

**CHAPTER-IV**

**AUDIT OF TRANSACTIONS**

**Finance Department**

**4.1 Excess payment**

**Injudicious action of the Commissioner Secretary, Finance Department in making advance payment without first ascertaining the actual enrollment under the ‘Scheme’ resulted in excess payment of Rs. 7.70 crore to the Insurance company.**

The Government of Jammu and Kashmir introduced (July 2003) “Government Employees Mediclaim Policy” in collaboration with the National Insurance Company Limited with the objective of providing hassle free access to modern health care facilities to its employees and reduce the financial burden of the Government on account of employee’s medical reimbursement claims. The scheme was optional and the Government servants could opt out of it by conveying their unwillingness in writing to their drawing and disbursing officers by 28 July 2003. All option forms were to be furnished to the Finance Department by 14 August 2003. The first annual premium of Rs. 1,400 payable to the company for each employee was subsidized by the State Government to the extent of Rs. 350 in case of a gazetted employee and Rs. 700 in case of a non-gazetted employee.

Test check (December 2005) of the records of the Commissioner Secretary, Finance Department revealed that although only 19,985 employees opted for the scheme for which an amount of Rs. 2.80 crore only was payable, yet the Finance Department advanced an amount of Rs. 10.50 crore on 14 August 2003, to the National Insurance Company on account of insurance premium of 75,000 employees at the rate of Rs. 1400 each for one year. The Additional Secretary, Finance Department stated (December 2005) that the matter regarding refund of the excess payment has been taken up with the company through a legal notice.

The Commissioner/Secretary Finance Department stated (June 2006) that the Insurance Company reneged on its commitment to refund the excess premium and that the Law Department has advised that the issue may be settled through arbitration. Further action taken is awaited (November 2006).

Thus, the action of the Commissioner Secretary, Finance Department in making advance payment without first ascertaining the actual enrollment under the ‘Scheme’ resulted in excess payment of Rs. 7.70 crore to the insurance company.

## Health and Medical Education Department

### 4.2 Blocking of funds

**Failure of Director, Health Services, Jammu to observe financial propriety not only resulted in blocking of Rs. 51.33 lakh but also affected the supply of medicines to patients in various health care institutions.**

Rule 8.9 of the Jammu and Kashmir Financial code, Volume-I provides that stores should not be paid for until the receiving officer has taken delivery and checked their quantity and quality and found them satisfactory in every respect. Transfer of funds at the close of the financial year with the only purpose of avoiding lapsing of funds is also forbidden.

Audit scrutiny (April 2006) of the records of the Director, Health Services, Jammu revealed that three firms approved in the rate contract for the year 2004-05 for supply of furniture and medicines, had expressed their inability (22 March 2005) to execute the supply orders in a short period i.e. by the end of March 2005 and requested that supply orders be placed with SICOP<sup>φ</sup>. Director, Health Services, Jammu without specifying the period of delivery, placed (March 2005) the supply orders with the Divisional Manager, SICOP, Jammu and advanced an amount of Rs. 69.64<sup>▲</sup> lakh (31 March 2005) to SICOP. However, the above firms failed to execute the supply orders in full and supplies<sup>★</sup> worth Rs. 18.19 lakh only were received during April 2005 to October 2005. Divisional Manager SICOP, Jammu returned Rs. 49 lakh only (January 2006: Rs. 35 lakh and March 2006: Rs. 14 lakh), which was not remitted into the treasury but was kept irregularly in the bank account of the Director Health Services, Jammu. The balance amount of Rs. 2.33 lakh continued to be retained (April 2006) by SICOP.

After the matter was referred to the Government/Department in August 2006, the Administrative Department asked (September 2006) the Director Health Services, Jammu to ensure the recovery of the balance amount from SICOP and remit the entire amount of Rs. 51.33 lakh along with interest accrued thereon into the treasury, besides, taking disciplinary action against the defaulting firms for non-supply of medicines as per the terms and conditions of the contract.

Thus, the failure of the Director Health Services, Jammu to observe financial propriety and the rules governing procurement of Stores in the Government Departments not only resulted in blocking of Rs. 51.33 lakh but also affected the supply of medicines to patients in various health care institutions.

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<sup>φ</sup> Small Scale Industries Development Corporation extends marketing assistance to SSI units.

<sup>▲</sup> Including Bank draft charges of Rs. 12,399

<sup>★</sup> Medicines: Rs. 14.20 lakh; Furniture: Rs. 3.99 lakh

## Home Department

### 4.3 Avoidable Expenditure

**Diversion of Rs. 1.14 crore by the Executive Engineer (PHQ) not only resulted in avoidable interest payment of Rs.73.95 lakh but also delay in acquisition of land for construction of Police Complex.**

Audit scrutiny of the records of the Additional Director General Armed Police, Jammu revealed (March 2006) that the Department had to pay avoidable interest of Rs. 73.95 lakh between March 2002 and June 2004 for making belated payment for acquisition of land required for construction of Police Complex. Records revealed that a notification for acquiring 99 *kanals* and 9 *marlas* of land was issued in August 1993 by the Collector Land Acquisition (CLA), Jammu for which he demanded (February 1997) Rs. 1.14 crore from the Director General of Police.

An amount of Rs. 80 lakh was placed (1996-97) by the Director General of Police at the disposal of the Executive Engineer, Police Headquarters (PHQ), Jammu which was however, surrendered in March 1997 to the Administrative Department for want of sanction of the Government to purchase the land. After obtaining (April 1997) the requisite sanction, Rs. 1.14 crore was placed at the disposal of the Executive Engineer (PHQ) during 1997-98. The Executive Engineer (PHQ), instead of advancing the funds to the CLA for completing the acquisition proceedings, diverted the amount to other urgent works and to clear past liabilities. No funds for the purpose of land acquisition were earmarked during 1998-99 to 2000-01. Consequent delay in payment of land compensation compelled some land owners to initiate (April 2001) legal proceedings in the High Court. The Court in its judgement (December 2001) held that interest payable under the Land Acquisition Act be paid to the petitioners from the date they were dispossessed (July 1993) of their land. The Collector Land Acquisition passed (December 2002) the final award for Rs.1.54 crore for 70 *kanals* and 14 *marlas* of land actually in the possession (July 1993) of the Department. The Department deposited Rs. 1.55 crore including interest (Rs. 73.95 lakh) with the Collector, Land Acquisition between March 2002 and June 2004.

Thus, the diversion of Rs. 1.14 crore by the Executive Engineer (PHQ) not only resulted in avoidable interest payment of Rs.73.95 lakh but also delay in acquisition of land for construction of Police Complex.

### 4.4 Infertuous Expenditure

**Infertuous expenditure of Rs. 23.42 lakh on the construction of the District Police Office and District Police Lines, Ramban.**

Under the Modernisation of Police Programme, the Department identified 98 *kanals* and 14 *marlas* of land at village Maitra, Ramban for construction of District Police Office and District Police Lines, Ramban and advanced Rs. 90 lakh in March 2003 to the Additional Commissioner Ramban (Collector Land Acquisition) as approximate cost of the land for disbursement as land compensation. Accordingly, the Government issued (April 2003) a notification for acquisition of the land under sections 6 and 7 of the Land Acquisition Act,

which was objected to by the land owners with regard to its measurement by the Collector. On fresh measurement by the Revenue authorities, the land was found to be 107 *kanals* and 13 *marlas* and the Collector requested (June 2005) the Government to issue an order under Section 17 of the Land Acquisition Act for compulsory possession, which was awaited (March 2006).

Test check (March 2006) of the records (January 2004 to January 2006) of the Chief Accounts Officer, PHQ, Jammu revealed that without the process of land acquisition having been completed and without administrative approval, the Executive Engineer, Police Housing Corporation executed foundation work on the land and after incurring an expenditure of Rs. 23.42 lakh up to March 2005, the work was stopped due to protest from the land owners.

The Financial Adviser, Home Department in his reply stated (August 2006) that the matter has been taken up with the Revenue Department for issue of notification.

Thus, the action of the Department, to start the construction work without taking over the formal possession of land resulted in an infructuous expenditure of Rs. 23.42 lakh.

#### **4.5 Irregular Expenditure**

##### **Failure of the Department to detach police personnel from the services of retired officers resulted in irregular expenditure of Rs. 14.71 lakh on the salaries of five police personnel.**

According to the provisions of the Jammu and Kashmir Police manual, serving police officers are entitled to the services of head constables and constables to work as their personal orderlies.

Test check (July 2005) of the records<sup>φ</sup> (December 2002 to June 2005) of the Commandant, Jammu and Kashmir Armed Police VII-Battalion, Jammu revealed that five police personnel attached to five Police Officers were not detached from these Officers after their retirement between January 1999 and October 2004. This resulted in irregular expenditure of Rs. 14.71 lakh incurred on their salaries between February 1999 and June 2005.

The Commandant stated (September 2005) that higher authorities “might have” felt threat perception to these retired officers and considered continuation of attachment of the police personnel with them. The reply is not acceptable, as there is no provision in the Police manual for deployment of personnel for services (security or other) to retired Police officers. The Commandant informed (September 2006) that all the police personnel had been detached from the retired police officers.

Had the action for detachment been taken at the time of retirement of the concerned Police officers, the irregular expenditure could have been avoided. Reply of the Government has not been received (November 2006).

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<sup>φ</sup> Pay Acquittance roll, deployment/attachment records etc.

#### 4.6 Blocking of funds

**Non-observance of rules and procedures by the Director General of Police while making advance payment of Rs. 62 lakh to Forest Department resulted in blocking of Rs. 24 lakh for over three years and avoidable interest liability of Rs. 7.33 lakh thereon.**

As per Rules 7 and 9 (Sadrey-i-Riyasat Order-203 of June 2000) framed under the Jammu and Kashmir State Forest Conservation Act, a proposal for use of forest land for non-forestry purposes, after clearance by the Departmental (Forest) Advisory Committee, requires the approval of the State Cabinet.

Test check (March 2006) of the records<sup>φ</sup> (January 2004 to January 2006) of the Director General of Police, (DGP) Jammu and Kashmir, revealed that for establishing a Commando Training School under “Modernisation of Police Programme”, India Reserve Police (IRP) Battalion Headquarters and Family Quarters at Jammu, a proposal (November 2001) for transfer of 1072.11 *kanals* (revised to 1079.12 *kanals*) of forest land at Devak, Jammu, was cleared by the Advisory Committee in March 2003. The Department in anticipation of the State Cabinet approval, advanced Rs. 62 lakh (March 2003) to the Forest Department to meet the cost of compensatory afforestation (Rs. 24 lakh) and cost of trees on the proposed land (Rs. 38 lakh). The Forest Department deposited Rs. 24 lakh in the current account in a bank and Rs. 38 lakh were credited to forest revenue (March 2003).

The State Cabinet, however, did not approve the proposed transfer of land. On claiming (January 2005) refund of the advanced amount, the Forest Department refunded (July 2005) only Rs. 24 lakh, as the balance Rs. 38 lakh representing the cost of trees had been accounted for as forest revenue, which was irregular. The refunded amount of Rs. 24 lakh had not been credited to the Government account as of March 2006. The Department stated (June 2006) that an alternative land for establishment of Commando Training School has been identified now and that the Government has been requested to authorise placement of Rs. 24 lakh in Civil Deposits.

Thus, lack of planning and non-observance of rules and procedures by the Police Department for transfer of forest land resulted in non-establishment of Commando Training School, blocking of Rs. 24 lakh for 3 years and creating an interest liability of Rs. 7.33<sup>π</sup> lakh (calculated at borrowing rate of the Government for the relevant period) on the State exchequer.

The Additional Director General of Police stated (August 2006) that the Department was pursuing the case of land acquisition with the Government and the case of non-accountal of Rs. 24 lakh has been taken up with the Administrative Department. The reply is not tenable, as advancing of funds in

<sup>φ</sup> Records of building section, cheque/draft receipt register, etc.

<sup>π</sup> At the rate of 12 *per cent* from April 2003 to 23 August 2003; 10.5 *per cent* from 24 August 2003 to 31 August 2004 and 9.25 *per cent* from 1<sup>st</sup> September 2004 to 30 March 2006.

anticipation of the Cabinet approval contravened Rule 9 of the Jammu and Kashmir Forest Conservation Act.

Reply of the Government has not been received (November 2006).

#### **4.7 Non-recovery of Security Expenses**

**Failure of the Senior Superintendent of Police, Udhampur to demand security expenses in advance before providing security, resulted in non-recovery of Rs. 39 lakh.**

According to the Jammu and Kashmir Police Manual, when Corporate bodies or Commercial Companies apply for security arrangements, the Superintendent of Police concerned of the area will provide the security, after collecting the security expenses on account of pay, allowances, pension contribution, leave salary of the security personnel and contingency charges in advance.

General Manager, Deccan Aviation Private Limited (DAPL), requested (October 2002) the Director General of Police for security cover for running helicopter service at helipads of Katra and Sanjichhat belonging to Mata Vaishno Devi Shrine Board, Katra. The Senior Superintendent of Police (SSP), Udhampur deployed 14 police personnel for security arrangements from November 2002 but no security expenses (Rs. 84,980 per month) were claimed from Deccan Aviation.

On this being pointed out in audit in April 2005, the SSP Udhampur raised demands in August 2005, December 2005 and August 2006. The matter was referred to the Government/Department in August 2006. In reply, the Director General of Police stated (September 2006) that a bill on account of security expenses amounting to Rs. 39 lakh (November 2002 to August 2006) had been sent to DAPL but no payment had been received (September 2006).

#### **4.8 Payment of Idle Wages**

**Failure of the Medical Superintendent, Police Hospital Jammu to refer the matter to higher authorities for adjustment of four cooks in other units resulted in payment of idle wages of Rs. 24.03 lakh.**

For providing diet to inpatients, four cooks were engaged in Police Hospital Jammu. Test check (May/June 2005) of the records (Pay Acquittance Roll) of the Medical Superintendent, Police Hospital, Jammu for the period November 2003 to April 2005 revealed that the facility to provide diet to the inpatients was stopped (December 1999) as the police personnel were being paid ration money allowance. Accordingly no funds for the purpose were allotted to the hospital beyond November 1999. Medical Superintendent, Police Hospital, Jammu took no steps to get these cooks adjusted and spent Rs. 24.03 lakh as idle wages on their pay and allowances from December 1999 to December 2005.

The matter was referred to the Government/Department in July 2006. Financial Advisor, Home Department stated (August 2006) that the services of these cooks were utilised as orderlies and these cooks have been transferred (July 2006) to different battalions of Jammu and Kashmir Armed Police. The reply is not tenable, as the hospital had full complement of sanctioned strength in all cadres of orderlies and retention of these cooks in the hospital for more than six years was

unjustified. Action for their adjustment could have been taken immediately after December 1999 to avoid payment of idle wages of Rs. 24.03 lakh.

#### **4.9 Unfruitful Expenditure**

**Failure of Director General, Prisons to get the Imaging Identification Systems repaired in time and provide trained staff to handle the System resulted in unfruitful expenditure of Rs. 13.06 lakh.**

To automate the attendance recording system in jails for recording the attendance of prisoners and jail staff, their movements, proof of identification and also to prevent entry and exit of un-authorized persons into and out of jail premises, the Director General Prisons (DGP) Jammu and Kashmir, in the first instance, purchased (August 2002) three imaging identification systems and their allied accessories at a cost of Rs. 13.06 lakh from a Jammu based firm. The systems, having a warranty period of one year from the date of installation, were installed in district jails, Poonch and Rajouri and sub-jail Hiranagar in October 2002.

Audit scrutiny (January 2006) of the records of DGP revealed that the performance of the systems installed (October 2002) in the district jail, Rajouri and sub-jail Hiranagar was unsatisfactory during the warranty period despite repairs/inspection by the firm's engineers in March and July 2003 respectively. The system became completely non-functional from July 2003 in Hiranagar and September 2003 in Rajouri, and continued to remain so as of May 2006. The machine installed (October 2002) in Poonch jail could not be put to use as of May 2006 due to non-availability of a trained operator.

Failure of the Department to ensure satisfactory operation and timely repairs of the machines within the warranty period and non-availability of a trained operator resulted in an unfruitful expenditure of Rs. 13.06 lakh.

The matter was referred to the Government/Department in (May 2006). In reply, the DGP (Prisons) and Financial Advisor and Chief Accounts Officer, Home Department stated (June 2006) that the systems would be repaired as and when the posts of Computer Assistants are sanctioned so that trained personnel would be available for handling the systems. This argument is not tenable as the Department should have planned/earmarked staff for training simultaneously to enable effective utilisation of the systems.

#### **4.10 Unproductive Expenditure**

**Lack of planning and non-adherence to rules and standards by the Medical Superintendent and Director General of Police in having the Blood Bank building constructed resulted in an unproductive expenditure of Rs. 16.92 lakh apart from depriving the police personnel of the services of the blood bank.**

The Director General Police (DGP) Jammu and Kashmir accorded (February 2001) administrative approval for construction of a blood bank building at Police Hospital, Jammu at an estimated cost of Rs. 9 lakh. The building was constructed at a cost of Rs. 9.17 lakh during 2001-02 and an expenditure of Rs. 7.75 lakh was also incurred between March to July 2003 on the procurement of the equipment required for the blood bank. Test check (June 2005) of the records of the Medical Superintendent, Police Hospital, Jammu revealed that the

blood bank could, however, not be made functional, as the construction of the building was not in conformity with the standards set under the Drugs and Cosmetics Act 1940, which governs the functioning of blood banks in the country. Besides, as per the Act, blood bank can be operated only after obtaining license from the State and Central Licensing Authority of India. For this certain renovations/modifications<sup>≠</sup> in the building, laboratories and procurement of equipment, reagents etc. as suggested (August 2004) by the Consultant Blood Banks/Labs Health Department, Jammu had not been effected/procured as of June 2006.

The Medical Superintendent stated (June 2006) that detailed requirements for the blood bank had been projected (February 2005) to Police headquarters and that certain drugs/medicines and other equipment etc. of the blood bank were lying in the constructed building.

Thus, lack of planning and non-adherence to Rules and standards by the Medical Superintendent and Director General of Police in having the blood bank building constructed, resulted in an unproductive expenditure of Rs. 16.92 lakh apart from depriving the police personnel of the services of the blood bank.

The matter was referred to the Government/Department in July 2006. In reply the Director General (DG) of Police/Government stated (September/October 2006) that the blood bank would be made functional after the deficiencies pointed out by the Consultant were rectified and the required licence was issued by the competent authority.

## **Power Development Department**

### **4.11 Blocking of Funds**

**Lack of effective planning by the Department and taking up execution of the scheme without financial backing resulted in blocking of Rs. 1.24 crore for over four years besides non-accruing of the intended benefits of the scheme**

To strengthen the existing supply and to cater to the increasing demand and improve quality of power in Jammu and Rajouri Districts, a Project Report for "Construction of 132 KV Barn-Kalakote transmission line" estimated to cost Rs. 13.72 crore was administratively approved in July 1998. The project scheduled to be completed in five years, involved laying of 15 Kms double circuit transmission line from Barn to Akhnoor and 55.18 Kms of single circuit transmission line from Akhnoor to Kalakote.

Audit scrutiny (June 2005) of the records of the Executive Engineer, Transmission Line, Construction Division-I, Jammu revealed that execution of work on the project had not started except procurement (between May 1999 and February 2002) of tower material and accessories valuing Rs. 1.24 crore. Further execution could not be taken up due to non-availability of funds. The scope of the project changed in May 2000 to construct only 52 Kms transmission line from Barn to Siot at an estimated cost<sup>φ</sup> of Rs. 20.47 crore. This was cleared for execution, under the Rural Electrification Corporation (REC) Loan Scheme, by the Techno Economic Committee in April 2002. The project could not be

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<sup>≠</sup> In the entrance doors, floor, painting, serology and blood screening laboratory, electric points etc.

<sup>φ</sup> Including construction of Grid Station at Siot



executed due to non release of loan by the REC, as the Department had not executed the loan documents. Again, the project proposed (December 2004) for execution by Executive Engineer, Grid Construction Division, Jammu under “Prime Minister’s Reconstruction Plan” could also not be taken up for execution for want of funds. The material procured, as such, continued to remain unutilised (July 2006) in the stores of the Department.

The Executive Engineer, Grid Construction Division, Gladni, Jammu stated (June 2006) that the material would be utilised/accounted for after the start of the work for which funds had not yet been allotted.

Lack of effective planning by the Department and taking up execution of the scheme without adequate financial arrangements, resulted in blocking of Rs. 1.24 crore for over four years besides non-accruing of the intended benefits of the scheme.

The matter was referred to the Government/Department in August 2006; reply had not been received (November 2006).

#### **4.12 Idle investment and wasteful expenditure**

**Lack of planning on the part of the Department to make realistic assessment of the requirement and taking up works without clearance from the Techno Economic Committee resulted in idle investment of Rs. 4.70 crore and wasteful expenditure of Rs. 20.87 lakh.**

With a view to meeting the growing load demand of Reasi tehsil, improve voltage regulation and relieve overloaded transformers installed at *Jhajjar Kotli*, the Power Development Department proposed to construct a 2 x 20 MVA, 132/33 KV Grid sub-station at Reasi, District Udhampur comprising 16 bays (estimated cost of Rs. 11.97 crore) to be fed from Janipur Grid station. The work was taken up Departmentally in August 1990, without clearance from the Techno Economic Committee (TEC). The project, after reducing the capacity of the Grid station to 1 x 20 MVA comprising 10 bays at an estimated cost of Rs. 8.12<sup>φ</sup> crore, was cleared by the TEC in October 1998, when expenditure of Rs. 4.27 crore had already been incurred on it. The feeding point was also changed from Grid station Janipur to Grid station Burn, as it was considered technically more feasible. The change in original proposal necessitated dismantling of 132/133 KV columns (6), Gantry structures (6) and part of foundation (expenditure Rs. 20.87<sup>♦</sup> lakh). After incurring an expenditure of Rs. 4.82 crore, the execution of the work was stopped from 2000-01 onwards except for the year 2002-03, during which Rs. 8.73 lakh were incurred on the construction of the control room building and dismantling of columns, gantry structures, etc.

The Executive Engineer, Grid Construction Division, Gladni, Jammu stated (October 2005) that the dismantling work was necessitated due to change in the original proposals and the execution of work on the Grid station was stopped for want of funds. The Department further stated (February 2006) that the Grid station Reasi can be put to use after the receiving station at Katra is constructed

<sup>φ</sup> Cost of works already executed: Rs. 4.27 crore, cost of works to be executed: Rs. 3.85 crore

<sup>♦</sup> Worked out on proportionate basis on the cost of 16 Bays, etc. Rs. 55.65 lakh

and a line is laid from Katra to Reasi, execution of which had however not been taken up (February 2006).

Thus, lack of planning on the part of the Department to make realistic assessment of the requirement and taking up work without clearance from the TEC, resulted in idle investment of Rs. 4.70 crore and a wasteful expenditure of Rs. 20.87 lakh. Besides, the intended benefits of the project were also not achieved even after a lapse of more than sixteen years.

The matter was referred to the Government/Department in July 2006; reply had not been received (November 2006).

#### **4.13 Idle Investment of Funds and Wasteful Expenditure**

**Injudicious action of the Chief Engineer, Electric Maintenance and Rural Electrification Wing, Power Development Department, Srinagar of executing works on a private land, without settling the land compensation issue resulted in wasteful expenditure of Rs. 10 lakh and idle investment of Rs. 15.09 lakh.**

Audit scrutiny (October 2005) of the records of the Executive Engineer, Sub-Transmission Division-I, Srinagar revealed that without settling the land compensation issue with the landowner, execution of the work of the receiving station Manigam (project cost: Rs. 99.61 lakh) was taken up (1998-99) on a private land. In the negotiations held (July 1999) with the landowner, land compensation payable for 2 *kanals* and 10 *marlas* was approved at the rate of Rs. 1.15 lakh per *kanal*. After incurring an expenditure of Rs. 25.09 lakh, including Rs. 10 lakh on civil works up to 2001-02, further execution of work was not allowed by the landowner due to non-payment of the agreed land compensation. An amount of Rs. five lakh was advanced (March 2005) to Land Acquisition Officer for payment of land compensation to the landowner, who did not agree to it and demanded higher compensation. As a result, the work continued to remain suspended till the expiry (March 2005) of the validity of the scheme, rendering the expenditure of Rs. 10 lakh incurred on the civil works infructuous and an investment of Rs. 15.09 lakh idle.

The Executive Engineer stated (July 2006) that the issue was discussed (December 2005) in the District Development Board Review meeting, wherein it was decided that the receiving station would be constructed at an alternative site. This had, however, not been done (July 2006) due to non-allotment of funds.

Thus, the injudicious action of the Chief Engineer, Electric Maintenance and Rural Electrification Wing, Power Development Department, Srinagar of executing the works of receiving station Manigam on a private land, without first settling the land compensation issue, resulted in wasteful expenditure of Rs. 10 lakh and idle investment of Rs. 15.09 lakh.

The matter was referred to the Government/Department in July 2006; reply had not been received (November 2006).

#### 4.14 Unfruitful Expenditure

**Departmental failure to ensure availability of the equipment and funds needed for the sub-station resulted in unfruitful expenditure of Rs. 58.06 lakh and non-accrual of the benefits of the System Improvement Scheme in the envisaged area.**

To provide relief to the existing overloaded electric sub-stations, supply of quality power to agriculture sector, urban and rural industries and arrest line losses in Jammu district, a System Improvement Scheme (estimated cost: Rs. 10.01 crore) was proposed (December 1998) by the Power Development Department to the Rural Electrification Corporation (REC). The REC/Department released Rs. 7.12 crore during 2000-01 to 2003-04 to the Executive Engineer, Sub-Transmission Division-II, Jammu for the scheme envisaging construction of eight sub-stations including one at Sumb, Samba.

Test check (December 2005) of the records<sup>^</sup> of the Executive Engineer, Sub-Transmission Division-II, Jammu (January 2003 to October 2005) revealed that the execution of the sub-station (estimated cost Rs. 1.34 crore) Sumb was taken up (2000-01) without the accord of technical sanction. The work was stopped (March 2002) after incurring an expenditure of Rs. 58.06 lakh on it, due to non-availability of 66 KV equipment.

Thus, Departmental failure to ensure availability of the equipment needed for the sub-station not only resulted in unfruitful expenditure of Rs. 58.06 lakh for over four years, but also in non-accrual of the benefits of the System Improvement Scheme in the envisaged area. The Department could also not claim reimbursement from REC.

The matter was referred to the Government/Department in July 2006. In reply, the Department stated (September 2006) that due to non-availability of the required equipment, the completion/commissioning of the station got delayed and that all efforts would be made to complete the station on availability of the required material/funds.

### Public Health Engineering Department

#### 4.15 Unfruitful expenditure

**Execution of works on a disputed site without administrative approval and identification of water source resulted in an unfruitful investment of Rs. 51.83 lakh.**

Water Supply Improvement Augmentation and Extension Scheme, Mehtabpur, Kathua was taken up (October 2002), for execution at an estimated cost of Rs. 62.33 lakh under Accelerated Rural Water Supply Programme (ARWSP) without administrative approval. The scheme, to be completed within one year, envisaged augmentation of the existing source by digging a tube well and executing allied works to increase the capacity of the upgraded scheme by 40,000 gallons per day (GPD).

<sup>^</sup> Adjustment book, advance payment register, contract allotments, material at site account, monthly accounts, progress reports, project proposals, vouchers payments and works programmes, etc.

Test check (December 2004) of the records related to the scheme revealed that without ensuring that the site identified for establishing a water source was free from encumbrances, allied works of the scheme were taken up for execution. An expenditure of Rs. 51.83 lakh was incurred (March 2006) on these allied works and further execution could not be carried out due to the objections relating to the site raised by the local population. The Executive Engineer stated (June 2006) that the execution of work on a tube well at a newly identified (July 2005) site was under way and that the balance works on the scheme would be resumed after availability of water at the site was confirmed.

Thus, lapse of the Department in identifying an undisputed site and executing allied works of the scheme before establishing a water source resulted in an unfruitful investment of Rs. 51.83 lakh, besides depriving the population of the intended benefits.

The matter was reported to the Government/Department in August 2006; reply had not been received (November 2006).

### **Social Welfare Department**

#### **4.16 Idle investment**

**Injudicious planning of Social Welfare Department in constructing a Milk Chilling Plant building, Chann Datyal without arranging for the machinery to be installed therein, resulted not only in idle investment of Rs. 41.97 lakh but also deprived the intended beneficiaries of the envisaged benefits.**

In order to provide marketing facilities for milk produced from cattle by the Gujjars and Bakerwals living in Chadwal block of Kathua district and improve the living standards of the backward classes, Managing Director, Jammu and Kashmir Cooperative Milk Federation, Jammu proposed (September 1997) construction of a Milk Chilling Plant building at village Chann Datyal by the Public Works Department.

Audit scrutiny (October 2005) of the records<sup>↑</sup> (December 2003 to September 2005) of the Executive Engineer, R&B Division, Kathua revealed that the construction of the building initially estimated to cost Rs. 26.63 lakh was taken up (January 1998) under the orders of the District Development Commissioner, Kathua in anticipation of administrative approval. Administrative approval was accorded (January 2001) by the Principal Secretary, Social Welfare Department at the revised cost of Rs. 42.54 lakh. The construction, after incurring an expenditure of Rs. 41.97 lakh, was completed in October 2002 without installation of machinery and equipment (estimated cost Rs. 45.15 lakh) in the building. Managing Director, Cooperative Milk Federation, Jammu was asked (September 2003) by the Executive Engineer, R&B Division, Kathua to take over its possession, which was not effected till the winding up of the Federation in

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<sup>↑</sup> Progress reports and construction records

March 2004. The building had remained (May 2006) unutilised pending taking over by the Department resulting in an idle investment of Rs. 41.97 lakh.

Thus, injudicious planning by the Social Welfare Department in constructing the Milk Chilling Plant building, Chann Datyal without arranging the machinery to be installed therein, resulted not only in idle investment of Rs. 41.97 lakh but also deprived the beneficiaries of the intended benefits of the plant.

The matter was referred to the Government/Department in June 2006. The Special Secretary to Social Welfare Department stated (June 2006) that Jammu and Kashmir Milk Producers Cooperative Limited has offered to run the plant after installing the machinery in the building for which funds (Rs. 22.50 lakh) will be provided during the current financial year.

## Tourism Department

### 4.17 Blocking of Funds

**Failure of the Director General Tourism to obtain the permission for construction of Toilet complex resulted not only in blocking of Rs. 40 lakh for 1 ½ years but also non-accrual of envisaged benefits.**

In order to provide toilet facilities to tourists and pedestrians around Dal lake and prevent unsanitary conditions of lanes and open spaces used for the purpose, Director General Tourism, proposed (October 2004) to construct 40 public conveniences at Hassan Villa, Boulevard, Srinagar under the Centrally Sponsored Scheme "Integrated Circuit Development". Project works estimated to cost Rs. 50 lakh, were to be completed within 18 months.

Audit scrutiny (March 2006) of the records of the Tourism Department revealed that the first instalment\* of Rs. 40 lakh released (December 2004) by the Government of India was deposited in the current account of the Director Tourism with the Jammu and Kashmir Bank and the construction works were not taken up (March 2006). The Assistant Director, Tourism stated that permission for construction of Toilet complex applied for (February 2005) to the Lakes and Waterways Development Authority (LAWDA) was awaited (March 2006). Meanwhile power to grant permission for constructions during 31 May 2005 to 29 October 2005 was transferred to Srinagar Municipal Corporation, to which, the Department had not applied.

Thus, failure of the Director General Tourism to obtain permission for construction of Toilet complex either from the Lakes and Water Ways Development Authority or Srinagar Municipal Corporation, resulted not only in blocking of Rs. 40 lakh for 1 ½ years but also non-accrual of envisaged benefits of the project.

The matter was referred to the Government/Department in July 2006; reply had not been received (November 2006).

\* 80 per cent of the cost of the project