

Chapter-II

Performance Audit

CHAPTER-II PERFORMANCE AUDIT

Agriculture Department

2.1 Procurement and distribution of agriculture inputs

Supplying of agriculture inputs viz. seeds, fertilisers, implements, plant protection materials, etc. to the farmers with an aim to increase the agriculture production in the State, is one of the main objectives of the Agriculture Department. The significant audit findings are as under:

Highlights:

- *During 2010-15, the test-checked districts had not carried out reconciliation of receipts of ₹ 264.29 crore with treasury and sale proceeds of inputs of ₹ 3.68 crore realised from the farmers in the State as a whole were not deposited in Government account.*

(Paragraphs 2.1.3.3, 2.1.3.4 (i) and (iii) to (v))

- *In test-checked districts, 33,011.10 quintals of seeds (wheat: 28,909.63 quintals and maize: 4,101.47 quintals) costing ₹ 9.39 crore were distributed to the farmers during 2010-15 after the sowing seasons.*

(Paragraph 2.1.4.3)

- *Against the requirement of 6.38 lakh metric tonnes (MTs) fertilisers during 2010-15, the procuring agencies had supplied 5.38 lakh MTs fertilisers to the farmers resulting in shortfall of one lakh MTs.*

(Paragraph 2.1.5.1)

- *The Department had procured 30,623.50 quintals of potato seeds costing ₹ 7.88 crore during 2010-15 without following the competitive bidding procedure.*

(Paragraph 2.1.6.1)

- *Against targets of testing of 18,400 samples of inputs during 2010-15, the testing laboratories had analysed 11,998 samples resulting in shortfall of 6,402 samples (35 per cent).*

(Paragraph 2.1.7.2)

- *Internal control mechanism in the Department was ineffective as the control registers and complete database of the inputs required, procured and distributed had not been maintained.*

(Paragraphs 2.1.8.2 and 2.1.9.1 to 2.1.9.4)

2.1.1 Introduction

Himachal Pradesh is predominately an agricultural State where agriculture provides direct employment to about 69 per cent of the total population. Providing logistic support to the farmers in the form of supply of inputs viz. seeds, fertilisers, plant protection materials (PPMs), implements etc., for increasing the agriculture production in the State is one of the main objectives of the Agriculture Department. For this purpose, an effective procurement and distribution system plays a vital role. The procurement and distribution of agriculture inputs in the Department are carried out under different GOI/ State schemes.

Organisational set up

The Additional Chief Secretary (Agriculture) is the Administrative Head of the Department and the Director of Agriculture as Head of the Department is assisted by Additional Director/ Joint Directors at State level, Deputy Directors of Agriculture (DDAs)/ District Agriculture Officers (DAOs) at district level, Subject Matter Specialists (SMSs) at block level, Agriculture Development Officers (ADOs)/ Agriculture Extension Officers (AEOs) at circle level. The procurement and distribution of agriculture inputs are carried out by the Agriculture Department and that of fertilisers by Himachal Pradesh State Co-operative Marketing and Consumers, Federation Limited (HIMFED).

Audit Objectives

The objectives of the audit were to see whether:

- Procedure and planning for procurement and distribution of agriculture inputs were adequate;
- Sufficient funds were allocated and utilised efficiently;
- Procurement of agriculture inputs and other equipment was economical, efficient and effective; and
- Internal control mechanism was in place.

Audit Scope and Methodology

The performance audit of procurement and distribution of inputs for the period 2010-15 was conducted (March-July 2015) through test-check of the records in the office of Director of Agriculture and three¹ (out of 12) DDAs/ DAOs, eight² (out of 25) SMSs in the selected districts on the basis of simple random sampling without replacement method of sampling. Besides, the records of the Managing Director (MD), HIMFED were also test-checked. Audit objectives, criteria and scope were discussed with the Additional Chief Secretary (ACS) in an entry conference held in April 2015. Audit findings were discussed with the ACS in an exit conference held in October 2015 and the views of the State Government have been appropriately incorporated in the report.

Audit Criteria

The audit criteria used for the conduct of performance audit was derived from the following sources:

- Himachal Pradesh Financial Rules, Himachal Pradesh Treasury Rules and Himachal Pradesh Store Purchase Rules;
- Notifications and instructions issued by the Government from time to time for procurement of agricultural inputs; and
- Procedure prescribed for monitoring, etc.

Audit findings

2.1.2 Planning

Planning is critical for implementation of various activities of the Department. Deficiencies noticed in the planning for procurement and distribution of agriculture inputs are discussed in the succeeding paragraphs.

¹ Kangra, Solan and Una.

² Amb, Baijnath, Bangana, Dharampur, Indora, Nalagarh, Nurpur and Pragpur.

2.1.2.1 Preparation of Annual Action Plan

The Office Manual of the State Government requires the Directorate to prepare Annual Action Plan (AAP) for departmental programmes/ schemes in advance in January every year with periodical break-up of targets in respect of each activity including procurement and distribution of agriculture inputs.

Audit noticed that the Annual Action Plan (AAP) for the year 2014-15 was not prepared and the AAPs for 2010-11 to 2013-14 were finalised after a delay of four to five months³. However, the planning for procurement of the agriculture inputs was not included in the AAPs. Resultantly, there was delay in distribution of seeds to the farmers as indicated under **Paragraphs 2.1.4.3**. Besides, there was mismatch between the requirement assessed by the Department and the targets of distribution of the seeds, PPMs and implements included in the AAPs as indicated in the succeeding paragraph.

2.1.2.2 Mismatch between demand assessed and targets of distribution

The Directorate had not consolidated the data of assessment of requirement of the agriculture inputs including seeds, PPMs and implements during 2010-15. The details of requirement of the inputs (as received from the field units and compiled by Audit) and targets of distribution included in the AAPs, etc. during 2010-15 are given in **Table-2.1.1**.

Table-2.1.1
Details of demand and targets of distribution of inputs during 2010-15

Year	Seeds (MTs ⁴)		PPMs (MTs)		Implements (Numbers)	
	Demand	Targets	Demand	Targets	Demand	Targets
2010-11	13662	9500 (70)	149	140 (94)	79913	100000 (125)
2011-12	9272	9500 (102)	88	140 (159)	78413	100000 (128)
2012-13	9404	9600 (102)	124	100 (81)	77002	100000 (130)
2013-14	10500	9700 (92)	184	140 (76)	130447	100000 (77)
2014-15	12877	10210 (79)	164	135 (82)	121674	105000 (86)

Source: Departmental figures.

Note: Figures in parenthesis indicate percentage of target against demand.

It would be seen from **Table-2.1.1** that the targets of distribution of seeds against demand were fixed excess to the extent of two *per cent* during 2011-13 and less to the extent of eight to 30 *per cent* during 2010-11 and 2013-15 and the targets of distribution of PPMs against demand were fixed excess to the extent of 59 *per cent* during 2011-12 and less to the extent of six to 24 *per cent* during 2010-11 and 2012-15. Similarly, the targets of distribution of implements against demand were fixed excess to the extent of 25 to 30 *per cent* during 2010-13 and less to the extent of 14 to 23 *per cent* during 2013-15. This indicated that the targets for distribution of the inputs during 2010-15 were not fixed as per requirements assessed by the field units. In the exit conference, the ACS attributed the mismatch to budget constraints. The fact, however, remains that the Department had not fixed the targets as per demands.

2.1.3 Financial Management

2.1.3.1 Allocation and utilisation of funds

Position of budget and expenditure on procurement and distribution of agriculture inputs in State as a whole as well as the test-checked districts during 2010-15 is given in **Table-2.1.2**.

³ 2010-11: 04 June 2010, 2011-12: 11 June 2011, 2012-13: 13 July 2012 and 2013-14: 03 July 2013.

⁴ MT: Metric tonnes.

Table-2.1.2

Position of budget and expenditure on procurement and distribution of agriculture inputs in State as a whole, as well as test-checked districts during 2010-15

(₹ in crore)

Year	State as a whole			Test-checked districts		
	Budget	Expenditure	Excess (+) Saving (-)	Budget	Expenditure	Excess(+) Saving (-)
2010-11	47.71	46.70	(-) 1.01	16.32	16.00	(-) 0.32
2011-12	59.23	59.88	(+) 0.65	17.40	17.32	(-) 0.08
2012-13	61.99	60.85	(-) 1.14	21.87	21.69	(-) 0.18
2013-14	58.55	57.47	(-) 1.08	19.94	19.74	(-) 0.20
2014-15	64.64	64.09	(-) 0.55	25.21	25.17	(-) 0.04
Total	292.12	288.99	(-) 3.13	100.74	99.92	(-) 0.82

Source: Departmental figures.

It would be seen from **Table-2.1.2** that actual expenditure on procurement and distribution of agriculture inputs was by and large in line with the provisions.

2.1.3.2 Utilisation of subsidy

Audit noticed that against the overall budget of ₹ 184.53 crore for providing subsidy on agriculture inputs during 2010-15, the Department had incurred expenditure of ₹ 178.67 crore resulting in savings of ₹ 5.86 crore which was attributable mainly to savings of ₹ 4.45 crore during 2014-15 against demand No. 31-Tribal Development. Though the Department had incurred an expenditure of ₹ 38.92 crore under Scheduled Caste Sub-Plan (₹ 37.57 crore) and Backward Area Sub-Plan (₹ 1.35 crore) on subsidy for agriculture inputs during above period, there was nothing on record to show the amount actually having been spent on payment of subsidy to the particular weaker sections or backward areas.

The Director stated (October 2015) that the utilisation of subsidy depended upon timely rains and it was not possible to maintain the records of subsidy to weaker sections/backward areas as the beneficiaries runs in lakh. The reply is not convincing as proper records should have been maintained; otherwise, the very purpose of providing separate grant to the weaker sections/ backward areas would be defeated.

2.1.3.3 Unutilised funds and non-accountal of receipts in cash book

Himachal Pradesh Treasury Rules (HPTRs), 2007 provide that no money should be drawn from treasury unless it is required for immediate disbursement. Further, Himachal Pradesh Financial Rules (HPFRs), 2009 stipulate that all moneys received by or on behalf of the Government should be brought into account immediately by maintaining a cash book or other records showing the day to day receipts of revenue collected and revenue paid into the treasury and every month, a consolidated schedule of receipts for all remittances made during the previous month should be obtained from the treasury and compared with the entries of daily collection register/ cash book. Audit noticed that:

- In contravention of above provisions, funds of ₹ 12.27 crore withdrawn by the test-checked DDAs for agriculture inputs under different schemes during 2010-15 were lying unutilised in banks for three to 54 months due to non-completion of codal formalities⁵. Non-utilisation of the funds resulted in non-completion of the activities under the schemes depriving the public of the intended benefits.
- In the test-checked DDAs, the SMSs/ ADOs had not maintained daily collection registers/ cash book for the amount received by them from the farmers on account

⁵ Non-finalisation of tenders, preparation of estimates, etc.

of sale of inputs during 2010-15. Resultantly, actual amount of revenue realised could not be verified in audit.

- In test-checked districts Kangra and Solan, the DDAs had not done the reconciliation of the amount of ₹ 264.29 crore⁶ deposited in treasury during 2010-15.

While admitting the facts (June 2015), the DDAs Kangra and Solan had not furnished reasons for non-maintenance of registers, etc. for revenues collected and non-reconciliation with treasury. The DDA, Una stated (May 2015) that the necessary register could not be maintained due to shortage of staff, etc. The replies are not acceptable as non-maintenance of the control records and non-reconciliation with treasury may lead to misappropriation as indicated in the succeeding paragraphs.

2.1.3.4 Non-deposit of sale proceeds of inputs in Government account

Rule 3 of HPFRs provides that all moneys received by a Government servant on behalf of the Government are brought into Government account immediately. Audit noticed that:

(i) As per annual accounts of inputs, an amount of ₹ 3.10 crore collected by the departmental officers/ officials of 10 districts on account sale of agriculture inputs to the farmers prior to March 2014, was not deposited and accounted for in the Government account which tantamount to misappropriation (**Appendix-2.1**). The Department had not taken effective steps for recoveries from the Government officials. Besides, complete details of the amount of inputs due to be deposited was also not supplied by the Department.

(ii) In the test-checked districts, ₹ 1.02 crore pertaining to the period 1985-86 to 2013-14 was outstanding for recovery from 19 parties (Government officials) as of March 2015 and the DDAs had not taken effective steps for recovery/ deposit of the amount in Government account (**Table-2.1.3**).

Table-2.1.3
Details of recovery of sale proceeds of inputs due from the departmental officers as of March 2015

DDA	Year	Number of parties	Amount outstanding for recovery after taking into consideration amount recovered/ adjusted as of March 2015			Total
			Seeds	Implements	PPM	
			₹ in lakh			
Kangra	2013-14	2	0	0	0.02	0.02
Solan	1987-88	11	1.50	2.39	0.73	4.62
	2012-13		0.68	0.71	0.08	1.47
	2013-14		2.72	0.09	0.76	3.57
Una	1985-86	6	6.18	0	0	6.18
	1987-88		33.75	36.54	15.34	85.63
	2011-12		0.04	0	0.03	0.07
Grand total		19	44.87	39.73	16.96	101.56

Source: Department figures.

The DDA, Kangra had not furnished reasons for the lapse. The DDAs, Solan and Una stated (May 2015) that recovery could not be effected due to very old cases and efforts would be made for early recovery/ settlement of the cases. The replies are not convincing as the DDAs had not taken effective steps for realisation of Government money from the defaulting Government officials promptly.

(iii) In Indora and Rait blocks of Kangra district and Kandaghat block of Solan district, sale proceeds of inputs of ₹ 32.15 lakh⁷ realised from the farmers during 2014-15

⁶ Kangra: ₹ 190.04 crore and Solan: ₹ 74.25 crore.

⁷ Indora: ₹ 31.65 lakh, Rait: ₹ 0.11 lakh and Kandaghat: ₹ 0.39 lakh.

had not been deposited in the treasury as of June 2015 which amounts to misappropriation. The DDA Kangra stated (June 2015) that the matter would be investigated. The DDA, Solan had not furnished the reply.

(iv) In Kandaghat block, inputs costing ₹ 2.60 lakh issued by the SMS to the AEO Kandaghat between August 2014 and March 2015 had neither been entered in the store register nor sale proceeds thereof deposited in treasury as of July 2015. Thus, pilferage of the stores and misappropriation of Government money are not ruled out.

(v) In the test-checked districts, of the farmer share of ₹ 1.55 crore to be realised on inputs during 2012-15, ₹ 22.50 lakh⁸ had not been realised (July 2015) which indicated lack of monitoring over the distribution of inputs on the part of the Department. The DDA Kangra and Solan attributed the non-realisation of the farmers' share to defective and unsold materials. DDA Una did not furnish the reasons.

The Director stated (October 2015) that necessary instructions had been issued to the defaulters. In the exit conference, the ACS stated that necessary directions for proper maintenance of records and timely deposit of sale proceeds would be issued to the field staff.

2.1.3.5 Utilisation of State disaster response funds for procurement of inputs

The State Disaster Response Funds (SDRF) are to be used only for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack.

(i) Audit noticed that:

- Of ₹ 21.20 crore received by the Agriculture Department under SDRF through Divisional Commissioner, Shimla during 2010-15 for providing immediate assistance/ subsidy for procurement of agriculture inputs to the farmers, the Director had released ₹ 21.12 crore to the field offices (DDAs, etc.) after a delay ranging between 11 and 642 days (**Appendix-2.2**) and ₹ 0.08 crore were lying unspent since September 2014. Besides, ₹ 0.70 crore received back (September 2014) from the field offices were also lying unutilised with the Director as of July 2015. The delay in releasing/ utilisation of the SDRFs defeated the purpose of providing immediate relief/ assistance to the concerned beneficiaries.
 - During 2013-15, funds of ₹ 3.73 crore⁹ were diverted towards execution of land protection works instead of providing assistance/ subsidy for procurement of inputs to the farmers.
 - The Department had not maintained any separate account/ cash book for receipt, allocation and utilisation of funds under SDRF and the amount received back from the field units was not entered in the general cash book of the Department.
- (ii) Of ₹ 7.68 crore available for agriculture inputs under SDRFs with the test-checked districts¹⁰ during 2010-15, the DDAs had utilised ₹ 6.58 crore leaving an unutilised amount of ₹ 1.10 crore¹¹ in banks as of June 2015. Thus, the test-checked DDAs had also not utilised the funds expeditiously. Besides, the records of assessment of crop damages were not available with the field units without which the utilisation of the SDRFs for actual beneficiaries could not be verified in audit.

⁸ Kangra: ₹ 1.48 lakh; Solan: ₹ 13.81 lakh and Una: ₹ 7.21 lakh.

⁹ 2013-14: ₹ 2.84 crore and 2014-15: ₹ 0.89 crore.

¹⁰ Kangra: ₹ 3.06 crore, Solan: ₹ 2.48 crore and Una: ₹ 2.14 crore.

¹¹ Kangra: ₹ 0.34 crore, Solan: ₹ 0.06 crore and Una: ₹ 0.70 crore.

The Director stated that (October 2015) the funds could not be put to use immediately for want of completion of procedure for procurement of additional inputs. The reply is not in conformity with the provisions of the SDRFs guidelines as the expeditious utilisation of the funds for the intended purpose should have been ensured.

2.1.4 Procurement and distribution of agriculture inputs

The procurement and distribution of fertilisers in the State is made by Himachal Pradesh State Cooperative Marketing and Consumers' Federation Limited (HIMFED)/ Indian Farmers Fertilisers Cooperatives Limited (IFFCO) and the other inputs *viz.* seeds, implements and PPMs are procured and distributed by the Agriculture Department.

2.1.4.1 Procurement of seeds, plant protection materials and implements

The Directorate issues supply orders for procurement of the inputs to various agencies periodically as and when demanded by the DDAs. The certified seeds are procured from the Government agencies/ corporations¹² and hybrid seeds are procured from private companies on the basis of tenders finalised by a High Level Purchase Committee (HLPC) in the Department. The PPMs and implements are procured at rate contract finalised by Himachal Pradesh Agro Industries Corporation Limited (HPAICL) and Controller of Stores respectively.

Audit noticed that the Directorate had not consolidated the data of the inputs actually procured in the State as a whole during 2010-15. In the absence of which, the actual procurement of inputs could not be ascertained. This indicated lack of control on procurement process on the part of the Department. The Director admitted the facts and stated (August 2015) that the total procurement of inputs was being consolidated.

2.1.4.2 Distribution of seeds, plant protection materials and implements

The inputs procured are kept in the central stores in the districts from where the supply is arranged to the blocks/ circles for further distribution to the farmers.

- (i) The details of targets and achievements of distribution of seeds, PPMs and implements during 2010-15 in the State as a whole are given in **Table-2.1.4**.

Table-2.1.4
Details of targets and achievements of distribution of seeds, PPMs and implements during 2010-15

Year	Seeds(MTs)			PPM (MTs)			Implements (numbers)		
	Target	Ach.	Var.	Target	Ach.	Var.	Target	Ach.	Var.
2010-11	9500	9540	40	140.00	141.00	1.00	100000	92750	-7250
2011-12	9500	9350	-150	140.00	152.90	12.90	100000	112850	12850
2012-13	9600	10544	944	100.00	161.20	61.20	100000	115700	15700
2013-14	9700	9812	112	140.00	210.90	70.90	100000	120350	20350
2014-15	10210	11600	1390	135.00	190.10	55.10	105000	132240	27240
Total	48510	50846	2336	655.00	856.10	201.10	505000	573890	68890

Source: Departmental figures.

It would be seen from **Table-2.1.4** that the Department had achieved targets of distribution of inputs during 2010-15 except shortfall of 7250 implements (2010-11) and 150 MTs seeds (2011-12). However, there was delay in distribution of the seeds as indicated in **Paragraph-2.1.4.3**.

- (ii) In Kangra and Una districts, the achievements had exceeded the targets of distribution of seeds by 2941.57 MTs (Kangra: 448.52 MTs and Una: 2493.05 MTs) and there was shortfall of 678.72 MTs in Solan district during 2010-15. In

¹² IFFCO, Krishak Bharti Co-operative Limited, National Agriculture Cooperative Marketing Federation of India, National Co-operative Consumers' Federation of India Limited and National Seeds Corporation.

distribution of PPMs, the achievements had exceeded the targets to the extent of 63.18 MTs (Kangra: 49.59 MTs and Una: 13.59 MTs) and there was shortfall in achievement of targets by 3.45 MTs in Solan district during above period. In distribution of implements, there was shortfall of 27400 number of implements (Kangra: 11872 and Una: 15528) and the achievement had exceeded the targets by 15687 in Solan district (**Appendix-2.3**). The shortfall in distribution of the implements deprived the farmers of the intended benefits.

Seeds

2.1.4.3 Delay in distribution of seeds

The Chaudhary Sarwan Kumar Himachal Pradesh Krishi Vishwavidyalaya (CSKHPKV), Palampur had recommended the normal sowing season of wheat from October to 15 November and that of maize from 15 May to first week of June. The seeds for each crop were to be arranged for distribution to the farmers before the start of the sowing season.

Audit noticed that during 2010-15, 33,011.10 quintals of wheat (28,909.63 quintals) and maize (4,101.47 quintals) seeds costing ₹ 9.39 crore were distributed to the farmers in test-checked districts after the sowing seasons entailing a delay ranging between one and 135 days. Similarly, in seven (out of eight) test-checked blocks, 10,671.35 quintals of wheat (8,709.46 quintals) and maize (1,961.89 quintals) seeds costing ₹ 2.99 crore were distributed to the farmers during the above period after a delay ranging between one and 135 days. The delays in distribution of seeds attributable to non-preparation AAPs for procurement of inputs and delay in preparation of the AAPs for distribution (**Paragraph 2.1.2.1**) resulted in late sowing of crops which would have adverse effect on production and productivity of the crops.

The Director stated (October 2015) that nearly 80 *per cent* area of the districts is rain-fed and sometimes the deficient rainfalls resulted in delay in sowing the crops. The reply is not acceptable as the seed should have been made available to the farmers before the start of the sowing seasons.

2.1.4.4 Procurement of potato breeder seeds

The use of quality seeds of improved varieties is one of the means for increasing production and productivity of crops. For this purpose, the breeder seeds were required to be procured for producing the foundation seeds. The details of targets and achievement of procurement of potato breeder seeds and production of potato foundation seeds thereof during 2010-15 are given in **Table-2.1.5**.

Table-2.1.5
Details of targets and achievement of procurement of potato breeder seeds and production of potato foundation seeds thereof during 2010-15

Crop season	Year	Breeder seed procured from GOI			Production of foundation seed in Government Farms			
		Demanded	Allocated	Lifted	Breeder seed utilised	Production targets	Actual production	Shortfall (<i>per cent</i>)
Kharif	2010-11	1220	966	966	110	440	140	300 (68)
	2011-12	1500	1070	1070	0	0	0	0
	2012-13	1500	1173	610	110	440	34	406 (92)
	2013-14	1500	773	773	100	400	310	90 (23)
	2014-15	1100	565	565	100	400	314	86 (22)
	Total	6820	4547	3984	420	1680	798	
Rabi	2010-11	600	88	88	88	352	232	120 (34)
	2011-12	700	115	95	95	380	310	70 (18)
	2012-13	700	90	90	90	360	196	164(46)
	2013-14	700	101	91	91	364	307	57(16)
	2014-15	500	105	105	105	420	NA*	-
	Total	3200	499	469	469	1876	1045	

Source: Departmental figures.

Note: * NA: Not available as the crop was to be harvested.

It would be seen from **Table-2.1.5** that:

- Against the requirement of 10,020 quintals potato breeder seed for *Kharif* (6,820) and *Rabi* (3200) for 2010-15, the GOI had allocated 5,046 (*Kharif*: 4,547 and *Rabi*: 499) quintals potato breeder seed. Against which, the Department had procured 4,453 quintals (*Kharif*: 3,984 and *Rabi*: 469) which indicated that the procurement was not made as per requirement/ allocation.
- Only 889 quintals (*Kharif*: 420 and *Rabi*: 469) breeder seed was utilised for multiplication in the Government Farms and 3,564 quintals unutilised seed was sold directly to the growers. Thus, even the seed procured was not utilised optimally during 2010-15.
- The shortfall in production of foundation seed against the projected yield during above period ranged between 22 and 92 *per cent* for *Kharif* and 16 and 46 *per cent* for *Rabi*.

The Director had not furnished reasons for short lifting of potato breeder seed. Regarding low yield, the Director stated (May 2015) that the low yield in *Kharif* season was due to established common scab disease and non-availability of farmyard manure and the low yield in *Rabi* season was due to poor germination in draught, rotting of potato seed in heavy rains, attack of wild animals, shortage of skilled labour, etc. The fact, however, remained that the Department had not ensured the minimum expected yield of foundation seed during 2010-15.

2.1.4.5 Procurement of wheat breeder seed

The breeder seed is procured by the Department as per allocation made by the Government of India and supplied to the Government farms for producing foundation seeds.

Audit noticed that the Director had not consolidated/ updated the data of wheat breeder seeds procured/ utilised by the Department in the State as a whole during 2010-15. However, the details of procurement and utilisation of wheat breeder seeds in the test-checked districts during 2010-15 are given in **Table-2.1.6**.

Table-2.1.6
Details of wheat breeder seeds procured and utilised by the test-checked districts during 2010-15

District	Quantity procured	Cost	Quantity. required/ utilised in Government farms	(Quantity in quintals and cost ₹ in lakh)	
				Quantity supplied to private agencies	Cost
Kangra	632.74	26.10	238.55	394.19	16.39
Solan	246.72	10.15	68.90	177.82	7.36
Una	442.40	19.78	84.80	357.60	16.02
Total	1321.86	56.03	392.25	929.61	39.77

Source: Departmental figures.

It would be seen from **Table-2.1.6** that against the requirement of 392.25 quintal wheat breeder seed in Government farms, the DDAs of the test-checked districts procured 1321.86 quintals seed at a cost of ₹ 56.03 lakh resulting in excess procurement of seed of 929.61 quintals costing ₹ 39.77 lakh which had to be supplied to the registered growers. However, the DDAs of the test-checked districts had not maintained the data of production and distribution of foundation seeds by the registered growers. Besides, there was nothing on record (agreements, etc.) to show the proper utilisation of wheat breeder seeds by the registered growers. In the absence of agreements, the performance of providing of the breeder seeds to the registered growers remained unmonitored.

The Director stated (October 2015) that due to transfer of large number of farms from the Department, the breeder seed had to be supplied to the registered growers. The reply is not acceptable as there should have been agreements with the registered growers to enforce the proper utilisation/ production/ supply of the breeder/ foundation seeds, etc.

2.1.4.6 Infructuous expenditure on procurement of wheat breeder seed

As per recommendations (August 2014) of CSKHPKV Palampur, for control of yellow rust of wheat in the State, the Department had deleted (October 2014) certain wheat breeder varieties¹³ from the seed chain.

Audit noticed that:

- (i) Contrary to the guidelines *ibid*, 182.40 quintals wheat breeder seed of four varieties (WH-1021, PBW-644, HS-375 and HD-2967) susceptible to yellow rust were procured by the DDAs for *Rabi* crop season 2014-15 and distributed to farmers for demonstrations defeating the very purpose of the procurement of the seed. Resultantly, the expenditure of ₹ 7.66 lakh (182.40 quintals at the rate of ₹ 4,200 per quintal) proved infructuous. In the exit conference, the Director stated (October 2015) that HD-2967 variety of wheat covered a larger area in cultivation and would be dropped in a phased manner.
- (ii) In test-checked district Solan, the DDA had procured and distributed 600 quintals yellow rust susceptible/ phased out variety of wheat seed HD-2967 valuing ₹ 17.25 lakh to the farmers alongwith other agricultural inputs while giving wheat cluster demonstration defeating the objective of the field demonstrations. The DDA Solan stated (May 2015) that the resistant variety for yellow rust would also be procured in future. The reply is not acceptable as the yellow rust susceptible variety had been deleted (October 2014) by the Department.

Implements

2.1.4.7 Excess procurement of implements

The agriculture implements are procured from the designated sources on the basis of requirements of the field for onward sale/ distribution to the farmers at subsidised rates.

Audit noticed that in the test-checked districts, implements costing ₹ 41.30 lakh¹⁴ procured between April 2011 and May 2013 were lying unsold in the stores of the blocks for the last 25 to 50 months. The procurement of implements without requirement resulted in idle investment of ₹ 41.30 lakh. Besides occupying unnecessary space, their condition would also deteriorate with passage of time.

The DDA, Una stated (May 2015) that implements were designed by CSKHPKV Palampur from different sources which neither supplied literature nor conducted any demonstrations for creating awareness amongst farmers in the district. The reply is not acceptable as the Department had purchased these implements without taking into consideration the requirements/ needs of farmers. The DDAs, Kangra and Solan had not furnished any reply.

2.1.4.8 Non-distribution of implements

Audit noticed that in Una district, 746 number of implements procured during 1990 were lying undistributed in Behdala store of Una block. The implements were neither carried over to the new store registers nor distributed to the farmers. Besides, deteriorating condition of the implements with passage of time, the implements had occupied space unnecessarily which resulted in heavy inventory cost to the Government.

¹³ HPW 89, HPW42, WH 1021, HD 3043, HS 375, PBW 644, VL 616 and HD 2967.

¹⁴ Kangra: ₹ 17.64 lakh (March 2012), Solan: ₹ 4.95 lakh (April 2012 to March 2013) and Una: ₹ 18.71 lakh (April 2011 to May 2013).

The DDA, Una stated (May 2015) that after sudden demise (1990) of the ADO-in-charge of the stores, the inventory of the implements was carried out and handed over to different officers from time to time who had not taken any action for their distribution/ disposal. The reply does not explain the reasons for non-distribution/ disposal of the implements.

2.1.4.9 Procurement of defective electric motors

Audit noticed that on the basis of rate contract finalised (February 2013) by the Additional Controller of Stores, the Department had procured (2012-14) 140 numbers 3-Horse Power (hp) electric motors from a firm¹⁵ at a cost of ₹ 10.01 lakh for distribution to the farmers of Mandi (115) and Chamba (25) districts. Of this, 38 motors were supplied (November 2013) in damaged condition and 65 motors received during August 2013 and January 2014 were not taking the load of the chaff cutter. In spite of pre-dispatch inspection conducted before taking delivery of the material, defective electric motors were procured and provided to the farmers. The Department had not got the defective motors replaced from the firm as of May 2015.

The DDA (Headquarters) stated (May 2015) that necessary directions to replace these motors were given to the supplier. The reply does not explain the reasons for taking possession of the defective/ damaged motors. Besides, the Department had also not ensured their replacement from the firm.

2.1.4.10 Irregular expenditure on distribution of electric motors

Audit noticed that contrary to the guidelines of National Food Security Mission, in Solan district, against a target of distribution of 70 pump sets, the DDA had procured and distributed (December 2014 and March 2015) 364 number of 3-hp electric motors to the farmers at ₹ 4,452 per electric motor instead of complete pump sets under the intervention efficient water application tools. Without pump sets, the farmer would not be able to utilise the electric motors for the intended purpose. Resultantly, the expenditure of ₹ 16.21 lakh was irregular.

The DDA Solan stated (May 2015) that the electric motors were supplied for lifting of water for irrigation of agriculture land of the farmers and formal sanction in this regard would be obtained from the Director of Agriculture. The reply is not acceptable as under NFSM, the assistance was approved for distribution of complete pump sets instead of electric motors only.

Plant Protection materials

2.1.4.11 Irregular fixation of sale rate

As per Departmental instructions (October 2002), in order to meet out the handling charges, the procurement rates of inputs were to be increased upto five *per cent*. Of this, 2.5 *per cent* was to be paid to HPAICL as service charges and 2.5 *per cent* remained with the Department.

Audit noticed that in two test-checked districts¹⁶, while working out the sale rate of PPM procured from suppliers during 2010-15, the procurement rates were increased by the DDAs with 'unforeseen charges' in addition to five *per cent* handling charges. Resultantly, in addition to the handling charges of 2.5 *per cent* already levied, unforeseen charges of ₹ 18.80 lakh were recovered from the farmers irregularly.

The DDAs stated (May and June 2015) that it was very old practice to fix the sale rates of PPM after inclusion of five *per cent* handling charges and loading/ unloading/

¹⁵ M/s SS Enterprises, Jalandhar.

¹⁶ Kangra: ₹ 10.64 lakh and Una: ₹ 8.16 lakh.

unforeseen charges. The reply is not acceptable as there are no Government orders for recovery of loading/ unloading/ unforeseen charges in addition to five *per cent* handling charges, etc. Though asked for (August 2015) the Director had not furnished the reasons for the same.

Fertilisers

2.1.5 Procurement and distribution of fertilisers

2.1.5.1 Assessment of demand, allocation, procurement and sale of fertilisers

The requirement of fertilisers is assessed by the Agriculture Department through IFFCO and HIMFED and the allocation thereof is made by the GOI on the basis of the demand finalised jointly by the GOI, Ministry of Agriculture and Ministry of Chemicals and Fertilisers. After allotment of fertilisers and issue of supply plan on monthly basis, HIMFED places indents with the suppliers for supply of the fertilisers. Besides, certain type of fertilisers viz. Calcium Ammonium Nitrate (CAN), Ammonium Sulphate (AS), Calcium Nitrate (CN), single super phosphate, etc., are procured without GOI supply plan.

- (i) The details of assessment and finalisation of requirement of fertilisers (Urea, NPK and MOP) supply plan approved by GOI and actually procured in the State (IFFCO and HIMFED) during 2010-15 are given in **Table-2.1.7**.

Table-2.1.7
Details of assessment and finalisation of demand of fertilisers, supply plan approved by GOI and actually procured during 2010-15

Year	Demand assessed by IFFCO and HIMFED	Demand submitted to GOI	Supply Plan approved	(Quantity in lakh MTs)	
				Actual supply received	Shortfalls against demand
2010-11	1.21	1.21	1.40	1.04	0.17 (14)
2011-12	1.25	1.16	1.37	1.00	0.25 (20)
2012-13	1.19	1.19	1.03	0.89	0.30 (25)
2013-14	1.04	1.04	1.46	0.95	0.09 (09)
2014-15	1.09	1.10	1.43	0.98	0.11 (10)
Total	5.78	5.70	6.69	4.86	0.92 (16)

Source: Information supplied by Department and HIMFED/ IFFCO. Figures in parenthesis indicate percentage.

It would be seen from **Table-2.1.7** that against demand of 5.78 lakh MTs of fertilisers assessed by the IFFCO/ HIMFED during 2010-15, the procurement agencies (IFFCO and HIMFED) had procured/ lifted fertilisers to the extent of 4.86 lakh MTs resulting in shortfall of 0.92 lakh MTs (16 *per cent*).

- (ii) Against the requirement of 60,380 MTs fertilisers (other than GOI supply plan) during 2010-15, the HIMFED had procured 51,009 MTs fertilisers resulting in shortfall of 9,371 MTs (16 *per cent*) of fertilisers which indicated that adequate procurement of the fertilisers was not ensured for the farmers during above period.

Thus, against the overall requirement of 6.38 lakh MTs fertilisers¹⁷ during 2010-15, the procuring agencies had supplied 5.38 lakh MTs fertilisers¹⁸ to farmers resulting in shortfall of one lakh MTs (16 *per cent*) fertilisers. The percentage shortfall in distribution against requirement during above period ranged between seven and 22. Thus, the farmers were not supplied fertilisers as per their requirement.

¹⁷ 2010-11: 1.33 lakh MTs, 2011-12: 1.36 lakh MTs, 2012-13: 1.28 lakh MTs, 2013-14: 1.21 lakh MTs and 2014-15: 1.20 lakh MTs.

¹⁸ 2010-11: 1.12 lakh MTs, 2011-12: 1.06 lakh MTs, 2012-13: 1.03 lakh MTs, 2013-14: 1.05 lakh MTs and 2014-15: 1.12 lakh MTs.

While admitting the facts, the Director stated (July 2015) that due to variations in climatic conditions it was not possible to assess the requirements accurately. The MD HIMFED stated (November 2015) that demand, allocation and procurement of fertilisers are based on last year's consumption and the consumption in the State depended on rainfall. Besides, the HIMFED had to bear the inventory carrying cost by borrowings from the commercial banks at the interest rate of 13.75 *per cent* on monthly rent basis attracting very high liability of interest (₹ 15.74 crore) paid to the bankers during 2010-15. The replies should be seen in the light of the fact that the adequate supply of fertilisers was not ensured to the farmers.

2.1.5.2 Short supply of complex fertilisers

Complex fertiliser includes NPK 12:32:16, 10:26:26 and 15:15:15 which are the main fertilisers for increasing the crop production. Audit noticed that against the requirement of 2.12 lakh MTs¹⁹ NPK, the procurement agencies had distributed 1.35 lakh MTs²⁰ during 2010-15 resulting in shortfall of 0.77 lakh MTs (36 *per cent*). Thus, the farmers were deprived of the supply of the complex fertilisers during above period. The Director had not furnished reasons for the short supply.

2.1.5.3 Avoidable expenditure on the procurement of CAN fertiliser

The HIMFED is an apex State co-operative institution for procurement and distribution of fertiliser to the farmers through its own area offices and co-operative societies.

Audit noticed that during 2011-14, HIMFED had procured 18584.50 MTs of CAN costing ₹ 27.97 crore (4940 MTs at the rate of ₹ 14500 per MT during April 2011 to June 2012: ₹ 7.16 crore and 13644.50 MTs at the rate of ₹ 15250 per MT during July 2012 to March 2014: ₹ 20.81 crore) from the Gujarat Narmada Valley Fertilisers and Chemicals (GNVFC) at rake point Rajpura. However, the same firm had sold the CAN to the State of Punjab and Haryana at the rate of ₹ 11,500 per MT and ₹ 13,700 per MT respectively at the same rake point Rajpura. Thus, in spite of bulk purchase of the CAN, the HIMFED failed to get the rates of the CAN neutralised which resulted in extra payment of ₹ 3.60 crore to the GNVFC thereby putting extra financial burden on the farmers.

The MD stated (January 2015) that M/s GNVFC is a Public Sector company supplying CAN fertiliser to the State to meet the urgent demand of farmers. Reply is not convincing as the HIMFED should have pursued the case vigorously.

2.1.5.4 Non-installation of tetra beds

With a view to develop organic farming in the State, the Director had allocated funds of ₹ 3.18 crore to DDA Kangra for installation of 5983 tetra beds and 545 vermi compost pits during the year 2010-15. The work was to be executed within the same financial year.

Audit noticed that only 3092 tetra beds had been installed in the district during 2013-15 and expenditure of ₹ 1.55 crore had been incurred. The remaining 2891 tetra beds and 545 vermi compost pits had not been installed as of June 2015. Non-installation of the tetra beds and vermi compost pits deprived the concerned beneficiaries of the intended benefits besides blocking of ₹ 1.63 crore with the DDA.

¹⁹ 2010-11: 0.50 lakh MT, 2011-12: 0.53 lakh MTs, 2012-13: 0.48 lakh MTs, 2013-14: 0.30 lakh MTs and 2014-15: 0.31 lakh MTs.

²⁰ 2010-11: 0.40 lakh MT, 2011-12: 0.30 lakh MTs, 2012-13: 0.19 lakh MTs, 2013-14: 0.23 lakh MTs and 2014-15: 0.23 lakh MTs.

The DDA Kangra stated (June 2015) that the work of installation of tetra beds was entrusted to HPAICL which had not submitted the installation report to concerned SMSs. The reply is not convincing as the tetra beds had not been installed as of June 2015.

2.1.6 Tendering process

2.1.6.1 Irregular procurement of seed potato

Rules 102 and 103 of HPFRs provide for procurement of goods of estimated value of ₹ one lakh and upto ₹ 10 lakh through Limited Tender System and above ₹ 10 lakh through Advertised Tender System respectively. Audit noticed that:

- During 2010-15, the Department had finalised the procurement rates²¹ of certified seed potato variety KJ on the basis of negotiation with The Lahaul Potato Growers Cooperative Marketing-cum-Processing Society Limited (LPS), Manali without following the bidding procedure inspite of the fact that there were other licensed firms²² at Manali for the supply of the certified seed potato. During 2010-15, the Department had incurred expenditure of ₹ 7.16 crore²³ on procurement of 28628.50 quintals of certified seed potato which was irregular.
- During 2014-15 procurement of 1,995 quintal of seed potato costing ₹ 0.72 crore was made from M/s Bhagwan Singh and Company, Manali without following the bidding procedure method/ negotiations, etc.
- The Department had finalised (November 2011) the procurement rate (₹ 1400 per quintal) of certified seed potato variety KJ on the basis of negotiation with LPS for the year 2011-12 and procured 3,150 quintal of seed potato costing ₹ 0.44 crore during above period. However, due to reduction of rates, the LPS sold the same variety of seed potato to the cooperative societies in Kangra district at lesser rate of ₹ 1000-1,150 per quintal. As agreement by inserting a price fall clause and other terms and conditions was not entered into with the LPS, the Department had paid the extra avoidable cost of ₹ 0.13 crore²⁴ which ultimately had to be borne by the farmers.

The Director stated (May 2015) that the negotiation committee was constituted with the approval of the State Government and M/s Bhagwan Singh and Company, Manali offered to supply the certified seed potato to the Department as per rate and terms and conditions finalised by the committee with LPS. Further, during 2011-12, due to bumper production, the rates got reduced and the LPS did not agree to the proposal. The reply is not acceptable as the certified seed potato was not procured in a transparent, competitive and fair manner as prescribed in the HPFRs. In the exit conference, the ACS assured that possibility of introducing bid system instead of negotiations would be explored.

2.1.6.2 Avoidable expenditure on hybrid seeds

Audit noticed that the Department had invited (December 2013) tenders for supply of hybrid seeds viz. maize, *bajra*, *sorghum*, tomato, cabbage, capsicum, cauliflower, chillies, cucumber, brinjal, radish, lady's finger, etc. for *Kharif* crop-2014 and opened the same on 16 December 2013. After negotiation with the tendering firms, the HLPC had

²¹ Rates per quintal: 2010-11: ₹ 1,800 (November 2010), 2011-12: ₹ 1,400 (November 2011), 2012-13: ₹ 1,700 (November 2012), 2013-14: ₹ 2,600 (November 2013) and 2014-15: ₹ 3,600 (October 2014).

²² M/s Bhagwan Singh and Company, M/s Hari Singh and Company and M/s Susheel Kumar and Company.

²³ 2010-11: ₹ 1.07 crore (5964 quintals), 2011-12: ₹ 0.44 crore (3150 quintals), 2012-13: ₹ 0.67 crore (3962.50 quintals), 2013-14: ₹ 1.60 crore (6152.50 quintals) and 2014-15: ₹ 3.38 crore (9399.50 quintals).

²⁴ 3150 quintals x (₹ 1400 - ₹ 1000).

finalised (December 2013) the rates of all hybrid seeds and all varieties of maize hybrid at ₹ 6,000 per quintal. None of the firms was ready for the same. Later on, the HLPC had approved (February 2014) the rate for single cross maize hybrids as ₹ 7,500 per quintal. However, the HLPC had not taken into account the minimum rate of ₹ 7,000 per quintal for modified single cross maize hybrid earlier quoted (December 2013) by a firm²⁵. Resultantly, the Department had incurred extra avoidable expenditure of ₹ 11.93 lakh for procurement of 2385 quintal hybrid maize seed.

The Director stated (October 2015) that there was a difference between the modified single cross and single cross. The reply is not acceptable as the single cross and modified single cross maize hybrid had already been categorised by the CSKHPKV Palampur as single cross.

2.1.6.3 Procurement of mobile soil testing laboratories

The GOI had released (between September 2014 and January 2015) funds of ₹ 1.51 crore to State for setting up of three number of fully equipped mobile soil testing laboratories (MSTLs) during 2014-15 under National Mission for Sustainable Agriculture-Soil Health Management (NMSA-SHM) at an approved cost of ₹ 2.01 crore²⁶ and the State Government had also released (December 2014 and March 2015) ₹ 0.50 crore as State share.

Audit noticed that the Director of Agriculture issued supply orders (between December 2014 and January 2015) to the Electronics Corporation of India Limited (Hyderabad) for procurement of the MSTLs at an estimated cost of ₹ 1.93 crore (inclusive of value added tax and entry tax), without following the prescribed competitive bidding process. However, the MSTLs had not been supplied within the stipulated period of two months. Besides, interim stay had also been granted (June 2015) by the High Court on CWP as the Department had not followed the advertised tender system in the matter. Resultantly, ₹ 2.01 crore were lying unutilised with the DDAs, Mandi, Solan and Senior Analytical Chemist, Shimla. The Director stated (October 2015) that there was no other Government organisation in the State who could supply the MSTLs.

2.1.6.4 Short determination/ obtaining of earnest money

As per Rule 106 of the HPFRs, earnest money deposit (EMD) at the rate of two to five *per cent* of the estimated value of the goods was to be obtained from the tenderer(s) alongwith the tenders in the shape of Accounts Payees Bank Drafts (BDs) or duly pledged Fixed Deposit Receipts (FDRs) in order to establish the earnestness of the bidders and eliminate frivolous/ speculative bidding. Audit noticed that:

- (i) During 2010-15, against the EMD of ₹ 86.93 lakh²⁷ required to be obtained from each bidder, for tendering of hybrid seeds of estimated value of ₹ 43.47 crore²⁸, the Department had obtained EMD of ₹ 7.20 lakh²⁹ only which was contrary to the provisions of the HPFRs *ibid*.

The Director stated (October 2015) that the Department procures only those hybrid seeds which are tested and recommended by the State Agriculture/ Horticulture

²⁵ M/s Kanchan Ganga Seed Company Private Limited, Delhi.

²⁶ DDA, Mandi (₹ 0.67 crore) and DDA, Solan (₹ 0.67 crore) and Senior Analytical Chemist, Shimla (₹ 0.67 crore).

²⁷ 2010-11: ₹ 12.24 lakh, 2011-12: ₹ 11.89 lakh, 2012-13: ₹ 16.44 lakh, 2013-14: ₹ 20.31 lakh and 2014-15: ₹ 26.05 lakh.

²⁸ 2010-11: ₹ 6.12 crore, 2011-12: ₹ 5.94 crore, 2012-13: ₹ 8.22 crore, 2013-14: ₹ 10.16 crore and 2014-15: ₹ 13.03 crore.

²⁹ 2010-11: ₹ 1.20 lakh, 2011-12: ₹ 1.20 lakh, 2012-13: ₹ 1.60 lakh, 2013-14: ₹ 1.60 lakh and 2014-15: ₹ 1.60 lakh.

Universities and it was not feasible to assess actual quantity of the variety of the crop to be procured from a particular firm and if more EMD is charged, the firm would not come forward. The reply is not in conformity with the provisions of the HPFRs. In the exit conference, the ACS stated that the EMD was being deposited on flat rate system which would be got approved from the Finance Department.

- (ii) Against the EMD of ₹ 22.70 lakh³⁰ required to be obtained from each bidder, for tendering of Single Super Phosphate fertiliser of estimated value of ₹ 11.35 crore³¹ during 2011-15, the HIMFED had obtained EMD of ₹ 2.00 lakh (at the rate of ₹ 0.50 lakh) only. The earnest money obtained by the HIMFED was below the prescribed percentage. The MD HIMFED stated (July 2015) that the matter would be taken care of in future.

2.1.6.5 Non-obtaining of performance security

Rule 107 of the HPFRs provides that performance security at the rate five to 10 per cent of the value of the contract was to be obtained from the successful bidder in the form of an account payee bank draft or duly pledged FDR or bank guarantee from a commercial bank with a view to safeguard the interest of procuring Department. Audit noticed that:

- (i) The Department had not obtained performance security of ₹ 1.52 crore on procurement of hybrid seeds of estimated value of ₹ 30.44 crore³² from successful bidders during 2011-15. Thus, the necessary safeguards were not ensured and the public funds were put to high risk. The Officer-in-charge (Technical) admitted the fact and stated (June 2015) that the question of performance security did not arise as not even a single case of bad performance was noticed. The reply is not in conformity with the provisions of the HPFRs *ibid*. In the exit conference, the ACS stated that the performance security was being deposited on flat rate system which would be got approved from the Finance Department.
- (ii) The HIMFED had not obtained performance security of ₹ 91.74 lakh on procurement of Single Super Phosphate of ₹ 18.35 crore³³ from nine successful suppliers/ firms during 2011-15. Thus, the necessary safeguards were not ensured and the public funds were put to high risk. Though asked for (July 2015) the MD had not furnished reasons for the lapse.

2.1.7 Quality Control

Since huge quantities of agriculture inputs including seeds, fertilisers, and pesticides are sourced every year from different suppliers/ producers, it is imperative to ensure good quality seeds, fertilisers, pesticides, etc. to the farmers by testing their samples regularly. The quality of agriculture inputs was to be ensured under various regulations³⁴.

2.1.7.1 Establishment of inputs testing laboratories

To ensure the availability of good quality inputs, there existed three fertilizer testing laboratories (Hamirpur, Shimla and Sundernagar), three seed testing laboratories (Mandi, Palampur and Solan) and one State pesticides testing laboratory at Shimla. It was noticed that the staff for seed testing laboratory at Mandi had not been sanctioned. However, only one technical person was deputed from other office. In the other inputs testing laboratories against the SS of technical staff of 28 posts, only 19 persons were in position

³⁰ 2011-12: ₹ 1.54 lakh, 2012-13: ₹ 5.18 lakh, 2013-14: ₹ 6.58 lakh and 2014-15: ₹ 9.40 lakh.

³¹ 2011-12: ₹ 0.77 crore, 2012-13: ₹ 2.59 crore, 2013-14: ₹ 3.29 crore and 2014-15: ₹ 4.70 crore.

³² 2011-12: ₹ 6.12 crore, 2012-13: ₹ 5.94 crore, 2013-14: ₹ 8.22 crore and 2014-15: ₹ 10.16 crore.

³³ 2011-12: ₹ 1.86 crore, 2012-13: ₹ 4.81 crore, 2013-14: ₹ 5.19 crore and 2014-15: ₹ 6.49 crore.

³⁴ Fertilisers Control Orders, 1985, Seeds Act, 1966, Insecticides Act, 1968, etc.

as of March 2015. The shortage of technical staff would have adversely affected the testing of samples of inputs as indicated in the succeeding paragraphs.

2.1.7.2 Targets and achievements for collection and analysis of samples

For ensuring quality of inputs viz. seeds, fertilisers and pesticides to the farming community, the Department had delegated powers to the field officers to check the quality of agriculture inputs. However, the Department had not specified any norms for fixation of targets for testing of inputs in the different inputs testing laboratories. Every year, the Department conveys the targets of quality control of agriculture inputs to the field officers. Audit noticed that:

- (i) Against the targets of collection and analysis of 18,400 samples³⁵ of agriculture inputs during 2010-15 in the State as a whole, the testing laboratories had analysed 11,998 samples³⁶ resulting in shortfall of 6,402 samples (35 per cent). Percentage shortfall in analysis of samples of fertilizers, pesticides and seeds was 15, 47 and 63 respectively. Thus, the Department had not ensured the quality of inputs to farmers.
- (ii) The details of targets and achievements of collection and analysis samples of inputs in test-checked district during 2010-15 are given in **Table-2.1.8**.

Table-2.1.8
Details of targets and achievements of collection and analysis samples of inputs by test-checked districts during 2010-15

(In numbers)				
District	Type of Inputs	Targets	Achievements	Shortfall
Kangra	Fertilisers	1500	1198	302 (20)
	Pesticides	220	107	113 (51)
	Seeds	1390	25	1365 (98)
Solan	Fertilisers	1000	762	238 (24)
	Pesticides	220	63	157 (71)
	Seeds	345	183	162 (47)
Una	Fertilisers	950	697	253 (27)
	Pesticides	120	115	5 (04)
	Seeds	450	257	193 (43)
Total		6195	3407	2788 (45)

Source: Departmental figures.

It would be seen from **Table-2.1.8** that the percentage shortfall in achievements of targets of testing of samples of seeds during above period ranged between 43 and 98 and that of pesticides ranged between four and 71. The shortfall in testing of samples of fertilisers was to the extent of 20 per cent in Kangra, 24 per cent in Solan and 27 per cent in Una. This indicated that the test-checked DDAs had also not ensured the quality of inputs to the farmers. Besides, it was also noticed that the samples of inputs were drawn towards the end of the year just to achieve the targets.

While admitting the facts, the Director stated that the shortfall in achievements against targets was due to large number of technical posts lying vacant in the Department.

2.1.7.3 Distribution of sub-standard seeds and pesticides to farmers

As per provisions of Act/ Rules, sample of pesticides/ seeds are drawn by the Inspectors/ ADOs and sent to laboratory for analysis. In cases, where samples were found sub-standard, DDA had the power to seize the stock and suspend/ cancel the certificate of the dealer.

³⁵ Fertilisers: 10,000, pesticides: 2,500 and seeds; 5,900.

³⁶ Fertilisers: 8,503, pesticides: 1,337 and seeds; 2,158.

Audit noticed that in Una district, of 257 samples of seed tested in the laboratory during 2010-15, nine samples involving 3.71 quintals of seed were found sub-standard. Similarly, out of 115 samples of pesticides drawn, one sample involving five kg pesticides was found sub-standard. However, the whole quantity of seeds and insecticides had been distributed to the farmers. Thus due to supply and distribution of substandard seed and pesticides, the basic purpose of collection and analysis of samples for ensuring distribution of quality inputs to the farmers was defeated.

The DDA stated (May 2015) that the licensees were holding very small quantity of seeds and pesticides so the stop sale order was not issued after taking the pesticide and seed sample and the licenses of dealers were suspended. However, no records in support of suspension of licenses of the dealers were produced.

2.1.7.4 Misbranded pesticide sample

Audit noticed that while monitoring of Insect Pests and Diseases during *Kharif* season 2013, the office of the Directorate of Plant Protection, Quarantine and Storage, Faridabad, (Haryana) had directly drawn a pesticide sample of Mancozeb 75 *per cent* WP (Dithane M-45) batch No. ZJ08XXXXAO³⁷ from a firm³⁸ in March 2013 for testing at central testing laboratory, Faridabad. As per test report, the sample did not conform to the relevant IS specifications in the active ingredient test conducted and the pesticide was declared (June 2013) misbranded. However, the entire four quintals pesticide of this batch valued at ₹ 1.09 lakh purchased by the firm in August 2012 had been sold to the farmers. The Department had not drawn any pesticide samples in Solan during 2012-15.

The DDA Solan stated (May 2015) that no complaint was directly received from the farmers relating to loss suffered by them due to purchase of this misbranded pesticide. The reply is not acceptable as the impact of this misbranded pesticide was neither evaluated by the firm nor by the Department.

2.1.8 Inventory management

A sound store management system involves proper receipt, issue, accounting, safe custody, etc. of the goods/ materials procured.

2.1.8.1 Formulation of detailed procedure

Rule 134 of HPFRs provides that every Department should specify/ formulate a detailed procedure relating to inventory management for receipts, issue, safe custody, disposals, etc., of the goods procured for public use with the prior approval of the Finance Department. Audit noticed that the Agriculture Department had not framed/ specified the detailed inventory management procedure as of October 2015. The Director stated (October 2015) that the inventory was being maintained on annual basis. The reply is not convincing as the detailed procedures for inventory management had not been formulated as of October 2015.

2.1.8.2 Maintenance of store registers

Rule 137 of HPFRs provides for proper maintenance of the records/ accounts of the receipt and issue of each item by the officer-in-charge of the stores. Audit noticed that:

- In the store books of divisional centre stores of the test-checked DDAs for 2010-15, for the materials issued to the different blocks, cross references of entries made thereof by the blocks/ circles were not recorded so as to ensure proper accounting of the materials. Besides, the entries made in central store registers were also not attested by the officer-in-charge of the centre store.

³⁷ Date of manufacturing 08 October 2011 and date of expiry 7 October 2013.

³⁸ M/s Kavita Seeds and Pesticides, Solan.

- In the test-checked districts/ blocks/ circles, dated acknowledgements/ dated signatures of farmers were not obtained on the sale registers/ distribution lists at the time of distribution of the materials in token of receipt of materials.
- In Nalagarh block, the Subject Matter Specialist (SMS) had not produced the store registers of three circles (Nalagarh, Joghon, and Manpura) for April 2010 to June 2013. Though a combined store register for all the circles in the block had been maintained after June 2013 onwards, the separate (circle-wise) entries of materials issued to the farmers were not made in the register, which indicated that the SMS had not ensured circle-wise distribution of inputs to the farmers properly.

In the absence of cross entries and non-authentication of the receipt and issue entries, etc., it could not be ascertained in audit as to whether the material issued from the central store was actually accounted for by the respective blocks or not. In the exit conference, the ACS stated that necessary training for proper maintenance of records would be imparted to the concerned staff. The fact however, remains that improper maintenance of records is fraught with the risk of pilferage of the stores at any stage/ level.

2.1.8.3 Physical verification of stores

Rule 140 of HPFRs provides that physical verification of all stores should be conducted at least once in a year.

Audit noticed that:

- Physical verification of the stores of all the blocks/ circles falling under the jurisdiction of Solan and Una districts was not conducted during 2014-15
- Physical verification of centre store Una had also not been conducted since 2011-12.
- Out of 28 stores in Kangra district, the physical verification of the 15 stores in 2010-11, 11 in 2011-12, seven in 2012-13 and eight in 2013-14 had not been conducted.

The Director stated (October 2015) that directions would be issued to the field functionaries to ensure physical verification of the stores annually.

2.1.9 Internal control system

2.1.9.1 Database for agriculture inputs

To ensure timeliness and greater reliability of assessment of demands, tendering, procurement and distribution of agriculture inputs, it requires strengthening of database by the Department and making it available on-line for the benefits of the farmers and other stakeholders.

Audit noticed that during 2010-15, the Department had not maintained a comprehensive database for agriculture inputs containing *inter alia* the input/ year-wise details of demands assessed, tenders processed, supply orders/ indents issued, procurements made, distribution carried out, etc. Thus, the Department had not ensured the transparency in procurement and distribution of agriculture inputs for the benefit of the stakeholders during above period. While admitting the facts, the Director stated (October 2015) that the matter to create database for agriculture inputs would be examined.

2.1.9.2 Lack of transparency in distribution of agriculture inputs

Rule 3.2 of HPTRs provides that the Government servant receiving money on behalf of the Government should issue receipt in TR-5 to the payer in lieu of the money deposited giving details of receipts.

Audit noticed that in eight test-checked blocks, receipts in TR-5 were not issued to the 3.39 lakh farmers for the moneys received from them at the time of actual distribution of inputs of ₹ 24.37 crore during 2010-15 (Table-2.1.9).

Table-2.1.9
Details of inputs distributed to farmers of eight test-checked blocks during 2010-15
(Farmers in number and cost ₹ in lakh)

District	Block	Seeds		PPM		Implements	
		Farmers	Cost	Farmers	Cost	Farmers	Cost
Kangra	Bajjnath	30316	151.57	15908	43.92	7993	27.75
	Indora	3500	93.07	1500	23.33	2800	11.54
	Nurpur	16358	55.08	3579	9.36	596	2.77
	Pragpur	35437	208.22	9252	27.23	3250	26.23
Solan	Dharampur	42460	218.34	32472	82.81	5215	57.67
	Nalagarh	20435	547.88	14919	117.97	12191	61.35
Una	Amb	12800	291.36	10400	39.62	8880	8.62
	Bangana	27498	271.77	13668	41.61	7136	17.70
Total		188804	1837.29	101698	385.85	48061	213.63

Source: Departmental figures.

In order to fulfil the formality of issue of TR-5, only combined receipts in TR-5 were drawn indicating “amount received from different farmers” on the counterfoils of the receipts just before deposit of the moneys in the treasury. Besides, the sales centres had not maintained daily collection registers for recording of daily receipts, date-wise consolidated records of distribution of materials to the farmers, deposits in the treasury, etc. Resultantly, the actual date of issue and cost of inputs realised could not be ascertained. Non-issue of receipts and non-maintenance of proper records of receipts may lead to misappropriation/ pilferages. In the exit conference, the ACS assured to devise a system to issue the receipts to the farmers.

2.1.9.3 Regulation of distribution of inputs by private sector

As per Seeds (Control) Order 1983, Insecticides (Price, Stock Display and Submission of Reports) Order 1986 and Fertilisers Control Order 1985 certain quantity of inputs are also provided to the farmers by the private sector on the basis of licenses issued periodically by the Department.

Audit noticed that during 2010-15, 1471 number of seed licenses³⁹ were issued/ renewed whereas the data of private firms/ parties doing the business of providing pesticides and fertilisers was not maintained/ consolidated. The Director had not maintained the data of inputs made available to the farmers by the private sector in the State during the above period. Besides, as required under the different Control Orders *ibid*, the Department had not obtained the monthly returns of inputs made available to the farmers from the licensees which indicated that the Department had not regulated the supply of inputs to the farmers by the private sector properly.

While admitting the facts, the Director stated (August 2015) that the Department ensured the quality of seeds, PPMs and fertilisers by drawing samples regularly. The reply is not convincing as the Department had not monitored the supply of inputs to the farmers by the private sector and testing of samples was also much below the targets. Besides, the Director had not stated the basis of fixation of the targets of testing of samples. In the exit conference, the ACS stated (October 2015) that though the Department had not exercised any control over private sector, timely submission of returns as per terms and conditions of licenses issued would be ensured.

2.1.9.4 Pre-dispatch inspections

Audit noticed that as per terms and conditions of the supply orders for inputs, the records relating to the officers deputed for the pre-dispatch inspection, copies of inspection notes and sample analysis reports, etc. were not maintained properly at the Directorate as well

³⁹ 2010-11: 271, 2011-12: 289, 2012-13: 191, 2013-14: 279 and 2014-15: 441.

as field levels. The test-checked DDAs had also not maintained the records relating to the pre-dispatch inspections during 2010-15. In the absence of the control records, the authenticity of the pre-dispatch inspections of the inputs, etc. actually carried out during 2010-15 could not be linked/ verified in audit. The Director stated (October 2015) that the field functionaries were being instructed to maintain proper control records of pre-dispatch inspections.

2.1.9.5 Area under crop cultivation and food grains production

The targets for area to be brought annually for *Kharif*⁴⁰ and *Rabi*⁴¹ crops under cultivation and food grains production had been fixed as 7.98 lakh hectares and 17 lakh tonnes during the eleventh Plan (2007-12) and 7.95 lakh hectares and 16 lakh tonnes during the twelfth Plan (2012-17) respectively.

The details of annual targets and achievements during 2010-11 to 2014-15 are given in **Table-2.1.10**.

Table-2.1.10
Details of annual targets and achievements of area and food grains production during 2010-15
(Area in lakh hectares and production in lakh tonnes)

Year	Kharif Crops				Rabi Crops				Total			
	Area under crops		Food grains production		Area under crops		Food grains production		Area under crops		Food grains production	
	T	A	T	A	T	A	T	A	T	A	T	A
2010-11	4.06	4.01	9.38	8.18	3.89	3.94	7.33	6.76	7.95	7.95	16.71	14.94(89)
2011-12	4.09	4.00	9.59	8.65	3.89	3.88	7.41	6.79	7.98	7.88	17.00	15.44(91)
2012-13	4.05	4.00	8.87	8.04	3.93	3.86	6.73	7.37	7.98	7.86	15.60	15.41(99)
2013-14	4.04	3.91	8.97	8.21	3.93	3.84	6.83	7.64	7.97	7.75	15.80	15.85(100)
2014-15*	4.04	3.98	8.91	8.96	3.92	4.35	7.12	7.78	7.96	8.33	16.03	16.74(104)

Source: Departmental figures. Note: T: Targets and A: Achievement.

Figure in parenthesis indicate percentage. * Achievement figures are tentative.

It would be seen from **Table-2.1.10** that:

- Against the five year plans, the annual targets of area were reduced during 2010-11 and increased during 2012-15 and that of production reduced during 2010-11 and 2012-14 which indicated that the annual targets during above period did not flow from the five year plans. Besides, as the total cultivable area remained more or less the same the Department had reduced the food grains production targets during above period significantly and even the reduced targets were not achieved.
- There was shortfall in achievement of targets of area during 2011-12 (10,000 hectare), 2012-13 (12,000 hectare) and 2013-14 (22,000 hectare) and shortfall in achievement of production targets during 2010-11 (11 *per cent*) and 2011-12 (nine *per cent*).

The Director stated (October 2015) that 80 *per cent* cultivated area is rainfed and reduction in production was due to adverse climatic conditions.

2.1.10 Beneficiary survey

Proper monitoring mechanism did not exist in the Department. However, audit conducted beneficiary survey of 400 beneficiaries (50 beneficiaries from each of eight selected blocks) in conjunction with departmental officials regarding their satisfaction level on different parameters on procurement and distribution of agriculture inputs. As per their responses given in **Table-2.1.11**, the satisfaction level of certain parameters was low.

⁴⁰ *Kharif* crops include Maize, Paddy, Ragi, Millets and *Kharif* pulses.

⁴¹ *Rabi* crops include Wheat, Barley, Gram and *Rabi* pulses.

Table-2.1.11
Details of responses of beneficiary survey

Sl. No.	Parameters	Response (per cent)	
		Yes	No
1.	Contacting the beneficiaries/farmers before procurement of inputs by the Department	20	80
2.	Adequacy in the availability of inputs	79	21
3.	Timely availability of agriculture inputs	77	23
4.	Availability of good quality Seeds	74	26
5.	Availability of good quality PPM	61	39
6.	Any defect in the quality of inputs brought to the notice of the Department	8	92
7.	Action taken by the Department to remove or repair defects in the quality of inputs	8	92
8.	Soil samples were taken and tested by the Department	29	71
9.	Organisation of farmer training camps	79	21

2.1.11 Conclusion and recommendations

There were instances of withdrawal of huge funds from treasury in advance of requirements, non-accountal/ non-reconciliation of receipts with treasury, non-deposits of sale proceeds of inputs, etc.

The Government may consider realising the sale proceeds of inputs from the defaulters in a time bound manner and crediting all revenue receipts promptly in the Government account besides ensuring regular periodical reconciliation of receipts with treasury.

There were instances of excess/ short procurement of seeds and short procurement of fertilisers against the requirements and the distribution of seeds was carried out after sowing seasons entailing a delay upto 135 days.

The Government may consider devising a proper system to ensure the procurement of agriculture inputs and their distribution to the farmers as per requirements in a timely manner.

There were instances of non-adherence of the prescribed tendering process.

The Government may consider effecting the purchases in a transparent, competitive and fair manner.

Quality control aspect was inefficient as the required samples of inputs were not collected/ analysed and shortfall during the period covered under audit ranged between four and 98 per cent.

The Government may consider strengthening the existing laboratories for the testing of sample of inputs to ensure good quality seeds, fertilisers, pesticides, etc., to the farmers.

Inventory and internal control systems for satisfactory delivery of services in the Department were weak as the control registers and complete database of the inputs required, procured and distributed had not been maintained.

The Government may consider maintaining complete records and reliable database of inputs required, procured, and distributed to the farmers and making it online.

The audit findings were referred to the Government in August 2015. Reply had not been received (November 2015).

Health and Family Welfare Department

2.2 National Rural Health Mission

The National Rural Health Mission (NRHM), a Government of India (GOI) scheme, was launched in the State in April 2005. The Mission aimed to improve access of rural people to equitable, affordable, accountable and effective primary health care services. The significant audit findings are as under:

Highlights:

- *Programme Implementation Plans during 2010-15 were prepared without considering the needs of the districts, blocks and villages. Identification of the healthcare needs was inadequate as the household survey was not conducted in the State as of March 2015.*
(Paragraphs 2.2.2.1 and 2.2.2.2)
- *Of the total available funds, 19 to 47 per cent remained unutilised with the Mission Director during 2010-15.*
(Paragraph 2.2.4)
- *Against Indian Public Health Standards norms for posting of 3390 doctors in the State, 1213 were sanctioned and 1059 (31 per cent) were in position as of March 2015. Similarly, as against requirement of 6195 health workers for Health Sub Centres in the State, only 3032 (49 per cent) were in position.*
(Paragraph 2.2.6.1)
- *During 2010-15, the percentage achievement of targets of primary and secondary immunisation of children for BCG, Measles, DPT, Hepatitis B and TT ranged between 42 and 114 and 66 and 95 respectively. Cold chain equipments were not available in 166 PHCs (out of 500).*
(Paragraphs 2.2.7.6 and 2.2.7.8)
- *Mobile Medical Units were not operationalised and 10 vehicles procured in May 2014 for the purpose, were lying idle as of May 2015. Telemedicine project at 19 locations in the State was lying in defunct position since 2009.*
(Paragraphs 2.2.7.13 and 2.2.7.14)
- *Monitoring was weak, comprehensive call centre for mother child tracking system, adolescent health counselling and dedicated helpline was not established despite availability of sufficient funds.*
(Paragraphs 2.2.7.15 and 2.2.12)

2.2.1 Introduction

The National Rural Health Mission (NRHM) was launched by the GOI on 12th April 2005 and was operationalised in Himachal Pradesh from the same date. The main objectives of the Mission, to be met during 2005-15 were access to integrated comprehensive primary healthcare; maintain population stabilisation, control gender and demographic imbalances; reduction of infant and maternal mortality rate; and prevention and control of communicable and non-communicable diseases including locally endemic diseases.

The Mission was aimed at strengthening health care delivery system by converging various existing stand alone programmes⁴². There are three State hospitals,

⁴² National Disease Control Programmes (NDCP), Reproductive and Child Health-II (RCH-II), Vector Borne Disease Control Programme, Tuberculosis, Leprosy, Blindness Control Programme and Integrated Disease Surveillance Project with the exception of National AIDS and Cancer Control Programme.

12 District Hospitals, 48 Sub-Divisional Hospitals, 78 Community Health Centres, 500 Primary Health Centres and 2065 Health Sub Centres in the State for providing health care facilities.

Organisational set up

At the State level, the Mission functions under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister and its activities are carried out by the State Health and Family Welfare Society (SHFWS) through a Governing Body (GB) headed by the Additional Chief Secretary (ACS) and Executive Body (EB) headed by Director Health Services.

At the district level, there is a District Health Mission headed by the Minister of the concerned district. Its functions are carried out by the District Health Society (DHS) with Deputy Commissioner as Chairperson and Chief Medical Officer as Member Secretary. At Block level, the Medical Officers in-charge of the Community Health Centres (CHCs) are responsible for implementing the scheme.

Audit Scope and Methodology

Implementation of NRHM for the period 2010-15 was reviewed (March-June 2015) through a test-check of records in the offices of Mission Director, three⁴³ out of 12 District Health Societies (DHSs) selected on Probability Proportionate to Size Without Replacement method and six⁴⁴ out of 16 Community Health Centres (CHCs) in the selected districts, 12⁴⁵ out of 26 Primary Health Centres (PHCs) under the selected CHCs and 24⁴⁶ out of 42 Health Sub Centres (HSCs) under the selected PHCs. Audit objectives, criteria and scope of audit were discussed (May 2015) in an entry conference with the Additional Chief Secretary (Health) and the State Mission Director. Audit findings were discussed in an exit conference held with the ACS in November 2015 and the views of the State Government have been appropriately incorporated in the report.

Audit Objectives

The objectives of performance audit were to assess whether:

- Planning processes of the Mission at village, block, district and State levels were adequate and effective;
- Release and utilisation of funds was adequate and efficient;
- Capacity building and strengthening of physical infrastructure and human resource at different levels was adequate;
- The performance indicators and targets fixed under the Mission were achieved timely and efficiently; and
- Monitoring and internal control mechanism was functional and effective.

Audit Criteria

Audit criteria were derived from the following sources:

- Guidelines issued by the GOI for implementation of NRHM and instructions issued from time to time;

⁴³ Chamba, Kullu and Solan.

⁴⁴ Arki, Banjar, Choori, Jari, Syri and Tissa.

⁴⁵ Bainj ki hatti, Garsa, Chandi, Chhatarari, Chhausa, Dhullara, Jajhakothe, Jassourgarh, Kurgal, Manikaran, Sainj and Thatibir.

⁴⁶ Bershaini, Bisha, Chamera, Charda, Dhaugi, Dumehar, Gahra (Arki), Gahra (Choori), Ghat, Grahani, Hurla, Jhaja, Kakla, Khali, Laada, Larji, Lesuin, Materni, Nagali, Sachani, Sai, Seikothe, Sharan and Thaneikothe.

- Indian Public Health Standards (IPHS) for upgradation of CHCs and PHCs; and
- State Programme Implementation Plan (PIP) approved by GOI and Memorandum of understanding (MoU) between the GOI and State.

Follow up on earlier Performance Audit

Implementation of NRHM in Himachal Pradesh was earlier reviewed and reported through paragraph 1.1 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2009. Significant findings of earlier Performance Audit included non-preparation of perspective plan and district health action plans, non-utilisation of available funds, acute shortage of manpower in all the health institutions, non-formation of village health and sanitation committees, non-convergence of Mission activities with other departments, etc. Government in its reply (December 2011) to the Report tabled in April 2010 accepted findings and committed to comply with audit observations. The Report had not been taken up for discussion by the Public Accounts Committee as of July 2015. However, the issues pointed out by audit earlier were persisting as evidenced during the current audit.

Audit findings

2.2.2 Planning

2.2.2.1 Household and facility surveys

As per NRHM guidelines the plans were to be prepared on the basis of household and facility surveys at village, block and district levels based on IPHS norms. Fifty *per cent* of these surveys were required to be completed by 2007 and 100 *per cent* by 2008.

Scrutiny of records showed that facility survey was carried out in the State during 2007-08 but the household survey was not conducted in any of the districts as of March 2015. In the absence of a household survey, the Department did not have a complete database for a meaningful assessment of health care services and identify the gaps for future course of interventions and formulation of the State Programme Implementation Plan (PIP) covering all the villages, blocks and districts of the State.

The concerned Chief Medical Officers (CMOs) stated (April-May 2015) that process of conducting of household survey is in progress and likely to be completed in the current financial year. The reply is to be seen in the light of the fact that household surveys were to be completed by 2008.

2.2.2.2 Preparation of perspective and annual action plans

As per NRHM framework, Perspective Plan (PP) was to be prepared for each district and for State for the Mission period (2005-12), now extended upto 2017, outlining the overall resource and activity needs. Accordingly, villages were to develop draft plans to be consolidated and approved at block level. Similarly, block plans were to be consolidated at district level and District Health Action Plans (DHAPs) were to be aggregated and collated at the State level for preparation of State PIP/ Annual Action Plan (AAP).

Scrutiny of records showed that Village Health Plans and Block Health Action Plans (BHAPs) were not prepared as of March 2015. Further, PP required to be prepared for 2005-12 and 2012-17 outlining the year-wise resource and activity needed for the districts, was not prepared as of March 2015. In the absence of Perspective Plan, long term planning to create sufficient health infrastructure and provide quality health care services in the State was not ensured as indicated in **Paragraphs 2.2.5 and 2.2.6.**

The CMOs of the test-checked district stated (April-May 2015) that the DHAPs were prepared keeping in view the Health Management Information System (HMIS) reporting and facility survey/ status reports submitted by the Block Medical Officers to DHS every year. The reply is not acceptable as community participation was not ensured through preparation of Village Health Plans and BHAPs. In the exit conference, the ACS stated that preparation of other plans was not necessary as the GOI had asked the State to spend the NRHM funds at its own. The fact, however, remains that the contention of the ACS was not supported by documentary evidence.

2.2.2.3 Submission of State Programme Implementation Plans (PIPs) and District Health Action Plans to GOI

As per the NRHM framework, the PIP for the State was to be prepared annually by the State Health Society (SHS) by aggregating the annual DHAP of each district. The PIP was to be submitted to GOI by 31st December of the previous year. It was, however, noticed that there were delays in submission of the PIPs ranging between 66 and 224 days during 2010-15.

The Mission Director (MD) attributed (June 2015) the delays in finalisation of PIP to observations raised by the GOI. The reply is not acceptable as delay was on part of SHM in submission of the PIPs to GOI resulting in delay in approval, release of funds and implementation of the programme as can be seen in **Paragraph 2.2.4**.

2.2.2.4 Community involvement in planning, implementation and monitoring

As per paragraph 12 of NRHM framework, Village Health and Sanitation Committee (VHSC) in the State was to be formed in each revenue village⁴⁷ and registered under the Societies Registration Act, 1860. The State Government was to constitute 30 *per cent* of total VHSCs by 2007-08 and balance 70 *per cent* by 2008-09.

Scrutiny of records showed that only 3,243 (19 *per cent*) VHSCs against stipulation of 17,495 were formed during 2012-13 at *gram panchayat* (GP) level instead of revenue village level. Delay in formation of VHSCs and non-formation of the same at revenue village level by the State Government led to lack of community participation at the grass root level.

In the exit conference, the ACS stated that the VHSCs at the village level could not be constituted due to hard and hilly geographical terrain. The fact, however, remains that the Department had not constituted the VHSCs as provided in the guidelines.

2.2.3 Institutional arrangements

2.2.3.1 Formation of Health Monitoring and Planning Committee (HMPC)

Paragraph 13 and 53 of NRHM framework envisaged formation of HMPC at all levels i.e. HSC, PHC, CHC, District and State to ensure a community based monitoring framework undertaking continuous assessment of planning and implementation of NRHM. Scrutiny of records of test-checked HSCs, PHCs, CHCs, districts and SHS showed that HMPC was not formed at any level. The planning process at primary level was thus inadequate in terms of NRHM framework due to lack of community participation.

The MD, NRHM stated (June 2015) that work relating to HMPC at all levels was being looked after by the *Rogi Kalyan Samiti* (RKS). The reply is not acceptable as community based monitoring framework that was to allow continuous assessment of planning and implementation of NRHM was not available as of March 2015 due to non-formation of

⁴⁷ A revenue village is a small administrative region with defined borders and a Gram Panchayat may have one or more revenue villages.

these committees at all levels giving due representation to the public as per NRHM framework guidelines.

2.2.3.2 Public Report on health

As required under NRHM framework, reports on Public Health have not been prepared by the State and the test-checked districts as of March 2015. As a result, the community was not made aware of the healthcare facilities available under NRHM. The CMOs of the test-checked district confirmed (April-May 2015) the facts.

2.2.4 Financial Management

As per the financial norms of NRHM, the sharing arrangement between the Central and State Government was in the ratio of 85:15 for 2010-13 and 90:10 during 2013-15. The detail of funds released by the GOI and State and utilisation thereagainst during 2010-15 was as given in **Table-2.2.1**.

Table-2.2.1
Details of funds released by the GOI and State and utilisation thereagainst during 2010-15

Year	Allo- cation	OB	Funds due		Funds received		Short release by GOI	Intt.	Total availability of funds	Funds utilised	Unutilised balance
			GOI	State	GOI	State					
1.	2.	3.	4.	5.	6.	7.	8.	9.	10. (3+6+7+9)	11.	12.
2010-11	147.20	40.41	125.12	22.08	114.13	20.00	10.99	1.13	175.67	128.63 (73)	47.04 (27)
2011-12	145.78	47.04	123.91	21.87	131.44	23.00	- 7.53	1.81	203.29	107.52 (53)	95.77 (47)
2012-13	209.57	95.77	178.13	31.44	119.35	47.00	58.78	1.73	263.85	214.25 (81)	49.60 (19)
2013-14	230.63	49.60	207.57	23.06	218.55	23.06	-10.98	2.46	293.67	215.93 (74)	77.74 (26)
2014-15	261.31	77.74	235.18	26.13	181.83	25.94	53.35	2.17	287.68	197.75 (69)	89.93 (31)
Total	994.49		869.91	124.58	765.30	139.00	104.61	9.30	954.01	864.08	

Source: Figures supplied by the State Mission Director. Figures in parenthesis indicate percentage.

Audit scrutiny showed the following:

- **Utilisation of funds**

Utilisation of funds during 2010-15 in the State ranged between 53 and 81 *per cent* against the total availability of funds. Funds were short released by the GOI to the extent of ₹ 104.61 crore during 2010-15 due to delay in submission of final PIPs by the State Health Society (SHS) to GOI as indicated in **Paragraph 2.2.2.3**. The percentage of unspent balances in test-checked districts ranged between five and 57 *per cent* during 2010-15 (**Appendix-2.4**). The MD stated (June 2015) that fund utilisation was low during 2010-15 due to activities such as tendering process, civil works, etc., taken up in a particular financial year generally continuing in the subsequent financial year for completion.

- **Booking of released funds as final expenditure**

The DHSs after release of ₹ 9.72 crore (AMG funds: ₹ 5.78 crore, corpus grant: ₹ 2.59 crore and untied fund: ₹ 1.35 crore) to RKSs booked it as final expenditure without obtaining UCs whereas ₹ 0.52 crore⁴⁸ remained unspent with the RKSs of 42 institutions⁴⁹ of three test-checked districts. The CMOs of the test-checked districts stated (April-May 2015) that UCs would now be obtained from the concerned institutions.

- **Drug Warehousing Project**

With a view to minimise recurring distribution expenses and ensure smooth distribution of medicines/ drugs to the health institutions, the MD, NRHM released (November 2013) ₹ 1.00 crore to Himachal Pradesh State Civil Supplies Corporation Limited (HPSCSCL)

⁴⁸ BMO (six): ₹ 0.16 crore; PHC (12): ₹ 0.34 crore and HSC (24): ₹ 0.02 crore.

⁴⁹ CHC/ BMO: six; PHC: 12 and HSC: 24.

for hiring of three drug warehouses with built up area of 500-700 sqm at Parwanoo/Baddi, Dharmashala and Mandi. It was, however, noticed that the HPSCSCL failed to locate any built up area as of June 2015 and diverted ₹ 10 lakh on procurement of racks (₹ six lakh), furniture (₹ one lakh) and purchase of refrigerator, fire extinguisher and outsourcing of staff (₹ three lakh). Balance amount of ₹ 90 lakh had remained locked up with HPSCSCL due to non-implementation of the project for a period of more than 19 months.

The MD stated (June 2015) that the HPSCSCL had been asked to refund the unutilised funds. The reply is not convincing as the funds have not been effectively managed resulting in diversion/ blocking of funds and non-implementation of project.

• **Non-Preparation of Bank Reconciliation Statement (BRS)**

Section 6 of financial guidelines of NRHM envisaged that BRS was to be prepared on monthly basis by the 10th of the following month. It was noticed that month/year-wise bank reconciliation statement was not prepared during 2010-15 by three⁵⁰ out of 19 test-checked units and an amount of ₹ 19.50 lakh⁵¹ had remained unreconciled as of March 2015. Further, bank pass books/ scrolls had not been produced to audit by the concerned units. The Member Secretary (MS), CHC Sainj stated (May 2015) that bank reconciliation had not been done due to non-posting of accountant in the CHC whereas MS, Civil Hospital, Banjar and MS, PHC Thatibir stated (May 2015) that efforts would be made to reconcile the accounts at the earliest.

• **Non-maintenance of cash book of PHC upgraded to CHC**

Audit noticed that during 2009-13 cash book and other related records like ledger, stock register, etc., was not maintained by the CHC, Sainj and the same was not maintained in proper form and closed periodically during 2013-15. In the absence of proper cash book the exact amount received and disbursed during the above period could not be verified in audit. The Member Secretary of CHC, Sainj stated (May 2015) that necessary records would now be maintained including reconciliation and balance sheets. The reply is not acceptable as the non-maintenance of cash book is a serious lapse and was in-contravention of financial rules *ibid*.

2.2.5 Infrastructure

2.2.5.1 Creation of new health facilities

As per NRHM norms one CHC, PHC and HSC is to be set up for a population of 80,000, 20,000 and 3,000 respectively in hilly and tribal areas. The total population of State as per 2011 census was 68.65 lakh. Comparative position of requirement of these institutions on the basis of the prescribed norms and healthcare facilities actually set up in the State is detailed in **Table-2.2.2**.

Table-2.2.2
Position of requirement of institutions and healthcare facilities actually set up in the State
(In numbers)

Name of health institution	Requirement as per norms	Actually created	Excess (+) /shortfall (-)
CHC	86	78 (91)	(-) 8 (09)
PHC	343	500 (146)	(+) 157 (--)
HSC	2288	2065 (90)	(-) 223 (10)

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

In three test-checked districts deviation from the norms in the number of institutions was also found as shown in **Table-2.2.3**.

⁵⁰ Civil Hospital, Banjar, CHC, Sainj and PHC, Thatibir.

⁵¹ RKS Civil Hospital, Banjar: ₹ 10.76 lakh; CHC, Sainj: ₹ 5.05 lakh and PHC, Thatibir: ₹ 3.69 lakh.

Table-2.2.3
Position of requirement and healthcare facilities actually set up in the test-checked districts
(In numbers)

Name of District	Population (in lakh)	Requirement as per population			Actually created			Shortfall/Excess		
		CHC	PHC	HSC	CHC	PHC	HSC	CHC	PHC	HSC
Chamba	5.19	6	26	173	8	42	176	(+) 2	(+) 16	(+) 03
Kullu	4.38	5	22	146	3	19	99	(-) 2	(-) 3	(-) 47
Solan	5.80	7	29	193	5	34	178	(-) 2	(+) 5	(-) 15

Source: Figures supplied by the test-checked units.

It would be seen from the above tables that position of establishment of CHC was satisfactory whereas there was considerable shortfall in setting up HSC. The overall establishment of PHCs in the State exceeded the norms by 46 *per cent*.

Audit further noticed that health centres at all levels are understaffed and minimum requirement of infrastructure was not available in most of the test-checked centres. In spite of availability of sufficient funds, accessibility to health services for the rural people was not as per IPHSs as indicated in the succeeding paragraphs. In the exit conference, the ACS stated that the health institutions were established as per norms fixed by the Planning Commission and necessary infrastructure was being increased. The fact, however remains that the health institutions in the State were not matching the IPHSs as provided in the Mission guidelines.

2.2.5.2 Execution of works

During 2009-14, 384 civil works like construction of buildings of HSC and PHC, residential accommodation, additional blocks, etc., were sanctioned in the State at a cost of ₹ 68.40 crore. Of this, 125 works (33 *per cent*) costing ₹ 15.50 crore had been completed as of April 2015, 169 (44 *per cent*) sanctioned for ₹ 34.36 crore remained incomplete after spending ₹ 12.40 crore leaving unspent balance of ₹ 21.96 crore and 90 works (23 *per cent*) sanctioned for ₹ 18.54 crore had not been taken up for execution as of April 2015. Work-wise detail of amount sanctioned, expenditure incurred, date of start of work, date of completion of work, etc., was not maintained by the Department in the absence of which audit could not ascertain exact delay, if any, in the completion of works.

In three test-checked districts, 37 works costing ₹ 23.08 crore sanctioned between January 1999 and March 2013 and were required to be completed within six to 36 months from the date of sanction. These works were still (May 2015) lying incomplete after incurring an expenditure of ₹ 8.30 crore due to slow pace of execution. Similarly, 35 works approved between March 2006 and November 2013 for ₹ 12.38 crore had not been started as of May 2015 due to non-award of work, non-availability of land, non-approval of design and estimates, selection of sites, etc.

In the exit conference, the ACS admitted the facts and stated that the works were delayed due to non-availability of land and slow pace of execution by the executing agencies.

2.2.5.3 Basic amenities

As per Indian Public Health Standards (IPHS) guidelines, every district headquarters hospitals (DHH) and CHC *inter alia* should have facilities for pathological tests, x-ray, ultrasound and electro cardio gram (ECG). Audit noticed that the minimum health care amenities as per IPHSs such as operation theatre, blood storage facility, ultrasound facility, labour room, new born care corners, etc., were not available in health institutions in the State, district and test-checked units as detailed in **Appendix-2.5**. Some of the major deficiencies are as follow:

- Out of 500 PHCs in the State, labour rooms were not available in 308 PHCs, operation theatres were not available in 319 PHCs, laboratories were not available in 290 PHCs, minimum four beds were not available in 341 PHCs and new born care corners/ units were not available in 493 PHCs.
- Out 78 CHCs in the State, minimum requirement of 30 beds was not available in 54 CHCs, new born care units were not available in 16 CHCs and stabilisation units for new born units were not available in 50 CHCs.
- Regular water supply was not available in 362 HSCs (out of 2065).
- The Mission Director had not maintained the records of other basic amenities such as blood storage facility, ultrasound facility, ECG facility, emergency obstetric care, emergency service (24 hours), X-ray facility, paediatrics facility, etc.

2.2.5.4 Functioning of PHCs 24x7

Under NRHM frame work (2005-12), the GOI launched a strategy to make emergency maternal healthcare services (safe deliveries) available round the clock in rural public health institutions. As per RCH-II operational guidelines, at least five staff nurses, two MOs (MBBS), accountant, pharmacist, health worker (both male and female), etc., are required in PHCs. To ensure round the clock access to public health facilities, PHCs are expected to provide 24-hour service with basic obstetric and nursing facilities.

Audit scrutiny showed that out of total 500 PHCs in the State, only 81 PHCs had been upgraded to provide the facility of 24x7 delivery services but none of these had basic obstetric and nursing facilities like availability of gynaecologist, staff nurses and skilled birth attendants as per *ibid* norms which resulted in denial of quality maternal healthcare services in these institutions. In three sampled districts none of the PHCs was working round the clock for providing delivery services. The CMOs of the sampled district confirmed (April 2015) the facts.

2.2.5.5 Upgradation of CHCs to First Referral Units (FRUs)

NRHM provides for upgradation of district hospitals/ sub-divisional hospitals/ CHCs to FRUs with adequate facilities and manpower.

Audit scrutiny showed that out of 138 health institutions⁵² in the State, 61 (District Hospitals: 12; Sub-divisional hospital: 17 and CHCs: 32) have been upgraded as FRUs as of March 2015. However, of 61 FRUs, the required facilities such as blood storage, new born care and on call facility of specialists were not available in 44, 51 and 46 FRUs respectively as of May 2015. Besides, 31, 22, 37 and 43 FRUs did not have a Gynaecologist, Pediatrician, Surgeon and Anaesthetist respectively.

In three test-checked districts, five⁵³ health institutions were planned to be upgraded as FRUs during 2005-15 but none had been upgraded as of May 2015 due to non-creation of infrastructure and non-availability of required manpower as per IPHSs. The SHS had also released (upto March 2009) ₹ 2.42 crore for upgradation of three⁵⁴ health institutions which was lying unutilised with concerned institutions/ executing agency as of May 2015. The CMOs of the test-checked districts confirmed (April-May 2015) the facts.

⁵² District Hospitals: 12; Sub-divisional hospital: 48 and CHCs: 78.

⁵³ Civil Hospitals: Chowari and Banjar and CHCs: Bharmour, Manali and Salooni.

⁵⁴ CHC: Bharmour (₹ 40.10 lakh), CHC: Salooni (₹ 40.10 lakh) and Civil Hospital: Banjar ₹ 5.78 lakh and ₹ 1.56 crore to HPPWD for execution of civil works of CH Banjar.

2.2.6 Capacity Building

2.2.6.1 Human Resources

The minimum requirement of manpower and actual in position in health institutions in the state as a whole and in test-checked district is discussed in following sub-paras.

- **Availability of doctors**

As per IPHS, 3390 doctors are required for management of 12 DHs, 78 CHCs and 500 PHCs functioning across the State. Availability of doctors in the health institutions at various levels in the State is detailed in **Table 2.2.4**.

Table-2.2.4
Availability of doctors and specialists at different health institutions as of March 2015
(In numbers)

Level	Requirement as per IPHS	Sanctioned Strength	Person in position	Shortage as per	
				IPHS norms	Sanctioned strength
DH	720	343	316	404(56)	27 (08)
CHC	1170	234	238	932 (80)	--
PHC	1500	636	505	995 (66)	131 (21)
Total	3390	1213	1059	2231 (66)	--

Source: Departmental figures. Figures in parenthesis denote percentage.

As indicated above, shortage of doctors against requirement as per IPHSs ranged between 56 and 80 *per cent* which was bound to have an adverse effect on delivery of quality health care services in these health institutions.

- **Availability of health workers in Health Sub Centres (HSC)**

IPHS for HSCs envisages that a HSC is the most peripheral and first contact point between the primary health care system and the community. IPHS prescribed the deployment of one male and two female health workers in each HSC by 2010.

Scrutiny of records showed that as against the requirement of 6195 health workers (female: 4130 and male: 2065) as per IPHS, only 3032 (female: 1999 and male: 1033) were in position and there was shortage of 3163 (51 *per cent*) health workers as of March 2015. Similarly, in three test-checked districts against the requirement of 1359 health workers (female: 906 and male: 453), only 568 health workers (female: 382 and male: 186) were available and there was shortage of 791 (58 *per cent*) health workers as of March 2015. Audit observed that due to substantial shortage in the posting of health workers, these HSCs were not fully equipped to provide service delivery as per IPHSs to rural people. In 19 out of 24 test-checked HSCs, against the requirement of three health workers (one male and two female), only one health worker and in five HSCs only two health workers were posted.

- **Availability of doctors and paramedical staff in PHC**

IPHS envisages that each PHC should have three doctors (two allopathic and one AYUSH). Besides, para-medical staff like staff nurse, pharmacist, laboratory technician (LT) and lady health visitors (LHV) were also to be appointed. Details of requirement of these health care providers for 500 PHCs of the State as well as PHCs under test-checked districts and availability thereagainst were as detailed in **Table 2.2.5**.

Table-2.2.5
Availability of personnel at PHCs in the State as well as in test-checked district
(In numbers)

Category of staff	Posts required as per IPH standards		In-position		Shortfall against IPH standards		Percentage of shortfall	
	State	Three sampled district	State	Three sampled district	State	Three sampled district	State	Three sampled district
Allopathic doctors	1000	190	475	108	525	82	53	43
AYUSH doctors	500	95	30	10	470	85	94	89
Staff Nurse	2500	475	357	42	2143	433	86	91
LT	500	190	95	25	405	165	81	87
LHV	500	95	127	0	373	95	75	100
Pharmacist	1000	190	391	66	609	124	61	65

Source: Departmental figures.

It would be seen from the above table that there were huge shortages in all cadres in PHCs of the State as well as in the test-checked districts. Staff nurses and LTs were not posted as per stipulation in IPHS. Besides, 58 PHCs in the State were functioning without posting of any regular Medical Officer (MO) as of March 2015.

In the test-checked districts, nine⁵⁵ PHCs were functioning without any doctor, only one MO was posted against the required strength of three in 59 PHCs⁵⁶ and 59 PHCs⁵⁷ were being run without any staff nurse against the requirement of five staff nurses.

• **Availability of doctors and paramedical staff in CHC**

CHCs were designed to provide referral health care from the PHC level and for cases in need of specialist care approaching the centre directly. As per IPHSs, 15 doctors of 11 categories⁵⁸ and 15 staff nurses, two radiographers, three LTs, and three pharmacists were to be provided in each CHC. Detail of requirement for 78 CHCs in the State as well as sample districts vis-à-vis availability of these health providers were as given in **Table-2.2.6**.

Table-2.2.6
Shortage of personnel at CHCs of the State
(In numbers)

Category	Requirement as per IPHSs	Sanctioned Strength	Person-in-position	Shortfall as per IPHSs	Shortfall as per sanctioned strength
Doctors	1170	234	238	932 (80)	--
Staff Nurses	1170	282	269	901 (77)	13
Radiographers	156	65	43	113 (72)	22
LT	234	97	43	191 (82)	54
Pharmacist	234	147	118	116 (50)	29

Source: IPHSs and DHS data 2015. Figures in parenthesis indicate percentage.

Audit observed that 1170 doctors were required to be posted as per IPHSs against which 238 (20 per cent) doctors were available in the CHCs resulting in shortfall of 932 (80 per cent) doctors. In 16 CHCs of three test-checked districts, against requirement of 240 doctors, 69 doctors (29 per cent) were available. In the three test-checked districts the percentage shortage of para medical staff was between 40 and 81 as of March 2015. None of the selected CHCs had General Surgeon, Obstetrician/ Gynaecologist, Anaesthetist and Eye Surgeon as of March 2015.

⁵⁵ Bagdhar, Bathree, Chattrari, Dhardi, Nand, Patta Browary, Salwan, Tungla and Wanghal.

⁵⁶ Chamba: 26, Kullu: 12 and Solan: 21.

⁵⁷ Chamba: 29, Kullu: 09 and Solan: 21.

⁵⁸ Medicine, Surgeon, Pediatrician, Gynecologist, Eye Surgeon, Anesthesia, Public Health Manager, Block Health Officer, Dental, Medical Officer and AYUSH.

- **Availability of specialists in district hospitals**

As per IPHSs, 17 categories⁵⁹ of specialists were required to be posted in DHs on the basis of bed strength of the hospitals. There are 12 DHs⁶⁰ and 48 sub-divisional hospitals in the State.

Scrutiny of records showed that out of 481 specialists⁶¹ essential for DHs, the State Government had only sanctioned 343 posts, of which, 316 Medical Officers/ specialists (66 *per cent* as per IPHSs) were in position as on March 2015. Against the required strength of 17 specialist⁶² doctors in DHs, Reckong Peo and Keylong, no specialist doctor was in position as of March 2015.

While confirming the facts, the MD stated (June 2015) that the State Government was facing acute shortage of doctors due to non-availability of specialist doctors as there were only two medical colleges in the State and the seats were very limited. It was further stated that the required medical and para-medical staff was not provided as per IPHS norms. Thus, the health centres in State remained under staffed affecting assurance regarding the delivery of quality health care services in the State.

2.2.6.2 Training

Paragraph 23 and 24 of NRHM framework stipulates that the implementation teams particularly at District and State level would require development of specific skills.

Audit noticed that the State targeted 12,808 personnel to whom training was to be provided under various programmes during 2010-15 against which 3,176 personnel were trained resulting in shortfall of training to 9,632 (75 *per cent*) personnel. The shortfall ranged between 36 and 81 *per cent* during 2010-15. Thus, the objective of capacity building in increasing the skill and efficiency among health personnel under NRHM remained under achieved.

The MD replied (April 2015) that targets were not achieved due to approval of PIP in 2nd and 3rd quarter of the financial year. Reply is not acceptable as delay in submission of PIPs was on the part of SHS.

2.2.7 Programme Implementation

2.2.7.1 Janani Suraksha Yojana (JSY)

The Janani Suraksha Yojana (JSY) was introduced in 2005-06 as a key intervention to enable women to access institutional deliveries and thereby to reduce MMR and IMR in the State. As per the interim goals/ targets fixed by the State Government, 70 *per cent* deliveries were to be ensured in Government health centres or in accredited private institutions by the end of 2012. The details of institutional deliveries in the State during 2010-15 were as given in **Table-2.2.7**.

⁵⁹ Medicine, Surgery, obstetric and gynae, paediatrics, anaesthesia, ophthalmology, orthopaedics, radiology, pathology, ENT, dental, Medical Officer, dermatology, psychiatry, microbiology, forensic specialists and AYUSH doctors.

⁶⁰ Bilaspur: 250 beds; Chamba: 200 beds; Hamirpur: 214 beds; Dharmashala: 375 beds; Kinnaur: 100 beds; Kullu: 200 beds; Lahaul and Spiti: 70 beds; Mandi: 297 beds; Shimla: 150 beds; Sirmour: 205 beds; Solan: 161 beds and Una: 180 beds.

⁶¹ RH, Reckong Peo and RH, Kelyong: 32 each; RH, Chamba, Hamirpur, Kullu, Nahan, Shimla, Solan and Una: 37 each; RH Bilaspur and Mandi: 50 each and RH, Dharmashala: 58.

⁶² Medicine: 02, Surgery: 02, Obstetric and Gynae: 02, Pediatrics: 02, Anesthesia: 02, Ophthalmology: 01, Orthopaedics: 01, Radiology: 01, Pathology: 01, ENT: 01, Dental: 01 and Psychiatry: 01.

Table-2.2.7
Details of institutional deliveries in the State during 2010-15
(In numbers)

Year	Pregnant women registered	Expenditure incurred on JSY(₹ in lakh)	Institutional deliveries (IDs)		Provided three antenatal checkups
			Departmental target	Achievement	
2010-11	156418	128.55	93206	65525 (42)	121323 (78)
2011-12	139501	117.95	94414	71581 (51)	108902 (78)
2012-13	127827	116.66	95623	75117 (59)	102395 (80)
2013-14	128995	123.30	96847	75855 (59)	107864 (84)
2014-15	115701	93.76	98086	65944 (57)	100223 (87)
Total	668442		478176	354022 (53)	540707 (81)

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

From the above table it would be seen that during 2010-15, 6,68,442 pregnant women were registered in the State, out of which only 3,54,022 (53 per cent) institutional deliveries were ensured in government institutions/ accredited institutions against the targeted deliveries of 4,67,909 (70 per cent). The percentage of institutional deliveries had increased from 42 in 2010-11 to 57 during 2014-15. The percentage of institutional deliveries during the above period ranged between 42 and 59.

Similarly, in three test-checked districts the percentage of pregnant women opting for institutional delivery had not been achieved to the prescribed level of 70 per cent upto March 2015 as detailed in **Appendix-2.6** and the intervention of Antenatal checkups (ANCs) was not implemented effectively in the State as well as in sampled districts as registered pregnant women were not fully covered to ensure effective health care and the percentage of checkups against pregnant women registered during above period ranged between 78 and 87.

The concerned State Programme Officer (SPO) stated (April 2015) that there was a steady increase in institutional deliveries and ANCs in the State. The concerned CMOs stated that mostly posts of gynae remained vacant and all women were not aware of three ANC checkups. The reply is not acceptable as the Department was unable to establish interface with the rural people due to delay in appointment (March 2015) of Accredited Social Health Activists (ASHAs) who were to create awareness amongst rural pregnant women and ensure adequate support during pregnancy and child birth as also discussed in **Paragraph 2.2.7.5**.

2.2.7.2 Iron Folic Acid and Tetanus Toxoid not administered to pregnant women

One of the major aims of the safe motherhood is to register all the pregnant women before they attain 12 weeks of pregnancy and provide them with services, such as four antenatal check-ups, 100 or more Iron Folic Acid (IFA) tablets, two doses of Tetanus Toxoid (TT), advice on the correct diet, vitamin supplements, etc.

Scrutiny of record showed that pregnant women registered after 12 weeks of pregnancy for check up ranged between 42 and 79 per cent in the State during 2010-15. The number of women not provided with 100 days of IFA tablet ranged between 12 and 60 per cent during the above period. The number of women not given TT 1 ranged between 35 and 47 per cent and TT 2 between 13 and 25 per cent during 2010-15 as detailed in **Table-2.2.8**.

Table-2.2.8
Status of Iron Folic Acid and Tetanus Toxoid administered to pregnant women
(In number)

Year	Pregnant women registered	Registered after 12 weeks	Not provided 100 days of IFA tablets	Not provided TT1	Not provided TT2
2010-11	156418	65069 (42)	68755 (44)	74167 (47)	39190 (25)
2011-12	139501	63400 (45)	84033 (60)	58382 (42)	28600 (21)
2012-13	127827	62302 (49)	19702 (15)	46924 (37)	17642 (14)
2013-14	128995	84315 (65)	34176 (26)	49085 (38)	19712 (15)
2014-15	115701	91047 (79)	14372 (12)	40824 (35)	14584 (13)
Total	668442	366133	221038	269382	119728

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

The concerned SPO stated (April 2015) that IFA tablets, TT 1 and TT 2 were not given to all pregnant women due to non-acceptance, intolerability and untimely updating of data.

2.2.7.3 Family Planning

The family planning includes terminal method to control fertility rate and spacing method to improve Couple Protection Ratio⁶³. The terminal method of family planning includes vasectomy for male and tubectomy for female.

Analysis of data furnished by MD, NRHM showed that against the expected level of achievement of 1.43 lakh sterilisation during 2010-15 in the State, the achievement was 1.07 lakh (vasectomy: 0.11 lakh and tubectomy: 0.96 lakh) leading to a shortfall of 0.36 lakh (25 per cent). Further, the proportion of vasectomy to the total sterilisation was only 10 per cent during 2010-15. This showed that males' participation in family planning was not commensurate with that of female participation.

2.2.7.4 Scheme for promotion of menstrual hygiene among adolescent girls

GOI launched (2010) a pilot scheme for promotion of menstrual hygiene among adolescent girls in the age-group of 10 to 19 years in rural area. Scrutiny of records showed that during 2010-13 the GOI supplied 15.95 lakh sanitary napkins in four districts⁶⁴ under this pilot project. The GOI, however, released ₹ 8.08 crore during 2013-15 for implementation of scheme in all 12 districts of the State. Of this, ₹ 3.96 crore was spent on procurement of 27.17 lakh sanitary napkins during 2013-15. However, necessary records of sanitary napkins supplied by the firms to the districts, its distribution to end users and utilisation certificates thereof were not maintained/ obtained by/ from the field functionaries during the above period. In the absence of the same the authenticity of actual distribution of napkins could not be verified in audit. Besides, balance funds of ₹ 4.12 crore remained unspent in savings bank accounts of MD as of March 2015. The concerned SPO stated (April 2015) that delay in consolidation of correct reports/ maintenance of records and utilisation/ distribution of funds/ sanitary napkins were on lower side due to non-posting of ASHAs and funds remained unspent accordingly.

2.2.7.5 Accredited Social Health Activists (ASHA)

NRHM envisaged providing of a trained female ASHA in each village in the ratio of one per 1000 population. Audit noticed that:

- The State Government, considering a population of 800 persons for a village, worked out the requirement of 7750 ASHAs and selected (March 2015) 7497 ASHAs after a period of nine years since start of the mission and their training was under process as of March 2015.
- ASHAs were to be provided drug kits consisting of ORS, contraceptives and a set of 10 basic drugs. However, no procurement of such kits was done during 2010-15.
- Supply order (February 2015) for procurement of 8000 ASHAs back packs costing ₹ 40.32 lakh was placed with Himachal Pradesh State Handloom Shimla, supply of the same had not been received as of July 2015.

Thus, delay in selection of ASHAs affected programme implementation (**Paragraphs 2.2.7.1 to 2.2.7.4**) and deprived the rural population of necessary health care services as envisaged through ASHAs. The MD stated (April 2015) that the State Government

⁶³ Percentage of women in the age group of 15-49 years, protected from pregnancy/ child birth in the year under consideration for a specific area.

⁶⁴ Bilaspur, Hamirpur, Mandi and Una.

designated (February 2009) Anganwadi workers as link workers in place of ASHAs under the mission. The reply is not convincing since the Anganwadi workers without requisite training/ kits were not equipped to deal with the necessary health care programmes.

2.2.7.6 Immunisation against preventable disease

Immunisation of children against preventable diseases had been the cornerstone of routine immunisation under universal immunisation programme.

Audit noticed that the overall achievement of primary immunisation of children between zero to one year age group covering BCG, Measles, DPT and Hepatitis B was between 42 and 114 *per cent* during 2010-14. The achievement of targets in the secondary immunisation of children ranged between 71 and 81 *per cent* for DPT (5 to 6 years), 66 and 91 *per cent* for TT (10 years of age group) and 73 and 95 *per cent* for TT (16 years age group) during 2010-15 (**Appendix-2.7**). In three test-checked districts the percentage of immunisation during the above period ranged between 60 and 124 (**Appendix-2.8**). This indicated that the Department had not achieved the targets of universal immunisation programme.

The MD stated (May 2015) that the shortfall was due to migratory population, shortage of manpower, under reporting and willful refusal of parents. The fact, however, remained that the immunisation was not ensured to all children as large number of children remained uncovered during 2010-15.

2.2.7.7 Vitamin A administration

The RCH II programme emphasised administration of vitamin A solution to all children of less than three years of age. Prophylaxis vaccination against blindness amongst children due to Vitamin A deficiency requires the first dose at nine months of age along with measles vaccine and second dose along with DPT/ OPV vaccine at a six months interval.

Audit noticed that against the target of 5.72 lakh doses of Vitamin-A during 2010-15, 5.31 lakh doses were administered to children resulting in shortfall of 0.41 lakh doses. The shortfall ranged between six and 11 *per cent* against the target of first dose during the above period whereas record of second dose of Vitamin A was not maintained by MD, NRHM and test-checked districts.

The MD stated (May 2015) that shortfall in achievement was due to under reporting by the field functionaries. He further stated that as per the reporting format of GOI, the reports were not being collected for the second dose. The reply is not acceptable as in the absence of records the actual administration of second dose to children could not be vouchsafed in audit.

2.2.7.8 Cold Chain Management

To support immunisation programme, cold chain was to be ensured in all the CHCs and PHCs. Audit noticed that cold chain equipment were available in all the CHCs but the same were not available in 166 out of 500 PHCs in the State. Similarly, in 53 PHCs⁶⁵ of test-checked districts facility of cold chain was not provided as of March 2015. In the absence of the cold chain equipment in the PHCs, the immunisation may not be effective and was fraught with the risk of side effects.

The CMOs of the test-checked districts stated (April-May 2015) that cold chain to these PHCs was not provided due to non-supply of deep freezer by the SHS. The reply should be seen in the light of fact that in the absence of cold chain equipment in sizable number of institutions, the potency and effectiveness of vaccines administered is doubtful.

⁶⁵ Chamba: 18, Kullu: 11 and Solan: 24.

2.2.7.9 Implementation of National Programme for Control of Blindness

National Programme for Control of Blindness (NPCB) was launched in 1976 and brought into the ambit of NRHM in 2005-06. No survey has, however, been conducted in the State to determine the prevalence rate of blindness as of April 2015. NPCB aimed to reduce the cases of blindness to 0.5 *per cent* by 2012 through increased cataract surgery, school eye screening, free distribution of spectacles to children, etc.

• Cataract operations

Cataract operations were performed in/ by the Government hospitals, private practitioners and NGOs. Sector-wise details of cataract operations performed in the State during 2010-15 were as given in **Table-2.2.9**.

Table-2.2.9
Details of cataract operations performed in the State during 2010-15

Year	Target	Achievements				Shortfall (-)/ Excess (+)
		Government sector	NGOs	Others/ private practitioners	Total	
2010-11	30000	9680 (33)	4336 (15)	15361 (52)	29377	(-) 623 (02)
2011-12	40000	10556 (32)	5363 (16)	17116 (52)	33035	(-) 6965 (17)
2012-13	21000	11522 (34)	3109 (09)	19280 (57)	33911	(+) 12911 (61)
2013-14	23000	13056 (38)	3071 (09)	18500 (53)	34627	(+) 11627 (51)
2014-15	25000	10911 (43)	2255 (09)	12215 (48)	25381	(+) 381 (02)
Total	139000	55725	18134	82472	156331	

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

The achievement of cataract operations in the State against the targets fell short by two and 17 *per cent* during 2010-12 whereas achievement exceeded between two and 61 *per cent* during 2012-15. The cataract operation performed by the private and Government sectors was expected to be in the ratio of 1:1. However, the number of cataract operations performed by NGOs and private sector was more than 62 *per cent* during 2010-15. In Chamba district percentage of cataract operation performed in government institutions ranged between 66 and 78 during 2010-15 and it was between 13 and 46 in Kullu and Solan district as detailed in **Appendix-2.9** which was much below the ratio fixed by the GOI.

• Refractive errors and distribution of spectacles

The children in the Government and the Government aided schools were to be screened for refractive errors for free distribution of spectacles.

Audit scrutiny showed that against the target of 5.98 lakh children, 13.73 lakh children were screened for refractive errors during 2010-15 and 0.40 lakh children were found having refractive errors. Of these, glasses were provided to only 0.14 lakh children during the above period.

The SPO stated (April 2015) that the refractive error found during school examination is not at ideal refractive room condition and may vary with testing done at vision centre.

• Facilities for eye donation

Under NRHM, the facility for eye donation and its preservation should be established in all the district hospitals and medical colleges in the State. The State has two Medical Colleges and 12 district hospitals, but only Indira Gandhi Medical College (IGMC) is equipped with facility for eye donation and its preservation. Under this intervention, ₹ 25.00 lakh was provided during 2012-13 for setting up of eye bank facility in Medical College (MC), Tanda (₹ 15.00 lakh) and eye donation centre in 10 districts of State except Kinnaur and Lahaul-Spiti districts (₹ 10.00 lakh).

It was, however, noticed that facility for eye donation and its preservation had not been established in MC, Tanda and district hospitals as of March 2015 due to delay in tendering process for civil works by the SHS (MC, Tanda) and non-completion of addition and alteration works for setting up of eye banks (district hospitals). In the exit conference, the ACS stated that the process of establishment of eye bank at MC, Tanda and eye centres at district levels was in progress. The fact, however remains that the Department could not set up the eye banks since March 2013.

2.2.7.10 National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)

With a view to prevent and control chronic non-communicable diseases especially cancer, diabetes, cardiovascular diseases and stroke, the GOI launched (December 2010) NPCDCS on pilot basis in three⁶⁶ districts of the State on cost sharing ratio of 80:20 between GOI and State. Audit noticed that:

- Against ₹ 12.01 crore⁶⁷ released by the GOI during 2010-13, the State Government had released (2011-12) ₹ 1.20 crore resulting in short release of State matching share of ₹ 1.80 crore.
- The scheme was started during 2012-13 with delay of more than two years and only ₹ 1.82 crore (14 per cent) was spent in the piloted districts and ₹ 1.44 crore was diverted to non-targeted districts without approval of the GOI. Balance funds of ₹ 11.39 crore⁶⁸ (86 per cent) including diverted funds were lying unutilised in savings bank accounts as of March 2015.
- Due to less utilisation of funds for implementation of the programme during previous years, the funds of ₹ 11.74 crore approved (October 2014) by the GOI were not released during 2014-15.
- As required, quarterly review meetings at State/ district level were not held during above period.

Thus, delay in implementation of programme and lack of planning/ monitoring resulted in blocking of ₹ 11.31 crore besides denial of desired health care services to the concerned beneficiaries. The MD stated (April 2015) that GOI had selected Kinnaur, Lahaul and Spiti districts and two blocks of Chamba district for implementation of programme which remained covered with snow for about four to six months a year. The reply must be seen in the light of fact that the Department had not utilised the funds for more than 24 to 36 months and the intended objective of programme remained unachieved.

2.2.7.11 Implementation of National Programme for Prevention and Control of Deafness (NPPCD)

The GOI launched (2007) NPPCD with the objective to prevent avoidable hearing loss and to ensure early diagnosis and treatment of ear problems responsible for hearing loss and deafness. The programme focuses on development of institutional capacity for ear problems through training of manpower, support for equipment and rehabilitation of persons with deafness.

Scrutiny of records showed that the GOI released (February 2010) grant of ₹ 1.42 crore to the SHS against approved PIP of ₹ 2.92 crore for 2010-11 whereas no provision was made in PIPs during 2011-15. Entire amount was diverted to GVK, EMRI for meeting

⁶⁶ Chamba, Kinnaur and Lahaul and Spiti.

⁶⁷ 2010-11: ₹ 1.37 crore; 2011-12: ₹ 10.57 crore and 2012-13: ₹ 0.07 crore.

⁶⁸ IGMC: ₹ 7.00 crore, Chamba: ₹ 1.21 crore, Kinnaur: ₹ 0.55 crore, Lahaul and Spiti: ₹ 0.81 crore, nine districts: ₹ 1.44 crore and MD, NRHM: ₹ 0.38 crore.

capital and operational expenses on "Atal Swasthya Yojana" in March 2010. However, ₹ 1.34 crore was recouped in November 2012, of which ₹ 0.22 crore was spent on procurement of furniture and fixtures. Balance amount of ₹ 1.12 crore was lying unspent in savings bank accounts of Mission besides ₹ 0.08 crore had not been recouped as of March 2015. Due to non-utilisation of funds for the intended purpose, the objective of the scheme had remained unachieved.

The MD stated (April 2015) that requisite staff for the implementation of programme could not be hired as of April 2015 because Audiometric Assistants were not ready to work on monthly remuneration of ₹ 7500 as provided in operational guidelines.

2.2.7.12 Reproductive Tract Infection (RTI) and Sexually Transmitted Infection (STI) Clinics

Reproductive healthcare includes to counter RTI and STI, and facility for safe Medical Termination of Pregnancy (MTP). The Mission envisaged establishment of RTI and STI clinics at every district hospital and CHCs and MTP facilities upto PHC level.

Scrutiny of records of SHS showed that RTI/ STI clinics and MTP centres had been established in all the 12 DHs. However, out of 78 CHCs in the State, these clinics/ centres were established only in 42 and 37 CHCs respectively as of March 2015. The MTP centres were available only in 13 out of 500 PHCs in the State. There was no RTI/ STI and MTP clinic facilities available in Chamba and Kullu district at CHC/ PHC level and only one RTI/ MTP centre was available in Solan district at CHC/ PHC level. Thus, establishment of clinics in all the CHCs in the state was not ensured as of March 2015 to counter the prevalence of RTI and STI especially among women.

2.2.7.13 Implementation of Mobile Medical Unit services

As per NRHM guidelines, a Mobile Medical Unit (MMU) was to be provided in each district for ensuring outreach of health services in medically unserved/ underserved areas of the State in a phased manner i.e. 30 per cent by 2007, 60 per cent by 2008 and 100 per cent by 2009. GOI released ₹ 17.46 crore⁶⁹ to SHS for this purpose during 2006-14.

Audit noticed that the MD after a delay of more than seven years from the first receipt of funds signed concession of agreement (March 2014) with M/s GVK-Emergency Management and Research Institute, Solan (firm) to operate and manage MMU in 10 districts⁷⁰ within six months from the date of signing of agreement. For this purpose, the firm had purchased (May 2014) 10 vehicles and the SHS reimbursed ₹ 1.50 crore to the firm in June 2014. However, the MMUs had not been operationalised in the State due to failure of the firm to provide technical staff viz., lady medical officer, radiologist, etc., and the Department to enforce contractual agreement. Evidently, the objective of providing healthcare at the door steps to the people in the unserved/ underserved areas of the State was not achieved despite availability of funds.

In the exit conference, the ACS stated that MMU services in 10 districts of the State had not been operationalised due to failure of the contactors and one time grant of ₹ 1.50 crore had been recovered (May 2015) from the firm. The fact, however, remains that despite availability of funds the project was not operationalised and led to denial of intended medical facilities at doorstep to the public.

⁶⁹ 2006-07: ₹ 5.33 crore; 2008-09: ₹ 4.20 crore; 2011-12: ₹ 2.25 crore; 2012-13: ₹ 3.78 crore and 2013-14: ₹ 1.90 crore.

⁷⁰ Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour, Solan and Una.

2.2.7.14 Implementation of Telemedicine project

(i) GOI approved (April 2005) "Telemedicine project" at a cost of ₹ 4.51 crore for interlinking 22 locations⁷¹ in rural and remote areas of the State with IGMC, Shimla through Integrated Services Digital Network (ISDN)/ Leased Line Connectivity. The work was awarded (April 2005) to Centre for Development of Advanced Computing (C-DAC) Mohali and GOI released ₹ 3.69 crore (May 2005 and November 2007) and the State Government ₹ 0.82 crore (November 2007) for implementation of the project. The project was to be completed by June 2009.

Scrutiny of records showed that against the envisaged 22 locations (remote: 20 and expert end: two) required to be setup by C-DAC up to June 2009, only 19 locations (16 on ISDN connectivity and three on leased line connectivity) were established and handed over (June 2009) to the concerned authorities for expert opinion and consultation. However, the project was not put to use for tele-consultations between remote and expert end as of March 2015 due to non-availability of required manpower like data entry operators and software experts to facilitate Medical Officers in remote areas and non-posting of specialists on roster basis at consulting point (IGMC). In the meantime, the software and hardware at 11 locations of the project got degraded/ outdated and had become unworkable. Resultantly, the expenditure of ₹ 4.51 crore had been rendered unfruitful.

(ii) GOI released ₹ 5.33 crore (2012-13: ₹ 0.50 crore and 2014-15: ₹ 4.83 crore) for installation of telemedicine project at different locations in the State except *ibid* 22 locations. Of this, ₹ 1.49 crore was advanced (February-May 2015) to Apollo Tele Health Services for providing telemedicine services at two locations Kaza and Keylong on PPP mode which were made operational as of May 2015. However, balance amount of ₹ 3.84 crore remained unutilised with the MD as of November 2015 due to non-finalisation of other locations.

Thus, objective of providing modern treatment with advanced technology to the patients through 'Telemedicine project' had not been fully achieved. In the exit conference, the ACS admitted the facts.

2.2.7.15 Establishment of comprehensive call centre under NRHM

The GOI released (2012-2015) ₹ 2.38 crore⁷² for establishment of single toll free helpline for grievance redressal especially for denial of services, general health queries relating to mother child tracking system, adolescent health counselling, etc., and to act as a resource for auxiliary nursing midwives (ANMs), ASHAs, Lady Health Volunteers and health workers.

Scrutiny of record showed that toll free number had not been set up as of March 2015 in the State despite availability of funds for the purpose, which had not only resulted in non-implementation of the project and blocking of ₹ 2.38 crore in a savings bank account but also led to denial of envisaged services to the beneficiaries. The MD stated (April 2015) that work of establishment of comprehensive call centre is in progress.

⁷¹ CHCs: Bharmour, Shillai, Sangrah and Rampur; Civil Hospitals: Karsog, Rohru, Banjar, Tissa, Nerwa, Pooh and Janjehali; Regional Hospitals: Chamba, Hamirpur, Keylong, Kullu, Nahan, Mandi and Reckong Peo; Zonal Hospital: Dharamshala and State Hospital IGMC, Shimla and PGIMER, Chandigarh.

⁷² Establishment of call centre for Mother Child Tracking System (2012-13): ₹ 0.25 crore and helpline (2013-14): ₹ 0.50 crore and (2014-15) ₹ 1.63 crore.

2.2.7.16 State Programme Management Support Unit (SPMU) and District Programme Management Support Units (DPMUs)

In order to ensure proper implementation of the Mission at State and District level, SPMU at State level and DPMU at District level were to be set up and professionals like Masters of Business Administration, Chartered Accountants and MIS specialists were to be recruited on contract basis for the posts of State Programme Manager, State Finance Manager and State Data Manager respectively. Similarly, for DPMU District Programme Manager, District Finance Manager and District Data Manager were also required to be recruited.

Scrutiny of records showed that SPMU was set up but not as per the norms. The job of State Programme Manager and State Data Manager at State level was assigned to a doctor and a Deputy Director (statistics) respectively. At district level no professional viz., District Programme Manager, District Finance Manager and District Data Manager was recruited in any district of the State, the job of these professionals was assigned to doctors. Besides, two accountants were posted in each district and one in each block except Rampur (Shimla district) and Fatehpur (Kangra district). Block Programme Managers (17) appointed at the block level were shifted (November 2008) to the district level from where they were managing blocks. The shortage of managerial staff indicates that the purpose of managing specialised jobs by experts in the relevant field remained unrealised. This would certainly affect the quality of management functions like accounting, MIS reporting, manpower management, etc.

2.2.8 Procurement of drugs and equipment

2.2.8.1 Utilisation of funds for procurement of drugs/ equipment

During 2010-15, GOI had released ₹ 69.25 crore for procurement of drugs and equipment against which an expenditure of ₹ 76.43 crore was incurred. Excess expenditure was incurred from the savings of the previous year. It was further noticed that funds of ₹ 3.29 crore advanced to HPSCSCL by Mission Director between September 2010 and March 2012 had not been adjusted even after lapse of 38 and 55 months from the date of release of funds to the HPSCSCL as of June 2015.

2.2.8.2 Distribution and administration of medicines without quality testing

GOI guidelines provides for inspection, sampling and quality testing of drugs at pre-dispatch stage at the premises as well as at consignee end in order to ensure procurement of quality medicines. The Drug Management Policy of the State Government (1999) further stipulates that samples of drugs would be sent to the private authorised laboratories of repute within the country to ensure the quality of drugs. Assistance will be taken from the Head of Central Testing Laboratory Kandaghat, Deputy Controller, Directorate of Health Services, etc.

Scrutiny of records showed (April 2015) that essential drugs valued at ₹ 2.21 crore⁷³ procured under NRHM during 2010-15 were distributed to various rural institutions through test-checked CMOs without any quality testing at consignee end which had been administered to rural patients during the above period. The CMOs of test-checked districts stated (April-May 2015) that deficiencies would be sorted out in the near future.

2.2.8.3 Procurement of drugs/ medical consumables without any norm of shelf life

The procurement process is a major determinant of the safety, efficacy, quality, affordability and timely availability of drugs. Scrutiny of record showed that 389 items of

⁷³ Chamba: ₹ 1.19 crore; Kullu: ₹ 0.29 crore and Solan: ₹ 0.73 crore.

drugs/ medical consumables worth ₹ 1.48 crore⁷⁴ were received under NRHM during 2010-15 by the CMOs of test-checked districts. However, date of manufacturing of medicines and other medical consumables and date of receipt thereof were not found recorded in the test-checked districts. Also norms of their shelf life had not been framed by the State Government as of June 2015. In absence of the same, minimum shelf life of medicines had not been ensured at the distribution point i.e. CMOs level, as such chances of belated/ non-delivery and early expiry of medicine and other medical consumable could not be ruled out as indicated in **Paragraph 2.2.8.4**.

The CMOs of the test-checked districts stated (April-May 2015) that matter regarding fixing of shelf life of drugs/ medicals consumables at the distribution point would be taken up with the Government.

2.2.8.4 Maintenance of record of drugs and medical consumable

State Financial Rules and Procurement and Operational Manual for Medical Rules, 2008 of GOI provides that periodical verification and reconciliation of stock was required to be done every month. Scrutiny of records showed that the CMO, Chamba had received drugs and medical consumable worth ₹ 1.19 crore from different firms through HPSCSCL during 2010-15 but neither periodical reconciliation nor physical verification had been done in any month during 2010-15. Further, information of date of receipt, quantity ordered, order number and date, manufacturing date, expiry date, opening stock, stock unusable (shortages/ damages), expired stock, total utilisation, average monthly utilisation, etc., was not found recorded in stock registers of medicines/ medical consumables. In the absence of *ibid*, the chances of errors and pilferage due to non-conducting of physical verification/ reconciliation and proper maintenance of records cannot be ruled out.

The CMO, Chamba stated (April 2015) that periodical reconciliation/ physical verification of medicines would be done in future.

2.2.9 Availability of Machinery and equipment

2.2.9.1 Idle machinery and equipment

IPHS provide for procurement of equipment to ensure delivery of services recommended for health institutions.

Scrutiny of records showed that 6684 number of machinery and equipment of 33 types⁷⁵ costing ₹ 0.36 crore procured during 2009-14 were lying unutilised in district store of CMO, Chamba as of April 2015 due to excess procurement and non-receipt of demand from concerned health institutions. Further, in 57 health institutions⁷⁶ in the State, X-ray plants in working conditions were lying idle due to non-posting of radiographers as of April 2015. The CMO, Chamba admitted (April 2015) the facts.

2.2.10 Convergence with other departments

Health is as much a function of availability of safe drinking water, early childhood development, sanitation and women's empowerment as of hospitals and a reliable medical system. NRHM sought to adopt a convergent approach for intervention under the umbrella of the district plan. Audit noticed that involvement of the representatives of the departments dealing with the issues of safe drinking water, sanitation, nutrition, early childhood development and women's empowerment was not ensured for convergent

⁷⁴ Chamba: 267 items costing ₹ 1.19 crore and Kullu: 122 items costing ₹ 0.29 crore.

⁷⁵ Like Deep-Freezer (340 litres), Oxygen concentrator, Cold-Box (50 litres), Instrument tray, Back Rest, Microscope, Blood Pressure Apparatus, ECG Machines, Weighing Machine (Adult), General Ward Bed, Laparoscope, X-rays Plant, Dental Chair, etc.

⁷⁶ Three civil hospitals, 17 CHCs and 37 PHCs in test-checked districts.

action as Integrated Health Society (IHS) at State and District levels had not been constituted as of March 2015. The MD confirmed (April 2015) the facts. This indicates the disconcerted efforts made by various departments working towards the goal of providing better health facilities.

2.2.11 Rogi Kalyan Samitis (RKS)

The Rogi Kalyan Samitis (RKSs) were to be formed in each health centre to upgrade the HSCs, PHCs and CHCs to IPHSs so as to provide sustainable quality healthcare with people's participation and to make the community accountable and responsible for managing these rural centres. Audit noticed that against the target of formation of 635 RKSs (District Hospital: 12; SDHs: 45; CHCs: 78; PHCs: 500), 625 RKSs (96 per cent) were formed as of March 2015 leaving 10 PHCs without RKSs. Further, 12,232 RKSs meetings were required to be conducted in the State during 2010-15 against which only 4223 (35 per cent) were held resulting in shortfall of 8009 meetings. In test-checked districts the shortfall of meetings ranged between 17 and 53 per cent during 2010-15.

2.2.12 Monitoring and internal control mechanism

NRHM envisaged an intensive accountability framework through a three pronged mechanism like community based monitoring, external evaluations and internal monitoring. Audit noticed that:

- As per MoU, the meetings of Health Mission were required to be held biannually for proper assessment, evaluation and monitoring of the Programme. Audit noticed that only three meetings (17 per cent) of State Health Mission were held against the requisite 18 meetings since the inception of the Mission. Similarly, only 17 meetings (eight per cent) against 216 meetings were held at district level. In the test-checked DHSs, only seven meetings (23 per cent) were held against 30 meetings during 2010-15. The percentage shortfall in meetings during 2010-15 ranged between 50 and 100. In the exit conference, the ACS stated that efforts would be made to conduct required meetings in future.
- There is no system of internal audit of accounts at district and State level. During 2010-14 only annual accounts i.e. receipt and payment, income and expenditure accounts and balance sheet were got prepared from the Chartered Accountants.
- Public hearing and dialogue was not organised at any level in the State as per NRHM framework during 2010-15. While confirming the facts, the MD stated (April 2015) that no such activity was held at any level due to non-provision of funds.
- District Level Coordination and Monitoring Committees (DLCMC) for the implementation of weekly iron folic acid supplementation programme (WIFS) was required to be constituted as per State Government instructions (December 2012). It was, however, noticed that only four⁷⁷ DLCMC were formed in the State as of March 2015 and against the required 31 meetings, only 14 meetings were conducted in these districts during the above period. Thus, due to non-formation of DLCMC in remaining eight districts in the State, the monitoring of implementation of WIFS was not ensured. The MD confirmed the facts (April 2015).
- District Level Vigilance and Monitoring Committee (DLVMC) had been constituted in two out of three test-checked districts (Chamba: October 2014 and Kullu: September 2014) and in Solan district the same was not constituted as of May 2015. The delay in constitution of DLVMC in above two districts was 47 and 53 months from the date of issue of instructions (December 2012) by the GOI.

⁷⁷

Kangra: January 2013; Kullu: March 2013; Mandi: March 2014 and Solan: March 2013.

Due to non-formation of DLVMC in Solan district, delay in formation of DLVMC in Chamba and Kullu districts and also non-undertaking of any field visit by the same for monitoring programme implementation, the objective of vigilance mechanism remained unachieved.

- The NRHM guidelines provided for conducting of periodic evaluation studies of the implementation of the scheme by the Centre and State through independent agencies from time to time. It was, however, noticed that no evaluation study was conducted during 2010-15 to ascertain the impact of the scheme.

2.2.13 Maternal Mortality Rate (MMR) and Infant Mortality Rate (IMR)

NRHM aimed at bringing down the maternal as well as infant mortality rate by way of various interventions like providing physical and human infrastructure in CHCs, PHCs and HSCs for safe delivery, establishing Sick New Born Care Units (SNCUs), Emergency Obstetric Care (EmOC), providing of full 100 days of Iron Folic Acid (IFA), postpartum care to all eligible women and free transportation to pregnant women, etc. The expected outcome of the NRHM is to reduce the MMR and IMR to 100/100000 pregnant women and 30/1000 live births respectively by March 2012. The IMR, MMR and Total Fertility Rate (TFR) of the State and Country as surveyed by Sample Registration System and Annual Health Survey were as detailed in **Table-2.2.10**.

Table-2.2.10
Maternal Mortality Rate and Infant Mortality Rate in the State during 2010-14
(In numbers)

Particulars of indicators	Targets to be achieved as per NRHM	Year wise targets fixed by the State		Achievement at the end of the year	At National level
		Year	Target		
IMR	30/1000 live births up to 2012	2010	--	40	47
		2011	--	38	44
		2012	30	36	42
		2013	25	35	40
		2014	20	35	40
MMR	100/100000 live births up to 2012	2010-2014	MMR has not been estimated for the State of HP		
TFR	2.1 upto 2012	2010	--	1.8	2.5
		2011	--	1.8	2.4
		2012	--	1.7	2.4
		2013	--	1.7	2.3
		2014	--	Awaited	Awaited

Source: Data supplied by the State MD, SRS Bulletin and Annual Health Survey.

As evident from the above table, IMR of the State decreased from 40 (2010) to 35 (2014) but remained higher than the target fixed under NRHM. The TFR of the State had decreased from 1.8 to 1.7 and was less than the national average of 2.4 and target fixed under NRHM. The MD stated (June 2015) that MMR had not been estimated for the State, however, various steps were being taken to reduce the maternal mortality.

2.2.14 Conclusion and recommendations

The primary objective of the scheme to improve access of rural people to equitable, affordable, accountable and effective primary health care services had largely remained unfulfilled. The review underscored gaps in planning activities and financial management. The persistent savings year after year showed that the programme funds were not optimally utilised for deriving maximum benefits for the beneficiaries.

The Government may consider involving the stakeholders at block/ grass root level in planning and ensure timely utilisation of funds.

IPHS norms prescribed for infrastructure, manpower and equipment were not complied with. Posting of ASHAs was delayed and village health and sanitation committees have not received adequate attention. There were shortages in both medical and support staff especially personnel skilled in specialised branches of medicine in district level hospitals.

The Government may consider improving the infrastructure needs at the health care centres and sanctioning the posts of medical and para-medical staff as per IPHSs on priority.

Immunisation against preventable diseases, etc., and training to personnel fell short of targets fixed. Distribution and administration of medicines was without quality testing. The cold chain equipment were not available in many PHCs without which the immunisation may not be effective and was fraught with the risk of side effects.

The Government may consider streamlining the process of immunisation programmes, procurement and administration of drugs, ensuring availability of all essential drugs equipments in all CHCs/ PHCs besides, providing cold chain equipment to all PHCs.

Innovative projects such as mobile medical units and telemedicine, though initiated, were not fully implemented so as to benefit the public in time.

The Government may consider implementing projects such as mobile medical units and telemedicine on priority so as to provide quality medical services to public in time.

Monitoring and internal control mechanism was weak as meetings of State/ District Health Missions were not convened regularly and district level co-ordination committees were not constituted in eight (out of 12) districts. Besides, internal audit system of accounts at district and State level, comprehensive call centre for mother and child tracking system, adolescent health counselling and help line, etc., were not established.

The Government may consider strengthening the internal control and monitoring mechanism and establishment of comprehensive call centre for mother and child tracking system, adolescent health counselling and help line, etc.

The audit findings were referred to the Government in August 2015. Reply had not been received (November 2015).

Higher Education Department

2.3 Rashtriya Madhyamik Shiksha Abhiyan

To universalise and improve quality of education at secondary level the Government of India (GOI) had launched Rashtriya Madhyamik Shiksha Abhiyan (RMSA) in March 2009. The performance audit of the RMSA was conducted with a view to assess the implementation of the programme economically, efficiently and effectively. The significant audit findings are as under:

Highlights:

- *Annual Work Plans (AWPs) under RMSA were prepared at district level during 2013-15 without considering school level development plans.*
(Paragraph 2.3.2.1)
- *Out of total availability of funds of ₹348.47 crore under RMSA, the Department could spend only ₹218.67 crore on various components of the programme leaving ₹129.80 crore (37 per cent) unutilised as of March 2015.*
(Paragraphs 2.3.3)
- *Of ₹7.23 crore provided by the GOI and State Government for construction of five model schools in March 2010, ₹4.70 crore was lying unutilised with the executing agency due to slow pace of work (one) and non-availability of encumbrance free land (four).*
(Paragraph 2.3.4.6)
- *Implementation of Information and Communication Technology Project phase-II was delayed due to non-finalisation of tenders in time depriving the students in Government schools of the intended benefits of the project as of March 2015.*
(Paragraph 2.3.6.1)
- *There was shortage in cadre of teaching and teaching support staff in schools. The percentage of shortages of these staff in schools was 14 and 39 as of March 2015. The sanctioned strength of others/ non-teaching staff was as high as 80 per cent of the teaching staff.*
(Paragraph 2.3.8)
- *Examination results were poor as schools ranging between two and 16 had zero per cent results for class X during 2011-15 and schools ranging between 134 and 232 had results less than 25 per cent. Similarly, for class XII, 10 schools had zero per cent result and 48 schools had less than 25 per cent result during 2014-15.*
(Paragraph 2.3.9)
- *Internal audit arrangements as prescribed under the scheme had not been put in place by the Department as of March 2015.*
(Paragraph 2.3.10)

2.3.1 Introduction

The Government of India launched Rashtriya Madhyamik Shiksha Abhiyan (RMSA) in March 2009 with the objectives of enhancing enrolment in Classes IX-XII by providing secondary school at a reasonable distance from every habitation, improving quality of education at secondary level and removing gender, socio-economic and disability barriers. The scheme is based on three pronged strategies of improving access, equity and quality. The funding arrangement of RMSA between the Central and the State Government is in the ratio of 75:25.

Organisational set up

The scheme is being implemented by the State Implementation Society (SIS) registered under the Societies Registration Act, 1860. The SIS is run through a Governing Council

under the chairmanship of the Chief Minister and other members and an Executive Council with Additional Chief Secretary (ACS), Education as its Chairman assisted by Director, Higher Education as Mission Director and State Project Director (SPD) at State level. At field level, the RMSA is implemented through District Project Officers assisted by Principals/ Headmasters of schools.

Audit Objectives

The objectives of performance audit were to assess whether:

- There was efficacy of planning for implementation of various components of the programmes;
- The requirement of funds was adequately determined for implementing the programmes and major interventions were carried out as per norms fixed;
- The efforts of the State Government were adequate for identification and filling up the critical infrastructure gaps in secondary education;
- There was improvement in secondary education by providing adequate opportunities to socially deprived communities; and
- Adequate monitoring and internal control mechanisms were in place.

Audit Criteria

Audit criteria were derived from the following sources:

- Government notifications, instructions issued by the GOI/ State Government from time to time for implementation of RMSA;
- Departmental manual/ policies/ rules and regulations;
- Manual/guidelines on RMSA;
- State Financial Rules/ Budget / Subsidiary Treasury Rules; and
- Procedures prescribed for monitoring and evaluation of scheme/ programmes.

Audit scope and methodology

Implementation of RMSA for the period 2010-15 was reviewed (April-July 2015) through a test-check of records in the offices of Director of Higher Education (DHE), State Project Director (SPD), three⁷⁸ out of 12 districts, 18 Government High Schools⁷⁹ (GHSs) out of 366 and 18 Government Senior Secondary Schools⁸⁰ (GSSSs) out of 643 from selected districts by adopting SRSWOR⁸¹ method of sampling.

Audit objectives, criteria and scope of audit were discussed (March 2015) in an entry conference with the ACS, Education and the SPD. Audit findings were discussed in an exit conference held with the ACS, Education in October 2015. The views of the State Government have been appropriately incorporated in the report.

Audit findings

2.3.2 Planning

2.3.2.1 Preparation of district level/ school level plans under RMSA

Manual on Financial Management and Procurement (MFMP), 2012 for RMSA (effective from February 2012) envisaged constitution of core planning teams at district and school

⁷⁸ Kangra, Shimla and Sirmour.

⁷⁹ District Kangra: Boda, Dhugiary, Indora (Boys), Indora (Girls), Rajol and Tunner; District Shimla: Bhadgawli, Bajrolipul, Chilladla, Kuthar, Nirath and Todsa and District Sirmour: Bhuiara, Charna, Devamanal, Jhkando, Millah and Ronhat.

⁸⁰ District Kangra: Bhawarna, Dheera, Kandorari, Mohtli, Rait and Shahpur; District Shimla: Balag, Chirgaon, Deha, Dhamwari, Nogli and Rampur (Boys) and District Sirmour: Bhawai, Ghandori, Pabiana, Rajgarh, Sanioeedidag and Timbi.

⁸¹ Simple Random Sampling without Replacement.

levels for extensive field visits by covering each habitation/ village/ urban slum and intensive interaction with households and local governments (*Gram Sabhas/ Ward Sabhas* for urban areas). The Head Master/ Principal and his/ her team of the school was to function like a local resource team for planning and emphasis on the critical role of the school and developing the School Improvement Plan (SIP) for formulation of the District Secondary Education Plan. Guidelines further provide that each district had to prepare a perspective plan for the period 2012-17 based on the school level plans. Keeping in view the Perspective Plan (PP), the Annual Work Plans (AWPs) and budgets were to be prepared for each year.

Audit noticed that core teams were constituted at district level during 2010-15 but the same were not formed at the school level. It was further noticed that perspective plan was prepared only at State Level and AWP's were prepared at district level during 2013-15 without considering school level development plans. The entire planning for implementation of scheme for the period 2013-15 had, thus, been done at/ from the district level without the involvement of grass root level functionaries which resulted in non-creation of the required infrastructure as indicated in **Paragraph 2.3.4**. In the exit conference, the ACS assured that full participation of school management committees would be ensured in future while formulating of the plans.

2.3.3 Financial Performance

The position of funds released by the GOI and the State under RMSA and expenditure incurred thereagainst during 2010-15 was as given in the **Table-2.3.1**.

Table-2.3.1
Position of funds released and expenditure incurred thereagainst under RMSA during 2010-15
(₹ in crore)

Year	Approved Outlay	Opening balance	Funds received				Total availability of funds	Expenditure incurred	Unspent balance
			GOI	State	Other Receipt	Intt.			
2010-11	123.90	3.95	37.22	8.48	--	0.24	49.89	23.69 (47)	26.20 (53)
2011-12	100.59	26.20	22.29	12.21	0.01	0.81	61.52	19.91 (32)	41.61 (68)
2012-13	40.24	41.61	57.01	19.00	0.15	2.61	120.38	42.90 (36)	77.48 (64)
2013-14	47.73	77.48	112.16	37.80	0.01	6.97	234.42	48.43 (21)	185.99 (79)
2014-15	131.96	185.99	12.69	4.23	10.00	0.63	213.54	83.74 (39)	129.80 (61)
Total	444.42		241.37	81.72	10.17	11.26		218.67	

Source: Figures supplied by the department. Figures in parenthesis denote percentage.

Against the approved outlay of ₹ 444.42 crore for 2010-15, total availability of fund with the SPD was ₹ 348.47 crore⁸², of which ₹ 218.67 crore was utilised resulting in unspent balance of ₹ 129.80 crore (37 per cent) at the close of March 2015. The funds remained unspent due to non-utilisation of funds advanced for civil works to various executing agencies as also indicated in **Paragraph 2.3.3.1**. The percentage of short utilisation of funds in the State ranged between 53 and 79 during 2010-15.

In the test-checked districts, against the total available funds of ₹ 57.39 crore during 2010-15, ₹ 51 crore was utilised by the concerned districts, resulting in short utilisation of funds amounting to ₹ 6.39 crore.

While admitting the facts, the SPD stated (July 2015) that at the close of each financial year during 2010-15 funds remained unutilised due to unspent balances at various levels. The reply is not convincing as short utilisation of funds resulted in less receipt of funds

⁸² Opening balance: ₹ 3.95 crore; GOI share: ₹ 241.37; State share: ₹ 81.72 crore; Other receipts: ₹ 10.17 crore and Interest: ₹ 11.26 crore.

from GOI as well as State Government and affected the implementation of the scheme as brought out in the Paragraphs 2.3.4 and 2.3.6.

2.3.3.1 Non adjustment of advances for civil works under RMSA

Paragraph 5.24.3 of RMSA MFMP, 2012 provides that all advances should be adjusted on receipt of utilisation certificates (UCs) and expenditure statements obtained immediately after the expiry of prescribed period. Rules further provide that SIS should strictly monitor the adjustment of advances and take remedial measures for its speedy adjustment.

Audit noticed that ₹ 141.92 crore was advanced to executing agencies by the Department for execution of civil works during 2010-15. Of this, only ₹ 19.76 crore was adjusted and remaining amount of ₹ 122.16 crore⁸³ was lying unadjusted as of March 2015 due to non-completion of works within the stipulated period by the executing agencies which also resulted in denial of intended benefits to the beneficiaries.

While admitting the facts, the SPD stated (July 2015) that the progress of works was being reviewed regularly and efforts were on for adjustment of advances by completing the in progress works.

Programme implementation

2.3.4 Infrastructural facilities

2.3.4.1 Inadequate provision of infrastructure

Section 3.4.1 of RMSA guidelines provides for strengthening of infrastructure for each existing schools such as science laboratory, art/ craft/ culture room, separate toilets for boys and girls, drinking water, etc. As per RMSA guidelines, these facilities are to be provided by the end of 12th five year plan i.e. March 2017.

The year-wise position of facilities not available in the GHSs and GSSSs in the State during 2010-15 was as given in the Table-2.3.2.

Table-2.3.2
Year-wise position of facilities not available in the GHSs and GSSSs in the State during 2010-15
(Schools in numbers)

Year	Total schools	Science lab.	Art/ craft/ culture room	Library	Separate toilet block	Drinking water facilities
2010-11	2073	1019 (49)	Not available	1428 (69)	325 (16)	31 (02)
2011-12	2106	1193 (57)	-do-	1475 (70)	243 (12)	45 (02)
2012-13	2162	1422 (66)	2000 (93)	1462 (68)	13 (01)	08 (--)
2013-14	2191	1340 (61)	2023 (92)	1456 (66)	13 (01)	07 (--)
2014-15	2386	1566 (66)	2196 (92)	1617 (68)	11 (01)	02 (--)

Sources: Departmental figures. Figures in parenthesis indicate percentage.

As is evident from above table, 1566 (66 per cent), 2196 (92 per cent) and 1617 (68 per cent) schools did not have science laboratory, art/ craft/ culture room and library respectively as of March 2015. Besides, the data furnished by the Department was not correct as it showed an increase or decrease in the science and lab rooms not corresponding to the increase in the total number of GHSs/ GSSSs during 2011-14.

In 36 test-checked schools (GHSs:18 and GSSSs:18) of three test-checked districts, 14, 15, 31 and two schools did not have science laboratory, library, art/ craft/ culture rooms and drinking water facilities respectively and two schools were running without separate toilet for girls as of March 2015.

⁸³

BSNL: ₹ 15.23 crore; HIMUDA: ₹ 4.92 crore and HPPWD: ₹ 102.01 crore.

2.3.4.2 Status of construction of new school buildings

Since the implementation of RMSA (2009-15), 163 new school buildings⁸⁴ were approved for construction by the PAB. Accordingly, Memorandum of Understanding (MOU)/ Agreement was signed for the construction of 112 new school buildings under RMSA between Himachal Pradesh School Education Society (HPSES) and Himachal Pradesh Urban Development Authority (HIMUDA) and Civil wing of BSNL. As per terms and conditions of the MOU/ agreement 40 per cent of the project cost was to be paid as advance and the duration of completion of project was one year from the date of release of first instalment by the HPSES. The details of MOU/ agreement and project sanctioned to HIMUDA and BSNL was as indicated in **Table-2.3.3**.

Table-2.3.3
Status of execution of works by the HIMUDA and BSNL as of March 2015
(Works in number and ₹ in crore)

Name of executing agency (Date of sanction)	Total Project cost	Total works sanctioned	Funds Released	Upto date expenditure	Unspent fund	Works Completed	Works in progress	Works not started
HIMUDA (October 2010)	18.68	40	14.48	13.81	0.67	21	13	6
Total (i)	18.68	40	14.48	13.81	0.67	21	13	6
BSNL (August 2010)	10.66	24	10.19	9.25	0.94	21	1	2
BSNL (February 2013)	10.56	17	9.31	9.84	-0.53	14	3	0
BSNL (September 2013)	8.66	13	5.72	5.54	0.18	8	4	1
BSNL (June 2014)	10.33	18	2.00	2.00	0	0	12	6
Total (ii)	40.21	72	27.22	26.63	0.59	43	20	9
Grand Total (i)+(ii)	58.89	112	41.70	40.44	1.26	64	33	15

Source: Information supplied by the Department.

As is evident from above table, against the total project cost of ₹ 58.89 crore, funds amounting to ₹ 41.70 crore were released (October 2010-June 2014) to HIMUDA/ BSNL out of which ₹ 40.44 crore was spent on the construction of 112 new school buildings. Of this, construction work of 64 schools was completed and 33 school buildings was lying incomplete as of July 2015 due to slow pace of these works and the construction work of 15 buildings was not started due to non-availability of land and the funds of ₹ 1.26 crore was lying unspent with HIMUDA/ BSNL.

It was further noticed that funds amounting to ₹ 26.39 crore were not released by the GOI due to non completion of ongoing works within the stipulated period and the execution work of 51 new school buildings out of 163 new school buildings approved by the PAB could not be allotted to the executing agencies due to involvement of forest land.

In the exit conference, the ACS stated that the works could not be started due to involvement of forest land and the matter would be taken up with the GOI for the purpose shortly. The fact, however, remains that the beneficiary children were deprived of intended facility due to non-completion of pre-requisite formalities in time.

2.3.4.3 Status of infrastructure sanctioned under the component strengthening of existing schools

As per paragraph 1.2.2.1 of MFMP for RMSA, to achieve the universal access to secondary education, the gap in infrastructure was to be filled by strengthening of

⁸⁴ 2009-10: 69; 2010-11: 45; 2011-12: 19 and 2014-15: 30.

existing secondary schools through construction of additional classrooms, laboratories, libraries, computer rooms, separate toilets for girls and boys, etc.

Audit noticed that under the above component the PAB approved (2010-15) construction of science laboratory, computer room, art/ craft and cultural room, library, additional classroom and Child with special need (CWSN) friendly toilets in 848 schools⁸⁵ for completion within a period of one year. Out of these 848 schools, construction work of rooms in 93 schools had been completed and for the remaining 755 works, ₹ 193.64 crore were sanctioned against which ₹ 126.83 crore were released to the executing agencies⁸⁶ during 2010-15. Of this, 487 (65 per cent) works sanctioned for ₹ 112.30 crore (amount released ₹ 100.90 crore) remained incomplete after spending ₹ 9.01 crore which was attributed to tough terrain of area leaving unspent balance of ₹ 91.89 crore and 237 works (31 per cent) sanctioned for ₹ 74.83 crore had not been taken up for execution as of July 2015 due to non-transfer of land in the name of the Education Department. Besides, 31 works approved for ₹ 6.51 crore had not been allotted for execution as of July 2015 due to non-receipt of funds from GOI. Due to non-completion/ non-start of works, the beneficiaries were deprived of the intended benefits.

The SPD (RMSA) while admitting the facts stated (July 2015) that funds were not received from GOI due to large number of works in progress. The reply is not acceptable as the available funds were also not utilised expeditiously for completion of ongoing works which deprived the beneficiaries of the intended benefits.

2.3.4.4 Injudicious release of furniture grant

As per paragraph 3.4.1 of MFMP for RMSA, grant was to be provided to schools for procuring furniture/ fixture⁸⁷ under the component "Strengthening of Schools" where construction work of library, science laboratory, art/ craft/ culture/ computer rooms and classrooms had been completed.

Audit noticed that ₹ 12.30 crore was advanced (March 2014) by the SPD (RMSA) as furniture grant to 486 schools in 12 districts of the State through concerned DPOs for purchase of furniture/ fixtures without ensuring the availability of civil infrastructure which was against the norms of RMSA.

In three test-checked districts, it was noticed that furniture grant of ₹ 5.05 crore⁸⁸ received by the DPOs Kangra, Shimla and Sirmour was released to School Management Committees (SMCs) by the DPOs Kangra (₹ 2.64 crore) and Shimla (₹ 1.20 crore) without ensuring the availability of the requisite civil infrastructure whereas DPO Sirmour had deposited the entire amount of ₹ 1.21 crore in a savings bank account of RMSA.

While confirming the facts, the SPD stated (July 2015) that funds were released in anticipation of completion of civil infrastructure.

⁸⁵ 2010-11: 349; 2011-12: 320 and 2014-15: 179.

⁸⁶ Himachal Pradesh Public Works Department; School Management Committee; Himachal Pradesh Urban Development Authority and Himachal Pradesh State Industrial Development Corporation.

⁸⁷ Additional Class: ₹ 1.00 lakh for purchase of desk/ benches, minimum for 40 students, chair, table, black/ white/ green board, etc.; science laboratory: ₹ 1.00 lakh for purchase of lab equipment and furniture like table and stools for 20 students; computer room: ₹ 0.37 lakh for purchase of furniture like computer table and stools for computer lab for 20 students; Art/ craft/ culture room: ₹ 0.37 lakh for purchase of furniture like dari, mats and equipment related to art, craft, culture, etc., and library room: ₹ 0.25 lakh for purchase of furniture like racks, almirah, chair, table, etc.

⁸⁸ Kangra: ₹ 2.64 crore, Shimla: ₹ 1.20 crore and Sirmour: ₹ 1.21 crore.

2.3.4.5 Hostels for girl students

To reduce disparity in the enrolment of boys and girls at the higher and secondary levels, construction of five hostels⁸⁹ was sanctioned during 2009-10 under a Centrally Sponsored Scheme 'Construction and running of girls hostels in Educationally Backward Blocks' on cost sharing ratio of 90:10 between Centre and State. The girl child in the age group of 14-18 years studying in classes 9th to 12th and belonging to SC, ST, OBC, minority and BPL families was eligible for hostel facility under the scheme. As per norms, girls' hostel having capacity for 100 students was to be constructed at a cost of ₹ 42.50 lakh and for running the same, recurring grant of ₹ 14.27 lakh per annum was also to be provided.

Audit noticed that out of the five hostel works, four were awarded for ₹ 2.39 crore⁹⁰ to contractors during 2011-12 for completion within a period of one year and the fifth hostel work (GSSS, Sach) could not be taken up for execution as of March 2015 due to involvement of forest land. The construction of girls' hostels in GSSSs Shillai and Himgiri completed in October 2014 and March 2015 respectively at a cost of ₹ 75.00 lakh each could not be made functional due to non-sanction of recurring grant for operation as of July 2015 and the girls' hostels at GSSSs Mehla and Tissa had not been completed as of July 2015 for want of additional funds. Thus, due to non-utilisation of hostels in GSSSs Shillai and Himgiri and non-completion of hostels at Mehla and Tissa an expenditure of ₹ 2.77 crore⁹¹ had been rendered unfruitful. This indicated lack of urgency on the part of Department to ensure adequate action for timely completion and utilisation of hostels for the beneficiaries.

The SPD stated (July 2015) that girls hostel at Himgiri had been made functional and the other hostel works could not be completed within stipulated period due to delayed receipt of funds from GOI. The reply does not explain as to how the hostel at Himgiri had been made functional without receipt of any recurring funds for its operation as of July 2015. Besides, the delay in completion of construction of the other hostels for more than three years would have direct impact on the gender parity (equity) in enrolment.

2.3.4.6 Construction of model schools

GOI sanctioned (2009-10) establishment of model schools under RMSA in Educationally Backward Blocks in the State with model infrastructure, innovative curriculum and good governance. Construction of five⁹² such schools was approved (March 2010) for Chamba and Sirmour districts at a cost of ₹ 3.02 crore per school required to be constructed on at least five acres of land. First instalment of ₹ 7.23 crore (Centre: ₹ 6.78 crore and State: ₹ 0.45 crore) was received by the SIS in March 2010 and released (March 2011) to HIMUDA for execution of work by March 2013. In the meantime, the State Government upgraded the above five middle and high schools as model Senior Secondary schools without availability of required infrastructure in November 2010.

It was, however, noticed that construction of three⁹³ out of five schools was not taken up for execution as of June 2015 by HIMUDA due to failure of the Department to provide

⁸⁹ Chamba: GSSS Tissa, GSSS Mehla, GSSS Himgiri (Salooni) and GSSS Sach (Pangi) and Sirmour: GSSS Shillai.

⁹⁰ GSSS Tissa: ₹ 61.20 lakh; GSSS Mehla: ₹ 65.90 lakh; GSSS Himgiri: ₹ 56.58 lakh and GSSS Shillai: ₹ 55.57 lakh.

⁹¹ GSSS Tissa: ₹ 61.20 lakh; GSSS Mehla: ₹ 65.90 lakh; GSSS Himgiri: ₹ 75.00 lakh and GSSS Shillai: ₹ 75.00 lakh.

⁹² Chamba: GHS Khusnagri (Tissa), GHS Bharian Kothi (Mehla), GHS Dand (Salooni) and Middle School Hillour (Pangi) and Sirmour: GHS Kandiyari (Shillai).

⁹³ GHS Bharian Kothi (Mehla), GHS Dand (Salooni) and Middle School Hillour (Pangi).

encumbrance free sites as the available adjoining land was forest land. Of the available funds of ₹ 7.23 crore, only an amount of ₹ 2.53 crore was incurred by HIMUDA on four RCC slabs in respect of Model School Kandiari (₹ 2.51 crore) and site clearance of model school at Khusnagri (₹ 0.02 crore) also involving forest clearance as of June 2015. Due to non-transfer of forest land (except model school Kandiari) to the Department, an amount of ₹ 4.70 crore was lying unutilised with HIMUDA since March 2010 resulting in denial of intended facilities to the beneficiaries.

The SPD (RMSA) while admitting the facts (June 2015) stated that case regarding transfer of forest land was under process. The reply is not acceptable as pre-requisite formalities should have been taken care of before release of funds to the HIMUDA.

2.3.4.7 Running of schools without transfer of possession of land

Paragraph 6.2 (i) of Himachal Pradesh Secondary Education Code, 2012 provides that every school should have its own land in the name of Department.

Audit noticed that contrary to the provision of State Secondary Education Code, 26 GHSs and 64 GSSSs in Kangra and Shimla test-checked districts⁹⁴ were running in buildings on land not in the possession of Department as of May 2015. The possession of land was lying either with the Forest Department or some other Government departments. Efforts had neither been made by concerned DDsHE nor by the concerned school authorities to get the land transferred in the name of the Department as of May 2015.

While admitting the facts, the DDHE Kangra stated (May 2015) that the school authorities had been directed to take up the matter of transfer of land in the name of Education Department with the concerned Deputy Commissioners after obtaining NOC from the concerned Department.

2.3.4.8 Inadequate infrastructure in test-checked school

As per paragraph 3.4.1 of MFMP for RMSA, the secondary level schools must have the required classrooms with furniture, library, computer room, science laboratory, etc.

In the test-checked Shimla district it was noticed that Middle School, Nirath was upgraded to GHS in February 2007 with the condition that suitable accommodation/ land would be provided by the local public. The school was running in a *Katcha* building of Government Primary School in a dilapidated condition with only three rooms/ *verandah*. Science laboratory, furniture, library, computer rooms, etc. have also not been provided as of July 2015. This reflected inadequate efforts on the part of the Department to provide/ ensure requisite amenities in all the schools as required under the RMSA guidelines. The concerned Headmaster while admitting the facts stated (July 2015) that difficulties were being faced by them in teaching and learning process.

2.3.5 Enrolment of children in schools

One of the objectives of the RMSA was to attain universalisation of secondary education in the State by bringing all the children in the age group of 14-18 years to school for education. The detail of number of Government and other management schools and enrolment of children in these schools for the period 2010-15 was as shown in **Table-2.3.4**.

⁹⁴ Kangra: 23 GHSs and 53 GSSSs and Shimla: three GHSs and 11 GSSSs.

Table-2.3.4
Details of enrolment of children in schools during 2010-15

(In numbers)

Year	Number of schools		Population of children (14-18 years) as per census 2011	Students enrolled				Total
	Government	Other Management		Government schools		Other Management		
				IX and X	XI and XII	IX and X	XI and XII	
2010-11	2073	917	515132	198203	165430	51250	32338	447221
2011-12	2106	979	505599	224072	165532	60155	37553	487312
2012-13	2162	1181	505139	222171	184165	64612	39547	510495
2013-14	2191	1210	504559	217654	175163	68199	40602	501618
2014-15	2386	1263	504625	195033	178470	70478	40379	484360

Source: Figures supplied by the Department.

Note:- Other management schools include private, local body, private aided and private unaided, tribal welfare schools, Kendriya Vidyalaya, Navodaya Vidyalaya, Madrasas, etc.

It would be seen from above table that enrolment of children in classes IX to XII was not commensurate with the population of children (14-18 years) in the State as per census 2011 indicating that all the children in the age group were not enrolled in the schools. Overall enrolment of children in school increased from 447221 in 2010-11 to 510495 in 2012-13 and thereafter decreased to 484360 in 2014-15. The enrolment in classes IX and X of Government schools increased from 198203 in 2010-11 to 224072 in 2011-12 and thereafter decreased to 195033 (13 per cent) in 2014-15 whereas it had increased from 51250 to 70478 (38 per cent) in other management secondary schools during 2010-15. However, the enrolment of children in XI and XII classes had increased from 165430 to 178470 (eight per cent) in Government schools and in other management secondary schools the increase was from 32338 to 40379 (25 per cent) during 2010-15 indicating that the increase in enrolment in government schools was not commensurate with that of other management secondary schools. This showed that the efforts of the State Government to attain universalisation of secondary education through its schools had not produced the desired results as envisaged in the RMSA guidelines. The SPD admitted (August 2015) the facts.

2.3.5.1 Gross dropout rate

The Gross Dropout Rate (GDR) represents the percentage of students who drop out from a given grade or cycle or level of education in a given cycle/ school year.

The GDR for OBC, SC and ST children had not been maintained separately at State level during 2010-13. The category and year-wise position of GDR in the State was as given in **Table-2.3.5**.

Table-2.3.5
Position of GDR in the State during 2010-15

(In per cent)

Year	General and OBC			SC			ST			Overall		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
2010-11	Not Available									7.18	8.77	7.94
2011-12										0.78	2.6	1.66
2012-13										8.35	8.4	8.37
2013-14	6.92	6.41	6.69	12.28	12.94	12.60	7.97	9.48	8.68	8.40	8.40	8.40
2014-15	7.93	6.74	7.39	13.65	13.99	13.81	5.90	8.03	6.91	9.33	8.85	9.11

Source: Figures supplied by the Department.

It would be seen from the above table, the GDR had increased during 2013-15 from 6.69 to 7.39 for General and OBC category, 12.60 to 13.81 for SC category and decreased from 8.68 to 6.91 for ST category children during the above period. The overall GDR for boys and girls in the State during 2010-15 ranged between 1.66 and 9.11 indicating

that the scheme could not achieve the desired impact on retention of children in the Government schools. In the exit conference, the ACS assured to bring the drop out rate to zero *per cent* in near future.

2.3.5.2 Gender Parity Index

As per guidelines of RMSA, the Gender Parity Index (GPI) is calculated by dividing girls' Gross Enrolment Ratio (GER) by Boys GER of a given level of education. It measures progress towards gender equity in education.

Audit noticed that the data for GPI was not maintained by the Department at any level during 2010-15. Hence the impact of the programme on ensuring gender equality in education and remedial action taken by the State Government could not be verified in audit.

2.3.5.3 Choice of streams in Higher Education

Secondary and Higher secondary are the crucial stages in education. These stages enable the students of the age group of 14-17 years to compete successfully for higher education and for jobs globally. It is therefore essential to strengthen these stages by providing greater access and also by improving quality.

Audit noticed that during 2012-15, higher secondary schools ranging between 1235 and 1542 were functional in the State in which 868760 students were enrolled in +1 and +2 classes in the education streams i.e. Arts, Science and Commerce. The year-wise position of availability of streams in these schools during 2010-15 is given in **Table-2.3.6**.

Table-2.3.6
Year-wise position of availability of streams in Government schools in the State during 2010-15
(In numbers)

Year	Total GSSSs in the State	Total children enrolled	Stream-wise enrolment of children					
			Arts Stream		Commerce Stream		Science Stream	
			Schools	Children enrolled	Schools	Children enrolled	Schools	Children enrolled
2010-11	1235	1,65,430	1235	-Data not available-				
2011-12	1269	1,65,532	1269	-Data not available-				
2012-13	1321	1,84,165	1321	111419	623	30780	587	41966
2013-14	1360	1,75,163	1360	106646	620	28626	593	39891
2014-15	1542	1,78,470	1542	111054	622	28708	604	38708

Source: Departmental figures.

It is evident from the above table, as of March 2015 Arts stream was available in all the 1542 GSSSs whereas commerce and science streams were available only in 622 and 604 GSSSs respectively. During 2012-13, students enrolled in 698 (1321 minus 623) GSSSs did not have any choice of option for streams except Arts. Likewise, during 2014-15, students enrolled in 920 (1542 minus 622) GSSSs also did not have any choice for study except Arts stream. This is indicative of the fact that in spite of efforts being made by the State Government towards universalisation of secondary education, the student did not have sufficient access to streams of their choice.

2.3.6 Innovative activities for learning under RMSA

2.3.6.1 Implementation of information and communication Technology (ICT) Project-II

(i) Under RMSA, GOI approved (January 2010) Information and Communication Technology (ICT) Project-II to provide opportunities to students of Government secondary and higher secondary schools to develop their ICT skills and make them learn through computer aided learning process. Project was funded by GOI and State in the ratio of 75:25 with unit cost of ₹ 6.40 lakh per school. GOI sanctioned ₹ 15.23 crore

(February 2012) and the State Government ₹ 4.13 crore (March 2012) for implementation of the project in 618 GSSSs and 848 GHSs on Build Own Operate and Transfer mode for a period of five years.

Scrutiny of records showed that the Department drew ₹ 19.36 crore (between January 2012 and June 2012) from the treasury and utilised (January-February 2013) ₹ 9.28 crore on purchase of software licenses from Himachal Pradesh State Electronic Development Corporation for supply to firm selected for implementation of the project. In the meantime, the work was awarded (October 2012 and December 2013) twice to two different firms⁹⁵ but on both occasions due to failure of the firms to start the work within the allotted time had to be terminated. The work was re-tendered and a single bid from M/s IL & FS Education and Technology Services Limited was received. Letter of agreement was signed (March 2015) with the above firm at a tendered rate of ₹ 0.23 lakh per school per month for a period of four years with a total project cost ₹ 167.25 crore. Evidently, due to non-implementation of the ICT project for more than three years, the envisaged benefits of the scheme did not percolate to the targeted students as of July 2015. Besides, ₹ 9.28 crore utilised on purchase of software licenses by the Department remained unproductive and ₹ 10.08 crore blocked in a savings bank account for a period of more than three years.

(ii) Under ICT project, five smart schools having 160 computers with 40 computers each for classes IX to XII were also to be established in the State. A recurring grant of ₹ 25 lakh was to be provided to each school to defray expenditure towards establishment, maintenance and monitoring costs. The contribution was to be in the ratio of 75:25 between the GOI and State Government.

Scrutiny of record showed that the GOI had sanctioned ₹ 1.25 crore for establishment of five⁹⁶ smart schools in the State during 11th five year plan and released (September 2011) ₹ 0.20 crore as first instalment. The State Government also released its matching share of ₹ 0.06 crore. However, due to delayed finalisation of tenders as discussed in **Paragraph 2.3.6.1 (i)**, the project was not implemented as of March 2015 which resulted in denial of intended benefits to the concerned beneficiaries.

In the exit conference, the ACS stated that ICT project is now under progress and would be completed shortly.

2.3.6.2 Assistance for children with special needs

The GOI launched (March 2012) a 100 *per cent* centrally sponsored scheme namely Inclusive Education of the Disabled at Secondary Stage (IEDSS) in the State. Under this scheme, students with special needs were to be provided assistance to defray expenses towards books/ stationery, uniforms, transportation, escort services, hostel accommodation, actual cost of equipment, etc. The scheme was to cover all children of 14 plus age passing out of elementary schools and studying in secondary stage. During 2011-12, the GOI approved ₹ 3.25 crore⁹⁷ under IEDSS project.

Audit noticed that out of 4001 children identified with special needs in the State during 2011-12, only 3003 children could be provided special services as of March 2015 resulting in shortfall of 998 (25 *per cent*) number of identified children. Against the first instalment of ₹ 1.63 crore received (February 2013) from GOI, an expenditure of ₹ 1.58 crore was incurred and ₹ 0.05 crore remained unspent which could have been

⁹⁵ October 2012: M/s CORE Education and Technology Limited, Mumbai and December 2013: M/s Karnataka State Electronics Development Corporation, Bangalore.

⁹⁶ GSSS Karsog, GSSS (Boys) Hamirpur, GSSS (Girls) Ghumarwin, GSSS Lalpani and GSSS Rehan.

⁹⁷ Students oriented component: ₹ one crore; teachers oriented component: ₹ 0.31 crore; purchase of equipment, construction of toilets, etc: ₹ 1.78 crore and administrative cost: ₹ 0.16 crore.

utilised for the children not covered. UC in respect of 1st instalment was submitted to the GOI in February 2015 and due to non completion of the project within scheduled period of 2011-12, the Department failed to get the balance amount of ₹ 1.62 crore from the GOI.

While admitting the facts (July 2015), the SPD (RMSA) did not furnish any cogent reason for delayed completion of 1st phase of the project. Thus, non implementation of the project in a time bound manner had deprived the children with special needs of the intended benefits of this scheme.

2.3.7 Distribution of uniforms/ books to the children

2.3.7.1 Delay in distribution of uniforms

Paragraph 1.6.2 of Planning and Appraisal Manual for Secondary Education provides distribution of free uniforms to children studying in the Government schools. The State Government launched (April 2012) a scheme namely *Mahatma Gandhi Vardi Yojana* entitling two sets of school uniforms and stitching charges of ₹ 100 per uniform to the students. The free school uniforms were to be provided in the month of April and October every year. In 36-test-checked schools, it was noticed that:

- School uniforms were distributed to the beneficiary students very late than the scheduled period (i.e April and October every year) with delay ranging between 19 and 281 days during 2012-15. This resulted in denial of timely intended benefits to the children.
- During 2014-15, 4149 students enrolled in classes IX and X were not paid stitching charges amounting to ₹ 8.30 lakh as of July 2015. Supply of uniforms without stitching charges implied that benefits of the two sets of uniforms could not be availed of by the students during the academic session 2014-15.

While admitting the facts, the Headmasters/ Principals of the concerned schools stated (May-July 2015) that due to the late receipt of supply of school uniforms from the firms the same were supplied late to the students. It was further stated that stitching charges for the year 2014-15 had not been provided by the higher authorities as of July 2015. In the exit conference, while admitting the facts the ACS stated that the stitching charges would be provided shortly to the beneficiary students.

2.3.7.2 Delayed distribution of free text books

Framework for implementation of RMSA provides for provision of free text books to children in Government schools. The State Government had implemented a scheme since 1987-88 for providing free text books to certain categories of students. Free text books are presently being supplied to the SC/ST/OBC/IRDP categories students studying in Government schools.

Audit noticed that books costing ₹ 46.45 crore were purchased by the Department during 2010-15 for distribution free of cost to 6.41 lakh children of SC/ ST/ OBC/ IRDP categories. It was noticed that there was delay ranging between two and 54 days in distribution of books in 36 test-checked schools during 2010-15 due to late supply of books by Department affecting the process of teaching and learning in these schools.

While admitting the facts, the Headmaster/ Principal of concerned school stated (May-July 2015) that due to late receipt of books in the sale depot of the Education Board, the same were supplied late to the students. It was further stated that the late distribution of free text books to the beneficiary students had also affected their studies. This is indicative of the fact that the scheme was not being implemented effectively at the grass root level and had contributed to the poor results as detailed in **Paragraph 2.3.9**.

2.3.8 Human Resource and Capacity Building

The overall position of staff sanctioned and persons-in-position as of March 2015 is given in **Table-2.3.7**.

Table-2.3.7
Detail of staff sanctioned vis-a-vis persons-in-position as of March 2015

Category of staff	Sanctioned Strength	Persons-in-position	(In numbers)
			Vacancy position
Teaching staff	16406	14097	2309 (14)
Teaching supporting	5914	3618	2296 (39)
Others/ Non-teaching	13105	9591	

Source: Departmental figures. Figures in parenthesis indicate percentage.

It would be seen from the above table that there was shortfall of 14 and 39 *per cent* of teaching and teaching supporting staff respectively in Government schools as of March 2015. The DHE attributed (July 2015) the shortages to ban on filling up of posts. It was strange that very high strength was sanctioned for others/ non-teaching staff and was as much as 80 *per cent* of teaching staff. This needs to be curtailed.

2.3.8.1 Availability of teachers

As per RMSA norms every high school is to have at least one Headmaster and five teachers for students' upto 160 and one teacher for every additional 30 students with overall Pupil Teacher Ratio (PTR) not more than 30:1. As per paragraph 2.8.3.2 of the Himachal Pradesh Education Code, 2012 there shall be at least six teachers for secondary classes in a GSSS.

Audit noticed that the overall PTR in the State during 2010-15 was satisfactory and ranged between 9:1 and 18:1 in GHSs of rural areas and 9:1 and 15:1 in urban areas. Similarly, the PTR ranged between 13:1 and 20:1 in GSSSs of rural areas and 16:1 and 24:1 in urban areas during the above period. It was further noticed in audit that availability of teachers in GHSs was ranging between five and seven in each school of rural areas and seven and 10 of urban areas during the above period. Likewise availability of teachers in GSSSs in rural areas was 16 and 19 in each school whereas it was between 27 and 29 in each GSSS of Urban areas which was clearly indicative of the fact that as compared to rural areas number of availability of teachers in urban areas was on higher side.

The position regarding availability of teachers at secondary and higher Secondary level during 2010-15 was as given in **Table-2.3.8**.

Table-2.3.8
Position of availability of teachers in Secondary and Higher Secondary level during 2010-15
(In numbers)

Year	Government High Schools		Government Senior Secondary Schools	
	Total Schools	With less than five teachers	Total Schools	With less than five teachers
2010-11	838	NA	1235	NA
2011-12	837		1269	
2012-13	841	55	1321	1
2013-14	831	57	1360	4
2014-15	844	111	1542	16

Source: Departmental figures.

As is evident from the above table, the number of GHSs and GSSSs with less than five teachers ranged between 55 and 111 and between one and 16 respectively at State level during 2012-15.

The SPD (RMSA) stated (August 2015) that shortfalls of the teachers in higher classes (IX and X) were compensated by the teachers of elementary classes (VI to VIII) as in the State every high school have classes from VI to X.

2.3.8.2 Reimbursement of salary of teachers without ascertaining their deployment

Para 3.4.1 of MFMP for RMSA permitted incurring of expenditure on the salary of additional teachers of schools upgraded under RMSA. It was further provided that every school should have at least one Headmaster and five teachers for students' upto 160 and extra teachers for every additional 30 students. Besides, for every new school, one laboratory attendant and an office Assistant/ *Daftari* was also to be provided. In such cases, data of teachers and other staff in upgraded schools under RMSA alongwith vacancy position and actual placement of these in schools was required to be maintained by the SPD.

Audit noticed that during 2010-15, an expenditure of ₹ 56.70 crore was incurred on account of reimbursement of salary of 522 Headmasters, 1593 teachers and 706 non-teaching staff at varying rates ranging between ₹ 10,000 and ₹ 21,000 per teaching/ non-teaching staff per month for 163 GHSs upgraded under RMSA, without ascertaining the vacancy position and actual placement of the teaching/ non-teaching staff in the schools. Thus, contrary to the norms, the reimbursement was made without verifying the actual placement of the teachers in the schools.

While admitting the facts, the SPD stated (July 2015) that the secondary schools were upgraded from Middle to GHS and as per State Government policy, one post of headmaster and three posts of teachers were created in the upgraded school. Recruitment and posting of teachers/ other staff was done by the DHE and the salary reimbursed was made on the basis of actual creation of posts and as per approval of PAB. The reply is not acceptable as reimbursement of salary was made on the basis of creation of posts and without ascertaining the vacancy position and actual placement of teachers/ other staff in these schools.

2.3.8.3 Deficient teachers' training

To upgrade the skills of teachers, the RMSA provided for five days in-service training for teachers each year and 10 days induction training for newly recruited teachers. Audit scrutiny showed that:

- As per norms under RMSA, every teacher was required to be provided in-service training once a year. As against 1,13,568 teachers required to be trained during 2010-15, target of 55,385 (49 *per cent*) was only fixed indicating unrealistic fixation of targets by the Department during the above period.
- During 2010-15, ₹ 7.51 crore was approved for imparting training to 55,385 in-service teachers for duration of five days each. Against this, ₹ 3.33 crore was utilised for imparting training to 21,946 (40 *per cent*) in-service teachers during the above period resulting in non-imparting of training to 33,439 (60 *per cent*) teachers and non-utilisation of balance ₹ 4.18 crore under this component.
- Data of newly recruited teachers during 2010-13 was not available with the SPD (RMSA). However, out of ₹ 9.00 lakh provided for induction training to 300 teachers during 2013-14, only ₹ 5.13 lakh was utilised for training to 171 teachers and balance amount of ₹ 3.87 lakh was surrendered. The Department did not provide induction training to remaining 129 teachers as of July 2015 and no targets were fixed to provide induction training to untrained teachers during 2014-15.

Thus, planning for training was not done as per RMSA guidelines and the objective of upgrading the skills of the teachers was not achieved.

The SPD (RMSA) stated (July 2015) that due to late release of funds by the GOI, targets fixed for in-service training of teachers could not be achieved and during 2010-13 and 2014-15, approval for providing induction training to newly teachers was not granted by PAB.

2.3.9 Evaluation of results

The State Government framed (January 2010) a policy on evaluation of results of schools and to identify the reasons for poor results including the staff responsible. The teachers in schools with results less than 25 per cent were to be penalised for poor results of students which included entry in their annual confidential reports and withholding of future increments.

The year-wise position of results of Government schools in the State during 2010-15 was as given in the **Table-2.3.9**.

Table-2.3.9
Year-wise position of results of Government schools in the State during 2010-15

Year	Total schools in State	(In numbers)										
		Results of schools available with Department		Zero per cent result		One to 25 per cent result		26 to 50 per cent result		Above 50 per cent result		
		10th	10+2	10th	10+2	10th	10+2	10th	10+2	10th	10+2	
2010-11	2073	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2011-12	2106	2082	NA	2	NA	134	NA	473	NA	1473	NA	NA
2012-13	2162	2140	NA	6	NA	194	NA	533	NA	1407	NA	NA
2013-14	2191	2159	NA	16	NA	232	NA	616	NA	1295	NA	NA
2014-15	2386	2230	1375	6	10	137	48	463	204	1624	1113	NA

Source: Figures supplied by the SPD, RMSA. NA: Data not available with the Department.

As is evident from the above table, schools ranging between two and 16 with class 10th had zero per cent results during 2011-15 and schools ranging between 134 and 232 had results less than 25 per cent. Similarly, 10 and 48 schools having class 10+2 had results zero and less than 25 per cent respectively during 2014-15. No action was, however, taken by the Department against the teachers in schools with less than 25 per cent results as per the policy *ibid* formulated by the State Government.

The SPD stated (July 2015) that details of teachers responsible for poor results was not available with them and penalty for poor results was to be taken by the DHE. The DHE stated (July 2015) that desired information was called for from the concerned DDHE as the same was not readily available with them. The reply is not acceptable as the policy on evaluation of results was to be adhered to in letter and spirit by the Department. The relevant records were not available and no action was taken in respect of cases where information was available. In the exit conference, while admitting the facts the ACS assured requisite action as per the policy *ibid*.

2.3.10 Internal Control mechanism

2.3.10.1 Internal audit arrangements

The RMSA guidelines require introduction of an internal audit system through in-house internal Audit team. Besides, school bodies through which funds are disbursed to various implementing agencies were also to be audited through internal auditors to ensure proper utilisation of funds.

Audit noticed that no in-house internal audit team had been constituted to conduct internal audit of the SIS and its district and sub-district officers. The internal auditors for audit of school bodies had also not been appointed by the SIS as of July 2015 so as to verify the authenticity and accuracy of the accounts of these bodies.

The SPD stated (July 2015) that internal audit system had not been introduced by SIS for RMSA and audit of school bodies was not conducted annually.

2.3.10.2 Monitoring and evaluation

As per para 6.2.8 of the MFMP for RMSA, a district level committee headed by senior most Member of Parliament of the area and comprising of public representatives was to be constituted for monitoring the implementation of the RMSA programme. The Committee was to meet once in each quarter of a year.

Audit scrutiny showed that the district level committees had not been set up as of July 2015 and mechanism indicating periodicity/ schedule for monitoring and inspection of programme/ activities by the authorities at various levels had also not been evolved as of July 2015. No evaluation of scheme was carried out by the Department to ascertain the impact of the implementation of scheme as of July 2015.

While admitting the facts, the District Project Officers (DPOs) of Shimla and Kangra stated (June 2015) that such committee had not been formed at district level whereas the DPO Nahan stated (July 2015) that district level monitoring committee of SSA under the chairmanship of Deputy Commissioner had been assigned the monitoring work under the scheme. The reply is not acceptable as constitution of committee without the public representative was against the provisions of guidelines and also indicative of the fact that implementation of scheme is not being monitored effectively as required under RMSA guidelines.

2.3.11 Conclusion and Recommendations

Perspective plan was prepared only at State level during 2010-15 under RMSA. The Annual Work Plans under RMSA were prepared for 2013-15 only at district level without considering school/ grass root level development plans.

The Government may consider involvement of stakeholders at school/ village level in planning and implementation of the RMSA.

A large number of civil works for improving infrastructure facilities in the schools/ colleges had remained incomplete. Model schools were not established and there was considerable delay in implementation of ICT projects in schools.

The Government may consider ensuring completion of the civil works to provide infrastructure to schools/ colleges as per the provisions of the guidelines for implementation of the programmes.

Teachers were not provided the requisite training and there was delay in distribution of free uniforms and text books to the children under RMSA.

The Government may consider to conduct training, orientation and refresher courses as per norms and for prescribed duration for ensuring capacity building of the teachers/ faculties and distribution of free uniforms and text books to the children as per provisions of the scheme/ programme.

The quality of education in many Government High Schools and Senior Secondary Schools was poor.

The Government may consider improving the quality of education by identifying shortcomings through regular monitoring.

Monitoring system and internal audit arrangements were not established under the programme to ensure proper implementation of the scheme and follow-up action.

The Government may consider establishing a proper monitoring mechanism for effective implementation of the programme.

The audit findings were referred to the Government in August 2015. Reply had not been received (November 2015).

Public Works Department

2.4 Pradhan Mantri Gram Sadak Yojana

Government of India had launched (December 2000) Pradhan Mantri Gram Sadak Yojana (PMGSY) for providing all-weather road connectivity in rural areas. The programme aimed at covering all the unconnected rural habitations with a population of 1,000 and above by 2003 and those with a population of 500 and above by the end of 2007. In Himachal Pradesh, being a Hill State, the objective was to connect habitations with a population of 250 persons and above. The performance audit of the PMGSY was conducted with a view to assess the implementation of the programme economically, efficiently and effectively. The important findings are as under:

Highlights:

- *The long term master plan with clear milestones and timelines for providing all weather road connectivity to all eligible habitations was not prepared and 1,093 eligible habitations under the programme had remained unconnected in the State as of March 2015.*
(Paragraph 2.4.2.1 (i))
- *Due to non-following the 'transect walk' procedure for road alignment, detailed project reports of 117 roads approved by the GOI for ₹172.71 crore during 2001-10 had to be dropped (between January 2012 and September 2013) due to involvement of private/ forest land.*
(Paragraph 2.4.2.6 (i))
- *Against the availability, the programme funds ranging between ₹99.78 crore and ₹314.44 crore remained unutilised during 2010-14 which indicated lack of financial controls.*
(Paragraph 2.4.3.1 (i))
- *In 20 test-checked divisions, 252 works sanctioned (between January 2002 and July 2014) by the GOI for ₹358.28 crore were awarded to the contractors during 2012-15 with delays ranging between 81 and 2640 days resulting further delay in execution of the works.*
(Paragraph 2.4.4.1)
- *In all test-checked divisions, of 275 works stipulated to be completed during 2010-15, 200 works were completed and 75 works on which an expenditure of ₹54.69 crore was incurred were lying incomplete for more than 48 months.*
(Paragraph 2.4.5.1 (ii))
- *Quality control mechanism was ineffective as the EEs of the test-checked divisions had not taken action for rectification of 485 works reported as unsatisfactory by the State Quality Monitors (441) and National Quality Monitors (44) during 2010-15.*
(Paragraphs 2.4.8.3 (ii) and (iii))

2.4.1 Introduction

With the objective of providing all-weather road connectivity in rural areas, the Government of India (GOI), Ministry of Rural Development had launched (December 2000) Pradhan Mantri Gram Sadak Yojana (PMGSY). The programme aimed at covering all the unconnected rural habitations with a population of 1,000 and above by 2003 and those with a population of 500 and above by the end of 2007. However, in Himachal Pradesh, being a Hill State, the objective was to connect habitations with a population of

250 persons and above. The PMGSY also permitted upgradation of the existing roads in those districts where all the eligible habitations had already been provided all-weather road connectivity. The GOI had also constituted National Rural Road Development Agency (NRRDA) for implementation of the programme.

Organisational set up

The programme is implemented in the State by Public Works Department (PWD) through Himachal Pradesh Gram Sadak Development Agency (HPGSDA) constituted (October 2003) under the chairmanship of the Chief Secretary and nine other members. The Additional Chief Secretary (PWD) is the administrative head and member of the HPGSDA. The Engineer-in-Chief (E-in-C) is head of the Department-cum-Chief Executive (Empowered Officer) of the HPGSDA who is assisted by a Chief Engineer (CE), PMGSY at Headquarters, Chief Engineers (CEs) of four zones (Hamirpur, Kangra, Mandi and Shimla) and Superintending Engineers (SEs) of 14 circles as District Programme Implementation Units (DPIUs). The execution part of the programme is carried out by 56 divisions as Programme Implementation Units (PIUs) each headed by an Executive Engineer (EE). Besides, E-in-C (Quality Control) is responsible for ensuring the quality of the works executed under the programme.

Audit Objectives

The objectives of the audit were to see whether:

- Planning process was aligned with the objectives of the scheme;
- Adequate funds were provided and utilised for effective implementation of the programme;
- Contract management ensured execution and completion of the works according to the prescribed time schedule for providing all-weather road connectivity to the eligible habitations;
- Execution of works under PMGSY was economical, efficient and effective; and
- Quality control and monitoring mechanisms were adequate and effective.

Scope of Audit and Methodology

The implementation of the programme in the State for the period 2010-11 to 2014-15 was reviewed between March and July 2015 by test-check of records of the E-in-C/ Chief Engineer (PMGSY), two (out of four) CEs⁹⁸, six (out of 14) SEs⁹⁹ of five districts¹⁰⁰, 21 (out of 56) Executive Engineers¹⁰¹ (EEs) and E-in-C (Quality Control) selected on the basis of probability proportionate to size without replacement (PPSWOR) method of sampling. An entry conference was held with the Additional Chief Secretary (PWD) in April 2015 wherein the objectives, scope, criteria and methodology of audit were discussed. Audit conclusions were drawn after scrutiny of records, analysis of available data by issue of questionnaire, audit memoranda and obtaining responses of the departmental functionaries at various levels. The Audit findings were discussed with the

⁹⁸ Dharamshala and Hamirpur.

⁹⁹ Dalhousie, Hamirpur, Jogindernagar, Nurpur, Palampur and Rampur.

¹⁰⁰ Chamba, Hamirpur, Kangra, Kinnaur and Lahaul and Spiti.

¹⁰¹ Baijnath, Barsar, Bharmour, Chamba, Dalhousie, Dehra, Dharamshala, Fatehpur, Hamirpur, Kalpa, Kangra, Karchham, Kaza, Jaisinghpur, Jawali, Nurpur, Palampur, Pangi, Salooni, Tauni Devi and Udaipur.

E-in-C in the exit conference held in November 2015 and the views of the Department have been incorporated appropriately in the Report.

Audit Criteria

The audit criteria used for assessing the implementation of the programme was derived from the following sources:

- Guidelines of PMGSY issued by the GOI, with amendments from time to time;
- Operational Manual, Accounts Manual, etc. of PMGSY;
- Annual Reports/ Instructions/ Guidelines issued by NRRDA;
- Periodical reports/ returns prescribed by State Government;
- Rural Road Manual, circulars/ instructions, etc. issued by the GOI and the State Government; and
- Reports of National and State Quality Monitors.

Follow up on earlier Performance Audit

Implementation of the PMGSY in State was earlier reviewed and reported through paragraph 3.2 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2004. Significant findings of the review included non-achievement of targets in respect of connectivity of habitations, undue favour to contractors, false achievements in the execution of works, wrong selection of roads and non-plantation of trees on road sides, etc. Government in its Action Taken Notes to the Report tabled in April 2005 accepted the findings and committed to comply with audit observations. The Public Accounts Committee had desired (August 2011) the compliance of the audit observations. However, the issues pointed out by audit earlier were persisting as evidenced during current audit.

Audit findings

2.4.2 Planning

2.4.2.1 Preparation of Master Plan

As per paragraph 3.1 of operational manual of PMGSY, for sustainable development through rural roads, a Master Plan is required to be prepared for systematic construction, up-gradation and maintenance activities. After preparation of Block Level Master Plan the same is to be integrated into District Level Master Plan/ District Rural Roads Plan (DRRP) indicating existing road network in the district and identifying eligible unconnected habitations. Based on the DRRP, a core network is to be prepared for constructing roads to provide basic access to essential socio-economic services to each of the eligible habitations. The DRRP and the core network are approved by the State level agency (HPGSDA) and the NRRDA.

- (i) Though the Department had prepared the DRRPs and core network, the long term master plan for the State as a whole with clear milestones and timelines for providing the facility of all weather road connectivity to all eligible habitations was not prepared. The activities under the PMGSY were taken up from the approved core network only. Details of total habitations in the State (Census 2001) as well as the habitations covered under PMGSY are given in **Table-2.4.1**.

Table-2.4.1
Details of total habitations and habitations covered under PMGSY as of March 2015
(In numbers)

Category of habitations	Habitations in the State		Habitations under PMGSY			
	Total as per core network	Connected upto March 2015 (PMGSY and others)	Identified (DPRs approved)	Connected upto March 2010	Connected during 2010-15	Unconnected as of March 2015
1000 and above	742	716	196	154	26	16
500 and above but less than 1000	2170	2027	806	668	54	84
250 and above but less than 500	4472	3548	1222	939	116	167
Below 250	11562	7034	0	0	0	0
Total	18946	13325	2224	1761	196	267

Source: Departmental figure.

It would be seen from **Table-2.4.1** that of 7,384 habitations¹⁰² having population of 250 and above (Census 2001), 6,291 habitations¹⁰³ were connected upto March 2015 and 1,093 habitations remained unconnected in the State. Under the PMGSY, of 2224 habitations (approved DPRs), 1,957 habitations (Upto March 2010: 1761 and during 2010-15: 196) had been connected and 267 habitations remained unconnected. Besides, the Department had not made any efforts to cover the other eligible habitations under PMGSY and the objective of providing all-weather road connectivity to all the eligible habitations by the end of 2007 remained unachieved as of March 2015.

In the exit conference, the E-in-C admitted the facts and stated that the Master Plan had not been prepared due to non-availability of private land and involvement of forest land and the proposals were being drawn from the core network. The fact, however, remains that the core network was a guide for route marking only whereas all activities relating to construction, upgradation and maintenance of the rural roads were to be included in the master plan.

(ii) The core network was not based on any comprehensive survey. In 10 test-checked divisions¹⁰⁴, the length of 27 roads in the approved DPRs was taken as 103.185 kms whereas in the core network the length of these roads had appeared as 77.20 kms which indicated that the core network was not prepared on realistic basis. While admitting the facts, the E-in-C stated (November 2015) that the core network had been prepared on the basis of preliminary survey whereas the DPRs were prepared after detailed survey of the roads.

2.4.2.2 Inconsistent data of habitations

Reliable data is imperative for proper planning and successful implementation of any programme. Audit noticed that:

(i) As per records of E-in-C there were 18,946 total habitations and 5,621 unconnected habitations in the State as on 31 March 2015 whereas as per online management, monitoring and accounting system (OMMAS), there were 18,703 total habitations and 7,627 unconnected habitations as on 19 August 2015 which indicated that the data of habitations was inconsistent.

¹⁰² Habitations having population of 1000 and above: 742, 500 and above but less than 1000: 2170 and 250 and above but less than 500: 4472.

¹⁰³ Habitations having population of 1000 and above: 716, 500 and above but less than 1000: 2027 and 250 and above but less than 500: 3548.

¹⁰⁴ Baijnath, Barsar, Chamba, Dalhousie, Dehra, Fatehpur, Kangra, Palampur, Nurpur and Pangi.

- (ii) The details of habitations furnished by the test-checked districts vis-a-vis the data thereof maintained by the E-in-C and OMMAS are given in **Table-2.4.2**.

Table-2.4.2

Details of number of habitations in the test-checked districts vis-a-vis the data thereof maintained by the E-in-C and OMMAS as of March 2015

Category of habitations	E-in-C level			Test-checked districts			OMMAS (August 2015)		
	TH	CH	UH	TH	CH	UH	TH	CH	UH
1000 and above	284	283	1	303	300	3	276	263	13
500 and above but less than 1000	934	865	69	971	893	78	932	852	80
250 and above but less than 500	1845	1524	321	1839	1539	300	1862	1364	498
Below 250	4041	2540	1501	3857	2815	1042	4045	2044	2001
Total	7104	5212	1892	6970	5547	1423	7115	4523	2592

Source: Departmental figures.

Note: TH: Total habitations, CH: Connected habitations and UH: Unconnected habitations.

It would be seen from **Table-2.4.2** that there was variation in data of habitations maintained by the E-in-C, test-checked districts and OMMAS.

The inconsistency in maintenance of data of habitations at various levels would adversely affect the planning for execution of the unconnected habitations. In the exit conference, the E-in-C admitted the facts and stated that the variation was due to repetition of some habitations and the data was being corrected.

2.4.2.3 Comprehensive new connectivity priority list

As per paragraph 6.1 of the programme guidelines, comprehensive new connectivity priority list (CNCPL) based on the approved core network, would form the basis for selection of road works and all proposals for new connectivity were to be taken up as per the CNCPL.

Audit noticed that in 12 test-checked divisions¹⁰⁵, 37 new connectivity works (length: kms 166.78) sanctioned during 2003-15 by the GOI for ₹ 32.96 crore were not appearing in the CNCPL. The E-in-C stated (November 2015) that the CNCPL could not be followed due to non-availability of private land and involvement of forest land. The reply is contrary to the provisions of the programme guidelines *ibid*, as the new connectivity was not prioritised as per CNCPL.

2.4.2.4 Pavement condition survey

In order to manage the rural road network for upgradation and maintenance planning, paragraph 6.2 of the programme guidelines provides for conducting biennial pavement condition survey of all through routes (rural roads) and the results of the survey were to be recorded in the Pavement Condition Index (PCI) register. Based on the PCI, comprehensive upgradation priority list (CUPL) was to be prepared at Block level.

Audit noticed that 10 (out of 21) test-checked divisions¹⁰⁶ had not conducted the required pavement condition survey during 2010-15 and the other test-checked divisions had not maintained the necessary PCI registers without which the authenticity of the survey conducted by these divisions could not be verified in audit. This indicated that the CUPL was not prepared on the basis of actual survey. Besides, all the roads after the expiry of five-year post-construction maintenance, were not placed under zonal maintenance

¹⁰⁵ Baijnath, Barsar, Bharmour, Chamba, Dalhousie, Dehra, Dharamshala, Hamirpur, Jaisinghpur, Kangra, Palampur and Salooni.

¹⁰⁶ Baijnath, Dharamshala, Jaisinghpur, Kalpa, Kangra, Karchham, Kaza, Palampur, Pangi and Salooni.

contracts during 2010-15 as required under paragraph 17.3 of the programme guidelines. While admitting the facts, the E-in-C stated (November 2015) that after updation of PCI data in OMMAS, the prioritisation of roads for upgradation would be done in future.

2.4.2.5 Functioning of State Level Standing Committee

As per paragraph 7.5 of the programme guidelines, State Level Standing Committee (SLSC) headed by Chief Secretary/ Additional Chief Secretary was to be constituted for performing different functions including vetting of core network, clearance of annual project proposals, monitoring progress of works, quality controls, resolving issues relating to land availability/ forest clearance, etc.

Audit noticed that the SLSC constituted during August 2001, did not perform any PMGSY related functions during 2010-15 as the same had not met since January 2006 which indicated that the activities of the PMGSY during above period were carried out without the approval of the SLSC in contravention of the guidelines *ibid*.

In the exit conference, the E-in-C admitted the facts and stated that meeting of the SLSC would be convened regularly in future. The fact, however, remains that all the main activities of the programme were carried out without the approval of the SLSC which resulted in dropping of a large number of approved proposals of roads as indicated in the succeeding paragraph and many works remaining unexecuted/ incomplete due to involvement of forest land, etc. (Paragraphs 2.4.5.1 to 2.4.5.3).

2.4.2.6 Transect walk for alignment of roads

In order to ensure availability of encumbrance free land, paragraph 6.13 of the programme guidelines provides for organising a simple non-formal 'transect walk' while preparation of the detailed project reports (DPRs), with the involvement of Panchayat Pradhan, local Patwari and Junior Engineer alongwith official(s) of the Forest Department, etc. Audit noticed that:

- (i) As required, the Department had not followed the 'transect walk' procedure while preparing the DPRs for construction of the roads under the programme. Resultantly, 117 number of DPRs, approved (2001-10) by the GOI for ₹ 172.71 crore had to be dropped (between January 2012 and September 2013) due to involvement of private/ forest land.
- (ii) The test-checked divisions had also not followed the 'transect walk' procedure and in 29 DPRs (₹ 28.06 crore) dropped (between January 2012 and September 2013) in 10 test-checked divisions¹⁰⁷, false/ wrong land availability certificates were attached. Besides, in six test-checked divisions¹⁰⁸, 19 DPRs approved by the GOI for ₹ 54.47 crore, had also been proposed to be dropped (between March 2012 and February 2015) where false land availability certificates were found attached.

The EEs concerned stated (May-July 2015) that the 'transect walk' was conducted but no record was kept and land certificates were furnished in anticipation of forest clearance/ consent of the representatives of the villages. The replies are not acceptable as neither the proceedings of 'transect walk' were properly documented nor the encumbrance free land was ensured. In the exit conference, the E-in-C admitted the facts and stated that the transect walk was not followed earlier and at the time of preparation of DPRs, people had given affidavits to donate land but later on some of the shareholders of the land had raised disputes. The fact, however, remains that false land availability certificates were attached with the DPRs.

¹⁰⁷ Barsar, Baijnath, Bharmour, Dharamshala, Dehra, Hamirpur, Karchham, Palampur, Salooni and Tauni Devi.

¹⁰⁸ Bharmour, Dehra, Fatehpur, Kalpa, Kangra and Udaipur.

2.4.2.7 Possession of ownership of land

As per paragraph 6.12 of PMGSY guidelines, the State Government was to lay down guidelines for voluntary donation, exchange or other mechanism to ensure availability of land for constructing rural roads and the details of land made available should be reflected in the land records to avoid disputes. Audit noticed that:

- (i) The Department had not devised any mechanism to ensure clear title of the land for construction of roads under PMGSY as of August 2015 which resulted in non-transfer of the land to the Department as indicated in the succeeding sub-paragraph.
- (ii) In nine test-checked divisions¹⁰⁹, 97 roads were taken up for execution during 2010-15 without ensuring transfer of private land (135.51 hectares) in the name of the Department as of July 2015. Of which, 59 roads had already been completed and 35 roads were lying incomplete and expenditure of ₹ 88.30 crore had been incurred on these roads. Besides, two incomplete roads (Packages HP 0251 and HP 0347) were treated as completed in January 2011 and May 2013 respectively and one road (Package No.HP 0225) was held up since March 2011.

The concerned EEs stated (May-July 2015) that due to shortage of patwaris, the process of transfer of land could not be taken up. The replies are not acceptable as construction of the road without ensuring clear title of the land would lead to dispute in future. The E-in-C stated (November 2015) that in future, the private land would be got transferred through gift deeds.

2.4.2.8 Coverage of rural roads

As per paragraph 3.3 of PMGSY guidelines, in the case of Himachal Pradesh being hilly or Special Category State an unconnected habitation with a population of designated size located at path distance of at least 1.5 kms or more from an all-weather road or a connected habitation was to be covered. Audit noticed that in nine divisions¹¹⁰, 17 road works located at a path distance of less than 1.5 kms from all-weather roads or connected habitations were sanctioned for ₹ 6.79 crore during 2001-14 in contravention of the PMGSY guidelines. Of 17 roads, nine roads had been completed during 2010-15 and eight were in progress as of July 2015.

The EEs concerned stated (May-July 2015) that the proposed roads had appeared in the core network. The replies are not convincing as prescribed criteria for coverage of the habitations should have been followed while drawing the core network. The E-in-C stated (November 2015) that the roads were included under PMGSY keeping in view the hard geographical condition of the State.

2.4.2.9 Upgradation of roads

As per para 2.2 of PMGSY guidelines, the upgradation of the existing roads was to be taken up only in those districts where all the eligible habitations of the designated population size had been provided with all-weather road connectivity.

Audit noticed that contrary to above provision, in five divisions¹¹¹ of three districts¹¹², 15 road works were sanctioned by GOI for ₹ 29.18 crore during 2006-15 for upgradation whereas 137 number of eligible habitations¹¹³ had not been connected in the districts as of March 2015. Of these works, 10 works had been completed during 2010-15 and five

¹⁰⁹ Chamba, Dalhousie, Dehra, Hamirpur, Jawali, Kangra, Nurpur, Salooni and Tauni Devi.

¹¹⁰ Barsar, Chamba, Dalhousie, Dehra, Fatehpur, Hamirpur, Jawali, Nurpur and Tauni Devi.

¹¹¹ Fatehpur, Jawali, Nurpur, Tauni Devi and Udaipur.

¹¹² Kangra, Hamirpur and Lahaul and Spiti.

¹¹³ Hamirpur: 20, Kangra: 115 and Lahaul and Spiti: two.

were lying incomplete as of July 2015. The E-in-C stated (November 2015) that the eligible habitations in the districts could not be connected due to non-availability of land. The reply is not in conformity with the provisions of the PMGSY guidelines.

2.4.3 Financial management

PMGSY is funded 100 *per cent* by GOI and funds are provided through three windows viz., Programme Fund (related to payments for works), Administrative Fund (related to administrative costs) by GOI and Maintenance fund (for meeting maintenance expenditure) by the State Government.

Funds for sanctioned projects are made available by the GOI to the State Government in two instalments- first instalment of 50 *per cent* of the value of projects (or annual allocation whichever is lower) after clearance of projects by NRRDA and second instalment subject to utilisation of 60 *per cent* of available funds and completion of at least 80 *per cent* of road works awarded during previous year as well as 100 *per cent* of awarded works of all years preceding that year and fulfillment of other conditions, if any, stipulated while releasing previous instalment.

2.4.3.1 Programme Fund

(i) Availability and utilisation of funds

Audit noticed that the Department had not maintained/ updated the data of requirement and allocation of funds under the programme from the GOI during 2010-15. The details of availability of funds under PMGSY and expenditure incurred thereagainst during above period are given in **Table-2.4.3**.

Table-2.4.3
Details of availability of programme funds and expenditure incurred thereof during 2010-15
(₹ in crore)

Year	Availability of funds					Expenditure	Closing Balance
	Opening Balance	Receipts		Interest	Total		
		GOI	Other ¹¹⁴				
2010-11	43.71	199.30	3.10	5.12	251.23	149.55 (60)	101.68
2011-12	101.68	305.30	8.04	16.58	431.60	117.16 (27)	314.44
2012-13	314.44	0	7.68	24.59	346.71	126.33(36)	220.38
2013-14	220.38	0	3.32	16.18	239.88	140.10(58)	99.78
2014-15	99.78	84.40	9.54	4.65	198.37	197.88	0.49
Total		589.00	31.68	67.12		731.02	

Source: Departmental figure.

Note: Figures in parenthesis denote percentage.

It would be seen from **Table-2.4.3** that the HPGSDA had not received funds under the programme from the GOI during 2012-14 due to less utilisation of funds during the previous years, delay in execution/ completion of works, etc. (**Paragraph 2.4.5.1 to 2.4.5.3**). During 2010-14, the percentage utilisation of the available funds ranged between 27 and 60 whereas the expenditure during 2014-15 reflected merely the booked amount as payments of cheques issued thereof had not been made by the banks and ₹ 5.31 crore was lying deposited in bank as on 31 March 2015. This indicated lack of financial controls in the HPGSDA. Though asked for (September 2015), the E-in-C had not furnished reasons for the same.

(ii) Non-obtaining of special allocation

As per paragraph 5.3 of programme guidelines, a special allocation at the rate of five *per cent* of the annual allocation from the rural road share of the diesel cess was to be made to the districts sharing borders with Pakistan and China. Audit noticed that no such special allocation was made for the two districts (Kinnaur and Lahaul and Spiti) of the

¹¹⁴ Tender premium, State head for additional cost, etc.

State sharing borders with China during 2010-15 whereas six habitations eligible under PMGSY were lying unconnected in these districts as of March 2015. In the exit conference, the E-in-C admitted the facts and stated that the special allocation would be obtained in future.

(iii) Parking of funds

Audit noticed that for meeting out the cost escalation of four roads¹¹⁵ sanctioned by the GOI under PMGSY, funds of ₹ 2.39 crore provided by the Deputy Commissioner, Kinnaur were drawn by the EE Karchham and kept in deposit head (between March 2010 and March 2012). Later on, the funds were transferred (March 2013) to the Empowered Officer of the PMGSY, Shimla. Of this, the Empowered Officer had incurred expenditure of ₹ 0.41 crore on Choltu-Punang road and ₹ 1.98 crore were lying parked in PMGSY programme account as of May 2015 due to dropping of Jani-Ramni road for want of forest clearance and non-finalisation of the tenders of the remaining two roads.

The EE stated (May 2015) that the tendering process was in progress for Karchham-Sangla-Chhitkul and Wangtoo-Kafnoo roads. The reply is not acceptable as the State funds were lying parked with the programme account for more than three years and the Department had not expedited the finalisation of the tenders in time. In the exit conference, the E-in-C admitted the facts and stated that necessary action for utilisation of the funds would be taken.

(iv) Non-availing of income tax exemptions

The funds received from the GOI are deposited in Bank in the name of Chief Executive, HPGSDA. The HPGSDA being a non-profit organisation was eligible for exemption under Section 12AA of the Income Tax Act, 1961.

Audit noticed that ₹ 7.55 crore had been deducted by the Bank as income tax deducted at source (TDS) during 2013-15 on interest of ₹ 108.44 crore accrued on account of deposits of the HPGSDA (PMGSY funds) in the Bank during 2009-15 due to the Department not seeking the exemption certificates from the Income Tax Department (ITD) annually. Though the Department had claimed refund (August 2013 to November 2014), only ₹ 0.51 crore had been received back during 2014-15 and balance amount of ₹ 7.04 crore had remained to be refunded by the ITD as of March 2015. Had the Department sought exemption from the ITD in time, the Department could have utilised the funds for the works under the programme. In the exit conference, while admitting the facts, the E-in-C had not furnished reasons for non-obtaining the exemption certificates from the IT authorities.

(v) Irregular payment of arbitration award

Paragraph 11.5 of the programme guidelines provides that all costs due to time overrun, arbitration/ judicial award should be borne by the State Government.

Audit noticed that in Bharmour division, an arbitration award of ₹ 16.25 lakh was granted (May 2013) in favour of a contractor¹¹⁶ due to fault of the Department as the work under PMGSY was awarded (April 2010) to the contractor before getting the forest clearance. The Department released the award to the contractor from PMGSY funds¹¹⁷ instead of the State head which was irregular as per PMGSY guidelines. In the exit conference, the E-in-C had admitted the facts.

¹¹⁵ Upgradation of Karchham Sangla Chhitkul road: ₹ 1.52 crore, Construction of Jani -Ramni road: ₹ 0.21 crore, Upgradation of Wangtoo- Kafnoo road: ₹ 0.45 crore and Construction of Choltu-Punang road: ₹ 0.21crore.

¹¹⁶ Package No. HP02-28 (Agreement No. 946 for 2006-07).

¹¹⁷ Against mobilisation advance paid to the contractor earlier out of PMGSY funds: ₹ 15.75 lakh and payment (January 2015): ₹ 0.50 lakh.

2.4.3.2 Administrative Fund

Audit noticed that against the availability of administrative funds of ₹ 15.09 crore during 2010-15 (Opening balance: ₹ 2.88 crore, receipts from GOI: ₹ 11.02 crore and interest: ₹ 1.19 crore), the Department had incurred expenditure of ₹ 11.05 crore leaving ₹ 4.04 crore in the saving account of HPGSDA. This indicated that the Department had not utilised the funds expeditiously. Besides, the expenditure of ₹ 3.00 crore during 2011-12 included ₹ 1.32 crore deposited (March 2012) by the HPGSDA in treasury for the credit of the State Government merely to show the amount spent under the administrative fund which was irregular being contrary to the PMGSY guidelines. While admitting the facts (November 2015), the E-in-C did not furnish reasons for the lapse.

2.4.3.3 Maintenance Fund

Maintenance funds to the service contract is budgeted by the State Government and placed at the disposal of the HPGSDA in maintenance account.

(i) Availability and utilisation of funds

Audit noticed that the Department had not assessed the requirement of funds for maintenance of roads under PMGSY during 2010-15. Funds for 2010-11 were provided from the State head and the funds for 2011-15 were provided out of the grant funded by the Thirteenth Finance Commission. Against availability of maintenance funds of ₹ 224.56 crore (Receipts: ₹ 204.30 crore and interest: ₹ 20.26 crore) during 2010-15, the Department had incurred expenditure of ₹ 134.97 crore leaving an unspent balance of ₹ 89.59 crore in the saving account of HPGSDA as of March 2015. Thus, the funds were not utilised expeditiously and short utilisation of funds during above period was attributed to the non-placement of the zonal maintenance contracts, non execution of maintenance works, etc. (**Paragraphs-2.4.2.4 and 2.4.6.2**). While admitting the facts (November 2015), the E-in-C did not furnish reasons for non-utilisation of the funds.

(ii) Diversion of maintenance funds

Para 17.2 of the programme guidelines provides that the maintenance expenditure of PMGSY roads only is required to be met out of funds made available with HPGSDA. Audit noticed that contrary to this provision, the EEs of two test-checked divisions (Dalhousie and Jaisinghpur) had incurred expenditure of ₹ 48.59 lakh during 2013-15 from PMGSY maintenance funds on the periodical maintenance of three roads constructed from the State head which was irregular.

While confirming the facts (May-July 2015), the EEs concerned had not furnished reasons for the lapse.

2.4.4 Tendering and contract management

As per Standard Bidding Document (SBD) prescribed by the GOI for construction and maintenance of roads under PMGSY, a two envelope tendering process consisting of technical and financial bids was to be followed. The SBD also specified (i) time frame for various activities in tendering process (ii) clear qualifications for contractors to qualify for bidding (iii) evaluation of bidding capacity in each case, etc. The deficiencies relating to tendering process followed in the test-checked projects are as follow:

2.4.4.1 Delay in award of work

Paragraph 13.2 of the programme guidelines specifies 75 days average tendering time after sanctioning of a project by the GOI.

Audit noticed that in 20 test-checked divisions, 252 works sanctioned (between January 2002 and July 2014) by the GOI for ₹ 358.28 crore were awarded to the contractors during 2012-15

after a delay of 81 to 2640 days (**Appendix-2.10**) which delayed the execution/ completion of the works and deprived the public of the intended road facility in time. The CEs of concerned zones attributed (September 2015) the delay in tendering process to non-availability of sufficient number of qualified contractors, repeated recalling of tenders, typical terrains, etc. The reply is not acceptable as Department should have awarded the works in a timely manner as prescribed in the guidelines.

2.4.4.2 Invitation of tenders prior to technical sanction

As per paragraph 11.1 of the programme guidelines, tenders were to be invited only after clearance of the PMGSY projects by the GOI and according technical sanction by the competent authority in the Department.

Audit noticed that contrary to this provision, in 11 divisions¹¹⁸, 56 projects sanctioned (2001-14) by the GOI for ₹ 58.54 crore were awarded and executed during 2010-15 without obtaining the necessary technical sanction from the competent authority. Resultantly, 44 projects had been completed after a delay ranging from two to 109 months and 12 roads were lying incomplete as of August 2015. The E-in-C stated (November 2015) that no technical sanction was required for the DPRs scrutinised by the State Technical Agency. The reply is not acceptable as the tenders were to be invited after according technical sanction by the competent authority in the Department.

2.4.4.3 Award of works with variations

As per paragraph 8.2 of the operational manual of PMGSY, prior approval of the GOI (NRRDA) was required to be obtained where variation between sanctioned cost as per DPR and technical sanction exceeded 10 *per cent*. Besides, as per paragraph 11.5 of the programme guidelines, the approval of the GOI was also to be obtained in case of the variation (excess/deficit) in execution of the works exceeded 10 *per cent* of the sanctioned cost.

Audit noticed that contrary to above provisions:

- (i) In eight divisions¹¹⁹, the variations between sanctioned cost (₹ 32.63 crore) as per DPRs and technical sanction (₹ 40.89 crore) in 26 works was ranging between 11 and 190 *per cent* and these works were awarded (between September 2006 and December 2014) to contractors without obtaining the approval of the GOI (NRRDA).
- (ii) In all test-checked divisions (except five¹²⁰), 91 roads sanctioned for ₹ 110.44 crore were completed (between April 2010 and May 2015) with expenditure of ₹ 80.59 crore resulting in less expenditure of ₹ 29.85 crore (27 *per cent*). The percentage of variations in the works ranged between 11 and 90, but the Department had not obtained approval of the GOI for the same. Besides, in 45 (out of 91) roads, the EEs had not ensured the execution of the entire approved scope of the works like formation cuttings, CDs, parapets, etc.
- (iii) In five test-checked divisions¹²¹, five roads sanctioned for ₹ 6.55 crore were completed (between July 2011 and December 2014) with expenditure of ₹ 7.91 crore resulting in excess expenditure of ₹ 1.36 crore (21 *per cent*). The percentage of variations in the works ranged between 14 and 39, but the Department had not obtained approval of the GOI for the same.

¹¹⁸ Barsar, Baijnath, Bharmour, Dalhousie, Dehra, Dharamshala, Fatehpur, Jaisinghpur, Kangra, Palampur and Udaipur.

¹¹⁹ Baijnath, Bharmour, Dalhousie, Dehra, Fatehpur, Jawali, Kangra and Palampur.

¹²⁰ Kalpa, Karchham, Kaza, Pangi and Salooni.

¹²¹ Dharamshala, Jawali, Kalpa, Karchham and Kaza.

The E-in-C stated (November 2015) that the funds over and above 10 *per cent* of the sanctioned cost had been arranged from the State Government. The reply is not convincing as the test-checked divisions had incurred the excess expenditure out of PMGSY funds only and the Department had not obtained approval for the variations from the GOI.

2.4.4.4 Irregular award of works on single bid

As per State Government instructions (January 2008), the works for construction of roads on single tender were to be awarded with prior approval of the Administrative Department i.e. Secretary (PW). However, as per GOI (NRRDA) directions (May 2013), if in the first invitation/ call, single bid is received, the State Rural Roads Development Agency (SRRDA) or authority inviting the tenders/ bids was required to re-invite the bids and accept single tender in second or subsequent invitations/ calls.

Audit noticed that contrary to above provisions,

- (i) In Hamirpur and Tauni Devi test-checked divisions, the CE, Hamirpur had awarded (January to June 2011) four works for ₹ 3.85 crore on single tenders without prior approval of the Administrative Department which indicated that the Department had not ensured the competitiveness and transparency in awarding the works.
- (ii) In Hamirpur division, the CE had awarded (July 2013) a work (Package HP03104) for ₹ 18.56 lakh on single tender on first call only.

The CE, Hamirpur stated (July 2015) that the works were awarded with the approval of the E-in-C. The reply is not acceptable as the approval of the Secretary (PW) should have been obtained in respect of the works awarded prior to May 2013 and thereafter, the works should have been awarded after second call only.

2.4.4.5 Insurance policies prior to defect liability period

As per clause-13.1 of general conditions of SBD, the contractor at his cost was to provide insurance cover for a PMGSY work in the joint names of the employer and the contractor from the start date to the end of the defect liability period in the amounts¹²² and deductibles¹²³ stated in the contract data for the events at contractor's risk.

Audit noticed that in 16 test-checked divisions¹²⁴, in 59 road works completed between April 2010 and June 2015, the contractor had not provided the required insurance cover at all and in 46 road works, completed between May 2010 and June 2015, the contractor had not provided the required insurance cover upto the end of the defect liability period. Thus the EEs concerned had not ensured the insurance covers as per SBD. The EEs admitted facts and stated (May-July 2015) that necessary insurance covers would be obtained from the contractors.

2.4.4.6 Performance security from contractors

As per clause 46 of the contract agreement of PMGSY, half of the performance security of five *per cent* of the contract price was to be obtained from the contractor within 15 days after receipt of letter of acceptance and the balance (two and half *per cent*) was required to be recovered from the running bills of the contractors. The performance security in the shape of Bank Guarantee (BG) was to remain valid upto 45 days after the expiry of the defect liability period of five years beginning after the date of completion. Audit noticed that:

¹²² Amount: Minimum cover of insurance: ₹ five lakh per occurrence limited to four occurrences.

¹²³ Maximum deductibles: Works, plant and materials (₹ 5,000), Loss or damage to equipment (₹ 5,000), other property (₹ 5,000) and personal injury or death (₹ 14,110 for injury or death of other persons and as per statutory requirements for injury and death of contractor's employees).

¹²⁴ Baijnath, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kalpa, Kangra, Karchham, Nurpur, Palampur, Pangi, Salooni, Tauni Devi and Udaipur.

- In Hamirpur division, in 10 PMGSY road works, the balance performance security of ₹ 21.60 lakh (at the rate of two and half *per cent* of the value of work done) was not recovered from contractors payments (Running Account bills) during 2010-15 as required under the contract agreement.
- In 11 test-checked divisions¹²⁵, in 43 PMGSY road works completed between February 2009 and April 2015, the Bank Guarantees (BGs) of performance security of ₹ 2.71 crore obtained from the contractors had expired (between February 2008 and February 2015) before the end of the defect liability period. The Department had not taken any action for revalidation of the BGs.

Evidently, the Department had not followed the provisions of the contract agreements and extended undue favour to the contractors besides jeopardising the public interest against losses. The EEs concerned admitted the facts and stated (May-July 2015) that the matter would be looked into and the contractors would be asked to revalidate the performance securities.

2.4.4.7 Release of security deposits prior to due date

As per clause 43.2 of the contract agreement of PMGSY, half of the security deposits (SDs) was to be repaid to the contractor on completion of the work and the balance was to be repaid after the defects liability period on the basis of a certificate of the Engineer-in-charge to the effect that all the defects noticed during defect liability period had been rectified.

Audit noticed that in Hamirpur division, the register of SDs was not maintained for 2010-12 which resulted in non-monitoring of the payment of SDs. Scrutiny of three completed road works (HP0351, HP0356 and HP0357) showed that the SDs of ₹ 14.06 lakh obtained in the shape of fixed deposit receipts (FDRs) were released (HP0351 and HP0356: April 2013 and HP0357: July 2014) before the expiry of the defect liability period¹²⁶.

Besides, the National Quality Monitors (NQMs) had inspected (April 2011) one of the roads (HP0351) and graded the same as unsatisfactory. The action taken report submitted to NRRDA was also rejected (June 2015). In the absence of SDs the Department was unable to initiate action against the contractor. Thus, the Department had extended undue favour to the contractor and failed to secure the public interest against losses. The EE admitted the facts and stated (July 2015) that the matter would be looked into.

2.4.4.8 Variation in contract clauses

As per clause 32.1.1 of general condition of SBD of the PMGSY, the Engineer-in-charge was to give notice to the contractor of any defects before the end of the defect liability period beginning on completion and ending after five years. Audit noticed that in Udaipur division, the provision for defects liability period of one year instead of five years was made in five PMGSY road works¹²⁷. Resultantly, the performance security of ₹ 35.93 lakh was released (between May 2013 and March 2015) to the contractors before the expiry of the five years defect liability period (between January 2014 and July 2016). Thus, due to variation in contract clauses the Department was unable to get the defects noticed rectified from the contractors and had to bear the avoidable expenditure of ₹ 59.09 lakh on maintenance of the roads.

¹²⁵ Dalhousie, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kangra, Palampur, Pangi and Tauni Devi.

¹²⁶ Defect liability period: upto June 2014(HP0351 and HP0356) and upto June 2018(HP0357).

¹²⁷ Packages No. HP-0701, 0703, 0704, 0706 and 0707.

The CE (Mandi) admitted the facts and stated (August 2015) that as per acceptance letter, the defect liability period was five years, but due to typing mistake at EE level, the period was taken as one year. The reply should be seen in the light of the fact that the mistake had jeopardised the public interest against losses.

2.4.4.9 Recoveries of advances from the contractors

As per Standard Bidding Document (SBD) of the PMGSY, the advances¹²⁸ allowed to the contractors were required to be recovered proportionately from payments due to the contractor for the work done.

Audit noticed that in three divisions¹²⁹ of mobilisation/ equipment advances of ₹ 3.87 crore¹³⁰ paid (between March 2006 and April 2011) to six contractors in six works, ₹ 2.00 crore¹³¹ only had been recovered. Of the six works, two works had been completed (November 2006 and February 2015) by the contractors and the other works were held up (between December 2007 and December 2012) due to involvement of forest land (three) and private land (one) and the unconditional Bank Guarantees thereof had also expired. However, the concerned EEs had not taken any action for the recovery of outstanding advances of ₹ 1.87 crore from the contractors.

The EEs concerned stated (May-July 2015) that the balance amount would be recovered from security deposits of the contractors. The reply does not explain the reasons for non-recovery of the advances from the contractors since long and the public funds had been put to high risk.

2.4.4.10 Recoveries of royalty charges from the contractors

As per terms and conditions of contract agreement, the royalty charges for stone, sand, aggregate etc., as per rates approved by the Mining Department, are to be deducted from the running bills of the contractors. Audit noticed that:

- In 12 divisions¹³², the EEs had not deducted the royalty charges of ₹ 1.18 crore due from the contractors (between April 2010 and March 2015), from their running bills on the basis of crusher bills/ certificates of crusher owners for sand, grit stone, etc.
- In seven divisions¹³³, against the royalty charges ₹ 70.58 lakh due from the contractors in 38 works, only ₹ 18.09 lakh had been deducted from their running bills (between August 2012 and January 2015) resulting in short recovery of ₹ 52.49 lakh as of July 2015.

While admitting the facts (May-July 2015), the EEs had not furnished reasons for the lapse.

2.4.4.11 Non-levy of liquidated damages

As per paragraph 9.1 of the Operations Manual of the PMGSY, the work should be executed by the contractor within the given time and also where the time is the essence of the contract, the contractor is required to adhere to prescribed time schedule. For breach of the contract the contractor was liable to pay liquidated damages subject to a maximum of 10 per cent of the contract price. Audit noticed that:

¹²⁸ Mobilisation advance: Upto five per cent of the contract price and equipment advance: upto 90 per cent of the cost of new equipment brought to the site of work subject to maximum of 10 per cent of the contract price.

¹²⁹ Karchham, Jaisinghpur and Tauni Devi.

¹³⁰ Mobilisation advance: ₹ 1.33 crore and equipment advance: ₹ 2.54 crore.

¹³¹ Mobilisation advance: ₹ 0.87 crore and equipment advance: ₹ 1.13 crore.

¹³² Baijnath, Barsar, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kangra, Nurpur, Palampur and Tauni Devi.

¹³³ Bharmour, Chamba, Dalhousie, Kalpa, Karchham, Pangi and Salooni.

- (i) In nine test-checked divisions¹³⁴, the EEs had awarded (between April 2006 and November 2013) 54 works for ₹ 66.42 crore to 54 contractors stipulated to be completed within nine to 18 months. However, the contractors did not achieve the pace of the works within the stipulated period and the Department had not taken any action for levy of liquidated damages of ₹ 6.64 crore for delay ranging between six and 79 months. Besides, the contracts were also kept alive unilaterally. Thus, non-levy of the liquidated damages for breach of contractual provisions led to extension of undue favour to the contractors.
- (ii) In Dehra and Jawali divisions, the EEs had levied liquidated damages of ₹ 10.49 lakh on contractors in two road works (Package No. HP-04-57 and 51) for delay of 14 and 24 months after the stipulated period of completion and accordingly, the amount was deducted from the contractors payments between July 2008 and April 2010. However, the amount was released during March 2010 (₹ 5.40 lakh) and August 2012 (₹ 5.09 lakh) without assigning any reasons which was irregular. Besides, the very purpose of levy of the liquidated damages for delay stands defeated. The EEs stated (June 2015) that the amount was released to the contractors on completion of the works. The replies do not explain the reasons for the lapse.
- (iii) In three test-checked divisions¹³⁵, the EEs had levied (between February 2013 and May 2014) liquidated damages of ₹ 13.71 lakh on contractors in eight works for delay of nine to 37 months beyond the stipulated period of completion. However, ₹ 3.50 lakh only had been recovered and the Department had not taken any action for recovery of the balance amount of ₹ 10.21 lakh from the contractors as of June 2015. While admitting the facts, the EEs did not furnish reasons for the same.

2.4.4.12 Rescission of works

In terms of clause 53.1 of the agreement, termination charges at the rate of 20 *per cent* of the cost of balance work was required to be levied on the contractor if the work is not completed by him as per the contractual provision.

Audit noticed that in three divisions¹³⁶ five works were awarded to the contractors between May 2007 and July 2013 for ₹ 8.16 crore¹³⁷ and stipulated to be completed in nine to 24 months reckoning from 15 days from the award of each work. After executing two works (Package no. HP02100 and HP02111) of the value of ₹ 1.03 crore, the contractors stopped the works during April 2010 and December 2011 respectively without assigning any reasons and in the remaining works, the contractors did not start the works.

For breach of the contractual provisions, the EEs levied liquidated damages of ₹ 77.97 lakh between September 2008 and March 2015. Four contracts were terminated between September 2008 and March 2015 and the remaining contract HP02134 was proposed for termination during May 2015. In two cases¹³⁸, termination charges of ₹ 44.65 lakh were levied (September 2008 and March 2015) and in remaining three cases termination charges of ₹ 90.12 lakh were not levied. However, against charges of ₹ 2.13 crore recoverable from the contractors, only ₹ 0.13 crore were recovered in two

¹³⁴ Bharmour, Dalhousie, Dehra, Fatehpur, Jaisinghpur, Jawali, Nurpur, Palampur and Udaipur.

¹³⁵ Dalhousie, Dehra and Jawali.

¹³⁶ Bharmour, Chamba and Dalhousie.

¹³⁷ Package No. HP 02168: ₹ 0.84 crore, HP 02134: ₹ 0.31 crore, HP 0213: ₹ 1.77 crore, HP 02100: ₹ 4.52 crore and HP 02111: ₹ 0.72 crore.

¹³⁸ Package no. HP 0213 and HP 02168.

cases (Package No. HP 02168 and HP 0213) and the balance ₹ 2.00 crore was to be recovered as of May 2015.

The EEs admitted the facts and stated (May 2015) that necessary action for recovery from the contractors would be taken up. The replies do not explain the reasons for non-levy/ non-recovery of the amount from the contractors.

2.4.5 Programme Implementation

2.4.5.1 Execution of works

Paragraph 13.1 (iii) of programme guidelines provides that the construction of roads under PMGSY should be completed within 24 months from the date of sanction by GOI. Audit noticed that:

- (i) Against 2381 number of road works¹³⁹ (length: 13,683.390 Kms.) sanctioned by GOI under PMGSY for ₹ 3027.03 crore upto March 2015 in the State as a whole, the Department had completed 1839 road works¹⁴⁰ (length: 10643.919 Kms.) after incurring expenditure of ₹ 2046.42 crore. Of 542 roads works lying incomplete as of March 2015, there was time overrun of more than 24 months in 301 cases beyond the scheduled period of completion.
- (ii) The status of execution of works in the test-checked divisions during 2010-15 is given in **Table-2.4.4**.

Table-2.4.4
Status of execution of works in the test-checked divisions during 2010-15

Year	Works sanctioned		Works not started		Works started upto March 2015		Works to be completed by March 2015		Completed (2010-15)		Incomplete as of March 2015	
	No.	SC	No.	SC	No.	SC	No.	SC	No.	Exp.	No.	Exp.
Prior to 04/2010	213	359.32	13	36.71	200	322.61	200	322.61	158	198.03	42	39.32
2010-11	104	109.69	29	36.57	75	73.12	75	73.12	42	30.47	33	15.37
2011-12	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	27	53.30	5	11.58	22	41.72	0	0	3	1.63	19	10.06
2014-15	41	64.24	4	6.18	37	58.06	0	0	12	6.48	25	12.94
Total	385	586.55	51	91.04	334	495.51	275	395.73	215	236.61	119	77.69

Source: Departmental figures.

Note: No.: Number, SC: Sanctioned cost and Exp.: Expenditure.

It would be seen from **Table-2.4.4** that:

- Of 385 works sanctioned for ₹ 586.55 crore, 51 works having sanctioned cost of ₹ 91.04 crore had not been taken up for execution due to delay in finalisation of the tenders/ award of works.
- Of 334 works (SC: ₹ 495.51 crore) started between February 2006 and January 2015, 275 works were stipulated to be completed upto March 2015. However, only 200 works had been completed with expenditure of ₹ 228.50 crore, and 75 works on which expenditure of ₹ 54.69 crore had been incurred, were lying incomplete for more than 48 months due to involvement of forest land, non-finalisation of tenders, contractors' fault, etc.
- In spite of the fact that the works taken up prior to April 2010 were incomplete, 172 new works (SC: ₹ 227.23 crore) were taken up for execution during 2010-15.

¹³⁹ Upto March 2010: 1,963 (₹ 2264.52 crore) and 2010-15: 418 (₹ 762.51 crore).

¹⁴⁰ Upto March 2010: 1,368 (₹ 1391.51 crore) and 2010-15: 471 (₹ 654.91 crore).

The action of the divisions to take up the new works without first ensuring the completion of the left-over works was injudicious.

The E-in-C attributed (November 2015) the non-starting and non-completion of the works to involvement of forest land, non-finalisation of tenders, contractors' fault, etc. The reply is not acceptable as all the aspects should have been taken into account before going for execution of the works.

2.4.5.2 Unfruitful expenditure on held up road works

As per paragraph 6.12 of PMGSY guidelines, the State Government was to ensure availability of land for constructing rural roads and the details of the land made available was to be got reflected in the land records to avoid disputes, etc. at later stage.

Audit noticed that in seven test-checked divisions¹⁴¹, 27 road works sanctioned by GOI during 2005-10 for ₹ 68.22 crore were stipulated to be completed within two years from the date of sanction. The works taken up for execution between November 2005 and November 2013 were held up (between June 2006 and February 2015) due to involvement of forest land (23 cases) and private land (four cases). Evidently, the Department had not ensured encumbrance free land for the construction of the roads. It was also noticed that certificates of availability of the land were also wrongly recorded in the DPRs. The works were lying in suspended state as of July 2015. In the meantime, the Department had incurred expenditure of ₹ 21.88 crore up to February 2015. Non-completion of the works deprived the concerned beneficiaries of the intended road facility and rendered the expenditure of ₹ 21.88 crore as unfruitful for five to 109 months.

The EEs stated (May-July 2015) that the cases for diversion of land were initiated but approvals were not obtained from the GOI. The E-in-C stated (November 2015) that earlier the DPRs were got approved without ensuring encumbrance free land. The replies are not in conformity of the PMGSY guidelines as encumbrance free land should have been ensured before the works were taken up for execution.

2.4.5.3 Roads constructed in violation of Forest Conservation Act

As per Forest Conservation Act 1980 (FCA), prior approval of diversion of forest land for non-forestry purpose was required to be obtained.

Audit noticed that in Salooni division, the EE had taken up (2001-07) the construction of 25 number of PMGSY roads (SC: ₹ 38.17 crore) without ensuring prior forest clearance. The following deficiencies were also noticed:

- The construction of six roads on which expenditure of ₹ 7.64 crore had been incurred had to be closed midway (between February 2006 and May 2012) due to violation of the FCA which were lying in abandoned state as of July 2015. Resultantly, the expenditure of ₹ 7.64 crore remained unfruitful for 38 to 113 months.
- The construction of the remaining 19 road works was completed (between January 2009 and June 2013) with expenditure of ₹ 23.12 crore. However, these roads were also reported for violation of the FCA and the forest clearance from GOI had not been received as of July 2015. Besides, in 10 (out of 19) works, the Department had taken up (2010-14) the execution of Stage-II (SC: ₹ 15.01 crore), instead of ensuring the prior forest clearance and incurred expenditure of ₹ 3.94 crore which would also lead to litigation.

¹⁴¹ Barsar, Bharmour, Chamba, Kalpa, Karchham, Nurpur and Palampur.

The EE stated (July 2015) that the process for obtaining the sanction under FCA was initiated before the start of the works and some DPRs under stage-II had been prepared and got approved from the GOI as the formation cutting work had already been completed in violation of FCA. The reply is not acceptable as prior approval for the diversion of forest land for the purpose was required before taking up the execution of the works.

2.4.5.4 Unfruitful expenditure on incomplete roads treated as complete

During joint spot inspection of the works conducted by the audit team in conjunction with the department officers¹⁴² the following deficiencies had been noticed:

(i) Construction of Jhajjakothi-Martiund road

In order to provide transport facility to 1,500 persons, the construction of Jhajjakothi to Martiund road (kms 0 to 3.720) in Chamba district was approved by GOI under PMGSY (Package No. HP-2-61) during 2006-07 for ₹ 90.48 lakh. The work was awarded (March 2007) by EE Chamba division to a contractor at a tendered amount of ₹ 1.00 crore and stipulated to be completed by April 2008. Audit noticed that after executing the work of value of ₹ 61.92 lakh, the contractor stopped (March 2008) its execution due to involvement of forest land at various reaches. The Department had not ensured the hindrance free site for the construction of the road and the work was lying in a suspended state as of July 2015. Contrarily, the work was treated (March 2009) as completed in the OMMAS. However, during joint spot inspection (May 2015) of the road, it was noticed that the condition of the road was very bad and the road width at certain stretches was less than 3.5 metres (jeepable from kms 1.825 to 2.495).

Resultantly, the expenditure incurred on the road remained unfruitful as the intended benefits were not provided to the public of the area. While admitting the facts (May 2015), the EE stated that the work would be completed after forest clearance. The reply is not acceptable as the work should have been taken up after forest clearance and should also not have been shown as completed.

(ii) Upgradation of Rulehar-Lam link road

In order to provide connectivity to Har and Lam villages of Kangra district, the construction of Rulehar-Lam link road (kms 0.0 to 3.880) was approved by GOI for ₹ 3.52 crore during 2010-11. The work¹⁴³ was awarded (May 2012) to a contractor for ₹ 2.98 crore and stipulated to be completed by November 2013. The contractor had completed (March 2015) the work after incurring expenditure of ₹ 2.98 crore.

However, scrutiny (July 2015) of records of Kangra division showed that against the scope of work, the contractor had not executed the work completely¹⁴⁴ whereas the Department had shown the work as completed. In many stretches, the side drains filled with debris and stones, were not visible. At some stretches, the road looked like unpaved road. No proper revetment had been constructed and cross drainage (culvert) at kms 0.735 was hanging due to poor quality of work as no proper foundation had been provided. Besides, the Department had not taken any action for completion/ maintenance of the work from the contractor during the defect liability period.

The EE stated (July 2015) that the work at some stretches had not been executed to avoid the deviation of the awarded cost. The reply is not convincing as the awarded cost was

¹⁴² Assistant Engineers/ Junior Engineers of concerned works.

¹⁴³ Formation cutting: kms 3.880, cross drainage: 28 nos., side drain: 3,545 rmt, parapets: 200 nos. and wearing and tarring: kms 3.880.

¹⁴⁴ Formation cutting: kms 3.880, cross drainage: 27 nos., side drain: 3,262 rmt, parapets: 150 nos, wearing: kms 3.746 and tarring: kms 3.435.

much less (₹ 0.54 crore) than the sanctioned cost and the work should have been got executed as per contract agreement.

(iii) Construction of Rehlu-Borusarna link road

In Kangra division, a work¹⁴⁵ relating to construction of link road from village Rehlu to Borusarna (kms 0.0 to 6.780) approved by GOI for ₹ 4.82 crore during 2006-07 was awarded (January 2007) by the EE of Kangra division to a Chandigarh based contractor for ₹ 4.82 crore and stipulated to be completed by August 2008. Audit noticed the following deficiencies:

- The contractor started the work in February 2007 and after execution of the work¹⁴⁶ of the value of ₹ 2.89 crore upto December 2012, the contractor stopped the work without assigning any reason and the Department had failed to get the entire work completed from the contractor after December 2012.
- The SQM had pointed out (February 2009) that the geometrics of the road were unsatisfactory beyond kms 4.0 and gradients in reaches (kms 4.300 to 5.400) were not acceptable. Besides, the drains were not integrated to the nearest cross drain. However, neither the defects were rectified by the contractor nor any action had been initiated by the Department for the same.
- Instead of initiating any action against the contractor for levy of liquidated damages, etc., the Department had treated the work as completed (June 2013) at a cost of ₹ 2.44 crore against the sanctioned cost of ₹ 4.82 crore without obtaining the prior approval of the GOI.
- Contrary to provision of the contract agreement, the deposits of ₹ 33.72 lakh (Security Deposits: ₹ 9.64 lakh and Performance Security: ₹ 24.08 lakh) were released (November 2014) before the expiry of defect liability period.

Thus, due to lackadaisical approach of the Department, the work required to be completed by August 2008, had not been completed as of July 2015 and the Department failed to provide all-weather road connectivity to the concerned beneficiaries and the contractor was also extended undue financial benefits.

The EE stated (July 2015) that the work had been executed as per specifications and certain quantities of the work were not executed to avoid steep side slopes and landslides. The reply is not acceptable as the Department had not ensured the quality of the road as per specification and the objective of the programme remained unachieved. In the exit conference, the E-in-C admitted the facts.

2.4.5.5 Execution of work below specification

The roads constructed under PMGSY are expected to be of very high standard. Rural Road Manual provides for base course in two layers of Water Bound Macadam (WBM) grade 2 and WBM grade 3 of 75 mm thickness each to obtain total compacted thickness of 150 mm laying surface course of the road.

Audit noticed that contrary to this provision, in Jaisinghpur and Palampur divisions, the EEs had executed two roads with the expenditure of ₹ 1.04 crore¹⁴⁷ between July 2013 and March 2015 by laying WBM grade 3 of 75 mm thickness only instead of the required compacted thickness of 150 mm which indicated that the laid down specification was not

¹⁴⁵ Formation cutting: kms 6.780 Kms, retaining walls 58 nos. side drain 8,085 rmt and cross drainage: 43 nos.

¹⁴⁶ Formation cutting: 64 per cent, retaining walls 36 per cent, side drain 30 per cent and cross drainage: 50 per cent.

¹⁴⁷ Construction of road from Majheen to Sialkhar (Jaisinghpur): ₹ 0.59 crore (length: kms 2.535) and Construction of link to village Baluhi (Palampur): ₹ 0.45 crore (length: kms 1.970).

followed while designing the pavements of the works. The DPRs of the roads were not prepared as per Rural Road Manual.

The EEs stated (June 2015) that the WBM 2 layer was not laid as per prevailing practice and California Bearing Ratio. The reply is not acceptable as the provision of the Rural Road Manual had not been complied with. In the exit conference, the E-in-C admitted the facts.

2.4.5.6 Infertuous expenditure on the construction of road

In order to provide all weather road connectivity to 846 persons of Brua village in Kinnaur district and link road to Panchayat Headquarters Brua, the construction of 6.500 kms Shong Brua road (kms 0 to 6.500) was approved by GOI for ₹ 2.53 crore during 2008-09.

Scrutiny of records of Karchham division showed that the work¹⁴⁸ awarded (January 2008) to a contractor at a tendered amount of ₹ 2.50 crore and stipulated to be completed by September 2010 was started in March 2009. After executing the formation cutting of kms 2.995 (work value: ₹ 1.22 crore) at various stretches¹⁴⁹ the contractor stopped (November 2009) the work due to involvement of forest land. The Department had obtained the forest clearance from the GOI in May 2013 after deposit of ₹ 34.30 lakh¹⁵⁰ with the Forest Department in March 2011. However, contractor refused to resume the work at old quoted rates and the contract had to be closed (May 2013) by the Department. In the meanwhile, the partially constructed road also got damaged and the Department had not taken any action for further construction of the road as of May 2015. Evidently, the work was taken up without prior forest clearance which resulted in non-completion of the road in time depriving the concerned beneficiaries of the intended benefits besides an infertuous expenditure of ₹ 1.56 crore.

The EE stated (May 2015) that the constructed road was damaged due to steep terrain and loose soil, slip zones developed at different reaches during formation cutting and the work would be taken in hand after obtaining revised sanction from the GOI. The reply does not explain the reasons for execution of the work without prior forest clearance.

2.4.5.7 Roads not put to use due to non-construction of bridges

Paragraph 8.5(v) of the programme guidelines provides for construction of minor bridges on the PMGSY roads and in case the span of the bridge exceeds 25 meters¹⁵¹, the project could be executed separately by the executing division and the *pro rata* cost beyond the approved span would be borne by the State Government.

Audit noticed that in three test-checked divisions¹⁵², four roads¹⁵³ (length: 16.051 kms) sanctioned by GOI for ₹ 2.74 crore during 2003-07, were completed (between June 2004 and March 2010) after incurring an expenditure of ₹ 2.56 crore. However, these roads were not put to use for plying vehicles due to non-construction of bridges on *nallahs* falling on the alignment of the roads. Besides, the Department had not included the construction of the bridges in the DPRs of the road works as per programme guidelines *ibid*. Thus, due to non-synchronisation of the construction of the bridges with the roads,

¹⁴⁸ Formation cutting, retaining wall, breast wall, cross drainage work, V-shape *katcha* unlined surface drains, essential parapets, sign board, etc. in kms 0 to 6.500.

¹⁴⁹ Kms 1.0 to 1.240, 1.480 to 1.850, 2.500 to 2.605, 2.720 to 3.180, 3.270 to 3.795, 3.975 to 4.330, 4.660 to 4.795, 4.840 to 4.930, 4.975 to 5.255, 5.330 to 5.480 and 5.525 to 5.810.

¹⁵⁰ Net present value: ₹ 24.75 lakh and compensatory afforestation: ₹ 9.55 lakh.

¹⁵¹ Span raised (December 2008) to 50 metres (75 metres in case of tribal and backward districts).

¹⁵² Dharamshala, Chamba and Fatehpur.

¹⁵³ Ramehar Tangrota to Village Bhatehar (Dharamshala), Bhanera Pariungal Jatkari road (Chamba), Riali Bela Ludhiacharan road and Badal to Bhadur road (Fatehpur).

the Department had failed to provide all weather connectivity to the people of the area and the expenditure of ₹ 2.56 crore remained unfruitful.

The concerned EEs stated (May-July 2015) that vehicles were plying through temporary crossings at bridge sites. The replies are not acceptable as all weather road connectivity was not provided to the people of the area and the objective of the programme remained unachieved. In the exit conference, the E-in-C admitted the facts.

2.4.5.8 Completed roads remained unopened

As per directions (June 2008) of the E-in-C, action to get the completed roads passed by the Road Fitness Committees (RFCs) was to be taken by all the EEs within one month after their completion. Audit, however, noticed that in 15 divisions¹⁵⁴, 117 road works (length: kms 523.145) completed (between February 2006 and December 2014) after incurring an expenditure of ₹ 116.80 crore had not been passed by the RFCs for vehicular traffic.

The EEs concerned admitted the facts and stated (May-July 2015) that the roads would be got passed from the RFCs shortly. The replies are not convincing as after completion of the roads the Department had not taken up the matter with the RFCs to get the road declared fit for vehicular traffic for over seven to 113 months. In the exit conference, the E-in-C admitted the facts and stated that the concerned EEs would be asked to get the constructed road passed from the RFCs shortly.

2.4.5.9 Non-recovery of labour cess from the contractors

The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996 and Welfare Cess Act 1996 provide that all establishments engaged in construction activity are liable to pay cess at the rate of one *per cent* of the cost of contract. Audit noticed that in nine divisions¹⁵⁵ in 29 cases (contract value: ₹ 12.31 crore), the EEs had not deducted the labour cess of ₹ 12.31 lakh from the payments made to the contractors during 2009-12 resulting in undue benefit to the contractors which would have to be borne by the State Government out of its own sources.

In the exit conference, the E-in-C admitted the facts and stated that necessary action would be taken for effecting the recovery.

2.4.6 Maintenance

Para 17.2 of the programme guidelines provides that all PMGSY roads are to be covered by five year maintenance contracts to be entered into alongwith the construction contract.

2.4.6.1 Avoidable expenditure on maintenance

As per general conditions of contract agreement, the defect liability period of the PMGSY road work was five years from the date of completion of the work. During defect liability period, the defects, if any, were to be brought to the notice of the contractor who was required to repair the defects at his cost.

Audit noticed that in eight test-checked divisions¹⁵⁶, the construction of 19 roads was completed between November 2005 and June 2011. During 2010-15, the Department had incurred expenditure of ₹ 4.47 crore on periodical renewal of these roads through other

¹⁵⁴ Baijnath, Barsar, Bharmour, Chamba, Dalhousie, Dehra, Dharamshala, Fatehpur, Jaisinghpur, Jawali, Kangra, Palampur, Nurpur, Touni Devi and Udaipur.

¹⁵⁵ Baijnath, Barsar, Hamirpur, Kalpa, Kangra, Karchham, Palampur, Pangi and Tauni Devi.

¹⁵⁶ Barsar, Dalhousie, Dehra, Fatehpur, Jawali, Palampur, Tauni Devi and Udaipur.

contractors without bringing the defects occurred during the defect liability period to the notice of the original contractors. Evidently, the original contractors had not carried out any maintenance of these roads during the defect liability period as per contract agreements and the Department had also not taken any action in the matter. This resulted in extension of undue favour to the contractors besides avoidable expenditure of ₹ 4.47 crore (**Appendix-2.11**).

The EEs of Dehra and Tauni Devi divisions stated (June 2015 and July 2015) that the periodical renewal of these roads was counted from the date of completion of the tarring work instead of actual completion of the road work. The replies are not convincing as the defect liability period was to be counted from the date of actual completion of the roads. The EEs of the other divisions had not furnished reasons for the lapses. In the exit conference, the E-in-C admitted the facts.

2.4.6.2 Routine maintenance of roads

As per general conditions of contract of SBD, routine maintenance of completed roads was to be carried out by contractors upto five years from the date of completion as per the agreed amount in the contract agreement.

Audit noticed that

- In 11 test-checked divisions¹⁵⁷, in spite of provision for payment of ₹ 2.47 crore to the contractors in the contract agreements, the contractors had not carried out the routine maintenance of 97 PMGSY roads during 2010-15. The EEs of the divisions had also not taken any steps to carry out the maintenance by the contractors during the defect liability.
- In two test-checked divisions¹⁵⁸, inspection of four PMGSY roads under maintenance period was conducted (between August 2013 and June 2015) by national quality monitors (NQMs) which graded the maintenance of these roads as unsatisfactory (three) and required improvement (one). However, the defects pointed out by the NQMs were not rectified by the contractors as of July 2015 and the roads were lying in dilapidated condition as also noticed during joint spot inspection of the road conducted (July 2015) by the audit team in conjunction with the departmental officers¹⁵⁹.

While admitting the facts (May-July 2015) the EEs had not furnished the reasons for the lapse. In the exit conference, the E-in-C admitted the facts.

2.4.7 Material management

2.4.7.1 Procurement of materials

HPFRs prohibit irregular stock adjustment such as debiting to a work the cost of material not required or purchased in excess of actual requirement. Audit noticed that:

- (i) On receipt of bank authorisation of ₹ 44.00 lakh from the HPGSDA for procurement of material for four PMGSY works¹⁶⁰, the EE of Karchham division drew (March 2007) the amount from the bank by charging the expenditure against the works and kept in deposit head instead of actual utilisation on the works. Of this, ₹ 17.33 lakh had been adjusted for procurement of the material and

¹⁵⁷ Barsar, Dehra, Dharmshala, Fatehpur, Kalpa, Kangra, Jaisinghpur, Nurpur, Palampur, Salooni and Udaipur.

¹⁵⁸ Hamirpur (HP 0357 and HP 0305) and Tauni Devi (HP 0366 and HP 0341).

¹⁵⁹ Assistant Engineers/ Junior Engineers of concerned works.

¹⁶⁰ Tapri (Choltu) to Jani road (PKG No. 05-22: ₹ 12.00 lakh), Tapri (Choltu) to Punag road (PKG No. HP-05-21: ₹ 5.00 lakh), Choura Majgoon road PKG No. HP-05-027: ₹ 20.00 lakh, Nigulsari to Taranda (PKG No. HP-05-17: ₹ 7.00 lakh).

₹ 26.67 lakh were lying unutilised in the deposit head as of August 2015. Thus, in contravention of the provisions of HPFRs, the expenditure incurred for booking of material in advance of actual requirements was irregular. The SE, Rampur stated (August 2015) that the amount would either be adjusted against the material to be issued to PMGSY works or deposited to the SRRDA account. The reply is not acceptable as retention of PMGSY funds in the deposit head for prolonged period is irregular.

- (ii) The CE (South) Shimla had procured (March 2006) material (140 TSR construction) costing ₹ 89.32 lakh from a firm¹⁶¹ for construction of a bailey type portable steel bridge of 42.67 metres span on the alignment of Wangtoo to Panvi PMGSY road over Burcha Nallah (Kms 3.630) in Karchham division of Kinnaur district. However, instead of the construction of the bridge, the entire material was transferred (between October 2006 and September 2014) to eight other works¹⁶² in the Department and adjustment of the same was awaited (August 2015). Thus, contrary to the provision of HPFRs *ibid*, the material procured for PMGSY work was irregularly transferred to other works. The SE, Rampur stated (August 2015) that the materials were issued to other works on piece meal basis where required and efforts would be made to effect their recoveries from the concerned quarters accordingly. The reply does not explain the reasons for irregular transfer of the materials to other works.

In the exit conference, the E-in-C admitted the facts and stated that necessary action in matter would be taken immediately

2.4.8 Quality controls

Quality is the essence to bring execution of the programme to the desired quality standards. A three-tier quality control mechanism was envisaged in PMGSY with the PIUs and the State Quality Monitors (SQMs) being the first and second tier to ensure the material utilised and workmanship conformed to the prescribed specifications and that all prescribed tests were carried out at specified time and place by the specified person/authority. At the third tier, NRRDA was to engage National Quality Monitors (NQMs) for inspection of the roads at random. State Quality Coordinator (SQC) not below the rank of SE was to oversee/ monitor the satisfactory functioning of the quality control mechanism in the State.

2.4.8.1 Quality control registers

As per paragraph 11.4.3 of operational manual of PMGSY, for quality control on material and work management at site, the PIU was to ensure that quality control register is maintained for each of the road work for recording all the tests conducted. The register was to be maintained in two parts, viz., Part-I for records of the tests conducted was to be kept at site of the work and Part-II containing the abstract of the tests and non-conformance reports was to be maintained by the Assistant Engineers (AEs). Audit noticed that Part-II register was not maintained by the AEs of two test-checked divisions (Kalpa and Kangra) during 2010-15 which indicated that the prescribed quality controls were not followed. The EEs concerned had not furnished reasons for non-maintenance of the registers as per the PMGSY guidelines.

¹⁶¹ M/s Garden Reach Shipbuilders and Engineers Ltd., Kolkata.

¹⁶² Bailey bridge Ribba, AE (National Highways), Rampur, bailey bridge Seringche, bailey bridge Batseri, Gangarang bridge, bailey bridge Brua, strengthening of bailey bridge Tangling and bailey bridge Darkali.

2.4.8.2 Monthly returns of tests

As per paragraph 11.4.4 of the quality control hand book of PMGSY, in order to see the frequency and accuracy of the quality control tests, monthly return of the tests in the prescribed proforma was to be submitted by each AE to the EE of the division in the first week of every month. Audit noticed that in all the test-checked divisions, the prescribed monthly returns were not submitted by the AEs to the EEs during 2010-15.

2.4.8.3 Inspection of works

(i) As per paragraph 11.4.4 of the operational manual of PMGSY, the SE of the circle and CE of the zone were responsible for quality testing supervision by the PIUs (EEs). During their inspection of the works they were required to oversee the operation of the quality control testing procedure through the prescribed quality control registers and prepare inspection reports for compliance by the EEs.

Audit noticed that the Department had not prescribed any norms for conducting the inspection of PMGSY works by the departmental officers at different levels during 2010-15. In nine¹⁶³ (of 21) test-checked divisions, 257 numbers of inspections of 200 works were conducted by the departmental officers (CEs: 28, SEs: 55, EEs: 174) during 2010-15. However, necessary inspection reports/ notes thereof were not available in the divisions. The records of inspections of works conducted by the departmental officers in the other test-checked divisions during above period were not maintained. The EEs of the test-checked divisions had not furnished reasons for the lapses.

(ii) As per paragraph 11.5.7 of the operational manual of PMGSY, the SQMs being the second tier of quality controls, were to ensure the quality of works by conducting inspection of every work at least three times. Audit noticed that:

(a) The Department had not drawn up any schedule for number of inspections of work required to be conducted during 2010-15 in the State as a whole. However, SQMs had conducted 1277 number of inspections of 1077 works during above period and in 441 numbers of works (35 *per cent*) reported as unsatisfactory, all the action taken reports (ATRs) were pending as of July 2015 due to non-removal of the defects pointed out by the SQMs.

(b) In four test-checked divisions¹⁶⁴, the SQMs had conducted the required number of inspections of the works completed during 2010-15. However, in the remaining 17 test-checked divisions, against 321 numbers of inspections of 107 completed works required to be conducted during above period, the SQMs had conducted 132 inspections resulting in shortfall of 189 inspections (59 *per cent*).

(iii) As per paragraph 15.5 of the programme guidelines, the NQMs being the third tier of quality controls, was to ensure the quality of works by conducting inspection of the works randomly. Audit noticed that the NQMs had conducted 412 number of inspections of 390 works during 2010-15 and in 44 numbers of works reported as unsatisfactory, all the action taken reports (ATRs) were pending as of July 2015 due to non-removal of the removing of the defects point out by the NQMs.

Thus, the quality control mechanism was totally ineffective as the EEs had not made rectification of the defects pointed out by the SQMs/ NQMs. In the exit conference, the E-in-C admitted the facts and stated that short fall in inspection by SQMs was due to non-appointment of the SQMs for sometime. The E-in-C, however, had not stated the reasons for non-removal of the defects pointed out by the SQMs/ NQMs.

¹⁶³ Baijnath, Dharamshala, Kalpa, Kangra, Dehra, Fatehpur, Hamirpur, Nurpur and Tauni Devi.

¹⁶⁴ Barsar, Kalpa, Kaza and Karchham.

2.4.8.4 Irregular payment for unsatisfactory works

To improve the quality of works, the State Government issued directions (August 2014) that if during inspection a work graded as unsatisfactory/ required improvement by the SQM/ NQM, the payment was to be released to the contractor after verification of the ATR upto the satisfactory level.

Audit noticed that in 10 divisions¹⁶⁵ the execution of 21 works had been graded as unsatisfactory/ required improvement by the SQMs/ NQMs. However, contrary to the instructions *ibid*, the EEs concerned had released ₹ 7.54 crore to the contractors during 2014-15 without verification of the ATRs up to satisfactory level of the works which was irregular. Though asked for (September 2015), the E-in-C did not furnish reasons for the lapse.

2.4.9 Monitoring and inspection

2.4.9.1 Monitoring mechanism

Paragraph 16.1 of the programme guidelines provides for effective monitoring of the PMGSY roads through online management, monitoring and accounting system (OMMAS) for which the officials concerned were required to furnish all the prescribed data and information online.

Audit noticed that no mechanism was put in place to verify the authenticity of data entries in OMMAS during 2010-15 which resulted in variation of data of habitations, completion of works, etc. (Paragraphs 2.4.2.2 and 2.4.9.2). Though asked for (September 2015), the E-in-C did not furnish reasons for the lapse.

2.4.9.2 Variations in date of completion

Audit noticed that in six divisions¹⁶⁶, there were variations in dates of completion of the works on the OMMAS and the monthly progress reports of the divisions. In the OMMAS, 12 roads were shown as completed between August 2011 and December 2014 whereas as per monthly progress reports, the works were actually completed between September 2011 to July 2015. This indicated that the EEs had not furnished correct information for the OMMAS during above period. The EEs concerned admitted the facts (May-July 2015).

2.4.9.3 Non-conducting of joint inspections

As per paragraph 15.10.1 of programme guidelines, joint inspection¹⁶⁷ of PMGSY works with public representatives was to be conducted in the circle once in six months, in block once in three months¹⁶⁸ and in gram panchayat (s) once in two months¹⁶⁹. Audit noticed that no such joint inspections of PMGSY works with the public representatives had been carried out by any of the officers during 2010-15. The E-in-C (Quality Control) admitted the facts and stated (April 2015) that the guidelines would be adhered to in future. In the exit conference, the E-in-C accepted the audit findings and stated that the necessary instructions would be issued to all concerned for compliance.

¹⁶⁵ Baijnath, Dalhousie, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kangra and Nurpur.

¹⁶⁶ Dalhousie, Hamirpur, Jawali, Jaisinghpur, Palampur and Udaipur.

¹⁶⁷ SE alongwith Member of Parliament (MP) and Zilla *Pramukh*.

¹⁶⁸ EE of division alongwith Member of Legislative Assembly/ Chairperson of the Intermediate Panchayat.

¹⁶⁹ AE alongwith Sarpanch.

2.4.9.4 Inspection by local Member of Parliament

As per GOI instructions (April 2011), the SQC was to apprise the local Member of Parliament (MP) of the proposed visits of the NQMs for the inspection of PMGSY works in his Constituency. Audit noticed that no MP was involved during inspection of any PMGSY works by the NQMs in the State during 2010-15. In the exit conference, the E-in-C accepted the audit findings and stated that the necessary instructions would be issued to all concerned for compliance.

2.4.9.5 Rural roads safety mechanism

As per paragraph 17.6 of the programme guidelines, in order to ensure community participation for safety awareness of the rural roads, the SQC at the State level and Heads of the DPIUs at the district level were to be assigned the task of coordinating the road safety mechanisms and programmes through membership of the State Road Safety Council (SRSC) and District Road Safety Committees (DRSCs) respectively created as per Section 215 of Motor Vehicles Act, 1988.

Audit noticed that the Department had not obtained the membership of SRSC and DRSCs for coordination of the rural road safety mechanism at any levels during 2010-15. The E-in-C stated (November 2015) that the membership of SRSC and DRSCs was being obtained.

2.4.9.6 Non-plantation of trees

Paragraph 21.2 of the programme guidelines provides for planting of fruit bearing and other suitable trees on both sides of the roads by the State Government/ *Panchayats* from their own funds or through convergence with other rural development programmes.

Audit noticed that all test-checked divisions (except five¹⁷⁰) had not carried out the plantation of the fruit bearing and other suitable trees on the sides of PMGSY roads during 2010-15. Besides, the Department had also not made efforts for plantation of the trees through convergence with other rural development programmes. The EEs concerned had not furnished reasons for the same. In the exit conference, the E-in-C accepted the audit findings and stated that the necessary instructions would be issued to all concerned for compliance.

2.4.10 Conclusion and recommendations

Programme implementation was without ensuring the envisaged planning process like preparation of long term master plan, proper core network resulting in a number of habitations remaining unconnected in the State.

The Government may consider formulating a long term master plan expeditiously with clear milestones and timelines for providing all-weather road connectivity to all the eligible habitations in the State.

Department had not carried out 'transect walk' procedure to ensure availability of land for road alignment. Hence many detailed project reports approved by the GOI had to be dropped due to involvement of private/ forest land.

The Government may follow the 'transect walk' procedure by the field functionaries strictly for availability of land before finalization of detailed project reports.

The financial management was inefficient and marred by non-release of sufficient funds from the GOI during 2012-14 due to less utilisation of funds during previous years.

¹⁷⁰ Chamba, Fatehpur, Kangra, Salooni and Touni Devi.

The Government may consider ensuring the release of sufficient funds from the GOI (after securing all the necessary sanctions) for execution of the works and monitoring their utilisation optimally and effectively.

The contract management was weak as there were instances of tendering of works before obtaining technical sanction, abnormal delays in awarding of works, extension of undue favour to contractors by way of rectification of the defective works out of PMGSY funds during defect liability periods, non-levy of liquidated damages, etc.

The Government may consider adhering to the envisaged tendering process strictly and awarding the works in a timely manner so as to ensure strict compliance with the stipulated clauses of the contract agreements including recovery of liquidated damages, outstanding advances, royalty charges, etc., from the contractors.

The works were not executed efficiently and effectively as several deficiencies were noticed such as works having been completed without providing full connectivity to the identified habitations, roads completed but not opened for vehicular traffic due to non-synchronisation of the construction of the bridges, etc.

The Government may consider preparation and compliance with all checklists regarding availability of land, forest clearances and other codal formalities before approving the road works so as to ensure their execution within the stipulated period.

Quality control inspections were not effective and appropriate action was not taken to rectify the defects pointed out during such inspections.

The Government may consider ensuring strict compliance with regard to quality control checks to be exercised at various stages by different authorities and rectifying the defects pointed out during quality control checks promptly.

The audit findings were referred to the Government in September 2015. Reply had not been received (November 2015).