground floor of the building. Since then, the construction work of hostel building has remained incomplete. The condition of the incomplete structure is deteriorating as can be seen from the photograph given alongside. Further, no



<sup>38</sup> ₹ 2.00 lakh (November 2004), ₹ 10.50 lakh (May 2006) and ₹ 10.00 lakh (February 2009).

<sup>39</sup> Based on 'frame structure design' in place of the originally sanctioned 'normal brick work structure' to cope with the increase in height.



serious efforts were found to be made on behalf of the College to get further funds from the State Government for completion of the hostel building since the stoppage of work (July 2009).

On this being pointed out, the Principal, GDC, Rishikesh accepted the facts and stated (November 2014) that permission for preparing fresh estimates for completing the remaining work was sought (April 2014) from Director, Higher Education but the same was awaited till date. The reply was not acceptable as the college was imprudent by allowing the construction agency to start the construction of three storeyed building in anticipation of the approval of revised estimate which was rejected by UGC. Had the work started after getting the approval of revised estimate, condition of the incomplete structure could have been avoided. Thus, non-completion of the women hostel building even after a lapse of nine years from the date of sanction rendered the entire expenditure of ₹ 25 lakh unfruitful.

In another case, in Government Post Graduate College, Rudrapur, a girls' hostel was constructed (October 2010) by incurring an expenditure of ₹ 1.08 crore. Since the hostel was constructed without proper analysis of requirement, none of the girls had applied for hostel facility even after four years of taking over (November 2010) of the hostel.

Both the matters were referred to the Government (March 2014 and April 2014); reply was awaited (December 2014).

## HOME DEPARTMENT

### 1.7 Facilities provided to Prisoners

**Six out of 13 districts in the State do not have any functional jail. An amount of ₹ 88.05 lakh was incurred during the last three years to transport under-trials to the Courts located in these six districts. Out of 3,583 prisoners accommodated in the ten test checked jails, 2,810 (78.43 per cent) were accommodated in just three jails. Out of sanctioned strength of 1,061 posts, only 294 posts were filled up. In the absence of medical facilities, the Jail administration had to incur an expenditure of ₹ 38.88 lakh on medical treatment and transportation of the sick prisoners in the last three years.**

#### 1.7.1 Introduction

The jails are meant to confine offenders and keep the prisoners in safe custody. Apart from custody and proper care of offenders of laws, it is the responsibility of the jails to ensure adequate security and undertake various programmes aimed at reforming prisoners.

There are seven district jails, two sub-jails, one open jail, one Central Jail, one women's jail and one juvenile jail operational in the State. The audit was conducted between April 2014 to July 2014 of six district jails, two sub jails, one open jail and one central jail covering the period 2011-14 with the focus on facilities provided to the prisoners. The audit findings are detailed in the succeeding paragraphs.

### 1.7.2 Absence of jails in districts

It was found that six districts<sup>40</sup> did not have any jail. This necessitated placement of prisoners of these districts in the jails situated in other districts. An amount of ₹ 88.05 lakh was incurred during the last three years to transport under-trials, lodged in other jails, to the Courts located in these six districts. Besides, this involved enhanced security risk of possible escapes from police escort as seen in four cases<sup>41</sup> during 2012-14.

### 1.7.3 Overcrowding in Jail

As per Rule 606 of the Jail Manual, the Superintendent and the Medical Officer shall be responsible for ensuring that overcrowding does not occur. In the event of the prisoner population exceeding the capacity of a jail, the Superintendent shall arrange for accommodation of the excess population in the workshops or corridors, and immediately forward transfer rolls of extra convicts to the Inspector General for sanction of their transfer to other jails.

During the audit, it was observed that there was an overall overcrowding of 135 *per cent* in test-checked jails/sub-jails. Out of 3,583 prisoners accommodated in the ten test-checked jails, 2,810 (78.43 *per cent*) were accommodated in just three jails i.e. Dehradun jail, Haridwar jail and Haldwani sub-jail. These were overcrowded to the extent of 77, 74 and 198 *per cent* respectively while other jails remained under-utilized.

Audit further observed that construction of two Jails i.e. a Central Jail at Sitarganj and District Jail at Pithoragarh was started in 2004-05 and 2007-08 respectively but both of the works remained incomplete till date due to various administrative reasons. Also, the Department could not put to use four new barracks, with a total capacity of 120 prisoners, constructed at a cost of ₹ 37.70 lakh in Roorkee sub-jail due to lack of security staff.

Further, no effort was made by the Jail authorities for transfer of prisoners in the under-utilized jails to relieve overcrowding from affected jails. Latrines were not in sufficient number for overcrowded inmates; resultantly all latrines and drains were contaminated. Out of 1,061 sanctioned posts in the Jail Department, only 294 were actually appointed i.e. 27 *per cent* of the sanctioned strength and in the test-checked jails, it was only 38 *per cent*.

### 1.7.4 Lack of Medical Facilities

Out of the sanctioned posts of 10 doctors, 14 pharmacists and eight ambulance drivers in the Jail Department, only one doctor, seven pharmacists and two ambulance drivers were appointed. During the audit of test-checked jails, it was noticed that no Medical Officer/ Permanent doctors were deployed despite the fact that these posts were sanctioned in these prisons except in Sampurnanand Shivir/Central Jail Sitarganj. The Jail administration had to incur an expenditure

<sup>40</sup> Bageshwar, Udham Singh Nagar, Uttarkashi, Pithoragarh, Champawat and Rudraprayag.

<sup>41</sup> Three prisoners escaped in Nainital during 2013-14 and one prisoner escaped in Dehradun in 2012-13.

of ₹ 38.88 lakh<sup>42</sup> on medical treatment and transportation of the sick prisoners in the last three years besides deputing a large number of security personnel for escorting them to outside medical facilities.

Further, it was observed that various medical equipment like one X-Ray machine, one ECG, oxygen cylinders, etc. had not been put to use till date since the date of their receipt in June 2004 in Haridwar and Haldwani Jails due to lack of technical staff. Audit also found that the completed hospital buildings in Pauri and New Tehri Jails were not put to use in time due to non-posting of doctors and lack of security personnel.

On these issues being pointed out, the Jail authorities assured of taking up remedial steps.

### **1.7.5 Reformative facilities in jails**

Among other objectives, the prison administration is also responsible for facilitating reformation and rehabilitation of offenders by giving them educational and vocational training in different trades during the conviction period as per Rule 731 of Jail Manual. Audit found that educational training programmes were being conducted only in Haridwar and Dehradun jails by National Institute of Open Schooling and Indira Gandhi National Open University. In other test-checked prisons, no such programmes were being undertaken. Four District Jails<sup>43</sup> had no library facilities for the prisoners despite the fact that Rule 737 of the Jail Manual mandating availability of one library in each District Jail and at least two libraries in each central jail for the use of all classes of prisoners.

Further, it was noticed that vocational training programmes<sup>44</sup> (VTCs), as stipulated under Rule 875 of Jail Manual, were being carried out in Dehradun and Haridwar district jails only. Other jails did not take any initiative to arrange VTCs in their premises. Moreover, only 12.30 *per cent* and 11.10 *per cent* inmates were trained in Dehradun and Haridwar respectively during the last three years. The two Jails earned ₹ 2.10 lakh and ₹ 27.70 lakh revenue respectively from the sale of jail products prepared by prisoners through skills imparted in VTCs. On this being pointed out, the Jail Superintendents<sup>45</sup> stated that no directions to this effect were received from the Headquarters office (I G Jails). Reply was not acceptable because, had more prisoners been imparted skills under VTCs, it would have generated a larger quantum of Jail Products resulting in larger sales and larger income for prisoners too.

In reply, the Department stated that all efforts would be made to improve these facilities.

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<sup>42</sup> As per the Jail Administration of the test-checked Jails, 25 *per cent* of the total expenditure of ₹ 51.84 lakh on medical facilities could have been saved if the medical facilities were available in Jails.

<sup>43</sup> Nainital, Almora, Pauri and Haldwani.

<sup>44</sup> Carpentry Industry, Tailoring, Weaving Industry, Iron fabrication work, Electric workshop, Masonry. Luggage Bag Making and Handloom etc.

<sup>45</sup> Haridwar and Dehradun.

### 1.7.6 Non-adoption of Model Prison Manual 2003

For developing prison system in the country as an effective instrument for the reformation and rehabilitation of offenders, a Model Prison Manual, 2003 (MPM) was issued by the GoI with the aim to spell out minimum standards of institutional services for the care, protection, treatment, education, training and resocialisation of incarcerated offenders. Each State Government was required to formulate its own State Prison Manual on the lines indicated in this MPM, to adequately cater to the indigenous conditions, without diluting the concept of basic uniformity in law and procedure. During audit, it was noticed that the MPM was not formulated by the State Government even after lapse of more than a decade.

The above points were reported to the Government (August 2014); reply was awaited (December 2014).

## MEDICAL EDUCATION DEPARTMENT

### 1.8 Irregular and avoidable expenditure

#### **Government Medical College Haldwani irregularly incurred an avoidable expenditure of ₹ 58.62 lakh on outsourcing of services for reporting of MRI tests.**

Uttarakhand Forest Hospital Trust, Haldwani (UFHT) signed an agreement (July 2006) with a New Delhi based firm (DCA, Radnet)<sup>46</sup> for outsourcing of services for reporting of critical cases of Computed Tomography Scans (CT scans) and Magnetic Resonance Imaging (MRI) tests conducted on its patients. The agreement was subsequently extended (September 2009) and is continuously being renewed since then even after conversion of the UFHT into a Government Medical College (GMC) by the State Government (May 2010). As per the Uttarakhand Procurement Rules 2008 (Rule-46), approval of the Administrative Department with the consultation of Finance Department of the Government is required in case of outsourcing of services by choice.

Audit scrutiny (June 2013) of the records of GMC, Haldwani showed that the outsourcing of services for reporting of MRI/CT scan cases to a specially chosen firm after the Medical College was brought into the Government fold in May 2010 was irregular as it was in contravention of the aforesaid provision. Further examination showed that a proposal to this effect was sent by the Medical College (July 2010) to its Administrative Department but no approval was granted by the Government. GMC had continued with the above arrangement. During the period May 2010 to January 2014, a total of 21,416 MRI cases of patients were carried out/forwarded to DCA, Radnet for reporting and an amount of ₹ 58.62 lakh had been paid by the GMC to the DCA, Radnet despite availability of four/five Radiologists competent for this purpose in the Medical College. Thus, had the services of the Radiologists available with the GMC been availed, the expenditure incurred by the GMC for outsourcing of reporting services could have been avoided.

<sup>46</sup> M/s Diwan Chand Radnet Services Private Limited, New Delhi.

While accepting the facts, the Government stated (December 2014) that instructions would be issued for executing a fresh agreement as per Uttarakhand Procurement Rules, 2008. It was also assured that a certain percentage of reporting of MRI tests would be conducted at the college itself.

## **MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT**

### **1.9 Idle expenditure**

**Medical equipment worth ₹ 60.52 lakh were not put to use for the benefit of patients and kept idle for periods ranging from six to eight years.**

As provided by Rule 21 of General Financial Rules, 2005, any authorisation of expenditure from public funds is to be guided by the principles of propriety. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money.

Scrutiny of records (August 2012) of the Chief Medical Superintendent (CMS), Base Hospital, Almora showed that five medical equipment worth ₹ 46.40 lakh<sup>47</sup> were received (between April and July 2006) in the hospital from the Director General, MH&FWD, Dehradun which were not put to use at all for the benefit of patients since their installation<sup>48</sup> and kept idle due to non-availability of technical staff in the hospital. Besides, it was also observed that two other machines worth ₹ 14.12 lakh<sup>49</sup> installed in the hospital remained non-functional after being used<sup>50</sup> up to 2008 due to non-availability of technical staff. Thus, idling of equipment for periods ranging from six to eight years indicates that the Department failed to establish required prudence in spending public money at every stage right from planning to utilisation, depriving patients of intended benefits, and calling into question, the planning process in the Department.

On this being pointed out, the CMS accepted (August 2012) the facts and stated (March 2013) that a request was being made with the Directorate, MH&FWD for creation of posts as well as for deployment of staff for operating these equipment. The reply itself indicated that equipment had been provided and installed in the Hospital without ensuring prior sanctioning of posts and deployment of required staff.

The matter was referred to the Government (March 2014); reply was awaited (December 2014).

<sup>47</sup> Dialysis Machine (₹ 10.85 lakh), RO Water Treatment plant (₹ 5.93 lakh), TUR Set (₹ 13.34 lakh), Bronchoscope (₹ 11.94 lakh) and Pure Tone Audiometer (₹ 4.34 lakh).

<sup>48</sup> Dialysis Machine (August 2006), RO Water Treatment Plant (February 2008), TUR set (May 2006), Bronchoscope (May 2006), and Pure Tone Audiometer (May 2006).

<sup>49</sup> TMT Machine (₹ 6.45 lakh)/ Date of Installation: 30.09.1998 and Endoscopy Machine with CCD Camera (₹ 7.67 lakh)/ Date of Installation: 13.08.1999/ 02.11.2000.

<sup>50</sup> (i) Endoscopy machine and CCD camera (up to April 2008) and (ii) TMT machine (up to August 2005).

## 1.10 Undue benefit to service providers

### **Non-provision of deduction in payments to service providers for deficiencies in service standards resulted in undue benefit amounting to ₹ 4.54 crore to the service providers.**

Government of Uttarakhand with a view to provide curative, preventive, diagnostic and referral health care services in underserved areas of each district of the State, procured (March 2008) 13 Mobile Health Vans (MHVs) fitted with X-ray, Electro-cardiogram (ECG), Ultra-sound and Semi-auto analyzer machine and handed them over (March 2008) to the Director General of Medical, Health and Family Welfare Department (MH&FW) for operation/management in Public Private Partnership mode who executed (March 2009) 13 Memorandums of Understanding (MoUs), one for each district, with two service providers<sup>51</sup> for a period of five years. As per terms and conditions of the MoUs, the service providers were required to organize at least 15 camps of 10 hour duration each in a month on agreed cost<sup>52</sup> in specified places of the respective district with three doctors<sup>53</sup> and four para-medical staff<sup>54</sup> to be hired by them. Besides, the service providers were to ensure that all the equipment were functional during camps.

Audit scrutiny (April 2014) of records of the Director General, MH&FW, Dehradun showed that that no provision was made in the MoUs for deduction in payments to be made to service providers if any of the required medical/para-medical staff was not provided with the MHVs or any equipment remained non-functional during camps. This was in violation of Paragraph-27 of Appendix XIX of Financial Handbook Vol-V (Part-1), which stipulated that clear and specific penalties should be attached to a breach of contract agreement. Service providers took advantage of this situation and did not provide medical/para-medical staff for 2,350 mandays<sup>55</sup>. It was also seen that various medical equipment remained non-functional in 2,246 cases<sup>56</sup>. District authorities reported this while forwarding the monthly claims of the service providers for payment but no deductions were made as terms and conditions of MoUs did not have any provision of deductions for such deficiencies in service standards.

However, the Government issued directions (October 2012) for deductions<sup>57</sup> from monthly agreed cost in case of deficiencies in service standards *i.e.* absence of staff and non-functioning of equipment. Accordingly, the deductions for absence of staff and non-functioning equipment were being made from bills of May 2012 onwards although no formal provisions were made in agreement in this regard.

<sup>51</sup> With M/s Dr. Jain Video on Wheels Ltd, New Delhi for Almora, Bageshwar, Champawat, Dehradun, Haridwar, Nainital, Pauri, Pithoragarh, Rudraprayag, Tehri and U.S.Nagar and with M/s Rajbhara Medicare Pvt. Ltd, Dehradun for Chamoli and Uttarkashi.

<sup>52</sup> Dehradun-₹ 6.25 lakh, Haridwar-₹ 6.25 lakh, Bageshwar-₹ 7.75 lakh, Almora-₹ 7.75 lakh, Tehri- ₹ 7.75 lakh, Pauri- ₹ 7.75 lakh, U.S.Nagar-₹ 6.25 lakh, Nainital- ₹ 6.25 lakh, Champawat- ₹ 7.75 lakh, Rudraprayag-₹ 7.75 lakh, Pithoragarh-₹ 8.83 lakh, Chamoli-₹ 6.82 lakh and Uttarkashi- ₹ 6.82 lakh.

<sup>53</sup> General Physician, Gynaecologist, Radiologist.

<sup>54</sup> Staff Nurse, X-Ray Technician, Laboratory Technician, Pharmacist.

<sup>55</sup> Lady Medical Officer for 677 mandays, Radiologist for 1057 mandays, Medical Officer for 60 mandays, Staff Nurse for 492 mandays, X-ray technician for 54 mandays and Lab-technician for 10 mandays.

<sup>56</sup> X-ray machine in 788 camps, ECG machine in 425 camps, Semi-auto analyzer in 850 camps and Ultra-sound machine in 183 camps.

<sup>57</sup> 1/3<sup>rd</sup> of agreed cost for absence of each medical staff, 1/4<sup>th</sup> of agreed cost for absence of each para-medical staff, 1/6<sup>th</sup> of agreed cost for non-functioning of X-ray/ECG/Ultra-sound each and 1/4<sup>th</sup> of agreed cost for non-functioning of Semi-auto analyzer.



Audit applied this criteria of deductions in the cases of absence of medical/para-medical staff and non-functioning of equipment for the period from start of MHVs in April 2009 and found that an amount of ₹ 4.54 crore would have been deducted from payments had the Department included any provision in this regard in MoUs, as stipulated in Paragraph-27 of Appendix XIX of Financial Handbook Vol-V (Part-1), or made any arrangements, as it had now made. Non-deduction of this amount of ₹ 4.54 crore from April 2009 to May 2012 provided undue benefit to the service providers.

On this being pointed out in audit, it was replied (April 2014) by the Director General, MH&FW that information in respect of performance of the service providers was provided to the higher authorities from time to time and this office was not authorized to make any changes in the terms/conditions of MoUs. The reply is not acceptable as the MoUs with service providers were executed by the Director General-MH&FW itself and provisions, as required for deductions from payment for deficiencies like absence of medical/para-medical staff and non-functioning of equipment, should have been included in the MoUs by his office. Further, deductions currently being made should have been provided legal validity through amendments in MoUs which has not been done in this case.

Thus, non-provision of deductions in payments to service providers for not fulfilling service standards resulted in undue benefit of ₹ 4.54 crore to the service providers.

The matter was referred to the Government (June 2014); the reply was awaited (December 2014).

## PEYJAL DEPARTMENT

### 1.11 Collection of Water Charges by Uttarakhand Jal Sansthan

**Arrears amounting to ₹ 77.23 crore were outstanding as on 31 March 2014. Of this, ₹ 1.07 crore was against 1,768 connections provided in now abandoned houses, ₹ 3.33 crore against 1,730 connections of various Government departments and ₹ 1.24 crore due against 1,180 connections of various government colonies. The Sansthan suffered a loss of ₹ 1.36 crore due to non-raising of demand against 1,557 consumers. The Sansthan also suffered a loss of ₹ 16 lakh due to non-disconnection of water supplies of the defaulters.**

#### 1.11.1 Introduction

The Uttarakhand Jal Sansthan was established in August 2002 as an Autonomous Body under the provisions of the Uttar Pradesh Water Supply and Sewerage Act, 1975 (as adopted in Uttarakhand) for regulation of water supply and sewerage services in the State.

An audit of the assessment and collection of water charges by the Jal Sansthan during the period 2011-12 to 2013-14 was conducted during April 2014 to July 2014 by test-check of records of 10 out of 25 Revenue Collecting Divisions<sup>58</sup> selected on the basis of revenue collected, during last three years, by the divisions. The following are the audit findings:

<sup>58</sup> North, South, Maintenance and Pithuwala divisions of Dehradun; Pauri, Kotdwar, Nainital, Haldwani, Ramnagar and Haridwar division.



### 1.11.2 Position of Revenue and Arrears

The arrears of revenue increased from ₹ 65.20 crore in 2011-12 to ₹ 77.23 crore in 2013-14 i.e. an increase of 18 per cent. Year-wise details of revenue realised and revenue in arrears are shown in the **Table 1.11.1**.

**Table 1.11.1** (₹ in crore)

Year	Opening Balance of arrear	Demand raised	Revenue realised	Demand in arrears	Recovery of demand (%)
2011-12	64.45	99.01	98.26	65.20	60.11
2012-13	65.20	115.78	110.28	70.70	60.93
2013-14	70.70	122.64	116.11	77.23	60.05

Source: Figures provided by Uttarakhand Jal Sansthan and exclude Sewer Tax and Sewer charges

Following was observed in course of audit in the test-checked divisions:

- Out of total arrears of ₹ 77.23 crore, arrears totalling ₹ 38.19 crore were more than five years old. This also includes arrears of ₹ 1.07 crore due against 1,768 number<sup>59</sup> of connections provided in now abandoned houses. On being pointed out by audit, the Sansthan stated that the tracing/ marking the abandoned houses is being carried out so that necessary action can be taken.
- The records of Sansthan (Subhash Nagar, Haridwar Division) showed that the supply of drinking water in respect of 311 consumers was discontinued due to these consumers being switched over to Swajal<sup>60</sup> in 2005-06. However, against the due charges of ₹ 0.16 crore against these consumers<sup>61</sup>, the Sansthan, as on 31 March 2014, showed outstanding charges of ₹ 0.49 crore due to raising of continuous demands against these now disconnected consumers. Thus, besides depicting fictitious arrears of ₹ 0.33 crore<sup>62</sup>, the Sansthan was also depicting a wrong picture of the existing total number of connections it was servicing.
- The above includes arrears of ₹ 3.33 crore on account of 1,730 connections against various Government Departments and ₹ 1.24 crore on account of 1,180 connections against various Government residential colonies.

### 1.11.3 Non-recovery of water charges

All the water supply schemes pertaining to persons displaced from Tehri Dam Project under Tehri Hydro Development Corporation (THDC) were handed over (August 2005) to the Uttarakhand Jal Sansthan for regulation of water supply and maintenance of the running schemes as per the orders issued by the Secretary, Irrigation, Government of Uttarakhand (July 2005). Consequently, all the consumers that were provided water supply by the THDC automatically became the consumers of the Uttarakhand Jal Sansthan.

<sup>59</sup> North Division, Dehradun - 37 connections, arrear ₹ 0.11 crore, South Division, Dehradun - 140 connections, arrear ₹ 0.32 crore, Kotdwara - 142 connections, arrear ₹ 0.05 crore, Haldwani - 142 connections, arrear ₹ 0.30 crore, Ramnagar - 1294 connections, arrear ₹ 0.26 crore and Haridwar Division - 13 connections, arrear ₹ 0.03 crore.

<sup>60</sup> Swajal is a Registered Society, serving water supply in rural areas.

<sup>61</sup> Arrear outstanding as on 31 March 2006.

<sup>62</sup> ₹ 0.49 crore minus amount of arrear outstanding as on 31 March 2006 i.e. ₹ 0.16 crore.

Scrutiny of the records of three divisions<sup>63</sup> showed that 1,557 consumers, which were transferred with the schemes were not taken into account in the list of the consumers of the Sansthan. As a result, no demand regarding water charges were raised by the Uttarakhand Jal Sansthan against these consumers which resulted in a revenue loss of ₹ 1.36 crore (up-to March 2014) to the Sansthan.

On this being pointed out, the Sansthan accepted the observation and stated that due to public agitation, it was unable to take any action. However, corrective action shall be taken in near future.

#### **1.11.4 Loss due to non-disconnection of water supply**

Section 72 of the Uttar Pradesh Water Supply and Sewerage Act, 1975 provides that the Jal Sansthan may cut off the water supply to any premises if any tax, fee, rental, cost of water is not paid within a period of 15 days after service of a bill for the same.

Scrutiny of records showed that the Sansthan (Divisions) had issued Recovery Certificates for ₹ 16 lakh<sup>64</sup> during the period 2011-12 to 2012-13 against 81 defaulters. However, these RCs were received back by the Division without any recovery. Further, the Sansthan did not disconnect the water supply of these defaulters and allowed to utilize the drinking water supply even after receiving back the RCs. On this being pointed out, the Sansthan stated that necessary action would be taken after scrutiny of the cases in which RCs have been received back without any recovery.

#### **1.11.5 Loss of revenue due to billing of consumers at a minimum rate**

In urban areas, the tariff of the Sansthan is based on Annual Rental Value (ARV) of a premise or building, assessed by an Authority appointed by the State Government or by the Jal Sansthan itself (Sections 52 and 53 of UPWSSA 1975).

Scrutiny of records of six divisions<sup>65</sup> showed that out of 1,29,698 connections in urban areas, 70,012 connections (54 *per cent*) are being charged at a minimum/average rate. To assess the ARV of these users, the Sansthan did not utilize its powers as per Assessment of Annual Value of Premises Rules, 1981. These users are paying minimum/average charges for un-metered water services, despite the fact that during the last three years, the cost of production<sup>66</sup> was approximately twice that of the revenue<sup>67</sup> being received by the Sansthan.

In reply, the Sansthan stated that demands for water charges of the consumers whose ARVs have not been assessed so far, has been raised on the basis of average utilization of water per month. The reply is not satisfactory since in absence of any adequate system, the utilisation for all consumers cannot be fixed at a minimum/ average rate.

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<sup>63</sup> South, Maintenance and Pithuwala divisions of Dehradun.

<sup>64</sup> North Division, Dehradun: ₹ 12 lakh against 58 no; Maintenance Division, Dehradun: ₹ four lakh against 23 nos.

<sup>65</sup> North, South and Pithuwala divisions of Dehradun and Nainital, Haldwani and Ramnagar division.

<sup>66</sup> ₹ 7.99 per kilo litre in 2011-12, ₹ 8.26 per kilo litre in 2012-13, ₹ 8.48 per kilo litre in 2013-14.

<sup>67</sup> ₹ 3.70 per kilo litre in 2011-12, ₹ 4.20 per kilo litre in 2012-13, ₹ 4.41 per kilo litre in 2013-14.

The matter was referred to the Government (August 2014); their reply was awaited (December 2014).

## PUBLIC WORKS DEPARTMENT

### 1.12 Avoidable expenditure

**Execution of Bituminous Macadam (BM) work without taking into consideration the equivalency factor of 25 mm thickness of the recently executed SDBC work, resulted in an avoidable expenditure of ₹ 55.50 lakh.**

Government accorded administrative approval and financial sanction of ₹ 18.42 crore for widening and strengthening of Nainital-Kaladhungi-Bazpur Road (Km 34 to 64) under Central Road Fund Scheme (CRFS) in May 2011. The Chief Engineer, Kumaun Region, accorded Technical Sanction (TS) of ₹ 18.42 crore for the work in June 2011.

Scrutiny of records (February 2014) of the Executive Engineer (EE), Construction Division (CD), Public Works Department (PWD), Ramnagar showed that a team of Indian Institute of Technology (IIT), Roorkee carried out (October 2008) the Benkelman Beam Deflection<sup>68</sup> studies on the request of EE of the division and found that the conditions of the road in kilometer 43 to 49 were very weak which required major strengthening work. Accordingly, the IIT team recommended an overlay thickness of 225<sup>69</sup>mm in these kilometers. It was also seen during the scrutiny that a renewal work was carried out (May 2011) by the division in four kilometers (km 43 and km 46 to 48) of the road by laying 25 mm Semi Dense Bituminous Concrete (SDBC) under annual maintenance head. However, further scrutiny showed that the detailed estimate prepared (June 2011) for widening and strengthening work of Nainital-Kaladhungi-Bazpur Road (Km 34 to 64) under CRFS determined the overlay thickness of 175<sup>70</sup> mm (as per recommendation of IIT, Roorkee) for the above four kilometer without taking into consideration the equivalency factor of 25<sup>71</sup> mm thickness of the recently executed renewal work of SDBC. As the SDBC work has been completed just one month before, the overlay thickness should have been determined using appropriate equivalency factors of the SDBC work and accordingly the BM work should have been reduced by the equivalent thickness of 25 mm SDBC. Failure of the division in considering the equivalency factor of the already executed work resulted in 1000<sup>72</sup> cum excess quantity of BM being laid in the stretch (km 43 and km 46 to 48), thereby incurring an avoidable expenditure of ₹ 55.50 lakh<sup>73</sup>.

<sup>68</sup> Benkelman Beam Deflection Technique is used for evaluation of structural capacity of existing flexible pavements and an estimation and design of overlays for strengthening of any weak pavement (IRC: 81-1997).

<sup>69</sup> 150 mm WBM + 50 mm BM + 25 mm SDBC = 225 mm.

<sup>70</sup> 150 mm BM {50 mm as recommended by IIT + 100 mm in place of WBM (As per IRC 81-1997, the equivalency factor of 1.5 WBM = 1 BM )} and SDBC 25 mm.

<sup>71</sup> As per IRC 81-1997, the equivalency factor of 0.7 SDBC = 1 BM, hence 25 mm of SDBC = 35.71 mm of BM.

<sup>72</sup> As per the equivalency factor 0.7 SDBC = 1 BM,. Therefore, Excess quantity of BM = 1000 cum (Actual executed/estimated quantity of BM - Quantity of BM should be executed taking into consideration the equivalency factor of 25 mm of SDBC = 4000x7x0.15 – 4000x7x0.11429 (0.15-0.03571).

<sup>73</sup> ₹ 5550x 1000cum of BM= ₹ 55,50,000.

On this being pointed out, the EE replied that the thickness of SDBC (25 mm) is not taken into account for determining the crust thickness of the road. The reply is not acceptable as it is clearly suggested in IRC 81-1997 that the equivalent overlay thickness of SDBC against BM may be taken into account while determining the overlay thickness of the road. Further, this equivalency factor was considered by the Department in another chainage<sup>74</sup> of the same road for calculating the overlay thickness.

Thus the Department incurred an avoidable expenditure of ₹ 55.50 lakh on execution of excess quantity of BM.

The matter was referred (May 2014) to the Government; reply was awaited (December 2014).

## SERICULTURE DEPARTMENT

### 1.13 Non-achievement of objectives of Silk Park

**The objective of improving the prospects of sericulture in the State remained unfulfilled even after four years of construction of the Silk Park building involving an expenditure of ₹ 2.67 crore.**

Uttaranchal Co-operative Resham Federation (UCRF) was established in 2002 as the apex co-operative institution for development of sericulture activities in the State.

The Government approved (March 2007) a proposal of the Directorate of Sericulture for establishment of a Silk Park at Dehradun under the project 'Strengthening of Uttaranchal Co-operative Resham Federation'. The project aimed at popularizing silk production, promoting new techniques and designs, improving quality of silk and creating 4.90 lakh<sup>75</sup> mandays employment opportunities per year.

The Silk Park was constructed at a cost of ₹ 266.23 lakh<sup>76</sup>. The Sericulture Department took over (January 2010) the building from the construction agency but did not hand it over (June 2014) to UCRF as the proposal for handing over the building was awaiting Government's approval.

Audit scrutiny of the records (August 2012) of the Department and further information collected (June 2014) showed that the Department projected the requirement of funds to the Government for only the Silk Park building. However, it failed to project requirement for deployment of manpower at the UCRF. Audit observed that the Department required 13 personnel including two Assistant Directors<sup>77</sup> and 11 supporting/ technical<sup>78</sup> staff for the proper functioning of the Park. Further, it was also noticed that the project could create only 0.20 lakh mandays employment opportunities per year.

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<sup>74</sup> Km 60 to 63 of Bajpur section.

<sup>75</sup> Reeling Sector 1.50 lakh, Weaving Sector 3.00 lakh and other 0.40 lakh per year.

<sup>76</sup> ₹ 244.00 lakh for building; ₹ 21.66 lakh for boundary and ₹ 0.57 lakh for fee of consultant.

<sup>77</sup> Assistant Director-Marketing and Assistant Director-Textile.

<sup>78</sup> Technical Assistant (Diploma holders in textile)-2; Assistant technicians (ITI passed)-2; Weavers-2; Designers (Diploma/Degree holders in textiles)-01; Sericulture Inspector-01; Store Keeper-01; Attendent-02.

On this being pointed out, the Department stated that the process for handing over the Silk Park building to the UCRF is in final stages and its functioning will become more effective after the transfer of the Silk Park building to the UCRF. The reply was not acceptable as the Department failed to transfer the Silk Park building involving an expenditure of ₹ 266.23 lakh to the UCRF even after four years of its construction which resulted in non-achievement of objectives of improving the prospects of sericulture in the State

The matter was referred to the Government (June 2014); the reply was awaited (December 2014).

## SOCIAL WELFARE AND EDUCATION DEPARTMENT

### 1.14 Implementation of the Schemes for Protection and Welfare of Girl Child

**Under Nanda Devi Kanya Yojna, expenditure in the year 2013-14 was over reported by ₹46.80 lakh and was kept in a PLA account instead of surrendering it and an irregular payment of ₹ 18.25 lakh was made to 365 girls born at home. In Gaura Devi Kanyadhan Yojna, 1,266 sanctioned cases were pending for payment despite availability of funds at the end of 2013-14. The State Government had to bear an extra burden of ₹ 2.57 crore for getting construction works of Kasturba Gandhi Balika Vidyalaya hostels completed due to time and cost overrun.**

#### 1.14.1 Introduction

The Kasturba Gandhi Balika Vidyalaya (KGBVs) scheme was launched by the Government of India in August 2004 while Gaura Devi Kanyadhan Yojana (GDKY) and Nanda Devi Kanya Yojana (NDKY) are state sponsored schemes, and was launched in September 2006 and May 2009 respectively. The objective of KGBV is to ensure access to quality education to the girls of disadvantaged groups of society<sup>79</sup> by setting up residential schools at the upper primary level. In GDKY, a National Saving Certificate (NSC)/Fixed Deposit (FD) of ₹ 25,000 is provided to the girls of BPL families to promote their education after passing the intermediate exam. NDKY is aimed to maintain gender ratio, stop female foeticide, make girl education compulsory up to high school level, stop child marriage, promote institutional delivery, etc. Under the scheme, a Fixed Deposit (FD) of ₹ 5,000 is provided in favour of a girl child of a Below Poverty Line (BPL) family, born at a Government Health Center (GHC). The NDKY and the GDKY are entirely funded by the State Government whereas the funding pattern for the KGBV scheme is in the ratio of 65:35 between the Union Government and the State Government.

The audit of three schemes i.e. NDKY, GDKY and KGBV was conducted between April 2014 and July 2014 by test-check of the records of the auditee units<sup>80</sup> of Social Welfare and Education in four Districts<sup>81</sup>. The important findings are discussed below.

<sup>79</sup> Scheduled Caste, Scheduled Tribe, Other Backward Class and minority communities.

<sup>80</sup> District Programme Officers, Bal Vikas, District Social Welfare Officers, District Probation Officers, Social Welfare, District Project Officers, Sarva Shiksha Abhiyan and Warden, KGBV Hostels.

<sup>81</sup> Tehri, Haridwar, Almora and Udham Singh Nagar.

### 1.14.2 Financial Management

During the period 2011-12 to 2013-14, the total funds received under NDKY, GDKY and KGBV schemes amounted to ₹ 16.49 crore, ₹ 172.26 crore and ₹ 20.92 crore respectively. Records of the ICDS and Education Departments showed that the departments failed to utilize the total funds available under NDKY and KGBV. Under NDKY, expenditure in the year 2013-14 was over reported by ₹46.80 lakh and was kept in a PLA account instead of surrendering it. The Director, ICDS stated that due to less number of eligible beneficiaries, the amount remained unspent, whereas, Additional State Project Director (Sarva Shiksha Abhiyan) stated that due to the less enrollments of the girls and non-recruitment of the staff, the money was lying unspent.

### 1.14.3 Nanda Devi Kanya Yojna

#### 1.14.3.1 Irregular payment

Contrary to the provision that a girl child born at a Government Health Center was eligible to get the benefit under the NDKY, records of District Programme Officer, Bal Vikas (DPOBV)<sup>82</sup> showed that 365 girls, born at home, were benefitted and an irregular payment of ₹ 18.25 lakh<sup>83</sup> was made to them during 2011-14. Thus, the objective to promote institutional delivery under the scheme was defeated. The concerned DPOBVs stated that payment had been made as per the provisions of the GO. Reply is not acceptable as it was clearly mentioned in the GO that the girl child should be born in a Government Health Centre/Sub-Centre under the supervision of trained Auxiliary Nurse Midwife, and not at home.

#### 1.14.3.2 Undue favour to beneficiaries

Scrutiny of records of DPOBVs, Almora and Udham Singh Nagar (U.S.Nagar) showed that the application forms in respect of 105 cases were received with delay ranging from 25 days to 814 days in contravention of the provisions of the GOs as detailed in **Table 1.14.1**.

**Table 1.14.1**

District	Year of receipt of applications	Provision of GOs	Delay	
			No. of cases	range
Almora	2011-12	As per GO issued in Jan. 2011, compulsion of submission of application within 60 days of birth of girl child was relaxed for the girl child born between 01 January 2009 to 31 December 2010 and with effect from 01 January 2011 compulsion of submission of application within 60 days of birth of girl child will continue.	33	75 to 450 days
U.S Nagar			04	125 to 226 days
Almora	2012-13	(As per GO issued in July 2012, compulsion of submission of application within 60 days of birth of girl child was terminated and as per new provision a girl child born on the first day of the financial year would be eligible to get the benefit till the last day of the same financial year.	01	814 days
U.S Nagar			19	36 to 693 days
Almora	2013-14		12	25 to 156 days
U.S Nagar			36	24 to 307 days
<b>Total</b>			<b>105</b>	<b>25 to 814 days</b>

<sup>82</sup> Tehri, Haridwar and Udham Singh Nagar.

<sup>83</sup> 365 x ₹5000=₹ 18.25 lakh.



Further, ₹ 5.25 lakh<sup>84</sup> released to these 105 beneficiaries not only violated the provisions of the GOs but also amounted to extending an undue favour to the beneficiaries. The DPOBVs, stated that late applications were received with the objective to provide the benefit to maximum beneficiaries and due to availability of budget. The reply is not acceptable as the benefit was given in contrary to the provision of the Government order.

#### **1.14.3.3 Awareness programme**

A total of 11,434, 7,003 and 7,693 girls were benefitted in the years 2011-12, 2012-13 and 2013-14 respectively showing that the number of beneficiaries had substantially decreased since 2011-12. No awareness programme/campaign was taken up by the State Government to educate the families of the benefits available under the scheme. The Deputy Director, ICDS stated that no fund had been released by the Government for publicity of the scheme and efforts to get the necessary funds from the Government for publicity for the scheme would be made in future.

#### **1.14.4 Gaura Devi Kanyadhan Yojna**

##### **1.14.4.1 Irregular payment and undue favour to beneficiary**

Under the GDKY, 11 girls<sup>85</sup> were allowed dual payment amounting to ₹ 2.75 lakh. Further, as per GOs, maximum of two daughters of a family are eligible for benefits under the scheme. However, records showed that payments were made to three daughters instead of two in respect of 16 families<sup>86</sup>. Consequently, an undue benefit/irregular payment of ₹ four lakh was extended to 16 girls @ ₹ 25,000 each. District Social Welfare Officers (DSWOs)<sup>87</sup> and District Probation Officers, Social Welfare (DPOSWs), while accepting the facts, stated that the irregular payment would be recovered.

##### **1.14.4.2 Deprivation of timely benefit to the beneficiaries**

As per the GO, in order to get the benefit under the scheme, an application was to be submitted by the beneficiary to the DSWO up to 30 September each year. The District Committee, after selection of eligible girls, was to publish the eligibility list by 30 October and payment was to be completed by 30 November each year.

Under GDKY, 25,748 girls<sup>88</sup> were benefitted in four districts during the period 2011-12 to 2013-14. However, records showed that 5,649 cases in these districts were pending for payment at the close of 2013-14. The DSWOs and DPOs stated that a demand for budget had been made to the Government. Reply is not acceptable as records of the DSWO, Udham Singh Nagar showed that 1,266 sanctioned cases were pending for payment despite availability of fund of ₹ 3.16 crore at the end of 2013-14. Besides, payment procedure, as per the time frame set, was to be completed

<sup>84</sup> 105 x ₹5000=₹ 5.25 lakh.

<sup>85</sup> Tehri: one girl, Haridwar: two girls and Almora: eight girls.

<sup>86</sup> Ten in Tehri and six in Almora.

<sup>87</sup> Tehri and Haridwar.

<sup>88</sup> Tehri: 8,982, Haridwar: 3,875, Almora: 6,994 and Udham Singh Nagar: 5,897.

in all respects by 30 November. Thus, eligible beneficiaries were deprived of timely benefits under the scheme.

### **1.14.5 Kasturba Gandhi Balika Vidyalaya (KGBV)**

#### **1.14.5.1 Overburdened hostels**

Under the scheme, a minimum of 50 girls, predominantly from the SC, ST and minority communities studying in school at the elementary level, were to be enrolled in a hostel. There were 28 KGBV residential hostels functional in 12 districts of the State. As per norms<sup>89</sup>, minimum 1,400 eligible girls should be enrolled in these hostels. Scrutiny of records showed that 1,230 girls, 1,207 girls and 1,260 girls were enrolled in these KGBVs in the years 2011-12, 2012-13 and 2013-14, respectively. In the test-checked districts, a total of 1,045 girls including 372 girls of higher secondary level (class 9<sup>th</sup> to 12<sup>th</sup>) were residing in 16 hostels against sanctioned 800 girls (*Appendix 1.14.1*) during the period 2013-14 as the Department allowed girls of higher secondary school level to stay in these KGBV hostels in violation of the guidelines. Consequently, these hostels were overburdened. The Government stated (October 2014) that instructions to make the separate arrangement for the girls of secondary level have been issued.

Further, it was also seen that in 14 out of 16 test-checked KGBVs, more than 50 girls were residing. Only 538 beds were available for 1,045 girls. As a result, beds were being shared by the girls due to paucity of space. It was also found that in one hostel of Tehri district, beds were not provided in the hostel. In the test-checked districts, the deficiencies in the toilets and bathroom are as detailed in the *Appendix 1.14.1*.

#### **1.14.5.2 Abnormal delay in construction of KGBV buildings**

Under the scheme, GoI sanctioned 28 hostels<sup>90</sup> and released an amount of ₹ 23.34 crore up to July 2014. The details are given in *Appendix 1.14.2*. Out of this released amount, ₹ 17.02 crore was spent on the construction of these KGBV buildings. Construction work of eight hostels had been completed and the buildings handed over to the Department. In addition to these, nine out of 11 hostels completed up to the ground floor were also handed over to the Department. The construction work of the remaining nine hostels<sup>91</sup> had still not been completed.

Further, in one of the test-checked districts<sup>92</sup>, due to delay in completion of all five KGBV hostel buildings, which ranged from seven to nine years, three hostels<sup>93</sup> were operational in rented buildings and two hostels<sup>94</sup> were operational in School and Panchayat buildings. For these rented buildings, an amount of ₹ 6.21 lakh was paid by the hostel authorities on account of rent till March 2014. Moreover, the State Government had to bear an extra burden of ₹ 2.57 crore<sup>95</sup>

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<sup>89</sup> Fifty girls per hostel per year.

<sup>90</sup> 13 in 2004-05, 12 in 2006-07, 01 in 2008-09 and 02 in 2010-11.

<sup>91</sup> 03 sanctioned in 2004-05 and 06 sanctioned in 2006-07.

<sup>92</sup> Tehri-Garhwal.

<sup>93</sup> Aampata, Rautu ki beli and Sujadgaon.

<sup>94</sup> Rausal, Kaushal.

<sup>95</sup> Expenditure incurred (₹ 429.47 lakh) – Sanctioned cost (₹ 172.55 lakh).

for getting the construction works completed due to time and cost overruns. On this being pointed out, the Government stated (October 2014) that the GoI had sanctioned ₹ 172.55 lakh<sup>96</sup> for the construction of five hostels which were not sufficient according to the schedule of rates of the State. The reply was not acceptable since the cost overrun could have been avoided, had the construction of the buildings completed in scheduled time.

#### **1.14.5.3 Protection and security of girl child**

For the safety of girls, construction of boundary walls of girls' hostels is mandatory. For the said purpose, funds are provided as per the guidelines. During the physical verification of test checked KGBV hostels, it was found that boundary walls in nine out of 16 hostels were not constructed. Further, a female Warden should be deployed for the safety of girls. It was noticed that female wardens were not posted in two hostels<sup>97</sup> and these facilities were looked after by the Block Resource Centre/Cluster Resource Centre (BRC/CRC) since inception.

The Government stated (October 2014) that all the Chief Education Officers have been instructed to make the provision for construction of boundary walls under district plan.

### **URBAN DEVELOPMENT DEPARTMENT**

#### **1.15 Financial Management of Nagar Nigam, Haridwar**

**Nagar Nigam could not utilize funds ranging from ₹ 10 crore to ₹ 17 crore during 2010-14 due to unrealistically higher budget estimates of expenditure. An amount of ₹ 82 lakh, meant for undertaking works which would generate recurring income, could not be utilized since 2001. Rates of advertisement tax were not revised since 2001 in absence of approval of new advertisement policy. Revenue of ₹ 2.16 crore was forgone due to Department's failure to collect *tehbazaari* from vendors and charges of *phool pharoshi* from florists.**

Haridwar is one of the important districts of Uttarakhand having population of about 19.27 lakh. It is divided into 30 wards with an area of 12.17 sq. kms. The major functions of the Nagar Nigam (NN) are assessment and collection of taxes, construction and maintenance of the roads, collection and disposal of garbage (solid waste management), maintenance of drains, maintaining the hygiene in public places, street lighting, etc. The audit was conducted in June 2014 covering the period 2010-14 with the focus on Financial Management of the Nagar Nigam. The following are the audit findings:

#### **1.15.1 Budget control and Financial Management**

Records of the NN showed that the BEs for the period 2010-14 were prepared without assessing requirements of the NN. It was observed that the BEs were submitted for approval of the Board

<sup>96</sup> ₹ 23.10 lakh each for four hostels and ₹ 80.15 lakh for one hostel.

<sup>97</sup> KGBV Kausal and Sujadgaon of Tehri District.

with delays ranging from 79 to 148 days resulting in delayed submission to the State Government ranging from 51 to 69 days. During 2010-14, as against the estimated income, the NN prepared persistently higher budget estimations of expenditure in the range of 124 to 144 *per cent*. Further, it was seen that there were also variations between estimated expenditure and actual expenditure ranging from 42 to 67 *per cent* and the range of unspent balances was between ₹ 10 crore to ₹ 17 crore *i.e.* 22 to 45 *per cent* of the budget during 2010-14. This indicated that the NN was preparing unrealistic estimates in each financial year.

#### **1.15.1.1 Preparation of Annual Accounts**

Double entry system of accounting was to be adopted by the Municipalities as per the provisions of the National Municipal Accounting Manual (NMAM) and directions given by the State Government (October 2007). However, it was seen that the proposed accounting system was not implemented due to inadequate training and shortage of staff. The following short comings were also noticed in the preparation of annual accounts:

- Accounts upto 2012-13 have been prepared. However, Annual accounts were prepared after closing of the financial year with delays up to 202 days.
- UPNN Act<sup>98</sup> provides the verification of accounts by the Mukhya Nagar Lekha Parikshak (MNLK) but this was not ensured by the NN.
- No accounting software was put in use at the NN as of June 2014 and transactions were being recorded manually.

The Department accepted (November 2013) the above facts and instructed NN to adhere to the provisions but compliance to the instructions issued were not followed by the NN as of June 2014.

#### **1.15.1.2 Delay in utilisation of developmental funds**

Audit analysis showed the following:

- With an objective of creating resources for the development of infrastructure facilities and to enable NN to generate its own sources of income, the Government sanctioned (December 2001 to December 2002) an amount of ₹ 2.67 crore as non-interest bearing loan through a Revolving Fund. The Government Order (October 2002) emphasized that 30 *per cent* of the total allotted funds could be utilized for works which could help in generating recurring income and the remaining 70 *per cent* was to be used for developmental works<sup>99</sup>. It was noticed that no effort was made by the NN to undertake income generating works as required and an amount of ₹ 0.82 crore, for the last 11 years, was still to be utilized for the said purpose.
- An amount of ₹ 1.67 crore pertaining to *Kumbh Mela* was kept in a PLA (2010) of which ₹ 32.00 lakh was meant for purchase of materials/items for the *Kumbh Mela*. The NN neither purchased any material nor surrendered the funds in contrary to the provisions. Further, in

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<sup>98</sup> Section 142 (2) of Uttar Pradesh Nagar Nigam Act, 1959.

<sup>99</sup> Street light, construction of drainage, roads and brick roads (*Khadanza*) etc.

absence of any specific directions from the Government, ₹ 1.35 crore was also retained by the NN for the settlement of pending bills (June 2014).

The Department while accepting the facts stated that the identified work (construction of a banquet hall for generating recurring revenue) could not be taken up due to dispute in the title of the land. As far as liabilities of the *Kumbh Mela* are concerned, they would be settled soon.

## Collection of Revenue

### 1.15.2 Deficiencies in the collection of Tax and Non-Tax Revenue

#### 1.15.2.1 Property tax

The following shortcomings were observed in levying of property tax in NN, Haridwar:

- Scrutiny of records showed that rules regarding assessment of annual value of properties were not framed by the State Government. In the absence of rules, there was no fair and transparent system of assessment of annual value of properties. The NN had also not fixed any zone-wise bench-marks for assessing the annual value of the buildings. Crucial details such as location, month of occupancy, size of building, nature of construction, amenities provided, *etc.*, were not included in the assessment of annual value. Tax was levied at a flat rate of 7.5 *per cent* of the annual value of property assessed without considering the above factors since 2001-02.
- Section 145 of the UPNP Act, 1916 provides that rates of house/land tax should be revised every five years. The jurisdiction of NN was divided into three Zones *viz.* Haridwar, Kankhal and Jwalapur. The survey for revision of property tax to be imposed from 2006-07 was completed only in Kankhal area and, after imposition of revised rates, the collection of property tax from that area enhanced by 162 *per cent*<sup>100</sup>. In the remaining two areas, the demands were still being raised as applicable in 2001-02. Thus, due to delay in adherence of provisions of the Act the potential to earn more revenue by the NN was lost.
- Audit noticed that more than 35,000 residential and non-residential buildings were located within the jurisdiction of the NN but no property tax was levied on more than 10,000 buildings (1,000 commercial and 9,000 residential) as of March 2012. However, the tax assessment of these buildings was taken up by the NN as late as April 2012 and was in progress as of June 2014. The Department stated that survey work was not completed due to acute shortage of manpower.
- The NN maintained only a demand register of property tax. Assessment and arrear demand registers in respect of all assessed units were not being prepared. Details, like year-wise arrears or arrears of individual assessee were also not available with the NN.

The Department accepted the facts and stated that the State Government has constituted (March 2013) a Tax Reform Committee whose recommendations are awaited as of June 2014.

<sup>100</sup> Recovery of house/land tax of ₹ 29.29 lakh during 2006-07 as against total recovery of ₹ 11.20 lakh during 2005-06.

#### **1.15.2.2 Advertisement Tax**

To increase revenue collection, the NN drafted an advertisement policy and forwarded the same to the State Government (November 2011) for approval. The approval of policy is still pending. This led to non-revision of rates of advertisement tax and it was being levied on the basis of rates of 2001-02.

#### **1.15.2.3 Rent from shops**

The NN revised (March 2012) the rent rates of shops on the basis of prevailing circle rates of Haridwar city. Accordingly, the NN raised a demand of ₹ 1.81 crore (current demand ₹ 0.92 crore plus arrear of ₹ 0.89 crore) from 479 shopkeepers during 2013-14 but could collect only ₹ 0.46 crore (25 per cent) even after providing a rebate of 15 per cent as of March 2014. The Nigam stated that due to shortage of manpower, the anticipated demands could not be fully realized.

#### **1.15.2.4 Rent of Municipal land**

As per the orders (March 2012) of District Magistrate/ Administrator of NN, property rent/ rates at circle rate (market rate) were to be revised. Audit scrutiny showed that contrary to the orders, the NN resorted to assessing and collecting rents on the prevailing rates of February 2003, thus indicating the failure of the mechanism of rent survey of the NN. Besides, the NN had not updated the requisite records<sup>101</sup> relating to the rent of land as of June 2014. As a result, audit could not assess the actual loss of revenue. Further, as of March 2014 the NN could not realize ₹ 38.61 lakh (54 per cent) against the worked out demand of ₹ 71.94 lakh<sup>102</sup>, calculated on the prevailing rates, in respect of 109 small plots of land.

#### **1.15.2.5 Lease of lands**

The NN had requested (June 2008) the Government to formulate a policy with a proposal that after the expiry of a lease, the NN may either acquire the land or freehold the land to increase its income. In response, the State Government, instead of framing a definite policy, instructed (April 2010) that the leased lands should not be sold or renewed without the permission of the Urban Development Department/ Housing Department. The NN had leased land<sup>103</sup>, measuring 1,54,198 sq.ft to individuals. The lease period expired in the month of March 2013 and again the NN referred (March 2013) the matter to the Government. However, no requisite guidelines were issued by the Government as of June 2014. Consequently, the NN could neither renew the lease nor free hold the lands leading to unauthorized occupancy by the lessee as of June 2014.

#### **1.15.2.6 Vendor Policy**

The State Government framed the Regulation and Management Rules (November 2011) for road side vendors. Audit scrutiny showed that on the basis of these regulations and rules, the NN

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<sup>101</sup> Records of demand and collection registers.

<sup>102</sup> Current demand ₹ 31.66 lakh plus arrear ₹ 40.28 lakh.

<sup>103</sup> Plot no. 8,9,10,11,12,15 and 16.



earmarked 15 spaces as vending zones with a capacity for 2,750 vendors. However, vendors were not registered due to non-completion of survey, comprehensive digitized photo census and issuing of Photo Identity Cards till June 2014. Prior to the introduction of the vendor policy, the NN used to collect *tehbazari* through contractors. The last contract of *tehbazari* was awarded for a six month period starting from October 2011 to March 2012 for ₹ 0.45 crore, which was extended upto April 2012 in compliance to the Hon'ble High Court's order. Thereafter, no contract to collect *tehbazari* was awarded by the NN authorities as the vendor policy was in the pipeline. This has resulted in revenue forgone amounting to a minimum of ₹ 1.95 crore<sup>104</sup> worked out on the basis of previous contract. Meanwhile, the vendors were left to perform their business activities without any regulation or payment of taxes.

#### 1.15.2.7 Phool Faroshi

Sites adjoining to the *Har-Ki-Pauri* area are given on lease to contractors for selling flowers for religious purposes. As per the conditions of the auction of *Phool Faroshi*<sup>105</sup>, the successful bidders had to deposit the entire amount of the bid within nine months of the completion period of the agreement. Audit observed that ₹ 21.20 lakh were lying pending (June 2014) with 26 contractors from 1988-89 to 2004-05, the individual amounts ranging between ₹ 0.05 lakh to ₹ 5.38 lakh clearly indicating a lackadaisical approach of the NN authorities towards revenue realization. No action was initiated with respect to above observations by NN as of June 2014.

The matter was referred to the Government (August 2014); reply was awaited (December 2014).

## UTTARAKHAND RENEWAL ENERGY DEVELOPMENT AGENCY

### 1.16 Implementation of Solar Energy Programme

**The Agency collected excess ₹ 66.71 lakh as service charges from beneficiaries of Solar Photo Voltaic Programme. Expenditure of ₹ 10.61 lakh on solar streetlights was rendered unfruitful as the lights were found to be non-working within warranty period and not rectified. Solar equipment worth ₹ 10.63 lakh remained undistributed since 2009. Solar batteries worth ₹ 13.15 lakh were lying idle since their procurement in January 2011.**

#### 1.16.1 Introduction

The Uttarakhand Renewable Energy Development Agency (UREDA) is handling operation and execution of various schemes based on non-conventional energy resources in Uttarakhand. Sixteen projects related to propagation of Solar Energy in the State were sanctioned by the Government of India during 2009-10 to 2013-14. Of these, eight projects<sup>106</sup> were test-checked in audit. The audit findings are detailed in the succeeding paragraphs.

<sup>104</sup> ₹ 0.45 crore for six months (October 2011 to March 2012 and extended one month), hence, ₹ 0.45 crore/6 = ₹ 0.075 crore for one month x 26 months (i.e. up to June 2014) = ₹ 1.95 crore.

<sup>105</sup> Place for sale of flowers.

<sup>106</sup> Two of solar city, one of SADP, two of street lights, one of solar power plant and two of solar lanterns.

## **Audit findings**

### **1.16.2 Excess collection of contribution from beneficiaries in the distribution of solar lanterns**

A solar lantern was to be distributed amongst each household in Development Blocks adjacent to the International Border under Solar Photo Voltaic (SPV) programme of Jawaharlal Nehru National Solar Mission. For the purpose, the Government of India (GoI) provided a subsidy to the extent of 90 *per cent* of the cost of the lantern subject to the condition that beneficiary would bear the remaining 10 *per cent*. Further, service charge, to the extent of three *per cent* of central financial assistance, was to be released by the GoI on receipt of UCs.

Scrutiny of records (June 2014) showed that UREDA implemented two projects for providing 80,859 Solar Lanterns. Supply orders were placed (January 2013) with M/s Gautam Polymers, Haridwar (56,666 lanterns @ ₹ 2,187) and M/s Jain Irrigation Systems Limited, Jalgaon (24,193 lanterns @ ₹ 2,142) at a cost of ₹ 17.57 crore. As per the provisions of the scheme, the beneficiaries were to contribute 10 *per cent* of the cost *i.e.* ₹ 219 per lantern in the first case and ₹ 214 per lantern in the second case. However, UREDA recovered ₹ 300 per lantern from the consumers. In this way, UREDA irregularly collected contributions of ₹ 66.71 lakh<sup>107</sup> excess from 80,859 beneficiaries, as service charge, in violation of the provisions.

On this being pointed out, the Agency stated that the service charges collected from beneficiary were spent on implementation of programme. It also added that service charges from GoI would be utilized to meet out the administrative expenses of the Agency. The reply was not acceptable as only beneficiary contribution was allowed to be received from the beneficiaries under the programme.

### **1.16.3 Unfruitful expenditure on inoperative Solar Street Light (SSL)**

An agreement (November 2008) was signed by the UREDA with the Central Electronic Limited for the supply and comprehensive maintenance of SPV Street Lights in the State with two years' warranty. As per the provisions of the agreement, the firm was required to rectify/replace the defective parts within warranty/guaranty/AMC period promptly. In case the contractor did not rectify the defects within 15 days of receipt of complaint, the UREDA could restore the devices in working condition at the contractor's expenses.

Work order of ₹ 18.75 lakh for supplying 81 Solar Street Lights (SSLs) was given (October 2010) by the UREDA and the supply was made by the company in January 2011. It was found that 54 SSLs were installed (April 2011) in 29 villages under Zila Panchayat, Tehri and remaining 27 were distributed to three Gram panchayats. However, records showed that 45 out of 54 SSLs installed were inoperative within the warranty period. The firm did not rectify the defect as per the agreement. Further, no efforts were taken by the UREDA to restore the systems after November 2012. It was also noticed that in case of 10 inoperative streets lights, the plates,

<sup>107</sup> (₹300 - ₹219) x 56666 + (₹300 - ₹214) x 24193 = ₹66.71 lakh.

batteries and CFL were stolen. Thus, the expenditure of ₹ 10.61 lakh<sup>108</sup> incurred on 45 SSL remained unfruitful.

The Project Officer, Tehri accepted the facts and stated that the firm had been instructed (May and October 2012) to make the systems operational. The fact remains that the street lights are still to be repaired.

#### 1.16.4 Undistributed stores

Audit scrutiny of Stock Register of the office of the Project Officer, Haridwar, showed that the office procured (January 2010 to August 2010) 259 solar lanterns (SLs) for distribution without assessing the actual demand which resulted in 200 SLs costing ₹ 7.45 lakh lying undistributed in the store. The Project Officer stated that several attempts were made for their distribution; however, intended target group of beneficiaries did not turn up due to the higher amount of beneficiary contribution (₹ 2,285) associated with the SLs. The reply is not acceptable as the survey was not conducted by the Department (UREDA) for procurement of lanterns and therefore, 77 per cent of the procured lanterns remained undistributed. Audit also noticed that even the initial target of procurement of 134 SLs was revised by diverting funds intended for solar street lights at the instructions of the District Magistrate, Haridwar.

Physical Verification Report of Stores at the UREDA Headquarters also showed that stores worth ₹ 10.54 lakh<sup>109</sup>, pertaining to solar energy systems, were lying idle since January 2010.

#### 1.16.5 Mismanagement of fund

UREDA made an agreement (2008) with M/s Star Battery Ltd. for supply of low maintenance lead acid batteries. The warranty of batteries was for a maximum period of two years three months from the date of supply to UREDA.

Stock register of Project Officer, Pauri showed that out of 1224 Solar Power Pack Batteries procured between April 2009 to January 2011, a total of 351 batteries costing ₹ 13.15 lakh<sup>110</sup> were lying idle for more than three years. Audit found that the batteries were not used since procurement *i.e.* from January 2011 and the warranty period of two years and three months was also expired. The Project Officer, Pauri, stated that the batteries were purchased in anticipation of the demand. The reply was not acceptable as the demand for batteries was not assessed by UREDA before their procurement.

#### 1.16.6 Non-feeding of electricity to Grid

UREDA installed (March 2004) two Grid Interactive Rooftop Solar Power plants of the capacity of 25 Kilo Watt each at Secretariat Premises, Dehradun at a cost of ₹ 128.60 lakh with a production capacity ranging from 100 to 150 kilowatt-hours (Units) per day. It entered (December 2004) into Power Purchase Agreement (PPA) with Uttarakhand Power Corporation

<sup>108</sup> 45 x ₹ 20,834 cost per piece + 45 x ₹ 2,750 installation charge = ₹ 10.61 lakh.

<sup>109</sup> 200 SLs (₹ 7.45 lakh) and 31 Home light (₹ 1.19 lakh) with 2 years warranty, Solar power pack battery (₹ 1.90 lakh).

<sup>110</sup> (₹ 3,799 x 324 = ₹ 12.31 lakh) + (₹ 3,113 x 27 = ₹ 0.84 lakh) = ₹ 13.15 lakh.

Limited (UPCL) for sale of the generated power. However, the plant was shifted (March 2011) and installed (May 2011) at Energy Park, Dehradun. It was noticed that the plants had fed 2,13,765 units to grid from April 2005 to June 2010. However, the plant was not transmitting power to grid due to absence of grid connectivity since reinstallation. This was mainly due to delay in executing the supplementary PPA with UPCL and delay in installation of 100 KVA transformer at Energy Park, for which a payment of ₹ 2.11 lakh to UPCL was made by the UREDA in January 2014.

The Department stated that the power was locally utilized when grid connectivity was not achieved. The reply is not acceptable as audit was not provided with any evidence of local utilization of electricity.

#### **1.16.7 Underutilization of Mobile Exhibition Vehicle (MEV)**

UREDA procured (2004) a Mobile Exhibition Van (MEV), costing ₹ 10.20 lakh, for publicity campaigns of Renewable Energy in various schools, colleges, public places including remote and far flung areas of the State.

Scrutiny of records showed that the MEV was utilized merely for 40,761 kilometre till June 2014. Of this, MEV was utilized only for 13 days (885 Km) during the year 2012 to 2014 in comparison to 212 days (15,113 Km) during 2008 to 2011. For publicity and popularisation of non-conventional energy, UREDA covered only 152 remote hilly areas out of 319 campaigns conducted since procurement of the vehicle. Moreover, people of hilly areas were not made aware of the non-conventional energy programme during 2012-14 inspite of the fact that 699 villages were un-electrified till 2012-13. Further, it was seen that no monthly/quarterly report on utilisation of MEV was sent to MNRE even after repeated reminders for which GoI (MNRE) stated that non-sending of return created an impression that MEV has not been put to its optimum use. During physical survey, it was also noticed that the publicity systems/devices (solar TV/Biogas tank) installed in the MEV for demonstration purpose were also not functioning since last one year and no effort was found to have been made by the UREDA to get these items either repaired or replaced.

It was stated by UREDA that most of the instruments had completed their lifespan and the proposal for installation of new instruments would be sent to the GoI. The reply is not acceptable as the vehicle was not only rarely utilized but also no efforts were made to make the RE devices functional till date.

The matter was referred to the Government (August 2014); reply is awaited (December 2014)