

Chapter-III- Civil Departments

Section-A-Reviews

Rural Development Department

3.1 Rural Housing Schemes

Centrally sponsored schemes of Indira Awaas Yojana (IAY) and Credit-cum-Subsidy for Rural Housing (CSRH) were under implementation in the State from 1985-86 and 2001-02 respectively. Survey for identification of shelterless rural families was not conducted and the beneficiaries were selected by the District Development Commissioners on the basis of applications received/ identification by sarpanchs. Inventory of houses constructed under IAY was not maintained and physical achievements during 1997-2002 did not match financial figures. Cases of diversion of funds, coverage of ineligible beneficiaries, unfruitful expenditure, excess payment of assistance, etc. were also noticed. Significant points noticed in audit are as follows:*

Highlights

- Allocation of Central assistance to the districts during 1997-2002 exceeded the SC/ST population by 1 to 9 per cent in seven districts and was 1 to 10 per cent less in the remaining seven districts.

(Paragraph: 3.1.6)

- Opening balance as on 1 April 1997 and Central releases and closing balance each year during 1997-2002 varied from the corresponding figures of the Central Government. The differences had not been reconciled.

(Paragraph: 3.1.8)

- Due to belated submission of utilisation certificates, underutilisation of funds and submission of deficient/wrong proposals, assistance of Rs 74.49 lakh was disallowed during 1997-98 and 2001-02 and Rs 11.77 crore were not released by the Central Government during 1999-2000 and 2000-01.

(Paragraph: 3.1.9)

- Funds aggregating Rs 29.68 lakh were diverted to Jammu Urban Development Agency for coverage of beneficiaries living in urban areas and Rs 4.74 lakh for purchase of a vehicle and meeting expenditure of contingent and administrative nature during 1997-2002.

(Paragraph: 3.1.10)

* Living below the poverty line (BPL)

- **Physical achievements of construction/upgradation of houses reported, did not match the financial progress during 1997-2002.**

(Paragraph: 3.1.12)

- **895 households whose names did not figure in BPL lists or were living in urban areas were covered under the scheme and assistance of Rs 1.82 crore paid to them during 1997-2002.**

(Paragraph: 3.1.14)

- **Release of assistance in excess of Rs 10000 to 704 beneficiaries for up-gradation of houses resulted in excess payment of Rs 70.48 lakh.**

(Paragraph: 3.1.16)

Introduction

3.1.1 Indira Awaas Yojana (IAY) launched in the State as a component of the Centrally sponsored Rural Landless Employment Guarantee Programme in 1985-86 was subsequently merged with Jawahar Rozgar Yojana (JRY) in April 1989. IAY was delinked from JRY in January 1996 and implemented as a separate scheme. 5 new schemes[#] to supplement the efforts of IAY were launched by the Central Government from 1 April 1999. Of these, Credit-cum-Subsidy scheme for Rural Housing was taken up for implementation in 5[♦] districts of the State during the year 2001-02.

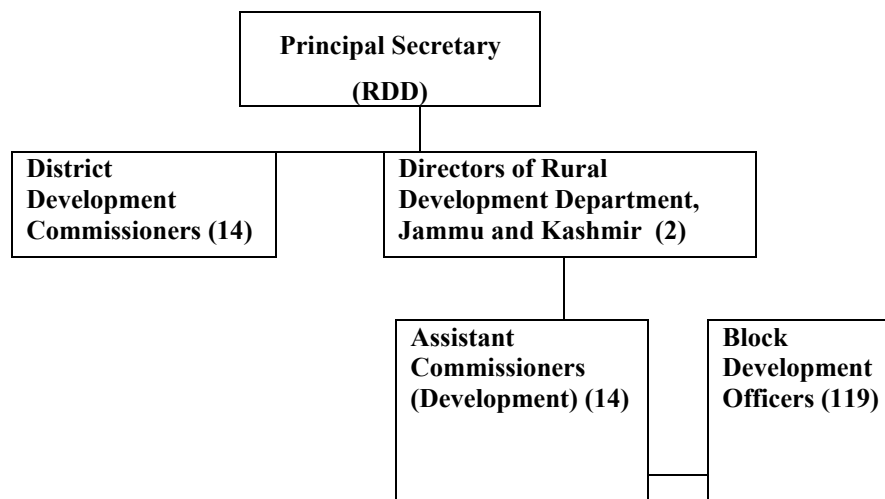
3.1.2 The main objective of the scheme was to provide housing to rural families living below the poverty line (BPL) comprising Scheduled Castes/Scheduled Tribes (SC/ST), freed bonded labourers, physically handicapped and also non-SC/ST BPL households. At least 60 *per cent* of the total IAY allocation during a financial year was to be utilised for construction/upgradation of dwelling units of SC/ST BPL households.

[#] Pradhan Mantri Gramodaya Yojana (Gram Awaas), Credit-cum-Subsidy Scheme for Rural Housing, Samagra Awaas Yojana, Innovative Stream for Rural Housing and Habitat Development and Setting Up of Rural Building Centres

[♦] Budgam, Baramulla, Kupwara, Poonch and Kathua

Organisational set-up

3.1.3 The following chart shows the organisational structure for implementation of the Rural Housing Schemes.



Audit coverage

3.1.4 The implementation of the schemes for the period 1997-2002 was reviewed in audit during January 2002 to June 2002 by test-check of records of the Principal Secretary Rural Development Department, Directors Rural Development Kashmir/Jammu, 4 Assistant Commissioners (Development) and 18 Block Development Officers (Jammu: 17; Kashmir: 1). Four[≠] of the fourteen districts of the State were selected for test-check covering 21 *per cent* (Rs 8.85 crore) of the total expenditure of Rs 41.32 crore during the period 1997-2002. Important points noticed are discussed in the following paragraphs.

Indira Awaas Yojana Funding pattern

The expenditure under IAY was to be shared between Central and State Governments in the ratio of 80:20 up to 1998-99 and in the ratio of 75:25 thereafter. As per norms, assistance of Rs 20000 for plain areas and Rs 22000 for hilly/difficult areas was to be provided to the beneficiaries for construction of dwelling units. This included provision of Rs 2500 for infrastructure and common facilities like internal roads, drinking water supply, drainage, etc. Central assistance to the State Government was to be released in two instalments. The first instalment, amounting to 50 *per cent* of the total allocation was to be released in the beginning of the financial year. Release of second instalment was subject to 60 *per cent* utilisation of available funds at the time of application, opening balance in the district not exceeding 15 *per cent* of the allocation of the previous year, provision of State's share, submission of audit reports/utilisation certificates, etc. by the State Government.

[≠] Rajouri, Poonch, Jammu and Srinagar

Allocation and expenditure**Disproportionate allocation of Central assistance**

3.1.6 Proportion of rural SC/ST population and housing shortage in a district to the total rural SC/ST population and housing shortage in the State is the criteria for inter-district allocation of scheme funds. Allocation of Central assistance to the districts was not proportionate to their SC/ST population. While the annual allocation exceeded the SC/ST population by 1 to 9 *per cent* in 7[≠] districts it was 1 to 10 *per cent* less in the remaining 7[▲] districts, during 1997-98 to 2001-02.

Shortfall in utilisation of funds

3.1.7 The position of funds released by Central and State Governments and expenditure incurred thereagainst, during the period 1997-98 to 2001-02, according to the information supplied to Audit, was as follows:

Table No 3.1

(Rupees in lakh)

Year	Opening balance	Funds released		Miscellaneous receipts*	Total funds available	Expenditure incurred (percentage)	Closing balance
		Central Government	State Government				
1997-98	317.25	825.29 ^λ	212.54	11.38	1366.46	968.16 (71)	398.30
1998-99	398.30	849.16 ^μ	363.13	10.09	1443.23 ^ψ	903.05 (63)	540.18
1999-2000	540.18	362.44 ^π	144.28	58.21	1105.11	747.72 (68)	357.39
2000-01	357.39	132.18 ^ϵ	186.59	15.06	691.22	369.63 (53)	321.59
2001-02	321.59	880.86 ^σ	221.83	4.36	1428.64	1143.06 (80)	285.58
Total		3049.93	1128.37	99.10		4131.62	

(Source: Departmental records)

3.1.8 The shortfall in utilisation of funds during the period 1997-2002 ranged between 20 and 47 *per cent* of the available funds. Opening balance as on 1 April 1997 was at variance with that shown (Rs 7.22 crore) by the Central Government. The State

[≠] Doda: 1 *per cent*; Jammu: 4 *per cent*; Kathua, Anantnag and Budgam: 5 *per cent* each; Pulwama: 6 *per cent* and Baramulla: 9 *per cent*

[▲] Poonch: 1 *per cent*; Rajouri and Udhampur: 3 *per cent* each; Kupwara: 5 *per cent*; Kargil: 6 *per cent*; Srinagar: 7 *per cent* and Leh: 10 *per cent*

* Represents interest earned, etc.

^λ Includes Rs 365.70 lakh released during 1996-97

^μ Includes Rs 124.37 lakh released during 1997-98

^ψ Excludes Rs 177.45 lakh recouped to Employment Assurance Scheme on account of funds transferred to IAY during 1995-96

^π Released during 1998-99 but accounted for in 1999-2000

^ϵ Includes Rs 124.01 lakh released during 1999-2000

^σ Includes Rs 132.95 lakh released during 2000-01

Government in its annual progress reports for the period 1997-2002 had understated receipt of Central assistance by Rs 2.83 crore, of which Rs 2.75 crore were released during 27-30 March 2002. Further, closing balance of Rs 30.51 lakh only was reported to the Central Government against Rs 2.86 crore at the end of March 2002. These variations were not reconciled (June 2002).

Short release of Central assistance

3.1.9 The Central Government disallowed assistance aggregating Rs 74.49 lakh during the years 1997-98 (Rs 64.32 lakh) and 2001-02 (Rs 10.17 lakh) on account of late submission of utilisation certificates and huge unspent balances, etc. During 1999-2000 and 2000-01, against the Central allocation of Rs 14.42 crore actual releases aggregated Rs 2.65 crore only. Short release of funds by the Central Government during these years was on account of submission of deficient/wrong proposals, etc.

Diversion of funds

3.1.10 Funds aggregating Rs 29.68 lakh were diverted by Assistant Commissioner (Development), Jammu and Block Development Officers Purmandal, Akhnoor, Samba and Bishnah to Jammu Urban Development Agency during 1996-99 where these funds were utilised for the people living in urban areas. Further, funds aggregating Rs 4.74 lakh were diverted for meeting expenditure on purchase of vehicle (Rs 2.90 lakh) and on various activities of contingent/administrative nature by Assistant Commissioners (Development) Leh, Jammu and Rajouri and 13[¶] Block Development Officers during the period 1997-2002.

Implementation of the Scheme

Selection of beneficiaries

3.1.11 Central assistance under the scheme was to be made on the basis of poverty ratio and housing shortages in the State. Assistant Commissioners (Development), were to decide and intimate to the Gram Panchayat the number of houses to be constructed. The Gram Sabha was to select the beneficiaries from the lists of eligible households. Survey for identification of BPL rural families not having houses and their categorisation into freed bonded labourers, SC/ST households, non-SC/ST households, etc. was not conducted. In the absence of any survey, selection of beneficiaries out of BPL lists was made by the District Development Commissioners (DDCs) on the basis of applications received in block offices up to 2000-01. Thereafter the DDCs selected the beneficiaries on the basis of identification made by the *Sarpanchs*.

Physical progress

3.1.12 According to the survey conducted during 1997-98, the BPL rural population in the State was 6.07 lakh families. Data relating to houses constructed since inception of the scheme and annual targets for construction of houses during the period 1997-2002 were not on record/intimated. Construction and upgradation of 28522 and 2118 houses was reported to the Central Government against 46845 and 3086 houses taken up for

[¶] Bishnah, Satwari, Marh, Akhnoor, Khour, R.S. Pura, Darhal, Kalakote, Budhal, Poonch, Mendhar, Bhalwal and Srinagar

execution during the period 1997-2002. The achievements reported were, however, doubtful as only 20658[≠] houses could be constructed against the expenditure of Rs 41.32 crore.

3.1.13 Consolidated records indicating category-wise breakup of houses constructed by SC/ST, non-SC/ST, etc. were not maintained. The percentage of SC/ST households covered under the scheme during the period 1997-2002 ranged between 15 and 58 in the test-checked blocks against the required minimum coverage of 60 *per cent*.

Coverage of ineligible beneficiaries

3.1.14 Out of 7238 households in the test-checked blocks covered under the scheme during 1997-2002, 895 households (assistance paid: Rs 1.82 crore) did not figure in the BPL survey lists (891)/ lived in urban areas (4), and were thus ineligible.

Unfruitful expenditure

3.1.15 Test-check of the records of 8[&] blocks in Jammu, Rajouri and Poonch districts revealed that 135 beneficiaries abandoned the construction of houses after receipt of one or two instalments of the assistance. This rendered the expenditure (assistance) of Rs 13.76 lakh incurred on these constructions during 1997-2001 unfruitful.

Excess payment of assistance

3.1.16 Assistance up to Rs 10000 was to be provided to the beneficiary having *kaccha* house for its conversion into a *pucca/semi-pucca* house with provision for sanitary latrines and smokeless *chullahs*. In 10^β blocks of Jammu and Rajouri districts, 704 beneficiaries were paid assistance at the rate of Rs 22000 (4) and Rs 20000 (700) for conversion of *kuccha* into *pucca* houses during the period 1999-2002. This resulted in excess payment of Rs 70.48 lakh.

Inventory/allotment of houses

3.1.17 Allotment of houses/dwelling units was to be made in the name of female member of the beneficiary household or alternatively in the name of both husband and wife. No inventory of houses constructed had been maintained in any of the test-checked blocks. Formal allotment of the houses constructed had also not been made in any case.

Monitoring and evaluation

3.1.18 Monitoring of IAY at State level was the responsibility of State Level Co-ordination Committee. The Committee met (October 2001) only once but implementation

[≠] Calculated at the minimum rate of Rs 20000

[&] Akhnoor, Khour, Samba, Vijaypur, Rajouri, Darhal, Poonch and Mendhar

^β Purmandal: 34; Bishnah: 73; Marh: 56; Bhalwal: 49; Akhnoor: 132; Khour: 40; R.S.Pura: 102; Samba: 115, Vijaypur: 99 and Rajouri: 4

of IAY was not discussed. State, district and block level officers were to monitor closely all aspects of IAY, through visits to work sites for which a schedule of inspections, prescribing minimum number of field visits at each level, had to be drawn up and followed. Neither was any schedule of inspections drawn up nor was any record of visits made for inspecting the IAY houses kept at any level.

3.1.19 The implementation of IAY was to be evaluated concurrently and periodically through reputed institutions/organisations for remedial action. No such studies were, however, conducted.

Credit-cum-Subsidy Scheme for Rural Housing

3.1.20 Rural households having annual income of not more than Rs 32000 and not falling within the eligibility range of IAY, were to be covered under the scheme. While the funding pattern and the norms for category-wise fund utilisation limits matched with IAY, payment of subsidy was to be restricted to Rs 10000 per household. A minimum loan of Rs 10000 was to be taken by the beneficiary for claiming subsidy and the outer limit for the loan was Rs 40000.

3.1.21 The position of funds released by the Central and State Governments and expenditure incurred under the scheme during the period 1999-2002 was as follows:

Table No 3.2

(Rupees in lakh)

Year	Central share		Opening balance	Funds allocated/ released by State Government	Misc. receipts	Total availability	Expenditure	Closing balance
	Allocation	Releases						
1999-2000	39.21		-	-	-	-	-	
2000-01	58.82	19.61 [€]	-	8.26	-	27.87	-	27.87
2001-02	14.03		27.87	19.60	0.01	47.48	21.87	25.61
Total	112.06	19.61	-	27.86	0.01	-	21.87	-

(Source: Departmental records)

3.1.22 Due to delayed implementation of the scheme, the State was deprived of Central assistance of Rs 91.50[£] lakh. Expenditure during 2001-02 was overstated by Rs 1.10 lakh as the amount was lying unutilised in the bank. Monthly and annual progress reports had not been sent to the Central Government.

3.1.23 Against the target of covering 703[&] cases, only 207 cases were covered during 2001-02 though funds to cover all the 246 cases sanctioned by the banks were available with the concerned implementing agencies.

3.1.24 The above points were referred to Government/department in August 2002; reply had not been received (October 2002).

[€] Released on 30 March 2000

[£] Rs 0.95 lakh released by Central Government on 18 March 2002 were not received during 2001-02

[&] Excludes target of Kathua district (not available)

Agriculture Production Department

(Animal Husbandry Department)

3.2 Livestock and Poultry Development Programmes

The Animal Husbandry Department was set up with the main objective of improving the quality of livestock and poultry to increase milk and poultry production and providing health cover to livestock in the State. The department had not followed any defined breeding policy for livestock and poultry. Quality breeding bulls/pack animals were not produced and the performance of poultry farms was also unsatisfactory. Absence of breeding records and indiscriminate artificial insemination followed by the department resulted in generation of cattle of unknown pedigree/exotic blood level. Significant points noticed in audit are as follows:

Highlights

- **Out of the available funds of Rs 9.30 crore for implementation of Centrally sponsored schemes, only 54 per cent were utilised resulting in increase of unspent balance from Rs 1.75 crore (1997-98) to Rs 4.31 crore (2001-02).**

(Paragraph: 3.2.5)

- **Central Cattle Breeding and Research Farm, Belicharana failed to produce quality breeding bulls for upgradation of local cattle in the field. The livestock of the farm had longer dry spells, longer inter-calving periods and shorter lactation periods. Non-culling of 52 unproductive animals in the farm resulted in avoidable expenditure of Rs 15.12 lakh on their maintenance.**

(Paragraphs: 3.2.11, 3.2.12 and 3.2.13)

- **Equine Breeding Farm, Badhoon and Buffalo Breeding Farm Ari Gulathi, set up in July 1990/November 1987 failed to achieve their objectives of production of quality pack animals and upgradation of local buffaloes, rendering the expenditure of Rs 1.52 crore infructuous.**

(Paragraphs: 3.2.14 and 3.2.15)

- **Egg production was 23 per cent in the Hariparbat project and between 15 to 81 per cent in Belicharana project of the minimum expected yield during 1997-2002.**

(Paragraph: 3.2.19)

- **Mortality of poultry birds ranged between 24 and 40 per cent during 1997-2002 in 18 farms and 3 projects. The loss on account of mortality of birds during 1997-2002 in the Jammu Division alone was Rs 51.21 lakh.**

(Paragraph: 3.2.22)

- **The cost of rearing per bird in poultry project at Belicharana ranged from Rs 552 to Rs 989 and at Udhampur farm between Rs 578 to Rs 976 during 1997-2002 against the sale rate of Rs 15 to Rs 80 in the same period.**

(Paragraph: 3.2.24)

- **Duck Breeding Farm, Sumbal failed in achieving its objective of supplying quality ducks/ducklings, eggs, etc. for rearing by private breeders.**

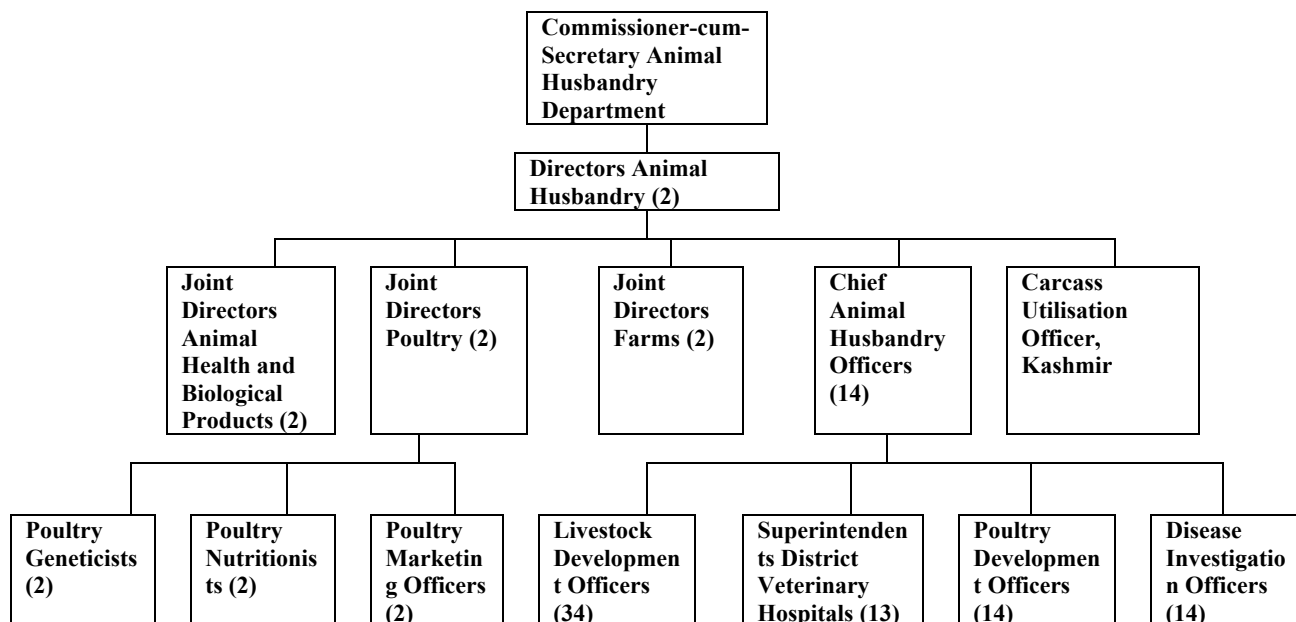
(Paragraph: 3.2.25)

Introduction

3.2.1 The livestock sector contribution to the Gross Domestic Product (GDP) of the State is 13 per cent and animal rearing is a profitable occupation especially in rural areas. The main objective of the Animal Husbandry Department is to improve the quality of livestock and poultry, providing health cover, etc. for increasing milk, egg and poultry production in the State. The department also aims at development of pack animals in the State. For achieving these objectives the department implements various State and Centrally sponsored schemes.

Organisational set-up

3.2.2 The organisational structure of the department is indicated in following chart:

**Audit coverage**

3.2.3 The implementation of livestock and poultry development programmes for the period 1997-2002 was reviewed in audit by test-check of the records of Directors of Animal Husbandry (Kashmir and Jammu), 3* Joint Directors, 4♦ Chief Animal Husbandry Officers, 2♥ Poultry Development Officers (PDOs), 2▲ Livestock Development Officers (LDOs), Poultry Geneticist Jammu, Poultry Nutritionist Jammu, Poultry Marketing Officers (Jammu and Srinagar), Superintendent Veterinary Hospital, Jammu and Carcass Utilisation Officer, Srinagar covering Rs 73.64 crore (27 per cent) of the total expenditure of Rs 270.92 crore. Important points noticed are brought out in succeeding paragraphs.

Allocation and expenditure

3.2.4 The position of funds allocated by the State Government for livestock and poultry sectors, funds released by the Central Government for implementation of 14 Centrally sponsored schemes and expenditure incurred thereagainst during the period from 1997-98 to 2001-02, was as follows:

- * Joint Director Farms Jammu, Joint Director Poultry Jammu, Joint Director (AH & BP) Jammu
- ♦ Kathua, Rajouri, Poonch and Udhampur
- ♥ Poonch and Rajouri
- ▲ RS Pura and Kathua

Table No 3.3

(Rupees in crore)

Year	State Government		Central Government				Total expenditure
	Allocation	Expenditure	Opening balance	Releases	Expenditure	Closing balance	
1997-98	41.73	40.38	1.75	1.59	0.84	2.50	41.22
1998-99	56.67	49.39	2.50	1.62	0.31	3.81	49.70
1999-2000	57.97	57.02	3.81	3.70	1.04	6.47	58.06
2000-01	60.57	57.89	6.47	0.31	1.58	5.20	59.47
2001-02	62.75	61.25	5.20	0.33	1.22	4.31	62.47
Total	279.69	265.93		7.55	4.99		270.92

(Source: Departmental records)

3.2.5 Out of available Central funds of Rs 9.30 crore[&], Rs 4.99 crore (54 per cent) only were spent during the period 1997-2002. Audit scrutiny revealed that funds were released to implementing agencies after 3 to 9 months of their release/revalidation by the Central Government. Of this, Rs 3.70 crore were released at the fag end of 1999-2000 and 2000-01. Out of Rs 33.81 lakh released (February 1997) by Central Government under “Special Livestock Development Programme” to the State Government for setting up broiler units by unemployed youth, Rs 3.43 lakh were utilised (March 1999) for purchase of poultry feed and day old chicks, and for training of beneficiaries. The unspent balance (Rs 30.38 lakh) was not refunded to Central Government though the scheme was discontinued from September 1999.

Diversion/underutilisation of funds

3.2.6 The Central Government released Rs 5.49 crore under the “Integrated Dairy Development Project” during 1995-96 to 2001-02 for implementation of the scheme in six^ψ non-operation flood/hilly districts of the State. A revolving fund of Rs 5 lakh was to be created under the scheme in each of the earmarked districts for providing cattle feed, drugs, medicines, vaccines/equipments to beneficiaries on no profit no loss basis. Test-check of the records of Joint Director (Farms), Jammu revealed that medicines for Rs 19.26 lakh were purchased and sold to beneficiaries in Rajouri, Udhampur and Poonch districts unauthorisedly at subsidised rates during 1998-2002 (December 2001) resulting in loss of Rs 13.53 lakh. The Joint Director further diverted transformers and refrigerators costing Rs 4.18 lakh to non-project areas. Director, Jammu diverted four (cost: Rs 16.95 lakh) of the six vehicles purchased (March 1997) for providing mobile clinical facilities and artificial insemination in the earmarked districts to Jammu district not covered by the scheme. An amount of Rs 1.02 crore was lying unutilised with the Government as of March 2002.

Livestock development programme

Defective cross-breeding of local cattle

3.2.7 The department had neither conducted any survey to ascertain and classify the indigenous livestock in the varied agroclimatic regions of the State nor formulated any

[&] Including the opening balance of Rs 1.75 crore

^ψ Rajouri, Udhampur and Poonch (Jammu); Budgam, Baramulla and Kupwara (Kashmir)

animal breeding policy. For enhancing the performance/ productivity of the indigenous cattle and maintaining their resistance to disease, cross breeding them with exotic germplasm (Jersey/Holstein Freisein breeds) through artificial insemination programme, was under implementation in the State from 1965. For overall enhanced performance, the exotic blood level of cross bred cattle was to be kept at an optimum level between 50 and 62.5 *per cent* and any increase beyond this level would lead to infertility, lesser disease resistance, longer inter-calving periods and delayed sexual maturity. Pedigree^φ and the exotic inheritance level of the cattle had not been monitored in any of the 5^ε test-checked districts. History cards containing the essential data of the cattle were not maintained by the artificial insemination centres. Consequently, upgradation of local cattle was done indiscriminately resulting in generation of cattle of unknown exotic inheritance with multiple health problems including sterility and early calf mortality.

3.2.8 As per 1997 livestock census, the population of cross-bred cattle in Jammu and Kashmir Divisions was 24 and 40 *per cent* respectively. In five[#] hilly and backward districts of the State, the cross bred population ranged between 3 and 15 *per cent* only. While 1.19 lakh (32 *per cent*) semen straws were issued for the breedable population of 3.77 lakh in Jammu and Kathua districts, only 0.28 lakh (5 *per cent*) straws were issued for 5.48 lakh of breedable population in 4^β hilly and backward districts of the State during 1997-2002.

Working of departmental farms

Central Cattle Breeding and Research Farm, Belicharana

3.2.9 The farm was set up in 1956 to take up research programmes for cattle development and to act as bull mother farm for production of high pedigree and proven bulls, to be used in semen processing laboratory and for natural services in the field.

Production of inferior quality bulls

3.2.10 Of the 688 animals maintained in the farm (April 1997 to January 2002) essential data on pedigree, exotic blood level and performance alongwith health and vaccination records in respect of 507 animals (74 *per cent*) had not been maintained. In the remaining 181 cases also, the data was incomplete. Consequently, the exotic/native blood level of the new born calves was not available and the aim of producing breeding bulls of different exotic blood levels was not ensured. It was also noticed that inbreeding of the animals was not controlled and that bulls and buffalo bulls had covered their own dam^ε (3 instances), sire's[&] daughter (3 instances), and own daughters (2 instances). The farm had also not taken up any research project/programme.

φ Record of descent of an animal
 ε Rajouri, Kathua, Udhampur, Poonch and Jammu
 # Leh: 9, Doda: 3, Rajouri: 7, Poonch: 10, Kupwara: 15
 β Rajouri, Udhampur, Poonch and Doda
 ε Female parent of an animal
 & Male parent of an animal

Low quality of foundation stock

3.2.11 The main characteristics of good quality cattle are timely sexual maturity, shorter inter-calving periods, high milk yield and resistance to diseases. The age of first calving in cow and buffalo heifers was to be 21 and 36 months respectively. Out of 92 heifers which calved first time during 1997-2002 in the farm, 64 had delayed sexual maturity at age exceeding 2½ to 4 years. 11 buffalo heifers in the age group of 46 to 66 months were still to give the first calf. Further, against the standard inter-calving period of one year, out of 167 female animals with multiple calving during 1997-2002, 118 animals had inter-calving period of 401 to 1386 days and in respect of 23 animals, the period was between 366 and 400 days. Out of 322 animals which calved and completed one full lactation during 1997-2002 (January 2002), lactation period of 164 animals (51 *per cent*) ranged between 33 and 250 days and in 3 cases no milk was produced after calving. Reasons for these breeding problems were not investigated/ analysed.

3.2.12 The average milk yield per lactation at the farm in cross-bred cows and buffaloes during 1997-2002 was 1423 and 1124 litres respectively, against average milk yield of 3000 to 11533 litres in cross/exotic bred cattle and 2500 to 4000 litres in respect of buffaloes at various cattle breeding/dairy farms of the country. The low yield was due to the poor quality of cattle maintained in the farm and bad farm management.

High mortality rate due to negligence

3.2.13 116 animals died in the farm during the period 1997-2002. Of these, 99 died due to pneumonia, enteritis, tympany/bloat, accidents and diseases preventable by vaccination and proper health care despite incurring an expenditure of Rs 10.42 lakh on medicines from 1997-98 to 2001-02. This indicated lack of supervision and proper care of the animals. 257 animals including 150 below 5 years of age were culled during April 1997 to August 1999. These animals were sold at rates ranging between Rs 55 and Rs 9300 or given away free, in the absence of any reserve price having been fixed. Culling of unproductive animals was not undertaken after August 1999 and an avoidable expenditure of Rs 15.12 lakh was incurred during August 2000 to March 2002 on maintenance of 52 unproductive animals in the farm.

Equine Breeding Farm Badhoon, Rajouri

3.2.14 The farm was set up (July 1990) under Centrally sponsored scheme “Preservation and Development of Pack animals” for production of high quality pack animals by providing improved breeding coverage in the field. Rupees 37.71 lakh were spent (1990 to 1996) on land development, construction of sheds, and purchase of equipment and machinery for the farm. Due to inadequate infrastructure at the farm, 31 quality pack animals (19 donkeys and 12 horses) purchased during 1992-95, at a cost of Rs 10.75[€] lakh, were maintained at Belicharana farm. The mortality of the animals at the farm was 75 *per cent* in horses and 17 *per cent* in donkeys against the norm of 5 *per cent*. The performance of 14 animals sent to district offices as pack animals during 1993 to 2002 was also not satisfactory. There was no demand for these animals in the field, as reported

[€] Cost of 18 animals only

(May 1997) by Director and Chief Animal Husbandry Officer, Udhampur (August 1997). A committee constituted (August 1998) by the Government to assess the technical feasibility of the farm reported (September 1998) that the farm was not technically/economically viable due to its adverse location and lack of irrigation/water supply and suggested identification of an alternative site for the farm. No further action was taken by the department on the suggestion. The expenditure of Rs 1.08[&] crore incurred (up to March 2002) on development of farm, purchase and maintenance of animals proved largely infructuous as the objective of production of quality pack animals was not achieved.

Buffalo Breeding Farm, Ari, Gulathi

3.2.15 The farm was established (November 1987) for developing herd of elite buffaloes suitable for local ecological conditions, studying their breeding and feeding habits and disease control measures for dissemination in the field. The average strength of buffaloes in the farm during 1991-2002 was between 8 and 28 against the sanctioned strength of 55. Individual records of pedigree, dam yield[∨] and health status of the animals were not maintained. Research activities relating to breeding and feeding and disease control measures were also not undertaken at the farm. Six breeding bulls supplied to the field centres during the period 1995-2002 were of unknown pedigree. The annual average milk yield per animal at the farm was only 484 litres against the projected yield of 1500 litres. Mortality of animals in the farm during 1991-2002 was high at 50 *per cent*. Thus, none of the envisaged objectives of producing quality buffaloes and conducting research on their breeding and disease control was achieved rendering the expenditure of Rs 44.02[#] lakh during 1991-2002 on the farm, unfruitful .

Poultry Development Programme

3.2.16 Poultry development programme was introduced (1957-58) in the State to boost broiler and egg production by improvement of the quality of poultry stock and to provide marketing and technical support to farmers/breeders. Major activities relating to the programme were undertaken at three divisional level poultry projects at Belicharana (Jammu), Hariparbat (Srinagar), Mattan (Anantnag) and at district level poultry farms.

Absence of breeding policy

3.2.17 Breeding policy for production of quality chicks with improved germplasm and higher genetic potential suited to local agroclimatic conditions had not been evolved. Parent stock of egg type birds (HH 260) purchased at a cost of Rs 10.49 lakh during 1997-2002, were reared at Hariparbat despite their strains having been found (1998-99) unsuitable to agro-climatic conditions of the Valley by the Poultry Geneticist, Srinagar. The growth performance of the parent broiler stock, purchased for Rs 9.75 lakh during 1997-2002 at Belicharana project was also not satisfactory as reported (February 1998) by the Joint Director Poultry, Jammu.

[&] Cost of land development/construction etc: Rs 37.71 lakh; pack animals: Rs 10.75 lakh; maintenance of equines at Belicharana: Rs 59.75 lakh

[∨] Milk yield of female parent

[#] Development works: Rs 12.79 lakh; Feed and fodder: Rs 18.57 lakh and Salaries: Rs 12.66 lakh

Low egg productivity

3.2.18 The egg production of various breeds had not been monitored either in the two projects at Hariparbat and Belicharana or in any of the departmental poultry farms in the test-checked districts. The average egg production, vis-à-vis expected production in the two projects at Belicharana (April 1997 to January 2002) and Hariparbat (1992-93 to 1999-2000) as worked out in audit was as follows:

Table No 3.4

Name of the project	Breed	Egg production per annum	
		Expected	Actual (average)
Belicharana (Jammu)	HH-260	260	40 to 172
	Belicharana Brown	180 to 210	66 to 145
	White leg Horn	180 to 210	100 to 146
	Broilers	150 to 160	43 to 122
Hariparbat (Kashmir)	HH-260	260	60

3.2.19 The average egg production was 23 per cent in the Hariparbat project (1992-93 to 1999-2000) and from 15 to 81 per cent in the Belicharana project (April 1997 to January 2002) of the minimum expected yield of 150-260 eggs. Poultry Geneticist, Jammu attributed (April 2002) low egg production to low quality of feed.

Adverse male/female ratio

3.2.20 For heavy^β breeds six or seven males and for light* breeds five to six males per hundred hens are adequate for high fertility. While lesser male birds contributed to low hatching rate of eggs, excess males decreased fertility, besides avoidable expenditure on their feed. Records revealed that 5 to 181 male birds were retained in excess during 1997-2002 (January 2002) for periods ranging between 3 and 12 months in a year in Belicharana project. At the Udhampur farm, 37 to 234 male birds in excess of norms were retained during 1997-2001 for periods ranging between 8 and 12 months in a year. This resulted in avoidable expenditure of Rs 7.16[&] lakh on their feed, besides affecting egg hatchability.

Low hatching rate of eggs

3.2.21 Against the norm of 75 per cent, the rate of hatching of eggs at Hariparbat and Belicharana projects and at Rajouri and Udhampur farms was as follows:

^β Dual purpose or meat type breeds

* Egg-laying type breeds

& Calculated on the basis of feed scale of 120 grams per day for broilers and 85 grams per day for layers fixed by the Department

Table No. 3.5

Project/farm	Period	Rate of hatching (<i>Per cent</i>)
Rajouri	1997-2001	42 to 60
Udhampur	1997-2001	7 to 63
Hariparbat	1997-2002	56 to 68
Belicharana	1997-2002	56 to 73

Low rate of hatching pointed to low quality of eggs produced at the projects/farms or improper hatching at the hatcheries.

High mortality of birds

3.2.22 The department had not fixed any mortality rate for different breeds of birds. The mortality rate of poultry birds in test-checked farms (18^ψ) and projects (3^φ) ranged between 24 and 40 *per cent* during 1997-2002, which was quite high compared to 1 to 7 *per cent* fixed for birds of different age groups by Central Poultry Breeding Farm, Bangalore. While the loss on this account in Jammu Division was assessed at Rs 51.21 lakh, the same had not been assessed in Kashmir Division. Poultry Geneticist, Jammu and the PDOs (Jammu, Udhampur, Rajouri and Poonch) attributed (April 2001 and April 2002) high mortality to factors like lack of essential ingredients in feed, non-availability of standard vaccines/medicines with the department, besides supply of infected feed. The factors put forth for high incidence of mortality of birds were controllable/ preventable and losses largely avoidable.

Underutilisation of Hatcheries

3.2.23 The project hatcheries at Hariparbat and Belicharana had 4 hatchers each with a hatching capacity of 36000 eggs at a time. Against the capacity of hatching 91.80 lakh eggs in these hatcheries, only 23.35 lakh eggs (25 *per cent*) were loaded during 1997-2002. Underutilisation of capacity at Belicharana project was reported to be due to low demand of hatches while non-availability of sufficient hatching eggs was the reason at Hariparbat project. No hatching activities were undertaken in Mattan (since 1998-99) and Rajouri (1997-98 and 2000-01). The hatchery at Poonch remained non-operational for 34 months during 1997-2002 (February 2002) due to non-availability of hatching eggs from Poultry Geneticist, Jammu and improper functioning of the system rendering the expenditure of Rs 9.33 lakh on the hatchery wasteful. In Udhampur district, the hatchery (capacity: 5.70 lakh) was utilised to the extent of 4 to 13 *per cent* of its capacity during 1997-2002.

^ψ Jammu: Dhansal, Vijaypur; Rajouri: Sunderbani, Rajouri and Triyath; Poonch: Mendhar and Poonch; Kathua: Basohli, Bani, Kathua, Dewal and Hiranagar; Udhampur: Reasi and Chenani; Srinagar: Ganderbal, Zakoora; Kangan and Athwajan

^φ Belicharana(Jammu), Hariparbat and Mattan (Kashmir)

High cost of production

3.2.24 Appraisal of the economics of production of poultry birds by the department in its farms/projects to assess the need for continuance or otherwise of the projects/farms had not been conducted. The cost of rearing a bird in the poultry project at Belicharana and Udampur[±] farm as worked out in audit, ranged between Rs 552 and Rs 989 and Rs 578 and Rs 976 respectively against sale rate of Rs 15 to Rs 80 during 1997-2002.

Duck development programme

3.2.25 Duck Breeding Farm, Sumbal with rearing capacity of 0.11 lakh birds was set up with the objective of supplying quality ducks/ducklings and eggs to district poultry centres for multiplication and sale to private farms/ breeders. The position of birds reared/purchased in the farm and their mortality during 1997-2002 is indicated in *Appendix-9*. The mortality rate of birds in the farm ranged between 69 and 93 *per cent* during 1997-2001 against the norm of 0.2 to 7 *per cent*. Reasons for high mortality were never analysed. The hatching activity in the farm was stopped in July 1997 due to meagre duck stock and consequent low egg production. The Deputy Director (Poultry), Kashmir ordered (February 1998) auction of all the ducks as these had outlived their breeding age. No action was taken by the farm management and all the ducks died by December 2000. The farm remained defunct since January 2001 and the staff[#] was paid idle wages of Rs 10.35 lakh during 2001-02.

Underutilisation of feed mills and production of inferior poultry feed

3.2.26 Against the operational capacity of manufacturing 11240 tonnes of compounded feed, the two departmental feed mills at Belicharana and Hariparbat produced 5626 tonnes (50 *per cent*) only during the period 1997-2002. Poultry feed manufactured at Belicharana project did not contain one or more essential feed ingredients on 745 days out of 1377 working days during April 1997 to December 2001 indicating that 54 *per cent* of the feed supplied was not balanced.

Manpower management

3.2.27 Norms for assessment of manpower requirement and job profile of different cadres had not been fixed in the department. There was also no mechanism for monitoring the cadre-wise position of sanctioned and effective staff strength at the administrative department/directorate level. Twenty officers (Dy. Directors: 2, Livestock Development Officers: 7, Veterinary Assistant Surgeons: 11) and 79 other staff members were attached to different offices for periods ranging between 7 and 72 months in addition to normal strength of these offices. This resulted in payment of idle wages of Rs 1.67 crore (March 2002), besides depriving the offices where they were posted of their services. Further, seven employees of the closed (April 1995) hatchery at Hariparbat and 59 employees of defunct marketing divisions (Kashmir and Jammu) were not adjusted elsewhere in the department resulting in payment of idle wages of Rs 1.67 crore.

[±] During 1997-2001

[#] Manager:1, Sr. Asstt: 1, Veterinary Asstt: 1, Sr. Duck Asstt: 1, Duck keepers: 6

Irregular appointments

3.2.28 631 Attendants were appointed (January 1990 to December 1998) in Kashmir Division without following the prescribed procedure of advertising the vacancies and making appointments through selection committees. These included *ad hoc* appointment of 48 Attendants made by Director, Animal Husbandry Kashmir (28) and District/Block Level Officers (20) during the period 1991-96, in violation of specific directives (June 1993) of the State Government banning *ad hoc* appointments. In Jammu Division, 82 Attendants were appointed from February 1990 to February 1999 by the Director, Animal Husbandry Jammu without the recommendations of District/State Level Selection Committees. Out of 713 Attendants, 61 (Kashmir: 26; Jammu: 35) were appointed reportedly on the recommendations of the Minister/Minister of State for Animal and Sheep Husbandry (58) and Minister of Health and Family Welfare (3).

3.2.29 The above points were referred to Government/department in August 2002; reply had not been received (October 2002).

Section-B-Audit Paragraphs

Agriculture Production Department

3.3 Idle investment on purchase of Instant Milk Chilling Plant

Purchase of Instant Milk Chilling Plant by Joint Director (Farms), Animal Husbandry Department, Jammu without ascertaining feasibility and providing the necessary infrastructure for its installation, resulted in idle investment of Rs 24.20 lakh.

3.3.1 Joint Director (Farms) Animal Husbandry Department, Jammu placed (December 1998) an order with a Delhi based firm for supply, installation and commissioning of an instant milk chilling plant at a cost of Rs 24.20 lakh for proper storage and disposal of surplus milk produced in Rajouri district, under the Centrally sponsored Integrated Dairy Development Project (IDDP). The project envisaged assessment of milk production in the area and establishment of dairy cooperative societies before purchase of the plant. Payment to the firm was to be made only after satisfactory installation/commissioning and testing of the plant at the site. The plant received in Central stores Jammu in March 1999, had not been installed (April 2002) as the building for the same was not available. Payments aggregating Rs 21.78 lakh (90 *per cent*) were, however, made to the firm in February 2000 (Rs 14.52 lakh) and February 2002 (Rs 7.26 lakh) and balance of Rs 2.42 lakh was retained[&] by the Joint Director pursuant to decision of the State Level Purchase Committee. Construction of the building entrusted to the Public Works Department in February 2001 was in progress (March 2002; expenditure: Rs 8 lakh).

3.3.2 Test-check (January 2001 and April 2002) of the records of Joint Director (Farms) and Chief Animal Husbandry Officer, Rajouri further revealed that neither were the dairy cooperative societies established, nor had milk production in the area been assessed. It was also noticed that no inspection of the plant (lying in the open) for ascertaining any defects/damages caused to it due to its continued non-installation/non-use and vagaries of weather, was conducted (April 2002).

3.3.3 Thus, purchase of the plant without ascertaining its feasibility and providing the requisite infrastructure for its installation, resulted in idle investment of Rs 24.20 lakh. The cost of idle investment to Government worked out to Rs 5.66[≠] lakh.

3.3.4 The matter was referred to Government/department in August 2002; reply had not been received (October 2002).

[&] In the shape of bank draft drawn in the name of the supplier

[≠] Calculated at the minimum borrowing rate of 13.75 *per cent*

3.4 Locking up of borrowed funds

Approval of the Financial Commissioner to the setting up of 18 agriculture/horticulture markets without proper planning and preparatory measures resulted in locking up of borrowed funds of Rs 6.15 crore for 1½ to over 4 years and consequential interest costs of Rs 1.44 crore, besides escalation of the project cost by 90 per cent.

3.4.1 Financial Commissioner, Agriculture Production and Rural Development Department approved setting up of 18 satellite agriculture/horticulture markets in the State under the Rural Infrastructure Development Fund-III scheme of National Bank for Agriculture and Rural Development (NABARD). The project estimated to cost Rs 23.26 crore (bank loan: Rs 20.93 crore; budgetary provision: Rs 2.33 crore) was to be completed by March 2000. NABARD sanctioned (September 1997) loan of Rs 20.93 crore at an annual interest rate of 12 *per cent* and released Rs 9.93 crore (Rs 4.18 crore: February 1998; Rs 3 crore: December 1999 and Rs 2.75 crore: September 2000) to the department. Of this, Rs 8.96 crore only were released to the Director, Horticulture Planning and Marketing during the period 1998-2002 after delays ranging between 2 and 16 months and the balance of Rs 0.97 crore was withheld. The Director in turn released the amount to 9^ψ District Development Commissioners (DDCs) and Executive Engineer (EE), Sericulture Construction Division, Srinagar for acquisition of land (Rs 6.94 crore) and construction of markets at 13 sites (Rs 2.02 crore)

3.4.2 The DDCs and the EE respectively reported expenditure of Rs 3.33 crore and Rs 0.46 crore on the project ending February 2002 and balance Rs 5.17 crore was lying with 7 DDCs (Rs 3.61 crore) and the EE (Rs 1.56 crore). While on one hand 62 *per cent* of the borrowed funds were parked in current account/revenue deposit, on the other the Government was incurring costs on its servicing. It was also noticed that completion of project was delayed mainly due to defective selection/non-identification of site and litigation proceedings at the selected sites. Land for 9[≠] sites only had been taken over (February 2002) by the department. The development work was in progress at 7[♦] sites as of February 2002. The estimated cost was revised (February 2002) to Rs 44.26 crore, an increase of 90 *per cent* due to delay in completion of the project.

3.4.3 Administrative approval of the project by the Financial Commissioner without proper planning and taking preparatory measures, resulted in borrowed funds lying unutilised and avoidable payment of interest of Rs 1.44^{*} crore thereon. Delay in development of the markets also resulted in escalation of their cost, besides denial of intended benefits to the beneficiaries.

3.4.4 The matter was referred to Government/department in August 2002; reply had not been received (October 2002).

^ψ Kupwara, Baramulla, Budgam, Pulwama, Anantnag, Kargil, Udhampur, Kathua and Jammu

[≠] Handwara, Kanispora (Baramulla), Chararsharief, Shopian, Pressu (Pulwama), Kulgam, Kathua, Leh and Kargil

[♦] Shopian, Pressu (Pulwama), Kulgam, Chararsharief, Kanispora (Baramulla), Chotipora (Handwara) and Batingoo (partly acquired land)

^{*} Calculated at the annual interest rate of 12 *per cent* for the period 1½ to over 4 years

3.5 Idle investment on machinery/equipment

Release of funds by the Commissioner-Secretary, Agriculture and Rural Development Department without ensuring availability of necessary/ adequate infrastructure for establishing rural food processing and training centres resulted in idle investment of Rs 7.77 lakh and payment of idle wages of Rs 20.66 lakh.

3.5.1 Commissioner-Secretary, Agriculture and Rural Development Department released Central assistance of Rs 15 lakh (October 1994: Rs 9 lakh; March 1995: Rs 6 lakh) to the Director, Horticulture for establishing five[#] rural food processing and training centres under the Centrally sponsored scheme "Rural Food Processing and Training Centres". Out of Rs 15 lakh provided, Rs 10 lakh were meant for purchase of plant/machinery and Rs 5 lakh for seed capital/revolving fund for commercial production. The Director, however, utilised Rs 12.95 lakh on purchase of machinery/equipment (1994-95: Rs 10.50 lakh; 1995-96: Rs 1.70 lakh; 1996-97: Rs 0.75 lakh), Rs 0.84 lakh on purchase of furniture (1995-96) and Rs 0.99 lakh on payment of rent of buildings, etc. for Kathua centre for the period 1998-99 to 2000-01. The balance of Rs 0.22 lakh was surrendered without creating the revolving fund.

3.5.2 Test-check (July 2001 and January 2002) of records of the Director Horticulture and the Chief Processing and Canning Instructor, Lal Mandi, Srinagar further revealed that two centres in Kathua and Rajouri districts were established in September 1996 and May 2001 respectively. The remaining three centres were not established due to non-availability of buildings and adequate skilled staff. Release of funds without ensuring availability of necessary/adequate infrastructure resulted in idle investment of Rs 7.77^φ lakh on machinery/ equipment purchased for these centres, besides payment of idle wages of Rs 20.66 lakh to the staff during April 1999^ψ to January 2002. Due to non-creation of revolving fund the objective of commercial production was also not achieved in the two functional centres.

3.5.3 On this being pointed out, the Deputy Director, Horticulture attributed (February 2002) non-establishing of the centres to prevailing situation in the Kashmir valley and non-availability of adequate technical staff. The reply was not tenable as these factors could be foreseen before purchase of machinery/ equipment and idle investment/payment of idle wages prevented.

3.5.4 The matter was referred to the Government/department in April 2002; reply had not been received (October 2002).

[#] One each in Kathua, Rajouri, Pulwama, Kupwara and Anantnag districts

^φ Calculated on proportionate basis

^ψ Period for which information was made available

Finance Department

3.6 Idle investment on computer system

Approval of the Director Finance to functional software for Sales Tax/Excise automation system in August 1999, without ensuring its suitability rendered the investment of Rs 2.54 crore idle, besides non-achievement of the intended objectives. Cost of idle investment to Government worked out to Rs 84.84 lakh.

3.6.1 Government approved (December 1996) construction of the Sales Tax and Excise Toll plaza at Lakhanpur including its automation with the aim of efficient processing of activities, better maintenance of records/accounts of the Sales Tax/Excise, eliminating traffic congestion, etc. The work of automation/ computerisation was allotted (June 1998) to a foreign firm on turnkey basis at a cost of US \$ 558283 through an Indian agent. The job including software development was to be completed within seven months from the date of opening of the LOC*. LOC was to be opened for 95 *per cent* (US \$ 530369) and the balance (US \$ 27914) paid as commission to the agent plus Rs 22.09 lakh for purchase/carriage of equipment, custom clearance, etc.

3.6.2 Audit scrutiny (March 2001) revealed that in August 1999, the Director Finance approved the Software Functional Description (SFD) for the system proposed (July 1999) by the firm/agent. LOC for US \$ 530369 was opened in October 1999 and the equipment received in February 2000 at Mumbai. Payment of US \$ 528622 (Rs 2.32 crore) was released (February 2000) to the firm. Further Rs 22.09 lakh were paid to the agent for custom clearance, purchase/carriage of the equipment, etc. The equipment was partly installed in December 2000 but could not be commissioned as the software supplied was reported to be inappropriate for generating common field of information on Sales Tax and Excise. Efforts of the Excise Commissioner to have the software re-developed by the firm and make the system functional had not borne fruit (May 2002).

3.6.3 Approval of the Director Finance to SFD without ensuring its suitability for the system, rendered the investment of Rs 2.54 crore idle, besides non-achievement of the intended objectives for over two years. The cost of idle funds to Government worked out to Rs 84.84^β lakh.

3.6.4 The matter was referred to Government/department in August 2002; reply had not been received (October 2002).

* Letter of credit

^β Worked out at a minimum borrowing rate of 13.75 *per cent* during 1999-2002

Health and Medical Education Department

3.7 Administration of sub-standard drugs

Defective system of issuing drugs before receipt of their analytical reports from Drug and Food Control Organisation resulted in administration of sub-standard drugs costing Rs 11.91 lakh to the patients in the health institutions of Jammu Division.

3.7.1 Drugs are procured by the Director, Health Services, Jammu on the basis of rates approved by Departmental Rate Contract Committee for health institutions of Jammu Division. As per the terms of supply order/agreement drawn with suppliers, drugs supplied should conform to the specifications laid down in the Drug Act. Payment to the suppliers is released on the recommendations of the Verification Board constituted by the Director to verify the supplies with reference to the samples/catalogue and analytical reports of the manufacturers. However, for those drugs whose samples are lifted by the Drug and Food Control Organisation for conducting analysis, payment is to be released after receipt of their successful test-reports. In case of any drug being found sub-standard, the supplier is to be blacklisted and his security forfeited.

3.7.2 Audit scrutiny of records of the Controller, Provincial Medical Store, Jammu (July 2001) and Director, Health Services, Jammu (February 2002) revealed that the drugs costing Rs 11.91 lakh purchased during 1999-2000 from 9 suppliers were found sub-standard on sample analysis of 12 batches of these drugs by the Drug and Food Control Organisation. By the time the analytical reports of these drugs were received involving time period ranging between 3 and 14 months, these drugs were already issued/administered to the patients. Action for blacklisting of the defaulting suppliers and forfeiting their security was not initiated by the Director. Further, payment (Rs 0.85 lakh) in respect of two batches was released by the Director after their samples were lifted by the Organisation. Out of Rs 1.90 lakh withheld from the suppliers as security, Rs 1.10 lakh were released during 1999-2001 in favour of 5 suppliers.

3.7.3 Thus, the defective system of issuing drugs without receipt of their analytical reports from Drug and Food Control Organisation resulted in administration of sub-standard drugs costing Rs 11.91 lakh to the patients in the health institutions of Jammu Division. The impact of the administration of these drugs had not been assessed by the Director/Institutions concerned.

3.7.4 The matter was referred to Government/department in August 2002; reply had not been received (October 2002).

3.8 Irregular payment of allowances

Medical Superintendents, SMHS and Lalla Ded Hospitals made irregular payment of house rent, city compensatory and medical allowances amounting to Rs 15.05 lakh to staff engaged on *ad hoc* basis.

3.8.1 The Jammu and Kashmir Civil Services (Medical Attendance and Allowances) Rules 1990 provides for the payment of house rent/city compensatory and medical allowances to Government employees who are working either in permanent or quasi-permanent/temporary capacity or in such other categories of service as may be specified by the Government from time to time. The Finance Department also had clarified (February 1993) that employees engaged on part-time/*ad hoc* basis, were not entitled to these allowances.

3.8.2 Test-check of records of SMHS[♦] and Lalla Ded Hospitals in Srinagar, conducted in October 2001, revealed that Medical Superintendents of these hospitals, in disregard of the rules *ibid*, irregularly paid Rs 15.05[€] lakh on account of house rent, city compensatory and medical allowances to 79 employees (SMHS: 28; Lalla Ded Hospital: 51) engaged on *ad hoc* basis during the period January 1994 to September 2001.

3.8.3 On this being pointed out in audit (November 2001), Medical Superintendent Lalla Ded Hospital, Srinagar stated that the matter had been taken up with the higher authorities for final orders. The Medical Superintendent, SMHS Hospital, Srinagar stated that these allowances were paid to *ad hoc* employees on the basis of fundamental law which provided equal wages for equal work. The contention of the Superintendent was not tenable as payments of these allowances was not permissible under the rules and instructions of the Finance Department.

3.8.4 The matter was referred to Government/department in January 2002; reply had not been received (October 2002).

♦ Shree Maharaja Hari Singh

€ SMHS Hospital: Rs 8.11 lakh; Lalla Ded Hospital: Rs 6.94 lakh

3.9 Locking up of funds

Failure of the Directors Health Services, Kashmir and Jammu to establish 4 new nursing schools resulted in locking up of funds of Rs 67.64 lakh for over 3 years, besides depriving the State of Central assistance of Rs 1.54 crore.

3.9.1 The Central Government approved (January 1999 and March 2000) opening of four nursing schools at Anantnag, Baramulla, Kupwara and Kathua under the Centrally sponsored scheme "Setting up of new Nursing Schools". The scheme envisaged payment of recurring and non-recurring assistance of Rs 18.75[&] lakh for each school during the first year and recurring grants of Rs 12.90 lakh and Rs 17.01 lakh each for the 2nd and 3rd to 5th year respectively subject to furnishing of completion reports and utilisation certificates. Thereafter the schools were to be run by the State Government. Accordingly, funds aggregating Rs 75^{*} lakh were released (March 1999/March 2000) to the Directors Health Services, Kashmir (Rs 56.25 lakh for 3 schools) and Jammu (Rs 18.75 lakh for 1 school) for meeting non-recurring and recurring expenditure during the first year.

3.9.2 Audit scrutiny (February 2002) revealed that out of Rs 56.25 lakh released to the Director Health Services Kashmir, Rs 7.36 lakh only were spent, mostly on purchase of equipment, furniture, and books for nursing school at Baramulla, and the balance Rs 48.89 lakh was lying in the bank (June 2002). Director Health Services, Jammu also did not utilise Rs 18.75 lakh released to him as the school at Kathua was not established due to non-provision of staff and the amount was kept in the bank account (June 2002).

3.9.3 Non-setting up of envisaged nursing schools by Directors of Health (Kashmir/Jammu) resulted in locking up of Rs 67.64 lakh for over three years, besides non-achieving of the intended objective. The State was also deprived of additional Central assistance of Rs 1.54^ψ crore for the years 1999-2000 to 2001-02. The cost of locked up funds worked out to Rs 25.84[≠] lakh.

3.9.4 The matter was referred to Government/department in March 2002; reply had not been received (October 2002).

& Recurring grant: Rs 8.75 lakh; non-recurring grant: Rs 10 lakh

* Rs 37.50 lakh each during March 1999 and March 2000

ψ Calculated at Rs 12.90 lakh per school for 2nd year and at the rate of Rs 17.01 lakh per school per year for the 3rd and 4th year

≠ Worked out at the minimum borrowing rate of 13.75 per cent during 1999-2002

3.10 Non-recovery of inadmissible payment

Medical Superintendents of 4 associated hospitals in Srinagar and Jammu made excess payment of Rs 1.02 crore to House Officers due to incorrect computation of stipend during the period from 1987-88 to January 2000. Recovery of inadmissible payment had not been made so far.

3.10.1 House Officers^β appointed in associated hospitals for six month duration, are entitled to monthly stipend at a rate equivalent to the salary payable to the Assistant Surgeons at the time of their initial entry in Government service. Salary, according to JKCSR^φ does not include local and compensatory allowances. Accordingly, Non-Practising Allowance (NPA), House Rent Allowance, City Compensatory Allowance and Medical Allowance are not to be taken into account for calculating the rate of stipend.

3.10.2 Test-check of records of Medical Superintendents, SMGS^φ Hospital, Jammu (April 1993/May 1997) and SMHS[&], Lalla Ded and Children Hospitals, Srinagar (April 2000) revealed that NPA and local/compensatory allowances were included for working out the rate of stipend and inadmissible payments aggregating Rs 1.02[≠] crore were made to the House Officers during the period from 1987-88 to January 2000. The SMGS Hospital, Jammu stopped (May 1998) payment of NPA and local/compensatory allowances after this was pointed out (April 1993) by Audit. The hospitals in Srinagar, however, stopped (June 1998) payment of NPA only and continued payment of local/compensatory allowances to the House Officers.

3.10.3 Despite the matter having been pointed out to the Government from time to time since September 1997, neither was the amount paid in excess recovered (June 2002) nor was the payment of local/compensatory allowances stopped in Srinagar hospitals.

3.10.4 The matter was referred to Government/department in August 2002; reply had not been received (October 2002).

^β Senior/Junior Stipendiary House Physicians/Surgeons

^φ Jammu and Kashmir Civil Service Regulations

^φ Shree Maharaja Gulab Singh

[&] Shree Maharaja Hari Singh

[≠] Jammu: Rs 51.13 lakh; Srinagar: Rs 50.89 lakh. Does not include NPA paid by Jammu hospitals during the period from June 1990 to March 1991 and by Srinagar Hospitals from 1987-88 to 1989-90 details whereof were not made available

Hospitality and Protocol Department

3.11 Avoidable expenditure on hiring of houseboats

Injudicious hiring of houseboats by the department led to avoidable expenditure of Rs 31.14 lakh.

3.11.1 Based on the proposal of the Director, Hospitality and Protocol (H&P) the administrative department, approved (July 1997) hiring of houseboat accommodation (5 rooms) for 1997 summer season^Ψ to cope up with the rush of State guests as sufficient accommodation was reportedly not available in its two State guest houses (capacity: 14 rooms) at Srinagar. The Director, however, hired 9 rooms for the 1997 season against sanction of 5 rooms. The number of rooms was subsequently enhanced (June 1998/September 1999) to 15 for 1998 and 1999 seasons by the department, besides according approval to hiring of a *donga*[#] during 1999 for use as a kitchen. An aggregate amount of Rs 31.14 lakh was paid to the houseboat owners for these years.

3.11.2 Test-check (December 1999) of records of the Director, H&P revealed, that against the availability of 23 to 29 rooms in State guest houses and hired houseboats during the 1997, 1998 and 1999 seasons, the occupancy on an average ranged between 3 and 14 rooms only. No houseboat was hired from 2000 season. The decision of hiring of houseboats was, therefore, not judicious and expenditure thereon avoidable. The Director in response to an audit query stated (December 2001) that the houseboats were hired to boost the dying houseboat industry. This, besides being contrary to reasons put forth initially for according approval to the hiring of the houseboats, was not tenable as hiring a few of them could hardly give any boost to the industry in the State.

3.11.3 The matter was referred to Government/department in February 2002. The Government stated (June 2002) that the house boats were hired on quality accommodation considerations which was not tenable as State guest houses were also designed accordingly.

^Ψ April to October

[#] A medium size boat

Rural Development Department

3.12 Swarnjayanti Gram Swarozgar Yojana

Swarnjayanti Gram Swarozgar Yojana was launched in the State in July 1999. The performance of Yojana was poor mainly due to improper planning and non-involvement of local population, financial institutions, NGOs in the process of beneficiary/key activity selection, etc.

Introduction

3.12.1 Swarnjayanti Gram Swarozgar Yojana (SGSY), a holistic rural employment programme covering all aspects of self employment was launched in the State from July 1999. The main objective of the Yojana is to bring the assisted families (*Swarozgaris*) above the poverty line in three years time and ensure an income of at least Rs 2000 per month in the third year. This was to be achieved by providing them income generating assets through a mix of bank credit and Government subsidy.

3.12.2 A brief account of implementation of the programme based on test-check of records of the Commissioner-Cum-Secretary, Directors of Rural Development Department (2), 4^ψDistrict Rural Development Agencies (DRDAs), 13[&] Block Development Officers (BDOs), 3 lead banks and their 30 branches during 1999-2002 is discussed in succeeding paragraphs.

Financial outlay and expenditure

3.12.3 The position of funds released by Central and State Governments and expenditure incurred on the scheme during the period 1999-2002 is given in *Appendix-10*.

3.12.4 The utilisation of funds ranged between 42 and 75 *per cent* during the period 1999-2002. The underutilisation of funds was mainly due to large scale rejection by the banks of the cases sponsored by the BDOs.

3.12.5 Central assistance of Rs 8.49 crore was not released to the State Government during 1999-2002 due to poor utilisation of funds, late/non-submission of proposals/performance reports, etc.

^ψ Jammu, Kathua, Udampur and Srinagar

[&] R.S. Pura, Bhalwal, Purmandal, Vijaypur, Samba, Ghagwal, Hiranagar, Barnoti, Udampur, Chenani, Reasi, Majalta and Srinagar

Non-merger of unspent balances

3.12.6 Rupees 21.73^ψ lakh lying unutilised with the 12^β blocks and 5[♦] Assistant Commissioners at the end of March 1999 were not merged with SGSY funds as required.

Diversion of funds and overstatement of expenditure

3.12.7 Rupees 27.50 lakh of the scheme funds were diverted to office expenses, salary/wages, purchase of furniture/TV/geysers and clearance of past liabilities in 6 test-checked offices[#] during 1999-2002. Expenditure on items like training, infrastructure, subsidy and revolving fund was overstated by Rs 69.05 lakh during 2000-01 and 2001-02 as the amount was lying unutilised in bank accounts.

Planning

3.12.8 Perspective plans for covering 30 *per cent* of targeted population during the period of 5 years under the scheme had not been prepared at DRDA or State level. Project reports for each key activity were not prepared. Non-Governmental Organisations (NGOs) were also not involved at any stage of implementation of the scheme. The selection of *swarozgaris* was done on the basis of applications received from individuals or groups by the BDOs.

Non-maintenance of records

3.12.9 Consolidated records of the scheme at the apex level and basic records like beneficiary registers/profiles, minutes of meetings of SGSY Block Committees, data relating to beneficiaries assisted at the DRDAs/BDOs level had not been maintained.

Shortfall in coverage

3.12.10 The position of cases sponsored, sanctioned and units established in the State during the years from 1999-2000 to 2001-02 is indicated in *Appendix-11*. Due to sponsoring of ineligible/uninterested beneficiaries by the BDOs, only 49 to 54 *per cent* of the cases were sanctioned by the banks. The coverage in the State was only 16430 families/Self Help Groups (SHGs) during 1999-2000 to 2000-01 which constituted only 2.7 *per cent* of the rural BPL population of 6.07 lakh. Out of Rs 9.45 lakh released (February 2002) as revolving fund by three test-checked DRDAs, Rs 4.10 lakh only were released to 41 SHGs. Of these, only five groups had taken up the economic activity.

^ψ DWCRA: Rs 16.05 lakh; MWS: Rs 4.82 lakh and IRDP: Rs 0.86 lakh

^β Reasi, Hiranagar, Barnoti, Ghagwal, Bhalwal, Majalta, Samba, Purmandal, Vijaypur, R.S.Pura, Chenani and Udhampur

[♦] Jammu, Kathua, Srinagar, Samba and Udhampur

[#] Director Rural Development Jammu: Rs 12.40 lakh; DRDA (CAD) Jammu: Rs 3.15 lakh; DRDA Srinagar: Rs 8.86 lakh; BDO Chenani: Rs 0.49 lakh; ACD Samba: Rs 1.84 lakh and BDO Purmandal: Rs 0.76 lakh

Functional status of units and default in repayment of loan

3.12.11 The implementing agencies had not conducted physical verification for ascertaining whether the beneficiaries had procured the assets within stipulated period and actually set up the units. In 10 branches of banks in Kathua, Udhampur and Jammu, 25 beneficiaries assisted under the Programme (loan: Rs 10.02 lakh) had turned defaulters in repayment of loan as of January 2002.

Irregular utilisation of infrastructure funds

3.12.12 In Udhampur district, Rs 22.10 lakh were spent (1999-2001) on construction of five veterinary buildings, 2 sheep extension centres and one seed store which had no direct bearing with beneficiary activities. Two such buildings (cost: Rs 6.30 lakh) were constructed at Arnas and Mahore where no SGSY activity had ever taken place. District Sheep Husbandry and Chief Animal Husbandry Officers, Udhampur purchased 7 refrigerators (Rs 0.63 lakh), one microscope (Rs 0.18 lakh) and some laboratory equipment (Rs 0.19 lakh) out of Rs 1 lakh advanced (March 2000) to each of them from SGSY funds.

Skill upgradation

3.12.13 During the period from July 1999 to March 2002, expenditure of Rs 92.18[&] lakh was reported on training by the State Government. Test-check of records of DRDAs/Blocks, however, revealed that neither training modules were prepared nor was any training imparted to *Swarozgaris*. Instead only one day seminars/workshops were organized for beneficiaries during 2000-02. No separate account of training fund was maintained.

Non-monitoring of the programme

3.12.14 Monitoring through meetings and field inspection by the functionaries of DRDAs including the Chairman were not conducted. In Udhampur district only 6 meetings of State level SGSY Committee were held against the prescribed 32 monthly meetings.

3.12.15 The matter was referred to Government/department in July 2002; reply had not been received (October 2002).

[&] 1999-2000: Rs 12.62 lakh; 2000-01: Rs 36.07 lakh; 2001-02: Rs 43.49 lakh

3.13 Idle investment on construction material

Change of design of the health centre buildings by the Assistant Commissioner Development and Executive Engineer (REW)^Ψ, Budgam and inaction of the Director, Rural Development Department, Kashmir resulted in non-utilisation of material already purchased rendering the investment of Rs 9.93 lakh idle. The cost of idle funds to Government worked out to Rs 14.76 lakh.

3.13.1 The Director, Rural Development Department, Kashmir and the Assistant Commissioner Development (ACD), Budgam purchased 30 MTs of steel trusses and 3628 sft of iron door/window frames/shutters at a cost of Rs 9.93 lakh during the period 1990-92 for construction of 17 health centre buildings in Budgam district under the Centrally sponsored scheme "India Population Project". The amount paid included fixing/erection charges of Rs 0.60 lakh. The material was, however, not utilised and was lying (December 2001) at district and block offices. An enquiry into the matter ordered by the Director belatedly in August 1999 brought out (September 2000) that the Assistant Commissioner Development and the Executive Engineer (REW), Budgam had changed the designs of the buildings and used timber in their construction instead of the steel trusses and iron door/ window frames/shutters already purchased. The enquiry report recommended seeking views of the ACD in the matter so that responsibility could be fixed accordingly.

3.13.2 Audit scrutiny revealed (July 2001) that follow up action on the enquiry report to fix the responsibility had not been taken (May 2002) by the Director, Rural Development Department, Kashmir. Further, the Director and the ACD had not taken any action for 8 years to utilise the material on other works in or outside the district. Technical/physical verification of the material ordered by the Director in August 2000 was also not conducted (May 2002). In absence of this, possibility of sub-standard receipt/short supply or pilferage of the store could not be ruled out.

3.13.3 Thus, change of designs after purchase of the material and subsequent inaction of the Director/ACD to utilise the material rendered the investment of Rs 9.93 lakh idle (May 2002). The cost of idle funds to Government worked out to Rs 14.76^W lakh.

3.13.4 The matter was referred to Government/department in March 2002; reply had not been received (October 2002).

^Ψ Rural Engineering Wing

^W Calculated at the minimum borrowing rate of 13.75 per cent