

CHAPTER-III

Civil Departments

SECTION - A - REVIEWS

Planning Department

3.1 Local District Planning and Vidhayak Kshetra Vikas Nidhi Yojana

Highlights

No shelf of development works at the district/block level was prepared and the works were sanctioned by the Deputy Commissioners without the approval of the development committees. Unspent funds during 1997-2002 ranged between Rs 19.11 lakh and Rs 4.83 crore. Of 2,887 works sanctioned in three districts during 1997-2002, 2429 works (84 per cent) were actually completed. Rupees 2 crore remained unspent with 25 executing agencies in three districts which resulted in non-commencement of development works thereby defeating the objectives of the schemes. Execution of the schemes was not monitored as prescribed. Evaluation of schemes to assess the impact had also not been done.

- *No shelf of developmental works at the district and block level in Bilaspur, Kangra and Sirmour districts was prepared and 2,887 individual works proposed by the Gram Panchayats were sanctioned by DCs.*

(Paragraphs 3.1.4(i) and 3.1.7)

- *Unspent funds ranging between Rs 19.11 lakh to Rs 4.84 crore remained with Deputy Commissioners at the end of March each year alongwith interest of Rs 23.41 lakh accrued thereon during 1997-2002 and were not refunded into treasury as envisaged in the guidelines. The unutilised balance of Rs 2 crore with 25 executing agencies in Bilaspur, Kangra and Sirmour districts during the same period was also not deposited into the treasury.*

(Paragraph 3.1.6(b))

- *Against 2,887 works sanctioned by the Deputy Commissioners, only 2,429 works were completed as of February 2002 by 25 executing agencies. Remaining 458 works were not completed within prescribed scheduled time.*

(Paragraph 3.1.7(i))

The abbreviations used in this review have been listed in the Glossary in Appendix-XVIII (Page-184-185).

- *Additional funds of Rs 65.99 lakh were sanctioned by the three Deputy Commissioners between 1997 and 2002 for the completion of 263 ongoing works already financed from the LDP funds in disregard of the guidelines.*

(Paragraph 3.1.7(iii))

- *305 works, execution of which was not permissible under the scheme were sanctioned and executed for which Rs 1.25 crore was released by DCs to the executing agencies.*

(Paragraph 3.1.7(iv))

- *87 works valuing Rs 1.44 crore were executed through contractors in contravention of the instructions of the Government.*

(Paragraph 3.1.8)

3.1.1 Introduction

Local District Planning (LDP) scheme was launched in the State in 1984-85 except in tribal areas. The Government launched another scheme *Vikas Main Jan Sahyog (VMJS)* in 1994 under LDP. For the works executed under VMJS 25 per cent and 50 per cent contributions were to be deposited in advance by the beneficiaries in rural and urban areas respectively. The LDP scheme was discontinued during 1999-2000 and a new scheme “*Vidhayak Kshetra Vikas Nidhi Yojana*” (VKVNY) was launched in January 2000. Under this scheme each Member of Legislative Assembly (MLA) had the choice to recommend developmental works upto Rs 15 lakh during 1999-2000 and upto Rs 20 lakh from 2000-01.

The objective of these schemes was the execution of small developmental works of local importance, which would cater to the urgent needs of local people by way of creating community assets and employment opportunities. Such works include building of Government educational institutions, rural water supply schemes, motorable roads, minor irrigation schemes and multipurpose community centres, etc. Budget provision for the schemes was to be made every year out of State Plan.

3.1.2 Organisational set up

At the State level Principal Advisor-cum-Secretary (Planning) was the Head of Department/Nodal Officer for these schemes. At the district level the concerned Deputy Commissioners (DCs) were the Controlling Officers. The scheme was to be implemented through Block Development Officers (BDOs), Executive Engineers (EEs) of Public Works (PWD)/Irrigation and Public Health (IPH) Departments and Municipal Committees, etc.

3.1.3 Audit coverage

The implementation of the schemes for the period 1997-98 to 2001-2002 was reviewed from February to April 2002, based on the test-check of records of Principal Advisor-cum-Secretary (Planning), three DCs (Bilaspur, Kangra and Sirmour), 13 BDOs¹, 8 EEs² of PWD/IPH, one Additional Superintending Engineer, Himachal Pradesh State Electricity Board (HPSEB), Nahan and three municipal committees³. Thirty one *per cent* of the expenditure incurred on the scheme during 1997-2002 was test-checked. The results of the test-check are discussed in the succeeding paragraphs.

3.1.4 Planning

Under the LDP schemes the DC was required to prepare a shelf of developmental works containing block-wise works to be undertaken under the scheme on the basis of block-wise plan for execution by various executing agencies in the district. The shelf of developmental works was to be approved in the meeting of District Planning, Development and 20 Point Programme Review Committee (Committee) and thereafter DC was to accord sanction for the developmental works.

Following points were noticed:

(i) No shelf of the developmental works was prepared in any of the districts/blocks test-checked. DCs approved individual works as and when proposed by the *Gram Panchayats* through BDOs throughout the year. The DCs stated (February-March 2002) that shelf of works was not prepared to avoid delay in sanction of works. The reply is not tenable as the prescribed procedure was not observed.

(ii) The DCs, Kangra and Bilaspur sanctioned developmental works under the LDP scheme without the recommendation of the Committees. Only one meeting of the Committee was held in October 1998 in DC office, Sirmour at Nahan. The DC, Bilaspur stated (March 2002) that the shelf of works could not be got approved as the Committee was constituted in January 2000. The DC, Kangra did not intimate the reasons (March 2002). The reply is not tenable as works were to be sanctioned by the DCs only after the approval of the shelf of works by the Committees.

3.1.5 Funding pattern

The schemes were fully financed by the State Government. Funds for the implementation of the schemes were placed at the disposal of DCs of respective districts by the Planning Department which were further released to

1 Baijnath, Bhawarna, Bilaspur, Dehra, Ghumarwin, Lambagaon, Jhandutta, Nagrota Bagwan, Nahan, Pachhad, Panchrukhi, Pragpur and Paonta Sahib.

2 Bilaspur Division-I, II, I&PH, Dharamsala Division PWD, I&PH, Rajgarh, Nahan PWD, I&PH and Add. S.E. Electrical Nahan.

3 Bilaspur, Dharamshala and Nahan.

respective executing agencies viz. BDOs, EEs, PWD/IPH and Municipal Committees, etc.

3.1.6 Financial outlay and expenditure

(a) Against the budget provision of Rs 86.89 crore for LDP and VMJS during 1997-2002, an expenditure of Rs 86.42 crore was incurred. Further against the budget provision of Rs 22.90 crore for the implementation of VKVNY during 1999-2002 expenditure of Rs 22.90 crore was incurred.

(b) The allocation of the funds and expenditure incurred, as per the records of the DCs during 1997-2002 (upto February 2002) in three districts test-checked was as under:

Table: 3.1

(Rupees in lakh)

Year	Opening balance	Funds allocated by Planning Department	Total funds available with DCs	Funds distributed by DCs to executing agencies	Balance unspent with DCs
1997-98					
LDP	115.60	681.94	797.54	314.03	483.51
VMJS	222.49	300.40	522.89	345.75	177.14
1998-99					
LDP	483.51	231.35	714.86	473.60	241.26
VMJS	177.14	227.54	404.68	220.18	184.50
1999-2000					
LDP	241.26	217.70	458.96	315.24	143.72
VMJS	184.50	306.86	491.36	347.26	144.10
VKVNY	Nil	375.00	375.00	22.43	352.57
2000-2001					
LDP	143.72	103.47	247.19	173.84	73.35
VMJS	144.10	335.06	479.16	327.16	152.00
VKVNY	352.57	250.00	602.57	521.88	80.69
2001-2002					
LDP	73.35	-	73.35	54.24	19.11
VMJS	152.00	246.54	398.54	233.49	165.05
VKVNY	80.69	-	80.69	66.62	14.07
Total LDP		1234.46	---	1330.95	
Total VMJS		1416.40	---	1473.84	
Total VKVNY		625.00	---	610.93	
Total:		3275.86		3415.72	

Source: Departmental figures

The following points were noticed in audit:

(i) Non-utilisation/refund of funds

The funds allocated under the LDP scheme were to be utilised fully during the respective financial year and the unspent funds/savings, if any, at the close of the financial year were required to be deposited into the treasury under the receipt head of account. It was, however, noticed that at the close of each financial year during 1997-2002, amounts ranging from Rs 19.11 lakh to

Rs 4.84 crore remained unutilised with the DCs in the banks. The unspent balance and interest of Rs 23.41 lakh accrued during 1997-2002 thereon was not refunded to Government account and was carried forward to the next year in contravention of the guidelines. The DCs attributed (February 2002) the non-utilisation of funds to late receipt of funds and non-finalisation of detailed estimates of the works by the executing agencies in time. The DCs, Kangra, Sirmour and BDOs further stated that the interest accrued would be credited to the Government account now. The reply is not tenable as the unspent amount at the end of each year was to be deposited in the treasury.

Further, of Rs 20.02 crore released during 1997-2002 to 25 test-checked executing agencies in three districts, Rs 18.02 crore was utilised as of February 2002. The executing agencies stated (February-March 2002) that the non-utilisation of the balance amount of Rs 2 crore was mainly due to delay in finalisation of schemes, lack of interest shown by the *Panchayats*, site disputes and labour problems and also due to the works being still in progress. The replies of DCs and executing agencies are not tenable as the unspent amount was to be deposited in the treasury. Besides, non-utilisation of funds deprived the public of the intended benefits.

It was also noticed that quarterly physical and financial reports in the prescribed proformae were not sent by the executing agencies to the DCs. Thus, the DCs who were the controlling officers were neither aware of the actual progress of works for which funds were released nor of the unspent funds lying with the executing agencies.

(ii) Inadmissible expenditure

According to the schemes, the DCs were competent to utilize one *per cent* of total allocation under LDP and 0.75 *per cent* under VMJS as contingent expenditure for covering the cost of stationery, POL charges and cost of framing estimates. Test-check of records revealed that the DCs deducted Rs 14.61 lakh from the allotted funds during 1997-2002 for the above purpose and spent Rs 1.80 lakh on these items. The balance amount of Rs 12.81 lakh was spent by the DCs on wages, purchase of computer, maintenance contract of photostat machine and machinery and equipments although these items were not covered under the scheme. The DCs stated (February-March 2002) that expenditure incurred was due to non-provision of funds for planning cell, items purchased for effective monitoring of developmental schemes and for smooth functioning of office work. The replies are not tenable as the expenditure incurred on these items was not covered under the schemes.

(iii) Payment of contributions out of pre-established fund

Under the scheme VMJS, voluntary contribution is to be borne by the public for construction of a specific work. The public contribution from any pre-established funds, such as school building funds, Red Cross or offering in temples, etc., was strictly prohibited.

Test-check of records revealed that Principal Advisor (Planning), sanctioned Rs 76.92 lakh during March 1997 under VMJS for the construction of students activities centre Phase-I & II in Government College, Dharamsala for which the Principal of the College paid Rs 21.75 lakh out of Parent-Teacher Association funds (PTA funds) to DC, Kangra in October 1996 and April 2000 as contribution for the construction of the building in contravention of the provisions of the schemes.

The DC, Kangra stated (February 2002) that there was no mention in the certificates issued by the College that the contribution was made out of PTA funds. The reply of the DC is not tenable as the details of accumulation of funds in PTA during 1996-2000 and interest accrued thereon had been mentioned in the certificates furnished by the College.

3.1.7 Physical achievement of works

Details of works taken up and completed during 1997-2002 (upto February 2002) by the executing agencies test-checked have been tabulated below:

Table: 3.2

(Rupees in lakh)

Period	Number of works sanctioned	Amount sanctioned/ released	Number of works completed		Number of incomplete works		Balance lying in banks
			Number	Expenditure	Number	Expenditure	
1997-98							
LDP	579	243.60	552	232.30	28	7.46	3.84
VMJS	244	252.94	234	167.97	9	74.96	10.01
1998-99							
LDP	373	219.18	337	194.87	36	15.52	8.79
VMJS	206	198.76	196	178.84	10	16.21	3.71
1999-2000							
LDP	231	136.95	184	97.11	52	18.89	20.95
VMJS	127	181.31	115	150.73	7	19.00	11.58
VKVNY	21	9.12	21	9.12	-	-	-
2000-2001							
LDP	212	74.57	146	43.88	70	11.86	18.83
VMJS	155	215.52	119	144.98	32	38.84	31.70
VKVNY	627	306.37	495	219.32	132	48.18	38.87
2001-2002							
LDP	11	10.75	4	2.48	7	6.93	1.34
VMJS	92	142.56	18	16.44	74	75.73	50.39
VKVNY	9	10.62	8	10.31	1	0.25	0.06
Total:	2887	2002.25	2429	1468.35	458	333.83	

Works like school buildings, rural roads, multipurpose community centres and rural water supply schemes were executed by the executing agencies. The LDP scheme was discontinued during the year 1999-2000. However, 223 works worth Rs 85.32 lakh were sanctioned under the scheme by the DCs during 2000-02 out of the funds lying unspent with them in contravention of the guidelines.

Audit scrutiny revealed the following:

(i) Delay in completion of works

Under the schemes, only viable works were to be sanctioned for execution which could be completed in the financial year or within one year from the date of sanction. Test-check of records of the executing agencies revealed that out of 2,887 works sanctioned during 1997-2002 (upto February 2002), 2,429 works had been completed by the executing agencies and the remaining 458 works were in progress (March 2002). Of these 376 works on which an expenditure of Rs 2.51 crore had already been incurred were incomplete for the last one to four years and as such deprived the beneficiaries of the intended benefits.

Test-check of the records of two BDOs further revealed that construction of 33 works (Nagrota Bagwan: 31, Poanta Sahib: 2) at a cost of Rs 17.83 lakh was taken up between 1997 and 2001. The construction work had, however, been abandoned after incurring an expenditure of Rs 13.76 lakh between September 1997 and April 2000 and these works had not been completed even after the lapse of one to four years. The expenditure of Rs 13.76 lakh and unspent balance of Rs 4.07 lakh had, therefore, not yielded the intended benefit to the beneficiaries.

The executing agencies stated (February-April 2002) that delay in completion of works was due to land disputes, paucity of funds, *Panchayats* not taking interest in the developmental works, etc. The reply was not tenable as these aspects should have been taken into account before the commencement of the works. Thus, the executing agencies failed to adhere to the scheduled period of completion envisaged in the schemes.

(ii) Sanction of works without technically approved estimates

According to the LDP schemes, the allotment/sanction of funds without prior technically approved estimates from the competent technical officer/authority is prohibited. It was, however, noticed in audit that 374 works like construction of paths, foot bridges, school buildings, *Mahila Mandal Bhawans*, link roads, etc., involving Rs 2.30 crore were sanctioned by two DCs (Kangra and Bilaspur) between 1997-2002 without the approval of technical authority. The DC, Bilaspur stated (March 2002) that the sanction to the works were accorded without estimates to avoid delay in their commencement. The DC, Kangra did not offer any comments. Reply of the DC, Bilaspur is not tenable as the works were to be sanctioned as per guidelines of the schemes.

(iii) Irregular spending of LDP funds for ongoing works

According to the guidelines, the works to be executed under LDP were strictly required to be completed within the sanctioned funds only with no provision for additional funds.

It was noticed that additional funds of Rs 65.99 lakh were sanctioned by the DCs, Bilaspur, Kangra and Sirmour on the request of the concerned executing agencies between 1997 and 2002 for the completion of 263 ongoing works already financed from the LDP funds. The DCs stated (February-March 2002) that additional funds were sanctioned from LDP as it was in the interest of the districts to complete these works so that desired results could be achieved. The reply of the DCs was not tenable as it was in contravention of the guidelines of the schemes.

(iv) Sanction of inadmissible works

During 1997-2002, 305 inadmissible works such as paths, office buildings, etc. involving expenditure of Rs 1.25 crore⁴ were sanctioned by DCs, Bilaspur, Kangra and Sirmour and funds released to the executing agencies in contravention of the guidelines. The DCs stated (February-March 2002) that these works were sanctioned keeping in view the basic requirements of the people for which no specific or earmarked funds were available. The reply is not tenable as the works were not covered under the schemes.

(v) Non-commencement of work

Under the LDP scheme only viable works were to be sanctioned for execution and required to be completed within the same financial year or within one year from the date of issue of the sanction.

Test-check revealed that 27 works costing Rs 34.49 lakh (Bilaspur 9 works: Rs 12.68 lakh; Kangra 17 works: Rs 21.50 lakh and Sirmour 01 works: Rs 0.30 lakh) sanctioned during 1997-2001 were to be commenced as of February 2002.

3.1.8 Unauthorised execution of works through contractors

The works were to be executed departmentally through *Panchayats* by employing labourers so that full benefit of employment and wages could reach the local labourers. Test-check revealed that 87 works valued at Rs 1.44 crore were executed through contractors between 1997-98 and 2001-2002 against the guidelines of the schemes. The executing agencies stated (February-March 2002) that the works were got executed through contractors due to shortage of skilled labourers. The reply is not tenable as the works were to be executed as per instructions of the Government.

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Bilaspur 11 works: Rs 8.95 lakh; Kangra 221 works: Rs 88.53 lakh and Sirmour 73 works: Rs 27.73 lakh.

3.1.9 Non-furnishing of completion certificates

Completion certificates of 494 works valued at Rs 2.74 crore completed during 1997-2002 had not been sent by the 8 executing agencies⁵ to the DCs and resultantly these were also not sent by the DCs to the Principal Advisor (Planning) as required under the guidelines.

3.1.10 Non-transfer of assets created to *panchayats*

It was noticed that in 25 test-checked units assets amounting to Rs 14.68 crore were created out of the LDP/VMJS/VKVN funds between 1997-98 and 2001-2002 but the same had not been handed over to the concerned *Panchayats/Departments/Agencies* (March 2002) as required.

The BDOs stated (February-April 2002) that the practice of handing over of assets was not followed as most of the works were being executed through the concerned *Panchayats*. The BDOs further stated that assets would be handed over/transferred in future. The plea of the BDOs is not tenable as the possession of the assets should have been given to the concerned agencies for their maintenance.

3.1.11 Inspection of works

For effective implementation of the works taken up under the scheme, officers were responsible for spot inspections of the works to ensure that these progressed satisfactorily as per the prescribed procedure and specifications. A schedule of inspection which prescribed the minimum percentage of field visit for each supervisory level functionary had been drawn by the Planning Department as under:

Sr. No.	Authorised Officer for inspection	Percentage of inspection prescribed
1	BDO/Junior Engineer (Development)	100
2	District Planning Officer	15
3	Sub-Divisional Officer (Civil)	10
4	Additional Deputy Commissioner	5
5	Deputy Commissioner	4
6	Officer from State Planning Department	1

In the districts, test-checked, no records of inspections by BDOs' District Planning Officers, SDMs, ADMs and DCs were maintained/made available. However, the inspection notes of the District Planning Officer, Kangra for the period 2001-2002 and Nahan for the period 1997-2002 were available.

5

Bajnath, Bilaspur, Ghumarwin, Jhandutta, Nagorta Bagwan, Nahan, Panchrukhi and Paonta Sahib.

The concerned DCs and BDOs stated (February 2002) that the works were inspected while on tour. The Principal Advisor (Planning) stated (February 2002) that the field inspections of the works under the scheme were being carried out by the officers of the Planning Department (State Headquarters), but no specific records of such inspections were maintained. The reply is not tenable as records of inspections should have been maintained to facilitate follow up action on the deficiencies noticed.

3.1.12 Monitoring, reporting and evaluation

Implementation of the schemes was to be monitored by the Principal Advisor, Planning Department at the State level and the DCs at the district level. The DCs in each district were required to submit quarterly progress reports showing physical and financial achievements to the Principal Advisor (Planning) by 10th of July, October, January and April every year. A perusal of the records of the districts test-checked revealed that none of the DCs had submitted such reports for 1997-98 to 2001-2002. The DCs stated (February 2002) that the executing agencies were not submitting these reports despite directions given to them in the monthly meetings.

No evaluation of the schemes was done during 1997-2002 by the department or by any other agency to assess the impact of the scheme and its contribution to the overall development of the Districts/State.

3.1.13 Conclusion

Meetings of the Review Committees were not held regularly in the districts to approve the shelf of works to be executed by the executing agencies. Individual works were sanctioned by the DCs instead of preparing a shelf of schemes and getting them approved from Committees. Development funds remained unutilised with the DCs and executing agencies and unspent balances at the end of the year were not deposited in the treasury as prescribed. Quarterly physical and financial progress reports were not sent. The scheme guidelines were not followed during implementation of the schemes. The implementation of the schemes was not monitored at the District and State level and no evaluation of the scheme was conducted to judge the impact of the schemes.

These points were referred to the Government in May 2002; reply had not been received (August 2002).

Rural Development Department
3.2 Swarnjayanti Gram Swarozgar Yojana**Highlights**

The objective of the SGSY was to bring 30 per cent of the rural poor above the poverty line during 1999-2004. The proportional targets for three years, i.e., 1999-2002 had not been achieved and there was shortfall of 43 per cent. There was shortfall in coverage of vulnerable groups of the society. Three member teams were not constituted to identify the potential swarozgaris and one time identification was not done. Lapses in selection of key activities and preparation of project reports for each key activity were noticed. Cases of unauthorised and excess release of subsidy were noticed. A special project for installation of 400 hydrams for Rs 10.47 crore was not well conceived. Adequate monitoring of the programme had not been done. Some significant audit findings were as under:

- *Shortfall in expenditure on training, infrastructure development and revolving fund to SHGs ranged between 46 and 81 per cent.*

(Paragraph 3.2.5(a)(iv))

- *Out of Rs 19.36 crore, released by the GOI/State Government for Special Projects under SGSY during 1999-2002, Rs 2.46 crore only could be utilised and remaining Rs 16.90 crore was lying unutilised with five DRDAs. Out of 151 hydrams purchased (2000-2001) under one of the special projects for Rs 1.45 crore, 130 hydrams costing Rs 1.25 crore were not installed due to improper survey and overlapping of two similar projects.*

(Paragraphs 3.2.5(b) & 3.2.8(a))

- *During 1999-2002, there was shortfall of 43 per cent in coverage of poor families under the SGSY, while district-wise percentage of shortfall ranged between 28 and 64.*

(Paragraph 3.2.6(a)(i))

- *Against the required 50 per cent coverage of SC/ST beneficiaries under the programme, the actual coverage in nine districts ranged between 25 and 49 per cent. Similarly, against the required 40 per cent coverage for women, the actual coverage in four districts ranged between 16 and 35 per cent.*

(Paragraph 3.2.6(a)(ii))

- *One time selection of swarozgaris to be benefited during the year was not done. In nine blocks, assistance of Rs 41.86 lakh was released to 123 beneficiaries, whose names did not figure in the approved list of BPL families.*

(Paragraph 3.2.6(b) (i) & (v))

- *622 erstwhile DWCRA groups were neither strengthened nor converted into SHGs as required. Rs 1.20 crore released to these groups in the past as revolving fund either remained with the members of the DWCRA groups or with the banks.*

(Paragraph 3.2.7(ii))

3.2.1 Introduction

To tackle the problem of rural poverty, a number of programmes were implemented from time to time. The substantive issue of sustainable income generation could not be addressed because of the multiplicity of programmes, lack of proper social intermediation, absence of desired linkages among these programmes and implementation being more concerned with achieving individual programme targets. In Himachal Pradesh, even after incurring an expenditure of Rs 22.89 crore on IRDP during 1994-99, the number of families below poverty line (BPL) increased from 2.59 lakh (1994-95) to 2.86 lakh (1998-99). 2,182 youth trained under Training of Rural Youth for Self Employment (TRYSEM) during 1995-99 at a cost of Rs 58.30 lakh had not been settled. To rectify the situation, erstwhile six¹ self-employment programmes were restructured as “*Swarnjayanti Gram Swarozgar Yojana (SGSY)*” from April 1999. This was a holistic programme covering all aspects of self-employment such as organisation of rural poor into self help groups (SHGs), providing training, credit, technology, infrastructure and marketing facilities.

3.2.2 Aims and objective

SGSY aimed at establishing a large number of micro-enterprises in the rural areas, building upon the potential of rural poor. The objective was to bring the assisted families (*swarozgaris*) above the poverty line in three years by ensuring that the family had a monthly net income of at least Rs 2000 excluding repayment by providing income generating assets through a mix of bank credit and Government subsidy. Subsidy was back ended*. Subject to availability of funds, the effort was to cover 30 *per cent* of poor families in each block in the five years after commencement of the scheme.

1 Integrated Rural Development Programme(IRDP), (ii) Training of Rural Youth for Self Employment (TRYSEM), (iii) Development of Women and Children in Rural Areas (DWCRA), (iv) Supply of Improved Toolkits to Rural Artisans (SITRA); (v) *Ganga Kalyan Yojana* (GKY) and (vi) Million Well Scheme (MWS).

* Back ended: As per guidelines the subsidy would be released to the *swarozgaris* at the end after they repay the whole loan as per number of installments to be fixed.

3.2.3 Organisational set up

The overall responsibility for the implementation of SGSY rested with the Commissioner-cum-Secretary (Rural Development), assisted by the Director-cum-Special Secretary, Rural Development (Director) at the State Level. At the district level, the respective Deputy Commissioners, who were the Chief Executive Officers (CEOs) of the District Rural Development Agencies (DRDAs) were assisted by the Project Directors (Additional Deputy Commissioners) and Project Officers in implementation of the programme. The Block Development Officers (BDOs) were responsible for implementation of the programme at block/grass-root level.

3.2.4 Audit coverage

The implementation of the programme during 1999-2002 was reviewed in audit (December 2001-April 2002) in the Directorate of Rural Development Department (RDD), three² out of 12 DRDAs and nineteen³ out of 75 development blocks in the State. Thirty two *per cent* expenditure on the programme incurred to cover 34 *per cent* BPL families was test-checked.

3.2.5 Financial outlay and expenditure

(a) SGSY was funded by the Centre and the State in the ratio of 75:25. The unspent balances of erstwhile programmes as on 1 April 1999 were pooled under SGSY and utilised accordingly. Besides, 15 *per cent* funds out of total SGSY allocation were set apart by the GOI for special projects under SGSY. Financial targets were also fixed by the GOI in terms of credit mobilisation (bank credit and Government subsidy). The central allocation of funds to the State was based on incidence of poverty in the State. Funds were directly released by the GOI/State Government to the DRDAs.

Position of year-wise allocation of funds and actual release by the GOI and State and expenditure incurred thereagainst was as under:

Table: 3.3

(Rupees in crore)

Year	Funds allocated			Funds released			Expenditure	Excess of expenditure over the release
	Central	State	Total	Central	State	Total		
1999-2000	5.80	1.93	7.73	4.76	1.59	6.35	6.67	0.32
2000-2001	4.94	1.65	6.59	2.46	0.82	3.28	7.71	4.43
2001-2002	2.86	0.95	3.81	2.86	0.72	3.58	7.65	4.07
Total:							22.03	

Source: Departmental figures.

2 Kangra, Solan and Una.

3 Bajnath, Bhawarna, Dehra, Indora, Kangra, Lambagaon, Nagrota Bagwan, Nagrota Surian, Pragpur and Rait (District Kangra), Dharampur, Kandaghat, Kunihar, Nalagarh and Solan (District Solan), Amb, Bangana, Gagret, and Una (District Una).

Following points were noticed:

(i) The excess of expenditure ranged from Rs 0.32 crore to Rs 4.43 crore during 1999-2002. The excess expenditure was met out of unspent balances of Rs 6.51 crore relating to erstwhile schemes pooled under SGSY.

(ii) The State Government had not released its share of Rs 0.98 crore for the year 2001-2002 for special projects under SGSY as of July 2002. Director stated (July 2002) that funds could not be released for want of concurrence by the Planning Department.

(iii) Shortage of funds for the implementation of the programme to the tune of Rs 1.40 crore was noticed during 2001-2002 in test-checked districts and blocks. To meet the shortage of funds, Rs 47.50 lakh was diverted by Project Officer, DRDA, Kangra from a closed State Plan scheme “*Gandhi Kutir Yojana*” and Rs 18.31 lakh was diverted by the BDO, Nalagarh from other schemes to SGSY and cases requiring assistance worth Rs 74.42 lakh (subsidy component) was lying pending in 14 Blocks⁴ for want of funds.

(iv) During 1999-2002, a sum of Rs 22.03 crore was spent on four components of the SGSY. However, the prescribed ratio of expenditure on each component was not adhered to by any of the DRDAs of the State. Component-wise position of prescribed limit of expenditure and actual expenditure incurred during 1999-2002 was as under:

Table: 3.4

(Rupees in crore)

Sr. No.	Name of component	Prescribed percentage of expenditure against total allocation	Required expenditure	Actual expenditure	Variation (+)Excess (-)Shortfall	Percentage of variation	Actual percentage of expense against allocation
1	Training Fund	10	2.20	0.42	(-) 1.78	81	1.9
2	Infrastructure Fund	20	4.40	2.37	(-) 2.03	46	10.8
3	Revolving Fund	10	2.20	0.92	(-) 1.28	58	4.2
4	Subsidy for economic activities	60	13.23	18.32	(+) 5.09	38	83.1
Total			22.03	22.03			

Source: Departmental figures.

4 Baijnath:Rs 12 lakh; Kangra: Rs 7.38 lakh; Lambagaon: Rs 7 lakh; Nagrota Bagwan: Rs 1.90 lakh; Nagrota Surian: Rs 4 lakh; Pragpur: Rs 2.60 lakh and Rait: Rs 3.99 lakh (Kangra District.), Dharampur: Rs 2 lakh; Kandaghat: Rs 1.50 lakh and Kunihar: Rs 6 lakh (Solan Dist) and Amb: Rs 12.05 lakh; Bangana: Rs 4 lakh; Gagret: Rs 5 lakh and Una: Rs 5 lakh (Una District).

The shortfall in expenditure on three components, viz. Training, Infrastructure development and Revolving Fund for Self Help Groups (SHGs) was 81, 46 and 58 *per cent* respectively, while expenditure on subsidy component had exceeded the prescribed ratio by 38 *per cent*. Further, 83.1 *per cent* of total allocation was spent on subsidies as against 60 *per cent* envisaged in the guidelines. Resultantly, adequate skill of the *swarozgaris* was not developed, sufficient infrastructure suiting to the needs of *swarozgaris* not created and capacity building of SHGs not fully ensured.

The Director expressed ignorance about non-maintenance of the prescribed percentage of expenditure by the DRDAs on different components of the SGSY. This indicated that proper monitoring was not done at the directorate level.

(v) State Government sanctioned (21 February 2000) and released State share of grant-in-aid of Rs 15.79 lakh each to DRDA, Kullu and Solan for 1998-99 under IRDP. The sanction letter was not addressed/endorsed to the DRDA, Una and Treasury Officer Una. However, in the sanction letter name of DRDA was incorrectly mentioned as Una instead of Solan. The amount of Rs 15.79 lakh was drawn by DRDA, Una in February 2000. The Treasury Officer, Una also failed to object to the unauthorised withdrawal. This amount was eventually deposited in the treasury in February 2001 after keeping it in a bank account for one year. Besides retention of Government money outside Government account for one year, the interest of Rs 0.63 lakh earned by the DRDA was also not credited to Government account.

The Project Officer, DRDA, Una attributed (December 2001) the unauthorised withdrawal to typographical mistake in sanction letter. The reply was not tenable as sanction letter was neither addressed to the DRDA, Una nor copy thereof endorsed to the Treasury Officer, Una.

(b) The funds released by the GOI/State Government for the implementation of special projects under SGSY during 1999-2002 were as follows:

Table: 3.5

(Rupees in crore)

Year	Number of special projects	Project cost	Funds released			Expenditure	Unutilised funds as of 31 March 2002
			Centre	State	Total		
1999-2000	1	10.47	2.44	0.81	3.25	1.60	1.65
2000-2001	1	8.40	1.23	0.41	1.64	0.55	1.09
2001-2002	4	46.87	11.59	2.88	14.47	0.31	14.16
Total	6	65.74	15.26	4.10	19.36	2.46	16.90

Source: Departmental figures

Out of Rs 19.36 crore, released by the GOI/State Government for special projects under SGSY during 1999-2002, Rs 2.46 crore only had been spent while remaining amount of Rs 16.90 crore was lying unspent with the five DRDAs⁵ as of April 2002.

The Director attributed (April 2002) non-utilisation to receipt of funds from the GOI at the fag end of 2001-2002. The reply is not tenable because out of Rs 4.89 crore released during 1999-2001 for two projects, Rs 2.74 crore was lying unutilised as of April 2002.

(c) Position with regard to targets fixed by GOI for credit mobilisation for 1999-2002 and actual achievements thereagainst was as under:

Table: 3.6

(Rupees in crore)

Year	Target	Achievement	Shortfall (-) Excess (+)
1999-2000	20.00	22.23	(+) 2.23
2000-2001	20.00	22.10	(+) 2.10
2001-2002	20.00	26.39	(+) 6.39

Source: Departmental figures

3.2.6 Programme implementation

(a) Physical achievements

The target under SGSY was to cover broadly 30 *per cent* of the poor in each block in five years commencing from April 1999. The position of district-wise coverage of BPL families at the end of third year from the launching of the programme is given in Appendix-X (a).

The following points emerged:

(i) Shortfall in achievements

There was significant overall shortfall of 43 *per cent* in physical achievement of targets in the state, while the district-wise percentage of shortfall ranged between 28 and 64.

⁵ Bilaspur:Rs 1.09 crore; Hamirpur: Rs 2.94 crore; Mandi: Rs 4.82 crore; Shimla: Rs 5.30 crore and Solan: Rs 2.75 crore.

The Director attributed (April 2002) the shortfall to making institutional arrangements on introduction of SGSY during 1999-2000 and non-provision of proportionate coverage of 30 *per cent* BPL families in five years in the guidelines.

(ii) Low coverage of vulnerable groups

Focus under SGSY was particularly on the vulnerable groups among the rural poor. Accordingly, the norms for coverage of SC/ST, women and the disabled under the programme had been fixed by the GOI at 50 *per cent*, 40 *per cent* and 3 *per cent* of the *swarozgaris* respectively. The position of coverage of vulnerable groups during 1999-2002 is given in Appendix-X (b).

It would be seen that coverage of SC/ST families in three districts⁶ was as per the norms while in nine districts⁷ coverage ranged between 25 and 49 *per cent*. The coverage of women beneficiaries in four districts⁸ ranged between 16 and 35 *per cent*. Out of 2,944 handicapped persons, only 99 handicapped *swarozgaris* were assisted during 1999-2002. No handicapped persons were covered under the scheme in five districts. In seven districts⁹ the percentage ranged between 0.06 and 2.04.

The Director was not aware of the reasons for low coverage of these vulnerable groups. However, the BDOs stated (December 2001–April 2002) that the SC/ST preferred taking assistance at low interest rate from SC and ST Corporation. The reply was not tenable as there was provision of subsidy upto Rs 10,000 to SC/ST *swarozgaris* under SGSY also.

(b) The following points were noticed during test-check in the implementation of the scheme in three DRDAs and 19 blocks.

(i) Non-identification of potential *swarozgaris*

A three member team consisting of the BDO or his representative, the banker and the *Pradhan* of the concerned *panchayat* was to visit each of the habitations in the *panchayat*. The team was to ascertain from the BPL families the persons who could be covered under the designated key activity. The *swarozgaris* could be individuals or groups (SHGs). However, emphasis was to be laid on group approach.

6 Kinnaur, Lahaul and Spiti and Solan

7 Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour and Una

8 Chamba, Kinnaur, Kullu and Lahaul and Spiti

9 Bilaspur, Chamba, Kangra, Mandi, Shimla, Sirmour and Solan.

In nineteen test-checked blocks, it was noticed that no such team was constituted to identify the potential *swarozgaris*. Thus one time identification of *swarozgaris* was not done, as required. Due to non-identification of *swarozgaris*, the final list of *swarozgaris* selected for a year was not got printed and made available to the *Gram Panchayats* for placing the same before the next *Gram Sabha* for approval, as required in the guidelines.

The BDOs while confirming the above facts stated (December 2001-April 2002) that the assistance was provided to those persons of BPL families who came forward for assistance themselves as a result of awareness camps.

(ii) Selection of key activities

Based on the local resources and the aptitude as well as the skill of the people, a Block SGSY Committee was to identify about 8-10 activities that could be taken up by the *swarozgaris* in the next five years. Out of these, four-five activities, per block, were to be selected/approved by the district committee for final approval by the governing body of the DRDA. The process of final selection was to be completed in three months and key activities were to be reviewed after two years.

In three test-checked districts it was noticed that key activities for each block were approved by the respective DRDAs between January 2000-June 2000, though providing assistance to *swarozgaris* for taking up various activities had already started in April-June 1999. DRDAs, Kangra and Solan had not got the list of key activities approved from the governing body of the DRDA. In Kangra district the key activities were identified and approved by the DRDA without involving the block SGSY committee. The Project Officer stated (December 2001) that due to shortage of time, information regarding activities were telephonically obtained from the blocks. The key activities had not been reviewed after two years, as required. Thus the objective of the scheme to draw sustainable income from the investment of *swarozgaris* was not fully achieved.

(iii) Non-preparation of project reports

Project reports, indicating the various elements such as training, credit, technology, infrastructure and marketing were required to be prepared by the block SGSY committees for each activity and for each block separately. On approval by the district SGSY committee, activity-wise project reports were to be placed before the governing body of the DRDA for final approval.

In Kangra and Una districts, the project reports for activities had not been prepared. In the absence of project reports for each key activity, it could not be ascertained as to how *swarozgaris* were assisted in a block under a key activity.

The Project Officers of these DRDAs stated (December 2001-February 2002) that the project reports were not received from the blocks. The reply was not tenable as the PO was one of the members of block level SGSY committee and was responsible for monitoring the progress of programme.

(iv) Delay in sanction of loans by the banks

The guidelines provided that the banks shall not take more than fifteen days from the date of receipt of applications from the *swarozgaris* to sanction the loan.

(a) In all the nineteen test-checked blocks, it was noticed that system had not been devised to monitor the timely release of loan to *swarozgaris* and also to watch re-payment of recovery. In four blocks¹⁰, the delay in release of loan from the date of submission of applications to the banks ranged between one to 18 months, while information in this regard was not available in the remaining 15 blocks. BDOs, however, stated that generally one to two months were taken by banks in releasing the loan to the *swarozgaris*.

(b) In twelve blocks¹¹, loan cases of 167 beneficiaries for Rs 45.13 lakh (loan: Rs 33.24 lakh and subsidy: Rs 11.89 lakh) sanctioned during 1999-2002 were returned by the banks to the BDOs, stating that the beneficiaries were reluctant to take the loan. This indicated that the beneficiaries were not adequately motivated to participate in the programme.

(v) Assistance to persons other than BPL households

The basis for identification of families for assistance under SGSY was the list of BPL households, identified through BPL census, duly approved by the *Gram Sabha*.

In nine blocks¹² it was noticed that during 1999-2002 assistance of Rs 41.86 lakh (subsidy: Rs 8.75 lakh and loan: Rs 33.11 lakh) was released to

10 Dharampur, Kunihar, Nalagarh and Bangana.

11 Baijnath, Dehra, Indora, Kangra, Lambagaon, Nagrota Bagwan, Pragpur, Rait (Kangra district), Dharampur (Solan district), Amb, Gagret and Una (Una district).

12 Dehra, Kangra, Nagrota Bagwan and Rait (Kangra district) and Dharampur, Kandaghat, Kunihar, Nalagarh and Solan (Solan district).

123 persons whose names did not figure in the approved list of BPL households.

(vi) Excess release of subsidy

Admissible rate of subsidy for BPL general category *swarozgaris* was 30 per cent of the project cost, subject to a maximum of Rs 7500. In respect of SC/ST *swarozgaris* the rate was 50 per cent of the project cost or Rs 10,000 whichever was less. For SHGs, (each group consisting of 10 to 20 members) the rate of subsidy was 50 per cent of the project cost, subject to a ceiling of Rs 1.25 lakh.

In nine blocks¹³ of two (Kangra and Solan) districts, it was noticed that during 1999-2002 out of 215 *swarozgaris*, 70 *swarozgaris* (in 14 groups of 5 *swarozgaris* each) were sanctioned subsidy of Rs 17.50 lakh (Rs 1.25 lakh per group) at the rate of subsidy admissible to SHGs. It was noticed in audit that *swarozgaris* were individuals and were to be sanctioned subsidy of Rs 5.76 lakh. Thus, subsidy of Rs 11.74 lakh was released in excess of the prescribed limit. Further, Rs 3.36 lakh was released in excess in respect of remaining 145 individual *swarozgaris* belonging to non-SC/ST categories at the rates admissible to the SC/ST categories. Thus, Rs 15.10 lakh were released in excess to 215 *swarozgaris*.

(vii) Misutilisation of subsidy

Swarozgaris were not entitled to any benefit of subsidy if the loan was fully repaid before a certain fixed period, known as the lock-in period. The minimum lock in period was three years.

It was noticed (April 2002) that assistance of Rs 3.10 lakh (loan: Rs 1.85 lakh and subsidy: Rs 1.25 lakh) was sanctioned by the Jogindra Central Co-operative Bank, Kandaghat (Solan district) in January 2000 in favour of five *swarozgaris* for the purchase of a Santro car. Subsidy of Rs 1.25 lakh (@ Rs 0.25 lakh to each *swarozgari*) was released by the BDO, Kandaghat to the bank in February 2000. It was further noticed that the car was purchased in January 2000 and registered in the name of one of the five members as private vehicle. Interestingly, the whole amount of loan of Rs 3.10 lakh plus interest thereon was deposited by the beneficiaries before the lock in period (January 2003) in August 2000 after seven months. The bank, simultaneously, released the subsidy of Rs 1.25 lakh to them the same day. There was no provision under SGSY to sanction subsidy for the purchase of car for personal use. Moreover, the owner of a car could not be a member of the BPL family. Thus, the assistance of Rs 3.10 lakh was misutilised.

13 Dehra, Kangra, Nagrota Bagwan and Rait (Kangra district) and Dharampur, Kandaghat, Kunihar, Nalagarh and Solan (Solan district)

3.2.7 Formation of self help groups

Under SGSY, focus was on organisation of the poor at the grass root level through a process of social mobilisation to enable them to build their own organisation (SHGs) in which they participate fully and directly and take decision on all issues concerning poverty eradication. SHGs consisting of 10 to 20 members broadly were to go through three stages of evolution viz. (i) group formation, (ii) capital formation through the revolving fund to augment the group corpus and (iii) taking up of economic activity for income generation.

In nineteen test-checked blocks, 605 SHGs were formed between 1999-2002. Stage-wise position of these SHGs was as under:

Table: 3.7

Year	SHGs targeted	SHGs formed (Group formation stage)	Cleared grade-I	Entered 2 nd stage (Capital formation)	Received revolving fund		Cleared grade-II	Reached 3rd stage (Income generation stage)	Received economic assistance	
					No. of SHGs	Amount (Rupees in lakh)			No. of SHGs	Amount (Rupees in lakh)
1999-2000	Not fixed	142	Grading not done through an independent agency	24	24	4.61	Grading not done through an independent agency	3	3	9.46
2000-01	Not fixed	307	Grading not done through an independent agency	192	192	19.16	Grading not done through an independent agency	92	92	265.08
2001-02	Not fixed	156	Grading not done through an independent agency	65	65	8.72	Grading not done through an independent agency	168	168	398.13
Total		605		281	281	32.49		263	263	672.67

The following points were noticed:

(i) In three districts, out of total 6,644 beneficiaries covered under SGSY during 1999-2002, 3917 (59 per cent) were individuals, while remaining

2,727 (41 per cent) were SHGs. This indicated that the focus was not on group approach.

(ii) With the introduction of SGSY, the erstwhile DWCRA groups were to be strengthened first and thereafter, new SHGs were to be formed by conversion of existing DWCRA groups. In 19 blocks of three test-checked districts, 729 DWCRA groups were existing on 1 April 1999 which had been given Rs 1.40 crore in the past as revolving fund. 107 groups only were converted into SHGs during 1999-2002, while the remaining 622 groups, who were given Rs 1.20 crore as revolving fund, in the past were neither strengthened nor activated. The whole amount of Rs 1.20 crore either remained with the members of the DWCRA groups or with the banks.

The BDOs stated (November 2001-April 2002) that the DWCRA groups could not be strengthened and converted into SHGs as the prescribed minimum number of 10 BPL members was not available in the existing DWCRA groups. Further, in some cases the status of the members of DWCRA with regard to crossing the BPL had not been assessed.

Thus, the BDOs failed to reorganise/activate 622 DWCRA groups.

(iii) In 12 blocks¹⁴ in two districts (Kangra and Una) assistance of Rs 2.76 crore (loan: Rs 1.93 crore and subsidy: Rs 0.83 crore) was released to 115 SHGs during 1999-2002, but revolving fund for capacity building had not been released. Contrary to this, in 14 blocks¹⁵ of two districts (Kangra and Solan), 134 SHGs to whom revolving fund of Rs 13.38 lakh was released in 2000-2002, assistance in the shape of loan and subsidy had not been released even after six to 18 months from the date of release of revolving fund.

3.2.8 Special projects

With a view to provide long term sustainable self-employment opportunities either in terms of organisation of the rural poor, provision of support infrastructure, technology, marketing, training, etc., or as a combination of these, the GOI sanctioned six Special Projects for Rs 65.74 crore to the State

14 Bajjnath, Bhawarna, Indora, Kangra, Nagrota Bagwan, Nagrota Surian, Pragpur, Rait (Kangra district), Amb, Bangana, Gagret and Una (Una district)

15 Bhawarna, Dehra, Indora, Kangra, Lambagaon, Nagrota Bagwan, Nagrota Surian, Pragpur and Rait (Kangra district), Dharampur, Kandaghat, Kunihar, Nalagarh and Solan (Solan district).

during March 2000 and March 2002. Project-wise details as of April 2002 were as under:

Table: 3.8

(Rupees in crore)

Sr. No.	Name of Project	Month of sanction	Period of implementation of Project	Project cost	Funds released			Expenditure incurred upto March 2002	Unutilised funds lying with DRDAs
					Centre	State	Total		
1	Installation of Hydrams in Himachal Pradesh.	March 2000	2 Years	10.47	2.44	0.81	3.25	1.60	1.65
2	Gold Mines for economic upliftment of Rural Poor through adoption of Mushroom Cultivation, Floriculture and Sericulture in Bilaspur district.	September 2000	5 Years	8.40	1.23	0.41	1.64	0.55	1.09
3	Marketing of Rural Goods	May 2001	2 Years	9.15	2.89	0.96	3.85	0.20	3.65
4	Milch Live Stock Improvement in Solan district.	November 2001	5 Years	8.87	2.15	0.71	2.86	0.11	2.75
5	Rural Development through Diversification in Agriculture in Mandi district.	March 2002	4 Years	13.85	3.61	1.21	4.82	Nil	4.82
6	Self Reliance through Sericulture and Dairy Development in Hamirpur district	March 2002	2 Years	15.00	2.94	Not released	2.94	Nil	2.94
Total:				65.74	15.26	4.10	19.36	2.46	16.90

The following points were noticed:

(a) To harness irrigation potential of fast flowing perennial streams in the State, a special project "Installation of 400 hydrams*", costing Rs 10.47 crore was sanctioned by GOI in March 2000. The project was to be completed in two years and 3000 farmers, belonging to BPL category were proposed to be assisted. Installation of hydrams was for groups of BPL farmers. Each group was to be sanctioned loan of Rs 0.40 lakh and also to contribute their share of

* Hydram: Mechanical device designed to lift water to elevated areas by its own force.

Rs 0.29 lakh (in the form of voluntary labour). DRDA, Shimla was the nodal agency to receive and further pass on the funds to other DRDAs as well as HIMURJA¹⁶ for installation of hydrams. First instalment of Rs 3.25 crore (Central share: Rs 2.44 crore and State share: Rs 0.81 crore) was received in March-April 2000. Of this, Rs 1.60 crore was utilised on procurement of hydrams and the balance of Rs 1.65 crore was lying unutilised. Out of 151 hydrams procured and supplied to different BDOs of nine districts¹⁷ by HIMURJA in 2000-01, 21 hydrams were installed in four districts¹⁸ during 2000-2002. The remaining 130 hydrams, costing Rs 1.25 crore are yet to be installed.

Further in three test-checked districts and information called for from other districts it was noticed that out of 151 hydrams procured, 73 hydrams were to be installed in Kullu and Shimla districts. These hydrams were not installed as a separate project for Rs 5.65 crore under 100 *per cent* Centrally Sponsored Scheme titled, "Development of Wastelands and Marginal lands" had already been sanctioned for these two districts in December 1999 and as of March 2000, 68 (Kullu: 21 and Shimla: 47) hydrams under the latter programme had already been installed. Due to overlapping of two similar schemes, hydrams under former scheme were not installed. Thus, there is little chance of installation of 68 hydrams, costing Rs 1.78 crore.

Non-installation of hydrams due to non-formation of groups of framers, reluctance of farmers to taking loan and contribute their share and overlapping of the projects in Kullu and Shimla districts indicated that project was not surveyed properly.

(b) Implementation of economic upliftment of rural poor project in Bilaspur district and marketing rural goods project in Himachal Pradesh sanctioned in September 2000-May 2001 was very slow. Against receipt of Rs 5.49 crore, Rs 0.75 crore was utilised as of March 2002 and the balance of Rs 4.74 crore was yet to be utilised. The Director attributed (April 2002) the slow pace of implementation to time consumed in preparatory process before the implementation of the project.

3.2.9 Monitoring and evaluation

(i) The block/district level SGSY committees responsible for planning, implementation, review of performance of the programme at grass root and to suggest corrective action were required to meet once in a month. It was noticed that during 1999-2002, against the required 314 meetings in 13 blocks¹⁹, 123 meetings only were held. Thus, there was shortfall of 61 *per cent*. In remaining six blocks (Kangra district) no meetings were held,

16 State Government Energy Development Agency which has expertise in installation of Hydrams.

17 Bilaspur: 17; Chamba: 5; Kangra: 15; Kullu: 28; Mandi: 21; Shimla: 45; Sirmour: 5; Solan: 8 and Una: 7.

18 Bilaspur: 7; Chamba: 1; Mandi: 11 and Una: 2.

19 Bhawarna, Kangra, Lambagaon and Nagrota Bagwan (Kangra district), Dharampur, Kandaghat, Kunihar, Nalagarh and Solan (Solan district), Amb, Bangana, Gagret and Una (Una district).

as block SGSY Committees were not constituted. Similarly, the district level SGSY Committee, in two districts (Kangra and Solan), held 31 meetings during 1999-2002 against the required 101 meetings. Thus, there was shortfall of 69 *per cent*. The DRDA, Una did not furnish the records/details, showing the number of monthly meetings held.

The Project Officers and BDOs attributed (December 2001-April 2002) the shortfall to shortage of time due to multifarious activities and non-constituting of block SGSY committees in six blocks of Kangra district due to non-receipt of proper instructions from the authorities. The reply is not tenable as instructions already existed in the guidelines.

(ii) The State level committee, responsible for overseeing the functioning and performance of the programme, had not met since the inception of the programme. Thus, the functioning and performance of the programme was not overseen at State level.

(iii) To ensure that the *swrozgaris* have crossed the poverty line, the progress of management of their assets for generation of incremental income was to be continuously followed up, monitored and evaluated. The *Vikas Patrikas*, required to be given to each *swarozgari* for recording remarks about the health of the project by the visiting officers of the DRDAs, blocks and banks, had not been maintained. Annual physical verification of assets of the *swarozgaris*, required to be undertaken on a drive basis had also not been done. In test-checked DRDAs/blocks the desired follow up and monitoring of the programme had not been done.

(iv) With a view to ensure qualitative monitoring of SGSY at block/DRDA level, a schedule of physical monitoring through field inspection of assisted families by the officers at different levels had been suggested in the guidelines. In test-checked blocks/DRDAs, records showing the actual number of field inspections conducted by various functionaries against the prescribed schedule had not been maintained. DRDAs had not prescribed the number of field visits for the officers of line departments.

(v) The periodical evaluation studies on the implementation of the programme had not been got conducted as of April 2002.

3.2.10 Conclusion of overall performance

Planning with regard to identification of potential beneficiaries, selection of key activities and preparation of project reports for each key activity had not been made as per prescribed procedure. Thus, the implementation of the programme did not ensure that all the deserving cases amongst the BPL families were provided assistance. Not fixing annual targets to achieve the ultimate goal of coverage of 30 *per cent* BPL families in five years, and also

the shortfall of 43 *per cent* in physical achievement, indicated poor implementation and monitoring of the programme. Not watching the release of assistance by the banks to the *swarozgaris* and also repayment of loan indicated mismanagement of the programme. Wide spread irregularities were noticed in release of assistance to *swarozgaris*. Non-installation of hydrams under special SGSY projects due to improper survey was indicative of ill planning of Special Project for Rs 10.47 crore. There was shortfall in holding monthly meetings of block and district level SGSY committees. State level SGSY committee meetings were not held. Physical monitoring of assets created by the *swarozgaris* and periodical evaluation was not conducted. Implementation of the programme was not monitored as envisaged. Thus the programme was not implemented effectively in the State and there was no improvement over the poverty eradication and employment programme.

These points were referred to the Government in June 2002; reply had not been received (August 2002).



3.3 Rural Housing (*Indira Awas Yojana* and other Rural Housing Schemes)

Highlights

Targets fixed for construction of houses under the scheme were not fully achieved during 1997-2002 and funds remained unutilised. Cases of diversion of funds thereby depriving the beneficiaries of the intended benefits were noticed. Funds released under credit-cum-subsidy scheme were far less than the actual allocation resulting in shortfall in construction of houses. Mechanism/procedure for monitoring the rural housing scheme had not been devised.

●** *Against the total allocation of Rs 27.95 crore Government of India released only Rs 25.37 crore during 1997-2002 resulting in short release of Rs 2.58 crore thereby resulting in denial of assistance to 1,170 beneficiaries.*

(Paragraph 3.3A.5(ii))

●** *Funds of Rs 85.10 lakh meant for earthquake victims/flood affected people were spent in the usual manner on construction of houses of target groups without the approval of Government of India.*

(Paragraph 3.3A.5(iii))

●** *15 BDOs had paid Rs 61.80 lakh to 618 beneficiaries during 1999-2002 where the beneficiaries had neither constructed rural latrines nor installed smokeless chullahs in their houses as per requirements of the scheme.*

(Paragraph 3.3A.7(b)(i)(b))

●** *378 beneficiaries after taking the initial installments of Rs 60.89 lakh during 1997-2002 did not turn up for the balance amount and thus there was no evidence that they had constructed their houses.*

(Paragraph 3.3A.7(b)(ii))

●** *Excess financial assistance of Rs 51.62 lakh was released to 2,065 beneficiaries who had constructed their houses in the main habitation during 1997-2002.*

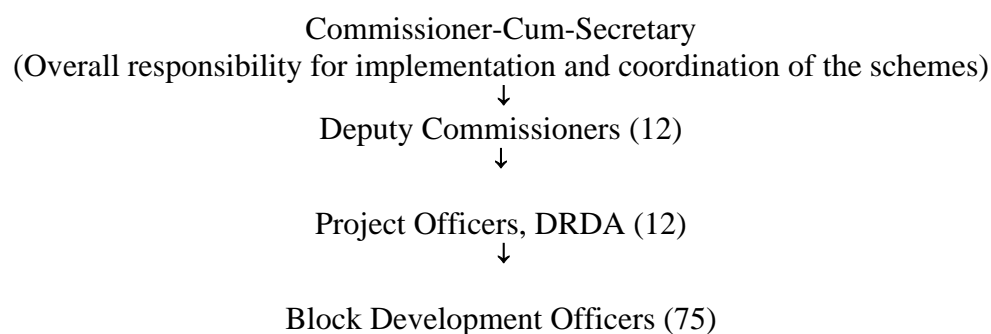
(Paragraph 3.3A.7(b)(iii))

The abbreviations used in this review have been listed in the Glossary in Appendix-XVIII (Page-184-185).

3.3.1 Introduction

Six centrally sponsored rural housing schemes were being implemented by the states. These are (i) *Indira Awas Yojana* (ii) Credit-cum- Subsidy scheme (iii) *Samagra Awas Yojana* (iv) Innovative Stream for Rural Housing and Habitat Development (v) Rural Building Centres and (vi) *Pradhan Mantri Gramodaya Yojana (Gramin Awas)*. Out of these schemes *Gramin Awas* scheme was not being implemented in the State.

3.3.2 Organisational set up



(Note: Figures in parenthesis indicate the number of Districts/Blocks)

3.3.3 Audit coverage

Implementation of the schemes was reviewed in audit for the period 1997-98 to 2001-02 in 19 blocks¹ of the five districts² supplemented by a test-check of records of the Director. Out of a total expenditure of Rs 35.31 crore, expenditure of Rs 17.21 crore (48.80 *per cent*) was test-checked.

A Indira Awas Yojana

Indira Awas Yojana (IAY) was launched in the State as a centrally sponsored scheme in 1985-86, with the objective of providing assistance for construction of houses to the rural population living below the poverty line (BPL) belonging primarily to the Scheduled Castes (SC), Scheduled Tribes (ST) and freed bonded labour. From 1993-94, scope of IAY was extended to cover rural BPL, non-SC and ST poor subject to the condition that non-SC/ST beneficiaries shall not receive more than 40 *per cent* of IAY allocation. Benefits of the scheme have also been extended to the families of ex-servicemen of the armed and paramilitary forces killed in action from

1 Ghumarwin, Jhandutta, Sadar Bilaspur, Bhoranj, Nadoun, Nahan, Paonta Sahib, Sangrah, Pachhad, Basantpur, Mashobra, Rampur, Theog, Mandi Sadar, Gopalpur, Dharmpur, Sundernagar, Karsog, Bijhari.

2 Bilaspur, Mandi, Sirmour, Hamirpur and Shimla.

1995-96 onwards. Three *per cent* of the houses are reserved for physically and mentally challenged persons living below the poverty line in rural areas. The ceiling on construction assistance under the IAY was Rs 22,000 per house for hilly or difficult areas for new construction as against Rs 20,000 per house in plain areas. The ceiling on assistance for up-gradation of *kutchha* house to semi *pucca/pucca* house was Rs 10,000.

3.3.4 Pattern of release of Central assistance

The expenditure under IAY was shared by the Centre and State in the ratio of 80:20 upto March 1999 and from April 1999, this ratio has been changed to 75:25. Further, the scheme envisaged that central assistance was to be released to the DRDAs in two instalments. First instalment was to be released in the beginning of the financial year subject to the condition that second instalment during the previous year was claimed and released. Second instalment was to be released to DRDAs on their request on fulfillment of following conditions:

Sixty *per cent* of the funds available i.e. opening balance for the year and amount received during the year including the State share should have been utilised at the time of applying for second instalment.

The opening balance with DRDA should not exceed 25 *per cent* of the district allocation upto 31 March 1999 and thereafter the permissible carry over of opening balance was reduced to 20 *per cent*.

3.3.5 Financial outlay and expenditure

Year-wise financial outlay and expenditure incurred on the scheme during 1997-2002 was as under:

Table: 3.9

(Rupees in lakh)

Year	Allocation			Opening balance	Funds released		Total funds available (excluding interest earned) during the year	Expenditure	Saving (-) excess (+) (percentage)
	Centre	State	Total		Centre	State			
1997-98	476.72	119.20	595.92	110.54	471.38	129.57	711.49	452.00	(-) 259.49 (36.47)
1998-99	780.95	195.17	976.12	259.49	733.24	169.56	1162.29	786.96	(-) 375.33 (32.29)
1999-2000	515.00	171.66	686.66	375.33	449.39	154.53	979.25	931.12	(-) 48.13 (4.9)
2000-2001	515.00	171.66	686.66	48.13	443.90	139.23	631.26	657.52	(+)26.26 (4)
2001-2002	507.06	169.02	676.08	(-) 26.26	439.41	161.82	574.97	703.09	(+)128.12 (22.28)
Total	2794.73	826.71	3621.44		2537.22	754.71		3530.69	

Source: Departmental figures

Audit analysis revealed the following:

(i) During 1997-2000 the savings ranged between 4.9 to 36.47 *per cent* whereas excess expenditure during 2000-2002 ranged between 4 to 22 *per cent*. Director stated (April 2002) that savings were mainly due to late receipt of second installment i.e. at the end of the financial year and excess expenditure incurred during 2000-2001 and 2001-2002 was met by diverting the funds from other schemes.

(ii) Against the total central allocation of Rs 27.95 crore during 1997-2002, an amount of Rs 25.37 crore was released to the State resulting in short release of Rs 2.58 crore. The Director attributed (May 2002) the reduction in release of central assistance mainly due to late submission of proposals for the release of second installment and some DRDAs having excess carryover than the admissible limit.

Thus, the delay in submission of proposals for the release of second installment and excess carry over than what was admissible resulted in short release of Rs 2.58 crore and consequential denial of assistance to 1,170 beneficiaries under the scheme.

(iii) The scheme envisaged that the interest accrued on the deposits in bank accounts of the IAY funds shall be treated as part of IAY resources. Test-check of records revealed that interest of Rs 23.97 lakh accrued during 1997-2002 on IAY funds deposited in the various saving bank accounts by the DRDAs and BDOs was lying unutilised.

(iv) As per guidelines at least 60 *per cent* of the total IAY allocations were to be utilised for construction/upgradation of dwelling units for SC/ST BPL households. Test-check of records of the Directorate revealed that during 1997-2002 out of the total expenditure of Rs 35.31 crore only Rs 19.54 crore (55.35 *per cent*) was spent on SC/ST BPL households. Thus, Rs 1.64 crore (4.65 *per cent*) was diverted to non-SC/ST target groups. Further test-check of records of the five districts revealed that ratio of expenditure on SC/ST and on non SC/ST was 53:47 which was not as per the prescribed norms.

Director stated (May 2002) that necessary instructions would be issued to implementing agencies to adhere to the IAY guidelines.

The position of funds received and utilised in the test-checked five districts

during 1997-2002 was as under:

Table: 3.10**(Rupees in lakh)**

Name of DRDA	No. of houses targeted		Funds required as per target			Funds received			Funds utilised	Excess (+) saving (-) (Percentage)
	New	Up-gradation	New	Up-gradation	Total	Centre	State	Total		
Bilaspur	818	254	179.96	25.40	205.36	149.75	44.86	194.61	228.34	(+) 33.73
Mandi	1700	340	374.00	34.00	408.00	340.77	87.05	427.82	482.41	(+) 34.59
Hamirpur	741	175	163.02	17.50	180.52	122.49	35.44	157.93	182.23	(+) 24.30
Sirmour	2162	845	475.64	84.50	560.14	417.87	130.47	548.34	585.25	(+) 36.91
Shimla	1115	269	245.30	26.90	272.20	162.45	44.75	207.20	242.61	(+) 35.41
Total:	6536	1883	1437.92	188.30	1626.22	1193.33	342.57	1535.90	1720.84	(+) 184.94

Source: Departmental figures

Following points were noticed in audit:

(i) Records of the test-checked districts revealed that an expenditure of Rs 1.85 crore was incurred in excess of the funds received during 1997-2002. The POs stated (May 2002) that excess expenditure was due to diversion of funds by the BDOs from other schemes and incorrect reporting of expenditure. The reply is not tenable because the Project Officers failed to monitor the financial achievements of the scheme.

(ii) During 1997-2002, against the total requirement of Rs 16.26 crore (new construction: Rs 14.38 crore and upgradation: Rs 1.88 crore) for construction/upgradation of 8,419 houses (new construction: 6,536 and upgradation: 1,883) Rs 15.36 crore only was released by the Centre (Rs 11.93 crore) and State (Rs 3.43 crore) Governments. Thus, Rs 90.32 lakh was released short by the Centre/State Governments. The Project Officers attributed the short release of funds to cut imposed by the Central Government due to late submission of proposals for second installment.

(iii) Additional funds of Rs 1.22 crore (Central share: Rs 97.98 lakh and State share: Rs 24.51 lakh) were provided under IAY to the test-checked five districts during 1998-99. While releasing the Central share, the Government of India specifically mentioned that the funds be utilised for rehabilitation of earthquake victims/flood affected people below poverty line and no deviation from the provisions of the guidelines was permissible.

Test-check of records revealed that no survey for the identification of the BPL families affected by earthquake/flood was conducted. The amount of Rs 85.10 lakh (Central share: Rs 68.07 lakh and State share: Rs 17.03 lakh) in

four districts was utilised in the usual manner for construction of houses for target groups and no funds were utilised for the rehabilitation of earthquake victims/flood affected people. While admitting the facts the DRDAs (Hamirpur and Shimla) stated that the matter for regularisation of the expenditure would be taken up with the competent authority. DRDA, Nahan had already taken up the matter (December 2001) with the Government of India. DRDA, Bilaspur had not taken action to get the expenditure regularised but expenditure of Rs 85.10 lakh was not regularised as of February 2002. DRDA, Mandi spent Rs 37.39 lakh on rehabilitation of flood/earthquake victims.

(iv) Under the scheme, three *per cent* of the total funds was to be earmarked for the benefit of the physically and mentally challenged persons of BPL households. During 1997-2002 out of the total expenditure of Rs 35.31 crore, Rs 9.02 lakh (0.26 *per cent*) were spent on the construction of 41 houses for the purpose. This has resulted in incurring of less expenditure of Rs 96.90 lakh for construction of 440 houses for physically and mentally challenged beneficiaries.

The Director stated (March 2002) that, regarding selection of beneficiaries, instructions were being reiterated.

3.3.6 Selection of beneficiaries

Instructions issued (August 1997) by the State Government provide that the process of selection of beneficiaries was to be started in the month of January and February and completed by the end of March every year. It was noticed that delay in selection of beneficiaries ranged between one and nine months in all the 19 test-checked blocks. The BDOs stated (January/February 2002) that delay was due to non-holding of meetings of *Gram Sabhas* well in time.

The scheme further envisaged that the *Gram Sabha* while selecting beneficiaries would adhere to the prescribed priorities. It was noticed that selection of 4,273 beneficiaries by the blocks test-checked was confined to families who were either houseless or whose houses were unsafe for dwelling or had insufficient accommodation in disregard of the prescribed priorities. The BDOs stated (January/February 2002) that the aspect of priority was not kept in view by the *Gram Sabhas* while making selection of the beneficiaries.

BPL families of SCs/STs and non-SCs/STs were to be selected under IAY. Test-check revealed that Rs 15.30 lakh (BDO, Sadar Mandi: Rs 11.56 lakh and BDO, Bhoranj: Rs 3.74 lakh) was paid to 73 beneficiaries (Sadar Mandi: 56 and Bhoranj: 17) who were not BPL families. The BDOs stated (January 2002) that the selection of beneficiaries was done by the *Gram*

Sabhas of the *Panchayats* concerned. The reply is not tenable as the financial assistance was to be paid only to the beneficiaries covered under the scheme.

3.3.7 Physical performance

(a) At the State level year-wise break-up of targets fixed and achievements thereagainst was as per Appendix-XI.

The appendix shows that shortfall in achievement of targets for the construction of houses ranged between 7 and 32 *per cent* during 1997-2002. The shortfall was attributed (May 2002) by the Director to cut imposed by the Central Government and excess carryover of unspent balance of previous years. The contention is not tenable as funds remained unutilised during 1997-2000.

(b) In the blocks test-checked in the five districts percentage of shortfall in achievement of targets for the construction of houses during 1997-2002 also ranged between 3 and 29 as per details given in the Appendix-XI.

The shortfall was attributed (May-June 2002) by the BDOs to late receipt of funds and delay in selection, finalisation of list of beneficiaries by the *Gram Sabhas*, etc. The contention of the BDOs is not tenable as they should have ensured proper implementation of the scheme.

The following points were noticed in audit:

(i) (a) Under the scheme, sanitary latrines and smokeless *chullahs* were to be constructed before releasing the third installment for Rs 4,000 in each case. Test-check of records of the BDOs revealed that Rs 56 lakh was paid during 1997-2002 to 1,400 beneficiaries who had not installed/constructed the smokeless *chullahs* and sanitary latrines.

(b) Guidelines provide that 20 *per cent* of available funds under IAY w.e.f. April 1999 will be utilised for conversion of unserviceable *kutchas* houses to semi *pucca/pucca* houses at the rate of Rs 10,000 per unit. It was necessary in the conversion to include provision of sanitary latrine and smokeless *chullah* in each house. Test-check revealed that 15 BDOs had paid Rs 61.80 lakh to 618 beneficiaries during 1999-2002 where the beneficiaries had neither constructed rural latrines nor installed smokeless *chullahs* in their houses.

The BDOs stated (May-June 2002) that in this regard no specific instructions were issued by the higher authorities. The reply is not tenable as necessary instructions already existed in the scheme.

(ii) The beneficiaries under the scheme were required to execute agreement bonds with the stipulation that if they either did not commence the work or deliberately abandoned it after receiving the initial instalments, the amount paid would be recovered from the beneficiaries alongwith interest at the rate of 18 *per cent*. Audit scrutiny revealed that in all the test-checked blocks 378 beneficiaries after taking initial instalments amounting to Rs 60.89 lakh during 1997-2002 did not receive the balance amount and thus there was no evidence to show that they had constructed their houses with the assistance received under the scheme. The BDOs stated (January to March 2002) that notices have been served (June 2001) to the defaulters either to complete the houses or to refund the amount. Thus, failure to take timely/adequate action against the defaulters resulted in mis-utilisation of government funds of Rs 60.89 lakh besides defeating the purpose of the scheme. BDOs concerned failed to monitor the use of funds and take timely necessary action for recovery.

(iii) The scheme envisaged that the ceiling on construction assistance would be as under:

Construction of house including sanitary latrine and smokeless <i>chullahs</i>	Rs 19,500
Cost of providing infrastructure and common facilities	Rs 2,500

In case the houses are built in cluster/micro habitats Rs 2,500 provided for infrastructure and common facilities should not be given to the beneficiary for construction of the house.

Test-check of records of 18 BDOs revealed that out of 3,313 houses constructed during 1997-2002, 2,065 houses were constructed in main habitation villages (micro habitat), yet the full amount of financial assistance was released to the beneficiaries instead of Rs 19,500 per unit. This resulted in excess payment of Rs 51.62 lakh to the beneficiaries. BDOs stated (May 2002) that it was done out of ignorance and action would be initiated to get the excess amount regularised.

3.3.8 Non-maintenance of inventory of houses

Scrutiny of records of the BDOs test-checked revealed that a complete inventory of houses constructed under the scheme required to be maintained, was not maintained since the inception of the scheme. While admitting the facts, the BDOs stated (December 2001-March 2002) that efforts would be made to maintain the inventory in future.

B Credit-cum-subsidy scheme

A large number of BPL households in the rural areas were not covered under IAY as either they did not fall within the range of eligibility or were debarred due to the limits imposed by the available budget. With a view to accommodate these households a “credit-cum-subsidy scheme” for rural housing, which is part credit and part subsidy based, was introduced in Himachal Pradesh by the Government of India from April 1999.

The target group under the scheme is a rural family having an annual income upto Rs 32,000 only. The subsidy portion is restricted to Rs 10,000 and the maximum amount of loan that can be availed of from the financial institutions is Rs 40,000 in each case. The subsidy portion is shared by Centre and State in the ratio of 75:25.

(i) Financial performance

Year-wise financial outlay and expenditure incurred thereagainst during 1999-2002 was as under:

Table: 3.11

(Rupees in lakh)

Year	Opening balance	Allocation			Funds released			Total available funds	Expenditure	Excess (+) saving (-) (percent)
		Centre	State	Total	Centre	State	Total			
1999-2000	-	32.85	10.95	43.80	16.43	5.50	21.93	21.93	Nil	(-) 21.93 (100)
2000-2001	21.93	30.70	10.23	40.93	20.68	5.72	26.40	48.33	37.30	(-) 11.03 (22)
2001-2002	11.03	11.73	3.91	15.64	2.35	1.96	4.31	15.34	19.88	(+) 4.54
Total:		75.28	25.09	100.37	39.46	13.18	52.64		57.18	

Source: Departmental figures

From the above table it would be seen that:

(i) During 1999-2002 against the total allocation of Rs 100.37 lakh (Centre: Rs 75.28 lakh and State: Rs 25.09 lakh) Rs 52.64 lakh (Centre: Rs 39.46 lakh and State: Rs 13.18 lakh) was released to the DRDAs resulting in short release of Rs 47.73 lakh. Director stated (May 2002) that short release of funds was due to late submission of proposals to Government of India for

second instalment. Thus, the short release of Rs 47.73 lakh resulted in denial of assistance to 477 beneficiaries under the scheme.

(ii) During 1999-2000, Rs 21.93 lakh (100 *per cent*) and in 2001-2002 Rs 11.03 lakh (22 *per cent*) remained unutilised which was kept in saving bank accounts by the Project Officers/BDOs. Further, out of total funds of Rs 52.64 lakh released for the scheme, Rs 27 lakh was released by the Director during the last quarter of the financial year.

(ii) Targets and achievements

During 1999-2002 targets of 1,002 houses for construction were fixed against which only 460 houses were constructed. Thus, construction of houses fell short by 542 houses (54 *per cent*). The Director attributed (May 2002) the shortfall to non-cooperation by the banks/financial institutions and short release of funds by the Government of India.

3.3.9 Monitoring

No mechanism/procedure has been devised for monitoring the rural housing schemes at any level nor was any inspection schedule prescribed by the Government. Also co-ordination committee at State level was not constituted as no such instructions were issued by the GOI. The Director while admitting the facts stated (March 2002) that these schemes are being reviewed at State level by the Secretary (RD) in monthly/quarterly meetings with the Deputy Commissioners/Project Officers, DRDAs.

3.3.10 Evaluation

No evaluation study to judge the impact of the scheme had been conducted by the department since the inception of the rural housing schemes.

These points were referred to the Government in May 2002; reply had not been received (August 2002).