

## OVERVIEW

This Report contains two chapters on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 2002-2003 and five other chapters, comprising three reviews and 39 paragraphs, based on the results of test audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

### 1. Review of the State's finances

- u The revenue deficit of the State increased from Rs 1,022 crore in 1998-99 to Rs 1,482 crore in 2002-2003. The fiscal deficit too increased from Rs 1,662 crore to Rs 2,341 crore during the corresponding period. As proportion to State's gross domestic product, revenue deficit had increased to 8.83 *per cent* in 2002-2003 and fiscal deficit to 13.95 *per cent*.
- u Revenue receipts of the State increased from Rs 2,312 crore in 1998-99 to Rs 3,659 crore in 2002-2003. But rate of growth during 2002-2003 was negative ((-) 1.53 *per cent*). Rate of growth of revenue receipts failed to keep pace with GSDP growth in three out of five years and overall buoyancy was less than one. Non-tax revenue and Central tax transfers had a negative growth.
- u Overall expenditure of the State comprising revenue expenditure, capital expenditure and the loans and advances increased at an average annual trend of 11.46 *per cent* to Rs 6,029 crore in 2002-2003 from Rs 4,003 crore in 1998-99. The total expenditure of the State witnessed an increasing trend during 1998-2003 due mainly to increasing trend in expenditure on General Services and Interest payments. Expenditure on General Services and Interest payments considered as non-developmental accounted for 36 *per cent* of the total expenditure.
- u By the end of 2002-2003 total investment in statutory corporations, etc., stood at Rs 1,796 crore compared to Rs 973 crore in 1998-99. Dividend received from these companies, etc., was negligible.
- u Fiscal liabilities of the State increased from Rs 6,418 crore in 1998-99 to Rs 12,393 crore in 2002-2003 at an average annual rate of 21.58 *per cent*. The net funds available towards the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments were 24 *per cent* on an average during 1998-2003 of total fresh liabilities. In addition, Government had given guarantees which stood at Rs 4,503 crore.
- u The Government could not maintain minimum cash balance with the Reserve Bank of India on 308 days and obtained ways and means advances of Rs 1,109 crore on 92 days, overdraft of Rs 1,634 crore on

179 days and rediscounted treasury bills of Rs 657 crore on 37 days. Interest of Rs 7.65 crore was paid during the year on ways and means advances and overdraft.

- u The loans of Rs 226.23 crore raised through Himachal Pradesh Infrastructure Development Board, etc., were deposited under the Head “8448-Deposits of Local funds” which resulted in concealment of internal debt of the State to that extent during 2002-2003.
- u Increasing revenue deficit and non-signing of memorandum of understanding for improvement in the revenue balance with the Government of India by the State Government resulted in non-availment of revenue deficit grant of Rs 292.31 crore for the years 2001-2002 and 2002-2003 as recommended by the Eleventh Finance Commission.

*(Chapter-I)*

## **2. Appropriation Audit and Control over expenditure**

- u Expenditure incurred by the Government, substantially in excess of the amounts sanctioned by the State Legislature, remained to be regularised in terms of Article 205 of the Constitution of India. As of August 2003, excess expenditure of Rs 8320.65 crore incurred during 2000-2003 remained to be regularised.
- u During 2002-2003, there were savings in 41 cases aggregating Rs 250.19 crore. Of these, savings of Rs 50 lakh and above in each case aggregating Rs 248.29 crore occurred in 25 cases involving 20 grants.
- u Supplementary provisions totalling Rs 25.11 crore obtained in 10 cases during the year proved unnecessary as the expenditure in these cases was less than the original budget provisions.
- u In six cases, the amount surrendered exceeded the overall savings by Rs 103.74 crore. Further, in the case of six grants and one appropriation Rs 159.24 crore were surrendered although expenditure exceeded the grant/appropriation and no savings were available for surrender.
- u In 28 cases (sub-heads) involving nine grants/appropriations Rs 16 crore were injudiciously reappropriated as either the original grants were adequate or no savings were available for reappropriation.
- u Of Rs 2.58 crore drawn for computerisation of land records, payment of *ex-gratia* grant to small marginal farmers, calamity relief works, etc., during 1994-95 to 2001-2002 by three departments in advance of actual requirement, Rs 1.06 crore were lying unutilised either with the executing agencies (Rs 0.82 crore) or deposits with the banks (Rs 0.24 crore) as of December 2002.

*(Chapter-II)*

### **3. Working of Agriculture Department**

The main objective of Agriculture Department to increase production of foodgrains, oilseeds, pulses, etc., was not achieved as production of foodgrains was consistently less than the targets during 1998-99 to 2002-2003. Review of certain aspects of the department revealed the following main points:

- ∪ Avoidable/unauthorised/wasteful expenditure of Rs 42.27 lakh had been incurred by the department for payment of pay and allowances of staff deployed in excess of the sanctioned strength, etc., during 1998-2003.
- ∪ Foodgrain production declined from 13.13 lakh tonnes in 1998-99 to 11.12 lakh tonnes during 2000-2001 and went up again to 15.99 lakh tonnes in 2001-2002.
- ∪ The percentage shortfall in physical achievements under Centrally sponsored schemes during 1998-2003 ranged between five and 99.
- ∪ Reconnaissance and micro-watershed soil surveys of 2.90 lakh hectares conducted by Assistant Soil Survey Officers, Sundernagar and Palampur during 1998-2003 were not used for planning soil resources while preparing the agriculture production programme. The expenditure of Rs 2.32 crore incurred on these offices during 1998-2003 was not adequately justified.
- ∪ Against the approved outlay of Rs 21.69 crore for implementation of National Watershed Development Projects, an expenditure of Rs 10.72 crore was incurred by the State Government. The balance amount of Rs 10.97 crore was not released by Government of India due to poor physical performance of the projects.
- ∪ Sale proceeds of Rs 3.63 crore realised by the Agriculture Development Officers/Agriculture Extension Officers from farmers on account of sale of agriculture inputs had not been deposited into Government treasuries as of March 2003.

*(Paragraph 3.1)*

### **4. Horticulture Development**

Horticulture development aimed at raising of pedigreed varieties of fruit plants by establishing progeny-cum-demonstration orchards and nurseries supplemented by a scheme of plant protection to control pests and diseases. Achievement of targets fixed for pedigreed varieties during 1998-2003 fell short by 16 to 31 *per cent*. Spraying operations were conducted without identifying relevance to pests and diseases. Some of the main points noticed in audit are:

- ∪ Instructions of December 1997 for bringing improvement in management of nurseries and progeny-cum-demonstration orchards to make these economically viable were not followed. Against an expenditure of Rs 14.92 crore during 1998-2003, income of Rs 7.65 crore was received resulting in loss of Rs 7.27 crore.

- u The department had not laid down norms for germination of seeds and for successful grafting of plants in the nurseries in the absence of which there were wide variations in germination/survival of plants from nursery to nursery.
- u An amount of Rs 0.91 crore, being beneficiaries' share as of July 2003 on account of sale of pesticides/fungicides, was not recovered by the department.
- u Under "Production of fruit products" the shortfall in achievement of target ranged between 18 and 52 *per cent* during 1998-2003. Capacity utilisation of the five units test-checked was between 12 and 67 *per cent* during 1998-2003.

*(Paragraph 3.2)*

## **5. Welfare of the Handicapped**

The programme was launched in the State as a Centrally sponsored scheme during 1996-97. It aimed at extending assistance to disabled persons for purchasing/fitting of aids and appliances, their rehabilitation and promotion of voluntary action plan for the handicapped. Audit review of implementation of the programme revealed the following main points:

- u Of Rs 5.15 crore received from Government of India, Rs 3.42 crore remained in the banks due to non-implementation of the programme effectively during 1998-2003.
- u No specific State policy to address the issues faced by the persons with disability had been framed as of March 2003. Against 10 meetings of State Co-ordination Committee and 20 meetings of State Executive Committee required to be held, only three meetings and one meeting were held respectively during 1998-2003.
- u Of the 51,252 persons with disabilities identified during survey, only 28,288 persons (including 812 unidentified persons) were issued disability certificates/identify cards as of March 2003.
- u A backlog of 719 posts (class III and IV categories) in 11 out of 51 departments existed though 6,401 disabled persons stood registered with special employment exchanges during 1998-2003. Further identification of similar backlog in the remaining 40 departments had not been done as of June 2003.
- u State resource centre for providing specialised services to persons with disability and strengthening of the existing services for producing professional manpower had not been established as of May 2003.

*(Paragraph 3.3)*

## **6. Accelerated Irrigation Benefit Programme**

The programme was implemented in the State from 1997-98. Three irrigation projects (One major and two medium) and 98 minor irrigation schemes were included in the programme between July 1997 and July 2000 for getting

Central loan assistance. Audit scrutiny of the records of the projects/schemes revealed the following points:

- u Against the requisite Central loan assistance of Rs 169.56 crore to be provided by the Government of India during 1997-2003, Rs 51.96 crore were actually received from Government of India resulting in slow pace of implementation of programme.
- u One major irrigation project (Shah Nehar Project) and two medium irrigation projects (Sidhatha and Changer area of Bilaspur district) estimated to cost Rs 205.89 crore were included in the programme even though they were not at an advanced stage of execution and were not eligible for inclusion in the programme.
- u All the irrigation projects/schemes included in the programme were targeted for completion between March 2000 and March 2003. The three major (1) and medium (2) projects had been completed to the extent of 5 to 20 *per cent* as of March 2003. Of the 98 minor irrigation schemes, only five had been completed, 41 were in progress and the remaining schemes had not been taken up for execution.
- u Failure of the department to construct pump house of adequate size in the first instance in respect of lift irrigation scheme, Jakhbar Bhanoli under Shah Nehar Irrigation Project (Kangra district) resulted in non-providing of irrigation to the culturable command area despite incurring expenditure of Rs 1.41 crore.

*(Paragraph 4.1)*

## **7. Stores and stock Accounts**

A review of the stores and stock accounts of Home Department (Jails) revealed the following points:

- u Of Rs 52.85 lakh sanctioned under “Modernisation of Prisons Administration”, Rs 42.39 lakh were diverted for the purchase of power looms, X-rays machine, ultra-sound machine, computer parts, etc., which were not covered under the scheme.
- u Machinery and equipment valued at Rs 20.37 lakh was procured by the Additional Director General (Prisons) between March 1999 and March 2000 without assessment of the requirement/indents from the Superintendents, Prisons and had been lying unutilised.

*(Paragraph 5.1)*

## **8. Working of Chaudhry Sarwan Kumar Himachal Pradesh Krishi Vishva Vidyalaya, Palampur**

- u Funds under the State funded schemes meant for developmental activities were utilised for meeting expenditure on salaries of the employees which increased from 83 *per cent* in 1997-98 to 93 *per cent* in 2001-2002.

- u Inadmissible payments of Secretariat allowance, non-practising allowance and interest on General Provident Fund amounting to Rs 70.51 lakh were made to the University employees during February 1995 to March 2003.
- u Seed Multiplication farm of the University incurred a loss of Rs 49.30 lakh during 1999-2003.
- u Milk from tuberculosis infected cows was sold for public consumption during 2000-2003. Also, 16 tuberculosis positive cows were sold to local farmers.

*(Paragraph 6.2)*

### **9. Idle investment**

- u Investment of Rs 41.91 lakh on the construction of hostel building at Khaneri (Shimla district) proved idle as the accommodation could not be utilised due to shifting of Nurses Training School from Khaneri to Dharamshala.

*(Paragraph 3.8)*

- u Failure of the department to initiate timely action for acquisition of private land required for the construction of approaches resulted in non-utilisation of bridge over Garli *khad* (Hamirpur district) completed in November 2001 at an expenditure of Rs 41.12 lakh.

*(Paragraph 4.7)*

- u Poor planning of the department in the construction of Killar-Punto road and bridge thereon in Pangri valley resulted in unfruitful expenditure of Rs 35.39 lakh and idle investment of Rs 47.93 lakh.

*(Paragraph 4.9)*

### **10. Unfruitful/wasteful expenditure**

- u Cath Lab, etc., established at an expenditure of Rs 5.11 crore was underutilised due to non-providing of by-pass/open heart backup. Besides, Rs 2.80 crore were lying unutilised with the department.

*(Paragraph 3.7)*

- u Faulty planning of the department in selection of suitable site and provision of unsuitable RCC pipes in lift irrigation scheme, Daulatpur Jalari in Kangra district resulted in unfruitful expenditure of Rs 1.65 crore.

*(Paragraph 4.2)*

- u Failure of the department to properly assess the requirement of private land for the construction of sewerage scheme, Una resulted in unfruitful expenditure of Rs 141.08 lakh and cost overrun of 60 per cent.

*(Paragraph 4.4)*

- ⊆ Wrong planning of the department in the construction of flow irrigation scheme, Kuthal (Chamba district) resulted in wasteful expenditure of Rs 32.07 lakh.

*(Paragraph 4.5)*

- ⊆ Unplanned execution and inadequate investigation of alignment of road from Goshal village to Mooling bridge and jeepable link road from Mooling bridge to Mooling and Bargul villages (Lahaul and Spiti district) resulted in unfruitful expenditure of Rs 40.63 lakh which included infructuous expenditure of Rs 8.29 lakh.

*(Paragraph 4.10)*

- ⊆ Rupees 56.71 lakh spent on the construction of four kilometres long Khakhri-Kherna motorable road (Chamba district) proved unfruitful and funds of Rs 27.40 lakh provided for construction of the bridge remained unutilised due to non-finalisation of the site.

*(Paragraph 4.15)*

#### **11. Other points of interest**

- ⊆ Loan of Rs 4.79 crore raised for purchase of fire fighting equipment and construction of fire station buildings during 2001-2003 was not utilised.

*(Paragraph 3.9)*

- ⊆ Rupees 31.37 lakh were irregularly diverted from calamity relief funds by two Deputy Commissioners for fresh/ongoing works, etc.

*(Paragraph 3.10)*

- ⊆ Failure of the department to follow the provisions of Land Acquisition Act for acquisition of 1.93 hectares of land for the construction of Plassi-Triphalghat road (Mandi district) resulted in avoidable burden of Rs 46.67 lakh on State exchequer.

*(Paragraph 4.12)*