

Chapter-VIII
Local Bodies and Others

Financial assistance to Local Bodies and Others

8.1 General

Autonomous Bodies and Authorities are set up to discharge generally non-commercial functions of public utility services. These Bodies/Authorities by and large receive substantial financial assistance from Government. Government also provides financial assistance to other institutions such as those registered under the State Co-operative Societies Act, etc. to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, construction and maintenance of charitable institutions, school and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

During 1999-2000 financial assistance of Rs 185.94 crore was paid to various autonomous bodies against Rs 121.85 crore paid during 1998-99. Department-wise break-up of the amount paid during 1999-2000 was as under:

Rupees 185.94 crore paid as financial assistance during 1999-2000

(Rupees in crore)

S. No.	Name of the department	Amount
1.	Housing and Urban Development	99.42
2.	Education	61.79
3.	Agriculture	12.71
4.	Art and Culture	4.00
5.	General Administration	2.22
6.	Tourism	2.16
7.	Law and Justice	1.16
8.	Animal Husbandry	1.00
9.	Others ^Φ	1.48
	Total:	185.94

(a) Delay in furnishing of utilisation certificates

The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification, these should be

^Φ Social Welfare and Nutrition: Rs 91.56 lakh; Medical and Public Health : Rs 34.20 lakh; Ladakh Affairs: Rs 22.43 lakh; Public Works Department: Rs 0.22 lakh

forwarded to Accountant General within 18 months from the date of sanction of grants unless specified otherwise.

7647 utilisation certificates for an aggregate amount of Rs 733.35 crore not furnished

In respect of grants paid up to 1998-99, 7647 utilisation certificates for an aggregate amount of Rs 733.35 crore were awaited as on 30 September 2000. Department-wise break-up of certificates not received up to 30 September 2000 in respect of grants paid during 1997-99 is given in *Appendix-28*. In absence of utilisation certificates it was not clear as to how the departmental officers satisfied themselves whether and to what extent recipients utilised the grants for the purposes for which these were paid.

(b) Delay in submission of accounts

Detailed information regarding financial assistance given to various institutions and annual accounts awaited from departments

In order to identify the institutions which attract audit under Sections 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which such assistance was sanctioned and the total expenditure of the institutions. The details of defaulting departments which had not furnished information for 1999-2000 and earlier years are given in *Appendix-29*.

The particulars of Bodies/Authorities whose annual accounts for 1999-2000 and earlier years were awaited are indicated in *Appendix-30*.

The status of submission of accounts by Corporations and submission of Audit Reports thereon to the State Legislature as of September 2000 was as under:

S.No	Name of body	Year up to which accounts due	Year up to which accounts submitted	Year up to which Audit Report issued
1.	Jammu and Kashmir State Road Transport Corporation	1999-2000	1996-97	1996-97
2.	Jammu and Kashmir State Financial Corporation	1999-2000	1997-98	1997-98

8.2 Audit arrangement

Audit of two organisations viz., Ladakh Autonomous Hill Development Council and Khadi and Village Industries Board falls under Section 19 (3) of Comptroller and Auditor General's (DPC) Act, 1971. Audit of accounts of Khadi and Village Industries Board for the years 1998-99 to 1999-2000 (period entrusted) had not been conducted due to non-receipt of the accounts from the Body. Ladakh Autonomous Hill Development Council was established in 1995 and audit of the Council was to be entrusted to the

Comptroller and Auditor General of India. The said entrustment for the period from its inception to 1999-2000 was awaited (September 2000).

The audit of accounts of the following bodies had been entrusted to Comptroller and Auditor General under Section 20(1) of the C&AG's (DPC) Act, 1971, for different periods as detailed below:

S.No	Name of the body	Period of entrustment	Date of entrustment
1.	Sher-i-Kashmir University of Agricultural Sciences and Technology, Srinagar	1995-96 to 1997-98	16 September 1999
2.	Jammu and Kashmir Employees Provident Fund Organisation, Srinagar	1984-85 to 1989-90 1990-91 to 1999-2000	16 September 1999 16 September 2000

The primary audit of local bodies viz., Jammu and Kashmir Co-operative Supply and Marketing Federation Limited and Srinagar and Jammu Municipalities, is conducted by the Registrar, Co-operative Societies and Finance Department respectively.

8.3 *Audit under Section 14*

8.3.1 *Overall results of audit of autonomous bodies*

Accounts for 1999-2000 and earlier years were received from 8 Bodies/Authorities (*Appendix-31*). Audit of 7 Bodies/Authorities was conducted during the year as these attracted audit under Section 14 of the Comptroller and Auditor General's (DPC) Act, 1971. Some main points noticed as a result of the audit of these Bodies/Authorities are given in the paragraphs that follow.

(i) *Grants remaining unutilised*

Out of total available grants of Rs 16.44 crore, grants aggregating Rs 7.05 crore meant for developmental and educational purposes and implementation of beneficiary oriented schemes remained unutilised with the following Bodies/Authorities whose accounts were audited during 1999-2000 for the years indicated against each:

Rupees 7.05 crore meant for developmental and educational purposes remained unutilised with 7 bodies/ authorities

(Rupees in crore)

S.No	Name of Body/Authority	Year of account	Amount unutilised
1.	District Rural Development Agency, Udhampur	1997-98	0.22
2.	District Rural Development Agency, Pulwama	1998-98	1.04
3.	District Rural Development Agency, Budgam	1998-99	0.43
4.	District Rural Development Agency, Jammu	1998-99	0.35
5.	Jammu Urban Development Agency	1997-98	2.29
6.	Jammu and Kashmir Sports Council	1996-97	2.02
7.	Jammu and Kashmir Social Welfare Advisory Board	1998-99	0.70
	Total		7.05

No specific reasons for underutilisation of grants and non-refund of unutilised grants to the sanctioning authorities were intimated. Sanction to carry forward of these unutilised grants to the following years was also not obtained by the Bodies/Authorities concerned.

Advances aggregating Rs 1.46 crore outstanding against various contractors, suppliers and executing agencies

(ii) Outstanding Advances

Advances aggregating Rs 1.46 crore given by the following Bodies/Agencies to contractors/suppliers, various executing agencies and their employees, for various purposes were outstanding at the end of the year as indicated against each:

S.No	Name of body/authority	Year	Amount (Rupees in lakh)
1.	District Rural Development Agency, Udhampur	1997-98	74.85
2.	District Rural Development Agency, Budgam	1998-99	10.85
3.	District Rural Development Agency, Pulwama	1997-98	25.67
4.	District Rural Development Agency, Jammu	1998-99	34.53
	Total		145.90

Action taken by these agencies for recovery/adjustment of these advances was not intimated (September 2000).

(iii) Outstanding audit observations

Audit observations on the accounts of Bodies/Authorities are conveyed to them in the form of Audit Inspection Reports (AIRs) and copies thereof are endorsed to the Government/Body for taking necessary action and for

rectification of defects within a reasonable time. The status of AIRs issued up to March 2000 and outstanding at the end of September 2000 was as indicated below:

S.No	Name of the body	No. of AIRs	No. of paragraphs	Earliest year from which outstanding
1.	State Pollution Control Board	1	7	1987-88
2.	Jammu and Kashmir Sports Council, Srinagar	2	26	1992-93
3.	Jammu and Kashmir Social Welfare Advisory Board	3	23	1978-79
4.	Jammu and Kashmir Academy of Art, Culture and Languages	2	12	1995-96
5.	Jammu University	4	62	1992-93
6.	District Rural Development Agencies	51	291	1982-83
7.	Desert Development Agencies	8	78	1979-80
8.	Jammu Municipality	1	21	1995-96
9.	Jammu and Kashmir Housing Board, Jammu	1	25	1991-92
10.	Islamia College of Science and Commerce, Srinagar.	2	14	1981-82
11.	Jammu Urban Development Agency	2	4	1994-95
12.	Jammu and Kashmir Co-operative Supply and Marketing Federation Ltd.	1	4	1994-95
13.	Srinagar Development Authority	1	12	1998-99
14.	Srinagar Municipality	1	22	1996-97
15.	Kashmir University	1	21	1996-97
16.	Jammu and Kashmir Energy Development Agency	2	18	1996-97
	Total	83	640	

SECTION-A-Reviews

Education Department

8.4 Jammu and Kashmir Sports Society

Highlights

Jammu and Kashmir Sports Society was registered in 1961 under the Societies Registration Act VI 1998 (Svt.) for planning all round development of sports and games in the State. The Society, however, largely failed to achieve its objective due to inadequate supervision, planning and monitoring of various schemes and infrastructural deficiencies.

- The Society had not prepared its annual statement of accounts including balance sheet and had instead prepared Receipt and Payment accounts up to 1996-97 only. Consequently, its financial position was not ascertainable nor could accountability of the investments made by the Government in it be ensured.

(Paragraph: 8.4.4.1)

- While percentage of expenditure on sports activities decreased from 72 in 1996-97 to 39 in 1999-2000, administrative expenses increased from 28 to 61 *per cent* during the same period indicating decline in expenditure on sports activities.

(Paragraph: 8.4.4.2)

- System for watching adjustment of advances disbursed to various officials for executing developmental works was not in existence in the Society. Advances aggregating Rs 86.49 lakh paid during 1985-86 to 1999-2000 to various officials were lying unadjusted as of July 2000.

(Paragraph: 8.4.4.2 (a))

- Grants aggregating Rs 91.92 lakh were disbursed to various sports associations during 1995-96 to 1999-2000 even though their recognition was not renewed as required under rules.

(Paragraph: 8.4.5.1)

- No targets were fixed for the number of youth who were to be provided basic or specialised training by the coaches nor had this been monitored by the Society.

(Paragraph: 8.4.5.2)

- **Construction/development of 24 stadia and play fields taken up by the Society at a cost of Rs 3.20 crore between 1977 and 1999, were lying incomplete as of March 2000. In addition, 20 works of Director Youth Services and Sports involving expenditure of Rs 1.67 crore taken up by the Society during 1987-88 to 1999-2000 were also lying incomplete as of March 2000.**

Funds aggregating Rs 70.05 lakh released by the Government/ Director Youth Services and Sports for completion of on-going works like construction of stadia, youth hostel, school play fields, etc. were diverted for meeting administrative expenses.

(Paragraphs: 8.4.5.4 and 8.4.5.5)

8.4.1 Introduction

Jammu and Kashmir Sports Society was registered in 1961 under the Societies Registration Act VI 1998 (Svt.) for planning all round development of sports and games and fostering a spirit of comradeship among the youth and sports associations in the State. The objectives were to be achieved by imparting training, providing infrastructure facilities and financial assistance to sports organisations and co-ordinating their activities.

8.4.2 Organisational set-up

Management of the affairs of the Society is vested in a Council comprising 25 members nominated by the Government including the President and Vice-President. The members to be nominated should be outstanding sportsmen or reputed persons connected with sports, physical educationists and representatives of recognised associations. A standing committee constituted by the Council is responsible for carrying on the work of the Society. The Society has also an engineering wing under the supervisory control of an Executive Engineer who works under the control of the Secretary to Council.

8.4.3 Audit Coverage

The activities of the Society covering the period from 1995-96 to 1999-2000 were reviewed in audit during December 1999 to March 2000 by test-check of records of Commissioner-cum-Secretary, Education Department, Secretary of the Council and 6 out of 7 District Coaching Centres at Srinagar, Anantnag, Baramulla, Jammu, Kathua and Udhampur. Important points noticed as a result of test-check are brought out in the succeeding paragraphs.

8.4.4 Financial position

8.4.4.1 Preparation of accounts

Balance sheet not prepared in absence of which financial position not ascertainable

Accounting Manual not prepared

The Society is required to maintain proper accounts and prepare annual statement of accounts including the balance sheet under the rules. The Society, however, prepared Receipt and Payment Account only, as a result of which its financial position was not ascertainable and accountability of investments made by the Government in it could not be ensured. Receipt and Payment Account for the year 1997-98 and onwards had also not been finalised as of March 2000, for which no reasons were furnished. The Society, which is following the rules and procedures applicable to State Government, had yet to prepare its Accounting Manual, laying down accounting procedures and delegating financial powers/responsibilities amongst its functionaries for prescribed internal checks/controls.

8.4.4.2 Receipts and payments

The Society receives funds by way of grants-in-aid from the State and Central Governments. Income also accrues to it on account of rent of property, admission/registration fees from the participants taking part in various games. The position of receipts and expenditure of the Society during the period from 1995-96 to 1999-2000 was as under:

(Rupees in crore)

Year	Opening balance	Funds received from		Receipts from other sources ^φ	Total funds available
		State Government	Central Government		
1995-96	2.88	1.88	--	0.88	5.64
1996-97	3.19	3.53	--	1.31	8.03
1997-98	3.30	2.24	0.14	0.82	6.50
1998-99	2.18	1.41	0.22	1.14	4.95
1999-2000	0.93	4.65	--	0.23	5.81

Year	Expenditure on		Total expenditure ^δ	Percentage utilisation of available funds
	Administrative expenses (per cent)	Sports activities (per cent)		
1995-96	1.23 (50)	1.22 (50)	2.45	43
1996-97	1.33 (28)	3.40 (72)	4.73	59
1997-98	1.72 (40)	2.60 (60)	4.32	66
1998-99	1.80 (45)	2.22 (55)	4.02	81
1999-2000	2.25 (61)	1.46 (39)	3.71	63

^φ Includes funds received from Sports Authority of India and Director Youth Services and Sports and receipts on account of rent, admission/registration charges

^δ Includes that on deposit works

While expenditure on sports activities decreased (33 per cent) administrative expenses increased substantially

It would be seen from the above table that while expenditure on sports activities had decreased from 72 per cent in 1996-97 to 39 per cent in 1999-2000, administrative expenses increased from 28 per cent to 61 per cent during the same period indicating decline in sports activities. No reasons for decline in sports activities/increase in administrative expenses were intimated. It was, however, seen that the Society had not fixed norms for assessing the requirements of manpower and its efficient management for curtailing the increasing administrative expenses. Further, the Society had also employed 30 daily wagers to work as chowkidars, sweepers, groundsmen, etc. during the period from 1996-97 to 1999-2000 (March 2000) in violation of the State Government orders banning employment of daily wagers which resulted in irregular expenditure of Rs 11.54 lakh on their wages.

Irregular expenditure of Rs 11.54 lakh on wage payment to 30 daily wagers

Following further points were noticed:

Advances of Rs 86.49 lakh against various agencies/officials outstanding

(a) Proper accounts to monitor adjustment of amounts advanced to various agencies/officials had not been maintained. Advances aggregating Rs 86.49 lakh paid during 1985-86 to 1999-2000 were outstanding against various agencies/officials as of July 2000. Of this, Rs 4.02 lakh were outstanding against ten officials who had retired, died or were transferred from the Society. Further, out of Rs 75.53 lakh advanced during the period from 1995-96 to 1999-2000, Rs 41.42 lakh had been debited to final head of account instead of the personal accounts of the persons concerned so as to watch recovery thereof. As a result, the accounts overstated the expenditure of the Society to that extent. Responsibility for non-maintenance of proper records and non-recovery/adjustment of advances made had not been fixed (March 2000).

Expenditure of Rs 41.42 lakh overstated

Rs 3.42 lakh realised as admission/registration charges, diverted

(b) Test-check of records of MAM Stadium revealed that out of admission/ registration charges of Rs 13.18 lakh realised during 1995-96 to 1999-2000 (February 2000), Rs 3.42 lakh were irregularly appropriated for meeting day to day contingent expenditure. Besides, receipts of Rs 9.76 lakh were remitted in the bank after delays ranging from 5 to 24 months during 1996-97 and 1997-98 which resulted in loss of Rs 0.52 lakh by way of interest.

Irregular payment of Rs 1.71 lakh made

(c) The Society paid (June 1997) Rs 1.71 lakh to the Vice-President of the Standing Committee as travel expenses for 'self' and his 3 family members for witnessing 4th National Games-1997 at Bangalore, which is not provided in Rules.

8.4.5 Activities of the Society

The Society is an apex sports advisory body. Its activities include providing financial and other assistance to sports organisations, imparting training and specialised coaching to sportspersons and developing infrastructural facilities.

8.4.5.1 Recognition of sports associations

The Society had recognised 38 sports associations up to 1988-89. Applications received by the Society from 30 associations during 1988-97 for recognition, were pending as of March 2000 for which no reasons were furnished (August 2000). Moreover, recognition of the associations is done for a period of one year on *ad hoc* basis. Though recognition of none of the 38 associations had been renewed after 1988-89, grants aggregating Rs 91.92 lakh were paid to them during the period covered under the review. It was also observed that 23 of these associations had irregularly been paid Rs 27.42 lakh as grant during the period from 1995-96 to 1998-99 without obtaining audited statements of accounts and utilisation certificates of grants disbursed in previous years indicating that proper system of watching utilisation of grants was not followed by the Society.

Grants of Rs 91.92 lakh paid to 38 associations without renewal of recognition

- 76 Government officials held posts in sports associations unauthorisedly
- 15 persons held more than one post in 30 associations

With a view to keeping sports associations free from official influence, it was decided (December 1989) by the Council that no Society/Government official shall hold any office in any sports association without proper permission of the Council/Government. It was, however, seen that 76 Government officials held posts in various capacities in different sports associations without seeking the requisite permission of the Government. Besides, 15 persons had held more than one post in 30 associations in violation of the instructions (April 1997) of the Council.

8.4.5.2 Training of youth

The Society provides basic training to youth in various sports for improving the skill and maintaining stamina of sportspersons for better results. It also conducts specialised coaching camps and holds tournaments and various sports events. For this, the society has established 15 coaching/subcentres in 7 out of 14 districts of the State and had engaged 64^ψ coaches. An expenditure of Rs 1.38 crore was incurred on pay and allowances of coaches (Rs 1.01 crore) and coaching centres (Rs 37.11 lakh) during 1995-96 to 1999-2000. No targets had, however, been fixed by the Society for coaching of youth at these coaching centres/camps. Records indicating the number of youth who were actually provided basic training or specialised coaching during 1995-96 to 1999-2000 had also not been maintained. Scrutiny of work diaries of 12 coaches for the period 1995-96 to 1999-2000 revealed that a meagre number of youth, ranging between 3 and 30 per month, were trained during this period, while no coaching was imparted by 8 coaches during 50 out of 60 months. Reasons for neglecting/ignoring the remaining seven¹ districts under the Programme were also not on record.

64 coaches engaged in 7 districts paid salary of Rs 1.01 crore. Of these 12 coaches trained only 3 to 30 youth per month and 8 coaches did not impart training during 50 out of 60 months

^ψ Includes 19 from Sports Authority of India

¹ Rajouri, Doda, Kupwara, Pulwama, Leh, Kargil and Budgam

8.4.5.3 *Rural and Womens' Sports*

Government of India, Ministry of Human Resource Development introduced (1970-71) Rural Sports Programme for broad basing sports/games and tapping hidden talent in rural areas. The programme envisaged organising of tournaments in rural areas in various disciplines viz. athletics, archery, kho-kho, kabaddi, etc. Similarly, need for participation of women for arousing their sports consciousness was also felt and National Sports Festival for women was made an annual feature from 1994-95. The Society spent Rs 27.73 lakh on rural and womens' sports during the period from 1995-96 to 1999-2000 and organised annual festivals for Rural and Womens' Sports. The number of tournaments held under the programme in rural areas were not intimated. However, the effectiveness of the expenditure incurred and its impact on development of rural and women sports had not been monitored or assessed at any stage/level. While reviewing the progress on implementation of the schemes, the Chief Sports Officer of the Society had stated (October 1999) that the expenditure incurred on holding of Rural and Womens' sports events at Block or District level had proved infructuous as no talent had been spotted. Steps taken for identifying the deficiencies and ensuring effective implementation of these schemes were not intimated.

Test-check revealed that for promotion of sports at village level, land measuring 692.14 *kanals* was identified by the Society during 1975-96 for developing playing fields at 15 places in rural areas. The possession of land had not been taken over as of February 2000. The Society, however, in anticipation of acquisition of land, had purchased (1988-89) fencing material for fencing of playing fields at Wathora and Bahipora at a cost of Rs 9.92 lakh which had not been utilised. This resulted in idle investment of Rs 9.92 lakh. Besides, the chances of the quality of the purchased material deteriorating due to prolonged storage could not be ruled out.

8.4.5.4 *Infrastructure development*

Infrastructure development works were undertaken by the Society without obtaining administrative/ technical approval and drawing up of works plans depending upon the availability of funds. Stadia/ play fields at 24 places constructed/ developed at a cost of Rs. 3.20 crore (excluding cost of land) by the Society during the period between 1977 and 1999 were lying incomplete. While paucity of funds was stated to be the reason for non-completion, it was seen that out of Rs 36 lakh received during 1998-99 by the Society from the Government for 6 ongoing development works of stadia/play fields, Rs 34.20 lakh were diverted to non-plan sector for meeting administrative expenses. Non-prioritisation of works/diversion of funds, therefore, resulted in non-completion of infrastructure development works and consequent delay/non-realisation of the envisaged benefits. A few cases of defective planning are discussed below:

Expenditure of Rs 27.73 lakh on holding of Rural and Womens' sport meets infructuous as no talent spotted

Idle investment of Rs 9.92 lakh on purchase of fencing material

Incomplete construction/ development of stadia/play fields at 24 places despite expenditure of Rs 3.20 crore

Rupees 34.20 lakh diverted for meeting administrative expenses

**Unfruitful
expenditure of Rs
85.08 lakh**

(a) The Society, without ascertaining the technical feasibility of the site, developed Gani Memorial Stadium at Rajouri Kadal Srinagar under Srinagar Core Area Development Project. An expenditure of Rs. 76.52 lakh was incurred up to March 1994 which included Rs. 25.94 lakh advanced to Urban and Environmental Engineering Department (UEED) for providing a drainage system for the play field. The UEED, however, constructed a drain for the adjoining locality and installed pumps for draining out water from the play field. Due to subsequent diversion of the drains of the adjoining localities to the play field, which was at a lower level, it remained submerged making it unusable. Expenditure of Rs. 8.56 lakh incurred during the period from 1994-95 to 1999-2000 on operating and maintaining the dewatering pumps, etc. also proved unfruitful. Thus, improper planning and defective selection of site rendered the expenditure of Rs. 85.08 lakh unfruitful besides, denying facilities to the sportspersons.

**Wrong selection of
site rendered
expenditure of Rs
38.79 lakh
unfruitful**

(b) The Society developed a play field at Bemina, Srinagar at a cost of Rs. 38.79 lakh (March 1994). The field, however, could not be put to proper use as it was low lying and got submerged under water coming from an adjacent residential area developed by the Srinagar Development Authority. Proposal (December 1994) of the Engineering Wing for raising the level of the play field at a cost of Rs. 15 lakh had not been implemented due to non-availability of funds. As a result, the expenditure of Rs 38.79 lakh incurred on the play field was rendered unfruitful.

(c) For construction of a stadium at Doda, land measuring 51.05 *kanals* was acquired by the Society between 1960-61 and 1979-80 at a cost of Rs. 12 lakh. The development/ construction work of the stadium was entrusted to PWD in 1975 at an estimated cost of Rs. 45.09 lakh for which administrative approval was accorded by Secretary Sports Council in March 1987 though it was beyond his competence as per delegations of powers of the Government, followed by the Society.

**Rupees 6 lakh
diverted**

**Unfruitful
expenditure of Rs
42.98 lakh**

After incurring an expenditure of Rs. 42.98 lakh (including unpaid liability of Rs. 5.28 lakh) up to November 1992, the work was stopped by PWD for want of funds by which time the project cost escalated to Rs. 62.30 lakh. The Society took over the project from PWD in October 1996 (though decision to this effect was taken in June 1994) for speedy completion by its own Engineering Wing. Thereafter, no action was taken to complete the long pending project though Rs. 6 lakh were paid by the Government for the purpose in March 1998 which were diverted for meeting administrative expenses. As a result the expenditure of Rs. 42.98 lakh incurred on the project was rendered unfruitful besides, the envisaged facilities were not made available to the rural youth of the hill district.

**Wasteful
expenditure of Rs
16.83 lakh due to
non-feasible site
washed away in
floods**

(d) Without ascertaining feasibility of the site, the Society developed a play field at Shopian at a cost of Rs. 16.83 lakh between 1985 and 1992. The site, being prone to floods, was washed away in the floods of 1992 and 1996

rendering the expenditure thereon wasteful. Alternate site for the play field had yet to be identified, thereby depriving the youth of the area of the facility.

8.4.5.5 *Deposit works*

The Society executes works on behalf of other departments/ agencies against funds placed at its disposal charging 8 *per cent* of the works expenditure as supervisory charges. It had, however, not maintained records indicating the amounts placed at its disposal, expenditure incurred thereagainst and balance, if any, available against each work. The figures of deposits received and expenditure incurred thereagainst had also not been reconciled with concerned departments/ agencies.

Deposit contribution works involving expenditure of Rs 1.67 crore incomplete

Test-check also revealed that 20 works like construction of stadia at R.S.Pora, Youth Hostel, Srinagar, Billiards hall, Jammu, School play fields, etc. allotted by the Youth Services and Sports Department and taken up for execution by the Society between 1987-88 and 1999-2000 were lying incomplete even after incurring an expenditure of Rs 1.67 crore thereon. No reasons for non-completion of these works were available on record. It was, however, seen that the Society had diverted Rs. 29.85 lakh from the deposits for meeting administrative expenses. Moreover, an amount of Rs 1.98 lakh recoverable from various agencies on account of supervisory charges had not been recovered.

Deposit of Rs 29.85 lakh diverted and supervisory charges of Rs 1.98 lakh not recovered

Database of works executed not maintained

The records relating to execution of works viz. works registers, material-at-site accounts, contractors ledgers, etc. had not been maintained for exercising required checks. No system of watching adjustment of material issued from the engineering wing to contractors and for departmental works was followed. As a result, material valued at Rs 20.25 lakh issued to contractors and staff between 1995-96 and February 2000 had not been adjusted as of March 2000. Of this, material valued at Rs 2.73 lakh was outstanding against officials who had since been transferred from the Society. Test-check also revealed that works costing Rs 1.15 crore had been executed during 1995-96 to 1999-2000 without administrative approval and technical sanction.

Works costing Rs 1.15 crore executed without administrative approval/technical sanction

8.4.6 *Register of assets*

The Society is mainly financed by the grants from State Government and is required to maintain a register of assets recording therein all types of assets including land and other property transferred by Government or acquired by gift, purchase or otherwise. No such register had been maintained by the Society as a result of which the assets acquired by the Society from time to time and their maintenance/utilisation could not be verified.

Assets register not maintained

8.4.7 Stores and stocks

Physical verification of stores/stocks not conducted regularly

Physical verification of stores/ stocks is to be conducted annually. Test-check of records revealed that physical verification of sports articles was conducted between May 1998 and July 1998 after a gap of six years at seven centres (out of 19). Further, 1607 unserviceable items (value: Rs 16.11 lakh of 1201 items) were lying in the stores. Action for their disposal had not been taken (February 2000). Physical verification of remaining centres and engineering wing had not been conducted since 1992-93.

8.4.8 Monitoring and evaluation

Supervisory committee constituted in April 1999 to monitor *inter alia* the performance of coaching camps, etc. did not submit report

Evaluation of various works executed and activities carried out by the Society had not been undertaken at any level. A supervisory committee under the overall supervision of Chief Sports Officer constituted in April 1999 to monitor *inter alia* the performance of coaching camps and activities carried out by various sports associations, had not furnished any report as of March 2000. Further, the Council was required to meet at least twice a year to review its activities, annual reports and statement of audited accounts of the previous year. The Council had, however, met only on four occasions during 1995-96 to 1999-2000 against ten meetings envisaged under the Rules which indicated inadequate supervision of the affairs of the Society.

Against ten envisaged meetings during 1995-2000 council met on four occasions only

8.4.9 Recommendations

The activities of the Society need to be monitored and supervised more closely for better utilisation of resources provided to it by the Government, bringing overall improvement in standard of sports, development of infrastructure and coaching of upcoming sports persons of the State.

The above points were reported to the Government/Society in June 2000; reply had not been received (December 2000).

Forest Department

8.5 State Pollution Control Board

Highlights

One of the main objectives of the State Pollution Control Board is to prevent and control pollution of water bodies in accordance with the provisions of the Water (Prevention and Control of Pollution) Act, 1974. The objective was not, however, achieved mainly due to the failure of the Board to regulate and control discharge of industrial effluents into the water bodies and to ensure installation of pollution control devices by industrial units. Water testing laboratories required for monitoring and assessing the quality of water had also not been set up.

- Finalisation of accounts from 1994-95 and onwards was in arrears and accounts had not been audited by a qualified auditor beyond 1992-93.

(Paragraph: 8.5.4)

- Administrative expenses of the Board (Rs 3.74 crore) constituted 65 per cent of the total expenditure of Rs 5.79 crore incurred during 1995-2000.

(Paragraph: 8.5.4)

- The number of industrial units functioning without consent in violation of the Water (Prevention and Control of Pollution) Act, 1974 had not been ascertained by the Board. A number of such units were functioning in violation of law and no action had been taken by the Government for their closure.

(Paragraph: 8.5.6.1)

- Despite mention in the Report of the Comptroller and Auditor General of India for the period ending March 1995 regarding non-establishment of laboratories for carrying out water tests, the laboratories had still not been made functional. This resulted in non-performance of the mandatory function of testing samples under the Water (Prevention and Control of Pollution) Act, 1974.

(Paragraph: 8.5.6.2)

- **No progress had been made in completing the studies sponsored by Central Pollution Control Board relating to problems of water pollution under ‘Monitoring of Indian Aquatic River System and Indus Basin Projects’.**

(Paragraph: 8.5.7)

8.5.1 Introduction

**Anti pollution laws
not implemented
for 11 years**

The Jammu and Kashmir State Board for Prevention and Control of Water Pollution was constituted by the Government in the year 1976 in pursuance of the Water (Prevention and Control of Pollution) Act^φ, 1974. However, rules for regulating the provisions of the Act were notified by the State Government in the year 1987 with the result anti-pollution laws could not be implemented in the State for 11 years. The Board was renamed State Pollution Control Board in the year 1988 after entrustment of additional responsibilities to it under the Air (Prevention and Control of Pollution) Act, 1981 and Environment (Protection) Act, 1986.

The main objectives of the Board are to plan and execute comprehensive programmes for prevention and control or abatement of pollution of water bodies, air pollution control zones and in areas declared prone to noise pollution. The Board is also required to collect and disseminate information relating to pollution and advise the State Government on matters concerning it.

8.5.2 Organisational set up

The Board, reconstituted in February 1997, comprises 13 official and non-official members nominated by the State Government and is headed by a Chairman who looks after its day to day working. The members, who hold office for three years, include Director Industries, Transport Commissioner and Director Fisheries as Government representatives and Administrators of Jammu and Srinagar Municipalities represent local bodies. The Chairman is assisted by a Member-Secretary and two Regional Directors at divisional levels (Kashmir; Jammu). The overall administrative control of the Board is vested with the Forest Department of the State Government.

8.5.3 Audit Coverage

The activities of the Board for the period from 1990-91 to 1994-95 were last reviewed in audit during April-May 1995 and findings included in paragraph 8.3.2 of the Report of the Comptroller and Auditor General of India for the year ended March 1995. The present review covering activities undertaken by the Board regarding prevention and control of water pollution was conducted

^φ Central Act

during March-May 2000 by test-check of records of the Board for the period from 1995-96 to 1999-2000. Important points noticed are discussed in the succeeding paragraphs.

8.5.4 Finance and Expenditure

The main sources of income of the Board are grants received from the State/Central Governments including contributions from CPCB[∞]. The Board also collects fees from industrial units for renewal/grant of consent for using existing outlets or to bring into use any new or altered outlet for discharge of effluents. A summary of the receipts and expenditure of the Board[€] for the years from 1995-96 to 1999-2000 is given as under:

(Rupees in lakh)

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000	Grand total
Opening balance	25.16	32.05	45.63	87.71	63.95	
Grants received						
State Government	33.90	46.00	131.75	116.53	218.07	546.25
Central Government	0.25	0.75	4.00	5.00	10.00	20.00
CPCB	1.28	-	3.86	-	-	5.14
Other Receipts						
Consent fee	5.30	6.55	8.77	8.55	14.61	43.78
Miscellaneous receipts	0.70	-	-	9.00	-	9.70
Total funds available	66.59	85.35	194.01	226.79	306.63	650.03
Expenditure	34.54	39.72	106.30	162.84	236.00	579.40
Unspent balance	32.05	45.63	87.71	63.95	70.63	70.63
Percentage utilisation of funds	52	47	55	72	77	89

Administrative expenses during 1995-2000 constituted 65 per cent of the total expenditure

It was seen in audit that administrative expenses of the Board (Rs 3.74 crore) constituted 65 per cent of the total expenditure (Rs 5.79 crore) incurred during 1995-2000. Further, Rs 1.44 crore (25 per cent) was spent on construction/renovation of office cum laboratory building, and Rs 61 lakh only were utilised on implementation of various pollution control activities during the period. Following points were also noticed in audit:

(a) The actual unspent balance with the Board at the end of March 2000, as per cashbook, was Rs 79.95 lakh against Rs 70.63 lakh reported by it to the State Government. The variation had not been reconciled due to non-maintenance of ledger accounts, improper maintenance of cashbook from 1995-96 to 1998-99 and non-reconciliation of bank accounts.

(b) The Board is required to maintain proper accounts and prepare an annual statement of accounts. The accounts are to be audited by an auditor to be appointed by the Government on the advice of the Comptroller and

[∞] Central Pollution Control Board

[€] Including expenditure on activities relating to Air and Environmental Pollution

Accounts beyond 1993-94 not finalised and those beyond 1992-93 unaudited

- **Against 467 posts sanctioned without norms, 58 per cent lying vacant of which technical/scientific posts constituted 69 per cent**
- **Owing to limited activities carried out, effectiveness of Rs 3.74 crore incurred on salary not ensured**

Auditor General of India. It was, however, seen that the Board had not finalised its accounts beyond 1993-94 and the accounts had not been audited by a qualified auditor beyond 1992-93.

8.5.5 Manpower

As on 31 March 2000, the Board had 195 personnel (technical/scientific: 61; administrative: 16; ministerial: 118) in position against the sanctioned strength of 467 (technical/scientific: 198; administrative: 27; ministerial: 242) leaving 58 per cent of the sanctioned posts vacant which was predominant (69 per cent) in case of technical/scientific posts. The posts were sanctioned without laying down any norms/scale of work to be performed by each member of the staff. Test-check, however, revealed that due to limited activities carried out by the Board owing to non-setting up of laboratories for conducting sample tests, inadequate monitoring/inspections, the effectiveness of Rs 3.74 crore incurred on salary of staff was not ensured.

8.5.6 Implementation of laws

8.5.6.1 Enforcement of anti-pollution laws

(i) Grant of Consent

Under the provisions of the Act[¶], it is mandatory for every unit holder to obtain consent from the Board for bringing into use any new or altered outlet for discharge of sewage or trade effluents into a stream, well or sewer or on land. For this the Board was required to examine and analyse the trade effluents of industrial units before granting consent so as to ensure that they are within the prescribed standards or were brought within the standards by installing anti-pollution devices. The industrial units operating without consent and without installing anti-pollution devices are required to be prosecuted.

The Board had not conducted any survey for identifying units which were functioning without obtaining consent. The Board granted consent in 357 out of 489 cases who had applied for it during 1995-2000. The consents were, however, granted arbitrarily without conducting any analysis of trade effluents discharged by these units. The objective of ascertaining/ensuring that trade effluents were within the prescribed standards or were brought within these standards through remedial measures viz. installation of anti-pollution devices, etc. was not, thus, achieved. It was noticed in audit that while 24 industrial units had installed pollution control devices in Jammu division, 39 units were functioning without such devices. Even where pollution control devices had been installed, no inspections were carried out for monitoring the performance of these pollution control devices. On this being pointed out in audit, the

Survey for identifying units functioning without consent not conducted

Out of 63 test-checked units, 39 units were functioning without pollution control devices

[¶] Water (Prevention and Control of Pollution) Act, 1974

Six highly polluting industrial units operating without installation of anti pollution devices

Regional Director Jammu admitted (April 2000) that the monitoring/inspection of the industrial units could not be carried out to the desired extent due to shortage of field/technical staff. Test-check of records further revealed that 6[⊗] industrial units (falling under the list of 17 highly polluting industries) and 4 distilleries in Jammu were operating without grant of consent of the Board. The units had also not installed any anti-pollution devices and the Board had recommended to the State Government (1993) for closure of these units. However, no action had been taken on this proposal as of April 2000. The untreated discharge of effluents from these polluting industries still continues, defeating the basic objective of the scheme.

(ii) Renewal of consents

274 consent renewal applications remained unattended

The industrial units, on payment of prescribed licence fee, are required to seek annual renewal of the consents granted earlier. The Board is required to grant/refuse renewal of consent within a period of 4 months from the date of receipt of an application from a unit holder, failing which the consent is deemed to have been granted unconditionally. The Board had not, however, maintained any record to watch renewal of consents granted so as to monitor that no unit remained without check/renewal. Test-check in audit revealed that out of 530 applications received for renewal of licences during 1995-2000, only 256 applications (48 *per cent*) were disposed of by the Board leaving 274 applications (52 *per cent*) unattended for which no reasons were on record. Further, in 29 cases test-checked in audit, the unit holders had not applied for renewals as of March 2000 with the result the operation of such units was in violation of the Act. This also resulted in loss of Rs 1.16 lakh to the Board by way of renewal fee.

8.5.6.2 Testing of water and trade effluent samples

Government Analyst not appointed

Under the provisions of the Act, the Board had to establish a laboratory to carry out analysis/tests of samples of water bodies, sewage and trade effluents. The State Government under the provisions of the Act, had also to appoint a Government Analyst for conducting analysis of these samples. However, no Analyst had been appointed (March 2000) by the Government since inception of the Board.

Mention regarding non-establishment of two laboratories at Srinagar and Jammu for which equipment worth Rs 53.26 lakh was purchased in 1989-91, was made at para 8.3.2.6 (b)(iii) of the Report of the Comptroller and Auditor General of India for the period ending March 1995. Despite this, the State Government/Board had not established the laboratories as of April 2000. While the accommodation required for installation of the laboratory at Jammu was not arranged, the laboratory at Srinagar was functioning partially as vital

[⊗] Tanneries: 4; Hotel Industry: 1; Katha Industry: 1

Regional Engineering College, Srinagar declared as recognised laboratory in 1988 did not take up the assigned work

tests like BOD[≤]/COD[/] were not conducted due to inadequate infrastructure. The equipment procured (value: Rs 53.26 lakh) during 1989-91 had not been installed (May 2000) due to lack of proper accommodation. While building for the laboratory at Jammu was under construction (March 2000), the accommodation for laboratory at Srinagar was made available belatedly in October 1997 by which time the equipment had been declared outdated/damaged. Earlier, the Board had declared (1988) Regional Engineering College, Srinagar as its recognised laboratory, but the institution did not take up the assigned work, reasons for which were not intimated.

As a result of non-functioning of the laboratories and in absence of an Analyst, the mandatory functions of carrying out sample tests of water bodies, sewage and trade effluents were not carried out by the Board. The Board, however, reported to the Government the following physical targets and achievements of testing samples of water/industrial effluents during the period from 1995-96 to 1999-2000:

Year	Testing of Water samples		Testing of Industrial effluents	
	Target	Achievement	Target	Achievement
1995-96	250	240	400	400
1996-97	250	235	250	242
1997-98	800	738	1000	850
1998-99	800	300	1000	NIL
1999-2000	800	298	850	124

Reported achievements of tests conducted unauthentic

The authenticity of the above data, the basis of which was not on record, was questionable, particularly when the Board had neither any laboratory to conduct such tests nor had it made any payment to any outside recognised laboratory for the purpose. Moreover, no data of test reports indicating the levels of pollution detected were available/on record. However, a study conducted by a team of Central Pollution Control Board, who visited (December 1996) Jammu, had observed that all the 72 drains of Jammu city, with outfall in Tawi river, were highly polluted with high BOD and COD content ranging from 110 to 629 mg/litre and 246 to 1164 mg/litre against permissible limit of 30 mg/ litre and 250 mg/ litre respectively. The PH[#] value of these drains ranged between 7.5 and 8 against permissible limit of 5.5. Accordingly, the river water which showed increase of BOD from permissible norm of 2 mg/litre to 74 mg/litre was unsuitable for bathing/drinking purposes. The study also revealed that the city of Jammu had no proper system for disposal of solid wastes, sewage including municipal garbage and hospital wastes which were generally dumped along river beds leading to contamination of ground water. The Board had not taken any remedial

Tawi river highly polluted

Solid waste dumped along river beds led to contamination of ground water

≤ Biological Oxygen Demand
/ Chemical Oxygen Demand
Negative logarithmic value of Hydrogen ion concentration

measures on these findings as necessary directions were awaited from the State Government (April 2000).

Low levels of dissolved oxygen in Mansar Lake water resulted in mortality of fish

Test-check further revealed that the Board advanced Rs one lakh to Western Himalayan Regional Centre, National Institute of Hydrology, Jammu for undertaking limnological study of Mansar Lake. While final report of the Institute was awaited, the preliminary report (March 1999) *inter-alia* indicated low level of dissolved oxygen in the lake water which resulted in mortality of fish.

8.5.7 CPCB sponsored pollution control studies

Two projects entrusted by CPCB in 1989/1990 not completed

Under section 17 (1) of the Act, the State Pollution Control Board is required to conduct and participate in research work relating to problems of water pollution. For this CPCB entrusted two projects viz. Monitoring of Indian National Aquatic River System Project and the Indus Basin Project to the Board in 1989/1990. Despite mention about non-implementation of the projects in the Report of the Comptroller and Auditor General of India (Paragraph 3.2.7) for the year ended March 1995, no progress had been made in the completion of the projects as of March 2000.

8.5.8 Monitoring and evaluation

Against 20 envisaged meetings during 1995-2000 Board met only on 7 occasions

The Board had to monitor the levels of increase/decrease in pollution of industrial/urban areas periodically. The Board was required to meet at least once in every three months to deliberate on its functioning. However, against 20 meetings due to be held during 1995-2000, the Board met only on 7^ψ occasions during this period. In case of rise in pollution levels, the circumstances leading to increase had to be investigated for advising the State Government in matters relating to prevention, control or abatement of pollution. However, no such evaluation was conducted by the Board. Further, periodical appraisal of the working of the Board for reviewing its functioning had also not been undertaken (March 2000).

The matter was reported to Government/Department in July 2000; reply had not been received (December 2000).

^ψ 1995-96: 2; 1996-97: 2; 1997-98: 2; 1998-99: 1

Section-B-Audit Paragraph

Rural Development Department

8.6 Unfruitful expenditure

Purchase of sewing machines and barber's/cobbler's tool kits by the Project Officer, District Rural Development Agency, Pulwama without assessing their requirement, resulted in unfruitful expenditure of Rs 14.22 lakh thereon besides, non-realisation of intended objectives

Under the Integrated Rural Development Programme, income generating assets are provided to families living Below Poverty Line at subsidised rates to enable them to increase their income and cross the poverty line. An essential feature of the implementation of the Programme is proper planning including project identification and beneficiary selection. Test-check (July 1999) in audit of the records of District Rural Development Agency, Pulwama revealed that Project Officer, without identifying the target group of beneficiaries and assessing their requirement, invited tenders and placed (September 1996) an order for supply of 2000 sewing machines with a local firm. Though the supply was to be completed by March 1997, the firm supplied only 617^ψ machines (cost: Rs 10.21 lakh) in August 1998. Reasons for short/delayed supply of machines and penal action, if any, taken against the supplier were not intimated. Out of 617 machines supplied by the firm, the Agency could sell only 7 machines to beneficiaries despite subsidy of 33.3 *per cent* available under the programme. The poor demand for the machines was reportedly due to these being sub-standard and costlier vis-à-vis market price even at subsidised rates. The issue was referred (March 2000) to the Vigilance Organisation by Director Rural Development Department for detailed investigations. Further developments were awaited (July 2000).

Test-check further revealed that the Project Officer also purchased (September 1998) 220 barber's and cobbler's tool kits (cost: Rs 4.12 lakh) from another local firm for supply to beneficiaries at 90 *per cent* subsidy under the scheme "supply of improved tool kits to rural artisans" to help them improve their productivity and quality of production. These tools had also not been lifted by the beneficiaries as of May 2000.

Thus, purchase of sewing machines and tool kits by the Project Officer DRDA, Pulwama without identifying the beneficiaries and assessing their requirement, resulted in unfruitful expenditure of Rs 14.22 lakh besides, non-realisation of the objective of increasing the income of Below Poverty Line families.

^ψ At the rate of Rs 1655 per machine

The matter was reported to the Government/Department in July 2000; reply had not been received (December 2000).

Srinagar/Jammu

(R.P.Singh)

The

Accountant General Jammu and Kashmir

Countersigned

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The

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