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**CHAPTER-III**


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**PERFORMANCE REVIEWS**


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**Education Department**


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**3.1 Sarva Shiksha Abhiyan**
**Highlights**

*Sarva Shiksha Abhiyan (SSA) aimed at providing useful and relevant elementary education to all the children in the age group of 6 to 14 years by 2010, with the active participation of the community. The scheme envisaged involving the panchayat institutions, school management committees, village and urban slum level education committees, parent-teacher associations, mother-teacher associations, tribal autonomous councils and other grassroot level structures in the management of schools, to bridge social, regional and gender gaps.*

*A performance review of the implementation of the SSA revealed that adequate funds were not provided for the scheme. The State Government did not release its agreed share and the funds released were also not fully utilised. Habitation and block level planning was not done through active participation of grass root level functionaries. A large number of disabled children remained to be covered under the programme. Despite adequate strength of primary teachers, additional teachers were not provided to single teacher schools.*

➤ *Implementation of the scheme suffered because of non-release of adequate funds by the Central and the State Governments during 2001-2006.*

(Paragraph 3.1.7.1)

➤ *Participation of community and grass root level functionaries for preparation of plans was not ensured.*

(Paragraph 3.1.8.1)

➤ *There was only one teacher against the minimum requirement of two teachers in 1,488, 1,273 and 1,478 primary schools during 2003-2004, 2004-2005 and 2005-2006 respectively.*

(Paragraph 3.1.10.1)

➤ *In test-checked districts, 367 schools (primary: 88; upper primary: 279) did not have their own buildings.*

(Paragraph 3.1.10.4)

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The abbreviations used in this review have been listed in the Glossary in Appendix-XXVII (Page 222-223).

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- *Rupees 1.10 crore was diverted for obtaining liquified petroleum gas connections out of school grants available for replacement of non-functional school equipment.*

**(Paragraph 3.1.10.7)**

- *Repair and maintenance grant amounting to Rs 38.80 lakh was incorrectly paid to 776 schools (primary: 204 and upper primary: 572) during 2002-2006 in Shimla district which had no buildings of their own. Besides, repair and maintenance grant of Rs 19.85 crore was given to 40,009 schools in the districts selected for test-check during 2002-2006, without receipt of specific proposal from village education committees.*

**(Paragraph 3.1.10.10)**

- *Rupees 1.14 crore was spent during 2002-2006 for providing assistance to children with special needs in excess of norms.*

**(Paragraph 3.1.12.1)**

- *67 resource rooms constructed and furnished at a cost of Rs 73.98 lakh remained unutilised.*

**(Paragraph 3.1.12.3)**

- *Under the intervention of early childhood care and education, financial and physical progress reports and details of expenditure for Rs 5.14 crore advanced to the Director, Social Justice and Empowerment Department during 2003-2006, were not obtained.*

**(Paragraph 3.1.13)**

- *Out of 10,772 civil works sanctioned during 2002-2006, 5,449 works remained incomplete as of March 2006.*

**(Paragraph 3.1.17.1)**

### **3.1.1 Introduction**

*Sarva Shiksha Abhiyan (SSA) is a comprehensive and integrated flagship scheme of the Government of India to attain universal elementary education in the country in a mission mode. The Government of India launched SSA in January 2001 in partnership with the State Governments with the following objectives:*

- *to have all children in schools, education guarantee centres(EGC), alternate schools(ASC), and back to school (BSC) camps by 2003<sup>1</sup>;*
- *to ensure that all children complete five years of primary schooling by 2007;*

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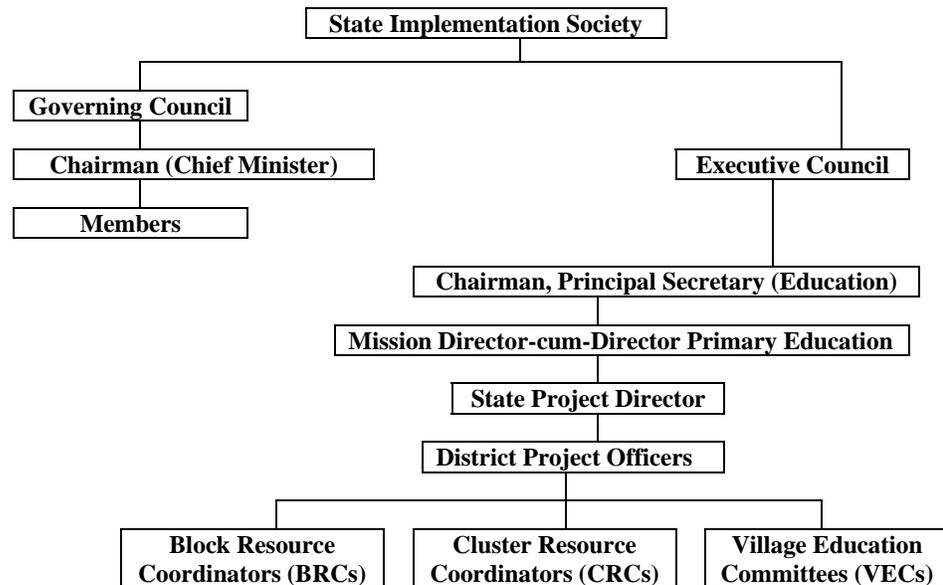
<sup>1</sup> Since revised to 2005 in March 2005.

- to ensure that all children complete eight years of elementary schooling by 2010;
- focus on elementary education of satisfactory quality with emphasis on education for life;
- bridge gender and social category gaps at primary stage by 2007 and at the elementary education level by 2010; and
- achieve universal retention by 2010.

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

### 3.1.2 Organisational set up

The organisational set up of the State Implementation Society (SIS) is given below:



### 3.1.3 Scope of Audit

Implementation of SSA for the period January 2001 to March 2006 was reviewed (March-April 2006) through a test-check of the records in the offices of the Mission Director, State Project Director (SPD), District Project Officers (DPOs) in 7<sup>2</sup> out of 12 districts, 21 Block Resource Coordinators<sup>3</sup> (BRCs) out of 85 Education Blocks falling under these districts, 9 Education Guarantee

<sup>2</sup> Chamba, Hamirpur, Kangra, Mandi, Shimla, Solan and Una.

<sup>3</sup> Amb, Arki, Bangana, Banikhet, Bharmour, Bhoranj, Bijhari, Bhawarna, Chauntra-I, Dhundan, Kandaghat, Kangra-II, Kasumpti, Karsog-I, Kumarsain, Mandi Sadar, Rait, Shimla, Sujanpur, Sundla and Una-I.

Scheme (EGS) centres and 126 schools (42 each of primary, middle and high/senior secondary schools) falling under the above BRCs.

### **3.1.4 Audit objectives**

The audit objectives were to assess whether the:

- objectives of the programme were achieved;
- whether planning for implementation of various components was efficient and result oriented, besides being economical and effective;
- funds required for the programme were assessed properly and adequately provided/released;
- elementary education provided was relevant and useful;
- the efforts of the State Government to improve the quality of educational standards have been effective;
- major interventions were carried out as per the fixed norms;
- outreach of education for girls, scheduled caste and tribal children had expanded and the infrastructure provided is optimum;
- meaningful research activities were carried out within the specified period and research findings disseminated to facilitate quality improvement in teaching-learning;
- Non-Governmental Organisations (NGOs) were involved in the process of planning for implementation of various programmes.

### **3.1.5 Audit criteria**

The audit criteria used for assessing the performance of various components of the scheme were,

- the extent of involvement of communities in the preparation of habitation/district level plans,
- standards of output and benchmarks of performance fixed for each programme and the prescribed norms for appointment of teachers and the extent of facilities available in the schools,
- standards of education comprising curricula, requirement of school teaching, learning material, teachers' training and teaching-learning process,
- outcome of research activities undertaken and their effectiveness in implementation of the scheme,

- enrolment of girls/SC/ST children and children with special needs to determine if the outreach for education of these children had expanded, and
- outcome of the monitoring mechanism and evaluation/follow up at various levels for implementation.

### 3.1.6 Audit methodology

Before commencing audit, the audit objectives, criteria and scope were discussed (March 2006) with the State Project Director in an entry conference. Districts and the units within them, were selected using statistical sampling method of probability proportionate to size and simple random sampling respectively. Audit conclusions were drawn after scrutiny of the records relating to the implementation of various components of the scheme for the period 2001-2006, analysis of the available data, issue of questionnaires and audit memoranda and examination of the response of various functionaries to these. The audit findings were discussed (July 2006) with the Principal Secretary (Education) in an exit conference and the views of the Government/department were suitably included against the relevant paragraphs where found appropriate.

### 3.1.7 Audit findings

#### 3.1.7.1 Financial performance

The scheme was to be financed by the Central and the State Governments in the ratio of 85:15 for 2001-2002 and 75:25 from April 2002 to March 2006.

The position relating to the funds released by the Government of India and the State Government, and the expenditure incurred thereagainst during 2001-2006 was as under:

Table: 3.1.1

(Rupees in crore)

Year	Approved Outlay	Funds released					Expenditure incurred	Balance unutilised
		Govt. of India	State Govt.	Total	Short release			
					Centre	State		
2001-2002	16.18	6.87	1.21	8.08	6.88	1.21	0.02	8.06
2002-2003	29.06	17.18	5.65	22.83	4.61	1.61	19.89	2.94
2003-2004	109.77	54.62	9.86	64.48	27.70	17.58	63.32	1.16
2004-2005	121.56	61.44	20.39	81.83	29.73	10.00	80.31	1.52
2005-2006	119.62	76.15	33.81	109.96	13.56	3.90 <sup>4</sup>	99.30	10.66
<b>Total:</b>	<b>396.19</b>	<b>216.26<sup>5</sup></b>	<b>70.92</b>	<b>287.18</b>	<b>82.48</b>	<b>26.50</b>	<b>262.84</b>	<b>24.34</b>

Source: Departmental audited figures.

<sup>4</sup> As against the due amount of Rs 29.91 crore, the State Government released Rs 33.81 crore. Excess release by the State Government during 2005-2006 (Rs 33.81 crore-Rs 29.91 crore=Rs 3.90 crore).

<sup>5</sup> In addition, Rs 1.69 crore (2001-2002: Rs 1.48 crore and 2002-2003: Rs 0.21 crore) were also released by Government of India being 100 per cent grant for Education Guarantee Scheme and Pre-Project Activities.

The following observations are made in this regard:

(a) Out of Rs 8.08 crore made available for the scheme during 2001-2002, Rs 8.06 crore remained unutilised. The scheme was thus not implemented till the end of the Ninth Five Year Plan (1997-2002).

(b) Against the approved outlay of Rs 396.19 crore for 2001-2006, Rs 287.18 crore (72 *per cent*) was made available, of which, Rs 262.84 crore was utilised. Short release of funds of Rs 109 crore by both the Central and the State Governments and short utilisation of Rs 24.34 crore by the State during 2001-2006 affected the implementation of the scheme.

### **3.1.7.2 Misappropriation of funds**

**Test-check of records in the office of the State Project Director (SPD) revealed that an official from the State Education Department, taken on secondment basis, was responsible for conducting various workshops at the State and district level, for which, he was paid advances to defray the expenses on account of honorarium, etc., to the participants.**

**The official was paid Rs 9.53 lakh during 2003-2006, of which he had misappropriated Rs 3.02 lakh by forging the signatures of the resource persons, on claims of honorarium and TA/DA. He admitted the charge and deposited Rs 3.02 lakh during January 2006. The society lodged an FIR in March 2006, the outcome of which was awaited (April 2006).**

**The State Project Director stated (August 2006) that the staff had been asked to be vigilant and apply regular checks. He further stated that the advances had been reduced to a bare minimum and instructions were being issued for coordinators not to make any payment for workshops held at the State and the district level.**

**Non-exercising of regular checks by the SPD led to the misappropriation.**

### **3.1.7.3 Irregular retention of unutilised grant**

To start the preparatory activities of the SSA *viz.* strengthening of the offices of the Block Primary Education Officers/District Institute of Education and Training, capacity building, school based activities and survey, etc., in eight<sup>6</sup> non-District Primary Education Programme (DPEP) districts of the State, the Government of India released Rs 1.56 crore (2001-2002: Rs 1.35 crore and 2002-2003: Rs 0.21 crore) as 100 *per cent* grant-in-aid. Audit scrutiny revealed that the requisite activities were completed by incurring expenditure

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<sup>6</sup> Bilaspur, Hamirpur, Kangra, Kinnaur, Mandi, Shimla, Solan and Una.

of Rs 1.10 crore<sup>7</sup> during 2001-2005. The balance Rs 0.46 crore was lying in a bank account as of March 2006 in the name of the SPD in his official capacity.

The SPD stated (April 2006) that the amount would be refunded shortly. The reply is not tenable as the funds meant for preparatory activities were to be utilised in the initial years itself to ensure the smooth functioning of the scheme. Retention of the scheme funds in the bank violated the guidelines.

### **3.1.8 Planning**

#### **3.1.8.1 Preparation of habitation/district level plans without involvement of grass root level functionaries**

SSA envisaged constitution of core planning teams at each village/habitation, block and district level for preparation of habitation/district level plans which included adequate representation from grass-root level functionaries such as *Panchayati Raj* Institutions (PRIs), Village Education Committee (VEC) leaders, teachers and parents.

It was noticed in audit that core teams were constituted at the district level but the same were not formed at the village and block level in the districts selected for test-check. The entire planning for implementation of the scheme for 2001-2006 had, thus, been done at the district level without the involvement of grass root level functionaries.

The District Project Officers (DPOs) admitted the facts (March-April 2006) but stated that the teams were involved in the preparation of village level plans. The replies of the DPOs were not verifiable as there was no documentation to evidence the involvement of grass root level functionaries as required in the programme.

### **3.1.9 Implementation of the scheme**

#### **3.1.9.1 Result of the Government's efforts to enroll out of school children in schools**

The objective of the SSA was that all children in the age group of 6-14 years attend school by 2003<sup>8</sup>.

The department conducted (2001-2002) a survey to identify the eligible children in the age group of 6-14 years. The position of eligible children

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<sup>7</sup> 2001-2002: Rs 0.02 crore; 2002-2003: Rs 0.81 crore; 2003-2004: Rs 0.26 crore and 2004-2005: Rs 0.01 crore.

<sup>8</sup> Since revised to 2005 in March 2005.

identified and their enrolment in various schools during 2003-2006 was as under:

*Table: 3.1.2*

Year	Number of eligible children identified	Number of children enrolled in school	Number of out of school children	Percentage of out of school children
2003-2004	12,64,900	12,56,682	8,218	(0.65)
2004-2005	12,42,842	12,38,541	4,301	(0.35)
2005-2006	12,09,792	12,04,765	5,027	(0.42)

Though achievement in enrolment was significant, 5,027 children in the age group of 6-14 years in the State remained out of school as of March 2006. Similarly, in the seven selected districts, in the age group of 6-14 years, 2,802 children remained out of school as of March 2006.

The SPD and the DPOs concerned stated (March-April 2006) that due to poverty/household work/lack of interest, children could not be enrolled. The contention is not tenable as the Government should ensure that all children attend school, no matter what the compulsion.

### **3.1.10 Major interventions under SSA**

#### **3.1.10.1 Insufficient number of teachers**

The guidelines envisaged that a minimum of two teachers would be provided for every primary school and one teacher for every class in the upper primary school.

Audit scrutiny revealed that there were 1,488 (2003-2004) 1,273 (2004-2005) and 1,478 (2005-2006) primary schools with only one teacher. Similarly, during the same period, 27, 72 and 75 upper primary schools were functioning with only one teacher.

The SPD stated (April 2006) that this was not a permanent feature and reflection of single teacher school in the District Information System for Education (DISE) might be due to data inconsistency or incorrect reporting from the schools. The reply is not tenable as the alleged inconsistency or incorrect reporting had not been reconciled as of March 2006.

#### **3.1.10.2 Schools without teachers**

Forty three<sup>9</sup> schools in four selected districts, having 980 students on rolls, were functioning without any teacher during 2005-2006. DPOs of these

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<sup>9</sup> Primary: (Chamba: 5; Hamirpur: 1; Solan: 2 and Shimla: 3) and Upper Primary: (Chamba: 19 and Shimla: 13).

districts stated (March-April 2006) that classes in these schools were run by deputing the teachers from nearby schools as posting and transfer is made by the Education Department. The reply is not tenable as teachers who were so deputed were available, which showed lack of coordination between various agencies of the Government.

### **3.1.10.3 Non-opening of Education Guarantee Scheme centres in unserved habitations**

As per the provisions of the SSA Manual, EGS centres were to be opened at primary level, in unserved habitations, where no school existed within a radius of one kilometer and where there were at least 15 children in the age group of 6-14, who were not going to school. Further, EGS centres could be supported even for 10 children in remote areas within the overall cost norms of the scheme.

Audit scrutiny in the selected districts revealed that 7,458 habitations remained uncovered due to non-opening of EGS centres. No action to open EGS centres in these habitations had been taken as of March 2006.

The DPO, Chamba stated (April 2006) that habitations were in the remote areas. The DPO, Hamirpur stated (April 2006) that efforts would be made to provide centres. The DPO, Kangra intimated (March 2006) that unserved habitations have primary schools within a distance of one and a half kilometer. DPO, Una attributed (April 2006) the non-opening of centres to non-conducting of survey by the State Government, whereas DPOs, Mandi and Solan furnished no reasons for non-opening of centres. The replies show lack of proper planning and survey which affected attainment of the objectives of SSA.

### **3.1.10.4 Running of schools without their own buildings**

In the test-checked districts, 367 schools<sup>10</sup> were running either in rented or in rent-free buildings as these schools did not have their own buildings. No assistance for construction of new buildings under SSA had been provided to these schools for their smooth functioning as of March 2006. The DPOs stated (March-April 2006) that efforts were being made to provide accommodation.

### **3.1.10.5 Non-accountal of text books**

As per the financial rules, all the materials purchased were required to be entered in the stock register.

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<sup>10</sup> Primary (Chamba: 40; Hamirpur: 3; Kangra: 5; Shimla: 37; and Una: 3) and Upper Primary (Chamba: 98; Hamirpur: 8; Kangra: 35; Mandi: 4; Shimla: 110; Solan: 20 and Una: 4)

Test-check of records (March-April 2006) of five<sup>11</sup> out of seven districts selected for test-check revealed that text books valuing Rs 6.02 crore purchased during 2002-2006 for free distribution to girls and SC/ST students were not accounted for in the stock registers in the districts. In the absence of records, distribution of books to eligible girls and SC/ST students could not be verified in audit. The State Project Director stated (August 2006) that necessary instructions had been issued to all the DPOs to update and maintain proper records.

#### **3.1.10.6 Late supply of books**

In Kangra district, text books worth Rs 1.03 crore procured during 2003-2006 were distributed late with the delays/ranging from 20 to 65 days. The DPO, Kangra stated (March 2006) that the delay was due to examinations during March. The SPD stated (August 2006) that the DPO, Kangra had assured that in future the books would be made available to the beneficiaries in time.

#### **3.1.10.7 Diversion of school grant**

Under the SSA, "school grant" at the rate of Rs 2,000 per year per primary/upper primary school could be sanctioned to Government managed/aided schools for replacement of non-functional school equipment.

Test-check of records of seven districts revealed that Rs 1.10 crore had been diverted during 2004-2006 out of school grant for obtaining liquified petroleum gas (LPG) connections in 7,200 primary schools for running the mid-day-meal scheme.

The DPOs of the concerned districts stated (March-April 2006) that the LPG cylinders were purchased under the orders of the SPD. The action of the SPD was in contravention of the scheme guidelines.

#### **3.1.10.8 Irregular utilisation of school grant**

As per the SSA guidelines, further clarified by the Government of India in March 2004, Rs 2000 per year was to be spent only by the Village Education Committee/School Management Committee (VEC/SMC) on replacement of non-functional school equipment under the intervention 'school grant'. It was noticed in audit that DPO, Kangra purchased 1,250 steel almirahs valued at Rs 33.65 lakh between December 2005 and January 2006 at his own level in gross violation of the guidelines. The DPO, Kangra stated that purchases were made after obtaining demand from the Block Resource Coordinators (BRCs) and approval from the Mission Director. The reply is not tenable as the amount was to be spent by the VECs/SMCs.

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<sup>11</sup> Chamba, Mandi, Shimla, Solan and Una.

### 3.1.10.9 Procurement of TLE without requirement

The financial norms of SSA stipulate that the Teachers' Learning Equipment (TLE) for uncovered upper primary schools should be procured as per the local specific requirement, to be decided by the teachers/VEC.

Contrary to these norms the DPO and the Deputy Director of Secondary Education, Kangra spent Rs 19.80 lakh<sup>12</sup> during February-March 2004 out of TLE grants for procurement of equipment without the specific requirement from VEC of uncovered schools. The SPD admitted (October 2004) that SSA norms were not adhered to for these purchases.

### 3.1.10.10 Release of grant to schools having no buildings of their own and without specific proposals of Village Education Committees

Under SSA, grant of Rs 5,000 per year per school for maintenance and repair of school building was to be provided on the specific proposal from the Village/School Education Committee and on availability of data on number of existing Government schools having their own buildings and schools requiring maintenance and repairs.

Test-check of records in the seven selected districts revealed that repair and maintenance grant amounting to Rs 19.85 crore was paid during 2002-2006 to 40,009 schools<sup>13</sup> which had their own buildings, without receipt of specific proposals from the VECs and the data regarding the number of schools that required maintenance and repairs.

The concerned DPOs confirmed the facts and stated (March-April 2006) that grants were released on the verbal directions of SPD, Shimla. **This was in contravention of the SSA guidelines relating to the release of grant.**

Test-check of records of Shimla district further revealed (April 2006) that grant amounting to Rs 38.80 lakh was paid during 2002-2006 to 776 schools (primary: 204; upper primary: 572) which had no buildings of their own and without proposal/data with the DPO.

The DPO, Shimla admitted the facts (April 2006).

### 3.1.10.11 Deficient teachers' training

To upgrade the skills of teachers, the SSA provided for 20 days in-service training for teachers each year and 60 days refresher course for untrained teachers already employed.

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<sup>12</sup> Furniture: Rs 9.60 lakh; Science material: Rs 4.00 lakh; Sports material: Rs 3.00 lakh and Library books: Rs 3.20 lakh.

<sup>13</sup> Primary: 29,736 and Upper Primary: 10,273.

During 2002-2006, Rs 13.85 crore was allocated to DPOs of seven districts for imparting training to 1,36,407 in-service teachers for a duration of 20 days each.

Test-check revealed that out of 1,36,407 teachers selected for training, only 88,822 teachers (65 *per cent*) were imparted training for 2 to 17 days during the above period except in Hamirpur district. This was indicative of the fact that planning for training was not done as per SSA guidelines and the objective of upgrading the skills of the teachers was not achieved fully.

In Shimla district, refresher course for 84 untrained teachers was arranged in spells of 5, 6, 10 and 16 days during 2002-2006 against the prescribed period of 60 days, resulting in inadequate utilisation of Rs 2.60 lakh as no useful purpose could be served by imparting refresher courses for short spells.

The DPO, Shimla stated (April 2006) that BRCs were appointed late and teachers union objected to training during vacations.

#### **3.1.10.12 Training of community leaders**

The SSA provided for training of community leaders upto a maximum of eight persons in a village for two days' duration in a year at the rate of Rs 30 per day per person.

Test-check of records of six<sup>14</sup> out of seven selected districts revealed that against 2,32,800 community leaders to be trained during 2003-2006, only 1,81,651 community leaders were imparted training after spending Rs 1.05 crore against the allotted budget of Rs 1.19 crore. Thus, there was a shortfall in training of 51,149 (22 *per cent*) community leaders.

The DPOs stated (March-April 2006) that training was imparted as per budget allotment. The reply is not correct as even the allotted funds were not utilised fully.

#### **3.1.11 Appointment of teachers**

##### **3.1.11.1 Reimbursement of salary of teachers for upper primary schools without ascertaining their deployment**

The Manual on Financial Management and Procurement permitted incurring of expenditure on the salary of additional teachers required for SSA. It further provided that a minimum of two teachers for new primary schools and three teachers for new upper primary schools were to be appointed, provided such teachers were not available through redeployment. In such cases, the school-wise data of existing teachers and additional teachers was also required to be maintained by the SPD.

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<sup>14</sup> Chamba, Hamirpur, Kangra, Shimla, Solan and Una.

Records of the SPD revealed (March-April 2006) that expenditure of Rs 42.43 crore<sup>15</sup> on account of salary of 1,980 para teachers at the rate of Rs 9,000 per teacher per month for 660 upper primary schools of the State was reimbursed to the Director of Secondary Education during 2002-2006 without ascertaining the vacancy position and the actual placement of teachers in these schools. The fact of non-availability of exact data on this account was also pointed out by the Joint Review Mission of the Government of India in their Report of January 2006.

The SPD stated (April 2006) that the reimbursement was made on the basis of the information supplied by the Director of Secondary Education. **The contention of the SPD is not tenable, as reimbursement of expenditure of Rs 42.43 crore has been made without any verification.**

Similarly, as per SSA guidelines, the posts of resource personnel in BRCs and CRCs were to be filled up by transferring the existing senior and experienced teachers, and the resultant vacancies in the concerned schools were to be filled up by trained primary or para teachers as laid down in the guidelines of the National Council for Teacher Education.

The SPD paid Rs 24.67 crore<sup>16</sup> as reimbursement of salary of para teachers for primary schools<sup>17</sup> and upper primary schools<sup>18</sup> during 2003-2006 to be appointed in place of teachers deployed as resource personnel in the concerned BRCs/CRCs. It was, however, noticed that the work of resource personnel was got done from the teachers on 'occasional basis' and they continued to work at their respective places and para teachers were not actually appointed in their place during the period 2003-2006.

The SPD stated (April 2006) that salary had been reimbursed for less number of teachers than those working as resource persons. The contention is not tenable as para teachers were not actually appointed as stated above and the salary was not to be reimbursed.

### 3.1.11.2 Research for quality improvement of teaching-learning activity

To provide quality improvement in teaching-learning, Rs 5.15 crore was provided during 2002-2006 to the DPOs for research and development activities in the seven districts test-checked. Records of the DPOs of these districts revealed that during the above period, Rs 3.52 crore was spent, although no records/data in support of research activities and research findings, etc., undertaken were maintained and produced for audit verification. The balance funds of Rs 1.63 crore remained unutilised as of March 2006.

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<sup>15</sup> 2002-2003: Rs 0.70 crore; 2003-2004: Rs 5.64 crore; 2004-2005: Rs 15.61 crore and 2005-2006: Rs 20.48 crore.

<sup>16</sup> Director, Primary Education: Rs 5.42 crore and Director, Secondary Education: Rs 19.25 crore.

<sup>17</sup> 2003-2004: 735; 2004-2005: 535 and 2005-2006: 537.

<sup>18</sup> 2003-2004: 735; 2004-2005: 636 and 2005-2006: 636.

Further, Rs 7.15 lakh out of these funds was spent on payment of electricity bills of the schools by the DPO, Una on the verbal instructions of the SPD.

### **3.1.12 Outreach for special focus groups**

#### **3.1.12.1 Assistance for children with special needs**

SSA guidelines provide that every child with special need (CWSN), irrespective of kind, category and degree of disability, is provided education in an appropriate environment. The SSA authorities were required to spend Rs 1,200 per child per annum for providing special service to such children in schools, EGS schools and AIE centres.

Test-check of records of the seven selected districts revealed that during 2002-2006, out of 68,095 identified children, only 10,339 children (15 per cent) were provided special services at a cost of Rs 2.38 crore.

The above expenditure also included Rs 20.20 lakh spent by six NGOs for providing home based education to 80 children at the rate of Rs 1,500 per month per child instead of Rs 1,200 per year per child as provided in the guidelines. According to the financial norms, expenditure under this intervention was required to be restricted to Rs 1.24 crore for 10,339 children. Rupees 1.14 crore were, thus, spent in excess of the prescribed limit.

The DPOs stated (April 2006) that excess expenditure was incurred on payment of TA/DA to parents and teachers of children for attending medical camps and purchase of ramps and handrails. The contention is not tenable as the assistance should have been used for providing special services to all 68,095 identified children, instead of only 10,339 children.

#### **3.1.12.2 Shortfall in training of teachers to manage education of children with special needs**

To manage the educational needs of CWSN, the targets fixed for training of teachers for class room management and achievement thereagainst during 2002-2006 were as under:

*Table: 3.1.3*

(In thousand)

Year	Number of teachers to be trained	Number of teachers trained	Shortfall	Percentage of shortfall
2002-2003	37,832	2,325	35,507	94
2003-2004	47,021	12,545	34,476	73
2004-2005	44,908	24,285	20,623	46
2005-2006	48,288	40,290	7,998	17
<b>Total</b>	<b>178,049</b>	<b>79,445</b>	<b>98,604</b>	<b>58</b>

The SPD attributed (April 2006) the shortfall to pre-engagement of SPD staff in DPEP activities, non-availability of sufficient number of resource persons, bad weather conditions, etc. The contention is not tenable as effective steps should have been taken to address the needs of CWSN.

### **3.1.12.3 Provision of resource rooms for integrated education of disabled children**

To provide enabling environment of education for CWSN and carrying out activities relating to integrated education of disabled (IED) children, resource rooms were required to be constructed. For creation of such facilities, sanction for construction of 91 resource rooms at a cost of Rs 0.50 lakh per room was accorded (October 2002) in nine<sup>19</sup> out of 12 districts in the State. The SPD remitted (October 2002) Rs 45.50 lakh to the concerned DPOs.

It was noticed in audit that out of 91 resource rooms, 14 resource rooms had been lying incomplete as of March 2006 without any cogent reasons for the delay in construction.

It was further noticed that out of 77 resource rooms constructed, only 10 resource rooms in Sirmour district were made functional and utilised for IED activities. The remaining 67 resource rooms constructed at a cost of Rs 33.50 lakh in eight districts remained non-functional. Further, in five districts<sup>20</sup> Rs 40.48 lakh was spent on procurement of equipment/furniture for these rooms but the equipment had not been put to use as of March 2006.

Thus, Rs 73.98 lakh spent on construction of resource rooms and procurement of equipment/furniture remained unfruitful.

The DPOs, while admitting the facts, stated (March-April 2006) that the matter was under process to make the resource rooms functional.

### **3.1.13 Early childhood care and education**

In the executive committee meeting of SSA (September 2003), it was decided to dovetail the activities of the early childhood care and education (ECCE) with the existing programmes implemented by the Social Justice and Empowerment Department by sharing the funds meant for 'innovative projects' under SSA.

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<sup>19</sup> Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Sirmour, Solan and Una.

<sup>20</sup> Bilaspur, Chamba, Kullu, Mandi and Solan.

The records of SPD revealed that Rs 5.14 crore was advanced to the Director, Social Justice and Empowerment Department during 2003-2006 for providing support to ECCE centres. It was, however, noticed that quarterly reports on financial and physical progress were not obtained nor was the scheme monitored at the district level as envisaged in the scheme.

The SPD stated (March 2006) that no detailed expenditure statements were received. This shows that the scheme was being run in a lackadaisical manner and while huge funds were provided for the scheme, no monitoring was done to see if the benefits actually percolated down to the beneficiaries.

### ***3.1.14 Innovative activity for computer literacy***

SSA guidelines provide for an 'innovative activity' of computer education at upper primary school level and grant of Rs 15 lakh per district per year was admissible for this purpose. During 2003-2005, the SPD had advanced Rs 3.50 crore<sup>21</sup> to the Himachal Pradesh State Electronic Development Corporation for providing computers in 282 schools of 12 districts of the State at the rate of three computers per school.

The records of the SPD revealed that the Corporation had completed the job only in 210 schools and submitted bills of Rs 2.51 crore for the work done between May 2004 and February 2006. Computer aided learning in 72 schools (26 per cent) had thus not commenced due to non-completion of the job by the Corporation and Rs 99 lakh also remained unadjusted with the Corporation as of March 2006.

The SPD stated (April 2006) that the job assigned to the Corporation had varied activities and schools were mostly located in remote areas of the State. The reply is not tenable as these factors were known to the SPD before assigning the job to the Corporation.

### ***3.1.15 Establishment of State Institute of Education Management and Training***

#### **3.1.15.1 Unfruitful expenditure on construction of building**

With a view to providing technical assistance and training in elementary education, planning, management and monitoring to the staff at the State and district level, the Government of India approved the setting up of the State Institute of Education Management and Training (SIEMAT) in March 1996 under the erstwhile District Primary Education Programme (now merged with

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<sup>21</sup> 2003-2004: Rs 1.80 crore and 2004-2005: Rs 1.70 crore.

SSA). Accordingly, the State Government accorded sanction of Rs 2.80 crore (August 2002) for the establishment of SIEMAT at Shamlaghat (Shimla district). Out of Rs 2.80 crore, Rs 1.10 crore was earmarked for construction of the building, which was taken up in March 2003 and completed in April 2004 at a cost of Rs 68.74 lakh. The building, however, remained unutilised as of April 2006.

The SPD stated (April 2006) that furnishing work and procurement of furniture was being completed. The reply is not tenable, as the purpose for which the building was constructed was not served even after the expiry of two years and the expenditure of Rs 68.74 lakh thus remained unfruitful.

### 3.1.15.2 National programme for education of girls at elementary level

The Government of India approved a new intervention, the National programme for education of girls at elementary level (NPEGEL), in December 2003 under SSA to address the learning needs of girls especially those not in school at elementary level. The programme was to be implemented in educationally backward blocks where the level of rural female literacy was less than the national average and the gender gap was above the national average. The financial pattern of the scheme was the same as for SSA.

In the State, the scheme was implemented from 2003-2004 in seven blocks<sup>22</sup> of Chamba, Mandi and Shimla districts. The position of funds released by the Central and the State Governments and the expenditure incurred thereagainst during 2003-2006 was as under:

Table: 3.1.4

(Rupees in lakh)

Year	Approved outlay	Funds released by			Short release by State Government	Expenditure incurred
		Government of India	State Government	Total		
2003-2004	28	5	-----	5	1	15
2004-2005	78	58	11	69	8	58
2005-2006	82	29	19	48	-----	66
<b>Total:</b>	<b>188</b>	<b>92</b>	<b>30</b>	<b>122</b>	<b>9</b>	<b>139</b>

Source: Departmental figures.

<sup>22</sup>

Bharmour, Chhauhara, Mehla, Pangi, Salooni, Seraj and Tissa.

Against the approved outlay of Rs 1.88 crore for 2003-2006, Rs 1.22 crore (65 per cent) was made available. Short release of funds thus affected the implementation of the scheme.

The expenditure of Rs 17 lakh in excess of the funds released during 2003-2006 was met out of SSA funds awaiting recoupment as of April 2006. Further, the Government of India directed (August 2005) SPD to assess the actual impact of the scheme by conducting a study to be completed by March 2006. However, no such study was conducted and consequently, the impact of scheme could not be ascertained. The SPD stated (April 2006) that provision had been made in Annual Action Plan for 2006-2007 for conducting the study.

### **3.1.16 Other interventions under SSA**

#### **3.1.16.1 Role of non-governmental organisations under SSA**

SSA guidelines provide for involvement/association of NGOs for ascertaining the efficacy of implementation of various components of the programme.

In seven districts selected for test-check, no NGOs were involved in the preparation of annual work and budget plan. However, in four<sup>23</sup> out of seven selected districts, six NGOs were engaged for providing assistance in home based learning to 80 disabled children and Rs 20.20 lakh were paid as grant-in-aid to these NGOs. The role of NGOs in implementation of the scheme was thus insignificant.

### **3.1.17 Infrastructure facilities**

#### **3.1.17.1 Non-completion of civil works**

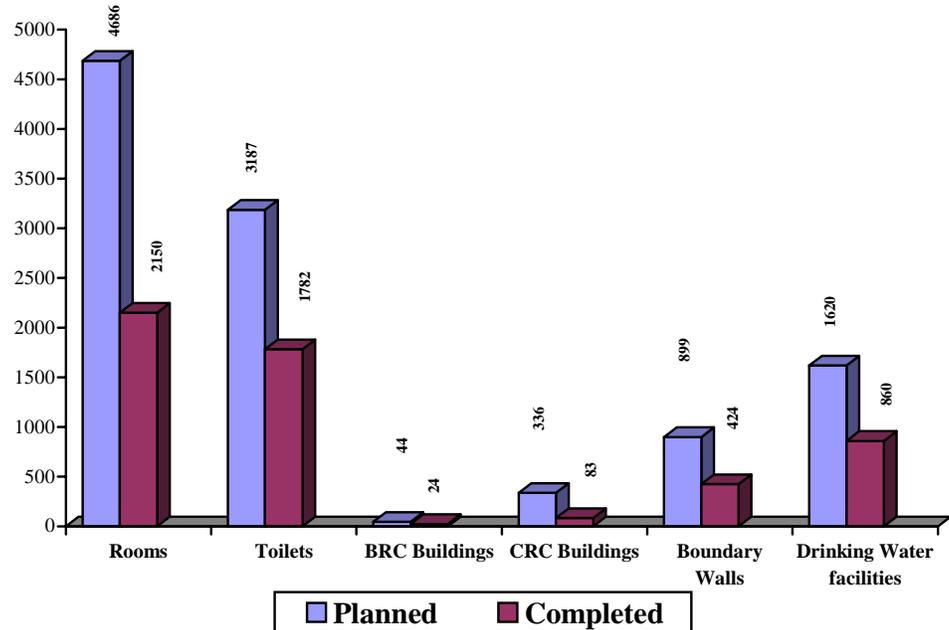
During 2002-2006, 10,772 works (rooms: 4,686, toilets: 3,187, BRC buildings: 44, CRC buildings: 336, boundary walls: 899 and drinking water facilities: 1,620) were planned for construction and Rs 73.92 crore sanctioned for the purpose in seven selected districts. Of these, 5,323 works (rooms: 2,150, toilets: 1,782, BRC buildings: 24, CRC buildings: 83, boundary walls: 424 and drinking water facilities: 860) had been completed at a cost of Rs 44.50 crore as of March 2006, as shown in the bar chart below. The remaining 5,449 works, for which Rs 29.42 crore were provided, remained 'under progress'. The concerned DPOs attributed (March-April 2006) non-completion of these works to non-posting of technical staff. The

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<sup>23</sup> Hamirpur, Mandi, Shimla and Una.

contention is not tenable as the infrastructure for the needy schools was to be provided within the prescribed time frame.

#### Infrastructural facilities provided under SSA during 2002-2006



#### 3.1.17.2 Non-provision of additional rooms to single room schools

Though 4,686 additional class rooms were sanctioned (2002-2006) to schools having one or more than one room in the districts selected for test-check, yet 430 schools (primary: 344; upper primary: 86) with single room accommodation still remained to be provided with additional room as of March 2006.

#### 3.1.17.3 Execution of civil works through contractors

As per the provisions of SSA Manual, engagement of contractors was prohibited except for the construction of multistoreyed buildings, with the prior approval of Project Approval Board.

Contrary to the above provisions, 482 toilets<sup>24</sup> (pre-fabricated 40 and ferrow cement toilets 442) costing Rs 64.92 lakh were got constructed/installed through the contractors in Kangra and Mandi districts. The DPO, Kangra stated (March 2006) that pre-fabricated toilets were easy to install and more tidy and clean as compared to the traditional toilet structures, whereas DPO, Mandi stated (March 2006) that ferrow cement toilets were got constructed by the BDOs. The replies are not tenable as the guidelines of SSA were violated.

<sup>24</sup> Kangra: 23 and Mandi: 459.

### **3.1.18 Internal control mechanism**

#### **3.1.18.1 Monitoring and supervision**

The task of monitoring and supervision of SSA was assigned to the Himachal Pradesh University (HPU). It was noticed that the monitoring team of the HPU during 2003-2005 had covered seven districts for assessing the working of SSA and submitted detailed reports to the Government of India and also to the State Government, suggesting remedial measures for improvement in implementation of the scheme. Some significant inadequacies pointed out by the above team were as under:

- Lack of basic facilities such as rooms, toilets in half of the schools.
- School and classroom environment was below average in more than 60 per cent schools.
- Proper infrastructure for quality education and quality management in most of the schools was not provided.
- VECs had not been activated by the various heads of schools.
- The teachers' training had not been completed for 20 days in each case and the training was not producing the desired attitudinal change in the teachers. Most of the teachers trained were not developing teaching and learning materials.
- Lack of coordination between BRCs and CRCs in implementation of SSA.

The SPD stated (August 2006) that monitoring was being done by the Monitoring Agency as per the mandate assigned to them by the Government of India and this issue did not pertain to his office. The contention is not tenable as the inadequacies pointed out by the monitoring Agency were to be set right by the SPD for proper implementation of the scheme.

#### **3.1.18.2 Inadequate meetings of Governing Body and Executive Council**

As per para 15 and 34 of Memorandum of Association of Himachal Pradesh State Primary Education Society-cum-Sarva Shiksha Abhiyan State Mission Authority, the meeting of the Governing Body was required to be held at least twice a year and that of the Executive Council at least once in each quarter of the year.

It was noticed in audit that against the required eight meetings of the Governing Body, only one meeting was held during 2002-2006. Similarly against the required 16 meetings of the Executive Council, only nine meetings were held during above period and shortfall was to the extent of 88 and 44 *per cent* respectively. The SPD stated (April 2006) that the meetings of the Governing Body and EC depend upon several factors including convenience of the members representing Government of India, Central Government Institutions and Chairpersons of the respective bodies. The contention is not tenable as conducting of meetings regularly by the respective bodies was essential to monitor the achievement of goals of SSA.

### **3.1.19 Internal audit arrangements**

The SSA guidelines require introduction of an internal audit system through an in house internal audit team or, in case of non-availability of an in house audit team, through chartered accountants to ensure proper utilisation of funds.

No audit mechanism for SSA was in place upto March 2005. The society had appointed (April 2005) chartered accountants for conducting its internal audit alongwith that of DPOs from the year 2005-2006. They had conducted internal audit of 11 out of 12 DPOs for 2005-2006. No audit of SPD office for the period 2001-2006 and in respect of DPOs for 2001-2005 had been conducted as of April 2006. Reasons for not ensuring timely introduction of the system were not furnished by the SPD as of April 2006.

### **3.1.20 Conclusion**

The Performance Audit revealed that implementation of SSA in the State was unsatisfactory. The district and habitat level plans for SSA were prepared without the involvement of grass root level functionaries. Further, many primary schools did not have the required number of teachers, and did not have their own buildings. Almost half of the civil works for improving infrastructure facilities in schools were not completed. Repairs and maintenance grants were provided to several schools which did not have their own building. The requirements of children with special needs (CWSN) were not adequately addressed. There were several cases of diversion and non-utilisation of funds. Teachers were not provided the requisite training for the specified duration. Further, the corrective measures suggested by the monitoring team were yet to be implemented.

### **3.1.21 Recommendations**

- **Stakeholders should be involved in planning and implementation of the programme.**
- **Norms of intervention under the scheme should be followed scrupulously.**

- **Release of repair and maintenance grant for school buildings should be need based and against specific proposals to avoid chances of misutilisation.**
- **Training, orientation and refresher courses should be conducted every year and for prescribed duration for ensuring professional development of teachers.**
- **Deployment of surplus teachers needs to be reviewed to meet the deficiency in schools having inadequate teachers/no teachers.**
- **Intervention of integrated education for disabled children should be given special attention.**
- **Release of huge amounts to schools without specific proposals (para 3.1.10.10) and reimbursement of expenditure without verification (para 3.1.11.1) need investigation for fixation of responsibility. As similar releases/reimbursements in other schools could also have been made, a comprehensive investigation may be undertaken.**
- **Monitoring mechanism stipulated by SSA programme should be scrupulously adhered to.**

These findings were referred to the Government in June 2006; their reply had not been received (August 2006).

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**Irrigation and Public Health Department**


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**3.2 Sewerage Schemes**


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*Highlights*

*Hygienic sanitation facilities are essential for healthy living. The State Government was required to provide these facilities to 56 towns of the State through Sewerage schemes. The Government had, however, not prepared any master plan to provide sewerage facilities to cover all the towns in a phased manner. Funds provided for sewerage schemes were diverted to irrigation and water supply schemes and there were instances of abnormal delays in completion of schemes. Sewage treatment plants provided in the schemes were not being utilised fully mainly because of non-release of sewerage connections due to lack of awareness among the beneficiaries about its utility. The main points noticed in audit were as under:*

➤ *In disregard of Government policy, smaller towns were taken up for sewerage schemes in preference to district headquarters/famous pilgrim and tourist centers.*

(Paragraph 3.2.8.1)

➤ *Targets set for the completion of seven schemes during 2001-2006, had either not been achieved or achieved with delays ranging between one and over four years.*

(Paragraph 3.2.8.2)

➤ *Out of Rs 30 crore, awarded by the Eleventh Finance Commission during 2001-2005 for providing sewerage systems in Dharamshala, Hamirpur and Jawalamukhi towns, Rs 5.13 crore was unauthorisedly diverted for other purposes during 2002-2003 and 2004-2005.*

(Paragraph 3.2.7.1)

➤ *The sewerage scheme, Jawalamukhi completed at a cost of Rs 7.49 crore had not been operationalised since October 2005 as the beneficiaries did not come forward to obtain sewerage connections.*

(Paragraph 3.2.8.4)

➤ *Six sewage treatment plants of 35.63 million litres per day capacity of Shimla sewerage system, completed between April 2002 and September 2004 were commissioned with partial sewage. The plants had not been working at the optimum level resulting in largely unfruitful expenditure of Rs 76.01 crore, besides wasteful expenditure on their operation.*

(Paragraph 3.2.8.5)

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The abbreviations used in this review have been listed in the Glossary in Appendix-XXVII (Page 222-223).

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➤ *The sewerage scheme at Sri Naina Devi Ji provided at a cost of Rs 1.87 crore had not been made functional since completion (March 1998).*

**(Paragraph 3.2.8.6)**

➤ *The sewage treatment plant of 2.90 million litres per day capacity of Solan town completed (March 2001) at a cost of Rs 1.18 crore had not been made functional as of October 2005 due to non-laying of sewerage network.*

**(Paragraph 3.2.8.7)**

➤ *Improper planning of the department resulted in extra avoidable expenditure of Rs 71.01 lakh on construction of sewage treatment plants at Hamirpur and Kullu. Besides, expenditure of Rs 2.06 crore incurred on laying of sewerage network of Zone II of Kullu town had been rendered unfruitful.*

**(Paragraph 3.2.8.8)**

### **3.2.1 Introduction**

Hygienic sanitation facilities are essential for healthy living. Sewerage programmes have come to assume immense importance in Himachal Pradesh in view of the fact that most of the towns in the State serve as health resorts or pilgrim centres. About 80 *per cent* of the water used by the community comes out of houses in the form of waste water, which, unless properly collected, conveyed, treated and safely disposed off, may eventually pollute the precious water resources and cause environmental degradation. It has become imperative for the State Government to set up efficient sewerage systems in all its urban areas.

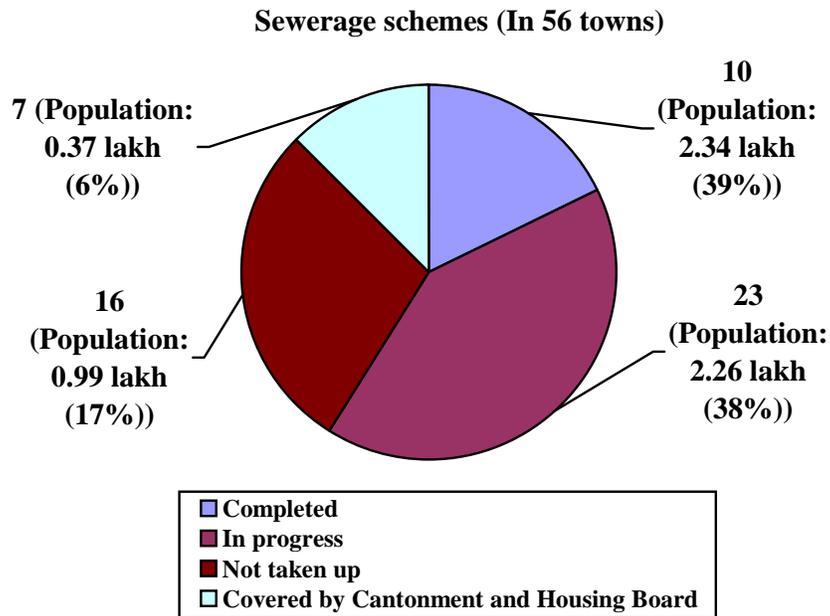
According to the 2001 census, the total population of the State is 60.78 lakh, out of which, 54.82 lakh (90.19 *per cent*) live in rural areas and the remaining 5.96 lakh (9.81 *per cent*) in urban areas. Of the total urban population of 5.96 lakh, sewerage facility has been provided to 2.71 lakh (45.47 *per cent*) as of April 2006. In respect of 2.26 lakh urban population provision of sewerage facilities is in progress while 0.99 lakh people are yet to be covered (April 2006). The State Government has not framed any policy to provide sewerage facility in the rural areas.

There are 56 towns<sup>1</sup> in the State which are classified into six categories on the basis of population. The Irrigation and Public Health (I&PH) Department has been entrusted with the job of providing efficient sewerage system in 49 towns as six towns<sup>2</sup> are under Cantonment Boards and one town (Parwanoo) is under the Housing Board. Out of 49 towns, sewerage schemes have been

<sup>1</sup> Class-I: State Capital-1; Class-II: population between 50 thousand and one lakh-nil; Class-III: population between 20 and 50 thousand-6; Class-IV: population between 10 and 20 thousand-7; Class-V: population between 5 and 10 thousand-16 and Class-VI: population less than 5 thousand-26.

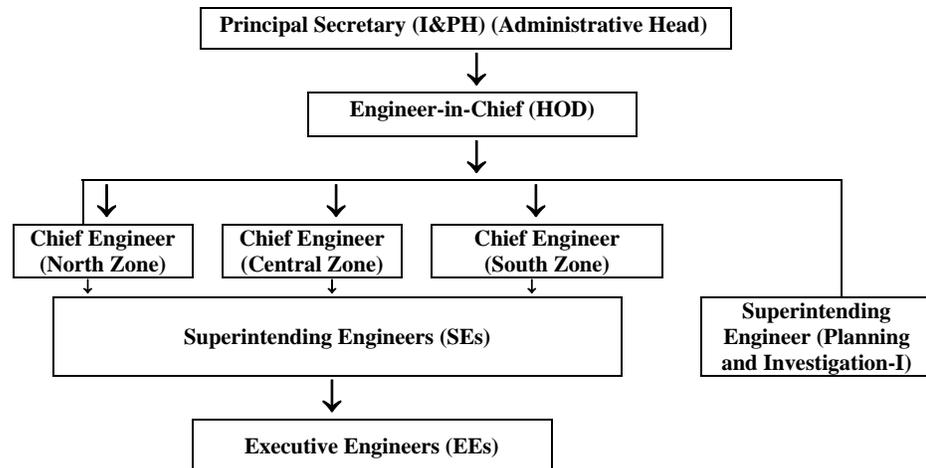
<sup>2</sup> Bakloh, Dagshai, Dalhousie, Kasauli, Subathu and Yol.

commissioned in 10 towns between 1997-1998 and 2005-2006 and work in 23 towns, taken up for execution between 1991-1992 and 2005-2006, is in progress. The remaining 16 towns (Population: 0.99 lakh) have neither any sewerage facility, nor were any sewerage works administratively approved as of March 2006, as shown below:



### 3.2.2 Organisational set up

The organisational set up of the Irrigation and Public Health (I&PH) Department is as under:



### 3.2.3 Scope of audit

Twenty four divisions covering 33 towns are entrusted with the execution of sewerage schemes in the State. Records pertaining to the selection and

execution of sewerage schemes in 11 divisions<sup>3</sup> of 16 towns for the period 2001-2006 were test-checked during October 2005-April 2006. The sample check in terms of divisions was thus 45.83 *per cent* covering 48 *per cent* of towns and 79.25 *per cent* of the total expenditure (Rs 131.52 crore). This was supplemented by the information obtained from the Engineer-in-Chief and the Superintending Engineer, Planning and Investigation-I in March-April 2006.

### **3.2.4 Audit objectives**

A performance audit of the sewerage schemes in the State was conducted with a view to assessing the:

- efficiency and effectiveness in planning and execution of various sewerage schemes;
- adequacy in providing hygienic sanitation facilities to the public;
- effectiveness of the internal control mechanism.

### **3.2.5 Audit criteria**

The audit criteria used for assessing the performance of various schemes were:

- Selection criteria for providing sewerage schemes in accordance with the laid down policy of the Government.
- Targets fixed for providing sewerage schemes in classified towns.
- Arrangement of funds for providing, maintenance and operation of sewerage systems.
- Mechanism evolved to inspect and monitor the ongoing and completed schemes.

### **3.2.6 Audit methodology**

Before commencing the audit, the audit scope, objectives and criteria were discussed (October 2005) with the Chief Engineer (I&PH) in an entry conference. The selection of divisions and towns for test-check was based on multistage stratified sampling methodology. Audit conclusions were drawn after scrutiny of records, analysis of available data by issuing audit memos and questionnaires and obtaining the response of departmental functionaries at various levels. The audit findings were discussed with the Principal Secretary (I&PH) in an exit conference (May 2006), and the views of the Government were incorporated at appropriate places in the report.

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<sup>3</sup> Bilaspur, Dehra, Dharamshala, Hamirpur, Kullu-I, Kullu-II, Mandi, Padhar, Rampur, Shimla (STP) and Solan.

### 3.2.7 Audit findings

#### 3.2.7.1 Financial outlay and expenditure

Expenditure on sewerage schemes during 2001-2006 was met partly out of State funds (61 per cent) and partly from loans obtained from the Organisation of Oil Producing and Exporting Countries (OPEC) and Housing and Urban Development Corporation (HUDCO) (39 per cent). In addition, special problems grant of Rs 30 crore under the award of the Eleventh Finance Commission (EFC) was also received from the Government of India during 2001-2005 for providing sewerage systems in Dharamshala, Hamirpur and Jawalamukhi towns. The budget allotment and expenditure thereagainst on sewerage schemes during 2001-2006 was as under:

Table: 3.2.1

(Rupees in crore)

Year	State Sector			Special problems grant awarded under EFC		
	Funds allotted	Expenditure incurred	Variation excess (+) savings (-)	Funds allotted	Expenditure incurred	Variations excess (+) savings (-)
2001-2002	26.84	27.00	(+) 0.16	6.00	6.00	--
2002-2003	14.50	14.45	(-) 0.05	6.00	3.71	(-) 2.29
2003-2004	19.25	18.47	(-) 0.78	9.13	9.13	--
2004-2005	19.98	20.60	(+) 0.62	8.87	6.03	(-) 2.84
2005-2006	26.19	26.13	(-) 0.06	--	--	--
<b>Total</b>	<b>106.76</b>	<b>106.65</b>	<b>(-) 0.11</b>	<b>30.00</b>	<b>24.87</b>	<b>(-) 5.13</b>

Source: Departmental figures

It was noticed in audit that against the allocation of Rs 30 crore by the EFC, Rs 24.87 crore was spent by the Divisional Officers on sewerage systems of these towns during 2001-2005. The Principal Secretary attributed (May 2006) the shortfall in expenditure to less receipt of letter of credit (LOC) from the Finance Department. Evidently, the EFC funds of Rs 5.13 crore had been diverted at the Government level, as LOC was short released to this extent to the department.

Test-check of records in the selected divisions revealed the following:

#### 3.2.7.2 Diversion of funds

In Kullu division, against the allotment of Rs 3.12 crore during 2001-2006 for providing sewerage system, funds amounting to Rs 1.30 crore were actually spent by the EE between 2001-2002 and 2005-2006 on augmentation and maintenance of water supply schemes, improvement of flow irrigation schemes, renovation of the residences of EE and SE. The cost was however, debited to the accounts of Sewerage Scheme, Kullu. The Principal Secretary

admitted (June 2006) that the expenditure was irregular and stated that the defaulting officer had been charge-sheeted and that wrong booking of expenditure would be rectified on the availability of funds.

Similarly, in Hamirpur division, Rs 1.76 crore was allotted during 2001-2002 for providing sewerage system to Hamirpur town. Of these, Rs 1.44 crore was diverted and spent on augmentation of various water supply schemes during 2001-2002 but was debited to the accounts of the Sewerage Scheme, Hamirpur. While confirming the facts, the Principal Secretary stated (May 2006) that the funds would be credited to the sewerage scheme during the current financial year, and that inquiry had been ordered in to the matter.

Clearly, utilisation of funds amounting to Rs 2.74 crore on various works other than on sewerage schemes, had a decelerating effect on the ongoing sewerage schemes for Kullu and Hamirpur towns.

### **3.2.8 Planning and physical performance**

#### **3.2.8.1 Selection of schemes**

The category-wise details of 49 towns, where efficient sewerage systems were to be provided by the I&PH Department and their status is given in **Appendix-XVIII**.

The Government had not prepared any master plan for providing sewerage systems to cover all the towns within a specified time frame. However, as per the policy adopted (1985) by the department, the first priority for providing sewerage systems was to be given to the district headquarters, followed by pilgrim and tourist centres and the remaining towns were to be covered last. It was, however, noticed that the district headquarters of Sirmour (Nahan) and famous tourist/pilgrim centres like Banjar, Rewalsar and Talai had not been covered as of March 2006. Seven towns of Class-VI category viz. Arki, Bhuntar, Chowari, Jubbal, Kotkhai, Nadaun and Sarkaghat which were neither district headquarters nor famous tourist centres had been selected for providing sewerage systems and works in these towns were in progress (April 2006). Similarly, Baddi town which falls under Class-III category and is coming up as an industrial area had not been covered (June 2006).

The Principal Secretary stated (June 2006) that socio-environmental improvement coupled with the pace of providing adequate water in the town was also a criteria for taking up the development of sewerage schemes in a particular town. However, reasons for non-coverage of Nahan, Baddi and four tourist/pilgrim centres, *ibid*, and why the Government did not follow the specified norms laid down by it were not intimated.

### 3.2.8.2 Targets and achievement

The department had 23 ongoing schemes in hand in June 2006 which included 20 schemes taken up for execution between 1991-1992 and 2000-2001. The remaining three schemes were taken up for execution between 2001-2002 and 2005-2006. Details of sewerage schemes targeted for completion during 2001-2006 were as under:

*Table: 3.2.2*

Targeted year of completion	Name of the sewerage scheme/town targeted for completion	Year of start of work	Year of completion/(percentage of physical progress of schemes)	Remarks
2001-2002	(i) Rampur phase-II	1991-1992	In progress/ (87)	Not completed even after delay of over four years
	(ii) Shimla	1998-1999	2005-2006	Delayed by four years
2002-2003	(i) Ghumarwin	1994-1995	2005-2006	Delayed by three years
	(ii) Manali	1994-1995	2005-2006	Delayed by three years
2004-2005	Jawalamukhi	1998-1999	2005-2006	Delayed by one year
2005-2006	(i) Arki	1998-1999	In progress/ (82)	Stipulated period for completion already over in March 2006.
	(ii) Jogindernagar	1999-2000	In progress/ (88)	

Thus, the yearly targets for completion of seven sewerage schemes fixed for 2001-2006 were not achieved. The Principal Secretary attributed (June 2006) the delay in completion of two sewerage schemes (Ghumarwin and Shimla) to the subsequent increase in sewer network and change in the sites of the treatment plants due to poor strata/land disputes. Reasons for the delay in completion of the remaining five schemes were not intimated. However, the E-in-C attributed (April 2006) the non-achievement of targets fixed during 2001-2006, to insufficient funds. The contention is not tenable because the funds provided during 2001-2006 were not utilised fully.

### 3.2.8.3 Time and cost overrun

Four divisions<sup>4</sup> took up the execution of five sewerage schemes between 1991-1992 and 1998-1999 at an estimated cost of Rs 69.76 crore. The schemes were scheduled to be completed within two to five years from the dates of their commencement. Of these, two schemes (Manali and Shimla), estimated to cost Rs 51.77 crore, were completed at a cost of Rs 82.14 crore during 2005-2006 after a delay of 18 to 80 months, involving a cost overrun of Rs 30.37 crore which ranged between 53 and 128 *per cent*. The remaining three schemes (Kullu, Rampur Phase-II and Solan) estimated to cost Rs 17.99 crore with physical progress ranging between 72 and 88 *per cent*, were under implementation as of March 2006, involving a cost overrun of

<sup>4</sup> Kullu-I, Rampur, Shimla and Solan.

Rs 12.09 crore. The time and cost overrun in these three cases ranged between 84 and 108 months and 40 and 128 *per cent* respectively, as detailed in **Appendix-XIX**.

The Principal Secretary attributed (June 2006) the delay in completion of the schemes to land disputes, damages by floods, delay in acquisition of land, insufficient provision of funds, unrealistic stipulated period for completion of work, price escalation, etc. The contention is not tenable as all the technical and financial aspects including fixation of a realistic period for completion, should have been visualised before taking up the works.

#### **3.2.8.4 Non-utilisation of sewerage facility at Jawalamukhi town**

The work relating to provision of sewerage system to the pilgrim town Jawalamukhi was originally sanctioned in January 1999 for Rs 9.62 crore and stipulated to be completed by March 2004. The cost was later revised to Rs 6.89 crore in January 2004. The town was divided into two zones (A and B) depending upon the topography of the area. The system was designed for a population of 12,983 plus 50,245 pilgrims upto the year 2033 with the provision of a septic tank (zone A) as disposal point and a Sewage Treatment Plant (STP) of 2.83 million litres per day (MLD) capacity (zone B). The work was taken up for execution during 1998-1999 and the system was commissioned in October 2005. Expenditure of Rs 7.49 crore had been incurred on the work as of March 2006.

Test-check of the records of Dehra division revealed (March 2006) that zone 'A' was ready for releasing connections in December 2003 but no sewerage connection had been released to the beneficiaries as of March 2006. The work of zone 'B' alongwith the STP was commissioned in October 2005. It was noticed in audit that against the 1,325 estimated sewer connections, only one connection had been released as of March 2006. Thus, the benefit of the expenditure of Rs 7.49 crore incurred on the scheme had not been derived upto March 2006.

The EE confirmed the facts and stated (March 2006) that the sewerage connections could not be released, as the beneficiaries had not come forward to deposit the connection charges. The Principal Secretary, however, stated (June 2006) that more than 400 application forms had been issued to the consumers, against which, 80 sewer connections stood sanctioned and 33 released to the consumers. The reply of the Government indicated that adequate action for educating the public regarding the benefits of the sewerage system had not been taken during the execution stage.

### 3.2.8.5 Underutilisation of sewage treatment plants at Shimla

The existing sewerage system of Shimla was not sufficient to serve the present population of the town. The treatment plants had been damaged badly and the water sources downstream the disposal point were being contaminated. To augment the sewerage system, administrative approval and expenditure sanction was accorded (February 1999) for Rs 47.76 crore. The project was to be financed by the Oil Producing and Exporting Countries and the State Government in the ratio of 73:27.

The project involved construction of six STPs of 35.63 MLD capacity and laying of 179 kms of sewer line network. The system was commissioned during October 2005 at an expenditure of Rs 73 crore.

Test-check of records of the Sewage Treatment Plant Construction division, Shimla revealed (November 2005) that different STPs completed between April 2002 and September 2004 were put into operation with partial sewage and were not working at optimum level. Based on the present population (1,95,303 persons in 2006), the level of sewage being generated in the town was assessed at 23.44 MLD, against which, only 3.77 MLD (16 per cent) was being received for treatment in all the six STPs at the end of March 2006. It was noticed that no/negligible sewage was being received at the points identified for connectivity with newly laid sewer system. An expenditure of Rs 3.01 crore had been incurred on operation and maintenance of these STPs upto March 2006. Less receipt of sewage being tapped in the STPs than the assessed level was attributed (November 2005) by the EE to damage/choking of sewer lines of the already existing sewerage system.

The Manual on Sewerage and Sewage Treatment provides that improvements and de-bottleneck works of the existing system if necessary, should be planned for execution prior to taking up the project. It was, however, noticed that de-bottlenecking of the existing sewerage system was neither planned nor carried out prior to taking up the execution of the new project for the town.

The Principal Secretary attributed (June 2006) less receipt of sewage to many missing links of the existing system, which required to be bridged. It was further stated that the work would be undertaken during 2006-2007 for which a sum of Rs 250 lakh had been demanded. The contention is not tenable, as the de-bottlenecking of the existing system should have been planned and carried out before taking up the new project. Thus the intended objective of providing a pollution free environment and checking the contamination of water sources downstream of the disposal points remained un-achieved even after incurring an expenditure of Rs 76.01 crore.

### **3.2.8.6 Non-operation of sewerage scheme at Sri Naina Devi Ji town**

The sewerage scheme for Sri Naina Devi Ji town was taken up for execution in August 1994 and completed in March 1998 at a cost of Rs 1.87 crore to serve an existing population of 14,280 persons.

Test-check of records of Bilaspur division revealed (December 2005) that the STP constructed was not put into operation since the commissioning of the scheme. It was noticed that the STP was not functioning due to the leakage/bursting of pipes midway and inadequate staff for its operation.

The Principal Secretary stated (June 2006) that the system was put to use after May 2006. Due to the non-operation of the STP, the sewerage scheme provided at a cost of Rs 1.87 crore had not served any purpose during the last eight years.

### **3.2.8.7 Idle investment on Sewage Treatment Plant at Solan**

Sewerage scheme, Solan was administratively approved (November 1995) for Rs 4.55 crore. The scheme was designed for a period of 34 years (upto the year 2029) including four years for execution and completion. The town was divided into three zones (A, B and C) after taking into account the geographical and topographical conditions. The work of providing STP of 2.90 MLD capacity for zone B was taken up for execution in February 1998 and completed in March 2001 at a cost of Rs 1.18 crore.

Test-check of records of Solan division revealed (November 2005) that the STP had not been made functional as of October 2005 due to non-laying of sewerage network of zone B. It was further noticed that against the laying of total sewerage network of 19,190 metres pipes in zone B only 7,314 metres pipes had been laid as of October 2005.

The Principal Secretary stated (June 2006) that the sewer lines were passing through thickly populated/busy streets and there were lot of hindrances. He further stated that the sewerage network for zone B could not be accelerated due to paucity of funds. The contention is not tenable because budget allotment of Rs 9.95 crore was available against which Rs 7.56 crore were spent on various components of the scheme during 2001-2006. Evidently, due to lackadaisical planning, resources were scattered and construction of STP and sewerage network for zone B was not synchronised which resulted in idle investment on the STP since March 2001.

**3.2.8.8 Avoidable and unfruitful expenditure on sewerage schemes for Hamirpur and Kullu towns**

The construction of an STP of 3.13 MLD capacity for zone-I of sewerage scheme for Hamirpur town, was awarded (September 1998) to a contractor for a lump sum tendered cost of Rs 89 lakh. The work was stipulated to be completed by September 2001.

Test-check of the records of Hamirpur division revealed (February 2006) that the contractor started the work in October 1998 and stopped the same in July 2003 for want of sufficient land for the construction of STP and non-availability of access to the site. The contractor had been paid Rs 20.21 lakh till stoppage of work. As the contractor failed to resume the work, the contract was rescinded in December 2004. It was further noticed in audit that the land was acquired by the department about three and a half years after the award of the work of STP to the contractor.

The balance work of the STP was awarded (June 2006) to another contractor for Rs 96.50 lakh. Thus, improper planning and failure of the department to provide requisite land to the contractor in time, had resulted in extra avoidable expenditure of Rs 27.71 lakh<sup>5</sup>.

The Principal Secretary stated (June 2006) that Government land measuring 344.30 square metres was made available to the contractor. The contention is not tenable, as a land measuring 3569.11 square metres was required for the construction of STP.

The work relating to laying of sewerage network alongwith STP of 2.57 MLD capacity at Lanka Bekar for zone-II of Kullu town was taken up for execution in April 2000 by the Kullu division No.I. It was noticed (December 2005) in audit that the sewerage network costing Rs 2.06 crore was completed in April 2004 but the work of STP awarded (April 2000) to a contractor for Rs 67.70 lakh had not been taken up for execution as of March 2004 due to change of site. The contractor was provided (September 2001) an alternative site, but he neither signed the agreement nor executed the work. The work was cancelled after four years (April 2004) and was again awarded (August 2005) at a cost of Rs 1.11 crore to another contractor with a stipulation to complete it in six months. However, the work had not been taken up for execution for want of transfer of forest land.

The Principal Secretary stated (June 2006) that the permission for transfer of forest land had been received recently and that the work was being started. The reply of the Principal Secretary indicated improper planning, as timely action in selection of proper site before award of work had not been taken by the department, which resulted in unfruitful expenditure of Rs 2.06 crore and

<sup>5</sup> Rs 20.21 lakh + Rs 96.50 lakh (-) Rs 89.00 lakh = Rs 27.71 lakh.

avoidable extra expenditure of Rs 43.30 lakh (Rs 111 lakh minus Rs 67.70 lakh).

### **3.2.8.9 Avoidable delay in completion of sewerage scheme and infructuous expenditure**

The Phase-II work of providing sewerage facilities to Rampur town was completed in July 2000 at a cost of Rs 2.25 crore except for laying and jointing of 400 metres trunk sewer line in steep rocky portion and flushing tank.

Test-check of records of Rampur division revealed (October 2005) that the sewerage system was badly damaged due to flash floods in river Sutlej on 31 July 2000. It was further noticed that the approval to the estimate for restoration works was not accorded by the CE and a revised estimate for Rs 4.56 crore, which included a provision of Rs 35.27 lakh for various flood protection works was sent by the EE in February 2005 to the CE. This estimate was, however, received back in April 2005 with some observations which had not been attended to as of October 2005.

In the meantime, flash floods in river Sutlej re-occurred on 26 June 2005 and damaged the STP at Khopri and trunk sewer line. The damages were assessed at Rs 39.41 lakh.

The EE stated (October 2005) that protection work could not be carried out for want of approval of the estimate by the competent authority. The Principal Secretary stated (June 2006) that the restoration works of damages due to floods, which were likely to cost Rs 39.42 lakh had been undertaken. Had the department carried out the flood protection works on time keeping in view the likelihood of flash floods occurring in river Sutlej, the damages of Rs 39.41 lakh caused to the scheme could have been minimised.

The reconstruction of STP at Chuhabagh (Rampur town) as a safe alternate site was awarded (2000-2001) to a contractor at a tendered cost of Rs 29.84 lakh but the work could not be taken up for execution due to non-finalisation of the site. However, site development works and laying and jointing of trunk sewer line at the proposed alternate site were carried out during 2000-2002 at an expenditure of Rs 17 lakh. As the work of construction of STP was not taken up by the contractor, the agreement was cancelled in June 2004 by the EE. Scrutiny of the records further revealed that the developed site was taken over by the EE, B&R division Rampur in July 2003 for construction of a new bus stand.

The Principal Secretary stated (June 2006) that the matter regarding adjustment of Rs 17 lakh incurred by the department on the old site was under correspondence with the PWD authorities. Thus, delay in finalisation of site for construction of STP and non-handing over of the same to the contractor

resulted in infructuous expenditure of Rs 17 lakh besides depriving the beneficiaries of the intended sewerage facilities.

### **3.2.9 Other deficiencies**

#### **3.2.9.1 Unauthorised splitting of works**

The CEs, Dharamshala and Mandi accorded technical sanction to the detailed estimates of various works of five sewerage schemes<sup>6</sup> for Rs 20.78 crore between September 1998 and February 2004. Test-check of records of five divisions<sup>7</sup> revealed that major portions of works (estimated to cost Rs 7.95 crore) of these schemes were split up into 173 agreements and awarded to 57 contractors between December 2001 and November 2005. These works were awarded to the contractors at a consolidated cost of Rs 11.75 crore. The tendered rates quoted by the contractors ranged between 35 per cent below and 500 per cent above the amount put to tender. The abnormal gap between the lowest and the highest offers of the contractors was indicative of the irrational award of works by the EEs. Benefit of competitive rates was thus not derived by floating single tender for each work. Approval of the competent authority to split up sanction had also not been obtained.

The Principal Secretary informed (June 2006) that detailed instructions had been issued to the field officers to avoid splitting of the works and to ensure that competitive rates were availed after giving proper publicity through the newspapers.

#### **3.2.9.2 Irregular payments**

In three divisions<sup>8</sup>, 11 works relating to construction of STPs and laying and jointing of cast iron (CI)/ductile iron pipes were completed between March 2001 and October 2005. It was noticed that gross payment of Rs 20.05 crore was made to the contractors which included Rs 3.15 crore on account of deviated/substituted items. Approval of the competent authority for the deviated/substituted items had not been obtained as of March 2006 as required under rules.

The Principal Secretary stated (June 2006) that the deviation would be got approved from the competent authority at the time of finalisation of bills. The contention is not tenable as codal provisions should have been adhered to.

#### **3.2.9.3 Undue financial benefit to contractors**

A sewerage scheme for Joginder Nagar town was technically sanctioned in December 2002 for Rs 4.35 crore. The sub-works i.e. providing, laying and

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<sup>6</sup> Bhuntar, Dharamshala, Hamirpur, Jawalamukhi and Joginder Nagar.

<sup>7</sup> Dehra, Dharamshala, Hamirpur, Kullu-II and Padhar.

<sup>8</sup> Dehra, Shimla (STP construction division), and Solan.

testing of sewer lines including construction of manholes, RCC supporting pillars, flushing tanks and allied works were awarded (March 2003) to four contractors (estimated cost: Rs 2.41 crore) by splitting the work into five agreements at a tendered cost of Rs 4.23 crore.

Test-check of records of Padhar division revealed (January 2006) that the contractors were paid a secured advance of Rs 1.89 crore against the admissible amount of Rs 1.55 crore resulting in undue financial benefit of Rs 34 lakh.

The EE admitted (January 2006) the facts. The Principal Secretary stated (June 2006) that the secured advance had almost been recovered from the running bills of the contractors. The reply is not tenable as undue benefit was extended to the contractors in contravention of the rules.

The EEs of three divisions<sup>9</sup> awarded 16 sub-works of providing sewerage schemes to Dharamshala, Hamirpur and Joginder Nagar towns between January 2001 and March 2005 for Rs 8.11 crore. The contractors neither completed the respective works within the stipulated period ranging between 3 and 18 months nor did they apply for extension of time. Action under the agreements to levy compensation had also not been taken. This resulted in non-recovery of Rs 1.14 crore<sup>10</sup> from the contractors and undue benefit to them to this extent.

The Principal Secretary stated (June 2006) that action to grant extension in time limit or levy compensation was being taken on merits in each case. The contention is not tenable as timely action to levy compensation and recovery thereof should have been taken as per the provisions of the agreement.

#### **3.2.9.4 Avoidable payment of interest**

In Kullu division No.I, in the case of construction of STP of 1.823 MLD capacity under the sewerage scheme, an arbitration award for Rs 41.24 lakh was announced (November 1997) in favour of the contractor. This award included Rs 7.98 lakh on account of interest at the rate of 12 *per cent* for two years.

It was noticed in audit that the EE drew Rs 33.26 lakh (excluding interest) and deposited the same with the Deputy Commissioner, Kullu in March 1998 for keeping it in small savings instead of depositing the same with the Registry of

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<sup>9</sup> Hamirpur, Dharamshala and Padhar.

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	<b>(Rs in crore)</b>
(i) Compensation @ 7.5 <i>per cent</i> on tendered cost at Rs 0.59 crore of one agreement:	0.04
(ii) Compensation @ 10 <i>per cent</i> on tendered cost at Rs 4.06 crore of 10 agreements:	0.41
(iii) Compensation @ 20 <i>per cent</i> on tendered cost at Rs 3.46 crore of five agreements:	<u>0.69</u>
	<b>1.14</b>

the High Court, till a decision on an appeal filed by the Department in the High Court of Himachal Pradesh was received. The appeal was, however, dismissed (January 2004) and the award of the Arbitrator was upheld. Consequently, the department paid Rs 89.16 lakh which included interest of Rs 47.92 lakh at the rate of 18 *per cent* as required from the date of award (November 1997) to the date of payment (May 2004).

The Principal Secretary stated (June 2006) that “the entire delay was caused by the High Court which could not be challenged”. The contention is not acceptable because in terms of DG (Works), CPWD, Memo No. DG (W)/Con/59, dated 9<sup>th</sup> June 1993 (also part of the CPWD Manual as Para 36.45), in cases where the awards are interest bearing and are proposed to be challenged, the awarded amount may be deposited in the court as provided under the provisions of Order 24 of CPC in order to avoid the accrual of interest thereon.

#### **3.2.9.5 Blocking of funds due to non-utilisation of pipes**

The EE, Hamirpur division procured 1445.50 metres CI pipes valued at Rs 41.61 lakh between October 2002 and April 2004 from a Kolkata based firm for providing sewerage system to three zones of Hamirpur town. It was noticed in audit that the work of laying and jointing of CI pipes in zones-I and II awarded to two contractors during January and March 2003 had not been taken up for execution (February 2006) due to disputes in the alignment of laying of the pipes. As a result, the CI pipes purchased for providing sewerage system for Hamirpur could not be put to use. It was further noticed that 40 metres of CI pipe of 350 mm dia was transferred to Dharamshala division during February 2004. The balance 1405.50 metres pipe valued at Rs 40.65 lakh was lying unutilised in the material at site account register of the works, resulting in blocking of funds.

The Principal Secretary stated (June 2006) that action to terminate the contract was under way and that tenders would be invited afresh to complete the balance work in tough terrain. The reply is not tenable as pipes should have been procured only after site disputes were resolved.

#### **3.2.9.6 Procurement of material without requirement**

The EEs, Kullu -I and Mandi divisions procured cast iron bends, tees and pipes valued at Rs 11.20 lakh between December 2000 and June 2001. It was noticed in audit that the material was not required for use in sewerage schemes for Kullu and Mandi towns and the entire material had been lying unutilised.

The EE, Kullu-I division stated (December 2005) that reasons for procurement of material were not available on record. The EE, Mandi division stated (February 2006) that the material could not be utilised due to change in alignment and the same was not required now for use on the scheme. The Principal Secretary stated (June 2006) that in unplanned hilly towns the

requirement of special fittings could not be assessed accurately. The contention is not tenable as the fittings were procured without any requirement.

### **3.2.10 Lack of internal control**

#### **3.2.10.1 Inadequate inspection of works**

To ensure quality and timely completion of the works, E-in-C issued instructions in June 1994 and April 2000 for inspection of major and targeted schemes at least once a month by the EE concerned, once in 2 months by the SE and once in three months by the CE. No mechanism was evolved for inspection of completed works.

A perusal of the inspection notes/records in eleven test-checked divisions revealed that in respect of 13 completed/ongoing sewerage schemes, 260, 390 and 780 inspections were required to be conducted during 2001-2006 by the CE, SE and EE respectively against which, only 35, 69 and 281 inspections respectively were conducted. None of the test-checked divisions produced any inspection notes of the works inspected by the EEs during the period. In Solan division, 16 and 19 inspections were stated to have been conducted by the CE and SE respectively during 2001-2006 but no inspection notes were produced to audit. Evidently, the works were not inspected adequately.

The Principal Secretary stated (June 2006) that the department had observed such negligence and consequently issued (April 2000) instructions to the CEs/SEs/EEs to submit inspection notes of works to the Government.

#### **3.2.10.2 Accounts of completed works not closed**

In three divisions<sup>11</sup>, four sewerage schemes (Sri Naina Devi Ji, New Bilaspur town, Manali town and Mandi town) were undertaken between 1997-98 and 2004-2005 at a total cost of Rs 28.05 crore but the requisite completion reports were not prepared, as required. The divisions were thus, not aware of unadjusted liabilities of completed schemes. This is fraught with the risk of accommodating fraudulent accounting adjustments. The Principal Secretary stated (June 2006) that necessary directions for preparation of completion reports had been issued by the E-in-C during June 2006.

### **3.2.11 Monitoring and evaluation**

The execution/completion of works was required to be monitored effectively by the E-in-C to ensure that for each work, targets relating to time, cost, services, etc., were achieved. However, no monitoring cell was created to

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<sup>11</sup> Bilaspur, Kullu-I and Mandi.

watch the progress of works. The Principal Secretary stated (June 2006) that the execution and completion of works was being monitored effectively by the SE (Planning and Investigation).

It was, however, noticed that periodical progress reports (physical and financial) received from the field officers were neither scrutinised properly nor effective follow up action taken. The reports did not indicate time frame fixed for completion of schemes and held up works. As a result, 16 sewerage schemes taken up for construction more than five years back remained incomplete. The works taken up for execution had, however, not been monitored resulting in unplanned execution of works as pointed out in various paragraphs.

Although the programme was implemented in the State during 1985, no evaluation studies had been conducted as of (March 2006) to assess the level achievement of its objectives.

### **3.2.12 Conclusion**

The State Government had not prepared a master plan to provide sewerage facilities to cover all 56 towns of the State in a phased manner. Funds provided for sewerage schemes amounting to Rs 5.13 crore were unauthorisedly diverted to irrigation and water supply schemes. In disregard of Government policy, smaller towns were taken up for sewerage schemes in preference to district headquarters and famous pilgrim and tourist centres. There were cost and time overruns in several schemes, and some schemes were under-utilised or not utilised. Audit also noticed instances of undue financial benefits being provided to contractors.

### **3.2.13 Recommendations**

- *A long term master plan for providing sewerage schemes to various towns within a specified time frame needs to be prepared.*
- *Adequate funds need to be provided to accelerate sewerage facilities in classified towns in a time bound manner.*
- *It needs to be ensured that sewerage facilities provided through huge investments do not remain unutilised and the STPs are utilised to their optimum capacity.*
- *A system may be evolved to ensure adequate inspection and monitoring of completed/ongoing schemes.*

**Food, Civil Supplies and Consumer Affairs Department**

**3.3 Food Security, Subsidy and Management of Foodgrains**

**Highlights**

*Government's food management strategy involves ensuring availability of foodgrains to the public at reasonable prices through the Targeted Public Distribution System (TPDS). Identification of below poverty line families for the Tenth Five Year Plan, required to be completed by 31 March, 2003, was not done as of June 2006. Supply of foodgrains to identified below poverty line families was also not regulated according to the prescribed scale and rates. The State Government failed to exercise check over bogus ration cards to prevent diversion of foodgrains. Some significant audit findings are as under:*

- *The State Government had not completed the process of below poverty line census for the Tenth Five Year Plan by 31 March 2003, as required.*

**(Paragraph 3.3.7.1)**

- *Against 0.90 lakh Antyodaya families requiring coverage under Antyodaya Anna Yojna, 1.56 lakh families were covered on the basis of 5.14 lakh Below Poverty Line families according to the projected population estimates of Government of India resulting in excess coverage of 0.66 lakh families under Antyodaya Anna Yojna.*

**(Paragraph 3.3.7.2)**

- *The ration card population of the State was more than the actual population. Periodical checking and weeding out of ineligible and bogus ration cards had not been done as per the provisions of the Public Distribution System (Control) Order, 2001.*

**(Paragraph 3.3.7.3)**

- *Fixing of higher issue (60 kgs per month per family) scale over and above the scale prescribed (35 kgs per month per family) by the Government of India resulted in excess distribution of 1,02,691 MTs of foodgrains during 2003-2006 and mis-targeting of subsidy of Rs 24.82 crore.*

**(Paragraph 3.3.7.4)**

- *Assessment of requirement of foodgrains was on the higher side as the shortfall in off take ranged between 47 and 94 per cent for*

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The abbreviations used in this review have been listed in the Glossary in Appendix-XXVII (Page 222-223).

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*above poverty line families and between eight and 59 per cent for below poverty line families during 2001-2006.*

**(Paragraph 3.3.7.6)**

➤ *Due to lack of quality control, 16,305 MTs of sub-standard foodgrains were supplied to consumers during 2001-2006.*

**(Paragraph 3.3.7.9)**

➤ *State, District and Block Level Vigilance Committees had not been constituted for implementation and monitoring of the Targeted Public Distribution System. The State Government had also not got any evaluation of the scheme done to ascertain its impact.*

**(Paragraph 3.3.10)**

### **3.3.1 Introduction**

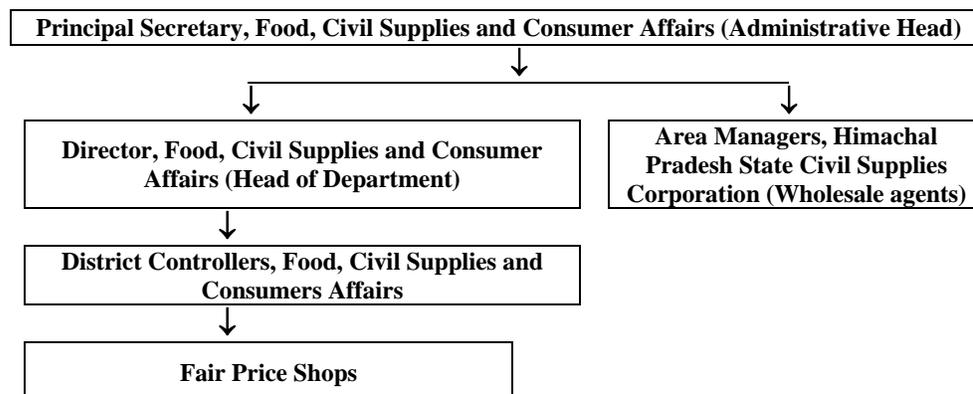
Government of India's food management strategy involves procurement of foodgrains from farmers at minimum support price (MSP) and allocation of foodgrains so procured, amongst States for eventual distribution to the targeted population at subsidised central issue price (CIP) through the Public Distribution System (PDS). The PDS was streamlined in June 1997 as a Targeted Public Distribution System (TPDS) for enhancing food security to the below poverty line (BPL) population. It stipulated identification of BPL families, issue of special ration cards and selling of essential commodities such as wheat and rice to them at specially subsidised prices. To make the TPDS more focused and targeted towards the poorest of the poor, the *Antyodaya Anna Yojna* (AAY) was launched (December 2000) which provided for identification of *Antyodaya* families and issue of distinctive "*Antyodaya* ration cards" to them so as to make the benefits more substantial in terms of quantity of foodgrains and nutrition to such families.

Foodgrains are supplied by the Central Government to the State at CIP fixed separately from time to time for Above Poverty Line, Below Poverty Line, and *Antyodaya* families. The Himachal Pradesh State Civil Supplies Corporation (Corporation), as a State wholesale nominee, lifts the allocated foodgrains from the godowns of the Food Corporation of India (FCI) and supplies these to the fair price shops (FPSs). The distribution of foodgrains was being done in the State through a network of 4,234 FPSs covering a ration card population of 67.92 lakh as on 31 March 2006.

The State Government bears the expenditure on transportation/incidentals of foodgrains from FCI godowns to the retail outlets in respect of *Antyodaya* families. Against the budget provision of Rs 11.63 crore, expenditure of Rs 11.22 crore was incurred during 2001-2006.

### **3.3.2 Organisational set up**

The organisational set up of food management in the State is as under:



### **3.3.3 Scope of audit**

A performance review of the operations of the Food, Civil Supplies and Consumer Affairs Department with regard to its implementation of food security, subsidy and management of foodgrains during the period 2001-2006 was carried out in March-April 2006. The review included a test-check of records in three<sup>1</sup> out of twelve districts, nine<sup>2</sup> blocks and 36 FPSs in the State, supplemented by a scrutiny of records and information supplied by the Director, Food, Civil Supplies and Consumer Affairs Department (Director) and three Area Managers of Corporation located in the selected districts.

### **3.3.4 Audit objectives**

The audit objective was to assess the implementation of the Public Distribution arrangement to gain assurance that:

- all people had access to foodgrains and they actually got them when needed;
- there was an effective system for identification of beneficiaries; and
- the monitoring system envisaged in the scheme was adequate and effective.

### **3.3.5 Audit criteria**

The audit criteria included the following:

- Guidelines/principles prescribed by the Government of India for identification of BPL and *Antyodaya* families.

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<sup>1</sup> Kangra, Mandi and Shimla.

<sup>2</sup> Basantpur, Chopal, Dehra, Dharampur, Drang, Panchrukhi, Rait, Sundernagar and Theog.

- Provisions of the PDS (Control) Order, 2001.
- Guidelines/instructions prescribed for issue of ration cards, weeding out bogus ration cards and units and deletion of cards/units after periodical verification.
- Scale of issue of foodgrains prescribed by the Government of India
- Government instructions on quality of foodgrains.

### **3.3.6 Audit methodology**

Before commencing audit, discussions were held in March 2006 with the officials of the Food, Civil Supplies and Consumer Affairs Department in an entry conference and audit scope, objectives and criteria were discussed. Districts, blocks and FPSs within them were selected using formal statistical sampling techniques. Information collected from the records relating to implementation of the scheme in the offices of the Director, District Controllers and the State Government and replies furnished by them to audit memoranda and questionnaire were analysed to arrive at audit conclusions. The audit findings were discussed (June 2006) with the Director, Food, Civil Supplies and Consumer Affairs Department and the views of the department were incorporated at appropriate places.

### **3.3.7 Audit findings**

#### **3.3.7.1 Identification of target groups**

The Government of India issued (April 1997) guidelines for identification of BPL families for providing assistance under various poverty alleviation programmes. Accordingly, the State Government conducted a survey through the Rural Development Department (RDD) during 1998-99 and identified 2.98 lakh BPL families. Based on the projected population of 67.11 lakh persons and 12.59 lakh families by March 2000, the Government of India, however, identified 5.14 lakh (41 *per cent*) BPL families for adoption in the State. Out of 5.14 lakh BPL families, 1.56 lakh (30.35 *per cent*) families were to be adopted from amongst the poorest of the poor under AAY. The State Government had not carried out any survey to independently ascertain the actual number of the BPL families in the State.

The Government of India had again circulated guidelines in September 2002 to improve the methodology for identification of BPL families and required the State Government to finalise the process of BPL census for the Tenth Five Year Plan (2002-2007) by 31 March 2003 and to make available district-wise results by 30 April 2003. It was, however, noticed that the identification of BPL families for the Tenth Five Year Plan had not been done as of June 2006. The Director stated (June 2006) that identification of BPL families was under

process. Thus, in the absence of a fresh survey, the exact number of needy families could not be ascertained for distribution of foodgrains during the Tenth Five Year Plan.

### **3.3.7.2 Unrealistic estimation of *Antyodaya* families**

According to the projected population estimates of the Government of India (March 2000), out of 5.14 lakh BPL families, 1.56 lakh (30.35 per cent) families required coverage under AAY from August 2004 onwards. In the State, however, there were only 2.98 lakh identified BPL families according to the survey conducted in 1998-99 and 30.35 per cent of these worked out to 0.90 lakh families. Thus, there was excess estimation of *Antyodaya* families to the extent of 0.66 lakh. The Director stated (June 2006) that the figure of 5.14 lakh BPL families did not exist in their record and this projection had been made by the Planning Commission. The reply of the Director is not tenable, as the State Government should have carried out a survey to identify the beneficiaries.

### **3.3.7.3 Non-conducting of periodical verification for weeding out bogus ration cards**

As per the provision of PDS (Control) order, 2001, the State Government was required to conduct periodical checking of ration cards to weed out ineligible and bogus cards. This exercise was also required to be continued to check distribution of foodgrains to unauthorised persons.

Test-check, however, revealed excess ration card population over the projected population during 2001-2006 as tabulated below:

*Table: 3.3.1*

(Persons in lakh)

<b>Year</b>	<b>Projected population</b>	<b>Ration card population</b>	<b>Ration card population shown excess</b>
2001-2002	61.96	64.90	2.94
2002-2003	62.65	65.03	2.38
2003-2004	63.32	65.28	1.96
2004-2005	63.98	66.16	2.18
2005-2006	64.62	67.92	3.30

**Note:** For 2001-2006, the projected population is based on the figures of the Central Statistical Organisation for 2002-2003.

The Director stated (June 2006) that the difference was due to migration of labour from other States. He also stated that regular inspections were carried out by the field staff to detect the bogus ration cards in their respective jurisdiction and such cards, if any, were cancelled on the spot. The District Controllers of the test-checked districts, however, stated that bogus ration

cards had not been detected and weeded out during 2001-2006. The District Controllers, Kangra and Shimla further stated that specific guidelines were not issued to weed out bogus ration cards.

### 3.3.7.4 Unauthorised subsidy

Government of India fixed (April 2002) the scale of issue of foodgrains to APL, BPL and AAY families at 35 kg (wheat: 15 kg and rice: 20 kg) per family per month. It was, however, noticed that the State Government distributed the foodgrains to the BPL families at the scale of 60 kg (wheat: 25 kg and rice: 35 kg) per family per month during 2003-2006 which resulted in excess distribution of 1,02,691 MTs of foodgrains to BPL families involving subsidy of Rs 24.82 crore as detailed below:

Table: 3.3.2

(In MTs)

Year	Number of BPL families	Foodgrains required to be distributed at the rate of 35 kg per family per month		Foodgrains actually distributed	Quantity of foodgrains issued in excess	Cost of foodgrains per MT <sup>3</sup> (InRs)			Amount of subsidy involved (Rupees in crore)	
						APL	BPL	Difference		
2003-2004	2,11,739	Wheat	38,113 <sup>4</sup>	44,540	6,427	7,200	5,250	1,950	1.25	4.64
		Rice	50,817 <sup>4</sup>	63,600	12,783	9,650	7,000	2,650	3.39	
2004-2005	1,82,472	Wheat	32,845	46,333	13,488	7,200	5,250	1,950	2.63	10.49
		Rice	43,793	73,441	29,648	9,650	7,000	2,650	7.86	
2005-2006	1,49,501	Wheat	26,910	41,270	14,360	7,200	5,250	1,950	2.80	9.69
		Rice	35,880	61,865	25,985	9,650	7,000	2,650	6.89	
<b>Total:</b>			<b>2,28,358</b>	<b>3,31,049</b>	<b>1,02,691</b>					<b>24.82</b>

Reasons for enhancing the scale of foodgrains in excess of the Government of India norm (March 2006) were called for from the Principal Secretary (Food, Civil Supplies and Consumer Affairs), but had not been furnished as of August 2006.

<sup>3</sup> CIP for BPL (per quintal): Wheat Rs 415+Rs 110 handling charges levied by State Government and Rice: Rs 565 + Rs 135 handling charges levied by State Government.

Issue price for APL (per quintal): Wheat: Rs 610 +Rs 110 handling charges and Rice: Rs 830+Rs 135 handling charges.

<sup>4</sup> Family scale per year: number of BPL families x entitlement of wheat/Rice x number of months i.e. (i) 2,11,739x15x12=3,81,13,020 kg (ii) 2,11,739x20x12=5,08,17,360 kg.

**3.3.7.5 Issue of foodgrains to BPL families at higher rates**

According to the Government of India instructions (February 1997), the State was required to keep the end retail price for distribution of foodgrains at FPS at not more than 50 paise per kilogram over the Central Issue Price (CIP) for BPL families. The Government of India had fixed issue price of wheat and rice at Rs 4.15 and Rs 5.65 per kilogram respectively for BPL families from July 2000. Accordingly, distribution of foodgrains to BPL families was to be ensured at FPSs at end retail price of Rs 4.65 and Rs 6.15 per kilogram for wheat and rice respectively. The State Government, however, distributed foodgrains to BPL families at Rs 5.25 (wheat) and Rs 7 (rice) per kilogram respectively at FPSs putting extra burden of Rs 30.84 crore on them as detailed below:

*Table: 3.3.3*

(Rupees in crore)

Year	Type of foodgrains	Quantity distributed (In MT)	Issue rate fixed by State Government (Per MT)	Issue rate as per norms of Government of India (Per MT)	Difference per MT in rupees	Amount charged in excess
2002-2003	Wheat	28,551	5,250	4,650	600	1.71
	Rice	50,519	7,000	6,150	850	4.29
2003-2004	Wheat	44,540	5,250	4,650	600	2.67
	Rice	63,600	7,000	6,150	850	5.41
2004-2005	Wheat	46,333	5,250	4,650	600	2.78
	Rice	73,441	7,000	6,150	850	6.24
2005-2006	Wheat	41,270	5,250	4,650	600	2.48
	Rice	61,865	7,000	6,150	850	5.26
	<b>Total:</b>					<b>30.84</b>

The Principal Secretary stated (May 2006) that the Government had applied higher rates as the State Government was compelled to raise the commission of the retailers/wholesale dealers due to tropical conditions from 2002. The reply is not tenable as the end retail price was not to be more than 50 paise per kilogram over the CIP according to the instructions of the Government of India.

### 3.3.7.6 Allotment, lifting and distribution of foodgrains

The position relating to allocation, lifting and distribution of foodgrains in the State during 2001-2006 was as under:

Table: 3.3.4

(In MTs)

Year	Category	Allotment of foodgrains by Government of India	Lifting by the State Government	Shortfall in lifting	Distribution	Shortfall in distribution
2001-2002	APL	1,01,160	10,509	90,651 (90)	13,157	--
	BPL	98,985	40,916	58,069 (59)	42,343	--
	AA Y	23,616	22,986	--	22,970	--
2002-2003	APL	3,59,325	21,141	3,38,184 (94)	24,377	--
	BPL	1,45,872	80,122	65,750 (45)	79,070	1,052 (1)
	AA Y	32,026	34,629 <sup>5</sup>	--	33,429	1,200 (3)
2003-2004	APL	3,48,900	55,788	2,93,112 (84)	57,956	--
	BPL	1,45,872	1,11,229	34,643 (24)	1,08,140	3,089 (3)
	AA Y	32,456	32,837 <sup>5</sup>	--	33,355	--
2004-2005	APL	3,48,900	1,40,703	2,08,197 (60)	1,40,683	--
	BPL	1,34,816	1,23,536	11,280 (8)	1,19,774	3,762 (3)
	AA Y	44,116	42,434	1,682 (4)	36,486	5,948 (14)
2005-2006	APL	3,48,900	1,84,485	1,64,415 (47)	1,82,693	1,792 (1)
	BPL	1,20,440	1,03,220	17,220 (14)	1,03,135	85
	AA Y	59,756	57,878	1,878 (3)	54,877	3,001 (5)

Note: (Figures in parenthesis represent the percentage)

Shortfall in lifting for APL families ranged between 47 and 94 per cent while for BPL families it ranged between 8 and 59 per cent during 2001-2006.

The Director attributed (June 2006) the poor off take of foodgrains for APL families to allocations made by the Government of India on projected population and sale rates being almost equal to the rates in the open market. He further attributed the reasons for low offtake for BPL families to low purchasing power, eating preferences and good crop, etc. The reply is not tenable as the requirement/allocation of foodgrains should have been reassessed on the basis of the actual targeted beneficiaries.

<sup>5</sup> Reasons for excess lifting than the allotment had been called for (August 2006).

### **3.3.7.7 Short supply of foodgrains to FPSs by the Corporation**

The Director issued (February 2002) instructions to all the District Controllers and the Corporation to ensure the issue/sale of foodgrains to FPSs in net weight excluding 650 grams weight of the gunny bags.

Test-check of records revealed that the Corporation had not taken any action to instruct the concerned Area Managers in this regard and the Corporation continued to issue foodgrains in gross weight. Failure to ensure supply of foodgrains in net weight to the FPSs resulted in short supply of 13,532 MTs of foodgrains during 2001-2006 as detailed below:

*Table: 3.3.5*

(In MTs)

Year	Gross weight of foodgrains issued/sold	Net weight of issued foodgrains	Sale/issue of short quantity of foodgrains
2001-2002	78,470	77,463	1,007
2002-2003	1,36,876	1,35,119	1,757
2003-2004	1,99,451	1,96,891	2,560
2004-2005	2,98,943	2,95,107	3,836
2005-2006	3,40,705	3,36,333	4,372
<b>Total:</b>	<b>10,54,445</b>	<b>10,40,913</b>	<b>13,532</b>

The Director stated (April 2006) that fresh instructions had been issued in January 2006.

The reply shows that the department had not ensured enforcement of the instructions for almost four years regarding issue/sale of foodgrains in net weight.

### **3.3.7.8 Excess payment to the Corporation**

According to the guidelines of AAY, wheat and rice at the rate of Rs 2 and Rs 3 per kg respectively were being provided under TPDS to its beneficiaries. The State Government bears the expenditure on transportation/incidentals of foodgrains from FCI godowns to the FPSs by reimbursing it to the Himachal Pradesh State Civil Supplies Corporation (Corporation).

Test-check of records revealed that the Corporation had issued foodgrains to the FPSs in gross weight (including weight of gunny bags as 650 grams) but while finalising the claims for reimbursement, the departmental officials

responsible for regulating the claims had not deducted the weight of the gunny bags so as to make payments for foodgrains only. This entailed excess payment of Rs 11.26 lakh to the Corporation for 2001-2005 as detailed below:

Table: 3.3.6

Year	Name	Gross qty on which claim allowed (Quintals)	Net qty for which claim should have been admitted (Quintals)	Excess quantity for which claim allowed (In MT)	Rate per MT (In Rs)	Amount excess paid (In Rs)
2001-2002	Wheat	94,108	92,900	120.8	640	77,312
	Rice	1,34,650	1,32,922	172.8	740	1,27,872
2002-2003	Wheat	1,41,802	1,39,982	182.0	640	1,16,480
	Rice	1,90,452	1,88,007	244.5	740	1,80,930
2003-2004	Wheat	1,42,951	1,41,116	183.5	640	1,17,440
	Rice	1,89,942	1,87,504	243.8	740	1,80,412
2004-2005	Wheat	1,42,429	1,40,601	182.8	670	1,22,476
	Rice	1,92,734	1,90,260	247.4	820	2,02,868
	<b>Total</b>	<b>12,29,068</b>	<b>12,13,292</b>			<b>11,25,790</b>

**Note:** Claims for 2005-2006 were regulated for net quantity of foodgrains only

The Director stated (April 2006) that the matter was being taken up with the Corporation.

### 3.3.7.9 Issue of foodgrains to target groups below quality specification

The PDS (Control) Order, 2001 required the State Government to ensure that the stocks of foodgrains intended to be issued to the consumers conformed to

the quality standards. The Director had also issued (July 1999) instructions to the field staff to take samples of foodgrains and send them to the Directorate/Composite Laboratory, Kandaghat (Solan district). It was noticed that during 2001-2006, out of 1,449 samples taken (rice: 801 and wheat: 648), 446 samples (rice: 242 and wheat: 204) constituting 31 *per cent* had been found below specification after testing in the Directorate/Composite Laboratory, Kandaghat. The details of sub-standard foodgrains weighing 16,305 MTs (rice: 12,566 MTs and wheat: 3,739 MTs), supplied to consumers through the network of PDS are given below:

*Table: 3.3.7*

(In MTs)

Year	Total number of samples received		Number of samples below specification		Quantity of foodgrains below specification as per record of department		
	Rice	Wheat	Rice	Wheat	Rice	Wheat	Total
2001-2002	78	57	47	42	2307	136	2,443
2002-2003	167	154	72	59	648	506	1,154
2003-2004	175	139	48	38	2,431	974	3,405
2004-2005	186	161	40	43	1,008	269	1,277
2005-2006	195	137	35	22	6,172	1,854	8,026
<b>Total:</b>	<b>801</b>	<b>648</b>	<b>242</b>	<b>204</b>	<b>12,566</b>	<b>3,739</b>	<b>16,305</b>

The Director stated (June 2006) that necessary directions had been issued to the District Controllers to ensure replacement of failed samples of foodgrains. Review of the position in the test-checked districts, however, revealed that foodgrains found below specifications in these districts had not been replaced by the Corporation and sub-standard foodgrains were issued to the consumers.

The position with regard to the samples found below specification in respect of the test-checked districts for 2001-2006 was as under:

*Table: 3.3.8*

(In MTs)

Name of district	Total number of samples sent to headquarters/ laboratory for analysis	Number of samples found below specification			Quantity of foodgrains found below specification		
	Rice and Wheat	Rice	Wheat	Total	Rice	Wheat	Total
Kangra	347	23	24	47	39.50	21.95	61.45
Mandi	95	8	14	22	89.15	507.01	596.16
Shimla	97	22	17	39	8,143.06	4,411.02	12,554.08
<b>Total:</b>	<b>539</b>	<b>53</b>	<b>55</b>	<b>108</b>	<b>8,271.71</b>	<b>4,939.98</b>	<b>13,211.69</b>

The District Controllers, Mandi and Shimla admitted (April 2006) that foodgrains found below specification had not been replaced by the Corporation. The District Controller, Kangra stated (April 2006) that specific records had not been maintained for showing the issue of sub-standard foodgrains. Thus, issue of quality foodgrains to the consumers was not ensured, as required.

### 3.3.8 Internal controls

#### 3.3.8.1 Shortfall in inspections

The PDS (Control) Order, 2001 provided for regular inspection of FPSs by the designated authority. The Director had prescribed four, six and eight monthly inspections by the District Controllers, District Inspectors and Inspectors respectively. The position of inspections conducted in respect of the test-checked districts during 2001-2006 was as under:

Table: 3.3.9

Name of district	Number of inspections required to be conducted			Number of inspections actually conducted			Shortfall (Percentage in bracket)		
	District Controller	District Inspector	Inspectors	District Controller	District Inspector	Inspectors	District Controller	District Inspector	Inspectors
Kangra	240	360	6,720	227	233	4,463	13 (5)	127 (35)	2,257 (34)
Mandi	240	432	5,768	133	259	4,458	107 (46)	173 (40)	1,310 (23)
Shimla	240	504	5,461	164	205	2,221	76 (32)	299 (59)	3,240 (59)

As can be seen from the table above, the shortfall in inspections by the District Controllers, District Inspectors and Inspectors ranged between 5 and 46, 35 and 59, and 23 and 59 per cent respectively. The concerned District Controllers attributed (April 2006) the shortfall to shortage/diversion of staff to elections and other duties. This indicated poor monitoring and supervision and also the quality of foodgrains supplied to the people was not checked as the Director had not ensured that the inspection schedule fixed by him was adhered to by the field functionaries.

### 3.3.9 Reports/returns

The PDS (Control) order, 2001 provided for submission of a monthly report to the Government of India by the end of the month following the month for which allocation was made showing the utilisation of foodgrains allotted to ensure regular allocation of foodgrains to the State. It was, however, revealed that there was a delay of one to four months in submission of reports to the Government of India.

Reasons for delay called for (March 2006) were awaited.

### **3.3.10 Monitoring and Evaluation**

#### **3.3.10.1 Non-formation of vigilance committees**

The PDS (Control) Order, 2001 required the formation of Vigilance Committees (VCs) at the State, District, Block and FPSs levels to ensure effective implementation of the TPDS. It was noticed that no such VC at any level, except at FPS level, had been constituted as of April 2006.

The Director stated (May 2006) that a proposal for constitution of VC had been submitted (February 2006) to the State Government. The District Controllers of the test-checked districts confirmed (April 2006) that VCs at district and block level had not been constituted. In the absence of VCs at the State/District/Block levels, the effectiveness of implementation of the programme could not be ensured as per the PDS (Control) Order, 2001.

No evaluation to ascertain the impact of the scheme and for taking necessary remedial measures had been done through an independent agency as of April 2006.

### **3.3.11 Conclusion**

**As part of the foodgrains management strategy of the country, the State Government is responsible for identification of beneficiaries, issue of ration cards and distribution of foodgrains through the Targeted Public Distribution System. The Performance Audit revealed that the State Government had not finalised the identification of BPL families for the Tenth Five Year Plan (2002-2007). Further, the ration card population of the State was more than that of the State and the Government had not ensured periodical checking and weeding of ineligible and bogus ration cards.**

**On the distribution side, it was found that the State Government had fixed a higher scale of issue than the Government of India norms, resulting in excess distribution of foodgrains and consequent mis-targeting of subsidy of Rs 24.82 crore. There were deficiencies in the quality control system, with 16,305 MT of sub-standard grains being issued to the consumers. Vigilance Committees required to be formed at the State, District and Block levels for implementation and monitoring, had also not been constituted.**

**3.3.12 Recommendations**

- *The list of BPL, Antyodaya families should be reviewed and updated periodically, with bogus ration cards and ineligible beneficiaries being weeded out every year.*
- *To ensure availability of fair average quality foodgrains through FPSs, the Government should take adequate steps to prevent sub-standard supply of foodgrains from FCI.*
- *Vigilance Committees should be set up and regular inspections by various functionaries should be conducted to ensure effective implementation of TPDS.*

These findings were referred to the Government in June 2006; their reply had not been received (August 2006).

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**Forest Department**

**3.4 National Parks including Wildlife Preservation**

*Highlights*

*The wildlife wing was created in the State to protect, develop and scientifically manage the wildlife in the protected areas, to protect the wildlife and its habitats in areas outside the protected area and to carry out integrated eco-development work in the vicinity of protected areas to reduce the biotic pressure in protected areas.*

*Adequate attention towards protection, development and scientific management of wildlife or its environment had not been paid. The boundaries of protected areas were not notified rationally. Inhabited and cultivated areas, heavily burdened with biotic pressures were included while areas harbouring wild animals were excluded. There were cases of abnormal delay in declaring protected areas. Failure to finalise proposals in time resulted in non-recovery of committed funds from various user agencies thereby putting the Government to loss. Some significant findings are as under:*

➤ *Focused development, scientific management and systematic growth of parks and sanctuaries could not be ensured due to non-preparation/delay in preparation of management plans.*

**(Paragraph 3.4.8.1)**

➤ *The State Government failed to issue final notifications for an area of 766 sq kms as protected areas, despite the expiry of periods ranging between 4 and 32 years from the issuance of intention notifications.*

**(Paragraph 3.4.8.2)**

➤ *Protected area network was created without keeping in view the ecological status of a particular area. While areas with high population were included, areas with rich bio-diversity were excluded.*

**(Paragraph 3.4.8.3)**

➤ *Non-utilisation of the Interpretation Centre Complex constructed at Kaza for nature/wildlife awareness and four other buildings resulted in idle investment of Rs 1.19 crore.*

**(Paragraphs 3.4.10.1 and 3.4.10.2)**

➤ *Failure of the department to recover the cost of treatment plan works, compensation for loss of environment and cost of trees*

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The abbreviations used in this review have been listed in the Glossary in Appendix-XXVII (Page 222-223).

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*standing on the diverted land resulted in loss of Rs 8.77 crore to the State Government.*

**(Paragraphs 3.4.11.1 and 3.4.12.1)**

- *Delay in submission/approval of project reports resulted in non-utilisation of earmarked funds of Rs 32.65 crore. Further, out of these funds, Rs 2.75 crore was utilised irregularly for purposes other than the conservation of wildlife.*

**(Paragraph 3.4.14)**

- *3,774 trees valued at Rs 17.18 crore were allowed to be removed from the sanctuaries in violation of the orders of the Supreme Court of India.*

**(Paragraph 3.4.15.2)**

- *Prohibited activities such as encroachment of wildlife area, illicit felling of trees and grant of permission to migratory graziers were carried out in national parks and sanctuaries in violation of the orders of the Supreme Court of India.*

**(Paragraphs 3.4.15.3, 3.4.15.4 and 3.4.15.6)**

- *Ten roads were illegally constructed in seven wildlife sanctuaries and one national park involving wildlife area of 12.834 hectares by seven divisions of the Public Works Department causing damages to the extent of Rs 98.08 lakh and adversely affecting wildlife.*

**(Paragraph 3.4.15.5)**

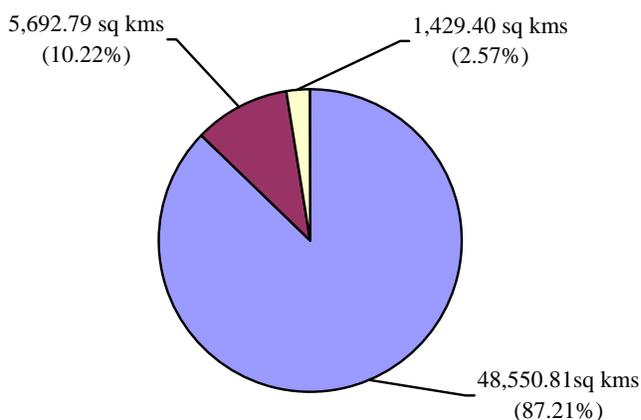
### **3.4.1 Introduction**

The Wildlife (Protection) Act, 1972 (Act) empowers the State Government to declare any area of adequate ecological, faunal, floral, geomorphological, natural or zoological significance as either a Sanctuary or a National Park. Non-forestry activities such as felling of trees/bamboo, removal of biomass and miscellaneous construction, etc., in the protected areas of national parks and wildlife sanctuaries were prohibited by the Supreme Court of India in February 2000. The State Government issued intention notifications for the establishment of 32 wildlife sanctuaries and two national parks between 1954 and 2000. A map showing the wildlife areas in the State is given in **Appendix-XX**.

As per the notifications issued from time to time, out of the total geographical area of 55,673 sq kms of the State, 7,122.19 sq kms is under wildlife sanctuaries (5,692.79 sq kms) and national parks (1,429.40 sq kms), which forms 12.79 per cent of the State as shown below, as against the national average of 4.50 per cent. However, the actual area on the ground is 7,154.42 sq kms. Variation between the notified and actual ground area was attributed by the State Government to irrational survey conducted by the department. The State Government has sent a proposal in May 2006, for rationalisation of boundaries of wildlife sanctuaries and national parks, to the

Government of India for approval, which is still (August 2006) awaited. According to this proposal, the protected area network would increase to 7,484.60 sq kms.

### **Notified Protected Area**



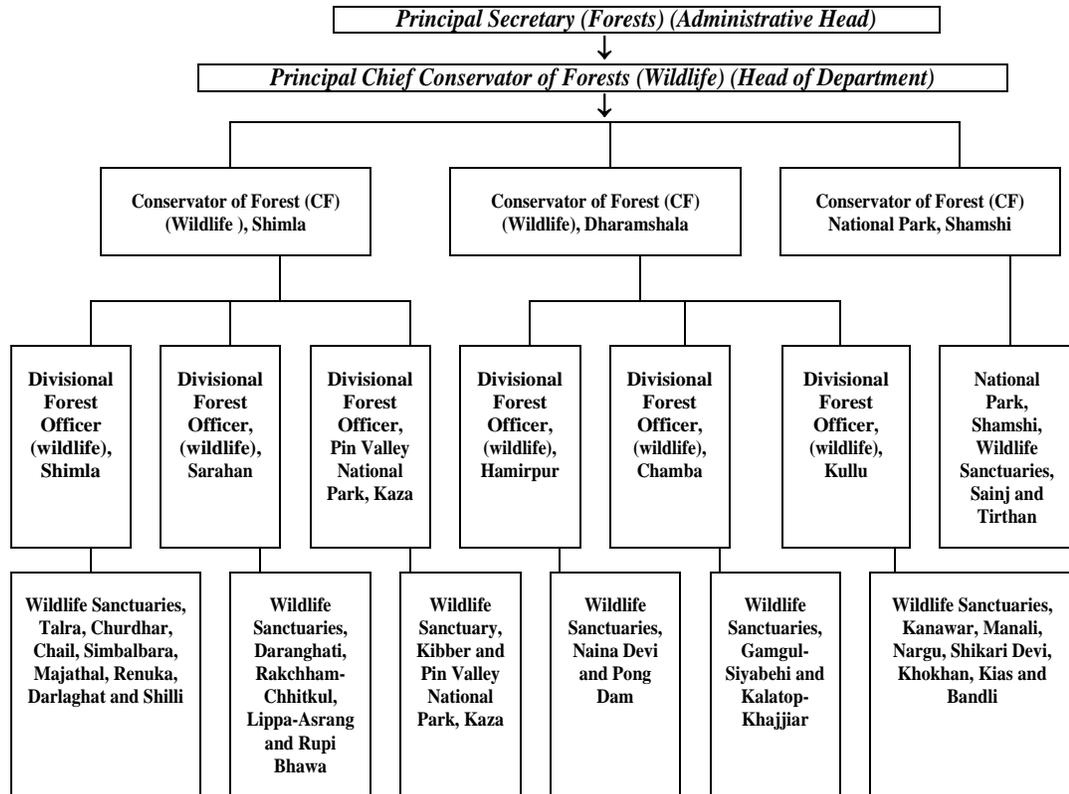
■ Other areas of the State ■ Wildlife Sanctuaries □ National Parks

Conservation of wildlife management programmes were being funded through various State and Central schemes. The wildlife wing of the department was created in March 1957 to carry out the following activities:

- to protect, develop and scientifically manage the wildlife in the protected areas,
- to protect the wildlife and its habitats in areas outside the protected areas,
- to carry out integrated eco-development work in the vicinity of protected areas to reduce the biotic pressure in protected areas,
- to carry out captive breeding and rehabilitation of wildlife species of the Himalayan region in zoos,
- to create nature awareness among local people in general and youth in particular, and also to involve the Non-Governmental Organisations and
- to carry out field research relating to wildlife of Western Himalayas.

### 3.4.2 Organisational set up

The organisational set up of the Forest Department for carrying out the above mentioned activities is as follows:



Six wildlife sanctuaries are under the control of five<sup>1</sup> Divisional Forest Officers (DFOs) of the territorial wing of the department.

### 3.4.3 Scope of Audit

A performance review of the Forest Department (Wildlife wing)<sup>2</sup> was conducted (November 2005-March 2006) to assess the functioning of the wildlife divisions. The records of all the six wildlife divisions<sup>3</sup>, three territorial divisions<sup>4</sup>, Conservator of Forests (National Park), Shamshi and Municipal Corporation Forest Division, Shimla were test-checked. This was

<sup>1</sup> Bilaspur (Gobind Sagar); Bharmour (Kugti and Tundah) Palampur (Dhauladhar); Pangi (Sachu-Tuan) and Municipal Corporation, Shimla (Shimla Water Supply Catchment).

<sup>2</sup> This wing currently looks after the protection, development and management of wildlife and the environment in two national parks and 32 wildlife sanctuaries in the State.

<sup>3</sup> Chamba, Hamirpur, Kaza, Kullu, Sarahan and Shimla.

<sup>4</sup> Bharmour, Bilaspur and Palampur.

supplemented by information furnished by the Principal Chief Conservator of Forests (Wildlife), Shimla and Divisional Forest Officer (Territorial), Pangi.

#### **3.4.4 Audit objectives**

The audit objectives were as follows:

- to assess whether the protection development and management of wildlife and its environment in the protected areas and outside has been carried out efficiently and effectively;
- to see the extent of compliance with the Wildlife (Protection) Act 1972;
- to see whether monitoring of implementation of various activities was effective.

#### **3.4.5 Audit criteria**

- Provisions of the Act, guidelines, rules, action plans and orders of the Government of India and of the State Government, as well as orders of the Supreme Court.
- Priorities fixed by the department for conservation and protection of wildlife.
- Plans for scientific management and systematic growth of national parks and wildlife sanctuaries.

#### **3.4.6 Audit methodology**

Before commencing audit, the audit objectives were discussed (October 2005) in an entry conference with the Principal Chief Conservator of Forests (Wildlife). Relevant records were test-checked and information collected from the Principal Chief Conservator of Forests (Pr. CCF) (Wildlife) and field units on the basis of questionnaire and replies to audit memos were analysed to arrive at audit conclusions. The audit findings were discussed (May 2006) with the Principal Secretary and the views of the Government were incorporated suitably where appropriate.

#### **3.4.7 Financial outlay and expenditure**

The department stated that the requirement of funds for the implementation of the programme was assessed on the basis of the parameters of the management plans/annual plan of operations. The year-wise details of funds released,

amount budgeted and expenditure incurred thereagainst in both the Central and State sectors during 2001-2006 were as under:

Table: 3.4.1

(Rupees in lakh)

Year	Central sector				State sector	
	Amount released by GOI	Amount budgeted by State Government	Expenditure	Unspent amount	Budget provision	Expenditure
2001-2002	253.82	223.53	223.53	30.29	458.10	458.10
2002-2003	106.89	80.68	80.68	26.21	465.97	465.97
2003-2004	214.20	187.86	187.86	26.34	469.70	469.70
2004-2005	369.91	323.92	323.92	45.99	449.37	449.37
2005-2006	328.06	261.22	261.22	66.84	510.89	510.89
<b>Total:</b>	<b>1,272.88</b>	<b>1,077.21</b>	<b>1,077.21</b>	<b>195.67</b>	<b>2,354.03</b>	<b>2,354.03</b>

Source: Departmental figures.

It would be seen that the funds released by the Government of India during 2001-2006 for specific purposes were not fully budgeted and utilised. The unutilised amount was adjusted by the Government of India against the releases of subsequent years. The State Government thus could not derive the benefit of additional funds.

The Pr. CCF (Wildlife) attributed (March 2006) non-utilisation of funds to late release of funds by the Government of India, non-receipt of sanctions from the State Government and non-feasibility of execution of works falling in snow bound areas. The reply of the department is not tenable as the funds released by the Government of India were not fully budgeted for by the State Government and it failed to utilise the Central grants amounting to Rs 195.67 lakh during 2001-2006.

### *Audit findings*

#### **3.4.8 Programme implementation**

##### **3.4.8.1 Non-preparation of management plans**

As per the Manual for Planning Wildlife Management in protected areas and managed forests, management plans for focused development, scientific management and systematic growth of parks and sanctuaries are required to be prepared and got approved before their implementation. Of the 32 wildlife sanctuaries and two national parks, management plans for 20 wildlife sanctuaries<sup>5</sup> and National Park, Shamshi were prepared but had not been

<sup>5</sup> Chail, Churdhar, Darlaghat, Dhauladhar, Kalatop-Khajjiar, Kanawar, Khokhan, Kias, Kugti, Manali, Nargu, Pong Dam, Renuka, Sainj, Shikari Devi, Shilli, Simbalbara, Talra, Tirthan and Tundah.

approved as of March 2006. Management plans for the remaining 12 wildlife sanctuaries<sup>6</sup> and Pin Valley National Park, Kaza were under preparation.

The Pr. CCF (Wildlife) while confirming the above facts, attributed (March 2006) some of the shortcomings to non-approval/preparation of management plans. The Principal Secretary stated (May 2006) that the main exercise for preparation of management plans in respect of all the wildlife sanctuaries and national parks had been completed and were in the final stage.

#### **3.4.8.2 Representative potential areas not notified as protected areas**

Intention notifications for creation of wildlife sanctuary, Shikari Devi in Mandi district (area: 213 sq kms) and extension of two existing wildlife sanctuaries<sup>7</sup> (area: 553 sq kms) in Kinnaur and Shimla districts were issued (March 1974 and March 2002) under Section 18 of the Act. Further action to declare these areas as protected areas, required to be completed within a period of two years from the date of notification, had not been completed as of February 2006, despite directions from the Government of India (October 1996). The DFO (wildlife), Sarahan, while admitting the facts stated (January 2006) that a complete proposal was submitted (July 2005) to the Conservator of Forests (Wildlife), Shimla well in time and that the matter was under consideration. The DFO (wildlife), Kullu attributed (February 2006) the delay to non-publishing of the notification by the Collector, Mandi.

The Principal Secretary stated (May 2006) that the intention notifications were issued without taking into consideration the ground situation and large stretches of habitations and cultivations were included.

The reply is not tenable, since considerable time has elapsed since the issue of the intention notification and in case any changes were required to the notified area, these could have been done and the area could have been declared as protected.

#### **3.4.8.3 Irrational creation of protected areas network without keeping in view the ecological status of a particular area**

The area notified as protected for sanctuaries or national parks should have adequate bio-diversity. Areas with high biotic pressures of human and cattle population which adversely affect the conservation activities and give rise to human-animal conflict for *usu-fruct*<sup>8</sup> should not be declared as protected areas.

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<sup>6</sup> Bandli, Daranghati, Gamgul Siyabehi, Gobind Sagar, Kibber, Lippa Asrang, Majathal, Naina Devi, Rakchham-Chhitkul, Rupi-Bhawa, Sechu-Tuan *nallah* and Shimla Water Supply Catchment.

<sup>7</sup> Lippa-Asrang (318 sq kms) and Rupi Bhawa (235 sq kms).

<sup>8</sup> Sharing of usable interests.

(a) In eight divisions<sup>9</sup> and Pin Valley National Park, Kaza, an area of 3,061.14 sq kms was notified between February 1954 and April 2000 as protected for 19 wildlife sanctuaries<sup>10</sup>. The notified protected areas had 772 thick habitations with a population of 1,11,089 human beings and 1,71,152 cattle as of March 2006. Cultivated and inhabited land also existed over an area of 273.81 sq kms within the sanctuary area, which was heavily burdened with biotic pressures. On the other hand, 903.56 sq kms of area contiguous to the Rakchham-Chhitkul (Kinnaur district) wildlife sanctuary (819.75 sq kms) and a newly proposed Sahu (Chamba district) wildlife sanctuary (83.81 sq kms) harbouring wild animals had not been considered for protection.

(b) The department proposed (March 2006) denotification of four wildlife sanctuaries<sup>11</sup> (area: 409 sq kms), which were notified between October 1999 and April 2000, as the area under them was negligible and they were burdened with the rights of the local people. This was indicative of lack of proper planning at the time of creation of these wildlife sanctuaries, and resulted in wasteful expenditure of Rs 1.40 crore on their management during 2001-2006.

(c) In 12 wildlife sanctuaries<sup>12</sup> notified during October-November 1999 (protected area: 2,371 sq kms), notifications were issued without adequate consideration of the ecological status of specific areas. The concerned DFOs had proposed rationalisation of boundaries by exclusion of an area of 161.78 sq kms due to existence of private land (115.41 sq kms) in the sanctuary area and high biotic pressures involving 525 habitations. They had also proposed inclusion of 1,169.35 sq kms of area with rich bio-diversity, which had not been included in the notified protected areas.

#### 3.4.8.4 Variation between notified area and actual area

In five divisions<sup>13</sup>, the area notified by the State Government between February 1954 and November 1999 for 11 wildlife sanctuaries<sup>14</sup> varied from the actually existing area. In the case of seven wildlife sanctuaries, the area notified was 1,243.65 sq kms as against the actual area of 842.18 sq kms on ground. In the case of the remaining four wildlife sanctuaries, as against the notified area of 234.63 sq kms, the actual area was 494.99 sq kms.

<sup>9</sup> Bharmour (Territorial), Chamba (wildlife), Hamirpur (wildlife), Kullu (wildlife), Palampur (Territorial), Pangi (Territorial), Sarahan (wildlife) and Shimla (wildlife).

<sup>10</sup> Bandli, Chail, Churdhar, Darlaghat, Dhauladhar, Gamgul Siyabehi, Kalatop-Khajjiar, Kanawar, Khokhan, Kibber, Kugti, Majathal, Naina Devi, Nargu, Pong Dam, Shikari Devi, Sechu-Tuan *nallah*, Shilli and Tundah.

<sup>11</sup> Darlaghat, Naina Devi, Nargu and Shilli.

<sup>12</sup> Chail, Churdhar, Daranghati, Dhauladhar, Gamgul Siyabehi, Kalatop-Khajjiar, Kibber, Kugti, Majathal, Pong Dam, Sechu-Tuan *nallah* and Tundah.

<sup>13</sup> Bharmour (Territorial), Hamirpur (wildlife), Kullu (wildlife), Pangi (Territorial) and Sarahan (wildlife).

<sup>14</sup> Bandli, Daranghati, Kanawar, Khokhan, Kias, Kugti, Naina Devi, Pong Dam, Sechu-Tuan *nallah*, Shikari Devi and Tundah.

The Principal Secretary attributed (May 2006) the irrational creation of protected areas network and variation between notified and actual ground area to faulty issue of intention notifications without taking into consideration the ground realities and inclusion of large stretches of habitations and cultivations. It was further stated that a proposal for rationalisation of boundaries for the protected areas had been sent (May 2006) to the Government of India and that all anomalies would be resolved after the proposal was approved.

#### **3.4.8.5 Eco-sensitive zones around protected areas not constituted**

For wildlife/bio-diversity to flourish within the protected areas, the Government of India issued (July 2002) instructions to identify and notify land falling within 10 kms of the boundaries of protected areas as eco-fragile zones and sensitise, organise and train the people living in these areas to cope, live and develop in co-existence with wildlife.

Action to identify and notify such zones had not been taken as of February 2006. The Pr. CCF (Wildlife) stated (March 2006) that the matter was being examined.

#### **3.4.8.6 Non-declaration of wetlands as protected areas for conservation**

Thirty major wetlands identified for conservation in the State had not been declared as protected areas. Wetlands are hub centres of bio-diversity both in *flora* and *fauna*, harbour some rare species and are home to migratory birds. Their management should, thus, focus on maintaining the habitat in such a way that the birds keep coming. Government of India, Ministry of Environment and Forests was also providing assistance for the management of wetlands if the management of these wetlands rested with the wildlife wing. The management and development of these wetlands was with the State Council for Science, Technology and Environment (SCST&E) instead of the wildlife wing of the department. The State Wildlife Board in its meeting held in July 2005 had decided that the wildlife wing of the Forest Department be declared as the nodal agency in place of SCST&E.

The Principal CCF (Wildlife) confirmed the facts and stated (August 2005) that necessary action was being initiated. However, no action was taken by the Government as of May 2006.

#### **3.4.9 Administration of sanctuaries and national parks**

##### **3.4.9.1 Control of sanctuary area not transferred by territorial divisions to the wildlife wing**

The State Government notified (August 1986) the transfer of control and management of six wildlife sanctuaries (Tundah, Kugti, Shimla Water Supply Catchment, Dhauladhar, Sechu-Tuan *nallah* and Gobind Sagar) from territorial units to the wildlife wing of the Forest Department. The orders had however, not been implemented as of March 2006. The Principal Secretary stated (May 2006) that the Gobind Sagar wildlife sanctuary had been

transferred (August 2005) to the wildlife wing and the remaining five wildlife sanctuaries would be transferred after the approval of proposal for rationalisation of boundaries.

Test-check of records, however, revealed (December 2005 and February 2006) that physical control of Gobind Sagar wildlife sanctuary had not been taken over by DFO (wildlife), Hamirpur as of May 2006 due to shortage of staff. It was also noticed that out of the notified area of 361 sq kms of Nargu, Kalatop-Khajjiar and Kias wildlife sanctuaries, an area of 147 sq kms was still under the control of DFOs (Territorial), Mandi, Dalhousie and Kullu respectively. The DFOs (wildlife), Kullu and Chamba stated (December 2005) that the transfer of the area of these wildlife sanctuaries had been taken up with the concerned DFOs.

Failure to transfer the control of these wildlife sanctuaries to the wildlife wing defeated the very purpose of creating protected areas for focused wildlife management.

#### **3.4.9.2 Control of the Pong Dam wetland not handed over**

Pong Dam wetland (area: 307 sq kms) was notified (October 1999) as a wildlife sanctuary by the State Government.

It was noticed that Rs 57.24 lakh was received from the Government of India for this sanctuary during 2001-2006, out of which, Rs 45.69 lakh had been spent as of December 2005. However, it was seen that the physical control of the sanctuary had still not been taken over by the DFO (Wildlife), Hamirpur from the SCST&E and DFOs (Territorial), Dehra and Nurpur. The DFO (Wildlife), Hamirpur stated (January 2006) that the funds were utilised to enhance the exiting habitat for better management of the Pong Dam lake.

The reply is not tenable as physical control of the sanctuary was required for focused and scientific management of wildlife.

#### **3.4.10 Pin Valley National Park**

##### **3.4.10.1 Idle investment on the construction of interpretation centre building**

To create nature/wildlife awareness among the people, organise seminars/workshops and demonstrate wildlife, construction of a wildlife interpretation centre building at Rongtong (Spiti valley) was completed (July 2004) (except for plaster, fixing of tiles and water and sanitary fittings) at an expenditure of Rs 82.99 lakh. The building was, however, not utilised for the intended purpose. The Additional District Magistrate on the direction of the Chairman, Project Advisory Committee ordered (July 2005) the transfer of the building to the Technical Education Department for opening an Industrial Training Institute (ITI) from the academic year 2005-2006. The Principal Secretary while confirming the facts stated (May 2006) that the

Tribal Commissioner had ordered the transfer of the building to the Technical Education Department for opening the ITI.

Possession of the building had, however, not been taken over by the Technical Education Department as of May 2006. The expenditure of Rs 82.99 lakh incurred on the construction of the building had thus remained unfruitful.

#### **3.4.10.2 Idle investment on works**

In Pin Valley National Park, Kaza and two wildlife divisions (Kullu and Sarahan) construction of four buildings (guard huts, trekker hut and log hut) was taken up for execution between June 1998 and August 2004, and was completed between March 2003 and March 2005 at an expenditure of Rs 36.46 lakh. The constructed buildings could, however, not be put to use as of March 2006 due to non-provision of electricity connection, furniture and crockery items, thus resulting in idle investment of Rs 36.46 lakh.

The Director, Pin Valley National Park, Kaza and Conservator of Forests (wildlife), Dharamshala confirmed (November 2005-February 2006) the facts and stated that steps would be taken for obtaining funds from the Government.

#### **3.4.11 National park, Shamshi**

##### **3.4.11.1 Failure of department to get the treatment plan for stabilisation of the damaged protected area**

The National Hydro-electric Power Corporation (NHPC) authorities unauthorisedly dumped excavated material at undesignated sites during the construction of roads and links to the Parvati Hydro Electric Project Stage-II. The forest authorities found the NHPC's activities in violation of the Forest Conservation Act, 1980, as it damaged the ecology of the area. Consequently, a treatment plan amounting to Rs 2.57 crore involving soil and moisture conservation works for stabilisation of the damaged area was sent (August 2004) to the NHPC. It was, however, noticed that neither had the NHPC executed the treatment plan works, nor was Rs 2.57 crore recovered by the Conservator of Forests (National Park), Shamshi from NHPC. The Principal CCF stated (September 2006) that the matter was still under correspondence between the Conservator of Forests, National Park, Shamshi and NHPC.

##### **3.4.11.2 Loss due to non-follow up with NHPC**

The NHPC authorities, during the course of construction of roads and tunnels for Parvati Hydro Electric Power Project Stage-II, damaged 221 green trees between March 2003 and November 2004. The Conservator of Forests (National Park), Shamshi issued (May 2003 and February 2005) damage bills for Rs 21 lakh to NHPC, against which, payment of only Rs 5.12 lakh was

received. Payment for the balance damages of Rs 15.88 lakh was still to be made by NHPC. It was noticed in audit that these damages had not been got acknowledged by the department from the functionaries of the NHPC. This resulted in loss of revenue of Rs 15.88 lakh.

The Conservator of Forests (National Park), Shamshi, while confirming the facts stated (February 2006) that the bills had been sent (January 2006) to the concerned Range Officer for getting them acknowledged from the NHPC authorities for early payment. The reply is not tenable as the bills should have been got acknowledged from the NHPC immediately after issue.

#### **3.4.11.3 Loss due to incorrect application of market rates for claims recovered for damaged trees**

The functionaries of NHPC damaged 701 *deodar*, *kail* and broad leaved trees (standing volume: 143.36 cum) during the construction (March-April 2004) of two roads, for which payment of Rs 35.99 lakh was received (May 2005).

Scrutiny of records revealed that the damage bills had been raised for lesser amount due to incorrect application of market rates thereby putting the State Government to a loss of Rs 7.58 lakh<sup>15</sup>. The Conservator of Forest (National Park), Shamshi admitted (February 2006) the facts and stated that the short-claimed amount would be recovered from the NHPC by issuing revised bills.

#### **3.4.12 Wildlife Sanctuary, Majathal**

##### **3.4.12.1 Non-recovery of compensation for loss of environment**

Government of India diverted (November 2000) 954.69 hectares of forest land, including 84.16 hectares area of Majathal wildlife sanctuary to National Thermal Power Corporation (NTPC) for the construction of the Kol Dam project. It was noticed that the bill for 44,516 trees and 6,000 saplings amounting to Rs 1.99 crore sent by the DFO (Wildlife) Shimla in December 2005 had not been paid by the NTPC as of September 2006. The Pr. CCF stated (September 2006) that efforts were on to recover the amount from the NTPC.

Further, the State Government issued (June 2002) a notification for levy of compensation for the loss of environmental value of forest lands diverted to non-forestry use under the Forest (Conservation) Act, 1980 from the user agencies. The DFO (Wildlife), Shimla informed (June 2004) the Conservator of Forests (Wildlife), Shimla that an area of 84.16 hectares of Majathal wildlife sanctuary would be sub-merged in the Kol Dam. Compensation for the loss of environmental value amounting to Rs 4.21 crore recoverable from

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<sup>15</sup> As calculated from the rate list provided by the Conservator of Forest.

NTPC at Rs 5 lakh per hectare had not been claimed by the department as of March 2006.

The Principal Secretary stated (May 2006) that efforts were being made to recover the amount from NTPC.

### **3.4.13 Wildlife conservation**

Census of wildlife species indicates the effectiveness of conservation measures undertaken. Management plans envisage undertaking of annual census of wildlife species in wildlife areas to assess the birds and animals status and to establish the nature of threats to these species.

Test-check of records revealed the following:

(a) There was no system for periodical census of all species to assess their status and establish the nature of threats to these species. The Principal CCF (Wildlife) stated (March 2006) that a system was being devised for carrying out census of some important animals such as snow leopards, leopards and pheasants, etc. Scrutiny of the pheasants' census carried out (May 2005) for seven species<sup>16</sup> in the State revealed that the density of these species was 1.93 per sq km of the total forest area of 37,033 sq kms whereas the density of the species in protected wildlife area (7,122.19 sq kms) was 0.79 per sq km only. The density in the other area of 29,910.67 sq kms was 2.20 per sq km. Similarly, the leopard census (June 2004) disclosed that as against the density of 0.020 leopards per sq km for the State, the density in the forest area was 0.023 leopards per sq km whereas it was 0.009 leopards per sq km in the wildlife protected area. This was indicative of the fact that the protected areas were no longer serving the purpose of bio-diversity conservation. The Principal Secretary stated (May 2006) that the anomalies had been removed in the proposed policy for rationalisation of boundaries and that the situation would improve after boundary rationalisation.

The Department had identified (1999-2001) 26 endangered species in the State requiring intervention for their protection and conservation breeding. A review of the wildlife conservation measures initiated by the department revealed lack of planning and prioritisation. Adequate preservation and conservation measures had not been taken up, except for the following interventions:

(b) The Central Zoo Authority (CZA) sanctioned (December 2003) a project for conservation breeding programme of Western Tragopan, at Sarahan pheasantry for Rs 4.94 crore to be financed by CZA and Nathpa Jhakri Power Corporation (NJPC) (user agency) for a period of five years upto 2007-2008.

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<sup>16</sup> Red Jungle Fowl, Kalij Pheasant, Koklas, Himalyan Monal, Western Tragopan, India Pea Fool and cheer Pheasant.

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However, only Rs 14.51 lakh (2.94 per cent) had been utilised on this programme upto December 2005 against the available funds of Rs 47.50 lakh provided by the CZA/NJPC.

(c) A Cheer pheasantry breeding project (cost: Rs 4.79 crore) at Chail wildlife sanctuary was formulated by DFO (wildlife), Shimla in May 2005. Approval of the CZA had not been received as of March 2006.

(d) The Core Group Committee decided (April 2004) that conservation breeding projects of Himalayan Monal and Red Jungle Fowl should be prepared. It was noticed (March 2006) that the project on conservation breeding of Red Jungle Fowl at Kheryon (Chail) was prepared (May 2005) for Rs 1.51 crore but had not been sent to CZA for approval as of March 2006. Project for conservation breeding of Monal had not been prepared as of March 2006.

(e) The population of vultures had registered a decline of over 97 per cent in the last decade all over India. Only 179 vultures were observed in Population Survey Report in seven districts of the State. From 2001 onwards, the population of white backed vultures had decreased from 54 in 2001 to 33 in 2002 and only 11 in 2003 showing a decline of 81 per cent just in two years. Similarly, the population of Slender billed vultures had significantly decreased from 13 in 2002 to only 3 in 2003, a decline of 77 per cent. It was noticed that no concrete steps had been taken by the department for protection and conservation breeding of vultures.

The issue of lack of due attention for these important project proposals on time was also discussed (May 2006) with the Principal Secretary, who stated that the funding of project proposals was at the discretion of funding agencies and a consolidated project of Rs 20 crore stood already committed (September 2001) for funding by NHPC, covering endangered species including pheasants in the State. The reply is not tenable as funds were committed by the NHPC for funding during September 2001 and steps should have been taken on time for proper utilisation of these funds.

#### **3.4.14 Delay in submission of project reports resulting in non-utilisation of funds**

The Government of India, while according approval (September 2001) for diversion of 87.795 hectares of forest land for Parvati Hydro Electric Project Stage-II (Kullu district) to NHPC, earmarked Rs 15.40 crore for “Conservation of *flora* and *fauna* in and around the Great Himalayan National Park, Shamshi” and Rs 20 crore for “Conservation of endangered species”. The funds to be provided by NHPC were to be utilised for the conservation of endangered species, afforestation and special habitat improvement projects. It was noticed that the project reports prepared (January 2005) by the Wildlife Institute of India, Dehradun were sent to the State Government by the Pr. CCF

for comments/suggestions in March 2005 and October 2005. These projects were deemed to have been accepted by the State Government if no comments/suggestions were received by 14 November 2005. In the meantime, NHPC deposited only Rs 2.75 crore out of their share of Rs 20 crore (November 2001: Rs 1 crore and January 2003: Rs 1.75 crore). These funds were utilised by the department during 2001-2006 on purchase of equipment, consultancy charges, repairs and management of works, etc., instead of conservation of endangered species.

Thus, abnormal delay in preparation of detailed projects resulted in non-utilisation of the committed funds on conservation of *flora* and *fauna* and endangered species.

### **3.4.15 Wildlife protection**

#### **3.4.15.1 Non-protection of animals from poaching and illicit trade**

The main threat to wildlife in national parks and wildlife sanctuaries is from poaching and illicit trade in animals and their body parts.

It was noticed that an anti-poaching network had not been created by the department. Ten cases of poaching were detected during 2001-2006. Of these, only one case was decided, seven cases were pending in the Courts and two cases were still pending with the police for investigation.

The Principal Secretary stated (May 2006) that the proposal to equip the forest staff with arms and ammunition was under the active consideration of the Government.

#### **3.4.15.2 Operation of rights/concessions and other illegal/prohibited activities in wildlife protected areas**

The Supreme Court's order of February 2000 prohibits removal of dead, dying, diseased trees and grass from any national park and wildlife sanctuary (protected areas). Any non-forestry activity, felling of trees, removal of biomass, miscellaneous construction activities, etc., in the protected areas were thus not permissible. The following cases of non-compliance were noticed in audit:

(a) In eight forest divisions<sup>17</sup> and National Park, Shamshi, involving 20 wildlife sanctuaries<sup>18</sup>, 3,774 trees of different types and species (standing

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<sup>17</sup> Bharmour (Territorial), Chamba (wildlife), Hamirpur (wildlife), Kullu (wildlife) Pangi (Territorial), Palampur (Territorial), Sarahan (wildlife) and Shimla (wildlife).

<sup>18</sup> Bandli, Chail, Churdhar, Daranghati, Dhauladhar, Gamgul Siyabehi, Kalatop-Khajjar, Khokhan, Kugti, Manali, Majathal, Naina Devi, Nargu, Rupi Bhawa, Rakchham-Chhitkul, Sainj, Sechu-Tuan *nallah*, Shikari Devi, Tirthan and Tundah.

volume: 12,450.781 cubic metres) valued at Rs 17.18 crore at market rates were sanctioned for timber distribution (TD) to the local people during 2001-2006 in violation of the orders of the Supreme Court. The concerned DFOs stated (December 2005 and March 2006) that the TD was granted to the local right holders as per their recorded rights in the settlement reports.

The reply is not tenable as removal of trees under TD was allowed in violation of the orders of Supreme Court issued in February 2000.

(b) In National Park, Shamshi, 29 deodar trees (standing volume: 111 cubic metres) were sanctioned (2002-2003) by the Conservator of Forests (National Park), Shamshi under TD. The concerned Block Officer however, marked oversize trees involving standing volume of 140.40 cubic metres, resulting in removal of excess volume of 29.40 cum of deodar timber valued at Rs 7.11 lakh. Besides, one deodar tree comprising standing volume of 8.80 cum valued at Rs 2.13 lakh was fraudulently marked by the Block Officer in the name of a right holder who had, in fact, not applied for the grant of trees. The Government had, therefore, been put to a loss of Rs 9.24 lakh.

The Conservator of Forests (National Park), Shamshi stated that a departmental enquiry was in progress. The Principal Secretary stated (May 2006) that the matter would be looked into.

#### 3.4.15.3 Encroachments in wildlife areas

In five wildlife divisions<sup>19</sup>, National Park, Shamshi and Pin Valley National Park, Kaza, 1081 cases of encroachment involving an area of 435.051 hectares (value: Rs 21.75 crore) had been detected in 11 wildlife sanctuaries<sup>20</sup>. The cases were being dealt by the concerned DFOs/CFs within the powers vested in them as Revenue Collectors, but the encroachments had not been vacated.

The Principal Secretary stated (May 2006) that the matter would be looked into.

#### 3.4.15.4 Forest offences by resorting to illicit felling of trees in wildlife areas

According to the Indian Forest Act, 1927, felling of trees in any protected area is an offence.

In six divisions<sup>21</sup> and National Park, Shamshi involving 14 wildlife sanctuaries<sup>22</sup>, 786 deodar and kail trees (standing volume: 333.905 cum)

<sup>19</sup> Chamba (wildlife), Hamirpur (wildlife), Kullu (wildlife), Palampur (Territorial) and Shimla (wildlife).

<sup>20</sup> Chail, Darlaghat, Dhauladhar, Kalatop-Khajjiar, Kanawar, Kibber, Majathal, Naina Devi, Nargu, Shikari Devi and Tirthan.

<sup>21</sup> Chamba (wildlife), Hamirpur (wildlife), Kullu (wildlife), Palampur (Territorial), Sarahan (wildlife) and Shimla (wildlife).

<sup>22</sup> Chail, Churdhar, Dhauladhar, Kalatop-Khajjiar, Kanawar, Khokhan, Manali, Naina Devi, Nargu, Rupi Bhawa, Sainj, Shikari Devi, Simbalbara and Shilli.

valued at Rs 56.95 lakh at market rates were illicitly felled (2001-2006) in 279 cases in the wildlife protected areas. Of the above, 81.382 cum of timber valued at Rs 20.97 lakh was seized in 86 cases. It was noticed that only three cases were taken to Court and five were registered with the police. The remaining cases were pending with the concerned divisions. Thus, failure to detect illicit felling and seizing the timber resulted in loss of Rs 46.77 lakh (including sales tax) to the State Government.

The Principal Secretary stated (May 2006) that the matter would be looked into.

#### **3.4.15.5 Unauthorised construction of roads in protected areas**

Destruction or exploitation of habitation of protected areas is prohibited. In seven wildlife sanctuaries<sup>23</sup> under the control of five forest divisions<sup>24</sup>, Municipal Corporation, Shimla and Pin Valley National Park, Kaza, nine motorable and one jeepable road (length: 33.945 kilometres) were constructed between 1999-2000 and 2005-2006 by seven Executive Engineers of the Public Works Department. Sanctuary area of 12.834 hectares (value: Rs 64.17 lakh) was destroyed in the process. Besides adversely affecting wildlife, this was in violation of the provisions of the Forest (Conservation), Act, 1980, Wildlife (Protection) Act, 1972 and orders of the Supreme Court of India. Two Public Works divisions (Bajjnath and Mandi) were also responsible for illicit felling of 270 trees and damages to the nurseries and saplings, etc., to the extent of Rs 33.91 lakh, the bills of which had not been acknowledged by the concerned divisions.

Of the above ten cases, only two cases pertaining to two roads were challenged in the Court and no action was taken in the remaining eight cases.

The Principal Secretary stated (May 2006) that the matter would be looked into.

#### **3.4.15.6 Illegal grazing in protected areas**

Grazing in parks/sanctuaries by any livestock is prohibited.

In seven divisions<sup>25</sup>, National Park, Shamshi and Pin Valley National Park, Kaza, 528 annual permits were issued to the migratory graziers for the livestock population of 1,38,627 in 1,974.61 sq kms of the protected area

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<sup>23</sup> Dhauladhar, Kalatop-Khajjiar, Kugti, Naina Devi, Nargu, Shimla Water Supply Catchment and Tundah.

<sup>24</sup> Bharmour (Territorial), Chamba (wildlife), Hamirpur (wildlife), Kullu (wildlife) and Palampur (Territorial).

<sup>25</sup> Bharmour (Territorial), Chamba (wildlife), Hamirpur (wildlife), Kullu (wildlife), Palampur (Territorial) Sarahan (wildlife) and Shimla (wildlife).

involving 21 wildlife sanctuaries<sup>26</sup> and Pin Valley National Park, Kaza. The grant of permits and failure to control the grazing was in violation of the orders of the Supreme Court. The concerned DFOs and Conservator of Forests stated that the grazing permits were issued as per the recorded rights of these graziers in the settlement reports.

The Principal Secretary stated (May 2006) that the matter would be looked into. However, the Pr. CCF stated (September 2006) that the Chief Conservator of Forests (CFs) concerned had been asked (June-July 2006) to explain the reasons for violation of the Supreme Court orders but their replies were awaited (September 2006).

#### **3.4.16 Research, evaluation, monitoring and training**

The department had not established any centre for research and monitoring to facilitate evaluation of basic data on animal and floral census, eco-analysis and documentation of *flora* and *fauna* for continuous planning and management. Also, no evaluation of the programme was got conducted from any outside agency.

It was also noticed in audit that the activities were not monitored effectively at the level of Principal Secretary and Principal Chief Conservator of Forests. Inspection schedules had been prescribed only upto the level of range officers. The monitoring of periodical returns and inspection notes were confined only upto Circle level.

The staff posted in the divisions lacked adequate knowledge of laws and legal procedures. The Department admitted that several cases of wildlife and forest offences had failed in the courts of law, with the accused going scotfree. It was also noticed that no specific training in wildlife management was imparted to the staff.

#### **3.4.17 Conclusion**

The objectives of protecting, developing and scientifically managing wildlife in the protected areas was not fully achieved due to the inability of the department to tackle the problems of biotic and human interference in the protected areas. Intention notifications for creation of wildlife sanctuaries/national parks were issued without considering the ground realities and major wetlands identified for conservation had not been declared as protected areas. Management plans, which were required to be completed by 2002 had not been approved as of May 2006 and regular census of all the animals and birds in the wildlife area had not been conducted.

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<sup>26</sup> Bandli, Chail, Churdhar, Daranghati, Dhauladhar, Gamgul Siyabehi, Kalatop-Khajjar, Khokhan, Kias, Kibber, Kugti, Majathal, Naina Devi, Nargu, Rakchhan-Chhitkul, Rupi Bhawa, Shikari Devi, Sainj, Talra, Tirthan and Tundah.

**3.4.18 Recommendations**

- *The control of all the notified protected areas should vest with the wildlife wing of the department to ensure proper development and scientific management of wildlife sanctuaries.*
- *Preparation of long term management plans for systematic and scientific development of all the national parks and sanctuaries need to be ensured.*
- *Time bound measures need to be taken to relocate human settlements from the wildlife areas so as to provide protection to the wildlife fauna and flora against biotic and human interference.*
- *Proposals for rationalisation of boundaries should be considered without delay and decisions taken well in time.*

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**Rural Development Department**
**3.5 Sampoorna Grameen Rozgar Yojna**
**Highlights**

*The objective of Sampoorna Grameen Rozgar Yojna was to provide additional wage employment, creation of durable community, social and economic assets and infrastructural development in rural areas. The earmarking of resources at prescribed percentage for the creation of need based infrastructure at village level in scheduled caste/scheduled tribe habitations and for beneficiary oriented individual/group works for scheduled castes/scheduled tribes of below poverty line category at Zila Parishad and Block Samiti level was not done. Special safeguards for reservation of 30 per cent employment opportunities for women beneficiaries had not been provided. Some significant audit findings are as under:*

- *Expenditure of Rs 49.08 crore was incurred in four test-checked districts without preparation of Annual Action Plans by the District Panchayats.*  
(Paragraph 3.5.8.1)
- *Ten districts of the State (excluding two tribal districts) did not utilise earmarked funds of Rs 8.92 crore for creation of need based village infrastructure in scheduled caste/scheduled tribe habitations/wards and the amount was utilised for other components of the scheme.*  
(Paragraph 3.5.9.1)
- *In six districts, Rs 1.66 crore was utilised less for individual works of scheduled castes/scheduled tribes beneficiaries of below poverty line and the funds were utilised for other components of the scheme.*  
(Paragraph 3.5.9.2)
- *In Chamba, Kullu, Sirmour and Shimla, Rs 12.51 lakh was unauthorisedly spent on execution of prohibited works.*  
(Paragraph 3.5.9.4)
- *In Shimla district, Rs 29.57 lakh was spent for the development of land owned by the individual beneficiaries contrary to the guidelines of the scheme.*  
(Paragraph 3.5.9.5)
- *Employment opportunities for women beneficiaries were not created to the desired percentage of 30 and fell short by 81 per cent.*  
(Paragraph 3.5.10.2)
- *In six blocks of Shimla and Sirmour districts, wage employment for 19,002 mandays was provided to foreign labourers defeating the purpose of providing employment opportunities to rural poor of the area.*  
(Paragraph 3.5.10.3)

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The abbreviations used in this review have been listed in the Glossary in Appendix-XXVII (Page 222-223).

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- ***There was a shortfall of 7 to 31 per cent in lifting of foodgrains as compared to allocation. The shortfall in the distribution of foodgrains ranged between 20 and 49 per cent.***  
(Paragraph 3.5.11.1)

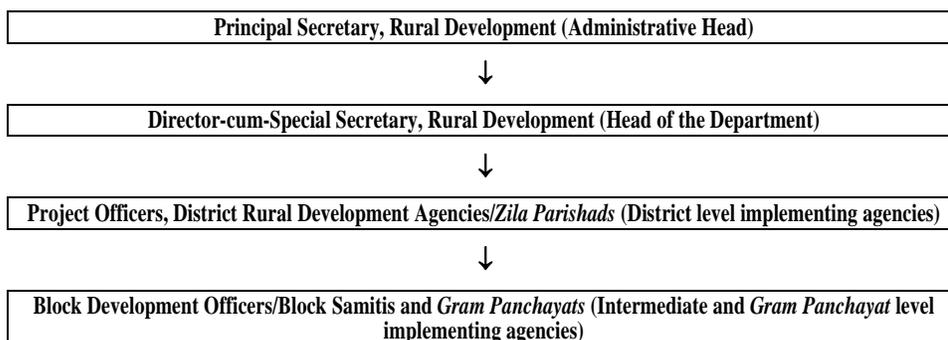
### 3.5.1 Introduction

With a view to making a dent on the prevailing poverty, unemployment and slow growth in the rural economy and to provide food security, the Government of India, Ministry of Rural Development merged the ongoing schemes of the Employment Assurance Scheme (EAS) and the *Jawahar Gram Samridhi Yojna* (JGSY) into one scheme and launched the new scheme of *Sampoorna Grameen Rozgar Yojna* (SGRY) in September 2001. The scheme was, however, started in the State from April 2002. The objective of the scheme was to provide additional wage employment to all the rural poor who were in need and desired to do manual and unskilled work in and around their village(s)/habitat and to create durable community, social and economic assets and infrastructural development in rural areas. The scheme was financed by the Government of India and the State Government on a cost sharing basis of 75:25 of the cash component. Foodgrains were provided by the Government of India free of cost for distribution as part of wages at the rate of 5 kg per manday.

For the period 2002-2004, the Government of India released its share of cash and foodgrains in two streams. In the first stream, the funds were released to *Zila Parishads* and *Block Samitis* and in the second stream, the funds were released to the *Gram Panchayats* through the District Rural Development Agencies (DRDAs). The State Government also contributed its matching share accordingly. Under the first stream 50 per cent of the funds and foodgrains available were released to DRDAs/*Zila Parishads* and *Block Samitis* in the ratio of 40:60 whereas under the second stream, the remaining 50 per cent of funds and foodgrains were released for the village *Panchayats* for distribution among them through the DRDAs/*Zila Parishads*. From 2004-2005, funds and foodgrains were released to DRDA/*Zila Parishad*, *Block Samitis* and *Gram Panchayats* in the ratio of 20:30:50.

### 3.5.2 Organisational set up

The organisational set up of the department is as under:



### 3.5.3 Scope of audit

Implementation of the scheme for the period 2002-2006 was reviewed (January-April 2006) through test-check of records in the offices of four<sup>1</sup> out of 12 Project Officers (POs), DRDAs, 16<sup>2</sup> out of 75 Block Development Officers (BDOs) and nine *per cent*<sup>3</sup> *panchayats* falling under the jurisdiction of 16 selected BDOs, supplemented by check of records and information supplied by the Director, Rural Development Department (RDD). Results of test-check are incorporated in the succeeding paragraphs.

### 3.5.4 Audit objectives

The audit of *Sampoorna Grameen Rozgar Yojna* sought to assess whether:

- there existed an adequate and effective system of planning and implementation;
- targets for employment generation were fixed to ensure employment opportunities to the rural poor;
- allocation of funds by the Government of India and the State Government was as per the approved funding pattern and funds provided were adequate for achieving the desired objectives;
- shelf/details of works were prepared keeping in view the guidelines and principles of economy, efficiency and effectiveness;
- all the implementing agencies (District to Block levels) exercised quality control over the execution of works with due diligence; and
- adequate system existed for monitoring of the scheme.

### 3.5.5 Audit criteria

- Guidelines on SGRY issued by the Government of India.
- Norms for assessment of employment generation for rural poor.
- Timeframe for completion of works.
- Monitoring system prescribed.

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<sup>1</sup> Chamba, Kullu, Sirmour and Shimla.

<sup>2</sup> Anni, Banjar, Basantpur, Bharmour, Bhatiyat, Chamba, Kullu, Mashobra, Mehla, Nahan, Narkanda, Nirmand, Pachhad, Paonta, Rajgarh and Theog.

<sup>3</sup> Total number of *Panchayats* in 16 selected BDOs were 612, out of which 58 (after sampling) *Panchayats* were covered in audit.

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### 3.5.6 *Audit methodology*

Before commencing audit, audit objectives and criteria were discussed in an entry conference (February 2006) with the Joint Secretary, Rural Development Department (RDD). Audit conclusions were drawn after a scrutiny of the relevant records, analysis of available data by issuing audit memoranda and questionnaires and obtaining the response of the departmental functionaries at various levels. Districts were selected for test-check on the basis of statistical sampling methodology of probability proportionate to size. Blocks and *Panchayats* were selected on random sample basis. Audit findings were discussed (July 2006) with the Secretary (RDD) in an exit conference and the views of the department were incorporated suitably against the relevant paragraphs, where appropriate.

### 3.5.7 *Audit findings*

#### 3.5.7.1 **Financial outlay and expenditure**

The position of funds released by the Government of India and the State Government, and expenditure incurred thereagainst during 2002-2006 was as under:

*Table: 3.5.1*

(Rupees in crore)

Year	Opening balance	Funds received		Other receipts	Total funds available	Funds utilised	Balance unspent
		Centre	State				
2002-2003	13.21 <sup>4</sup>	20.46	7.27	1.23	42.17	23.82	18.35 (44)
2003-2004	18.35	23.95	8.25	1.21	51.76	32.56	19.20 (37)
2004-2005	19.38	22.60	7.47	2.09	51.54	36.83	14.71 (29)
2005-2006	14.70	20.98	7.36	1.79	44.83	35.88	8.95 (20)

**Note:** Figures in parenthesis indicate percentage  
**Source:** Director, Rural Development Department

The following was observed in this regard:

Guidelines provided that if carry over of funds was more than 15 *per cent* of the funds available during the previous year, a cut would be imposed. There were unspent balances ranging between 20 and 44 *per cent* of the total funds available during 2002-2006, which were carried over to the next financial

<sup>4</sup> Closing balances for the year 2001-2002 of Employment Assurance Scheme and *Jawahar Gram Samridhi Yojna*.

year. As a result, the Government of India imposed a cut of Rs 15.29 crore<sup>5</sup>. The Secretary (RDD) stated (August 2006) that cuts imposed by the Government of India were compensated by getting additional funds released. The reply is not tenable as additional funds were allotted out of the savings from five *per cent* funds retained by the Government of India for utilisation in the areas of acute distress. The State was thus deprived of the funds to the extent of Rs 15.29 crore.

During 2004-2005 opening balance was shown as Rs 19.38 crore against the actual closing balance of Rs 19.20 crore during the previous year. The Director-cum-Special Secretary stated (May 2006) that the difference of Rs 14 lakh was due to reduction of actual opening balance by three DRDAs during 2003-2004 which was reconciled and taken as opening balances during 2004-2005. The difference of Rs 4 lakh was, however, not reconciled as of August 2006. The Secretary (RDD) stated (August 2006) that the difference would be reconciled.

The details of funds released and expenditure incurred during 2002-2006 in the four test-checked districts (Chamba, Kullu, Sirmour and Shimla) were as under:

Table: 3.5.2

(Rupees in Crore)

Year	Opening balance	Funds received	Other receipts (Interest etc.)	Total	Funds utilised	Balance unspent	Percentage
2002-2003	4.76 <sup>6</sup>	13.42	0.45	18.63	9.37	9.26	50
2003-2004	6.19	13.76	0.48	20.43	12.55	7.88	39
2004-2005	7.93	13.73	0.79	22.45	14.20	8.25	37
2005-2006	5.54	11.09	1.16	17.79	12.96	4.83	27

The percentage of unspent balance to the total funds available ranged between 27 and 50. The POs stated that the unspent balances were due to receipt of funds at the fag end of the year.

Further, there were differences ranging between Rs 0.05 crore and Rs 3.07 crore in the opening balances as compared to closing balances of previous years. The Projects Officers (POs) attributed (January-April 2006) the reasons for differences to late receipt of second instalments/additional

<sup>5</sup> 2002-2003: Rs 0.72 crore; 2003-2004: Rs 2.54 crore; 2004-2005: Rs 5.68 crore and 2005-2006: Rs 6.35 crore.

<sup>6</sup> Closing balances for the year 2001-2002 of Employment Assurance Scheme and Jawahar Gram Samridhi Yojna.

funds at the fag end of each year. They further stated that balance sheets were prepared by the Chartered Accountants and opening balances were depicted by them. The reply is not tenable as the POs failed to ensure the authenticity of the accounts.

### **3.5.8 Implementation of the scheme**

#### **3.5.8.1 Annual Action Plans not prepared**

The scheme guidelines provided for preparation of Annual Action Plans (AAPs) at District, Block and *gram panchayat* level for works likely to be taken up for execution from their share of funds. No work could be taken up unless it formed part of the AAPs. The works included in the AAPs were to be need based and properly prioritised. Also at the level of *Zila Parishad/DRDA*, consolidated AAPs consisting of AAPs of all the three levels of *Panchayats* were to be prepared and made available to each of the Block *Samitis* before the commencement of the next financial year.

Test-check of records in the selected districts revealed that AAPs were not prepared by the *Gram Panchayats/Zila Parishads* and Block *Samitis* in the beginning of the years between 2002-2003 and 2005-2006 and the works were approved by all the three level of *Panchayats* in piece meal. Since the AAPs were not prepared at lower level, consolidated AAPs were also not prepared at DRDAs level to implement the scheme in a co-ordinated manner to achieve its objective. Thus the entire expenditure of Rs 49.08 crore during 2002-2006 in the four test-checked districts was incurred without any action plans.

The Secretary (RDD) stated (August 2006) that instructions for preparing AAPs had been reiterated to all the concerned during July 2006. In the absence of AAPs, it could not be ascertained whether the works undertaken were need based. This also shows the passive attitude towards proper implementation of the scheme.

### **3.5.9 Allocation and utilisation of resources**

#### **3.5.9.1 Inadequate utilisation of earmarked resources for the creation of need based village infrastructure in SC/ST habitations/wards**

As per guidelines, minimum 50 *per cent* of allocation to the village *panchayat* should be earmarked for the creation of need based village infrastructure in SC/ST habitations/wards.

It was noticed that out of total expenditure of Rs 46.55 crore, the village *panchayats* in the ten districts of State (excluding two tribal districts) spent only Rs 14.35 crore against required utilisation of Rs 23.27 crore resulting in

short utilisation of financial resources to the extent of Rs 8.92 crore (38 per cent) during 2002-2006 as detailed below:

Table: 3.5.3

(Rupees in crore)

Year	Total expenditure	Expenditure on SC/ST habitations/wards required	Expenditure incurred	Shortfall	Percentage shortfall
2002-2003	10.38	5.19	3.45	1.74	34
2003-2004	15.10	7.55	4.57	2.98	39
2004-2005	12.26	6.13	3.59	2.54	41
2005-2006	8.81	4.40	2.74	1.66	38
<b>Total:</b>	<b>46.55</b>	<b>23.27</b>	<b>14.35</b>	<b>8.92</b>	<b>38</b>

Source: Departmental figures.

The Secretary (RDD) stated (August 2006) that the instructions had been reiterated (March 2005) to all the Deputy Commissioners (DCs). The guidelines should have been followed to safeguard the interests of the targeted group of beneficiaries.

Similarly, in seven<sup>7</sup> blocks of the test-checked districts, Rs 84.80 lakh were earmarked for *panchayats* for creation of infrastructure in SC/ST habitations during 2002-2005 but no expenditure was incurred for the purpose by the *panchayats* concerned.

The BDOs stated (January-April 2006) that shelf of works was approved by the *gram sabha* and instructions would be issued to *gram panchayats* to adhere to the guidelines. This was indicative of failure on the part of block and district level implementing agencies to work in a co-ordinated manner for monitoring the utilisation of financial resources provided for the targeted group of beneficiaries.

### 3.5.9.2 Diversion of earmarked resources for individual works of SCs/STs

The guidelines provided that 22.5 per cent of annual allocation of the *Zila Parishad* and *Block Samitis* must be utilised for individual works of SCs/STs beneficiaries below the poverty line.

Test-check of the records of the Director, RDD revealed that in six districts<sup>8</sup>, out of expenditure of Rs 15.26 crore incurred during 2002-2006 only Rs 1.77 crore (12 per cent) were spent against required expenditure of Rs 3.43 crore. This had resulted in non-utilisation of financial resources upto

<sup>7</sup> Anni, Bharmour, Basantpur, Bhatiyat, Mashobra, Mehla and Nirmand.

<sup>8</sup> Bilaspur, Kangra, Kullu, Shimla, Sirmour and Una.

the prescribed percentage and Rs 1.66 crore were also diverted for the works other than the target group of beneficiaries.

The Secretary (RDD) while admitting the facts stated (August 2006) that instructions had been reiterated to all the DCs in March 2005 to ensure that the funds earmarked are utilised as per guidelines. This was also indicative of a weak internal control mechanism.

### **3.5.9.3 Misutilisation of funds**

As per guidelines, 22.5 per cent of the resources released to the *Zila Parishad* and Block *Samitis* could be used for individual works for SCs/STs. The village *panchayats* were, however, not authorised to extend individual benefits from their share of resources.

Test-check of four<sup>9</sup> selected blocks revealed that 39 *gram panchayats* had spent Rs 7.33 lakh during 2002-2006 for construction and repair of houses of 65 beneficiaries which was not permissible under the scheme. This has resulted in misutilisation of funds.

The Secretary (RDD) stated (August 2006) that instructions in this regard had been issued to all the implementing agencies in July 2006. He further stated that the concerned DCs had been requested to enquire into the matter.

### **3.5.9.4 Execution of prohibited works**

As per guidelines, works such as buildings for religious purposes (Temple, Mosque, Gurudwara, Church, etc.), buildings for Higher Secondary Schools, Colleges and black topping of roads, etc., were not to be taken up for execution.

Scrutiny of the records in four test-checked districts revealed that the implementing agencies had unauthorisedly spent Rs 12.51 lakh during 2002-2006 on 25 works such as *sarai* for temples, Senior Secondary School buildings, renovations of office buildings, etc., which were prohibited under the scheme. The Secretary (RDD) stated (August 2006) that instructions in this regard had been issued to all the implementing agencies in July 2006. He further stated that the concerned DCs had been requested to enquire into the matter.

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<sup>9</sup> Basantpur, Mashobra, Nahan and Narkanda.

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### 3.5.9.5 Individual benefit for development of land

As per guidelines, individual benefit for development of land was to be extended to the identified individuals belonging to SCs/STs who were allotted land out of ceiling surplus land, *bhoodan* land and Government land.

Test-check of records of PO, Shimla revealed (February 2006) that Rs 29.57 lakh were sanctioned and paid by Block *Samitis* (Rs 22.38 lakh) and *Zila Parishad* (Rs 7.19 lakh) to 312 persons belonging to SCs/STs during 2002-2006 for development of land already owned by them which was contrary to the scheme guidelines.

The PO stated (February 2006) that the benefit could be extended on private land for agri-horticulture, floriculture, horticulture plantation, social forestry, etc. The reply is not tenable as benefit could not be extended to the beneficiaries for development of private land owned by them. The Secretary (RDD) stated (August 2006) that the DC had been requested to inquire into the matter.

### 3.5.9.6 Irregular dovetailing of funds

The funds available with the *Panchayati Raj* Institutions (PRIs) from other sources such as National Finance Commission, State Finance Commission, State Departments, other Central and Centrally sponsored schemes, etc., can be dovetailed for construction of durable community assets/works under SGRY. However, the reverse was not permitted.

It was noticed that six<sup>10</sup> BDOs selected for test-check had spent Rs 9.73 lakh out of SGRY allocation during 2002-2006 as additional funds for completion of 29 works like *sarai bhawans*, school buildings, etc., undertaken under State Plan/Centrally sponsored schemes.

The Secretary (RDD) stated (August 2006) that the concerned DCs had been requested to recoup the funds to the appropriate head.

### 3.5.10 Wage employment

#### 3.5.10.1 Generation of employment

The guidelines provided that each *Zila Parishad*/DRDA and Block *Samiti*/BDO shall maintain an employment register for the works being implemented in their jurisdiction and such register would contain the details of number of persons employed including the number of scheduled

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<sup>10</sup> Banjar, Chamba, Kullu, Nahan, Nirmand and Rajgarh.

castes/scheduled tribes/gender of the workers and number of women and others, mandays generated for each work under the scheme. These registers were to be maintained on the basis of muster rolls required to be maintained work-wise and were open to the public for scrutiny.

Test-check of records in the selected districts revealed that requisite employment registers showing the above details were not maintained at district and block levels.

In the test-checked districts the employment generation in terms of mandays for various beneficiaries during 2002-2006 was shown in the monthly progress reports as under:

*Table: 3.5.4*

(Mandays in lakh)

<b>Year</b>	<b>Total mandays generated</b>	<b>Mandays generated for SCs/STs</b>	<b>For others</b>
2002-2003	10.72	5.77	4.95
2003-2004	16.98	8.55	8.43
2004-2005	15.75	8.53	7.22
2005-2006	16.53	9.05	7.48
<b>Total:</b>	<b>59.98</b>	<b>31.90</b>	<b>28.08</b>

However, employment generation of 59.98 lakh mandays reported in the monthly progress reports by the BDOs to the POs, Director and Government of India was not based on facts in the absence of employment registers showing the full details at the district and block levels. Further test-check of muster rolls maintained by *Panchayats* of selected blocks revealed that the details such as complete address, age, SC/non-SC/gender, etc., were not found recorded on the muster rolls. In the absence of essential details, it could not be ascertained as to whether opportunities were provided to the needy and eligible category of beneficiaries.

The POs stated (January-March 2006) that reports of employment generation were compiled on the basis of the information received from the BDOs and they had been instructed to record the essential details in the muster rolls in future. They further stated that employment registers/muster rolls under SGRY stream-I had been maintained at the district/*gram panchayat* levels. The reply is not tenable, as employment registers were not found maintained at district and block levels in the prescribed format in the test-checked districts. The Secretary (RDD) stated (August 2006) that instructions had been issued in July 2006 to the concerned implementing agencies to maintain the records properly.

### 3.5.10.2 Inadequate employment generation for women

As per guidelines, 30 *per cent* of employment opportunities were to be provided for women.

Test-check of the records of the Director, RDD revealed that out of 142.85 lakh mandays generated in the State during 2002-2006, only 8.25 lakh mandays (six *per cent*) were generated for women beneficiaries against the required mandays of 42.85 lakh (30 *per cent*) resulting in shortfall of 34.60 lakh (81 *per cent*).

The Director, RDD stated (May 2006) that in view of the socio-economic factors in the State, women do not prefer to take wage employment. The reply is not tenable as the female population in the rural area of the State form nine *per cent* of the available labour force. The Secretary (RDD) stated (August 2006) that instructions to make efforts to cover 30 *per cent* women had been reiterated in March 2005.

### 3.5.10.3 Engagement of foreign labourers

The guidelines envisage creation of wage employment opportunities for rural poor who were in need of employment in and around their village/habitat and desirous of doing manual unskilled works.

In six blocks<sup>11</sup> it was noticed that Rs 11.93 lakh were paid as wages for 19,002 mandays during 2002-2006 to foreign labourers who were not covered under the scheme for wage employment and the very purpose of providing employment opportunities to the rural poor of the area was defeated.

The Project Officer, DRDA, Shimla stated (July 2006) that most of the area of Shimla district being horticultural manned area the rate of local labour was much higher than the Government rates and as such the *panchayats* were compelled to engage *gorkha* labourers whereas the BDO, Paonta attributed (January 2006) engagement of foreign labourers to non-availability of skilled labourers. The contention is not tenable as wage employment was to be given to rural poor who were in need of wage employment and desired to do manual and unskilled work. The Secretary (RDD) stated (August 2006) that instructions to ensure the engagement of only rural poor, had been issued in March 2005 to all the implementing agencies.

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<sup>11</sup> Chhohara, Jubbal, Narkanda, Rampur, Rohroo (Shimla district) and Paonta (Sirmour district).

### **3.5.11 Release/utilisation of foodgrains**

#### **3.5.11.1 Allocation, lifting and utilisation of foodgrains**

The guidelines provided for distribution of foodgrains as part of wages based on the principle of protecting the real wages of the workers besides improving the nutritional standards and food security of the families of the rural poor. Foodgrains are given by the Government of India free of cost and is based on the proportion of rural poor in the State to their total population in the country.

The position of allocation, lifting and distribution of foodgrains in the State and the selected districts during 2002-2006 is given in **Appendix-XXI** and **Appendix-XXII**.

From the details given in the appendices it would be seen that the percentage of shortfall in lifting of foodgrains as compared to the allocation during 2002-2006 ranged between 7 and 31 in the State and between 6 and 20 in the four test-checked districts respectively. Also there was a shortfall in the distribution of foodgrains to the workers compared to the total quantity of available foodgrains. The shortfall in the State ranged between 20 and 49 *per cent* whereas in the test-checked districts it ranged between 13 and 29 *per cent*. The implementing agencies, thus, failed to utilise the foodgrains resources in full to ensure coverage of the maximum number of rural poor requiring wage employment in the rural areas.

The Director, RDD and POs, Kullu and Sirmour stated (January-May 2006) that allocation of foodgrains is received at the fag end of the year while PO, Chamba stated (April 2006) that less lifting of foodgrains was being reconciled. The reply is not tenable as the matter should have been taken up with the Government of India for timely release of foodgrains.

#### **3.5.11.2 Irregular issue of foodgrains to contractors/suppliers**

Foodgrains provided by the Government of India under the scheme were to be distributed to workers as part of wages through the public distribution system.

Test-check of the records of three<sup>12</sup> *panchayats* of Bharmour block (Chamba district) revealed that 17.12 MTs foodgrains (Wheat: 8.61 MTs; Rice: 8.51 MTs) valued at Rs 1.44 lakh<sup>13</sup> were distributed to 18 contractors/suppliers of material such as grit, sand and stone during 2003-2006 which was contrary to the provisions of the scheme. The Secretary (RDD) stated (August 2006) that the matter was being looked into.

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<sup>12</sup> Ghared, Hadsar and Runukothi.

<sup>13</sup> Calculated at Rs 7,200 per MT for Wheat and Rs 9,650 per MT for Rice.

### 3.5.12 Internal control mechanism

#### 3.5.12.1 Non-formation of monitoring and vigilance committee at State level

The guidelines of the scheme provided for setting up of monitoring and Vigilance Committees (VCs) at the State and District level to oversee the implementation of the scheme.

It was, however, noticed in audit that no such committee was formed at the State level whereas at the district level, the committees were formed in July 2005 and February 2006 only, in two<sup>14</sup> out of four districts selected for test-check. In Chamba and Shimla districts although the Chairman/Co-Chairman of VC were nominated in October 2004 and April 2005 yet no VC was formed (April 2006). In respect of two districts where committees had been formed no records relating to monitoring of the implementation of scheme were available.

The Director-cum-Special Secretary (RDD) stated (May 2006) that the scheme was being implemented through PRIs and the Panchayati Raj Department of the State Government had constituted a Vigilance Cell in the department to monitor the enquiries/complaints against the representatives of PRIs. The reply is not tenable as the VC was required to be constituted at the State level. This indicated the existence of inadequate and ineffective internal control system. The Secretary (RDD) stated (August 2006) that the monitoring and Vigilance Committees at State level were being constituted.

#### 3.5.12.2 Non-preparation of schedule for inspection of works

For effective implementation of the scheme, the State Government was required to ensure that the officers of the State, District, Sub-Divisional and Block levels closely monitor all aspects of the scheme through field visits to work sites in interior areas.

For this purpose, the State Government was required to prepare a schedule of inspection indicating the minimum number of field visits for each supervisory level functionary and requiring them to adhere to it strictly. Further, the schedule so drawn should have provision for inspection of at least 10 *per cent* of the *panchayats* by District level officers and two *per cent* of *panchayats* by State level officers. In addition, the State Government was also required to designate Area Officers for each district and ensure that they undertake regular field visits to the area assigned to them.

It was noticed in audit that the State Government had not prepared the requisite inspection schedule as of April 2006.

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<sup>14</sup> Kullu and Sirmour.

The Director-cum-Special Secretary (RDD) stated (May 2006) that separate schedule for SGRY had not been prepared and inspection schedule devised for erstwhile *Jawahar Rozgar Yojna* (wage employment scheme) was adopted. He also stated that no Area Officers had been designated for districts and officers from headquarters as and when undertake field visits also inspect the works alongwith other development schemes/programmes. The Secretary (RDD) stated (August 2006) that inspection schedule had now been prepared and circulated to all the implementing agencies in June 2006.

### **3.5.12.3 Reports and returns**

For enabling the authorities both at the Centre and the State levels to monitor the progress of the programme and to keep a close watch on the wage employment generated and quality of infrastructure created, a monthly progress report (MPR) in the prescribed format was required to be submitted to the State Government by District *Panchayats*/DRDAs by the 10<sup>th</sup> of every succeeding month and to Government of India after consolidation of reports of districts by 25<sup>th</sup> of every succeeding month by the State Government.

In addition, the State Government was also required to prepare a detailed annual progress report (APR) to be submitted to Government of India by 25<sup>th</sup> of April of the succeeding year.

Scrutiny of records of four test-checked districts and the Director-cum-Special Secretary (RDD) revealed that the MPRs were delayed by the test-checked districts by 11 to 76 days while the State Government delayed their submission to Government of India by 12 to 187 days during 2002-2005.

The APRs for the years 2002-2004 had not been submitted to the Government of India (May 2006) due to some discrepancies in figures requiring rectification from the POs. The APR for 2004-2005 was delayed by 3 months and 10 days and APR for 2005-2006 had also not been submitted to the Government of India (May 2006). The Secretary (RDD) while admitting the facts stated (August 2006) that all the pending reports had been submitted to Government of India.

### **3.5.13 Internal audit**

As per the guidelines of the scheme, each district would, at the end of the financial year carry out an audit of both the physical and financial aspects of the works undertaken under the scheme either through the Local Fund Auditors or the Chartered Accountants (CAs), listed in the panel of the State Government or Accountant General of the State.

Test-check of records in four selected districts revealed that the CAs were engaged for preparation and certification of accounts viz. balance sheets only and internal audit of works was not got conducted for the period 2002-2006.

#### **3.5.14 Evaluation**

The guidelines provided for conducting of periodic evaluation studies of the implementation of the scheme by the Centre and States through reputed institutions and organisations from time to time. No evaluation studies had been got conducted by the State Government to ascertain the impact of the scheme as of August 2006.

#### **3.5.15 Conclusion**

Planning for the implementation of the scheme was not being done in a co-ordinated manner by the District, Intermediate and Village *Panchayats* to achieve the objectives of the scheme. Available funds were not fully utilised for creation of need based village infrastructure in SC/ST habitations. Provision of wage employment for women beneficiaries was inadequate. The State could not spend the funds available during 2002-2006 and could not, therefore, derive the benefit of additional funds. Monitoring was ineffective and the internal control mechanism to oversee the implementation of the scheme was also inadequate and ineffective.

#### **3.5.16 Recommendations**

- ***All the three (DRDA/Zila Parishad, Block Samiti and Village) levels of Panchayats should ensure preparation of Annual Action Plans for execution of works in a co-ordinated manner for optimum utilisation of available funds.***
- ***Utilisation of resources for beneficiary oriented works in SC/ST habitations and for individual works of SCs/STs should be done to the prescribed level.***
- ***Wage employment to the women beneficiaries require effective monitoring and special safeguards for reservation of 30 per cent employment opportunities for women should be ensured.***
- ***Internal control mechanism should be strengthened for implementation of the scheme in an effective way.***
- ***Monitoring Committees should be set up at various levels and the implementation of programmes should be monitored closely.***

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**Social Justice and Empowerment Department**

**3.6 Old Age/Widow Pension Scheme**

*Highlights*

*The old age/widow pension scheme was implemented by the State Government to provide social security and financial assistance to old persons/widows who had insufficient/inadequate means of livelihood.*

*The review of implementation of the scheme revealed defective budgeting, lack of consolidated information about eligible persons for grant of pension, non-fixing of the time schedule for finalisation of pension cases, cases of sanction of double pensions due to non-maintenance of proper records, delay in disbursement of pension, deficient and inadequate use of the computerised programme and lack of monitoring thereby depriving eligible persons of the benefits of the social security scheme. Important points noticed as a result of test-check of records are summarised below:*

➤ *The department had not maintained the year-wise consolidated data for grant of social security pension, in the absence of which grant of pension to the eligible persons could not be ensured.*

**(Paragraph 3.6.8.1)**

➤ *There was no linkage between the number of pensioners, budget allotment and actual expenditure on pension during 2001-2006.*

**(Paragraph 3.6.7.1)**

➤ *Time schedule had not been fixed for finalisation of pension cases. The delay in finalisation of pension cases ranged between 13 and 93 months after allowing a period of one year as time taken for processing a pension case.*

**(Paragraph 3.6.8.3)**

➤ *The department failed to detect remittance of double pension of Rs 5.16 lakh in 813 cases due to defective maintenance of records of the pensioners.*

**(Paragraph 3.6.8.4)**

➤ *The evaluation of the implementation of the scheme was done (July 2004) by the Economics and Statistics Department. The department is yet to obtain the list of the ineligible pensioners identified in the sample check for taking further action.*

**(Paragraph 3.6.12)**

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The abbreviations used in this review have been listed in the Glossary in Appendix-XXVII (Page 222-223).

### 3.6.1 Introduction

With the objective of providing social security and financial assistance to old persons/widows with inadequate source of livelihood, the State Government implemented the Social Security Pension Scheme. The scheme comprised *inter-alia*, the following components:

Old Age Pension (OAP) (since 1971);

Widow Pension (WP) (since 1979);

National Old Age Pension (NOAP) (since 1995)

According to the Himachal Pradesh Social Security (Pension) Rules, 1989 (revised in 1997), the State domiciled persons, who have attained the age of 60 years, whose income per person is not more than Rs 6,000 per annum, whose adult sons' income does not exceed Rs 11,000 per annum and the number of family members is generally five, are entitled to pension at the rate of Rs 150 per month (raised to Rs 200 from August 2002). Similarly, the widows who fulfill the above three conditions are entitled to pension at the same rates. The pensioners above 65 years of age (including widows) are covered under the National Old Age Pension Scheme (NOAPS), where Central assistance is provided at the rate of Rs 75 per month per pensioner for 22,700 persons based on census 2001 under the National Social Assistance Programme (NSAP). Funds at the rate of Rs 75 (raised to Rs 125 from August 2002) per pensioner per month are also provided by the State Government in respect of this scheme.

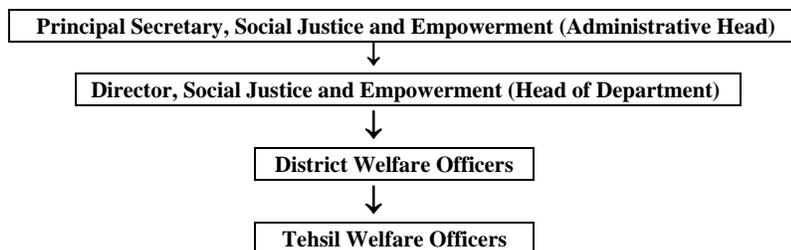
The beneficiaries are identified through the *Gram Sabha*. The applications received from the *Gram Sabha* after verification, are forwarded by the Tehsil Welfare Officers (TWOs) to the District Welfare Officers (DWOs). The DWOs enter these applications in a register and prepare a waiting list based on the criterion of priority fixed by the Government. Pension is sanctioned by the Deputy Commissioner (DC) concerned, on the recommendations of the DWO. In the event of increase in the number of pensioners due to pendency, pension is sanctioned by the DCs on the recommendations of the District Welfare Committee<sup>1</sup>. Pension is remitted by the DWOs quarterly to the pensioners through money orders.

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<sup>1</sup> The District Welfare Committee is headed by the Minister incharge of the District comprising all MLAs/MP, President *Nagar Prishad*, *Nagar Panchayat*, District *Panchayat* Officer, Project Officer DRDA, Chief Medical Officer, General Manager DIC, all Principals of ITI and District Welfare Officer as Member Secretary.

### **3.6.2 Organisational set up**

The organisational set up of the implementing department in the State is as under:



### **3.6.3 Scope of audit**

Implementation of the three components of the scheme for the period 2001-2006 was reviewed (April-May 2006) by test-check of records in the offices of the Director and 4<sup>2</sup> out of 12 DWOs. Operation of the pension software in the Directorate and 10 districts<sup>3</sup> was also reviewed (July-August 2005 and August 2006) during Information Technology (IT) Audit.

The results of the test-check are discussed in the succeeding paragraphs.

### **3.6.4 Audit objectives**

The audit objectives were to assess whether:

- planning for implementation of the scheme was efficacious and based on reliable and acceptable data;
- allocation, release and utilisation of funds provided for payment of pension was judicious and adequate;
- all the eligible beneficiaries were covered; and
- internal controls, monitoring and supervision of the scheme were effective.

### **3.6.5 Audit criteria**

The audit objectives were achieved by evaluating the following criteria:

- Prescribed methodology adopted for selection of beneficiaries;

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<sup>2</sup> Chamba, Kangra, Kullu and Shimla.

<sup>3</sup> Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour, Solan and Una.

- Rules framed by the State Government for determining eligibility and sanction of pension; and
- Procedure prescribed for drawal and disbursement of pension.

### 3.6.6 Audit methodology

Before commencing audit, audit objectives and criteria were discussed (April 2006) with the Director in an entry conference. Information collected from the records and replies furnished by the Directorate and the DWOs of the test-checked districts to questionnaires and audit memoranda were analysed to arrive at audit conclusions. Units were selected on the basis of simple random sampling. Audit findings were discussed (September 2006) with the Principal Secretary, Social Justice and Empowerment in an exit conference and the replies/comments of the department were suitably incorporated in the relevant paragraphs, where appropriate.

### 3.6.7 Audit findings

#### 3.6.7.1 Financial management

The budget allocation and expenditure thereagainst during 2001-2006 was as under:

Table: 3.6.1

(Rupees in crore)

Year	Number of pensioners	Budget provision	Expenditure	Variation Excess (+) Saving (-)	Requirement of funds in accordance with number of pensioners
<b>Old Age/National Old Age Pension</b>					
2001-2002	1,24,668	25.14	22.06	(-) 3.08	23.56
2002-2003	1,22,096	27.72	26.60	(-) 1.12	28.20
2003-2004	1,27,642	31.85	29.76	(-) 2.09	32.17
2004-2005	1,38,840	35.60	36.67	(+) 1.07	34.99
2005-2006	1,48,791	35.28	32.37	(-) 2.91	37.50
<b>Widow Pension</b>					
2001-2002	45,025	8.58	8.43	(-) 0.15	8.51
2002-2003	45,025	8.99	10.25	(+) 1.26	10.40
2003-2004	56,762	10.29	11.85	(+) 1.56	14.30
2004-2005	56,762	15.84	14.16	(-) 1.68	14.30
2005-2006	61,558	14.60	14.75	(+) 0.15	15.51

Source: Departmental figures and includes money order commission.

The Director stated (September 2006) that budget had been provided to clear the pending cases, but non-sanction of pension in respect of new cases resulted in savings. Some savings were also attributed to death of pensioners from

time to time. The excess expenditure was attributed (September 2006) to increase in the rate of pension, sanction of new cases and providing an additional fund of Rs 2.74 crore during 2004-2005 to clear the liability in the next financial year.

The contention is not tenable, as there was no linkage between the number of pensioners, budget allotment and actual expenditure, as detailed below:

- there were savings under OAP/NOAP during 2002-2003, 2003-2004 and 2005-2006 although the budget provided was less than that actually required;
- there was a reduction of Rs 4.30 crore in the expenditure during 2005-2006 even though the number of pensioners had increased by 9,951 from 2004-2005 under OAP/NOAP;
- the number of widow pensioners had increased by 4,796 during 2005-2006 but the budget provided was Rs 1.24 crore less than the previous year;
- the number of widow pensioners during 2003-2004 and 2004-2005 remained constant (56,762) but the budget provided was Rs 10.29 crore and Rs 15.84 crore respectively against the actual requirement of Rs 14.30 crore each year. Similarly, the expenditure during these years was also Rs 11.85 crore and Rs 14.16 crore respectively.

#### **3.6.7.2 Computerisation of pension details**

The National Informatics Centre (NIC) developed the “Welfare Pension Management Information System” (WELPMIS) for the department in 1996 in Foxbase (version 2.1.1) on Unix (version 2.0.1) platform. It provided for allotment of a unique Personal Ledger Account (PLA) for all the pensioners and facilitated the printing of Money Orders district-wise, for remittance to the pensioners on a quarterly basis. WELPMIS is in use in all the districts of the State except Lahaul and Spiti. The updated version of the software was introduced in 2000.

The Director, Social Justice and Empowerment (Director) is responsible for the development, updation and maintenance of the system.

WELPMIS, among others, provides for the details of pensioner-wise amount payable during a quarter (Pension database) and the amount paid to the Post Offices for remittance of pension to the beneficiaries (Despatch database). Audit scrutiny revealed differences in the expenditure shown in the Pension database and the Despatch database in four DWOs<sup>4</sup> as given in **Appendix-XXIII**. In respect of the remaining six DWOs, the complete data was not available in view of lack of proper back up (Kangra, Kullu, Shimla and Una districts) or late computerisation (Hamirpur and Mandi districts). The

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<sup>4</sup> Bilaspur, Chamba, Sirmour and Solan.

differences have arisen essentially due to lack of integration between the Pension database and the Despatch database.

The Director stated (September 2006) that the concerned DWOs had been asked to reconcile the figures.

### 3.6.8 Implementation of the scheme

#### 3.6.8.1 Pendency of cases

The department did not have the year-wise information relating to the number of applications pending with it from all the districts for grant of pension, or the number of persons actually eligible for grant of Old Age Pension (inclusive of NOAP) and Widow Pension in the State. However, the details of pending eligible cases compiled by the department as at the end of March 2003, November 2004 and February 2006 were as under:

Table: 3.6.2

(In numbers)

	Old Age Pension	Widow Pension	Total
March 2003	9,732	8,965	18,697
November 2004	7,945	4,888	12,833
February 2006	6,493	3,181	9,674

The Director stated (September 2006) that the year-wise data of eligible pending applications was obtained from the DWOs but due to shortage of staff and rush of work, it could not be consolidated. The department further stated that the reporting formats had been revised for reporting the pendency on a quarterly basis by the DWOs. The format had also been sent to the NIC for inclusion in the new pension software so as to evolve a proper monitoring system at the Directorate level.

#### 3.6.8.2 Maintenance of waiting list

Although WELPMIS has an in-built facility for generation of waiting list of eligible pensioners under various categories, it was observed (July-August 2005) that none of the 10 test-checked DWOs used the facility to analyse the pendency position. The waiting lists had, however, been maintained manually by the DWOs but the consolidated information was not available with the Director.

Had the waiting list been prepared through the system, consolidated information regarding the persons waiting for pension would have been available with the Department.

The Director stated (September 2006) that the DWOs had been asked to maintain the waiting list in the computers.

### **3.6.8.3 Non-fixation of time schedule for finalisation of pension cases**

No time schedule had been fixed for finalisation of the pension cases. It was, however, noticed that in four test-checked districts, the time taken for finalisation of 1,208 widow pension cases (out of 1,566 cases) ranged between 13 and 93 months and in case of 308 old age pension cases (out of 550 cases) it ranged between 13 and 53 months, even after excluding a period of one year as time taken for processing a pension case, as shown in the table below:

*Table: 3.6.3*

Category of pension	Number of cases test-checked	Number of cases where time taken for finalisation ranged between		
		13 and 36 months	37 and 60 months	Above 60 months
Widow	1,566	1,014	154	40
Old Age	550	305	03	--
<b>Total:</b>	<b>2,116</b>	<b>1,319</b>	<b>157</b>	<b>40</b>

It was also noticed that 61<sup>5</sup> (OAP: 51 and WP: 10) applicants died in four test-checked districts between December 2002 and April 2006 before sanction of pension to them. The department had, however, not maintained at the Directorate level any data of the applicants who died before sanction of the pension.

The Director stated (September 2006) that the pension was sanctioned subject to availability of budget and some time was taken by the DWOs to complete the codal formalities. The reply is not tenable, as there was saving of funds during 2001-2006 under one or the other component of the scheme as shown in **Table-3.6.1**. This is indicative of the passive attitude of the Government in providing financial assistance to old persons and widows.

### **3.6.8.4 Sanction of double pension**

According to the Himachal Pradesh Social Security (Pension) Rules, 1989, the TWOs/DWOs are required to certify that the applicant was not in receipt of any other pension, while recommending pension.

Records of DWOs of four test-checked districts revealed that during 2001-2006, pension amounting to Rs 5.16 lakh remitted to 813 persons<sup>6</sup> through money orders was received back un-disbursed, because as per remarks

<sup>5</sup> Chamba: 19; Kangra: 21; Kullu: 5 and Shimla: 16.

<sup>6</sup> Chamba: OAP: 66 and WP: 87; Kangra: OAP: 162 and WP: 76; Kullu: OAP: 118 and WP: 57 and Shimla: OAP: 233 and WP: 14.

recorded on the un-paid Money Orders, the beneficiaries were already in receipt of pension as detailed below:

Table: 3.6.4

(Rupees in lakh)

Name of district	Number of cases	Amount
Chamba	153	0.92
Kangra	238	1.40
Kullu	175	1.18
Shimla	247	1.66
<b>Total:</b>	<b>813</b>	<b>5.16</b>

It is thus evident that while on one hand, pension was sanctioned to ineligible persons, on the other hand, the eligible persons could not receive pension on time and continued to remain on the waiting list.

The Director stated (September 2006) that due to shortage of staff and rush of work, the *Panchayat*-wise register of pensioners could not be maintained at DWOs and TWOs level. The department further stated that the matter had been taken up with the NIC to provide necessary checks in the proposed new system, to avoid duplicacy.

### 3.6.8.5 Double payment of pension

During the IT audit of the pension system, it was observed that there was no provision in the system to check the double payment of pension for the same period. In 10 districts, double pension amounting to Rs 11.63 lakh was paid to 284 pensioners during the period 2001-2006 as follows:

Table: 3.6.5

(Rupees in lakh)

District	Number of pensioners	Excess amount
Bilaspur	30	0.59
Chamba	30	1.11
Hamirpur	16	0.96
Kangra	47	1.15
Kullu	41	2.89
Mandi	54	0.81
Shimla	17	0.92
Sirmour	11	0.56
Solan	12	0.17
Una	26	0.89
<b>Total</b>	<b>284</b>	<b>10.05</b>

Scrutiny of records maintained manually further revealed that double payment of pension amounting to Rs 1.10 lakh<sup>7</sup> was made during April 1996 to March 2006 to 31 pensioners in four test-checked districts.

The data maintained in the software cannot thus be treated as authentic.

While admitting the facts, the Director stated (September 2006) that the matter had been taken up with NIC to make provision for personal ledger account in the proposed software and the cases of double payment were under examination.

#### **3.6.8.6 Sanction and disbursement of pension to ineligible persons**

Records of DWOs of four test-checked districts revealed that during 2004-2006, pension amounting to Rs 5.16 lakh<sup>8</sup> was sanctioned and disbursed to 178 ineligible persons without exercising the prescribed checks. These persons were underaged (13); had income more than the prescribed limit (20); their sons were in Government jobs (four); the applications were not certified/signed by the recommending authority (55); both husband and wife were beneficiaries under the scheme (63) and had more than five family members (23).

The Director stated (September 2006) that the cases would be investigated and pension stopped forthwith wherever required.

#### **3.6.8.7 Non-collection of data of pensioners from the *panchayats***

Records of DWOs of four test-checked districts revealed (April-May 2006) that 18,715 pensioners had expired during 2001-2006, but the information regarding death of pensioners required to be sent by the *panchayats* to TOWs had not been received from the *Panchayats* concerned and money orders totalling Rs 2.41 crore<sup>9</sup> had been received back in these cases as the pensioners had expired. This also resulted in avoidable expenditure of Rs 12.04 lakh on money order charges.

The Director stated (September 2006) that the DWOs had been directed to obtain confirmation of the deaths of pensioners from the *panchayats*.

#### **3.6.8.8 Non-obtaining of remarriage certificates from the widow pensioners**

According to the Social Security (Pension) Rules, a certificate to the effect that the applicant is a widow should be obtained from the concerned

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<sup>7</sup> Chamba: Rs 0.32 lakh; Kullu: Rs 0.52 lakh and Shimla: Rs 0.26 lakh.

<sup>8</sup> Chamba: Rs 3.68 lakh; Kangra: Rs 0.50 lakh; Kullu: Rs 0.61 lakh and Shimla: Rs 0.37 lakh.

<sup>9</sup> Chamba: Rs 17.96 lakh; Kangra: Rs 176.34 lakh; Kullu: Rs 14.29 lakh and Shimla: Rs 32.30 lakh.

*panchayat*/municipal committee. The widow pensioner is also required to submit every year a certificate to the concerned DWO to the effect that she had not remarried.

Test-check of records of DWOs of four test-checked districts revealed (April-May 2006) that the said certificates for 2001-2006 had not been obtained from the widow pensioners.

The Director stated (September 2006) that directions had been given to all the DWOs to obtain remarriage certificate in the month of April every year and not to disburse the pension till the receipt of the certificate.

### 3.6.8.9 Delay in remittance of pension

Pension is required to be remitted by the DWOs quarterly to the pensioners by money orders at the beginning of each quarter.

Test-check of records in four test-checked districts, however, revealed that the amount of pension pertaining to the third and fourth quarters was lying undisbursed with the DWOs at the close of the respective financial year during 2001-2006 as detailed below:

*Table: 3.6.6*

(Rupees in lakh)

District	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Chamba	--	--	--	8.88	--
Kangra	37.42	39.74	17.08	39.08	23.14
Kullu	40.66	5.36	51.68	68.59	57.59
Shimla	18.37	16.54	03.55	120.73	93.57

These amounts were disbursed in the next financial year, which indicates that the pension was not remitted to the pensioners on time.

While admitting the facts, the Director stated (September 2006) that the DWOs had been instructed to keep the computer hardware in working order to ensure that the pension was remitted in time. The department further stated that a proposal was being sent to the Government to create a pension cell at the District level.

### 3.6.8.10 Non-verification of pension disbursement receipts

The acknowledgements of the pensioners received through the Post Offices are required to be posted in the ledgers manually and also entered in the database. Test-check revealed that the acknowledgements had not been posted in the ledgers. In the database, it was, however, invariably entered as 'Yes' in all the cases without verifying the actual acknowledgements, because it was observed that the data for the next quarter could not be generated without entering 'Yes'. This led to generation of pension during subsequent quarters

for all the pensioners, irrespective of whether the acknowledgements were received or not.

It was further seen that the DWOs (except Shimla) had also not kept the acknowledgements in a systematic way. Consequently, it could not be verified in audit as to whether the pension had actually been received by the pensioners concerned.

### **3.6.9 Other points of interest**

#### **3.6.9.1 Control Environment of WELPMIS**

Audit scrutiny of WELPMIS revealed the following:

- (a) There was no evidence of an IT strategy for the Directorate or a feasibility study for WELPMIS.
- (b) The department is wholly dependent on the NIC for development/modifications and maintenance of the pension software. No training has been imparted to the staff of the department for operation and maintenance of the software.
- (c) There was no segregation of duties or other controls to ensure that the transactions are properly authorised, recorded and the changes in the master data are made only by the authorised persons.
- (d) According to NIC, it was the responsibility of the department to take backups of data. The department had, however, not taken any backups of the database, as the administration of the database was with NIC.

#### **3.6.9.2 Allotment of duplicate Identification Numbers**

In WELPMIS, each pensioner is allotted an identification number (ID number) and a ledger number. While analysing the pension database of DWOs, Kullu, Mandi and Una, it was noticed that in 62 cases, the same ID/ledger numbers had been assigned to more than one pensioner.

The Director stated (September 2006) that the matter had been taken up with NIC to include the provision in the revised software to check duplication of ID number.

#### **3.6.9.3 Non-indication of date of sanction of pension**

The initial date of sanction of pension to the pensioners was not entered in the database, while switching over to the computerised system. The database showed only the details for the quarter in which, the pension data was computerised in that district. Consequently, the details of date from which the pension was being paid to a pensioner, were not available.

The Director stated (September 2006) that the matter had been taken up with NIC to include the provision in the revised software.

#### 3.6.9.4 Discrepancy in the database

Scrutiny of the database of the DWO, Chamba revealed (October 2005) that although 149 pensioners had been marked for deletion in the quarter ending September 2001, the database continued to show the remittance of pension in these cases during the subsequent quarters also, as these cases were not permanently removed from the database. Although the payment had not actually been made, the database showed a payment of Rs 4.97 lakh to these pensioners between July 2001 and December 2004. The DWO, Chamba stated (April 2006) that the discrepancy in the database had now been rectified.

#### 3.6.9.5 Lack of validation checks

(a) The waiting list of eligible pensioners is not being generated through the system in the test-checked districts, except in Shimla. However, scrutiny of the database of DWO Shimla revealed that data validation checks were not built in the system to restrict data entry of ineligible persons in the file. In the absence of these checks, the system had been accepting the data of persons who were not eligible for pension, being underage, having more income than the prescribed limit, etc.

(b) There is no provision in the software for discontinuation of pension of those pensioners, where remarks like 'expired', 'not traceable', etc., have been entered against them in a quarter.

In the absence of this provision, the system continued to generate pension for the subsequent quarters although instructions for discontinuation of pension had already been entered in the previous quarter in the cases detailed below:

*Table: 3.6.7*

District	Number of cases	Starting quarter/year	Ending quarter/year	Total quarters
Bilaspur	3	01/2002	04/2005	16
Chamba	2	01/2001	04/2002	8
Hamirpur	2	01/2002	04/2005	16
Kangra	3	01/2002	04/2005	16
Kullu	5	01/2003	04/2004	8
Mandi	4	04/2003	04/2005	9
Shimla	85	01/2003	04/2005	12
Sirmour	4	01/2003	04/2005	12
Solan	190	02/2001	04/2005	19
Una	10	01/2001	04/2005	20

The Director stated (September 2006) that the matter had been taken up with NIC to include the provision in the revised software.

#### **3.6.9.6 Unfruitful expenditure on development of Pension software**

An amount of Rs 0.89 lakh was paid in March 1996 by the Director to the Himachal Pradesh State Electronic Development Corporation (Corporation), Shimla for development of Pension software. This software was to be used at the Directorate for monitoring purposes and at DWOs Offices for pension disbursement. There was no evidence of supply and installation of this software as the department had been utilising the software developed by NIC. The Director stated (September 2006) that the matter was under investigation.

#### **3.6.9.7 Under utilisation of computers**

To improve the existing system of pension disbursement and monitoring, the Government sanctioned (March 1996) Rs 31.96 lakh for the purchase of computer hardware to be installed at the Directorate and the offices of 10 DWOs<sup>10</sup>. The department purchased (March 1997) 13 machines (including peripherals) valued at Rs 15.43 lakh for the Directorate and 10 machines (including peripherals) for Rs 15.65 lakh for district offices.

Audit scrutiny however, revealed that the work relating to disbursement of pension is being done by the staff of the DWOs on the computer nodes allotted to them by NIC. Also, no monitoring was being done through the computers by the department. These machines were being utilised for the work other than the work of pension disbursement and monitoring.

#### **3.6.10 Internal control**

Internal control is an important mechanism for ensuring smooth working of an organisation. It also ensures that various systems for scrutiny of applications, preparation of waiting list, timely sanction and remittance of pension and updating of the pensioners list, etc., have been put in place and are functioning properly. The rules also require TWOs to attend the meetings of the *Gram Sabhas* to review the pension cases and take suitable action to stop the pension of ineligible persons. Two Subordinate Accounts Service (SAS) qualified officials posted in the Directorate were also required, *inter alia*, to conduct inspection of the implementation of pension schemes in the field offices.

It was, however, noticed that against 69 sanctioned posts of TWOs (a key functionary in the field for implementation of the scheme), 28 posts were lying

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<sup>10</sup> Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Sirmour, Shimla, Solan and Una.

vacant as of September 2006. No inspection schedule was fixed for the TOWs and SAS officials. Due to ineffective internal control, deficiencies like delay in sanctioning the pension, sanctioning/payment of double pension, sanction of pension to ineligible persons, non-verification of pension disbursement, allotment of duplicate ID numbers were noticed in the implementation of the scheme.

### **3.6.11 Monitoring**

According to the Government instructions of August 2001, the DWOs were required to send report of new pensioners at the end of each quarter to the Director, who would further furnish quarterly consolidated report to the State Government. Audit scrutiny revealed that the consolidated reports were neither submitted to the Government nor were such reports called for by the Government. Clearly, in the absence of these reports, the State Government was not able to know the number of new pensioners added in a particular quarter.

The department had not prescribed any procedure to monitor the number of eligible persons for grant of pension in the State as also the number of applications waiting for grant of pension.

The Director informed (September 2006) that the monitoring system had been streamlined and matter had also been taken up with the NIC to make provision in the proposed new system for better monitoring.

### **3.6.12 Evaluation**

The State Government directed (January 2000) all the DCs to review the cases of old age and widow pensions through *Gram Sabha* meetings to ensure complete transparency and legitimate coverage. The review work was however, suspended by the Government in August 2000 stating that the DCs were not in a position to conduct the survey of pensioners.

The State Government assigned (July 2003) the evaluation of the pension scheme to the Economics and Statistics Department (ESD). On the basis of a survey covering 1,67,121 beneficiaries selected at random in 150 *panchayats*, the ESD reported (July 2004) that there were 20 *per cent* such persons who were receiving other benefits alongwith pension, 23.5 *per cent* of cases were ineligible on the basis of excess income criteria and 10-20 *per cent* of cases pertained to both husband and wife receiving pension. The department had not taken any action on this report. On this being pointed out, the Director stated (September 2006) that the ESD would be asked to submit the list of ineligible pensioners identified during random check for taking further action in the matter.

Had the review of old age and widow pension scheme as directed by the Government in January 2000 been completed, the discrepancies and lapses pointed out by the ESD survey report could have been avoided.

### **3.6.13 Conclusion**

The department has not evolved an effective mechanism for ensuring finalisation of pension to eligible persons in a timely manner. Further, there were numerous deficiencies in the manual as well as the computerised system for pension payment. Several cases of payments to ineligible persons and double payment of pension for the same period were noticed, and effective manual and computerised controls to prevent such payments were absent. Further, the department did not have consolidated information about the number of eligible persons and the number of pending applications for grant of pension.

### **3.6.14 Recommendations**

- *The software should have a provision for generating and maintaining a waiting list of pending applications, based on the priority criteria fixed by the Government at the District level.*
- *Acknowledgements for receipt of pension should be appropriately recorded to ensure effective monitoring of actual receipt of pension.*
- *Procedures for obtaining life certificates and widow non-marriage certificates should be effectively enforced.*
- *All relevant fields in the database e.g. date of birth, date of commencement of pension, etc., should be mandatorily captured.*
- *Data validation checks should be incorporated.*
- *Data backups should be taken at specified intervals, and tested.*

These findings were referred to the Government in June 2006; their reply had not been received (August 2006).