

## CHAPTER - II

### Humanitarian Relief

#### 2.1 Introduction

Humanitarian relief involving assistance to the families affected by the floods of September 2014 in the form of enhanced ex-gratia relief for reconstruction of houses; assistance for rehabilitation of livelihood in the form of interest subvention for traders/ self-employed/ business establishments etc.; Rehabilitation package for one time settlement of families from Pakistan Occupied Jammu and Kashmir (POJK) and Displaced Persons (DPs) of Chhamb and provision of transit accommodation and additional jobs for Kashmiri migrants were to be provided under the Prime Minister's Development Package (PMDP).

Under Humanitarian Relief, seven<sup>1</sup> projects were to be completed at an outlay of ₹ 6,313 crore. Out of these seven projects, five projects with a combined outlay of ₹ 4,313 crore were selected in Audit for test check details of which are given in **Table 2.1**.

**Table 2.1: Project cost and expenditure of selected five projects as of March 2019**

(₹ in crore)					
Sl. No.	Projects	Project Outlay	Funds released GoI	Expenditure (March 2019) (Percentage to project outlay)	Unutilised fund
1.	Assistance for completely damaged/ severely damaged/ partially damaged houses	1,200	1,194.85	1,043.55 (87)	151.30
2.	Rehabilitation Package for Jammu migrants.	13	13	13 (100)	-
3.	Rehabilitation package for one time settlement of 36,384 families from POJK and Chhamb DPs.	2,000	1,159.16	1,159.16 (58)	-
4.	Interest subvention on assistance for restoration of livelihood for traders/ self-employed/ business establishments etc.	800	800	800 (100)	-
5.	India Reserve (IR) Battalion (5 in J&K at approximate cost of ₹ 60 crore per Battalion)	300	199.09	116.13 (39)	82.96
<b>Total</b>		<b>4,313</b>	<b>3,366.10</b>	<b>3,131.84</b>	<b>234.26</b>

(Source: Monitoring Reports on PMDP prepared by State Government)

As seen from the **Table 2.1**, the estimated cost of the five selected projects was ₹ 4,313 crore, whereas the funds released by the GoI was ₹ 3,366.10 crore and expenditure (March 2019) was ₹ 3,131.84 crore respectively. Thus, total expenditure incurred on these five projects was less than the funds available as of 31 March 2019.

<sup>1</sup> 1. Assistance for completely damaged/ severely damaged/ partially damaged houses; 2. Interest subvention on assistance for restoration of livelihood for traders/ self-employed/ business establishments; 3. State Government jobs to additional 3,000 Kashmiri migrants; 4. Construction of 6,000 transit accommodations in the Kashmir valley; 5. Rehabilitation package for one-time settlement of 36,384 families from POJK and Chhamb DPs; 6. Rehabilitation package for Jammu migrants; and 7. IR Battalion (5 in J&K).

The GoJ&K also could not avail the benefit of ₹ 946.90 crore out of the total outlay of ₹ 6,313 crore.

The sampling methodology has been indicated in *Appendix 1.2* of Chapter I and the audit findings thereof are discussed in the succeeding paragraphs.

## **Department of Disaster Management, Relief, Rehabilitation and Reconstruction**

### **2.2 Assistance for completely damaged, severely damaged and partially damaged houses**

#### **2.2.1 Introduction**

The floods in the month of September 2014 resulted in full/ severe/ partial damage to *Pucca/ Kacha* houses<sup>2</sup> in the erstwhile State of J&K. The erstwhile State Government conducted surveys (September-October 2014) at district level after these floods and identified 2.35 lakh houses as damaged. An assessment was also made to establish whether the damage to the houses was total/ severe/ partial. Thereafter, assistance for repair of houses damaged due to these floods was disbursed under three different schemes. The first tranche was released from the State Disaster Relief Fund (SDRF), the second tranche released from the Prime Minister's National Relief Fund (PMNRF) and the third tranche has been provided under the Prime Minister's Development Package (PMDP). At the Apex level, the Scheme is implemented by the Department of Disaster Management, Relief, Rehabilitation and Reconstruction, GoJ&K and at district level by the concerned Deputy Commissioners (DCs) of the 20 flood affected districts and Sub-Divisional Magistrates and Tehsildars at tehsil level.

#### **2.2.2 Financial assistance**

The first instalment of the financial assistance was paid in 2014-15 to households affected by flood through the respective Sub-Divisional Magistrates (SDMs)/ Tehsildars immediately after the floods under SDRF, while the second instalment was paid during 2015-16 under PMNRF by the GoI, directly into the bank accounts of house owners through Direct Benefit Transfer (DBT), on the basis of details furnished by the GoJ&K. The third instalment of the financial assistance under the PMDP had been paid from 2016 onwards by the respective DCs through DBT to the house owners.

As against a project outlay of ₹ 1,200 crore sanctioned (January 2016) by the Government of India under the PMDP, only ₹ 1,194.85 crore were released as the Utilisation Certificates (UCs) were not furnished. Further out of the amount of ₹ 1,194.85 crore received by the Finance Department, GoJ&K, only ₹ 1,085.60 crore was released through Disaster Management, Relief, Rehabilitation and Reconstruction Department, GoJ&K to 20 DCs up to June 2019 as indicated in **Table 2.2.1**.

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<sup>2</sup> *Pucca* houses: strong houses made up of wood, bricks, cement, iron rods and steel and *Kacha* house: houses made of wood, mud, straw and dry leaves.

**Table 2.2.1: District wise Fund released and Expenditure incurred  
(as of June 2019)**

(₹ in crore)			
Sl. No.	Name of the district	Funds released	Expenditure incurred
1.	Anantnag	99.66	98.91
2.	Bandipora	40.56	39.84
3.	Baramulla	35.92	35.41
4.	Budgam	88.15	78.13
5.	Doda	3.04	3.02
6.	Ganderbal	0.82	0.81
7.	Jammu	62.93	62.03
8.	Kathua	8.77	8.77
9.	Kishtwar	2.41	2.41
10.	Kulgam	19.62	19.62
11.	Kupwara	0.21	0.21
12.	Poonch	20.80	20.80
13.	Pulwama	75.59	75.59
14.	Rajouri	65.11	49.82
15.	Ramban	7.53	7.53
16.	Reasi	29.34	29.13
17.	Samba	4.56	4.56
18.	Shopian	7.28	7.28
19.	Srinagar	500.31	494.36
20.	Udhampur	12.99	12.98
<b>Total</b>		<b>1,085.60</b>	<b>1,051.21</b>

(Source: Information furnished by Department of Relief, Rehabilitation and Disaster Management)

During the period from January 2016 to June 2019, an expenditure of ₹ 1,051.21 crore had been incurred under the PMDP on account of payment of compensation for 2.18 lakh houses damaged due to floods of September 2014 in 20 districts of the erstwhile State of J&K and an amount of ₹ 6.45 crore was released up to September 2020 to six<sup>3</sup> districts and an unutilised amount of ₹ 102.80 crore was retained by the Finance Department as of September 2020.

In seven districts (Budgam, Baramulla, Bandipora, Jammu, Rajouri, Srinagar and Poonch), an expenditure of ₹ 780.39 crore was incurred out of ₹ 813.78 crore released. In these seven districts, out of 69 tehsils/ Sub-Divisions (SDs) 25 tehsils/ SDs had been covered in Audit. Further, for these 25 tehsils/ SDs out of 0.95 lakh houses which were identified as damaged, records relating to payment of compensation for 0.14 lakh houses (15 per cent) were test checked in Audit.

### 2.2.2.1 Delay in sanction of financial assistance

Finance Department, GoJ&K sanctioned funds in favour of the Department of Disaster Management, Relief, Rehabilitation and Reconstruction, GoJ&K during the period from March 2016 to January 2020, with delays ranging from 47 days to 31 months. The belated release of funds delayed payment of financial assistance to the affected households in the districts causing hardship to the beneficiaries. It was also

<sup>3</sup> Baramulla: ₹ 22.90 lakh; Budgam: ₹ 149.25 lakh; Ganderbal: ₹ 0.40 lakh; Kulgam: ₹ 2.85 lakh; Pulwama: ₹ 265.45 lakh; and Shopian: ₹ 204 lakh.

seen that in the third tranche, under the PMDP, the GoJ&K accorded (June 2016) sanction for release ₹ 10.02 crore out of ₹ 29.98 crore in favour of the Deputy Commissioner, Budgam to disburse cash assistance among the flood affected households. This was not disbursed to the beneficiaries on the grounds that they did not receive release order of ₹ 10.02 crore. As a result, the funds could not be availed during 2016-17 despite sanction being made as early as June 2016. Subsequently only ₹ 1.49 crore has been released in January 2020 for District Budgam with the result that although the affected households had already been identified immediately after the floods, but some of the damaged households were not paid assistance in District Budgam.

### 2.2.2.2 Diversion of Financial assistance

The Assistant Commissioner (Revenue), Rajouri diverted (August/ September 2018), an amount of ₹ 16.10 lakh out of the PMDP funds towards purchases and restoration/ clearance of work done liability as indicated in **Table 2.2.2**.

**Table 2.2.2: Diversion of funds during the period from August 2018 to September 2018**

Sl. No.	Date of transfer of funds	Amount (₹)	Particulars
1.	21.08.2018	25,350	Purchase of articles from M/s P S Electronics out of interest amount.
2.	17.09.2018	45,000	For medical treatment of private individual out of interest amount.
3.	18.09.2018	31,000	Purchase of Microwave from M/s P S Electronics out of interest amount.
4.	18.09.2018	11,00,000	Restoration/ clearance of liabilities of works (i) Drilling of Bore well of 200 mm at Majoroor of WSS Shahdhara Sharief (₹ 6 lakh). (ii) Revival of WSS and Drilling of Bore well of 200 mm near Abdullah bridge Rajouri (₹ 5 lakh).
5.	18.09.2018	3,88,000	Restoration/ clearance of liabilities of works of improvement and restoration of road at Atti Gali Panchayat. Atti Block Rajouri.
6.	20.09.2018	21,000	Purchase of articles from M/s P S Electronics out of interest amount.
	<b>Total</b>	<b>16,10,350</b>	

(Source: Records of Assistant Commissioner (Revenue), Rajouri)

This expenditure of ₹ 16.10 lakh included ₹ 1.22 lakh transferred (August/ September 2018) from interest accrued in the Bank Account and ₹ 14.88 lakh for restoration/ clearance of liabilities out of funds meant for disbursement of financial assistance under the PMDP to households in Rajouri district affected during the floods of September 2014. Thus, genuine flood victims were deprived of the assistance sanctioned and released by the Government.

The Additional Deputy Commissioner, Rajouri, office of Deputy Commissioner, Rajouri while confirming the facts stated (August 2020) that the amount would be recouped to the PMDP account.

### 2.2.2.3 Non-utilisation of funds

An amount of ₹ 128.05 crore was sanctioned under the PMDP to the Deputy Commissioners, Rajouri and Jammu during the period from 2015-16 to 2018-19 for disbursement to the flood affected households against which an expenditure of ₹ 111.91 crore was incurred leaving balance of ₹ 16.14 crore (13 per cent) which was surrendered at the end of the respective years as given in the **Table 2.2.3**.

**Table 2.2.3 Non-utilisation of Funds**

(₹ in crore)				
Sl. No.	Name of office	Funds sanctioned	Expenditure incurred	Non-utilisation/ surrender of funds
1.	Deputy Commissioner, Rajouri	65.11	49.88	15.23
2.	Deputy Commissioner, Jammu	62.94	62.03 <sup>4</sup>	0.91
<b>Total</b>		<b>128.05</b>	<b>111.91</b>	<b>16.14</b>

(Source: Departmental records)

It was noticed (September 2019) in Audit that out of ₹ 22 crore released (March 2016) by the Deputy Commissioner, Rajouri, the Assistant Commissioner (Revenue), Rajouri withdrew ₹ 13.22 crore (March 2016) from the Treasury and surrendered ₹ 8.78 crore thereby depriving financial assistance to the flood affected households. Further, ₹ 9.90 lakh (including interest of ₹ 2.48 lakh) out of ₹ 13.22 crore continued to remain unutilised in the Bank account as of August 2020, thereby depriving genuine flood victims of financial assistance of ₹ 7.42 lakh.

The Assistant Commissioner (Revenue), Rajouri stated (October 2019) that no beneficiary approached the office to intimate that the Bank had not transferred money into their account.

The fact, however, remains that reconciliation was not carried out to ensure disbursement of financial assistance to left over households.

Further, the GoJ&K sanctioned ₹ 62.94 crore under the PMDP to the Deputy Commissioner, Jammu during the period from 2014-2015 to 2016-17 for disbursement to flood affected victims against which ₹ 0.91 crore was surrendered in March 2017. Audit noticed that though ₹ 62.03 crore was shown utilised for payment of assistance to 17,357 beneficiaries, ₹ 1.82 crore remained unspent (November 2019) in the Bank accounts of the Assistant Commissioner (Revenue), Jammu, thus depriving 564 affected households of financial assistance besides inflating the figures of expenditure. As per the information made available, an amount of ₹ 47.95 lakh had further been disbursed (December 2019) among beneficiaries leaving ₹ 1.34 crore still unspent in the Bank accounts.

### 2.2.3 Assessment of Damages

The GoJ&K accorded (March 2014) sanction for adoption of the Standard Operating Procedure (SOP) to combat disasters whereby the Deputy Commissioners of the

<sup>4</sup> Out of ₹ 62.03 crore, ₹ 1.82 crore remained unspent in Bank accounts.

concerned districts are to sanction claims as admissible under SDRF. The claims in respect of damage to immovable private property was required to be assessed by the Committee under the Chairmanship of Additional District Development Commissioner with Assistant Commissioner (Revenue), the concerned Tehsildar, the Executive Engineer (R&B) as members. It was observed in audit that:

- Additional District Development Commissioner, Assistant Commissioner (Revenue) and the Executive Engineer (R&B) had not been involved in assessment of damages to private infrastructure like residential houses, cattle sheds etc. in the cases test checked at tehsils/ Sub-divisions of Rajouri and Jammu districts. Instead, the damages had been assessed on the basis of reports of the concerned Sarpanchs, Patwaries, Girdawars, Naib Tehsildars and recommendations of the concerned Tehsildars. The flood affected houses were classified as fully, severely and partially damaged houses on the basis of reports of the concerned Sarpanchs/ Patwaris etc. who were not technically competent in making assessment of damages, as per the SOP.
- Further during test check of records of the Tehsils/ Sub-divisions of Budgam, Jammu, Poonch, Rajouri, and Srinagar districts, it was noticed that houses were categorised as fully, severely and partially damaged on the basis of records and reports of non-technical persons without any scrutiny by technically qualified personnel although as per the SOP technical members such as Executive Engineer (R&B) were to be a part of the assessment process.
- The Approved lists of beneficiaries in Tehsils/ Sub-divisions of Khoie Pattan, Sopore of Baramulla district did not bear signatures of all the members nominated for this purpose as per the SOP. Thereby, all members were not associated during surveys/ spot visits for assessment of damages to private properties.

The Deputy Commissioner, Jammu while confirming (August 2020) the observation of Audit stated that in view of large scale damage due to flash flood and landslides in Jammu it was not possible for the Centralised District Level Committee to assess damages in all parts of the district and it was felt necessary to relax existing procedure for faster disposal as per verbal directions of the Divisional Commissioner, Jammu. The Deputy Commissioner, Budgam stated (August 2020) that subordinate field agencies were directed to conduct damage assessments as per norms in vogue and the concerned Tehsildars submitted damage assessment reports for their respective territorial jurisdictions.

The Deputy Commissioner, Baramulla stated (July 2019) that lists were prepared at Tehsil level with signatures of Tehsildars and after that other members had signed/ authenticated the lists at District level which were available at District Headquarters. The reply confirms that lists of beneficiaries were drawn up at Tehsil level without conducting the basic surveys as per the SOP to assess damages caused to private properties as well as evaluation by technical members, the absence of which raises

doubt as to whether genuine beneficiaries have been provided financial assistance under this project.

#### 2.2.4 Assistance to damaged houses

The main objective of the project was to provide financial assistance to the households whose houses were damaged in the floods of September 2014 and accordingly the GoJ&K provided (February 2016) financial assistance as per the scale prescribed under the PMDP. The composite financial assistance provided to a damaged household under SDRF, PMNRF and PMDP is indicated in **Table 2.2.4**:

**Table 2.2.4: Composite Financial assistance for damaged households**

(Amount in ₹)

Category of damaged houses	Financial assistance sanctioned			Total financial assistance
	SDRF	PMNRF	PMDP	4
	1	2	3	(1+2+3)
Fully Damaged <i>Pucca House</i>	75,000	1,00,000	2,50,000	4,25,000
Fully Damaged <i>Kacha House</i>	17,600	50,000	1,00,000	1,67,600
Severely Damaged <i>Pucca House</i>	12,600	50,000	1,25,000	1,87,600
Severely Damaged <i>Kacha House</i>	3,800	10,000	50,000	63,800
Partially Damaged <i>Pucca House</i>	3,800	25,000	20,000	48,800
Partially Damaged <i>Kacha House</i>	2,300	5,000	10,000	17,300

(Source: Information furnished by Department of Relief, Rehabilitation and Disaster Management)

The Cash assistance under PMNRF was disbursed (2015-16) by the National Disaster Management Authority (NDMA), GoI to households affected by the flood, whose complete details were uploaded on the PFMS website on or before 31 March 2016. Thereafter, uploading of data of beneficiaries for payment of assistance under PMNRF was closed (31 March 2016). The third instalment of cash assistance, under the PMDP was to be transferred by the concerned Deputy Commissioners directly through Direct Benefit Transfer (DBT) into the bank accounts of only those flood affected households who had previously been provided assistance under PMNRF. As of June 2019, an amount of ₹ 1,051.21 crore was shown utilised by the Department under the PMDP for disbursement among 2.18 lakh<sup>5</sup> flood affected households (beneficiaries) in 20 districts of the State. The details of financial assistance payable and paid to each damaged household overall and separately under SDRF, PMNRF and PMDP was not maintained in a centralised database at State level as a result Audit could not ascertain the number of damaged households deprived of financial assistance overall, as well as separately under these three tranches. However, the position of houses damaged and households assisted by the Department under SDRF, PMNRF and the PMDP separately in seven test checked districts is given in **Table 2.2.5**.

<sup>5</sup> Fully damaged *Pucca* houses: 0.11 lakh; Fully damaged *Kacha* houses: 0.11 lakh; Severely damaged *Pucca* houses: 0.37 lakh; Severely damaged *Kacha* houses: 0.14 lakh; Partially damaged *Pucca* houses: 1.06 lakh; and Partially damaged *Kacha* houses: 0.39 lakh.

**Table 2.2.5: Numbers of damaged households as of March 2019**

Sl. No.	District	No. of houses damaged	No. of damaged households paid assistance under		
			SDRF	PMNRF	PMDP
(1)	(2)	(3)	(4)	(5)	(6)
1.	Bandipora	7,699	7,699	7,160	7,258
2.	Baramulla	8,668	8,668	8,553	8,553
3.	Budgam	14,076	14,076	13,687	11,148
4.	Jammu	20,864	20,627	17,627	17,357
5.	Poonch	7,427	7,427	7,409	5,893
6.	Rajouri	18,242	12,277	13,147	12,077
7.	Srinagar	92,120	86,973	78,633	77,569
	<b>Total</b>	<b>1,69,096</b>	<b>1,57,747</b>	<b>1,46,216</b>	<b>1,39,855</b>

(Source: Records of test-checked Deputy Commissioners)

As can be seen from the **Table 2.2.5**, in the seven test checked districts, out of 1.69 lakh houses identified as damaged immediately after floods of September 2014, 1.58 lakh households were paid assistance under SDRF, 1.46 lakh households under PMNRF and 1.40 lakh households under the PMDP.

Audit noticed the following:

- In Srinagar district, the category of 405 damaged households were revised (May 2016) by the Deputy Commissioner (DC), Srinagar based on representations by the affected owners of houses. This was done after the cut-off date of 31 March 2016 and therefore, could not be uploaded on PFMS. Therefore, the owners of these houses were deprived of the additional amount in the second tranche and financial assistance of ₹ 4.52 crore under the PMDP as per their entitlement in the revised category. No mechanism for relaxation of condition for payment under the PMDP or to get beneficiaries uploaded after 31 March 2016 was evolved by the department.
- In five Tehsils<sup>6</sup> of Jammu district, 425 damaged households identified by the Survey Committee after the floods of September 2014, were not paid assistance of ₹ 1.48 crore under the PMDP as of August 2020. No reasons were furnished by the DC, Jammu despite specifically being asked in Audit.
- In Rajouri district, a Committee under the Chairmanship of Additional District Development Commissioner was constituted (December 2015) for verification of left out cases eligible for relief, post floods of September 2014. A total of 2,632 cases were placed before the Committee, out of which 1,732 cases (including 1,383 cases of damaged houses) were found (March 2017) genuine, hence recommended for sanction of ex-gratia relief. However, these affected families had not been given assistance under the PMDP.

The DC, Budgam stated (August 2020) that the cases of left out houses damaged due to floods of 2014 were communicated to the Divisional Commissioner, Kashmir but no payment had been released to these left out households under PMDP. The DC,

<sup>6</sup> Khour, Kharabali, Pargwal, Mandal and Maira Mandrian.

Rajouri stated (September 2019) that demand for relief had been projected to the GoJ&K for release of funds which was awaited.

However, as of September 2020 these affected families had not been given assistance under the PMDP.

#### 2.2.4.1 Incorrect categorisation of beneficiaries

The third instalment of financial assistance was to be released under the PMDP by the respective Deputy Commissioners (DCs) to the affected households who had been paid a second instalment under PMNRF and whose complete details were uploaded on PFMS website by 31 March 2016.

Audit noticed (June 2019) that in Hajin Tehsil of Bandipora District, status of eight affected households was revised unauthorisedly by the Tehsildar, Hajin from severely *pucca* to fully *pucca* under PMDP which led to additional payment of ₹ 10 lakh during the period from January 2017 to April 2017, through DBT mode.

The Deputy Commissioner, Bandipora stated (June 2019) that these eight cases were paid for fully *pucca* category in SDRF as such these were paid under fully *pucca* category in the PMDP as well.

The reply is not acceptable as the records provided did not show status of damaged households of these beneficiaries under fully *pucca* category. The Assistant Commissioner (Revenue), Bandipora, however, stated (August 2020) that recovery of ₹ 0.25 lakh had been made from one beneficiary and notices had been served in respect of remaining beneficiaries.

#### 2.2.4.2 Inadmissible payment of Assistance

In six tehsils of Jammu district and Sunderbani sub-division of Rajouri district, assistance of ₹ 63.45 lakh was paid under the PMDP as indicated in **Table 2.2.6**, although 184 houses were not in the list of houses damaged by the floods of September 2014.

**Table 2.2.6: Inadmissible payment**

Name of District	Name of Tehsil/ Sub-Division	Number of beneficiaries	Inadmissible assistance paid (₹ in lakh)
Jammu	Maira Mandrian	44	15.30
	Mandal	42	13.85
	Pargwal	36	12.60
	Khour	18	6.90
	Chouki Choura	16	6.00
	Kharabali	13	1.30
Rajouri	Sunderbani	15	7.50
<b>Total</b>		<b>184</b>	<b>63.45</b>

(Source: Records of test-checked SDMs/ Tehsildars)

The Deputy Commissioner, Jammu stated (August 2020) that Tehsil level committees were constituted for assessment of damages caused to household properties by flood of September 2014 and on the basis of fresh representations received by Tehsildars from affected households, other genuine left out cases were also recommended by the concerned Tehsildars for payment under SDRF.

The reply is not tenable as the payments in the instant cases were made under the PMDP to households whose houses were not included in the assessment reports.

Audit further noticed the following:

- In two Tehsils (out of 6 Tehsils) selected for test check, in Poonch district, the names of 60 beneficiaries to whom assistance was paid (September 2019) did not exist in the SDRF beneficiary list, thereby resulting in inadmissible payment of assistance of ₹ 14.50 lakh under the PMDP.
- Two beneficiaries were paid (November 2016) assistance of ₹ 0.20 lakh under SDM, Sunderbani on the basis of reports of assessment of damages which were not approved by the concerned Tehsildar.
- In two tehsils of Poonch district, 147 households<sup>7</sup> under three categories (*Kacha* fully, *Kacha* partially and *Pucca* severely) were subsequently added to the list of damaged houses finalised under SDRF and paid assistance under the PMDP. This resulted in inadmissible payment of assistance of ₹ 37.45 lakh to these 147 ineligible beneficiaries.

The DC, Poonch stated (October 2019) that concerned staff would be asked to look into the matter and clarify the position.

Thus, assistance was paid to house owners whose names did not figure in the damage assessment reports/ SDRF survey list, resulting in inadmissible payments to these house owners.

#### 2.2.4.3 Extra payment of cash assistance

The financial assistance was to be transferred into the bank accounts of the identified flood affected households through DBT mode. Audit noticed (July 2019 to September 2019) that in six districts excess assistance of ₹ 73.85 lakh was credited into Bank accounts of 85 beneficiaries as given in **Table 2.2.7**.

Table 2.2.7: Excess payment of assistance

Sl. No.	District	Number of beneficiaries	Assistance due	Assistance paid	(₹ in lakh)
					Inadmissible assistance paid
1.	Srinagar	10	11.30	21.80	10.50
2.	Budgam	38	34.48	69.48	35.00
3.	Baramulla	2	1.45	2.90	1.45
4.	Bandipora	17	10.50	22.00	11.50
5.	Rajouri	16	7.50	19.40	11.90
6.	Poonch	2	2.25	5.75	3.50
	<b>Total</b>	<b>85</b>	<b>67.48</b>	<b>141.33</b>	<b>73.85</b>

(Source: Records of test-checked SDMs/ Tehsildars)

After being pointed out (September 2019) in Audit, the Deputy Commissioner, Rajouri issued directions (September 2019) to the concerned Tehsildars to fix responsibility and recover the excess amount. The Deputy Commissioner, Budgam stated (August 2020) that an order was issued to concerned Tehsildars to recover excess amount and that ₹ 10.48 lakh had been recovered and further recovery

<sup>7</sup> Mendhar: 146 (Kacha fully: 24 and Kacha partially: 122) and Balakote: 1 (Pucca severely).

was under process. The Assistant Commissioner (Revenue), Bandipora stated (August 2020) that recovery of ₹ 2.05 lakh had been effected in seven cases<sup>8</sup> and notices had been served (August 2020) to remaining beneficiaries who had received extra relief.

#### 2.2.4.4 Category of affected households

The financial assistance was to be transferred into the bank accounts of the identified flood affected households on the basis of category of damaged houses as per basic survey assessment reports and lists framed during disbursement of first instalment of assistance under SDRF. Audit noticed the following:

- In Rajouri district, status of 13 affected households<sup>9</sup> were revised to the category<sup>10</sup> of damaged houses entitled for more compensation due to which there was an excess payment of financial assistance of ₹ 8.70 lakh. Further, the status of 24 affected households<sup>11</sup> was revised to the category<sup>12</sup> of damaged houses entitled for lesser compensation due to which there was savings of financial assistance of ₹ 3.30 lakh.
- In Rajouri district, the status of 51 affected households<sup>13</sup> were revised to the category<sup>14</sup> of damaged houses entitled for more compensation, during uploading of data for payment of assistance under PMNRF. This resulted in extra payment of financial assistance of ₹ 21.35 lakh to these 51 beneficiaries under PMNRF. Though payment under the PMDP had not been released in favour of these beneficiaries but despite adjusting instalment of financial assistance under the PMDP, an amount of ₹ 15.45 lakh still remained recoverable from these beneficiaries. Further, four affected households in Rajouri district were revised irregularly to category of damaged houses entitled for more compensation, thereby resulting in additional payment of ₹ 3.50 lakh under the PMDP.
- In Sumbal tehsil, nine households under partially pucca category were uploaded for payment of assistance under PMNRF. The beneficiaries were entitled to assistance of ₹ 0.25 lakh each under PMNRF. However, these beneficiaries were paid ₹ 0.50 lakh each under PMNRF resulting in additional payment of ₹ 2.25 lakh. Though the payment under the PMDP had not been released in favour of these beneficiaries but despite adjusting instalment of financial assistance under PMDP, ₹ 0.45 lakh remained recoverable from these beneficiaries. In reply Tehsildar, Sumbal stated (November 2019) that the extra amount paid would be recovered.

<sup>8</sup> Tehsils Bandipora: one; Hajin: one; Sumbal Sonawari: five.

<sup>9</sup> Tehsil Rajouri: 4 and Sub-division Sunderbani: 9.

<sup>10</sup> Pucca partially to Kacha fully, Kacha partially to Kacha fully, Kacha fully to Pucca fully, cattle shed to Kacha Partially, Kacha partially to Kacha severely and Kacha partially to Pucca partially.

<sup>11</sup> Tehsil Rajouri: 20 and Sub-division Sunderbani: 4.

<sup>12</sup> Pucca partially to Kacha partially, Kacha severely to Kacha partially, Kacha fully to Kacha partially.

<sup>13</sup> Tehsil Rajouri: 42 and Sub-division Thanamandi: 9.

<sup>14</sup> Pucca partially/ Kacha partially to Kacha fully.

- In Baramulla district due to wrong classification of category of damaged houses, ₹ 0.97 lakh had been credited into Bank accounts of household beneficiaries in excess of the admissible assistance.
- In Hajin Tehsil, due to incorrect categorisation of damaged houses, five beneficiaries were paid ₹ 0.83 lakh lesser than the prescribed limits under PMNRF while as in 17 cases the beneficiaries were paid excess amount of ₹ 2.83 lakh. Tehsildar, Hajin had recovered ₹ 0.30 lakh in two cases and also stated (November 2019) that steps would be taken to arrange payment of balance amount in respect of the beneficiaries by taking up the matter with concerned authorities.
- Similarly in Bandipora Tehsil, due to wrong categorisation of damaged houses, three beneficiaries were paid ₹ 0.65 lakh lesser than the prescribed limits under PMNRF while in three other cases the beneficiaries were paid excess amount of ₹ 0.55 lakh. In reply Tehsildar, Bandipora stated (December 2019) that matter would be taken up for the payment of balance amount in respect of beneficiaries who received less payment and in other cases, steps would be taken to recover excess amount paid to the beneficiaries.
- In Poonch district, category of damages to houses of 13 beneficiaries was changed at the time of making payments under the PMDP. In respect of five beneficiaries, category of damages was changed<sup>15</sup> unauthorisedly from lower to higher entitlements which resulted in excess payment of ₹ 5.30 lakh. However, in respect of eight beneficiaries the extent of damages was reduced from higher category of entitlement to lower category resulting in lesser payment of ₹ 5.60 lakh. In reply the DC, Poonch stated (October 2019) that facts would be got verified from records and factual position ascertained.
- In Tehsil Maira Mandrian, ten beneficiaries were wrongly classified<sup>16</sup> under category of damaged houses which were entitled for lesser compensation thereby resulting in excess payment of financial assistance of ₹ 2.70 lakh. However, in 11 cases the affected households of the tehsil were classified under lower category<sup>17</sup> of damaged houses and were paid lesser financial assistance to the extent of ₹ 5.50 lakh. The Department did not reply to this audit observation.

### **2.2.5 Redressal of grievances**

The GoJ&K, in compliance to directions of the High Court (December 2015) constituted a Committee in each district affected by the floods of September 2014 with the Deputy Commissioner of the concerned District as Chairman, Assistant Commissioner (Revenue) as member and Tehsildar of the concerned Tehsil as Member Secretary. The Committee was to look into the complaints submitted by flood affected people and take remedial measures, so as to settle the grievances of the

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<sup>15</sup> Cattle shed to Partially Kacha house, partially Pucca to fully Pucca, severely Kacha to fully Kacha, partially Kacha to fully Kacha and fully Kacha to fully Pucca.

<sup>16</sup> Kacha severely to Kacha fully, Kacha partially to Kacha severely, Cow shed to Kacha partially.

<sup>17</sup> Kacha fully to Kacha severely.

affected persons in a time bound manner. The Committee was also to submit report to the Government in Relief and Rehabilitation Department regarding disposal of complaints on a monthly basis.

Audit examination (September/ November 2019) of records showed that details of complaints submitted by flood affected people, measures taken for redressal of grievances and reports furnished to the Government on monthly basis in this regard along with relevant records/ registers had not been maintained (September 2019) in Rajouri and Jammu districts. As a result, no monitoring of complaints of the flood affected people for redressal of grievances could be carried out.

In Poonch district, records relating to redressal of grievances for non-payment of assistance *vis-a-vis* wrong categorisation of damages were not maintained (October 2019). Although grievances were stated to have been addressed immediately before finalising list of beneficiaries under SDRF, the factual position could not be verified in audit due to non-maintenance of these records.

## **2.3 Rehabilitation package for Jammu migrants**

### **2.3.1 Introduction**

The GoJ&K accorded (February 2003) sanction<sup>18</sup> for payment of cash assistance and supply of free ration to families who had migrated from rural districts in the Jammu region, mainly from the Doda, Reasi, Rajouri, Ramban and Udhampur districts. As per GoJ&K, Relief and Rehabilitation Department's proposal (January 2016), a total of 1,054<sup>19</sup> families were to be given payment of such assistance. Cash assistance and free ration to these migrants was being released continuously from October 2007 onwards. Further, as per orders of the Supreme Court (July 2006)/ High Court (April 2016), these migrants were paid arrears from April 2004 to September 2007. With effect from 18 November 2015, this package of Cash assistance and free Ration to migrants from Jammu to be made at par with migrants from Kashmir Division, was approved (December 2015) under the PMDP by the Ministry of Home Affairs (MHA), Government of India (GoI). Accordingly, the GoJ&K accorded (30 December 2015) sanction for payment of cash assistance to registered Jammu migrants at a rate of ₹ 2,500 per person per month subject to a maximum of ₹ 10,000 per family per month with effect from 18 November 2015, as well as ration at the existing scale. Subsequently, the rates of cash relief were enhanced with effect from 13 June 2018 to the rate of ₹ 3,250 per head per month subject to a ceiling of ₹ 13,000 per family per month.

The Criminal Investigation Department (CID), Jammu was earlier mandated to identify the eligible beneficiaries after conducting verification of 1,489 identified migrant families (October 2007), who migrated from various districts of Jammu

<sup>18</sup> Cash assistance of ₹ 400 per person per month subject to a maximum of ₹ 1,600 per family per month, Atta at the rate of 9 Kg per member of a family per month, Rice at the rate of 2 Kg per member of a family per month, Kerosene oil at the rate of 10 litres per family per month, Cash assistance at the rate of ₹ 300 per month per head of cattle for purchase of fodder for each family.

<sup>19</sup> Comprising 4,952 members.

province. The Relief and Rehabilitation Commissioner (Migrants), Jammu had directed (December 2009) that any family who was not figuring in the list received from CID authorities should not be considered for registration or release of any assistance.

### 2.3.2 Financial position

The recurring expenditure incurred on account of cash assistance and free ration by the GoJ&K on Jammu migrants is reimbursed by GoI under Security Related Expenditure (SRE). During the period from 2015-16 to 2018-19, GoJ&K released ₹ 69.52 crore and expenditure of ₹ 58.45 crore was incurred by the Department on account of cash assistance and food grains in respect of Jammu migrants as given in **Table 2.3.1**.

**Table 2.3.1: Financial Status as on March 2019**

(₹ in crore)			
Sl. No.	Year	Funds sanctioned	Expenditure incurred
1.	2015-16	4.00	2.62
2.	2016-17	31.52	26.29
3.	2017-18	17.00	14.13
4.	2018-19	17.00	15.41
	<b>Total</b>	<b>69.52</b>	<b>58.45</b>

(Source: Figures furnished by the Relief and Rehabilitation Commissioner (Migrants), Jammu)

Funds amounting to ₹ 69.52 crore sanctioned during the period 2015-19 included allocation of ₹ 13 crore by the GoI under the PMDP for the project which had been disbursed in full. Further, during the period from 2019-20 to 2020-21 (September 2020), an expenditure of ₹ 25.81 crore was incurred against release of ₹ 35.56 crore under SRE by the Department.

### 2.3.3 Non-formulation of policy for the migrants

As of August 2020, the Department had not adopted any policy for inclusion/ deletion of family members due to birth or death, bifurcation, rehabilitation for return of migrant families of Jammu and discontinuation of cash assistance and free ration after acquiring any Government job by the beneficiaries.

The updated database of Jammu migrants to indicate the details of occupation, number of family members, original place of residence, present address etc. had not been prepared (August 2020) by the Department. Absence of a database with periodical updated details of members of migrant families could result in release of cash assistance and supply of free ration to ineligible persons/ families.

The Relief and Rehabilitation Commissioner (Migrant), Jammu stated (August 2020) that the General Administration Department, GoJ&K constituted (January 2020) a Committee which recommended (July 2020) inclusion and bifurcation of Jammu migrant families. The Administrative Department had also been approached to take up the matter with the Ministry of Home Affairs, GoI. It was also stated that matter for accord of sanction for issuance of data forms to registered Jammu migrant families in order to prepare a database of these families had been taken up with the Administrative Department.

Thus, in the absence of a database, it could not be ensured that only eligible beneficiaries have been paid assistance under the Schemes.

#### 2.3.4 Payment of relief to ineligible migrant families

Tehsildar, Mahore (Reasi district) had paid relief benefits to 25 families who did not find a place in the list furnished by CID. These families had been paid arrears of ₹ 27.26 lakh along with the monthly cash assistance. Further, in the case of Tehsildar Reasi, arrears of ₹ 51.37 lakh from April 2004 to September 2007 was paid to 47 migrant families who neither existed in CID list nor in of the list of High Court.

The Relief and Rehabilitation Commissioner (Migrant), Jammu stated (July 2020) that the Tehsildar concerned had been requested (July 2020) to provide details of disbursement. As payment of ₹ 78.63 lakh was made to beneficiaries not featuring in the designated lists, the same needs to be investigated so that recovery is effected from ineligible beneficiaries.

#### 2.3.5 Payment of enhanced cash assistance to ineligible migrant families

As per Government Orders of GoJ&K, February 2003 and December 2015, migrants from the Jammu Division were entitled to cash assistance of ₹ 400 per head per month subject to a maximum of ₹ 1,600 per family per month till 17 November 2015 and thereafter, at the rate of ₹ 2,500 per head per month subject to a maximum of ₹ 10,000 per family per month. Zonal Officers (Relief), Nanak Nagar and Jagti (A) Zone, Jammu however, paid enhanced cash assistance of ₹ 1,000 per month per head prior to effective date of the order resulting in inadmissible cash assistance of ₹ 67.14 lakh<sup>20</sup> to 84 migrant families for the period from 2012-13 to 17 November 2015.

The Relief and Rehabilitation Commissioner (Migrant), Jammu stated (July 2020) that relevant records of Zonal Officers (Relief), Nanak Nagar and Jagti (A) Zone, Jammu would be examined and quantum of excess cash assistance would be recovered from the concerned beneficiaries.

In Udhampur district, 72 families cleared by CID agencies and approved by district level screening-cum-coordination committee were registered as migrants in October 2007. On the directions (14 July 2011) of the Deputy Commissioner, Udhampur, the Tehsildar, Udhampur submitted (27 July 2011) that these 72 migrant families were registered/ entitled for getting arrears with effect from October 2007. However, arrears of ₹ 75.53 lakh were paid to 49 migrant families out of 72 Jammu migrant families for the period prior to their registration as migrants (May 2004 to September 2007) as detailed in *Appendix 2.3.1*.

The CID, Jammu after conducting verification (October 2007) identified 1,489 families who had migrated from various districts of the Jammu region. The Relief and Rehabilitation Commissioner (Migrant), Jammu directed (December 2009) that any family who was not figuring in the list received from the CID authorities should not be considered for registration or release of any assistance and requested the Deputy

<sup>20</sup> Nanak Nagar Zone: ₹ 65 lakh; Jagti (A) Zone: ₹ 2.14 lakh.

Commissioners, Ramban, Reasi and Udhampur to ensure that no fresh registration of any migrant family who was not figuring in the CID list be allowed.

In compliance to orders (April 2016) of the High Court of Jammu & Kashmir regarding payment of arrears for the period from April 2004 to September 2007 to 994 identified migrant families of Jammu region with 9 *per cent* interest from January 2010, the Relief and Rehabilitation Department, GoJ&K accorded (November 2016) sanction to release of ₹ 16.09 crore in favour of the Relief and Rehabilitation Commissioner (Migrants), Jammu for payment to the registered Jammu migrants. Accordingly, the Relief and Rehabilitation Commissioner (Migrants), Jammu released (December 2016), ₹ 2.47 crore in favour of Deputy Commissioner, Udhampur for disbursement of arrears to Jammu migrants. The payment was to be made to the registered/ genuine Jammu migrants after due verification. The High Court of Jammu and Kashmir vide another order, directed (March 2017) the Department to consider claims of the remaining 59 Jammu migrant families in district Udhampur for payment of arrears.

It was noticed in Audit that:

- Tehsildar, Mahore had paid arrears of ₹ 2.39 lakh (April 2004 to September 2007) to two migrant families who did not exist in the Court list.
- Tehsildar, Reasi while releasing payment of arrears to migrant families from Jammu in pursuance of the orders of the High Court, had not taken into account number of members in each migrant family and paid excess arrears of ₹ 2.06 lakh to five migrant families. Also, arrears in respect of two Jammu migrant families had been paid on the basis of reduced number of family members, resulting in less payment of arrears of ₹ 1.99 lakh. This indicated that actual number of members of migrant families as per the CID and Court lists were ignored while making payment of arrears.

The Relief and Rehabilitation Commissioner (Migrants), Jammu stated (August 2020) that the concerned Deputy Commissioners have been requested (August 2020) to provide factual report with documentary evidence and that Tehsildar, Udhampur informed (August 2020) that payment of arrears on account of relief and free ration for the period from May 2004 to September 2007 was disbursed as per orders of the High Court.

The reply of Tehsildar, Udhampur is not tenable as 49 migrant families in Udhampur were registered in the year 2007 and also did not figure in the Court list. The arrears therefore, were not due to migrants as they did not figure in Court list and they were not registered.

### 2.3.6 Excess payment of arrears on account of interest on cost of ration

The High Court of Jammu and Kashmir directed (April 2016) that payment of arrears be made to identified migrant families of Jammu region for the period from April 2004 to September 2007 with 9 *per cent* interest from January 2010. Arrears amounting to ₹ 2.43 crore on account of cash assistance and ration for the period from May 2004 to September 2007 along with interest at the rate of 9 *per cent* was paid to 159 migrant families by the Tehsildar, Udhampur. The interest was paid both on cash assistance as well as cost of ration instead of restricting it to cash assistance component only. This resulted in excess payment of arrears of ₹ 28.99 lakh to 159 migrant families. Further, no interest on arrears on account of ration was paid to such migrants by the Tehsildars Mahore, Reasi and Zonal Officer, Nanak Nagar, Jammu.

In reply, the Relief and Rehabilitation Commissioner (Migrants), Jammu stated (July 2020) that as per the directions of the Court, interest at the rate of 9 *per cent* was payable and restricted on cash assistance component and that Tehsildar, Udhampur had been requested to clarify disbursement of arrears on food grains component of the free ration.

Further progress in the matter was awaited (December 2020).

### 2.3.7 Denial of cash assistance to migrant families

Free ration was allowed by the Relief and Rehabilitation Commissioner (Migrants), Jammu to 20 Jammu migrant families<sup>21</sup> registered during 1999-2000. However, cash assistance had not been paid to these 20 registered migrant families though free ration was being provided to them. Audit could not ascertain reasons from the records of the Department for supply of only free ration without payment of cash assistance to these 20 migrant families.

The Relief and Rehabilitation Commissioner (Migrants), Jammu stated (August 2020) that the Administrative Department had been requested for necessary directions in the matter.

### 2.3.8 Retention of funds

Disbursement of cash relief has been made through Direct Benefit Transfer (DBT) mode on the Public Financial Management System (PFMS) portal since November 2017. Audit noticed that the bank account of Tehsildar, Reasi had an undisbursed balance of ₹ 50.18 lakh as of 29 August 2019. Further, the Tehsildar, Reasi had remitted ₹ 17 lakh into Government account as of 31 March 2020.

The Relief and Rehabilitation Commissioner (M), Jammu stated (July 2020) that retention of funds in the official account would be taken up with the concerned official and that since November 2017, cash relief had been made through DBT mode on PFMS portal and the same was running successfully.

Further progress in the matter was awaited (December 2020).

<sup>21</sup> Nanak Nagar Zone: 17 families and Jagti Zone (A): 3 families.

## **2.4 Rehabilitation package for one-time settlement for families from Pakistan Occupied Jammu and Kashmir (POJK) and Chhamb Displaced persons**

### **2.4.1 Introduction**

The project was aimed to provide financial assistance of ₹ 5.5 lakh as one-time settlement to each displaced family with GoI assistance of ₹ 5,49,692 and GoJ&K share of only ₹ 308. The project was to be funded by a contribution of ₹ 2,000 crore from GoI and the GoJ&K was to contribute ₹ 1.12 crore. Payment to the beneficiaries was to be made by Direct Benefit Transfer (DBT) through Public Financial Management System (PFMS) by GoI, MHA in respect of Central share and GoJ&K in respect of State share to 36,384 families belonging to any of the categories of Displaced Persons (DPs) of Pakistan Occupied Jammu and Kashmir (POJK) 1947, DPs of Chhamb 1965 and 1971 (camp/ non-camp).

The Provincial Rehabilitation Officer (Custodian of Evacuees Property), Jammu was responsible for submission of cases in respect of displaced families belonging to the category of 'POJK 1947' after identification through verifiable and credible documents to the Divisional Commissioner, Jammu. Similarly, the Deputy Commissioners of concerned districts were responsible for submission of cases to the Divisional Commissioner, Jammu in respect of displaced families belonging to the category of 'Chhamb 1965 and 1971 (camp/ non-camp)' after identification through verifiable and credible documents.

### **2.4.2 Identification of displaced families**

As per the guidelines stipulated (December 2016) of the GoI the GoJ&K was to prescribe credible and verifiable documents for identification of displaced persons. As per instructions (December 2016) of the State Government, the Displaced Persons (DPs) or their legal heirs were to submit duly filled applications along with documents to the designated authorities in support of their claims for assistance under the project. Common documents prescribed for all categories of DPs include Permanent Resident Certificate (PRC), Aadhar card, Aadhar linked Bank account number, Mandate Form duly attested by the concerned Bank.

The documents required for identification of 'DPs of POJK 1947' were:

- Form A duly certified by the Provincial Rehabilitation Officer (PRO)/ Deputy PRO or Loan ledger duly certified by PRO/ Deputy PRO;
- Nominal Roll (Registration number) duly certified by PRO/ Deputy PRO; and
- Order of allotment of plot of land/ residential quarter duly certified by PRO/ Deputy PRO.

The documents required for 'DPs of Chhamb 1965 and 1971 (camp)' were:

- Land ownership records;
- Copy of ration card; and
- Voter list.

The DPs of 'Chhamb 1965 and 1971 (non-camp)' were also required to furnish proof of payment of ₹ 25,000 by National Human Rights Commission (NHRC) to them in lieu of allotment of land.

During a meeting<sup>22</sup> (February 2018) to review the progress of the project, it was decided (February 2018) that PRO, Jammu was required to prepare complete data of displaced persons of POJK 1947 including such families who were residing outside the State. The PRO had assured that the data would be prepared and submitted by 10 March 2018.

Audit noticed (October 2019) that neither survey for identification of genuine displaced persons of POJK was conducted nor the data of displaced families including those families residing outside the State had been prepared, resulting in recommendation of ineligible cases to the MHA for disbursement of assistance, as detailed in the subsequent paragraphs.

The PRO, Jammu accepted (August 2020) that the data of displaced persons could not be prepared due to lack of staff/ infrastructure and overburden of work.

In the absence of the data on displaced persons, the correctness of payments to beneficiaries could not be verified in audit.

### 2.4.3 Financial Status

The project stipulated (December 2016) that as per the decision of the GoI, the entire process of disbursement of components of both the GoI and the GoJ&K was to be completed within four months (April 2017). In the review meeting<sup>23</sup> on this project, the GoJ&K was requested to accelerate uploading details of eligible beneficiaries with verified Aadhar linked Bank accounts and expedite disbursement of assistance to the beneficiaries. Further, the GoJ&K made a commitment<sup>24</sup> that disbursement through DBT was likely to be completed by 2018 and it was emphasised in November 2017<sup>25</sup> that uploading of beneficiaries' data would be expedited by the GoJ&K.

Year wise position of assistance disbursed through DBT to the beneficiaries during the period from 2016-17 to 2018-19 is given in **Table 2.4.1**.

**Table 2.4.1: Assistance to Beneficiaries**

Year	(₹ in crore)			
	Amount disbursed by MHA	Number of Beneficiaries assisted	Amount disbursed by GoJ&K	Number of beneficiaries assisted
2016-17	9.33	175	5.28	96
2017-18	470.00	10,348	-	-
2018-19	679.83	16,003	-	-
<b>Total</b>	<b>1,159.16</b>	<b>26,526</b>	<b>5.28</b>	<b>96</b>

(Source: Monitoring report of PMDP of J&K Government, March 2020)

As seen from the **Table 2.4.1**, the GoJ&K disbursed (December 2016) financial assistance to 96 displaced families (at the rate of ₹ 5.50 lakh each) amounting to

<sup>22</sup> Meeting chaired by the Minister for 'Disaster Management, Relief, Rehabilitation and Reconstruction' GoJ&K.

<sup>23</sup> Meeting held on 27.04.2017 by the Home Minister, GoI.

<sup>24</sup> In Meeting held on 31.07.2017 by Home Secretary, GoI.

<sup>25</sup> In Meeting held from 20 to 30 November 2017 by Home Secretary, GoI.

₹ 5.28 crore through cheques out of its own resources at the time of the roll out of the project. The GoJ&K, thus, incurred expenditure of ₹ 4.16 crore in excess of the required State share of ₹ 1.12 crore for 36,384 displaced families at the rate of ₹ 308 per family. Subsequently, the Department of Disaster Management, Relief, Rehabilitation and Reconstruction, GoJ&K, had uploaded 32,039 beneficiaries (₹ 1,386.14 crore) on PFMS ending 31 August 2020.

#### **2.4.4 Inadequate infrastructural support**

As per the scheme guidelines (December 2016), infrastructural support to the PRO, Jammu was to be strengthened by providing the requisite manpower and Information Technology (IT) resources<sup>26</sup>.

For upgradation of IT infrastructure for implementation of the scheme, the Planning Development and Monitoring Department, GoJ&K released (February 2017) ₹ five lakh in favour of District Development Commissioner (DDC), Jammu who incurred (March 2017) the expenditure on purchase of Computer Hardware<sup>27</sup> and accessories etc.

However, DDC, Jammu issued only two Desktop PCs, one HP printer and two UPS to the Displaced Persons (DP) Cell while the rest of the items were diverted to other sections in the office not related to implementation of the scheme.

Further, for upgradation of IT infrastructure, the Divisional Commissioner, Jammu released (February 2017) ₹ 3.50 lakh in favour of PRO, Jammu who incurred (March 2017) expenditure of ₹ 1.18 lakh on purchase of Computer Hardware, accessories and one photocopier and surrendered ₹ 2.32 lakh.

Thus, the requisite infrastructure had not been provided by the Department as envisaged in the scheme guidelines.

#### **Displaced persons of POJK 1947**

#### **2.4.5 Identification of beneficiaries without genuine documents**

The guidelines of this scheme required the GoJ&K to prescribe a mechanism for identification of beneficiaries as stated in paragraph 2.4.2.

Analysis of data collected in respect of 460 cases<sup>28</sup>, out of 2730 test checked cases revealed that legal heir certificates from Assistant Commissioners (Revenue)/ Tehsildars in support of claims had been sought in 75 cases (16 *per cent*) only. However, in respect of remaining 385 cases (84 *per cent*) either documents like Court decree (34 *per cent*), Power of Attorney (30 *per cent*) and affidavits (11 *per cent*) had been sought or no documentary proof (9 *per cent*) had been obtained.

As is evident from the cases with deficiencies in documentation, the Department had not put in place a robust mechanism for identification of legal heirs of displaced

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<sup>26</sup> Manpower (Naib Tehsildar: one; Girdawars: two; Data Entry Operators: three); Computer hardware/software: Computer/ Desktop along with peripherals: three.

<sup>27</sup> Desktop PCs: 3, Laptop: one.

<sup>28</sup> In PRO, Jammu.

persons and no proper procedure was adopted with regard to requirement of legal heir certificates/ affidavits/ Power of Attorney/ Court decree etc.

PRO, Jammu stated (August 2020) that uniform procedure was not possible as allotments were separate in nature and documents such as decree from Civil Court and legal heir certificate from Tehsildar supported by affidavits and Power of Attorney were equally important and were entertained only after consultation with higher authorities. Non formulation of uniform procedure resulted in gaps in implementation of the project, as highlighted in the subsequent paragraphs.

#### 2.4.6 Recommendation of compensation to ineligible claimants

One-time assistance was to be paid to registered displaced person, if alive, otherwise it was required to be divided among legal heirs in required proportions. Audit noticed that no control register had been maintained by the PRO, Jammu for recording details of copies of Form A<sup>29</sup>/ Loan ledger<sup>30</sup>/ Nominal Roll<sup>31</sup> (certified by PRO/ Deputy PRO) issued to claimants in accordance with the guidelines (December 2016) to guard against their usage by the claimants more than once for claiming assistance under the scheme. In 40 cases involving 80 applicants (*Appendix 2.4.1*), copies of the same documents were used twice and assistance had been claimed twice separately by individuals by splitting families or by misrepresentation of facts. This had resulted in recommendation of ineligible cases of displaced families with consequent undue/ wrong payment of ₹ 2.31 crore.

The PRO, Jammu stated (August 2020) that either full/ part recovery had been made in eight cases, payments withheld/ account frozen in three cases and recovery proceedings were initiated in three cases, while verification was being conducted in 12 cases and separate family proofs had been annexed with files in 14 cases. However, proof of family in respect of 14 cases was not annexed with the reply.

#### 2.4.7 Incomplete documents

The documents required for identification of ‘DPs of POJK-1947’ as per the instructions of the GoJ&K (December 2016) were:

- Form A duly certified by the Provincial Rehabilitation Officer (PRO)/ Deputy PRO or Loan ledger duly certified by PRO/ Deputy PRO;
- Nominal Roll (Registration number) duly certified by PRO/ Deputy PRO; and
- Order of allotment of plot of land/ residential quarter duly certified by PRO/ Deputy PRO.

Audit noticed (September 2019) the following omissions in recommending cases for assistance under the project by the PRO, Jammu.

<sup>29</sup> Declaration Form taken from displaced persons giving details of family, address in POJK and J&K and place where he/ she wants to get settled in J&K.

<sup>30</sup> Record of loan paid by Government to the displaced person after their registration as refugee in 1947.

<sup>31</sup> Statement of recoveries made from ex-gratia claims of beneficiaries by the Assistant Settlement Commissioner, Jammu.

- Family members mentioned in the original registration documents (Form A/ loan ledger) were ignored;
- Misrepresentation of facts by 10 claimants regarding family members;
- Mismatch in names/ address in POJK in original documents with details given by claimants;
- Persons born around 1947 claiming compensation or giving no objection certificate to others not finding a mention in original documents;
- Original documents without family details at the time of displacement; and
- Documents such as POA/ affidavits were not placed on record instead only affidavits relied upon when legal heir certificates were required to be produced (*Appendix 2.4.2 & 2.4.3*).

These omissions had resulted in recommendation of 54 ineligible/ doubtful cases (*Appendix 2.4.4*) involving financial assistance of ₹ 2.97 crore. In reply PRO, Jammu stated (August 2020) that necessary documents were being sought from the claimants in 18 cases and verification was initiated in two cases while no response was furnished in one case and reply did not address the audit observation in respect of 33 cases.

### **Displaced Persons of Chhamb (1965/ 1971)**

#### **2.4.8 Displaced families residents in relief camps**

Test check of records of 256 cases of displaced persons who lived in relief camps in Jammu district revealed that copies of ration cards were not found attached in 57 cases (22 *per cent*) and in 15 cases (six *per cent*) ration cards attached were not legible. Copies of Permanent Resident Certificate (PRC) were found not attached in 40 cases (16 *per cent*) and in seven cases (three *per cent*) records of allotment of land were not obtained from beneficiaries. Further, in 29 cases (11 *per cent*) though records of land allotment were available, these were not authenticated/ signed by the Tehsildar. Audit further noticed that in 201 cases (out of 256 cases) power of attorney from legal heirs was found attached only in 29 cases (14 *per cent*), in 154 cases (77 *per cent*) involving payment of ₹ 7.47 crore, only affidavits of legal heirs were on record and in 18 cases (nine *per cent*) involving payment of ₹ 0.80 crore, no document was attached to establish genuineness of claimants.

The Assistant Commissioner (Revenue), Jammu stated (October 2019) that compensation cases were supported by documentary evidence and there was no scope for payment to unauthorised/ ineligible beneficiaries. The reply is contrary to the facts as mentioned in following paragraphs.

### 2.4.9 Compensation paid to ineligible claimants

The documents required for identification of DPs of Chhamb 1965 and 1971 (camp) as per the instructions of the GoJ&K (December 2016) were:

- Land ownership records;
- Copy of ration card; and
- Voter list

Audit noticed (October 2019) the following omissions in cases recommended by the Deputy Commissioner, Jammu, for assistance under the project.

- Family members mentioned in the original registration documents were ignored;
- Concealment of information by claimants regarding family members;
- Mismatch in names in original documents with details given by claimants;
- Disposal of cases without ration card which contain names of family members during their stay in relief camps;
- Non-enclosing of adoption deed in cases where adopted son was the claimant; and
- Documents such as Power of Attorney/ affidavits were not placed on record.

These irregularities had resulted in recommendation of ten ineligible/ doubtful cases (*Appendix 2.4.5*) involving financial assistance of ₹ 54.96 lakh by the Deputy Commissioner, Jammu.

The Assistant Commissioner (Revenue), Jammu stated (December 2019) that cases were finalised after completion of all required formalities.

The reply is not acceptable as necessary documents were not available in the individual case files and observation specific replies were not furnished to audit.

*The Government should formulate a time line to identify and recommend cases of eligible families for payment of financial assistance under the project. The Government may take action to recover inadmissible financial assistance paid and also fix responsibility for recommending ineligible cases for financial assistance under the project.*

### 2.4.10 Displaced families not residents in relief camps

The documents prescribed by the GoJ&K for finalisation of cases pertaining to Chhamb refugees who had not resided in camps included proof of payment of ₹ 25,000 by National Human Rights Commission in lieu of allotment of land besides Permanent Resident Certificate (PRC) of the claimant.

Out of 261 case files test checked in Audit in Jammu district, in 17 cases (seven *per cent*) the PRC was not found attached though their cases were recommended for payment.

The Assistant Commissioner (Revenue), Jammu stated (December 2019) that as per guidelines PRC of any of the family members was required to be provided. The reply

is not acceptable as PRC of the claimant was required to be provided for finalisation of the case.

In one case<sup>32</sup>, an amount of ₹ 25,000 was paid<sup>33</sup> by NHRC, although the name of displaced person and his father's name did not match with the claimant<sup>34</sup> recommended by the Deputy Commissioner, Jammu for payment of compensation.

The Assistant Commissioner (Revenue), Jammu stated (December 2019) that Mul Singh (son of Sohan Singh) and Mool Raj (son of Sawan Singh) was one and the same person.

The reply was not acceptable as documents in support of the contention were not produced by the Department.

## Finance Department

### 2.5 Interest subvention on assistance for restoration of livelihood of traders/ self- employed/ business establishments

#### 2.5.1 Introduction

In order to provide financial assistance for restoration of livelihood of traders/ self-employed/ business establishments etc., affected by floods in September 2014 in the State of Jammu and Kashmir (J&K), the Scheme for Interest Subvention was sanctioned (April 2016) by the Government of India (GoI) under the 'Prime Minister's Development Package (PMDP)'. A provision of ₹ 800 crore was made (November 2015) to meet the challenge of livelihood restoration of industrial and business enterprises affected by the devastating flood. As per the scheme guidelines (February 2016), interest subvention was to be restricted only to those units availing credit facility from Banks for business purposes (trading and manufacturing activities) and affected by the floods of September 2014. Under this project, a total number of 28,246 business units identified by the Jammu and Kashmir State Level Bankers Committee (JKSLBC) and whose accounts were restructured immediately after flood of September 2014 were to be extended financial assistance by way of interest subvention. Further, 50,081 small traders/ businessmen (having annual turnover upto ₹ 10 lakh) identified by the Divisional Commissioner, Kashmir on the basis of recommendations of the concerned Deputy Commissioners were to be provided financial assistance to the extent of 50 *per cent* of actual losses suffered by them. Implementation of the Scheme was reviewed in Audit by test check of records of the Finance Department GoJ&K, Jammu and Kashmir State Level Bankers Committee, Director Finance, Chief Minister's Secretariat, GoJ&K and Director Tourism, Kashmir and the concerned Deputy Commissioners.

#### 2.5.2 Structural mechanism and Fund Position

The Jammu & Kashmir Bank Limited (JKBL) was the convener of JKSLBC in the State. The scheme was implemented by the Principal Secretary, Finance Department,

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<sup>32</sup> Mool Raj S/o Sawan Singh.

<sup>33</sup> Mul Singh S/o Sohan Singh.

<sup>34</sup> Case file no. 2898- Cheque No. 413128 dated 28.05.2005 -Code no. 706/117.

GoJ&K, through JKSLBC/ JKBL, the Chief Minister's Secretariat and Deputy Commissioners of eight districts<sup>35</sup> in the Kashmir Division.

The GoI accorded sanction for release (April 2016) of ₹ 800 crore to the GoJ&K, Finance Department and the Finance Department, GoJ&K in turn released<sup>36</sup> ₹ 617.92 crore to JKSLBC/ JKBL, ₹ 187.37 crore to the Chief Minister's Secretariat and ₹ 1.47 crore to the Director Tourism, Kashmir during the period from July 2016 to January 2019.

### 2.5.3 Restructured accounts and financial arrangements

As per Paragraph 2.5 of the scheme guidelines, 28,246 business units with a total outstanding liability of ₹ 2,480 crore<sup>37</sup> as on February 2016, were to be provided restructuring/ enhancement of benefits<sup>38</sup> by 30 Banks in Jammu & Kashmir, post the floods of September 2014. Further, 50,081 small traders/ businessmen having annual turnover up to ₹ 10 lakh, were also to be provided financial assistance to the extent of 50 *per cent* of the actual losses suffered by them with a cap of ₹ one lakh in case of units having annual turnover up to ₹ five lakh and a cap of ₹ two lakh in case of units with annual turnover up to ₹ 10 lakh. The list of these trading/ business units had been drawn on the basis of recommendations of the respective Deputy Commissioners.

The GoJ&K, accorded (April 2016) sanction for utilisation of ₹ 800 crore under the scheme as follows:

- Subsidising interest to the extent of 50 *per cent*, for the period from 01 September 2014 to 31 December 2015 in case of 28,246 traders/ business units affected by the floods in September 2014 with a cap of ₹ 5 lakh per unit (involving financial implication of ₹ 175 crore).
- Grant of five *per cent* interest subvention with effect from 01 January 2016 with a cap of ₹ five lakh per business unit in respect of the above 28,246 business units (involving financial implication of ₹ 92 crore per annum and ₹ 368 crore for a period of four years).
- Assistance to small traders and business establishments with turnover up to ₹ 10 lakh (involving a financial implication of ₹ 132 crore).
- Cover<sup>39</sup> 50 *per cent* of the losses of 50,081 traders having annual turnover of less than ₹ 10 lakh per annum who had suffered losses due to the flood of September 2014 and identified by the respective Deputy Commissioners. The ceiling for this subsidy was ₹ one lakh for traders having turnover of ₹ five

<sup>35</sup> 1. Anantnag, 2. Bandipora, 3. Baramulla, 4. Budgam, 5. Kulgam, 6. Pulwama, 7. Shopian and 8. Srinagar.

<sup>36</sup> ₹ 6.76 crore in excess of GoI sanction released by the Finance Department out of State Government resources.

<sup>37</sup> The loan outstanding as of 31 December 2015 in case of these units was ₹ 2,035.12 crore (Principal: ₹ 1,838.17 crore and Interest: ₹ 196.95 crore) which had increased to ₹ 2,480 crore in February 2016.

<sup>38</sup> Enhancement benefits: Restructuring involves modification of terms of the credit by way of altering the repayment period and/ or enhancement of existing credit limits.

<sup>39</sup> As per the decision of GoJ&K.

lakh or less and ceiling of ₹ two lakh for traders with turnover between ₹ five lakh and ₹ ten lakh.

- The balance provision<sup>40</sup> of ₹ 125 crore was to be utilised to cover left over borrowers from institutions like State Financial Corporation (SFC) and Non-Banking Financial Companies (NBFCs) etc.

The JKSLBC had initially identified 28,246 accounts of traders/ business units affected by the floods in September 2014 which were restructured immediately after floods of September 2014. The number of accounts was revised (July 2017) to 23,491 accounts after excluding agriculture loans and personal loans in accordance with the scheme guidelines. An interest subvention of ₹ 161.84 crore<sup>41</sup> was extended to these 23,491 accounts.

Further, out of the 50,081 small<sup>42</sup> traders/ businessmen identified by the Deputy Commissioners which were affected by floods, financial assistance of ₹ 135.47 crore had been disbursed (September 2020) to 48,638 traders/ business units.

Although there was a provision for left over borrowers from institutions like SFC and NBFCs etc. for which ₹ 125 crore was earmarked, financial assistance to not even a single beneficiary had been provided under this provision (August 2020).

#### **2.5.3.1 Interest subvention to restructured accounts**

As per paragraphs 4.1 and 4.3 of the scheme guidelines, interest to the extent of 50 *per cent* for the period from 1 September 2014 to 31 December 2015 with a cap of ₹ five lakh per unit and five *per cent* interest subvention with effect from 1 January 2016 to 31 December 2019 with a cap of ₹ five lakh per business unit per annum, were to be provided in respect of 28,246 traders/ business units/ self-employed, affected by the flood.

The JKSLBC forwarded the tentative Bank wise details of 28,246 identified accounts which were restructured to the GoJ&K, on the basis of which the GoJ&K framed the scheme guidelines by earmarking ₹ 543 crore for providing interest subvention on these accounts. The list of 28,246 restructured accounts initially identified by JKSLBC was revised to 23,491 restructured accounts after exclusion of personal and agriculture loans from the list. Out of a total of ₹ 543 crore, financial assistance of only ₹ 161.84 crore was extended to 23,491 accounts leaving scope for diversion of scheme funds as discussed in subsequent paragraphs 2.5.4.1 to 2.5.4.2 of this Report.

#### **2.5.3.2 Interest subvention to ineligible borrowers**

As per the scheme guidelines<sup>43</sup> the JKBL was to provide interest subvention of 50 *per cent* of the interest charged for 11,449 identified restructured accounts between 01 September 2014 and 31 December 2015 and five *per cent* of the interest

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<sup>40</sup> As. per the order (April 2016) of GoJ&K.

<sup>41</sup> ₹ 57.36 crore for subsidising interest of 50 *per cent* for period from 1 September 2014 to 31 December 2015 and ₹ 104.48 crore for grant of five *per cent* of interest subvention from 1 January 2016 to 30 September 2018.

<sup>42</sup> Having annual turnover of up to ₹ 10 lakh.

<sup>43</sup> Para No. 11 and 12.

with effect from 01 January 2016 per annum for each business unit/ trader. Accordingly, restructured accounts of the entities affected by the floods of September 2014, were eligible for the Rehabilitation/ Revival Package under the scheme.

Audit noticed (June 2019) that Accounts of nine borrowers which were sub-standard<sup>44</sup> prior to the floods of September 2014, were subsequently included in the list of 11,449 accounts prepared by the JKBL and provided (July 2016) interest subvention of 50 per cent of the interest charged during 01 September 2014 to 31 December 2015, amounting to ₹ 16.49 lakh as detailed in **Appendix 2.5.1**. Further, interest subvention of five per cent for the period from 01 January 2016 to 30 September 2018 amounting to ₹ 36.62 lakh was also provided (December 2016 to January 2019) to these nine borrowers as detailed in **Appendix 2.5.2**.

Similarly, out of 6,167 accounts restructured after the floods of September 2014 by Ellaquai Dehati Bank, 98 accounts were already sub-standard prior to floods of September 2014. These accounts were provided (July 2016 to January 2019) interest subvention amounting to ₹ 21.46 lakh.

Thus, interest subvention to the extent of ₹ 74.57 lakh was provided for 107 accounts of two Banks which were sub-standard prior to floods of September 2014 and were as such, ineligible as per the scheme guidelines.

The JKBL stated (August 2020) that as per scheme guidelines of Special Rehabilitation/ Revival Package for persons affected by natural calamity (Flood 2014) in J&K, outstanding standard loans as on 31 August 2014 were eligible under the scheme and that out of nine accounts, eight accounts were standard as on 31 August 2014 and were eligible for rehabilitation under the scheme. The remaining one<sup>45</sup> borrower was provided interest subvention under the Flood Rehabilitation Scheme and ₹ 20 lakh released in his favour would be recovered and refunded to the Government through JKSLBC.

The reply of the Bank management is not acceptable as nine accounts which were sub-standard as on 30 June 2014 were irregularly included in the list of 11,449 restructured accounts by the JKBL and provided interest subvention.

***In view of these findings, it is recommended that the GoJ&K review all cases where interest subvention has been allowed to ensure only genuine claims are accepted and recovery effected from units not meeting the criteria but have availed this benefit.***

### 2.5.3.3 Excess disbursal for interest subvention

**I.** As per the scheme guidelines<sup>46</sup>, a ceiling of ₹ five lakh per annum per unit for all accounts put together, was fixed for providing interest subvention for the period up to September 2014.

<sup>44</sup> An account is classified as sub-standard by the Bank when the principal or interest payment thereof is overdue. An account becomes a Non-Performing Asset (NPA), if the principal or interest payment thereof is overdue for period of 90 days or more.

<sup>45</sup> M/s Jhelum Roller Floor Mills.

<sup>46</sup> Para 11 and 12 of the Scheme guidelines.

Audit examination of records of JKSLBC revealed that three borrowers had been provided benefit under interest subvention by JKBL and HDFC Bank, beyond the prescribed limit (up to September 2018) thereby resulting in excess payment of ₹ 5.45 lakh as detailed in **Appendix 2.5.3**.

The JKSLBC, while accepting the observation, stated (August 2020) that no technical mechanism was available for checking account IDs of the beneficiaries on inter-bank basis and that the J&K Bank Limited had been advised to recover the excess amount from the identified borrowers, where the benefit through the JKBL and the HDFC Bank collectively had exceeded ₹ five lakh per annum.

The details of recovery were, however, awaited (August 2020).

**II.** As per the scheme guidelines<sup>47</sup>, the units which were affected by the floods of September 2014 and had been provided financial assistance under the Chief Minister's Flood Relief Fund (CMFRF) were eligible under the Scheme for interest subvention to the extent of loan outstanding with the Banks. The guidelines further stipulate<sup>48</sup> that the total benefit from both the sources (CMFRF and Interest Subvention) was not to exceed ₹ five lakh. For this purpose, the Divisional Commissioners were to forward list of affected traders/ self-employed/ business establishments to JKSLBC for verification by the concerned Bank branches.

Audit noticed (June 2019) that no such list had been forwarded to the JKSLBC as a result Audit could not verify the total benefit under two sources (CMFRF and Interest Subvention) which did not exceed ₹ five lakh for these beneficiaries.

The JKSLBC management admitted (August 2020) that it had not received any such list from any office.

***In view of these findings, it is recommended that the GoJ&K review all cases where interest subvention has been allowed without combining the different sources under the same category and effect recovery from units wherever appropriate.***

#### **2.5.3.4 Absence of mechanism to monitor business activity**

The scheme guidelines<sup>49</sup> provided that in case the trader/ business unit closed the business activity or changed its location up to two years after availing interest subvention, the unit would be asked to refund subsidy after giving an opportunity of being heard.

However, examination of records (June 2019) showed that the JKSLBC had not put in place any mechanism to monitor business activity and change of location of the trader/ business unit. Hence, the JKSLBC could not ensure compliance of the applicable conditions.

The JKSLBC management, while admitting the audit observation, stated (August 2020) that instructions/ eligibility criteria under the scheme, as received from

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<sup>47</sup> Para 3.3 (d) of the Scheme guidelines.

<sup>48</sup> As per para 5.8 of the Scheme guidelines.

<sup>49</sup> Para 3.5 and 3.6 of the Scheme guidelines.

the GoJ&K for seeking claims were disseminated to the member Banks which had lodged claims under the scheme. It was also stated that as and when any recovered amount/ benefit from the Banks were received, the same would be refunded to State Government.

*Thus, in the absence of any such mechanism, audit could not ascertain the quantum of such traders/ business units who had availed the benefit of interest subvention and subsequently closed the business activity or changed their location up to two years and were supposed to refund the availed subsidy.*

#### **2.5.4 Diversion of scheme funds**

As per GoI sanction order (April 2016), the assistance under this scheme was to be utilised for providing only interest subvention assistance for restoration of livelihood of traders/ self-employed/ business establishments affected due to floods in Jammu & Kashmir during September 2014 and who were availing credit facilities from Banks.

Audit noticed (July 2019) cases of diversion of ₹ 452.12 crore (56 per cent) from total scheme funds of ₹ 806.76 crore, as discussed in the succeeding sub-paragraphs.

##### **2.5.4.1 Diversion of assistance to houseboat owners**

Audit noticed that Finance Department released (January 2018) ₹ 1.47 crore to the Department of Tourism, GoJ&K for waiver of loans in respect of 19 houseboat owners who had turned defaulters with Banks for loans taken earlier as one-time settlement of these cases. The Director Tourism, Kashmir disbursed (March 2018), ₹ 1.47 crore<sup>50</sup> to nine banks for settlement of these loans, which was not eligible to be covered under the scheme.

These houseboat owners were not affected during September 2014 floods and the waiver of these loans was a violation of the scheme guidelines.

The Joint Director (Resources), Finance Department, while confirming the audit observation, stated (August 2020) that the then Finance Minister, GoJ&K proposed one-time waiver of all such loan cases on the pattern of previous budget announcements in his budget speech 2018 and accordingly the assistance was released in favour of these 19 houseboat owners who had turned defaulters with Banks as a one-time settlement of these cases.

*The interest subvention for the loans advanced needs to be recovered as they do not conform to the scheme guidelines.*

<sup>50</sup> The loan of ₹ 55 lakh sanctioned by the banks in their favour between February 2004 and February 2005 had accumulated to ₹ 1.47 crore including interest thereon.

#### 2.5.4.2 Diversion of assistance to ineligible schemes

##### I. Artisan Credit Card scheme

The Artisan Credit Card (ACC)<sup>51</sup> scheme was initiated (2002) by the Indian Bank Association (IBA) to provide a convenient credit facility to the artisans in the State of J&K. The scheme aimed to provide credit facilities to the artisans, weavers, members of cooperative societies and craftsmen engaged in different activities to start independent ventures of their own. The financial assistance was to be in the form of loan with a ceiling of ₹ one lakh from various Banks and financial institutions. The GoI, was to provide interest subsidy at 10 *per cent* on the loan over a period of five years.

Audit noticed (July 2019) that the JKBL had disbursed (July 2016 to February 2017) an amount of ₹ 26 crore as interest subvention among 36,891 artisan beneficiaries post release (July 2016) of ₹ 26 crore by the GoJ&K in favour of JKBL under the 'Prime Minister's Development Package' for settlement of outstanding balance of interest on Artisan Credit Cards. The GoJ&K also directed (July 2016) the Industries and Commerce (I&C) Department/ JKBL to ensure that only genuine flood affected (September 2014) ACC holders are covered by putting in place a proper verification mechanism.

The ACC was a scheme existing prior to the announcement of the PMDP and was not eligible for assistance under Interest Subvention Scheme. Moreover, specific linkage to losses occurred due to flood had not been done.

The Joint Director (Resources), Finance Department stated (August 2020) that in a policy decision taken in a meeting (July 2016) held under Chairmanship of the then Finance Minister of the erstwhile State of J&K, it was decided that ₹ 26 crore outstanding on account of interest subvention be provided as one time relief to the artisan community as this class was badly affected by September 2014 floods and that verification of genuine beneficiaries vested with I&C Department and J&K Bank.

The reply confirmed the audit observation that funds released by the GoI for the scheme were diverted towards commitment of the GoJ&K for payment of interest subsidy to artisans under the ACC scheme which was not admissible.

##### II. Kissan Credit Card scheme

Similarly, the Kissan Credit Card (KCC)<sup>52</sup> scheme was a pre-existing scheme introduced in 1998 by the Reserve Bank of India to provide adequate and timely support<sup>53</sup> from the Banking system. The GoJ&K released funds amounting to ₹ 244.78 crore between July 2016 and June 2017 to JKSLBC for further disbursement

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<sup>51</sup> The scheme approved by Reserve Bank of India and the Development Commissioner (Handicrafts), Ministry of Textile, GoI has been adopted by the banks for implementation.

<sup>52</sup> The card is offered by Commercial Banks, Regional Rural Banks, Small Finance Banks and Public Cooperatives. The KCC allows cash credit to farmers to take care of crop related expenses like seeds, fertilisers, pesticides, electricity and diesel charges etc.

<sup>53</sup> Through a single window with flexible and simplified procedure to the farmers for their cultivation and other needs.

to the Banks operating the KCC scheme in the State. The JKSLBC in turn released ₹ 134.30 crore in three tranches during the period from July 2016 to June 2017 to JKBL which in turn credited (January 2017 to April 2018) the amount in 66,015 KCC accounts holders of all 22 districts of the State. The JKSLBC further released ₹ 109.80 crore to 19 other banks for 49,302 accounts of KCC. Also, an amount of ₹ 0.04 crore was wrongly credited by JKBL on 05 July 2016 to 33 borrowers who were ineligible. The balance amount of ₹ 0.64 crore was refunded (October 2017/ April 2018) to the GoJ&K by the JKSLBC.

Audit observed (July 2019) that sanction of funds by the GoJ&K was in violation of Interest Subvention scheme guidelines and resulted in diversion of funds to the extent of ₹ 244.10 crore as the scheme was not extendable to agricultural production loans. Further, it was observed that while extending Interest Subvention Scheme under the PMDP to KCC and while making the payment, specific linkage to losses occurred due to flood had not been done by the JKSLBC/ Banks. Also, the deviations to the scheme guidelines and Government sanction orders thereof were not issued with the approval of the GoI.

The Joint Director (Resources), Finance Department stated (August 2020) that in a policy decision taken in a meeting (July 2016) held under the Chairmanship of the then Finance Minister of erstwhile State of J&K, it was decided that outstanding balance as on 31 March 2015 against all those KCC beneficiaries whose accounts were standard as on 31 August 2014 as well as those whose sanctioned amount limit was ₹ one lakh would be considered for 50 *per cent* waiver under the scheme as the loan taken against KCC.

The reply confirmed that scheme funds released by the GoI were diverted towards agriculture production loans of farmers under KCC scheme and resulted in violation of the guidelines of the Interest Subvention scheme.

### III. Chief Minister's Business Interest Relief Scheme

The GoJ&K launched the Chief Minister's Business Interest Relief Scheme (CMBIRS)<sup>54</sup> with effect from 01 January 2018.

As per the scheme, the GoJ&K was to contribute one-third of the monthly installment/ interest payment of the borrower if he had actually paid two-third of the monthly installment earlier. The scheme was applicable to the restructured accounts affected by the floods of September 2014 as also the accounts restructured after the unrest of 2016.

Under the CMBIRS, the Finance Department, GoJ&K released ₹ 200 crore<sup>55</sup> in favour of the JKSLBC between March 2018 and March 2019. Out of this, an amount of ₹ 199.96 crore had been remitted up to March 2019 to 15<sup>56</sup> Banks operating in the erstwhile State of J&K.

<sup>54</sup> On the announcement made in the Budget Speech for 2018-19 by the Finance Minister, GoJ&K.

<sup>55</sup> Including ₹ 180 crore out of PMDP funds.

<sup>56</sup> Including the JKBL: ₹ 190.20 crore.

An amount of ₹ 180 crore received from the GoI and payment made to beneficiaries under CMBIRS towards commitment of the GoJ&K made during Budget session of 2018-19, was not as per the guidelines of the Interest Subvention Scheme of the PMDP. Further scrutiny of records (July 2019) revealed that out of release of ₹ 190.20 crore to JKBL, ₹ 41.32 crore<sup>57</sup> was provided to only 19 borrowers as detailed in **Appendix 2.5.4**. Further, out of these 19 borrowers, accounts of ten borrowers<sup>58</sup> to whom benefit of interest subvention of ₹ 21.02 crore had been provided (between March 2018 and March 2019), were not at all affected during flood of September 2014 and they had been restructured only after the unrest of 2016 under Special Rehabilitation Package.

The Joint Director (Resources), Finance Department stated (August 2020) that sanction was accorded (March 2018) for roll out of CMBIRS as per announcement made by the then Finance Minister in his budget speech 2018-19 and that the verification of genuine beneficiaries vested with JKBL.

The reply confirmed that funds released by the GoI were diverted by the GoJ&K for its own commitment and not for payment under the scheme of Interest Subvention.

#### IV. Assistance to a private trust

The JKBL had initially sanctioned (December 2017) a term loan of ₹ 8.50 crore to M/s DP Dhar Memorial Trust for construction of a Centre for Visually Impaired children. In order to provide the benefit of the Interest Subvention scheme under the PMDP, the GoJ&K sanctioned (May 2018), ₹ 1.86 crore<sup>59</sup> for the Trust to be disbursed through the JKBL. The interest subvention was to be released on annual basis.

Audit observed (July 2019) that the JKBL commenced the disbursement of loan of ₹ 8.50 crore in February 2018 and also had released interest subvention of ₹ 0.35 crore (19 *per cent* of the sanctioned amount of ₹ 1.86 crore) during the period between June 2018 to June 2019. Further, the Trust had also been provided financial assistance of ₹ 0.20 crore as subvention of 50 *per cent* of interest charged from 01 September 2014 to 31 December 2015 and five *per cent* interest subvention from 01 January 2016 to 30 September 2018. There was no provision for release of assistance to a Private Trust in the Interest Subvention scheme, that too for one that has not been affected by the floods of September 2014 and has resulted in diversion of scheme funds of ₹ 0.55 crore towards a private institution.

The Joint Director (Resources), Finance Department, GoJ&K stated (August 2020) that the Government released the amount in favour of M/s DP Dhar Memorial Trust

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<sup>57</sup> Assistance ranging between ₹ 0.69 crore and ₹ 5.73 crore had been provided to single borrower.

<sup>58</sup> 1. M/s HK Cement Industries Pvt. Limited, 2. Khyber Industries Pvt. Limited, 3. Trumbo Industries Pvt. Limited, 4. Peak Auto Jammu Pvt. Limited, 5. Peaks Agro Warehousing Pvt. Limited, 6. J&K Cements Limited, 7. Kashmir Fruit Preservers Partners, 8. Kashmir Premium Apples Pvt. Limited, 9. Shaheen Agro Fresh Pvt. Limited and 10. HN Aggrieve Pvt. Limited.

<sup>59</sup> Interest subsidy of five *per cent* i.e. 50 *per cent* interest subvention of the project loan for a period of seven years (including moratorium period of two years from the date of disbursement).

on the basis of requisition made by JKBL as a policy decision and that it was done for a noble cause.

The reply confirmed that funds released by the GoI for Interest Subvention scheme were diverted towards payment of interest subsidy in favour of a private trust, which was a violation of the scheme guidelines.

### 2.5.5 Disbursement of assistance through the Chief Minister's Flood Relief Fund

During the period from April 2015 to March 2016, ₹ 101.89 crore was released by the Director (Finance), Chief Minister's Secretariat to the Deputy Commissioners of eight districts<sup>60</sup> of Kashmir Division for payment to remaining small traders/ business units with turnover up to ₹ 10 lakh and not linked to the formal credit system<sup>61</sup>. Subsequently, under the PMDP, ₹ 187.37 crore was released (September 2017) by the Finance Department, GoJ&K which included ₹ 101.89 crore towards recoupment of expenditure incurred out of Chief Minister's Flood Relief Fund (CMFRF) earlier and ₹ 85.48 crore in favour of Chief Minister's Secretariat. This amount of ₹ 85.48 crore was further released (November 2017) to the Deputy Commissioners of four districts<sup>62</sup> of Kashmir Division for further disbursement to these small traders/ business units.

Significant observations of Audit are discussed in the subsequent paragraphs.

#### 2.5.5.1 Diversion of financial assistance for small business units/ traders

The scheme of Interest Subvention for the identified 50,081 business units/ small traders was restricted to addressing the financial assistance to these entities.

The scheme funds to the extent of ₹ 4.01 crore had been utilised towards payment to 903 destitute women in eight districts of Kashmir Division. Also, in two tehsils of Srinagar district, ₹ 12.77 lakh had been utilised towards payment of assistance to damaged residential houses (₹ 8.59 lakh) and to beneficiaries of State Disaster Relief Fund (SDRF) (₹ 4.18 lakh) which was not covered under the Interest Subvention scheme.

On this being pointed out (May 2019) in Audit, the Additional Deputy Commissioner, Budgam stated (May 2019) that matter regarding diversion of assistance had been taken up with the concerned Tehsildars. The Additional Deputy Commissioner, Srinagar stated (July 2019) that payments had been made by the respective Tehsildars as per the directives of the then Deputy Commissioners.

The reply confirmed the audit observation that ₹ 4.01 crore had been diverted from the scheme.

***The Government should fix responsibility and take appropriate action against officials responsible for all diversion of scheme funds.***

<sup>60</sup> Anantnag: ₹ 20.38 crore; Bandipora: ₹ 5.30 crore; Baramulla: ₹ 1.33 crore; Budgam: ₹ 11.21 crore; Kulgam: ₹ 4.36 crore; Pulwama: ₹ 10 crore; Shopian ₹ 0.31 crore; and Srinagar: ₹ 49 crore.

<sup>61</sup> Banks and Cooperative Societies constitute formal sector of credit.

<sup>62</sup> Anantnag: ₹ 12.99 crore; Kulgam: ₹ 0.67 crore; Pulwama: ₹ 7.58 crore; and Srinagar: ₹ 64.24 crore.

### 2.5.5.2 Extra payment of assistance

The GoJ&K decided (April 2016) to cover 50 *per cent* of losses, of small traders/ business units for traders who had suffered losses from the floods of September 2014. For small traders/ business units with turnover of ₹ five lakh or less, the assistance was to be limited to ceiling of ₹ one lakh and for traders with turnover between ₹ five lakh and ₹ ten lakh, the ceiling was ₹ two lakh.

Audit noticed that:

- In Srinagar district in the three tehsils<sup>63</sup>, an assistance of ₹ 21.20 lakh was disbursed to 39 affected traders against the admissible assistance of ₹ 11.05 lakh. The amount was credited twice into the accounts of these beneficiaries during the period from January 2016 to February 2019, which resulted in excess disbursement of ₹ 10.15 lakh.

After being pointed out (June 2019) in Audit, the Tehsildar, Khanyar effected recovery of only ₹ 0.35 lakh from two beneficiaries and the progress of recovery of remaining cases was awaited.

- In Baramulla district, assistance of ₹ 58.01 lakh was paid to 386 business units/ small traders<sup>64</sup>, which was 100 *per cent* of the assessed loss, instead of 50 *per cent* of the total losses suffered. This resulted in excess payment of assistance of ₹ 29 lakh to 386 business units/ traders.

## Home Department

### 2.6 Raising of Five India Reserve Battalions in Jammu and Kashmir

#### 2.6.1 Introduction

To bridge the growing gap in the security grid which was increasingly devolving on the Jammu and Kashmir (J&K) Police and that J&K Police had inadequate manpower to cater to deployments arising out of sudden and widespread eruption of unrest, Ministry of Home Affairs (MHA), Government of India (GoI) sanctioned (February 2016) a project for 'Raising of five India Reserve (IR) Battalions' under the PMDP. The GoJ&K issued (September 2016) necessary instructions/ sanction for raising of five<sup>65</sup> IR Battalions in five districts<sup>66</sup>.

#### 2.6.2 Financial Management

As per the funding pattern of the project, out of ₹ 34.92 crore required for raising each IR Battalion, the GoI was to reimburse ₹ 26.19 crore which was 75 *per cent* of the standard cost. In addition, the GoI was to reimburse subject to a ceiling of ₹ 25 crore, 50 *per cent* of the infrastructure cost<sup>67</sup> for each Battalion on submission of requisite details of the expenditure incurred on creation of infrastructure. The

<sup>63</sup> 1. Khanyar, 2. Srinagar South and 3. Srinagar Central

<sup>64</sup> 317 business units/ traders, with turnover upto ₹ 5 lakh and 69 business units/ traders with turnover between ₹ 5 lakh and ₹ 10 lakh.

<sup>65</sup> IR Battalions 21, 22, 23, 24 and 25

<sup>66</sup> Districts of Bandipora, Kishtwar, Leh, Pulwama and Udhampur.

<sup>67</sup> Excluding cost of the land.

reimbursement of standard cost of raising and capital infrastructure costs was to be met from the funds allotted under the Security Related Expenditure (SRE) scheme as Grants-in-aid. The position of funds received and expenditure incurred during the period from 2017-18 to 2018-19 is given in **Table 2.6.1**.

**Table 2.6.1: Fund position**

Year	Funds released			Expenditure incurred			Closing balance	Percentage utilisation of funds
	GoI share	State share	Total	GoI share	State share	Total		
2017-18	43.25	3.49	46.74	28.48	3.49	31.97	14.77	68
2018-19	127.32	25.00	152.32	84.24	-	84.24	68.08	55
<b>Total</b>	<b>170.57</b>	<b>28.49</b>	<b>199.06</b>	<b>112.72</b>	<b>3.49</b>	<b>116.21</b>		

(Source: Progress Reports furnished by Police Headquarters, J&K)

As seen from the **Table 2.6.1**, the utilisation of funds was 68 per cent (2017-18) and 55 per cent (2018-19) with an unspent balance of ₹ 68.08 crore, as on 31 March 2019. However, there was no firm commitment to spend the balance amount.

On this being pointed out (September 2019) in Audit, the reason put forth by the Department for less spending was attributed to law and order situation in the valley and unrest.

The Department also stated (August 2020) that an expenditure of ₹ 136.22 crore had been incurred till June 2020 and procurement under components of clothing, communication and vehicles was completed, while supply orders had been placed for balance items under the component of Arms and ammunition.

### 2.6.3 Delay in acquisition of land

For establishment of the newly created Battalions and creating the required infrastructure, land was to be acquired at five locations in the districts of Bandipora, Kishtwar, Leh, Pulwama and Udhampur. The process of acquisition of land was to be completed within six months<sup>68</sup> (August 2016). As of November 2019, land was acquired only at three locations Kishtwar, Leh and Pulwama. Acquisition of land was under process at the remaining two locations of Bandipora and Udhampur. There had been considerable delay in acquisition of land due to change of sites and belated payment of compensation to private land owners resulting in non-creation of infrastructure and consequent accumulation of unspent balances under the project.

The Department attributed (August 2020) delay to considerable time involved in land acquisition process, land disputes and shifting of land at Udhampur and Leh.

The reply is not acceptable as the time schedule for land acquisition was six months from date of sanction (February 2016) of the project, which had not been achieved (August 2020).

<sup>68</sup> From the date of sanction of the project.

## 2.6.4 Deficient manpower

For establishment of five IR Battalions at five different locations, the GoJ&K created (September 2016) 5,035 additional posts of different cadres (1,007 posts per Battalion). To make these battalions functional, it was imperative for the Department to recruit/ post staff against these posts at the earliest. The cadre-wise position of posts created, posts filled and shortfall as of March 2019 is given in the **Table 2.6.2**.

**Table 2.6.2: Manpower position**

Sl. No.	Name of the post	Number of posts created	Number of persons engaged	Shortfall	Percentage shortfall
1.	Commandant	5	4	1	20
2.	Deputy Commandant	15	-	15	100
3.	Deputy Superintendent of Police (DSP)	35	9	26	74
4.	Inspectors	35	4	31	89
5.	Sub-Inspectors (SI)	115	13	102	89
6.	Assistant Sub-Inspectors (ASI)	90	29	61	68
7.	Head Constables (HC)	800	77	723	90
8.	Constables	3,375	3,321	54	2
9.	Others	345	340	5	1
10.	Ministerial Staff	35	-	35	100
11.	Wireless staff	165	-	165	100
12.	Medical staff	20	-	20	100
<b>Total</b>		<b>5,035</b>	<b>3,797</b>	<b>1,238</b>	<b>25</b>

(Source: Position of sanctioned posts and men-in-position furnished by the Police Headquarters, J&K)

The overall shortfall in recruitment/ appointment of various categories of posts for five IR Battalions was 25 per cent with post wise shortfall ranging between one per cent and 100 per cent. The shortage at senior ranks<sup>69</sup> was as high as 88 per cent as of September 2020.

The Department stated (August 2020) that during recruitment for five IR Battalions, 341 posts of constables remained unfilled due to non-availability of candidates in reserved categories.

The reply does not address the observations regarding shortages of personnel in senior rank (Head Constable onwards) posts which formed a critical component of the project.

<sup>69</sup> Head constable, Assistant Sub-Inspector, Sub-Inspector, Inspector and Deputy Superintendent of Police.