

Chapter-X

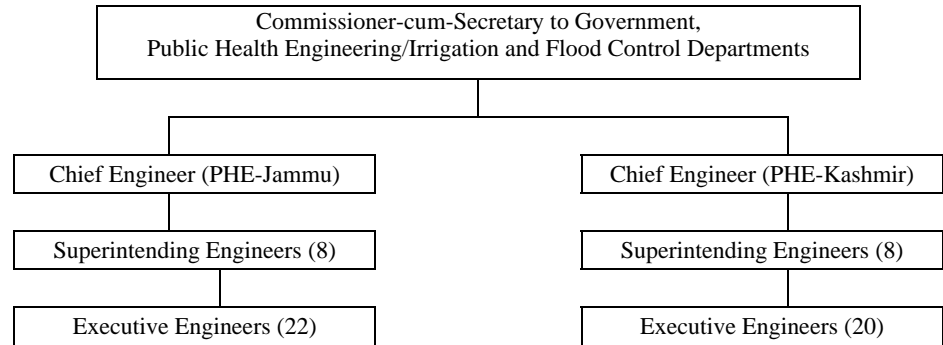
Public Health Engineering Department

10.1 Introduction

The Public Health Engineering Department is responsible for providing drinking water to the urban and rural areas of the State, preserving the quality of water by institutionalising water quality monitoring/surveillance and improving/augmenting existing water supply schemes. For achieving these objectives, the department implements various state/centrally sponsored programmes/schemes such as Accelerated Rural Water Supply Programme, Augmentation and Improvement of Water Supply to Greater Srinagar and Greater Jammu-Master Plan Phases I and II, Minimum Needs Programme, etc.

10.2 Organisational structure

The organisational structure of the Public Health Engineering (PHE) Department is given in the following chart:



10.3 Manpower

The position of sanctioned posts vis-à-vis persons in position in the department as on April 2004 was as under:

Table 10.1

Name of the Province	Chief Engineers	Executive Engineers	Assistant Executive Engineers	Assistant Engineers	Junior Engineers	Accounts Officers/ Assistant Accounts Officers/ Head Draftsmen/ Draftsmen	Head clerks/Senior/ Junior Assistants	Others	Total
Sanctioned strength									
PHE-Jammu	1	22	100	82	464	172	279	8881	10001
PHE-Kashmir	1	17	90	62	226	119	215	7847	8577
Total:	2	39	190	144	690	291	494	16728	18578
Effective strength									
PHE-Jammu	1	22	96	79	443	154	224	8598	9617
PHE-Kashmir	1	17	73	40	153	95	196	7600	8175
Total:	2	39	169	119	596	249	420	16198	17792
Vacancies	-	-	21	25	94	42	74	530	786*

10.4 Allocation and expenditure

The details of allocation of funds and expenditure incurred thereagainst during 2003-04 and 2004-05 was as follows:

Table 10.2

(Rupees in crore)

Particulars	2003-04		2004-05	
	Allocation	Expenditure	Allocation	Expenditure
Revenue account				
Plan	55.40	54.48	66.65	66.22
Non-Plan	200.13 ^ψ	198.85	211.88	210.60
Capital account				
Plan	91.60	83.84	85.91	80.46
Non-Plan	-	-	-	-
Centrally sponsored schemes	180.63	144.30	168.91	140.04
Grand total:	527.76	481.47	533.35	497.32

Funds amounting to Rs 46.29 crore and Rs. 36.03 crore were not utilised by the department during 2003-04 and 2004-05 respectively, which affected the execution of various schemes. Further, the expenditure pattern of the department showed that it raised a loan of Rs. 23.60 crore from Life Insurance Corporation of India during 2003-04 but utilised only Rs. 19.88 crore, resulting in saving of Rs. 3.72 crore.

Break-up of the expenditure is given below:

* Excludes information in respect of PHE Divisions Shopian and Budgam, as these divisions did not furnish the requisite information.

^ψ Includes Rs. 3.40 crore allocated directly by the Planning Department to the implementing agencies

Table 10.3

(Rupees in crore)

Particulars	2003-04		2004-05	
	Allocation	Expenditure	Allocation	Expenditure
Salaries	171.54	169.42	180.88	180.26
Material and supplies	3.40	3.23	4.00	3.54
Maintenance and equipment	2.33	2.33	4.20	4.19
Other activities	338.97	297.30	344.27	309.33
Total:	516.24*	472.28	533.35	497.32

10.5 Targets/achievements

The targets fixed by the department and achievements made thereagainst during 2003-04 and 2004-05 are given below:

Table 10.4

S.No.	Particulars	2003-04		2004-05	
		Targets	Achievement	Targets	Achievements
Jammu Division					
(i)	Completion of leftover <i>Moharas</i> (Hamlets)	50	45	-	-
(ii)	Completion of on-going/up-gradation of schemes	171	15	10	10
(iii)	Coverage of towns	1	-	1	1
(iv)	Coverage of habitations	600	73	275	205
(v)	Installation of hand pumps	635	379	Not fixed	1769
(vi)	Water supply to urban areas (in MGD)	4.50	0.90	1.20	1.20
Kashmir Division					
(i)	Coverage of towns	2	2	2	1
(ii)	Rural water supply schemes	30	25	30	42
(iii)	Coverage of villages	250	135	250	264
(iv)	Population benefited (In lakh)	2.13	1.60	2.13	3.99

Shortfall in the achievement of targets in 2003-04 was attributed (April 2005) by the Assistant Director (P & S) to inadequate/belated release of funds by the Administrative Department.

10.6 Audit coverage

Audit of 42 DDOs (22 out of 30 DDOs in Jammu and 20 out of 28 DDOs in Kashmir) was conducted during 2004-05. The total expenditure involved was Rs. 679.51 crore, of which expenditure of Rs. 142.85 crore (21 per cent) was test-checked in Audit.

Audit of Transactions

Audit findings of some important cases noticed as a result of test check of records of various units conducted during 2004-05 are discussed in the succeeding paragraphs:

* Out of total loan of Rs. 23.60 crore raised from LIC, break-up of loan of Rs. 11.52 crore and expenditure of Rs. 9.19 crore were not available

10.7 Idle investment on Water Supply Scheme Mehjoor Nagar

“Water Supply Scheme Mehjoor Nagar and augmentation of Water Supply Scheme Padshahi Bagh” was conceived (June 2001) to cater to drinking water requirement (7.5 LGPD^φ) of 45,165 people living in a suburban[▲] area of Srinagar at an estimated cost of Rs. 6.16 crore. The scheme envisaged lifting of water from river Jehlum, its filtration and distribution through three overhead tanks. All the components of the Scheme including filtration plant comprising pre-sedimentation tank, clariflocculator, water treatment plant and desludging chamber were to be completed in three working seasons.

Audit scrutiny (December 2004) of the records of Executive Engineer, Water Works Division, Srinagar revealed that while the equipments were being purchased and civil works were in progress, the work on a vital component of the scheme “Construction, successful testing and commissioning of 1.125 MGD water treatment plant” could not be continued by the contractor as loose soil comprising powder like ash and fine sand was encountered (August 2003) during excavation at the site. Since the work allotted (December 2002) to him included a trial run of six months, the contractor, apprehending failure of the treatment plant due to weak soil requested (August 2003) for modification of the design by way of provision of a suitable foundation. The authorities were not able to take a final decision about the type of foundation (Raft or Strip) with the result work was stopped by the contractor. The work could not be started as the final designs were pending for approval (April 2005). Meanwhile an expenditure of Rs. 3.50[♦] crore was incurred on other components of the scheme between 2001-02 and 2003-04 without any fruitful purpose.

Further scrutiny revealed that while determining the bearing capacity of various water structures of the proposed scheme in December 2001, the experts of Road Research Laboratory, Public Works Department observed the existence of fine sand and silt below brick-kiln ash at the proposed site of filtration plant. The authorities should have kept this material fact in view at the time of preparation of designs and before allotment of work in December 2002.

Thus faulty design coupled with indecisiveness on the part of authorities in finalizing the design for foundation of water treatment plant for about two years resulted in idle investment of Rs. 3.50 crore with denial of intended benefits to the targeted population. Cost of idle funds to Government worked out to Rs. 63.21^φ lakh.

^φ Lakh gallons per day

[▲] Mehjoor Nagar, Bund of Jawahar Nagar, Nowgam, Noorani Colony, Mehboob Basti, etc.

[♦] Land acquisition: Rs. 27.47 lakh; Materials: Rs. 257.03 lakh; Preliminary works: Rs. 48.62 lakh; Miscellaneous expenditure: Rs. 8.99 lakh; Diversion of funds: Rs. 7.51 lakh

^φ At the borrowing rate of 13 *per cent* from April 2002 to December 2002, 12 *per cent* from January 2003 to 23 August 2003, 10.50 *per cent* from 24 August 2003 to 31 August 2004 and 9.25 *per cent* from September 2004 to March 2005

10.8 Unfruitful expenditure on Water Supply Scheme Bhed Blore

Instructions issued (July 1984) by Irrigation and Public Health Engineering (PHE) Department envisage that a perennial source should be ensured before taking up the work on water supply schemes. For providing drinking water in six* villages/*Mohras* of Kathua district covering 2,321[^] persons, Executive Engineer, PHE Division, Kathua proposed (September 1999) “Water Supply Improvement and Augmentation Scheme Bhed Blore” at an estimated cost of Rs. 67.14 lakh. One dug well with anticipated discharge of 48,000 gallons per day was proposed to be constructed at Bhed Blore *Khad* as source for the scheme.

Test check (December 2004) of the records of Executive Engineer, PHE Division, Kathua revealed that disregarding the above instructions, the division went for laying of the distribution system during 1999-2000 with simultaneous trials for tracing water at source site. However, underground water of required discharge was not found at the proposed source site at Bhed Blore *Khad* and also at another site in village Mullu. After failure to locate the water at two source sites the division proposed (July 2002) revised scheme (estimated cost: Rs. 1.24 crore) with new source site at village Fafal, four Kilometers away from original source site. Although an expenditure of Rs. 67[♥] lakh was incurred during 1999-2000 to 2002-03 on various works, including Rs. 7.80 lakh for construction of dug well at Fafal, yet the infrastructure created could not be made operational. After being pointed out in audit, Executive Engineer stated that the expenditure incurred already would be utilised after approval and funding of revised scheme. However, the revised scheme was neither approved nor were any funds provided for its implementation (December 2004). The population in the envisaged area remained without safe drinking water for over 12 years and the infrastructure created had also been damaged.

Defective planning of Executive Engineer, PHE Division, Kathua for taking up the work on water supply scheme Bhed Blore without first identifying the source and ascertaining its yield not only resulted in unfruitful expenditure of Rs. 67 lakh but also deprived the inhabitants of six villages of safe drinking water facility.

The matter was referred to Government/department in March 2005; Chief Engineer, PHE, Jammu stated (July 2005) that scheme would be made functional as soon as the funds under revised proposal are received.

* Villages: Bhed Blore, Fafal, Kathera, Dral; *Mohras*: Bagra Gujjar and Rajput
[^] Population of 1997
[♥] 1999-2000: Rs. 4 lakh; 2000-01: Rs. 3.60 lakh; 2001-02: Rs. 25.40 lakh;
2002-03: Rs. 34 lakh

10.9 Idle investment on Water Supply Scheme Agrat

In order to mitigate the shortage of drinking water in two^φ villages of Rajouri district caused by increased demand and low discharge of the source of water supply schemes ‘Agrat’ and ‘Sonalkot’, Executive Engineer, Public Health Engineering (PHE) Division, Rajouri proposed (1999-2000) a scheme for improvement of water supply to these villages at an estimated cost of Rs. 48.59 lakh. The scheme envisaged purification of water of a local *nallah* (source) by installation of a slow sand filtration plant, besides construction of sump tank, two service reservoirs, laying of rising main/distribution system and installation of electric sub-station, etc.

Test-check (December 2004) of the records of Executive Engineer, PHE Division, Rajouri revealed that Rs. 48[▲] lakh were spent during 1999-2000 to 2003-04 on execution of various works[≠] of the scheme without administrative approval/technical sanction. The filtration plant was not installed (June 2005) although an amount of Rs. seven lakh was advanced (October 2002 and March 2003) to Executive Engineer, PHE Procurement Division, Jammu for this purpose. Audit scrutiny further revealed that water of the proposed source was found (November 2002) bacteriologically unfit for human consumption due to presence[•] of *colliform bacilli* bacteria. The proposal (February 2004) of exploring a new source in the shape of a bore well awaited clearance as of July 2005. Consequently the scheme could not be commissioned and was lying dysfunctional. On this being pointed out, the Executive Engineer stated (January 2005) that the infrastructure created would be made functional after identification of a proper source.

Poor planning by Executive Engineer, PHE Division, Rajouri in executing the works of ‘Water supply Improvement, Extension and Upgradation Scheme Agrat’ without ensuring proper quality of water at the source as also feasibility of the filtration system resulted in idle investment of Rs. 48 lakh and deprived the inhabitants of targeted villages of safe drinking water. Cost of idle funds worked out to Rs. 15.06^φ lakh.

10.10 Idle investment on Water Supply Scheme Sumb

In order to meet the increased demand of water supply in the villages falling under Water Supply Schemes ‘Mandal’ and ‘Sumb’, Executive Engineer, PHE Rural Division, Jammu proposed ‘Improvement and Extension of Water Supply Scheme Sumb’ at an estimated cost of Rs. 38.57 lakh. The scheme

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- φ Agrat, Sonalkote
 - ▲ 1999-2000: Rs. 5 lakh; 2000-01: Rs. 5 lakh; 2001-02: Rs. 14.31 lakh; 2002-03: Rs. 22.96 lakh; 2003-04: Rs. 0.72 lakh
 - ≠ Sump tank: Rs. 0.69 lakh, Service Reservoir: Rs. 5.36 lakh; Pipe net work: Rs. 26.32 lakh; Electric sub-station: Rs. 5 lakh; Contingency: Rs. 1.71 lakh; Advance for Filtration plant: Rs. 7 lakh and Pump room: Rs. 1.92 lakh
 - 450 bacteria in 100 ml of water
 - φ Worked out at the borrowing rate of Jammu and Kashmir Government.

envisaged tapping of surplus water (1.10 LGPD[€]) available with the tube well of 'Water Supply Scheme Rambagh' by laying of rising main/distribution system, construction of overhead tank (capacity: 25,000 gallon), installation of mechanical components and land compensation, etc.

Test-check (November 2004) of the records of Executive Engineer, PHE Rural Division, Jammu revealed that an expenditure of Rs. 36.04[#] lakh was incurred during 1999-2000 to 2003-04 on construction of sump tank, installation of pumping machinery, rising main and distribution system of the scheme without obtaining administrative approval/technical sanction. Yet there was no improvement in the water supply of the area as the work of construction of overhead tank, an essential component of distribution system was not taken up, because a contractor who was ignored in the tender evaluation (October 2000) due to his insufficient experience, disputed the allotment of work. On being pointed out the Executive Engineer stated (April 2005) that the work could not even be re-tendered as the matter was sub-judice and admitted that the dispute arose because tender forms were irregularly issued to a contractor who did not conform to terms of NIT[⌘].

Irregular action of Executive Engineer, PHE Rural Division, Jammu in issuing the tender forms to a contractor without ascertaining his credentials resulted in idle investment of Rs. 36.04 lakh. The cost of the idle funds to Government worked out to Rs. 19.40[≠] lakh.

10.11 Unfruitful expenditure on Water Supply Scheme Tandyari

A tube well, drilled (1994) by Central Ground Water Board, Jammu under its exploration programme at village Dhanu, District Kathua was handed over (January 1995) free of cost to Public Health Engineering (PHE) Division, Kathua. Audit scrutiny (February 2004) of the records of the Executive Engineer, PHE Division, Kathua revealed that a proposal was mooted after a gap of three years in March 1998 to commission the tube well for augmentation of Water Supply Scheme Tandyari at an estimated cost of Rs. 26.76 lakh. Execution of scheme was taken up in 2001-02 and an expenditure of Rs. 25.07[♦] lakh was incurred upto 2003-04 on items like creation of infrastructure, construction of tube well, building pump room, two service reservoirs, sump tank, laying and installation of rising mains and pumping machinery, etc. without first ensuring the availability of sufficient discharge of potable water from the proposed source. Despite repeated attempts by the Ground Water Drilling Division, Jammu to redevelop (February 2003) the tube well, the quality and quantity of water showed no signs

€ Lakh gallons per day

1999-2000: Rs. 25.98 Lakh; 2000-01: Rs. 3.47 lakh; 2001-02: Rs. 4.87 lakh; 2002-03: Rs. 1.68 lakh; 2003-04: Rs. 0.04 lakh

⌘ Notice inviting tenders

≠ Calculated on the borrowing rate of Jammu and Kashmir Government

♦ 2001-02: Rs. 9.82 lakh; 2002-03: Rs. 10.68 lakh; 2003-04: Rs. 4.57 lakh

of improvement with the result the objective of augmenting the proposed scheme was not achieved.

The department's failure to commission the tube well in time and subsequently taking up the execution of water supply augmentation scheme after six years without first ascertaining the quality and quantity of water of the source not only resulted in unfruitful expenditure of Rs. 25.07 lakh but also deprived the inhabitants of drinking water facility.

10.12 Unproductive expenditure on Water Supply Scheme Gandh Top

To mitigate the daily water shortage of 8,550 gallons, caused due to decrease in the discharge of existing source (capacity: 4200 GPD) and damage to the gravity mains/distribution system of 'Water Supply Scheme Gandh Top' Executive Engineer, Public Health Engineering (PHE) Division, Udhampur took up (1999-2000) the execution of works on 'Water Supply Improvement and Augmentation Scheme Gandh Top' at an estimated cost of Rs. 32.62 lakh. The scheme envisaged tapping of additional source of water (capacity: 21,000 GPD), laying of gravity mains (2.10 Kms) for its subsequent integration with the existing distribution system and improvement/extension of distribution system.

Audit scrutiny (January 2005) of the records of Executive Engineer, Public Health Engineering Division, Udhampur revealed that without tapping the additional source and laying the gravity mains, an expenditure of Rs 8.90 lakh was incurred on laying of distribution network for seven new *Mohras*^{*} and Rs 23.10 lakh on improvement of existing gravity mains/distribution system during 1999-2000 to 2001-02. Thus there was no improvement in water supply as the capacity of the water source remained unchanged. On this being pointed out in audit the Executive Engineer stated (June 2005) that the damage to the existing system being far in excess of those estimated, the new gravity mains could not be laid.

The failure of Executive Engineer, PHE Division, Udhampur in preparation of correct estimates and taking up the execution of works on 'Water Supply Improvement and Augmentation Scheme Gandh Top' without development of additional source and laying of gravity mains resulted in unproductive expenditure of Rs. 23.10 lakh.

10.13 Unfruitful expenditure on Water Supply Scheme Karol Krishna

In order to mitigate the drinking water problem caused in five[^] villages of Hiranagar Block (District Kathua) due to insufficient discharge in the source of water supply scheme Mathura Chak, Executive Engineer, PHE (C) Division, Kathua proposed Karol Krishna water supply scheme at an estimated cost of Rs. 16.42 lakh. The scheme in addition to repair/redevelopment of an idle and

* Hamlet

[^] Karol Biddu, Karol Krishna, Ladwal, Bhati Mehru and Bhoibiya

abandoned tube well of Irrigation department as a water source, also envisaged construction of service reservoir/electric substation, installation of pumping machinery/voltage stabilizers, laying of distribution system, etc.

Test-check (February 2004) of the records of Executive Engineer, Public Health Engineering Division, Kathua revealed that an expenditure of Rs. 18.15 lakh was incurred during 2000-01 and 2001-02 on construction of service reservoir, electric substation, procurement of pumping machinery and laying of pipes, etc. without first ensuring the yield of the source and obtaining the technical sanction/administrative approval. Subsequently redevelopment of tube well taken up during 2003-04 at a cost of Rs. 1.25 lakh, did not yield encouraging results as the water discharge of the source was insufficient and unfit for human consumption. On being pointed out in audit (February 2004) Executive Engineer, while admitting the error in judgement stated (December 2004) that the idle infrastructure created can be used only after a new source in the shape of tube well/dug well was added but the same was a time consuming process. Further to address the acute shortage of water supply in the targeted villages the division proposed a new scheme (estimated cost: Rs 20 lakh) for interconnecting the sump tank of water supply scheme Karol Krishna with the tube well of water supply scheme Mathura Chak. Contention of Executive Engineer to connect idle infrastructure with the old scheme was not tenable as the insufficient discharge of Mathura Chak tube well had led to formulation of this project.

Unplanned execution of works on water supply scheme Karol Krishna by Executive Engineer, PHE (C) Division, Kathua without first ensuring the yield of the source rendered the expenditure of Rs. 19.40 lakh unfruitful.

10.14 Idle investment on Water Supply Scheme Romain Palaren

Water Supply Scheme Romain Palaren executed (between 1987 to 1990) at a cost of Rs. 22.74 lakh was designed to meet the drinking water requirements of two villages (Romain and Palaren) till the year 2011. However, a long distribution system, non-construction of RCC ground service reservoir and the complete damage of its source in September 1992 rendered it dysfunctional. After waiting for seven years, Executive Engineer, PHE Division, Udhampur took up (September 1999) a revised scheme at an estimated cost of Rs. 17.48 lakh, which involved installation of pumping equipment comprising two pumping units at Stage-I of 'Water Supply Scheme Ramnagar' for tapping its surplus water, construction of two service reservoirs (one balancing one storage capacity: 10,000 gallons each) and laying of gravity mains/distribution system, etc.

Test check (January 2005) of the records of Executive Engineer, Public Health Engineering Division, Udhampur revealed that an expenditure of Rs. 16.99 lakh was incurred during 1999-2000 to 2000-01 on construction of one service reservoir, laying/improvement of existing gravity mains/distribution system, advance payment for procurement of one pump set, etc. without tapping the proposed source and installing the pumping machinery. The scheme was not

made functional as the new source could not be tapped by the department due to non-availability of pumping unit which was not supplied (January 2005) by the agency to which an amount of Rs. 2.50 lakh was paid as advance (March 2001). The Executive Engineer, however, stated (January 2005) that water supply to the area was ensured by connecting the system with the reservoir of 'Water Supply Scheme Kund'. This was not tenable as the source of 'Water Supply Scheme Kund' was also in a depleted state and its revitalisation had been taken up by the department separately (June 2003).

When the matter was referred (April 2005) to Government/department, the Chief Engineer, PHE Department, Jammu stated (June 2005) that the drinking water requirements of the area were fulfilled satisfactorily after installation of the pumping unit. The reasons for belated installation and commissioning of pumping set were, however, not intimated. The contention of the Chief Engineer was untenable as installation of one more pumping unit and construction of one more reservoir for completion of the scheme as envisaged in the original plan was not taken up (June 2005).

Thus the defective planning of Executive Engineer, PHE Division, Udhampur in framing the 'Water Supply Scheme Romain Palaren' and taking up the execution of revised scheme without installing the pumping unit for tapping the proposed source rendered the expenditure of Rs 16.99 lakh idle for more than three years. Even after tapping the source (June 2005) intended benefits of the scheme could not be made available in full.

10.15 Long paragraph on Store Management in the department

10.15.1 Introduction

Store items such as pipes, pipe fittings, water purification chemicals, machinery and equipment, etc. needed in Public Health Engineering (PHE) Department in execution and maintenance of water supply schemes are purchased by the two purchase committees headed by the Chief Engineers, (PHE) Jammu and Srinagar through two consignee PHE, Mechanical and Procurement (M&P) divisions Jammu and Srinagar respectively. Other key material like cement and steel are procured from Stores Procurement Department (Roads and Buildings). Audit scrutiny of the records of two Chief Engineers, PHE Department Jammu/Kashmir and eight* PHE Divisions for the period 2000-01 to 2004-05 was taken up with the main objective of examining whether the prescribed procedures for assessment of requirement, purchase, storage and issue of stores were adequate and followed. Important points noticed are brought out in succeeding paragraphs.

* M&P Divisions: Jammu, Srinagar; User divisions: Awantipora, Bijbehara, Nowshera, Poonch, Akhnoor and Rural Jammu

10.15.2 Allocation and expenditure

The administrative department had not provided the allocation on stores component separately in respect of various schemes[#]. As such the overall expenditure on procurement of stores in the department was not monitored. According to the information provided by two procurement divisions the position of funds received in these divisions in the shape of direct allotment as well as advances, expenditure incurred on procurement of stores and the value of stores issued to the user divisions during 2000-01 to 2004-05 was as under:

Table 10.5

(Rupees in crore)

Year	Value of Opening balance	Funds available		Total (2+3+4)	Expenditure [€] incurred on procurement of stores	Value of stores supplied	Value of Closing balance of stores (5-7)
		Advance Payments received	Direct allocation				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2000-01	1.31	3.16	37.60	42.07	40.66	39.54	2.53
2001-02	2.53	14.87	42.49	59.89	59.40	56.98	2.91
2002-03	2.91	12.72	37.80	53.43	50.16	48.28	5.15
2003-04	5.15	53.79	32.85	91.79	71.09	70.19	21.60
2004-05	21.60	55.20	37.70	114.50	103.17	101.39	13.11
Total		139.74	188.44		324.48	316.38	

Test check of records in six user divisions revealed that the expenditure of Rs. 46.87 crore incurred by these divisions through advance payments for procurement of stores during 2000-01 to 2004-05 was not uniformly distributed throughout the year as Rs. 28.65 crore (61 *per cent*) were spent in the last quarter and Rs. 19.47 crore (42 *per cent*) in the month of March during these years, thus resulting in rush of expenditure at the fag end of the year. Reason for rush of expenditure was attributed by the Executive Engineers, PHE Division, Poonch and Awantipora to late release of funds.

10.15.3 Inventory control

Financial rules provide that stores for public services are to be procured in the most economical manner after assessing definite requirements for the full year so as to avoid purchases in small quantities and take benefit of economies of scale. Even though the user divisions furnished their requirements to Chief Engineer, (PHE), Jammu, these were not consolidated for working out overall requirement of the department as a whole. The purchase of stores was made piecemeal on need basis as per availability of funds from time to time. The supply orders were issued throughout the year and the lead-time taken between the issue of NIT and finalisation of rate contract ranged from one to 12 months. In test check it was seen that system of inviting tenders for ascertaining the lowest market rates had been ignored in some cases and the purchase committee approved the rates of some suppliers without assigning any reasons. While

[#] Minimum Needs Programme, Accelerated Rural Water Supply Programme, Accelerated Urban Water Supply Programme, etc.

[€] Does not including handling and storage charges

approving such firms essential data like the quantity of stocks available in the stores, specifications/technical information of the material to be purchased and annual requirement of the department, etc. were not taken into consideration.

The department had not fixed the minimum, maximum and reordering level of stores in quantitative terms for effective inventory control. No calendar of events was formulated to fix a time-schedule for completion of purchase process within a time frame. Although the stock reserve limit in monetary terms for M&P Division, Jammu was fixed at Rs. one crore but the value of un-issued stores at the close of the years 2001-02 (Rs. 2.35 crore), 2002-03 (Rs. 3.87 crore), 2003-04 (Rs. 19.17 crore) and 2004-05 (Rs. 11.27 crore) exceeded that limit. However, in M&P Division Srinagar no stock reserve limit was fixed. After being pointed out in audit Chief Engineer, PHE, Kashmir stated (June 2005) that the completion of purchase process within a fixed time could not be ensured because the department was never sure about the release of funds by the State Government/Government of India.

10.15.4 Idling of stores

Chief Engineer, PHE, Jammu procured 28 pumps* during March 2002 to February 2004, without ascertaining the requirement from the user divisions. However, only nine pumps were issued (December 2004) after a delay of 3 to 22 months and the remaining 19 pumps (value: Rs. 34.48 lakh) were idle in the stores of M&P Division Jammu for over 9 to 31 months. This indicated poor inventory control as these pumps were not purchased on the basis of definite and immediate requirement. On being pointed out, the Executive Engineer stated (April 2005) that the user divisions would be requested to lift the pumps.

Eight store items valuing Rs. 9.45 lakh pertaining to three test checked divisions^φ and procured prior to 1990 were found to be slow moving.

One hundred and forty three store items valuing Rs. 63.78 lakh in respect of three test checked divisions^ψ procured prior to the year 2000 were not issued for use on works resulting in locking up of investment made thereon (March 2005).

Eight store items valuing Rs. 54.80 lakh purchased by Executive Engineer, Master Plan Division, Srinagar lost their shelf life and were declared unserviceable as these were not issued in time resulting in unfruitful expenditure. Action for disposal of unserviceable items was not taken (March 2005).

* Vertical turbine, horizontal centrifugal and submersible pumps

φ Master Plan Division, Srinagar: 3 items (Rs. 8.65 lakh); Water Works Division, Srinagar: 3 items (Rs. 0.21 lakh); City Division No. II, Jammu: 2 items (Rs. 0.59 lakh)

ψ Master Plan Division, Srinagar: 5 items (Rs. 56.83 lakh); Water Works Division, Srinagar: 137 items (Rs. 6.72 lakh) and City Division No. II, Jammu: 1 item (Rs. 0.23 lakh)

10.15.5 Direct purchases by user divisions

Central Procurement Divisions, Jammu and Srinagar were responsible for making centralized purchase of material and equipment required by user divisions of the department at economical and competitive rates and direct purchases by the user divisions were to be resorted to only in the event of non-availability of the same from the Central Procurement Divisions. It was however, observed in audit that six[¶] test checked user divisions made direct purchase of stores aggregating Rs. 7.59 crore during the period 2000-01 to 2004-05 without obtaining non-availability certificate (NAC) for such stores from the Central Procurement Divisions. Direct purchases by the user divisions defeated the intended objective to ensure centralized quality purchase of stores at economical rates.

On being pointed out Executive Engineer, PHE Division, Poonch stated that local purchase was resorted to only because the GI fittings were often not available with the M&P Division, Jammu. However, Executive Engineer, PHE divisions, Nowshera and Akhnoor stated that the local purchases were made to meet the immediate requirements. The reply is not tenable as the department should have made adequate arrangement for meeting the immediate requirements and also for keeping sufficient stock of items of common use like G.I. fittings. To curb the practice of local purchases at divisional level Chief Engineer, Kashmir at the instance of audit decided (June 2005) to keep stocks of fast moving items available in the stores of M&P division Srinagar and also instructed the territorial divisions to refrain from making local purchase of stores without obtaining NAC from M&P division.

10.15.6 Non-imposition of penalty in default cases

Terms and conditions laid down in the supply orders issued from time to time provided for forfeiture of security deposits and imposition of penalty not exceeding 10 *per cent* of contract value in case of any default by the supplier. Test check of records revealed that no action was taken by the department against 20 vendors who failed to supply material worth Rs. 3.44 crore (February 2005) on 22 supply orders issued between October 2000 to December 2004. Further the penalty of Rs. 69.30 lakh due from 11 suppliers for making delayed supplies beyond 75 days had not been imposed. On being pointed out Chief Engineer, (PHE), Jammu stated that full penalty could not be imposed due to delay in releasing the payments of these contractors owing to non-availability of cash in treasuries.

10.15.7 Non-reconciliation of accounts

Material purchased by the M&P divisions and issued to user divisions against the funds provided in the shape of direct allotment or advance payment

[¶] Awantipora: Rs. 16.01 lakh, Nowshera: Rs. 41.59 lakh, Poonch: Rs. 39.59 lakh, Akhnoor: Rs. 110.34 lakh, Mechanical south, Awantipora: Rs. 459.77 lakh, Rural Jammu: Rs. 91.22 lakh

was to be reconciled at periodical intervals. Test check of records, however, revealed that the accounts for the material issued to six user divisions was either less (Rs. 35.63 lakh; 25 items) or more (Rs. 6.78 lakh; 9 items) than what had been issued by the M&P divisions. Audit scrutiny also revealed that against the amount of Rs. 65.96 crore shown received as advances by two M&P divisions during 2000-01 to 2004-05 for procurement of stores for seven^ψ indenting divisions, the respective user divisions showed only Rs. 64.19 crore in their books, thus resulting in net variation of Rs. 1.77 crore. No steps were taken to reconcile the variation. The above omission occurred mainly due to periodical non-reconciliation of accounts between the user divisions and the M&P divisions.

10.15.8 Priced store ledger

The stock items recorded in the priced store ledger (PSL) were not valued in eight test checked divisions as a result of which accuracy of store accounts could not be confirmed in audit. In PHE Division, Poonch material worth Rs. 6.93 lakh received (January 2001) from M&P Division Jammu was not accounted for in the PSL. After being pointed out in audit Chief Engineer, PHE, Kashmir stated (June 2005) that strict instructions were being issued in this regard and frequent checks would be exercised to ensure its implementation.

10.15.9 Stock Issue Rates

Issue rate of the stores procured and consumed for use on various works was to be fixed on no profit, no loss basis in the stock accounts. However no uniform system was adopted by the eight test checked divisions for fixing the issue rates of stores. On being pointed out in audit Chief Engineer, PHE, Kashmir issued (June 2005) instructions for adopting uniformity in arriving at stock issue rates.

10.15.10 Non-realisation of Security/Surety

To safeguard the department's interest cash security of Rs. 2,000 and personal surety of Rs. 20,000 was to be obtained from persons entrusted with the custody and handling of stores. However in eight test-checked divisions cash and personal security of Rs. 5.52 lakh had either not been obtained or partly obtained from 27 persons who held the charge of storekeeper. Further 11 persons in these divisions were allowed to hold the charge of stores for the periods ranging from 29 to 70 months as against the prescribed tenure of 24 months.

Test check also revealed that Rs. 4.33 lakh outstanding against the ex-storekeeper of PHE Ground Water Division, Srinagar transferred (June 1997) to PHE, M&P Division, Srinagar had not been recovered even after his retirement

^ψ Bijbehara, Mechanical South Awantipora, Mechanical Rural Srinagar, Nowshera, Akhnoor, Poonch and Rural Jammu

(March 2003). While admitting the audit contention Chief Engineer, PHE stated (June 2005) that concerned Executive Engineers were asked to explain the reasons for violating the rules.

10.15.11 Material-at-site accounts

Material issued by the divisions was to be accounted for in Material-at-site register (Form-35) so as to keep a watch over its utilisation against the estimated requirements. Material at site accounts were not maintained by four^φ PHE divisions. In four^β other test-checked divisions, material of Rs. 2.73 crore was found outstanding against 36 Officials/Officers which included Rs. 36.77 lakh outstanding against 15 transferred officials.

10.15.12 Material issued on loan

In six^ψ divisions material valuing Rs. 1.15 crore was issued on loan during 2000-01 to 2004-05 without proper indents. Out of this material for Rs. 1.08 crore remained unadjusted (February 2005) in the respective divisions.

10.15.13 Unclaimed Public Works Deposits

According to codal provisions, deposits remaining unclaimed for more than three complete account years are to be credited to Government accounts as 'lapsed deposit'. However deposits of Rs. 4.41 lakh unclaimed for over three to eight years in two M&P divisions had not been reviewed for their credit to Government accounts as 'Lapsed Deposit'.

10.16 Unplanned execution of schemes

Executive Engineer, PHE Division, Samba took up construction of 42 water supply schemes between 1981-82 and 1999-2000 at an estimated cost of Rs. 18.51 crore. Of these, only 16 schemes were completed by March 2004 at a cost of Rs. 7.02 crore and the remaining 26 schemes on which Rs. 20.38 crore were spent up to March 2004, were lying incomplete. Instead of completing the on-going schemes, the Executive Engineer took up 15 new schemes (estimated cost: Rs. 11.68 crore) between 2000-01 and 2003-04, on which Rs. 2.38 crore were incurred as of March 2004, indicating unplanned execution of schemes.

Similarly, Executive Engineers, PHE Divisions, Awantipora and Bijbehara started execution of 74 new water supply schemes, (Awantipora: 31; Bijbehara: 43) between 1999-2004 and incurred Rs. 21.90 crore (Awantipora:

^φ Poonch, Akhnoor, Rural Jammu and Mechanical Rural Srinagar

^β Awantipora: Rs. 39.72 lakh; Nowshera: Rs. 210.79 lakh; Bijbehara: Rs. 20.38 lakh; Mechanical South Awantipora: Rs. 1.68 lakh

^ψ Awantipora: Rs. 2.08 lakh; Poonch: Rs. 2.29 lakh; Bijbehara: Rs. 13.94 lakh; Akhnoor: Rs. 37.51 lakh; Rural Jammu: Rs. 18.36 lakh; M&P Jammu: Rs. 40.75 lakh

Rs. 10.11 crore; Bijbehara: Rs. 11.79 crore) on them up to March 2004. The schemes were taken up for execution despite the fact that 16 schemes (Awantipora: 10; Bijbehara: 6), taken up for execution prior to March 1999, were lying incomplete and an expenditure of Rs. 8.98 crore (Awantipora: Rs. 4.86 crore; Bijbehara: Rs. 4.12 crore) had been incurred on them up to March 2004.

Executive Engineer, PHE Division, Rajouri took up (2001-02) execution of water supply schemes Muradpur and Goverdanbala at an estimated cost of Rs. 1.02 crore for completion in two years. The schemes were not made functional as of January 2005, despite spending the full amount by the end of March 2004.

Executive Engineer, PHE Division, Bijbehara took up execution works of two* water supply schemes (Marhama and Kotheir) at an estimated cost of Rs. 2.24 crore (Marhama: Rs. 1.84 crore; Kotheir: Rs. 39.90 lakh) and incurred (March 2004) Rs. 1.22 crore (Marhama: Rs. 1.01 crore; Kotheir: Rs. 21.33 lakh) on civil works. However, the schemes could not be made operational due to delay in tapping of water source/construction of service reservoir (in case of Marhama) and non-installation of mechanical/electrical components (in case of Kotheir), rendering the investment idle.

Executive Engineer, PHE Division, Budgam took up (2003-04) execution of water supply scheme Gundi Arjun at a cost of Rs. 36.82 lakh without ensuring unencumbered water source. The work on the scheme was stopped in August 2004, owing to the stay order obtained by the villagers of Nagred Khah over the use of water source. By that time, Rs. 10.75 lakh (including unpaid liability of Rs. 2.11 lakh) had been spent on the scheme. This resulted in unfruitful expenditure of Rs. 8.64 lakh. Similarly, Executive Engineer, PHE Division, Qazigund took up (2000-01) execution of water supply scheme, Kewa Wanpora at an estimated cost of Rs. 17 lakh. After incurring expenditure of Rs. 12.16 lakh on the scheme, further execution work was stopped due to dispute over source of water.

10.17 Unauthorised execution of schemes/works

Accord of administrative approval by the competent authority is a prerequisite for taking up of a work for execution. It gives details of expenditure to be incurred on a particular work and enables the department concerned to arrange funds. Similarly, technical sanction to the work is also to be obtained from the competent authority before its execution, so as to avoid any technical snag that may arise during and after execution of the scheme.

* Water supply schemes Marhama taken up prior to March 1999 and Kotheir taken up during 2001-02.

Test-check revealed that 849 water supply schemes/works (Jammu: 415; Kashmir: 434) were taken up unauthorisedly by 22 divisions (Jammu: 10; Kashmir: 12) for execution at an estimated cost of Rs. 1409.65 crore (Jammu: Rs. 1025.08 crore; Kashmir: Rs. 384.57 crore) without administrative approval and technical sanction. An amount of Rs. 272.78 crore (Jammu Rs. 83.28 crore; Kashmir: Rs. 189.50 crore) was spent on these unapproved schemes.

10.18 Irregular expenditure on maintenance and repairs

Financial rules empower Executive Engineer to incur expenditure up to a maximum of Rs. 2.50 lakh on maintenance and repairs during a financial year, provided Annual Repairs Distribution Statement (ARD) is approved by the Chief Engineer. Alternatively, each work is required to be approved by the Chief Engineer prior to incurring of the expenditure.

Test-check revealed that contrary to these rules, eight Executive Engineers of Kashmir Division *Appendix-34* incurred Rs. 8.92 crore between 1998-99 and 2004-05 without obtaining prior approval of the ARD by the Chief Engineer. On this being pointed out in Audit, the Executive Engineers concerned stated that ARD had been submitted to the higher authorities. This was, however, not tenable as no control could be exercised over the utilisation of funds at the administrative level.

10.19 Outstandings under Miscellaneous Public Works Advances

Miscellaneous Public Works Advances is sub-head of a temporary character and is debited with the value of stores sold on credit, expenditure incurred on deposit works in excess of funds received, loss of cash/store items and sums recoverable from Government servants. The transactions are ultimately settled either by way of recovery in cash or by adjustments. In 21 test-checked divisions (Jammu: 12; Kashmir: 9), Rs. 2.47 crore (Jammu: Rs. 0.70 crore; Kashmir: Rs. 1.77 crore) continued to remain outstanding under the sub-head since 1966-67. Audit observed that no concrete steps were taken by the department to effect recovery or to adjust the amount. Further the amounts remaining outstanding for unduly long periods carried risks of undetected fraud and embezzlement.

10.20 Release of payments on hand receipts

Financial rules envisage that all works should be executed after invitation of tenders to ensure economy in the expenditure. These rules prohibit execution of works departmentally, except in cases where works are of emergent nature. The department in violation of these rules executed works through *mates*^φ and payments were made on hand receipts. Test-check of records of 20 divisions (Jammu: 12; Kashmir: 8) revealed that works costing Rs. 10.11 crore (Jammu:

^φ Labour contractors

Rs. 7.61 crore; Kashmir: Rs. 2.50 crore) were executed through mates/contractors. Of this, payments aggregating Rs. 9.85 crore were made in the month of March 2004 alone, and Rs. 25.57 lakh between April 2004 and November 2004.

PERFORMANCE AUDIT

The performance of Water Supply Programme (Master Plan) was reviewed in audit and the findings are brought out in the succeeding paragraphs:

10.21 Augmentation and Improvement of Water Supply to Greater Srinagar and Greater Jammu-Master Plan Phase-I and Phase-II

The main objective of the project was to ensure supply of safe, sufficient and potable drinking water to the population of Greater Srinagar and Greater Jammu. Implementation of project activities was marred by wrong planning, unauthorised diversion of funds, non-utilisation of LIC loan in full, poor progress and delayed/defective execution of works leading to unfruitful, avoidable expenditure and idling/locking up of funds. Despite production of sufficient drinking water in Srinagar city, the department failed to cater to the needy people due to its improper and haphazard distribution system. Chief Engineer, Jammu had not maintained details of physical/financial achievements made under Phase-II of the project and the works executed were at variance with those laid down in the original project reports.

Highlights

- Execution of civil and mechanical/electrical works on water treatment plant at Doodganga, Srinagar without taking possession of the land resulted in an idle investment of Rs. 2.39 crore. (Paragraph: 10.21.8)
- Improper and haphazard laying of distribution system in Srinagar resulted in avoidable expenditure of Rs. 3.62 crore on tanker services for supply of drinking water. (Paragraph: 10.21.9)
- Project funds aggregating Rs. 1.38 crore were irregularly diverted to activities not related to the project. (Paragraph: 10.21.10)
- Injudicious action of the Chief Engineer, Jammu in preparing project report from a firm after execution of works provided under another project rendered Rs. 39.85 lakh unfruitful. (Paragraph: 10.21.11)
- The department failed to evolve a system of testing water samples at the tail end of distribution systems for ensuring safe drinking water to the public. (Paragraph: 10.21.14)

- **Funds borrowed from LIC of India could not be utilised in full due to their delayed release, which ranged between one month and five months.**
(Paragraph: 10.21.15)
- **Works worth Rs. 95.60 lakh were executed irregularly by three divisions without assessing the reasonability of rates. The account of material valuing Rs. 1.44 crore was not rendered and remained unadjusted.**
(Paragraph: 10.21.18 and 10.21.19)
- **Monitoring cell for evaluation of project activities was not established in Jammu while the monitoring cell at Srinagar was not working to optimum level as only one scheme of the project was reviewed by it during the period 2000-05.**
(Paragraph: 10.21.20)

10.21.1 Introduction

To ensure supply of safe, sufficient and potable drinking water to the population of Greater Srinagar and Greater Jammu cities, a project “Augmentation and Improvement of Water Supply-Master Plan” was launched by the Public Health Engineering Department in two cities of Srinagar (1973-74) and Jammu (1975-76). The Phase-I of the project was completed in 1992-93 (Jammu) and 2001-02 (Srinagar) and Phase-II was taken up in 1993-94 (Jammu) and 2002-03 (Srinagar) at an estimated cost of Rs. 225 crore (Srinagar: Rs. 181 crore; Jammu: Rs. 44 crore). The project was designed for projected population of 54.20 lakh (Jammu: 26.20 lakh; Srinagar: 28 lakh) with requirement of 227.03 MGD[^] (Jammu: 131.30 MGD; Srinagar: 95.73 MGD) by the year 2021. The objective of the project was to bridge the ever increasing gap between demand and supply of drinking water to be achieved by identification of new sources of water supply and augmentation of existing treatment/distribution systems.

10.21.2 Scope of Audit

Master Plan Phase-I for Greater Jammu was last reviewed by Audit during 1992-93 and comments thereon included at Para 4.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993. The performance audit of the Master Plan Project Phase-I Greater Srinagar and Phase-II for Greater Srinagar and Greater Jammu was conducted from October 2004 to March 2005 and is based on test check of the records of Administrative Department, offices of the Chief Engineers (Kashmir and Jammu), Superintending Engineer (Mechanical) Jammu and five[♦] divisions (out of ten divisions) executing the project covering the period from 2000-01 to 2004-05 (expenditure test checked: Rs. 15.73 crore: 32 *per cent*). The results of the performance audit are brought out in succeeding paragraphs:

[^] Million gallons per day

[♦] Master Plan Division, Srinagar; Water Works Division, Srinagar; Mechanical Division, Srinagar; City Division (No. 1), Jammu and City Division (No. II), Jammu

10.21.3 Audit objective

Performance audit of the project was conducted with a view to assess whether:

- funds provided for the project were prudently utilised
- the schemes under the project for augmentation and improvement of water supply were planned properly and executed efficiently and effectively
- the objectives under the project were achieved in full
- implementation of the project was monitored and evaluated

10.21.4 Audit criteria

The following audit criteria were followed:

- Extent of production and supply of safe drinking water.
- Planning of the project and implementation of various activities thereunder.
- Financial management for the project.

10.21.5 Audit methodology

The performance audit of the project was conducted by examination of primary and secondary records of the units selected for audit on random basis. Joint inspections of some works with the departmental officers were also conducted.

10.21.6 Project planning and implementation for Greater Srinagar

The project Master Plan Phase-I for Greater Srinagar was administratively approved in December 1974 at an estimated cost of Rs. 20.33 crore. The cost of the project was revised (April 1990) to Rs. 40.05 crore and further revised (December 1999) to Rs. 72.47 crore. After incurring an expenditure of Rs. 72.76 crore the project was closed in the year 2001-02. The administrative approval for revised cost (Rs. 72.47 crore) of the Project was not accorded (March 2005). The optimum production capacity and actual production of drinking water after implementation of Phase-I of the Project was as under:

Table 10.6

(In MGD)

S. No	Activities undertaken under the Project	Production Capacity	Actual production
1.	Rangil Filtration Plant	20	16
2.	Nishat filtration plants (2 Nos)	19	14.22
3.	Pokhribal Filtration Plant	4	2
4.	Alusteng Filtration Plant	6.80	4.82
5.	Doodganga Filtration Plant	7.75	6.70
		57.55	43.74

With the completion of phase-I of the project, the total production capacity increased to 57.55 MGD of drinking water against which the actual production was 43.74 MGD. Lesser production was attributed by the department to non-replacement/non-renovation of old worn out machinery/equipment, for which funds were not earmarked by the Chief Engineer, Kashmir.

The department formulated another project 'Augmentation and improvement of Water Supply to Greater Srinagar-Master Plan Phase-II' at an estimated cost of Rs. 181 crore. The Chief Engineer, Kashmir approached the Government (July 2001) for accord of administrative approval to the project which was awaited (March 2005) but funds for execution of activities were sanctioned by the Government. The project was not technically cleared by Central Public Health Engineering and Environmental Organisation (CPHEEO) Government of India. The Master Plan Phase-II project envisaged additional production of 26.25 MGD of drinking water through construction of 10 MGD treatment plant at Rangil, 2.25 MGD treatment plant at Kralpora (Doodganga), 4 MGD plant at Nishat and execution of water supply scheme, Panthachowk (Tangnar) with production capacity of 10 MGD. Out of this, only 4 MGD plant at Nishat had been completed. The implementation of the project was marred by poor progress and defective execution leading to wasteful/avoidable expenditure and idle investments as indicated in succeeding paragraphs:

10.21.7 Poor progress of execution of project activities

Water supply scheme, (Lift) Panthachowk (Tangnar) (estimated cost: Rs. 93.08 crore) with envisaged production capacity of 10 MGD of drinking water was not taken up (December 2004) though an expenditure of Rs. 6.19 lakh was incurred on survey work of the scheme during 2000-01. Executive Engineer, Water Supply Master Plan Division, Srinagar stated that operational cost of the scheme was higher as it was entirely dependent on power and as such the execution of the scheme was still under consideration.

Against the estimated cost of Rs. 62.90 crore for construction of water treatment plant at Rangil with production capacity of 10 MGD of drinking water an expenditure of Rs. 6.91 crore (11 *per cent*) was incurred ending March 2005 on nine preliminary items of work out of 19 items under the scheme. The works on the plant were neither prioritised nor taken up in a planned manner. On being pointed out in audit, Executive Engineer, Master Plan Division, Srinagar stated that progress of work on the project was low due to non-allotment of funds during 2003-04. Chief Engineer, Kashmir stated (July 2005) that the treatment plant would be commissioned and water provided to Srinagar city by March 2006.

10.21.8 Idle investment-Water treatment plant Doodganga

Water treatment plant (estimated cost: Rs. 7.28 crore) at Kralpora (Doodganga) with a production capacity of 2.25 MGD of drinking water and Doodganga *Nallah* as source of water intended to utilise the existing

infrastructure of pump house constructed under Phase-I of the project by providing 2 VT pumping units and making some additions and alterations to already existing rising mains.

Audit scrutiny, however, revealed that an expenditure of Rs. 2.39 crore was incurred by three[≠] divisions on the works relating to construction of VT Pump house, 1.5 MGD service reservoir, land development and mechanical/electrical works during the period from 2000-01 to 2004-05 (November 2004). Out of this, Rs. 69.34 lakh were spent on minor works relating to construction of edge walls, brick walling, development of premises, chain link fencing, ground leveling, etc. The construction of water filtration plant had not been taken up as the land for the plant was not acquired by the department (June 2005). The Pump house and service reservoir were also not connected to any filtration plant and as such continued to remain idle.

Thus execution of civil and mechanical/electrical works without taking possession of land for construction of filtration plant rendered an investment of Rs. 2.39 crore idle besides depriving the public the intended benefits of the scheme.

10.21.9 Avoidable expenditure on tanker service

The actual production of 43.74 MGD of drinking water in Srinagar was sufficient for a population of 9.72^{*} lakh. However, the department failed to even cater to the population of 8.98 lakh (2001 Census) of Srinagar City. Drinking water was supplied to a population of 0.61 lakh for seven pockets[^] of Greater Srinagar, drinking water was provided through tanker services on which an expenditure of Rs. 3.62 crore was incurred during the period 2000-05 which indicated inadequacy of distribution system for ensuring supply of drinking water evenly in these areas. Improper and haphazard laying of distribution system by the department had resulted in incurring of avoidable expenditure of Rs. 3.62 crore on tanker services for supply of drinking water during the period from 2000-01 to 2004-05. Meanwhile drinking water continued to be supplied to affected population despite explicit instructions by administrative department (December 2003) to Chief Engineer for laying more emphasis on improvement of distribution system.

[≠] Master Plan Division, Srinagar: Rs. 99.96 lakh; Water Works Division, Srinagar: Rs. 12.19 lakh; Mechanical Division, Srinagar: Rs. 126.98 lakh

^{*} At a rate of 45 gallons per capita per day

[^] Mahjoor Nagar, Nowgam, Batmaloo, Zandar Mohalla, Rajbagh, Allachi Bagh and Old Secretariat (DC office complex)

10.21.10 Diversion of Project Funds

Funds aggregating Rs. 1.13^β crore were diverted by four test-checked divisions during the period from 2000-01 to 2004-05 and utilised on other schemes, payment of wages to labourers and computer purchases which were not related to the project activities. In addition Executive Engineer, Mechanical Division, Srinagar diverted Rs. 25.65 lakh during 2003-05 towards execution of two Water Supply Schemes[♦] which were not part of the project and were taken up without accord of administrative approval and technical sanction. On being pointed out in audit, the Chief Engineer, Kashmir stated (July 2005) that these schemes would be included in the project.

10.21.11 Project planning and implementation for Greater Jammu

Master Plan phase-I for Greater Jammu was started in 1976 at an estimated cost of Rs. 14.16 crore. The cost of the project was revised (1987-88) to Rs. 55.61 crore. After incurring an expenditure of Rs. 58.20 crore the project was closed in 1992-93. Completion of the project was delayed due to financial constraints and lack of detailed design of engineering components of the scheme under the project. The physical achievements under Phase-I were one filtration plant at Sitlee and 51 tube wells with potential of 19.40 MGD of drinking water. The production level achieved with completion of Phase-I was 30.80 MGD of drinking water.

Chief Engineer, Jammu prepared (September 1993) detailed project report for Master Plan Phase-II (source of water: River Chenab and Ground water) in two stages at an estimated cost of Rs. 444.60 crore^γ (Stage-I: (1998-2003) for Rs. 302.80 crore; Stage-II: (2003-08) for Rs. 141.80 crore) through National Environmental Engineering Research Institute, Nagpur (NEERI) and implemented two projects (Source: Ground water) with estimated cost of Rs. 27.90 crore and Rs. 16.10 crore provided in the NEERI Project Report without accord of administrative approval and technical clearance from CPHEEO (March 2005). These two project reports were sent to Administrative Department in October 1998 (Project: Rs. 16.10 crore) and July 1999 (Project: Rs. 27.90 crore) respectively for providing financial assistance from LIC of India. The loan was provided despite non-accord of administrative approval and technical sanction by the State Government. After taking up execution of works under these project reports from 1993-94, the Chief Engineer, Jammu again got a detailed project report (estimated cost: Rs. 551.58 crore) prepared in July 2003 from Water and Power Consultancy Services (WAPCOS) a Government of India undertaking (Source: River Chenab and Ground water). Consultancy charges of

^β Master Plan Division, Srinagar: Rs. 39.46 lakh; Water Works Division, Srinagar: Rs. 18.30 lakh; PHE City Division No. I, Jammu: Rs. 24.63 lakh and PHE City Division No. II, Jammu: Rs. 30.21 lakh

[♦] Jawahar Nagar and Iqbal Park filling station

^γ Price Index 1997

Rs. 39.85 lakh were paid for preparation of the detailed project report submitted to Government in December 2003. The action of the Chief Engineer, to get another project report formulated from WAPCOS when it had already implemented the two earlier project reports was injudicious resulting in unfruitful expenditure of Rs. 39.85 lakh. After this was pointed out in audit, Chief Engineer, Jammu stated (August 2005) that project report of NEERI had some shortcomings which necessitated framing of another project report from WAPCOS. This was not tenable as the project report of WAPCOS was never implemented by the department.

Master Plan Phase-II project provided for augmentation of drinking water supply through drilling of 38 tube wells, construction of 14 sump tanks, two overhead tanks, one filtration plant and allied works thereunder. Against this 18 tube wells and three sump tanks were constructed. The department had not maintained scheme-wise, component wise details of the physical and financial achievements. The works executed under Phase-II of the project by the Chief Engineer, Jammu were at variance with those laid down in the two original project reports as detailed in the *Appendix 35*. The implementation of this project was also wrongly planned leading to locking up of funds, idle investment and unauthorised diversion of funds as indicated in the succeeding paragraphs:

10.21.12 Locking up of funds-Filtration Plant Boria

One filtration Plant (1 lakh Gallon capacity; estimated cost: Rs 5 crore) with allied works[‡] was to be constructed at Boria, Jammu under the project (Rs. 27.90 crore). The raw water was to be pumped from existing Ravi Tawi lift irrigation intake structure by way of installation of pumps with a five cusecs discharge capacity. The raw water after treatment was to be stored in a clear water sump (capacity: two lakh gallon) and then lifted to proposed ground service reservoir (capacity: two lakh gallon) for onward distribution to Bhatindhi, Jammu and its adjoining areas. The Chief Engineer, Jammu accordingly allotted (March 2002) the work on turnkey basis to Jammu and Kashmir Projects Construction Corporation Limited for Rs. 1.38 crore after reducing cost offer (Rs. 1.85 crore) of the Company. Instead of advancing Rs. 34.50 lakh (25 per cent of the cost offer), the Chief Engineer released (March 2002) Rs. 75 lakh to the Company for construction of the plant. The drawings of the filtration plant were not made available by the department to the Company (October 2004). The Company reported execution of work done to the extent of Rs. 85 lakh but the department had not called for the details of the works executed and the expenditure statements from the Company. The Company stopped (June 2004) execution of work on the project for revision of cost offer (Rs. 1.38 crore) to Rs. 1.85 crore and further revision to Rs. 2.20 crore (December 2004). The department did not follow the case with the Company for resuming work and as such the construction of filtration plant could not be completed and investment of Rs. 75 lakh continued to remain blocked (March 2005).

[‡] Construction of reservoir, Pump room, Rising main, GSR, Land compensation, etc.

10.21.13 Idle investment on overhead water tank

Chief Engineer, Jammu allotted (June 1999) the balance work of construction of overhead tank (two lakh gallon capacity) at Gadigarh, Jammu to a Jammu based contractor for Rs. 14.15 lakh. The original work allotted for Rs. 13.15 lakh (April 1989) was abandoned by the contractor after completing it upto the shaft height. The work was to be completed by June 2000 failing which penalty at the rate 10 *per cent* of the value of contract was to be imposed on the contractor. Although expenditure of Rs. 13.78 lakh was incurred on the tank, the contractor had not handed it over to the department (March 2005). No action for imposition of penalty was taken and only an amount of Rs. 0.43 lakh was withheld from the payments due to the contractor. The contractor was paid excess amount of Rs. 1.71 lakh as cost of material supplied departmentally at lower rates. The overhead tank was not connected to any tube well or distribution system and as such continued to remain idle (March 2005). This resulted in idle investment of Rs. 13.78 lakh besides depriving the public of intended benefits of drinking water facilities from the overhead tank.

10.21.14 Supply of safe drinking water

For ensuring supply of safe drinking water to the public, the water samples were examined at Water Testing Laboratory cum Training Centre, Srinagar whereas no such laboratory had been set up in Jammu. However, water samples collected from filtration plants in Jammu were sent to Government Medical College Jammu.

Out of 3,180 water samples collected from two filtration plants in Srinagar, nine samples were detected unfit for human consumption and out of 30 water samples collected from one filtration plant (Dhounthly) in Jammu, seven samples were found unfit for consumption during the period 2001-2005. The department had not evolved any system for testing water samples at the tail end of distribution systems

10.21.15 Financial Management

The funds for the project are arranged by allotment under State Plan and through loan raised from Life Insurance Corporation of India (LIC) by the State Government. The position of funds received by the department for the project and expenditure incurred thereagainst during the period from 2000-01 to 2004-05 as per departmental records was as under:

Table 10.7

(Rs. in crore)

Year	Allocation of funds			Expenditure incurred		
	State plan	LIC loan	Total Allocation	State Plan	LIC Loan	Total Expenditure
2000-01	8.27	3.42	11.69	8.27	3.33	11.60
2001-02	4.60	4.52	9.12	4.60	4.37	8.97
2002-03	2.66	7.91	10.57	2.66	6.80	9.46
2003-04	4.35	5.25	9.60	4.35	4.51	8.86
2004-05	7.79	3.90	11.69	7.79	2.26	10.05
Total	27.67	25.00	52.67	27.67	21.27	48.94

The allocation of funds under State Plan had declined from Rs. 8.27 crore during 2000-01 to Rs. 7.79 crore during 2004-05 and ranged between 25 *per cent* and 71 *per cent* of total funds (State plan and LIC loan) available for the project during these years.

The State Government raised loan from LIC at interest rates ranging from 8.5 *per cent* to 13 *per cent* per annum during 2000-01 to 2004-05. Out of loan of Rs. 25 crore released during 2000-01 to 2004-05, the department had utilised Rs. 21.27 crore leaving unutilised balance of Rs. 3.73 crore as of March 2005. This was mainly due to delayed release of LIC funds by Chief Engineers to the executing divisions which ranged between one month and five months. Chief Engineer, Kashmir attributed late release of funds to procedural delays in sanctioning and release of LIC loan.

10.21.16 Rush of expenditure

Financial rules provide that expenditure should be incurred evenly throughout the year. Test check of records of five test-checked divisions revealed that between 51 *per cent* and 70 *per cent* of the total expenditure was incurred during last quarter of the years 2000-01 to 2004-05. Audit scrutiny further revealed that the expenditure incurred during March of each of these years ranged between 31 and 55 *per cent* of the total expenditure as indicated below:

Table 10.8

(Rupees in crore)

Year	Total Expenditure in the year	Expenditure during last quarter of the year (percentage)	Expenditure in the month of March (percentage)
2000-01	8.91	4.51 (51)	3.59 (40)
2001-02	5.39	3.75 (70)	2.69 (50)
2002-03	4.22	2.91 (69)	1.47 (35)
2003-04	4.38	3.04 (69)	2.43 (55)
2004-05	6.09	3.90 (64)	1.87 (31)

Chief Engineer, Kashmir (July 2005) attributed rush of expenditure to procedural delays in allotment of works and bulk release of funds in third and fourth quarter of the year by the Administrative Department. No steps were taken by the Chief Engineer in working out an arrangement with the Administrative Department to ensure even distribution of expenditure during the year.

10.21.17 Non-reconciliation of allocation and expenditure figures

The position of allocation of funds and expenditure incurred by the Executive Engineers, City Division No. I, Jammu and City Division No. II, Jammu during 2000-01 to 2003-04 were found at variance with the figures of allocation and expenditure reported by Chief Engineer, Jammu as detailed in *Appendix 36*. The variations had not been reconciled. Chief Engineer stated (April 2005) that the executing divisions would be directed to conduct reconciliation of allocation and expenditure figures.

10.21.18 Unauthorised execution of works

Three[^] divisions had executed 35 works during 2000-04 at a cost of Rs. 95.60 lakh without observing codal provisions of invitation of tenders to assess reasonability of rates. The works were executed before approval of rates by the Executive Engineers/Superintending Engineer/Chief Engineer. Further payment of Rs. 13.40 lakh was made by the Executive Engineers, Master Plan Division, Srinagar and City Division No. I, Jammu during 2003-04 for execution of various works on hand receipts without maintaining supporting records viz. works bills, muster rolls, etc.

10.21.19 Unadjusted material at site account

The account of material valuing Rs. 1.44 crore issued from three^{*} divisional stores during the period from 1998-99 to 2004-05 for various works executed under the project was not rendered by the concerned Junior Engineers of the department and this remained unadjusted as of January 2005. The unadjusted amount represented Rs. 0.56 lakh outstanding against one Junior Engineer who had retired from services and Rs. 143.81 lakh against 13 Junior Engineers transferred to other divisions. No action was taken by the department to either obtain adjustment account or recover the cost thereof (March 2005).

10.21.20 Monitoring and evaluation

Monitoring cell headed by the Executive Engineer was functional with Chief Engineer, Kashmir since 2000-01 while no such monitoring cell had been created in Jammu. The monitoring cell at Srinagar was not functioning at its optimum capacity which was attributed by the department to shortage of staff. The Government issued instructions (October 2001) for monitoring of the development programmes on regular basis by all Administrative Secretaries, Heads of the departments and District Development Commissioners. The review report thereof was to be submitted to Financial Commissioner (Planning), which was never done. Test check revealed that records relating to the meetings held

[^] Master Plan Division, Srinagar, W.W Division Srinagar and Mechanical Division, Srinagar

^{*} Master Plan Division, Srinagar, Water Works Division, Srinagar and City Division No 1 Jammu

annually had not been maintained by the department. It was also observed that only one scheme of the project was reviewed by the Monitoring Cell during the period from 2000-01 to 2004-05.

The audit/review of Master Plan Projects was never conducted by Directorate of Audit and Inspection (Finance Department) or any other external agency.

10.22 User charges of the department

The department levies user charges annually in the shape of water tax on the consumers. Against the target of revenue collection of Rs. 15 crore fixed by the department for 2003-04, the achievement was Rs. 4.32 crore (29 *per cent*) only. Similarly against the target of Rs. 16.27 crore for 2004-05, the achievement was only Rs. 5.03 crore (31 *per cent*). The Chief Engineer Kashmir stated that various Government departments/Corporations/Autonomous bodies did not remit water tax due from them. Audit scrutiny further revealed that user charges to the extent of Rs. 12.89 crore in respect of four[®] divisions on account of supply of drinking water were not realised from the consumers (March 2005). Checking pilferage and misuse of drinking water supplied was not possible, as it was not metered. While 1138 water metres lying with City Division-I, Jammu for the past 10 years were auctioned in June 2004 at iron scrap value, 154 water metres were lying unserviceable in the stores of Water Works Division, Srinagar.

Rupees 2.54 lakh were deducted short from the contractor's bills on account of service tax in five Divisions (Jammu: Rs. 0.99 lakh^{*}; Kashmir: Rs.1.55 lakh[^]). Besides, income tax of Rs. 30 thousand had also been deducted short from contractors bills in PHE division, Budgam.

10.23 Internal control mechanism

Internal control mechanism in respect of 42 offices/divisions of the department was reviewed in audit with a view to see whether required controls existed and exercised effectively. Audit observed that internal controls in several key areas were inadequate as would be revealed from following instances:

[®] Master Plan division Srinagar: Rs. 8.48 lakh (November 2004); Water Works Division Srinagar: Rs. 8.92 crore (December 2004), City Division (No. I) Jammu: Rs. 2.28 crore (December 2004); City Division (No. II) Jammu: Rs. 1.61 crore (February 2005)

^{*} PHE Division, Kishtwar: Rs. 0.45 lakh; PHE Division, Kathua: Rs. 0.54 lakh.

[^] Mechanical Division, Srinagar: Rs. 0.56 lakh; PHE Division, Chadoora: Rs. 0.70 lakh; PHE Division, Kupwara; Rs. 0.29 lakh.

10.23.1 Budget Control

Budget control registers to watch allocation and expenditure month-wise/annually had not been maintained by the Chief Engineers of the department. The monthly accounts of all executing divisions[↑] received by Chief Engineers were not examined with reference to allocation and expenditure booked by the divisions. The progress reports did not reveal scheme-wise/component-wise physical achievement, up to date expenditure, date of start of each work, etc. to verify time and cost overrun on individual works. These progress reports were never scrutinised by Chief Engineers for monitoring the execution of works.

10.23.2 Inspections

Inspection of a subordinate office is required to be conducted periodically by the next higher authority so as to exercise necessary checks and controls over the resources and functioning of the offices/divisions. Non-conducting of the inspection may result in laxity in enforcing controls and checks by the subordinate offices.

Test-check of 42 offices/divisions (Jammu: 22; Kashmir: 20) conducted during 2004-05 revealed that inspection for the year 2003-04 had not been conducted in 32 offices/divisions (Jammu: 15; Kashmir: 17). In 10 offices/divisions (Jammu: 7; Kashmir: 3), though the inspection had been conducted, inspection reports in case of six divisions (Jammu: 5; Kashmir: 1) were awaited from the inspecting officers. Compliance to the inspection reports was not furnished in respect of two divisions^ψ.

10.23.3 Physical verification of stores

Financial rules provide that physical verification of store/stock articles be conducted at least once a year and discrepancies, if any, noticed should be settled immediately. Non-conducting of physical verification periodically is fraught with the risk of non-detection of shortages, frauds, etc.

Physical verification of stores/stock for the year 2003-04 in respect of 33 divisions (Jammu: 19; Kashmir: 14) had not been conducted. Though physical verification of stores of nine divisions (Jammu: 3; Kashmir: 6) was conducted, report in respect of seven divisions (Jammu: 2; Kashmir: 5) was awaited.

Audit also observed that annual physical verification of stores was not conducted in seven^φ divisions for the years 2000-01 to 2003-04. Physical verification of the stores of M&P Division Srinagar was not conducted since its creation (June 1997) and the storekeeper remained unchanged till his retirement

[↑] Executing the works of Master Plan Project

^ψ PHE (Mechanical): Udhampur and Kathua

^φ Poonch: 2000-01, 2003-04; Bijbehara: 2000-01, 2003-04; Rural Jammu: 2001-02 to 2003-04; Akhnoor 2003-04; Awantipora: 2003-04; M&P Srinagar: 2000-01 to 2003-04; M&P Jammu: 2003-04

(March 2003). The value of 211 store items assessed at Rs. 3.21 crore found short at the time of handing/taking over of charge was not recovered (June 2005) from the storekeeper concerned. In PHE division Poonch the physical verification reports for the years 2001-02 and 2002-03 were not finalised (March 2005) as the receipt and issue of stocks for the period February 2001 to September 2001 was not obtained from the then storekeeper who was transferred in August 2001. In four^Σ divisions, surplus and non-moving store articles valued at Rs. 65.09 lakh remained idle for four to 15 years. However, no action was taken by the department for their gainful utilisation in sister divisions.

10.23.4 Non-recovery of shortages

Financial rules further provide that loss caused to the Government due to misconduct or negligence on the part of a Government servant, should be made good from the defaulter. It was, however, observed that in the case of 2,000 shortages worth Rs. 2.65 crore (Kashmir: Rs. 2.52 crore; Jammu: Rs. 12.75 lakh) noticed in six divisions (Kashmir: 3; Jammu: 3) were neither adjusted nor recovered from the defaulters.

10.23.5 Non-adjustment/recovery of imprest and temporary advances

Audit scrutiny of records of seven divisions revealed that an amount of Rs. 1.10 crore was outstanding on account of imprest and temporary advances against various officers/officials as on March 2004 detailed in the *Appendix 37*. The amount included Rs. 60.09 lakh, outstanding against various officers/officials who were transferred (Rs. 40.83 lakh) to other divisions or had retired from services (Rs. 19.26 lakh).

10.23.6 Irregular drawal of funds

Financial rules forbid withdrawal of funds from treasury and placing them in 'Deposits' in the Public Account or with a bank to avoid lapsing of budget grant. Audit scrutiny revealed that Executive Engineer, PHE Division, Kishtwar drew Rs. 44.94 lakh in March 2003 on account of pay arrears of staff and credited the same to the "Deposits" to avoid lapsing of budget grant. Of this Rs. 26.63 lakh continued to remain unutilised as of June 2004.

According to instructions issued (August 1999) by Finance Department the procurement of stores for the user divisions should be made only through allotment of funds to procurement divisions and the practice of operation of deposit accounts through advance payments was to be avoided. Test check of records of two M&P divisions however, revealed that advance payment of Rs. 139.75 crore received during 2000-01 to 2004-05 for this purpose through cheques from the user divisions, was kept in deposit account. As a result, the

^Σ Bijbehara: Rs. 20 lakh; Poonch: Rs 0.78 lakh; Rural Jammu: 10.93 lakh; M&P Jammu: Rs. 33.38 lakh

closing balance under deposit heads in the two M&P divisions increased from Rs. 1.31 crore in 1999-2000 to Rs. 10.82 crore in 2004-05.

10.24 Action Taken Notes

Out of 32 Audit Paragraphs included in the Reports of the Comptroller and Auditor General of India (Government of Jammu and Kashmir) for the years 1990-91 to 2003-04, 16 Audit Paragraphs were discussed by Public Accounts Committee (PAC). The recommendations of PAC in respect of 14 Audit Paragraphs were received. However, action taken notes in respect of these Audit Paragraphs were not furnished by the department.

10.25 Position of Inspection Reports outstanding

There were 162 Audit Inspection Reports (AIRs) containing 566 paragraphs against the department as of March 2005, out of which 71 AIRs containing 147 paragraphs were outstanding for more than three years due to poor response from the DDOs. Most of the objections (66 *per cent*) pertained to non-compliance of regulatory issues. Cases of wasteful/infructuous /avoidable/excess expenditure, non-achievement of objectives and idle investments/locking up of funds constituted 22 *per cent* of the total amount held under objection in audit.

10.26 Conclusions

Implementation of various schemes including project activities was marred by wrong planning, poor progress and delayed/defective execution of works leading to wasteful, avoidable expenditure, locking up of funds and idle investments. Supply of safe drinking water to the public was not ensured. Adequate water samples were not tested regularly. Despite production of sufficient drinking water in Srinagar city, the department failed to cater to needy people due to improper and haphazard distribution system. The department executed works on various schemes without obtaining administrative approval and technical sanction. Unauthorised diversion of funds, non-utilisation of LIC loan in full and delay in acquisition of land also created impediments in timely execution of works. Further, the objective of centralized purchase of stores was not achieved fully as the user divisions made direct purchase of stores. There was no system of monitoring overall consolidated position of stores purchased/issued. The department had not fixed any minimum, maximum and reordering levels for effective management of inventory. No calendar of events was formulated to fix a time schedule for completion of purchase process within a time frame. Important internal controls like periodical physical verification of stores, weeding out of non-moving and obsolete items and reconciliation of stock issues with user divisions besides non-maintenance of budget control register, conducting of periodical inspections, etc. were not followed in letter and spirit.

10.27 Recommendations

- Timely release of funds and planned execution of works should be ensured for smooth and successful commissioning of schemes.
- Effective steps should be taken to plug the loopholes and ensure full achievement of production of drinking water envisaged under the project.
- The department should ensure supply of safe drinking water to the public at every level of its distribution. Adequate number of water samples should be tested to ensure its fitness for human consumption.
- Direct purchase of store by user divisions should be stopped except on emergent requirement.
- Sufficient quantity of stock items of frequent use should be kept by fixing maximum, minimum and reordering levels.
- Effective steps should be taken for weeding out non-moving and obsolete store articles and steps taken for their proper disposal.
- Control mechanism in the department should be strengthened to avoid irregular and unfruitful expenditure.
- Implementation of the schemes should be got evaluated by any agency and the monitoring cell at Srinagar should be strengthened and similar monitoring cell should be established at Jammu.