

## CHAPTER-III

### PERFORMANCE REVIEWS

This chapter contains performance reviews on 'Functioning of Health and Medical Education Department', 'Sher-I-Kashmir Institute of Medical Sciences', 'Stores and Stock Management in Procurement and Material Management Wing (Power Development Department)' and a long paragraph in the nature of performance review on 'Integrated Watershed Development Project'.

#### Health and Medical Education Department

##### 3.1 Functioning of Health & Medical Education Department

*The basic objective of the Health and Medical Education Department is to improve the standard of public health by eradicating diseases, providing primary health care facilities to the patients, impart teaching/in-service training, enhancing professional development and research activities besides ensuring supply of quality drugs and food articles to the people of the State. The performance of these activities was not satisfactory due to shortage of health care institutions and medical/para-medical staff, inadequate infrastructure, shortcomings in testing of drug and food articles and improper planning. Non-adherence to financial controls resulted in locking up of funds, non-realisation of service charges and inadmissible payments.*

#### Highlights

- **An amount of Rs. 1.01 crore remained locked up due to non-execution of work by the executing agencies/non-receipt of supplies from suppliers to whom the funds were advanced.**  
(Paragraph: 3.1.5)
- **Hospital service charges to the tune of Rs. 3.28 crore were either not realised or were waived without specifying reasons.**  
(Paragraph: 3.1.7)
- **Shortage of sub-district hospitals/community health centres, primary health centres and sub-centres in the State was 60 per cent, 38 per cent and 54 per cent respectively. Shortage of medical and para medical staff in District hospitals and sub-district hospitals/primary health centres/sub-centres ranged between 13 per cent and 17 per cent as of March 2004.**

(Paragraphs: 3.1.8 and 3.1.13)

- **The Department had not ensured mandatory testing of blood units for HIV and Hepatitis B. Out of 31,280 blood units, 14,492 units and 17,173 units were not tested for HIV and Hepatitis B respectively.**

**(Paragraph: 3.1.11)**

- **Diet valuing Rs. 44.24 lakh was supplied irregularly to the attendants of indoor patients in Children Hospital, Srinagar during 1999-2004 (October 2003).**

**(Paragraph: 3.1.12)**

- **Machinery/equipment valuing Rs. 1.52 crore remained non-functional due to non-availability of trained manpower, lack of infrastructure and non-execution of repairs.**

**(Paragraph: 3.1.14)**

- **Two building blocks at District hospital, Udhampur and Government hospital, Gandhi Nagar, Jammu constructed at a cost of Rs. 3.05 crore remained unutilised due to non-provision of manpower, machinery and equipment in these hospitals.**

**(Paragraph: 3.1.15)**

- **Sub-standard drugs and surgicals worth Rs. 10.82 lakh were administered to patients in various hospitals. Fifty-three *per cent* of drug samples lifted by Drug Inspectors were sent to drug testing laboratories after a delay ranging between four days and six months. Shortfall in inspecting drug manufacture/sale premises during 1999-2004 ranged between seven *per cent* and 50 *per cent*. Genuineness of 23,321 inspections conducted by Drug Inspectors was not ascertainable due to non-submission of inspection notes to the controlling authority.**

**(Paragraphs: 3.1.16, 3.1.21 and 3.1.22)**

- **Inadmissible payment of Rs. 2.15 crore was made to various employees in the Department.**

**(Paragraph: 3.1.18)**

- **During 1999-2004, 306 prosecutions were launched by the Drug Inspectors and only 64 cases were decided indicating slackness in pursuing the court cases. Quality of food products was not ensured due to inadequate food testing facilities in State food laboratories.**

**(Paragraphs: 3.1.23 and 3.1.25)**

### **3.1.1 Introduction**

At the time of independence health care system in Jammu & Kashmir State existed in a rudimentary form. A majority of the people particularly in rural areas depended on indigenous system of medicine. The Government has created vast infrastructure of different categories of health institutions in the State and is committed to achieve the national goal of health laid down under National Health Policy 2002 (NHP). The main objective of the NHP is to achieve an acceptable standard of good health amongst general population by increasing access to the decentralised public health system through establishment/upgradation of infrastructure and expansion of the basic health care facilities.

### **3.1.2 Organisational set up**

The Health and Medical Education Department functions under the overall administrative control of Commissioner/Secretary. While under Health Services, the Directors of Health Services Jammu/Srinagar, ISM, Family Welfare and Controller Drug and Food Control Organisation are responsible for implementation of various activities/programmes of the Department, the functions under Medical Education are performed by Principal Medical Colleges Jammu/Srinagar, Principal Dental College, Srinagar and Director SKIMS, Srinagar. There are 12 Associated Hospitals and 405 district/sub-district hospitals/PHCs in the State. Each Associated hospital is headed by Medical Superintendent under the supervision of Principal Medical College. Each district and sub-district hospital is headed by a Medical Superintendent and Block Medical Officer respectively under the supervision of Chief Medical Officer at district level and Director of Health Services Jammu/Kashmir at the divisional level.

### **3.1.3 Audit Coverage**

Records of 44 health institutions in seven districts (*Appendix-17*) relating to the period from 1999-2000 to 2003-04 were test-checked in audit between July 2003 and March 2004 covering 28 *per cent* of the total expenditure. The review does not cover medical education portion. Important points noticed are discussed in the succeeding paragraphs.

### **3.1.4 Allocation and Expenditure**

The position of allocation of funds and expenditure incurred thereagainst during the period from 1999-2000 to 2003-04 as per departmental records, was as under:-

**Table 3.1**

(Rupees in crore)

<b>Year</b>	<b>Allocation</b>	<b>Expenditure</b>	<b>Savings</b>
1999-2000	385.73	364.20	21.53
2000-01	396.10	375.31	20.79
2001-02	418.64	392.51	26.13
2002-03	435.56	418.16	17.40
2003-04	453.18	417.06	36.12
<b>Total</b>	<b>2089.21</b>	<b>1967.24</b>	<b>121.97</b>

The overall utilisation of allocated funds during the period 1999-2004 was 94 per cent.

### **3.1.5 Locking up of funds**

Rupees 1.01 crore drawn by three<sup>♦</sup> Drawing and Disbursing Officers (DDOs) during February/March 2003 for purchase of equipment/vehicles and for air conditioning of emergency ward at Government Medical College, Jammu were advanced to various suppliers/executing agencies. Execution of air conditioning work allotted thereafter in January 2004 was not completed and the supplies were not received (August 2004), thereby resulting in locking up of Rs. 1.01 crore.

### **3.1.6 Late release/underutilisation of central assistance**

Funds to the tune of Rs. 57.43<sup>♠</sup> lakh released by Central Government between 1992-93 and 2000-01 for purchase of machinery and equipment under centrally sponsored scheme "Strengthening of Drug and Food Testing Laboratories" was released belatedly by the Administrative Department to the Drug and Food Control Organisation in 2000-01 (Rs. 10 lakh) and 2001-02 (Rs. 47.43 lakh). The Organisation utilised Rs. 45.45 lakh during 2000-03 on purchase of machinery/ equipment leaving unspent balance of Rs. 11.98 lakh (March 2004). Belated release and underutilisation of central funds affected the functioning of these laboratories.

### **3.1.7 Non realisation of hospital service charges**

Government decided (February 1993) to charge patients attending the hospitals for doctor's consultations and for various diagnostic tests/investigations. These charges were to be waived off in road accident cases, bullet/blast injuries, unknown/unconscious patients without any attendants and poor patients. Test-check, however, revealed that Rs. 1.72 crore were waived off in 17 institutions without indicating the reasons thereof. Further, Out Patient Department (OPD) charges of Rs. 1.56 crore were also not realised by Indian System of Medicine (ISM) dispensaries during 1999-2000 to 2002-03.

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<sup>♦</sup> Principal Government Medical College Jammu: Rs. 80.70 lakh; Director Health Services Jammu: Rs. 14.67 lakh; Chief Medical Officer Doda: Rs. 5.28 lakh  
<sup>♠</sup> 1992-93: Rs. 11 lakh; 1993-94: Rs. 8.30 lakh; 1994-95: Rs. 4.09 lakh; 1996-97: Rs. 7.00 lakh; 1999-2000: Rs. 10.00 lakh and 2000-01: Rs. 17.04 lakh

### Inadequate delivery of health services

#### 3.1.8 Shortage of health care institutions

Requirement of sub-district hospitals/community health centres (SDHs/CHCs), Primary Health Centres (PHCs) and Sub-centres (SCs) as per norms of the Government and existing number of health institutions in the State was as detailed below:-

**Table 3.2** (Numbers)

S.No	Category of institution	Requirement as per norm	Existing institutions	Shortage (percentage in brackets)
1.	SDH/CHC	136	55	81 (60)
2.	PHC	544	336	208 (38)
3	SC	3,629	1,674	1,955 (54)

It would be seen that overall shortage of SDHs, PHCs and SCs in the State was 60 *per cent*, 38 *per cent* and 54 *per cent* respectively. It was also observed in audit that shortages of SCs, PHCs and SDHs/CHC was 80 *per cent* in Srinagar district and 52 *per cent* in Jammu district. Shortage of institutions in these districts forced the patients to obtain treatment from provincial level hospitals which are meant for referral and super-specialty treatments only.

#### 3.1.9 In-patient care services

The position of sanctioned bed strength, average beds actually available and percentage occupancy of beds in 27 institutions during 1999-2000 to 2003-04 was as follows:-

**Table 3.3** (Numbers)

Category of Institution	Sanctioned beds	Average beds available	Percentage occupancy of beds (range)
Associated Hospitals (5 <sup>*</sup> )	2,745	2,763	75 <i>per cent</i> to 100 <i>per cent</i>
District Hospitals (6 <sup>♦</sup> )	685	621	51 <i>per cent</i> to 100 <i>per cent</i>
SDHs/PHCs (16 <sup>♥</sup> )	410	332	Nil to 100 <i>per cent</i>

The basis for sanctioning bed strength of each health institution was not on record. While beds available in associated hospitals were in excess of the sanctioned beds, it was 91 *per cent* of the sanctioned beds in six District hospitals and 81 *per cent* of the sanctioned beds in 16 SDHs/PHCs. The average occupancy

\* SMGS Hospital Jammu, SMHS Hospital Srinagar, Medical College Hospital Jammu, Children Hospital Srinagar, Lala Ded Hospital Srinagar  
 ♦ DHs: Anantnag, Doda, Rajouri, Udhampur, Gandhi Nagar (Jammu) and JLNM Srinagar  
 ♥ SDHs: Bijbehara, Dooru, Kangan, Shopian, Kulgam, Sohanjna, Ram Nagar, Reasi, Akhnoor, Sarwal (Jammu) and Keller; PHCs: Purmandal, Tikri, Kotbehwal, Dansal and Verinag

in associated and district hospitals ranged between 51 and 100 *per cent* and between nil and 100 *per cent* in SDHs/PHCs from 1999-2000 to 2003-04.

The low bed occupancy in SDHs/PHCs/SCs was attributed by Block Medical Officers (BMOs) Sohanjana, Dansal and Reasi to lack of basic facilities and shortage of doctors and nurses and preference of the patients to obtain treatment from district hospitals. Similarly, the Department cited patients preference for District/Provincial hospitals as reason for nil bed occupancy in SDH Ramnagar, PHCs Purmandal, Kotebhalwal and Tikri.

### **3.1.10 Laboratory Services**

Norms for deployment of para medical staff in laboratories of various institutions were not fixed by the Department. Audit scrutiny revealed that average number of tests conducted by each technician per day varied between 12 and 18 in Psychiatric Disease Hospital Jammu, between three and six in three District Hospitals and between three to 14 in seven SDHs/PHCs during the period 1999-2004. This indicated that the Department had not rationalised the deployment of para medical staff in the hospitals on the basis of actual work load. Microbiological, bacteriological and sensitivity tests were not conducted in these laboratories.

### **3.1.11 Blood Banks**

There were 14 licenced blood banks (Government Sector: seven, Private Sector: two and Defence Forces: five) in the State. While three institutions (Lalla Ded Hospital Srinagar, District Hospitals Rajouri and Anantnag) were operating unlicenced blood banks, the licenced blood bank at District Hospital Doda had no storage facilities. The Department had not ensured mandatory testing of blood units for HIV<sup>Σ</sup> and Hepatitis B, as out of 31,280 blood units collected in three test-checked hospitals<sup>φ</sup> 14,492 units and 17,173 units were not tested for HIV and Hepatitis B respectively for want of equipments. Non-testing of blood units endangered the life of the blood recipients.

### **3.1.12 Provision of diet to patients**

The Department had not laid down uniform scale of diet for the indoor patients. This resulted in providing of dietary items at different scales by various hospitals in the State during 1999-2004 as instanced below:

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Σ Human Immuno Deficiency Virus  
φ Lalla Ded Hospital Srinagar, DH Rajouri and DH Udhampur

Table 3.4 (Quantity per day per patient in gms)

Dietary item	DH Rajouri	DH Doda	DH Udhampur	SDH Ramnagar	Associated Hospitals Jammu	Associated Hospitals Srinagar
Rice Cooked	250	250	500	200	150	250
Chapati	50	-	60	40	30	80
Mutton	125	175	-	-		125
Veg Cooked	200	175	175	150	75	125
Pulses Cooked	75	50	250	35	50	60

It was observed in audit that rates for various dietary items in District Hospital (DH) Doda and DH Udhampur during the years 2002-03 and 2003-04 were not determined uniformly as detailed in *Appendix-18*. While rates approved by DH Doda during 2003-04 exhibited abnormal reductions vis-a-vis rates fixed for 2002-03, it showed increase in the case of DH Udhampur during 2003-04 as compared to rate of 2002-03.

Diet valuing Rs. 44.24 lakh was supplied irregularly to attendants of indoor patients in Children Hospital Srinagar during April 1999 to October 2003. Responsibility for incurring unauthorised expenditure had not been fixed by the Department. On being pointed out in audit, practice of supplying diet to the attendants was stopped (November 2003) by the Medical Superintendent of the hospital.

### 3.1.13 Manpower Management

The Administrative Department did not have any mechanism for monitoring the cadre-wise position of sanctioned and effective staff strength at appropriate intervals for proper management of manpower resources in its institutions. Test-check revealed that shortage of medical and para-medical staff ranged between three *per cent* and four *per cent* in eight Associated hospitals and between 13 *per cent* and 17 *per cent* in six<sup>ψ</sup> District hospitals and between 15 *per cent* and 16 *per cent* in 16 SDHs/PHCs/SCs as of March 2004. Further shortage of staff in Indian System of Medicine dispensaries was 181 against sanctioned strength of 1,158. Shortage of staff affects the proper delivery of services to the patients.

The AMT<sup>\*</sup> School Anantnag remained non-functional due to non-selection of trainees and the services of nine para-medical staff posted in the school were not utilised elsewhere resulting in payment of idle wages of Rs. 40.42 lakh to them during the period 1999-2004.

<sup>ψ</sup> DHs: Anantnag, Doda, Rajouri, Udhampur, Gandhi Nagar (Jammu) and JLNM Srinagar  
<sup>\*</sup> Ancillary Medical Training

### **3.1.14 Non-functional machinery and equipment**

Forty two machines/equipments valuing Rs. 1.52 crore purchased for 13 hospitals between September 1995 and July 2003, could not be put to use due to non-availability of trained manpower, lack of infrastructure, non-installation/non-commissioning and non-execution of repairs (March 2004). Besides, machinery and equipment<sup>≠</sup> received between August 1995 to October 2003 from various aid agencies remained idle/non-functional in four hospitals due to various reasons as indicated in the following table.

**Table 3.5**

S.No	Name of Unit/Hospital	Particulars of equipment	Date of receipt/installation	Reasons for non-functional
1.	District Hospital Anantnag	(i) Complete Dental Unit	August 1995	Not installed
		(ii) Hematology Analyser	August 1995	Not installed
		(iii) Bio-Chemical Analyser	November 1999	Idle due to technical default
2.	Sub District Hospital Kulgam	(i) Ophthalmological equipment	October 2003	Not installed due to non-availability of qualified staff
3.	Lalla Ded Hospital Srinagar	(i) Gynaecological equipment	February 2003	Not installed for want of accessories
4.	Sub District Hospital Kangan	(i) Blood Storage equipment	October 2001	Not installed due to non-existence of Blood Bank in Hospital
		(ii) Blood Transport container		

Non-utilisation of the machines/equipments resulted in their idling and consequent blockade of investment made thereon besides denial of intended diagnostic and surgical facilities to the patients.

### **3.1.15 Non-utilisation of hospital buildings**

The indoor patients block at District Hospital, Udhampur with a capacity of 200 beds constructed (1998-99) at a cost of Rs. 2.62 crore and 50 bed Pediatric ward at Government Hospital Gandhi Nagar, Jammu constructed during 1991-92 to 1998-99 at a cost of Rs. 43 lakh were not made functional as manpower, machinery and equipment were not provided in these hospitals (August 2004).

### **3.1.16 Defective Purchase System**

State level Rate Contract Committee constituted (September 2000) was replaced (June 2001) by six purchase committees<sup>λ</sup> for making purchase of drugs and equipment in various wings of the Department. Government approved

<sup>≠</sup> Value not available

<sup>λ</sup> Medical College and Associated Hospitals Jammu and Kashmir: 2; Health Services, Jammu and Kashmir: 2; Dental College Srinagar: 1 and ISM Jammu and Kashmir: 1



(July 2003) establishment of Jammu and Kashmir Health and Medical Supplies Corporation for making purchase of drugs and equipment in place of departmental purchase committees. The Corporation was, however, not established (March 2004). It was observed in audit that these departmental Purchase Committees worked in isolation as a result of which 13 items of drugs and surgical equipment of same specification were approved by three departmental purchase committees at varying rates during 2002-03 as detailed in Appendix-19. Test-check further revealed as follows:

Directors Health Services, Jammu and Srinagar purchased drugs and surgicals worth Rs. 12.43 lakh during 1999-2000 to 2003-04 which were declared sub-standard by the Controller Drug and Food Control Organisation. Out of these, drugs and surgicals worth Rs. 10.82 lakh were administered to patients in various hospitals.

Injections/chemicals/reagents and test kits valuing Rs. 11.17 lakh were issued to three<sup>^</sup> hospitals without assessing the requirement during 1999-2000 to 2002-03. These items could not be consumed in time resulting in their expiry and consequent loss of Rs. 11.17 lakh.

Medical Superintendent, Lalla Ded Hospital, Srinagar got hospital stationery printed at a cost of Rs. 14.08 lakh during 2000-01 to 2002-03 out of which stationery costing Rs. 0.83 lakh only were issued/consumed (March 2004) resulting in idling of remaining stationery valuing Rs. 13.25 lakh (March 2004).

### **3.1.17 Biomedical Waste Management**

Under Biomedical Waste Management Handling Rules, 1998, it was mandatory to set up waste treatment facilities by 31 December 2002 in all institutions generating biomedical waste. The Department had not framed project proposals in this regard as a result of which assistance of Rs. 1.50 crore for procurement of hospital waste management equipment could not be availed of from the Central Government during 2002-04.

To avoid infections, injury and adverse impact on environment, hospital waste was to be disposed off scientifically. It was observed that in four<sup>\*</sup> hospitals waste was dumped in open pits, hospital lawns or in open land thereby exposing people to health risks.

### **3.1.18 Inadmissible payments**

Jammu and Kashmir Civil Services (Medical Attendance and Allowance) Rules 1990 and Finance Department instructions (February 1993) stipulate that

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<sup>\*</sup> District Hospital Udhampur: Rs. 1.84 lakh; Block Medical Officer Ramnagar : Rs. 0.21 lakh, Lalla Ded Hospital Srinagar: Rs. 9.12 lakh  
<sup>\*</sup> District Hospital Anantnag, Sub-district Hospital Verinag, Block Medical officers Bijbehara and Keller

house rent, city compensatory and medical allowances are not admissible to employees engaged on part-time/*ad hoc* basis. It was, however, noticed that these allowances to the tune of Rs. 28.43 lakh were paid irregularly by five<sup>W</sup> DDO's during April 1999 to January 2004 to staff engaged on *ad hoc*/consolidated pay basis.

Non-gazetted employees of the Department who perform official duties on Sundays and holidays on roster basis were to be paid monthly incentive of 2 ½ days pay and allowances<sup>V</sup>. This incentive was, however, not admissible to *ad hoc* and ministerial staff. Test-check of records revealed that incentive to the tune of Rs. 1.84 crore was paid irregularly by 27 DDOs to *ad hoc* employees (Rs. 10.12 lakh), ministerial staff (Rs. 39.15 lakh) and staff not deployed on roster duty (Rs. 1.35 crore) during April 1999 to February 2004.

Chief Medical Officer, Srinagar paid house rent and city compensatory allowances at higher rates to staff during April 1998 to August 2003 resulting in inadmissible/excess payment of Rs. 2.64 lakh. On being pointed out (September 2003) in audit, the Chief Medical Officer stated that allowances were paid at higher rates due to oversight and recovery would be effected.

### **3.1.19 Drug and Food Control Organisation**

The Drug and Food Control Organisation is entrusted with the job of ensuring supply of quality drugs and food articles to the population of the State. For achieving this objective, the organisation performs statutory functions under Drugs and Cosmetics Act, 1940, Prevention of Food Adulteration Act, 1954 and the rules made thereunder.

### **3.1.20 Non-renewal of drug manufacturing/sale licences**

Under the Drugs and Cosmetic Rules 1945, the organisation issues/renews a licence for manufacture, sale or distribution of drugs. The licence was to be renewed within six months before its expiry. Out of 56 test-checked cases of manufacturing units, licences of only 11 units were renewed. Licences of remaining 45 units were not renewed due to non-rectification of shortcomings noticed during inspection of the units (30), non-inspection of units by the organisation (11) and non-receipt of renewal application by the organisation (four). Registers of licences maintained by the licencing authority<sup>Σ</sup> were incomplete and did not indicate the details of renewal, cancellation, suspension or revocation of licences of individual units as a result of which the actual status of licencees could not be ascertained in audit. No periodical survey to identify and ascertain the functional status of the units had been carried out by the organisation. Test-check of records revealed a variation of 5,625 between the

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<sup>W</sup> BMO Mahore: Rs. 18.69 lakh; CMO Srinagar: Rs. 7.76 lakh; CMO Jammu: Rs. 1.16 lakh; SDH Ram Nagar: Rs. 0.76 lakh, SDH Sohanjana: Rs. 0.06 lakh

<sup>V</sup> DA and Special Pay

<sup>Σ</sup> Controller Drug and Food Control Organisation

units existing as per work done reports (9,304) and the register of licences (14,929) as of December 2003.

It was further noticed that a Government unit (Anti-rabies Laboratory R.S.Pura, Jammu) licenced for manufacturing Anti-rabies injection, produced three more vaccines without licence to manufacture them. No action had been initiated against the unit by the organisation.

### **3.1.21 Shortcomings in drug sample analysis**

In terms of Drugs and Cosmetics Act, 1940, an Inspector after taking sample of a drug, is required to send it forthwith to the Government Analyst for test or analysis. Test-check of records in two<sup>&</sup> offices of the organisation revealed that out of 2,036 samples lifted by Drug Inspectors, 1,087<sup>ξ</sup> samples (53 *per cent*) were sent to the Analyst after a delay ranging between four days and six months.

Further, against the target of testing 3,650 drug samples during 1999-2000 to 2003-04 Drug Inspectors lifted only 2,593 samples (71 *per cent*) in the State out of which only 1,878 samples were got tested during the said period. Out of the tested samples, 131 samples were found sub-standard and no comments were offered in 34 samples for which reasons were not on record.

### **3.1.22 Inspections**

Manufacturing/sale units were to be inspected by the drug inspectors not less than twice a year. From September 2001 inspections of such units were to be carried at least once in a year. The organisation was accordingly required to carry out 39,943 inspections of these units during the period 1999-2004. However, targets were fixed for inspection of 35,550 units (89 *per cent*) only during the said period. The position of targets fixed and achievements made thereagainst for inspection of units by the drug inspectors during the period 1999-2004 was as follows:

**Table 3.6**

<b>Year</b>	<b>Targets fixed for inspection of units</b>	<b>Achievements made (Inspection of units conducted)</b>	<b>Percentage shortfall</b>
1999-2000	6,100	3,671	40
2000-01	6,600	6,122	7
2001-02	7,600	4,857	36
2002-03	9,150	4,558	50
2003-04	6,100	4,113	33
<b>Total</b>	<b>35,550</b>	<b>23,321</b>	<b>34</b>

<sup>&</sup> Dy. Controller Drug and Food Control Organisation Jammu and Dy. Controller Drug and Food Control Organisation Kashmir

<sup>ξ</sup> 4 to 15 days: 729 samples, 16 to 30 days: 220 samples, beyond one month: 138 samples

The shortfall in inspections ranged between seven *per cent* and 50 *per cent* during the period from 1999-2000 to 2003-04 and was attributed (March/April 2004) by Dy. Controllers Drug and Food Organisation, Kashmir and Jammu to shortage of drug inspectors in the Department.

The drug inspector was required to maintain record of units inspected and follow up action taken by him reported to the Controlling Authority. It was, however, observed that records of inspections had neither been maintained nor were inspection notes submitted to the controlling authority by the drug inspectors. In absence of these records the genuineness of inspections carried out by drug inspectors could not be verified.

### **3.1.23 Poor follow-up of court cases**

The manufacturers/suppliers whose drugs were found sub-standard and other offenders were to be prosecuted by the organisation under the provisions of the Act in the court of law. Against 306 prosecutions launched during 1999-2000 to 2003-04, only 64 cases were decided indicating slackness of the organisation in pursuing the court cases for action against offenders. Cumulative position of cases pending final decision in the court of law were not on record in the organisation.

Test-check of records revealed that Dy. Controller Drugs, Kashmir launched prosecution in three cases of adulteration detailed below after delay of over nine months to 38 months from the date of issue of test reports and that too after the expiry of these drugs. The action for seizure and destruction of the batches of these expired drugs was thus rendered irrelevant.

**Table 3.7**

<b>Particulars of drug</b>	<b>Date of lifting sample</b>	<b>Date of issue of test report</b>	<b>Date of expiry of drug</b>	<b>Date of launching prosecutions</b>
Injection: R.L compound sod. Lactate E-40-4614	24-4-1999	17-6-1999	February 2001	10-2-2002
Tablet: eotic 5- 155	5-5-1999	30-5-1999	December 1999	6-3-2000
Syrup: Piriton	8-6-1999	23-7-1999	January 2000	14-10-2002

### **3.1.24 Non-testing of Ayurvedic and Unani drug samples**

The Government had notified Director Pharmacopoeial Laboratory, Ghaziabad as Government Analyst for testing Ayurvedic, Unani and Sidha drugs, as no such testing facilities were available in the State. The organisation collected eight samples during 1999-2000 against which test reports of three samples were not received (March 2004) and efforts were not made for obtaining these test reports. No samples were collected during the period 2000-04. Thus, quality of the Ayurvedic and Unani drugs administered to the patients in the State was not ensured by the organisation.

### 3.1.25 Non-functional/Inadequate food testing laboratories

The Controller Drug and Food Control Organisation is responsible for enforcement of Prevention of Food Adulteration Act, and accordingly he had to fix monthly targets for collecting food samples by the Food Inspectors within their assigned duty area and send them for analysis to the food testing laboratories at Srinagar and Jammu. It was seen in audit that targets for collecting and testing of food samples during 1999-2004 were not fixed by the Controller.

Out of 5,953 food samples lifted/tested during 1999-2004 by various agencies<sup>β</sup>, 1,274 samples were found adulterated. Follow up action in respect of 549 adulterated samples test-checked in audit revealed that, prosecution was launched in 376 cases of which only 15 cases were convicted with a meagre fine of Rs. 500 to Rs. 1,500. One hundred and three cases were dismissed/acquitted by courts due to non-availability of legal assistance and 258 cases were still subjudice. No prosecution was launched in remaining 173 cases as test reports were either not authenticated by the Public Analyst or permission for prosecution was not granted by the competent authority. Thus the objective of ensuring quality food products was not achieved by the organisation.

The food laboratory, Srinagar had not been functioning since February 2000 due to non-availability of required infrastructure<sup>#</sup>. At food laboratory Jammu the contaminants like metals, pesticides, micro-organisms, etc. were not being analysed due to shortage of staff and required equipment. Eighteen samples found adulterated in the State laboratories subsequently sent for re-testing under the directions of the Court proved to be of standard quality by C.F.L<sup>φ</sup> Calcutta. This indicated that the food testing facilities in the State were inadequate and not up to the mark.

### 3.1.26 Monitoring and Evaluation

The Government had not evaluated at any level the impact of various programmes implemented in the state during 1999-2004. Phased programme for achievement of goals of NHP 2002 was not drawn and the services provided by health institutions were not monitored. The inventory of assets had not been maintained and management of hospital waste was not given due attention.

### 3.1.27 Conclusion

The performance of various activities undertaken by the Department was not satisfactory due to shortage of health care institutions and medical/para

<sup>β</sup> Municipalities, Notified Area Committees, Chief Medical Officers, Social Welfare Department, etc.

<sup>#</sup> Machinery/equipment, unsuitable housing condition, improper electric, water and drainage facilities, etc.

<sup>φ</sup> Central Food Laboratory

medical staff, inadequate infrastructure, shortcomings in testing of drug and food articles and improper planning.

### **3.1.28 Recommendations:**

Based on above audit observations, the Government may consider to take action:

- to make optimum utilisation of existing health care infrastructure, rationalise the deployment of medical/paramedical staff on the basis of actual work load in line with the needs of the patients in the State.
- to ensure efficient financial management for timely realisation and remittance of hospital service charges, to avoid underutilisation and locking up of funds and prevent irregular and inadmissible payments.
- to operate licenced blood banks only and ensure mandatory testing of all blood units for HIV and Hepatitis B.
- to lay down uniform scale of diet for indoor patients admitted in various hospitals of the State and ensure fixation of uniform rates for various dietary items procured through different agencies. Mechanism for purchase of standard drugs should be evolved so that the patients are protected from administration of sub-standard drugs.
- for optimum utilisation of the available resources including machinery/equipment and hospital buildings. To dispose off hospital waste scientifically.
- for providing adequate drug and food testing facilities in the State.

The above points were referred to the Government/Department in July 2004; reply had not been received (September 2004).

### 3.2 Sher-I-Kashmir Institute of Medical Sciences

*Sher-I-Kashmir Institute of Medical Sciences was established in 1982 to provide specialised medical care, need based education in medical and health services and clinical research and to develop referral linkage between primary, secondary and tertiary health care.*

#### Highlights

- The Institute had not maintained cashbook (up to May 2002) and other allied records as required under State Financial Rules. Cashbook, maintained thereafter indicated a “nil” opening cash balance, against Rs. 26.39 lakh held by it on that date. Also, the Institute held balances ranging between Rs. 2.59 lakh and Rs. 1.01 crore at the end of each financial year during 1998-99 to 2003-04.

(Paragraph: 3.2.5)

- Against sanctioned strength of 3,779 employees in various cadres, only 2,702 employees were in position as on 31 March 2004. This had adversely affected the objective of the Institute of providing specialised medical care to patients, need-based education in medical and health services, etc.

(Paragraph: 3.2.6)

- There were 1,007 patients awaiting (February 2004) various types of surgeries and the period required for clearance of the backlog ranged between three and eight months.

(Paragraph: 3.2.8)

- The Institute suffered loss of Rs. 14.57 lakh on purchase of drugs at higher rates during 2002-03 and 2003-04.

(Paragraph: 3.2.10)

- During the year 1999-2000, 1235 blood units were infused into patients without testing for various diseases including HIV and Hepatitis.

(Paragraph: 3.2.13)

- Delay in placement of orders for procurement of Cardiac Angiographic System resulted in extra expenditure of Rs. 51 lakh due to exchange rate fluctuation. Also, Rs. 19.34 lakh were lost by the Institute by way of interest for retention of Rs. 3.40 crore in fixed deposits.

(Paragraph: 3.2.14)

### **3.2.1 Introduction**

Sher-I-Kashmir Institute of Medical Sciences, Srinagar was established in 1982 to provide specialised medical care, need based education in medical and health services and clinical research and to develop referral linkage between primary, secondary and tertiary health care. The Institute initially started with bed strength of 120. With the commissioning of Accident and Emergency Services, another 350 beds were added (November 1984).

### **3.2.2 Organisational set-up**

The Institute functions under the administrative control of the Health and Medical Education Department. There are 32 departments in the Institute that provide indoor and out patient services. The Institute has a Governing Body, with Chief Minister as its Chairman and Ministers in charge Revenue/Finance/Works and Director among others as its members. The Governing Body, assisted by various Committees including Purchase Committee, Contract Committee, Selection Committee, etc. is responsible for overall control, execution of construction works, selection of staff, purchases, etc. The day-to-day functions of the Institute are carried out by the Director who is assisted by the Deputy Director, Dean, Medical Superintendent. Besides, Material Management Engineer, assisted by Executive Engineers Civil/Electric/Mechanical, is responsible for maintenance, upkeep and construction works.

### **3.2.3 Audit coverage**

The records of the Institute pertaining to the period 1999-2004 were test-checked in audit during January-April 2004. Important points noticed as a result of test-check are discussed in the succeeding paragraphs:

### **3.2.4 Budget allocation and expenditure**

**Table 3.8**

(Rupees in crore)

Year	Budget allocation			Expenditure			Savings		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1999-00	5.58	44.13	49.71	4.74	41.71	46.45	0.83	2.43	3.26
2000-01	3.50	50.82	54.32	3.43	49.18	52.61	0.07	1.64	1.71
2001-02	8.80	48.69	57.49	8.64	47.64	56.28	0.16	1.05	1.21
2002-03	5.20	54.27	59.47	4.91	52.08	56.99	0.29	2.19	2.48
2003-04	4.39	56.53	60.92	3.13	53.05	56.18	1.26	3.48	4.74
<b>Total</b>	<b>27.47</b>	<b>254.44</b>	<b>281.91</b>	<b>24.85</b>	<b>243.66</b>	<b>268.51</b>	<b>2.61</b>	<b>10.79</b>	<b>13.40</b>

The underutilisation of funds in the Plan sector amounted to Rs. 2.62 crore. Reasons for underutilisation of funds were not assigned.



### 3.2.5 Financial Control

The Institute had not maintained consolidated cash book and other allied records (up to May 2002) as required under Rule 2.1 and 2.10 of State Financial Rules despite this having been pointed out through Audit Inspection Reports from time to time. Cash book, maintained subsequently from June 2002 indicated a 'nil' opening cash balance, whereas the Institute had a minimum balance of Rs. 26.39 lakh in its two current accounts on that date. The following further points were noticed:

According to Rule 6.26 of the State Financial Rules, all money at the end of the financial year have to be refunded to the treasury and the unspent balance, if any, is not to be carried to the next financial year. Further, money should be drawn only when actual payments are required to be made. In contravention, the Institute held balances ranging between Rs. 2.59 lakh and Rs. 1.01 crore (including revenue receipts of Rs. 8.06 lakh at the end of 2003-04) in its three current accounts at the end of each financial year during 1998-99 to 2003-04 as indicated below:

Table 3.9

(Rupees in lakh)

Year	Amounts under			Total
	CD-33	CD-34	CD-29	
1998-99	1.09	0.80	0.70	2.59
1999-2000	0.94	1.34	34.74	37.02
2000-01	23.60	0.82	77.06	101.48
2001-02	25.06	0.67	0.06	25.79
2002-03	5.29	0.76	0.45	6.50
2003-04	36.32	8.06	7.30	51.68

The radio-diagnosis unit receives fees for conducting various tests. No records were maintained to indicate name of the patient, referral clinic ticket number and details of voucher under which the amount was credited into the treasury. Non-maintenance of relevant records deprived Audit from ascertaining correctness of the transactions.

An amount of Rs. 41.06 lakh was drawn at the fag end of the financial year 2001-02 (26 March and 28 March 2002) and advanced to the Stores and Procurement Department (Rs. 21.81 lakh) for procurement of 110.77 tonnes of steel and to Jammu and Kashmir Cements Limited (Rs. 19.25 lakh) for 10,978 bags of cement. Against this, only 10,120 bags of cement and 90.5 tonnes of steel were received (March 2004) by the Institute. Thus, 858 bags of cement and 20.27 tonnes of steel costing Rs. 5.56 lakh (cement: Rs. 0.84 lakh; steel: Rs. 4.72 lakh) was supplied short by the concerned agencies as on March 2004.

### **3.2.6 Manpower Management**

Against the sanctioned strength of 3,779 employees in various cadres, only 2,702 employees were in position as on 31 March 2004, as detailed below:

**Table 3.10**

<b>S.No</b>	<b>Category</b>	<b>Sanctioned strength</b>	<b>Effective strength</b>	<b>Shortage</b>
1.	Doctors <sup>β</sup>	463	403	60
2.	Nurses and Auxiliary nursing staff	454	409	45
3.	Para-medical staff	412	352	60
4.	Administrative staff	2,155	1,266	889
5.	Others	295	272	23
	<b>Total:</b>	<b>3,779</b>	<b>2,702</b>	<b>1,077</b>

The objective of the Institute to provide specialised medical care to patients/need-based education in medical and health services was adversely affected due to shortage of staff in the cadre of doctors, nurses and para medical staff.

### **3.2.7 Research and training**

Though the Institute was declared a research institute, scrutiny of records revealed that it had neither undertaken any research work nor were any funds demanded in the budget for the purpose. During 2003-04, a nominal amount of Rs. 5 lakh was set-aside for the purpose, out of which only Rs. 0.50 lakh had been spent as of December 2003.

The Governing Body of the Institute decided (January 2001) to pay Clinical Research Allowance to the Faculty members at Rs. 2,500 per month with effect from October 2000, subject to the condition that the faculty member, besides performing his/her normal function had been undertaking research work and his/her research paper had been published or he/she was involved in research supervision at Post Graduate/Doctoral level as a Guide, etc. besides performing teaching job. Audit scrutiny revealed that the allowance was drawn since January 2001 and during the period between October 2000 and December 2003, an amount of Rs. 1.14 crore had been paid to the faculty members on this account. However, the detail of research work undertaken by the faculty members was not produced to Audit which prevented Audit from verifying the genuineness of the payments.

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<sup>β</sup> Including Professors/Additional Professors, Associate/Assistant Professors, etc.

### 3.2.8 Patients awaiting surgery

The table below indicates the number of patients admitted to the Institute during 1999-2004:

**Table 3.11**

Year	Number of patients
1999-2000	21,329
2000-01	23,843
2001-02	23,603
2002-03	29,287
2003-04	33,027

The Institute faced shortage of surgical instruments. Some of the instruments used in the operation theatres had developed defects or were beyond use and needed immediate replacement. There were 1,007 patients awaiting (February 2004) various types of surgeries and the period required for clearance of the backlog ranged between three and eight months. Reasons for accumulation of the backlog as cited (March/April 2004) by the Institute were non-availability of latest/appropriate functional surgical instruments, performing out of turn emergency surgeries on patients suffering from malignant/life threatening diseases and belated admission of patients for other surgeries like cases of open heart surgery, etc. for which the patients take time to complete formalities like arranging for blood, finance, etc.

Despite increase in the patient level, there had been no corresponding increase in the surgical ICU beds and the number of beds remained seven since 1982.

### 3.2.9 Dysfunctional machinery/equipment

Following machines and equipment installed in various departments of the Institute were dysfunctional for want of spares and non-conducting of repairs, which could also have an adverse impact on the patient care.

**Table 3.12**

S. No.	Department	Particulars of machinery/equipment	Dates from which dysfunctional
1.	Physical Medicine and Rehabilitation	Actino therapy, Pneumatic appliance (compressor electrode), arm chest exerciser, abduction ladder, Gym exercise table, overhead pulley.	Not available
2.	Plastic Surgery	Hand pieces of Electric Drill, Dermabrador, and Micrososcillating Saw.	Not available
3.	Cardiovascular and Thoracic Surgery (CVTS)	Spacelab, Datex Cardiac Monitors, Ventilators, Bronchoscopes, Esophagoscopes	Not available
4.	Pathology	Electron Microscope.	1988
5.	Gastroenterology	Endo Ultrasound (lying with a Japanese firm for repairs).	September 2002
6.	Nuclear Medicine	Gamma Camera and Well Type Gamma Counter.	December 2002 and 1988 respectively
7.	Radiological Physics and Bio-Engineering	Victroreen 498 Survey Meter, Minimonitor-II, Prima-II b, Beta Gamma Exposure Rate Meter, Thimber Chambers, besides, RFA-3-50 provided to the Department needs modification/updating.	1998, 2002, 2001 and 2003 respectively

In addition to above, Clinical Gate Analysis System (CGAS) (cost not available) and two Heart Stream XL-Defibrillators (HSXD; cost: Rs. 3.37 lakh each) purchased by the Institute in 1994 and 2002 respectively, could not be put to use as of March 2004 on account of technical defects (CGAS) and incomplete pre-installation works (HSXD).

### **3.2.10 Purchase of drugs**

The Institute purchases drugs after resorting to tendering process. Audit check revealed that during 2002-03 and 2003-04, the Institute placed supply orders for purchase of 35 drugs with second, third and even the sixth lowest tenderer, thereby suffering a loss of Rs. 14.57 lakh. On this being pointed out in Audit, it was stated (March 2004) that the Institute required only the best quality drugs. The contention was not tenable, as this had rendered the process of tendering a futile exercise.

### **3.2.11 Absence of physical verification**

Physical verification of drugs and the surgical equipment, etc. had never been conducted by the Institute.

### **3.2.12 Purchase of drugs under Revolving fund**

The Institute created "Revolving Fund" with the purpose of making available drugs, surgical equipment and other consumables at concessional rates to the in-patients, so that they may not suffer because of non-availability of these articles in the market. It was seen that the drugs and other consumables purchased for Rs. 3.42 lakh during 1999-2000 were never prescribed by the doctors, resulting in their expiry with consequential loss to the Institute.

### **3.2.13 Blood bank**

During the year 1999-2000, 1235 blood units (249: 1999; 986: 2000) infused into patients were not tested for various diseases including HIV and Hepatitis, owing to non-availability of test kits, endangering the life of the patients.

### **3.2.14 Purchase of machinery/equipment**

The Institute placed orders for supply of Cardiac Angiographic System with a firm<sup>β</sup> at a cost of Rs. 3.40 crore (Euro 8.02 lakh) on 18 March 2002. Rupees 3.74 crore were drawn on 30 March 2002, of which Rs. 3.40 crore were transferred to the Jammu and Kashmir Bank after about five months (22 August 2002) for opening letter of credit in favour of the supplier. The Bank issued delivery order to the firm on 28 November 2002. Delay of eight months from the drawal of advance to the issuance of delivery order to the firm resulted in extra

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<sup>β</sup> M/S Siemens AG Germany

expenditure of Rs. 51 lakh due to exchange rate fluctuation in Euro from Rs. 42.41 to Rs. 48.77. The equipment received on 9 December 2002 was stored in the seminar room of the Oncology Department (January 2004) due to incomplete civil works, thereby depriving the patients of the intended benefits for about 14 months. Latest position with regard to commissioning of the equipment was awaited (March 2004). The remaining Rs. 33.67 lakh (out of Rs. 3.74 crore) required for procurement of additional items was kept (30 March 2002) in fixed deposits up to August 2003, and was released in favour of the firm (M/S Siemens India limited) after about 17 months, resulting in loss of Rs. 3.34 lakh to the State exchequer by way of interest. By parking Rs. 3.40 crore in fixed deposits for eight months outside the Government account, the Institute had lost Rs 16 lakh by way of interest as the State Government had borrowed these amounts at higher interest rate.

The Institute placed (March 1997) an amount of Rs. 45 lakh with the Chief Engineer, Electric Maintenance and Rural Electrification Wing, Kashmir for purchase of a 625-KVA diesel generating (DG) set, though final decision to purchase the set was taken by the Purchase Committee of the Institute in January 2000. The Chief Engineer, after inviting tenders placed (June 2000) orders with a Delhi-based firm for supply of the DG set at a cost of Rs. 27.46 lakh. The supply order was later terminated by the Chief Engineer at the instance of the Institute, as the firm asked (September 2000) for increase in the price by Rs. 7.50 lakh, owing to escalation in the rates from the date of issuance of NIT (April 1999) and placement of supply order (June 2000).

In February 2001, the Institute after withdrawing the amount from the Chief Engineer, placed orders with another Delhi-based firm for supply of the DG set at a cost of Rs. 46.69 lakh. The orders were placed on the basis of spot enquiry conducted by the Committee constituted by the Institute for this purpose. Thus, delay on the part of the Institute by taking about three years to decide about the purchase resulted in extra expenditure of Rs. 19.23 lakh.

Further, Rs. 45 lakh were drawn by the Institute at the fag end of the financial year 1996-97 (31 March 1997) and placed at the disposal of the Chief Engineer for the purchase, though orders for the purchase were placed by him in June 2000. Prudent financial management envisages that the amounts should be drawn only when actual payments are required to be made.

### **3.2.15 Installation of diesel storage tanks**

Indian Oil Corporation (IOC) installed, at its own cost, two storage tanks of 20,000 litre capacity in June 2002 in the premises of the Institute. The purpose was to save the cost of empty running of the vehicles and to ensure good quality motor spirit/HSD, which could prolong life of the vehicles and minimise expenditure on their maintenance and repairs. Besides this, the Institute could also earn dealers commission/discount as provided by the IOC to its sales outlets.

Audit scrutiny revealed that ever since installation of the tanks, the IOC requested for advance payment. However, the Institute did not pay any heed to the request of the IOC and continued to purchase motor spirit/ HSD from outside sources. Thus, the Institute failed to achieve envisaged benefits and also suffered loss of Rs. 2<sup>₹</sup> lakh by way of commission which it could have earned otherwise on purchase of 3.26 lakh litres of HSD and 0.74 lakh litres of motor spirit/ HSD during the period from July 2002 to December 2003.

### **3.2.16 Irregular payments**

In pursuance of Government orders, postgraduate students are to be paid a fixed stipend at the rate of Rs. 8,000 per month. It was, however, seen in audit that students undergoing post graduate courses in the Institute were paid stipend at varying rates, ranging between Rs. 8,000 and Rs. 8,550 and were also allowed to draw HRA, DA, CCA, etc. at the rates applicable to normal Government servants. This resulted in irregular payment of Rs. 78.21 lakh during January 2003 to December 2003 in case of 92 postgraduate students.

Non-gazetted paramedical staff attending duty on Sundays/holidays and also attending night duty in the interest of patient care, are entitled to one month's salary in pursuance of Government orders. The allowance is not payable to ministerial or other staff. Contrary to this, the allowance was paid to the gazetted/ministerial staff, who were not concerned with the paramedical functions. This resulted in irregular payment of Rs. 56.65 lakh to these employees during the period from April 2001 to December 2003.

### **3.2.17 Other points**

Audit scrutiny also revealed that a block comprising five floors with total area of 9,000 square feet, was constructed at a cost of Rs. 5.26 crore. Further expenditure of Rs. 25.14 lakh was incurred on internal works of the block. Out of five floors, two floors having 32 beds, were to be allotted to patients on payment basis. It was, however, seen that no beds were allotted on payment resulting in non-achievement of intended objective.

### **3.2.18 Conclusion**

Though the Institute was declared as a research institute, it failed to undertake any research work. Dysfunctional machinery/equipment coupled with shortage of staff constituted a major bottleneck in providing adequate medical care to patients, need-based education in medical and health services, etc. Period required for clearance of backlog in conducting surgeries ranged between three and eight months. There is an imperative need for the Institute to develop excellence in teaching, to undertake research work and to provide quality treatment as a specialised referral hospital. Steps need to be taken to reduce

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\* Worked out at the rate of Rs. 500 per kilolitre allowed by the IOC

waiting time of patients requiring surgeries by making dysfunctional machinery/equipment functional.

The above points were referred to Government/Department in July 2004; reply had not been received (September 2004).



## Power Development Department

### 3.3 Stores and Stock Management in Procurement and Material Management Wing

*The Procurement and Material Management Wing was created for centralised procurement and supply of material and equipment. No proper check over inventory management could be exercised as there was no system of monitoring overall consolidated position of purchases and issue of store/stock. Stores valuing Rs. 2.85 crore procured during the period 1990-98 were not issued resulting in idling of these stores. Further investment of Rs. 2.16 crore made on modernisation of workshops remained unproductive due to non-release of balance funds.*

#### Highlights

- Between 13 per cent and 29 per cent of total expenditure was incurred on administrative expenses during April 1999 to March 2004. Further between 20 and 60 per cent of total expenditure was incurred during the last quarter of financial years 1999-2000 to 2003-04.

(Paragraph:3.3.4 and 3.3.5)

- Purchase of stores were made in excess of those advertised in tender notices. Against requirement of 2,149 transformers of different capacities during the period 2001-03, tenders were invited for 836 transformers against which 1,411 transformers were purchased.

(Paragraph: 3.3.6)

- Store items including energy meters procured during the period 1990-98 valuing Rs. 2.85 crore were not issued to the user divisions resulting in locking up of the investment made thereon. Further the Department created a liability of Rs. 4.43 crore on purchase of high precision energy meters.

(Paragraph:3.3.6)

- Direct purchase of stores aggregating Rs. 10.68 crore were made by the user divisions during the period 1999-2004 without obtaining non-availability certificate for such stores defeating the objective of centralised purchase of stores by the organisation.

(Paragraph: 3.3.10)



- Investment of Rs. 2.16 crore on civil works, erection of HT line, etc. for the modernisation of workshops was rendered unproductive as the remaining works were not completed due to non-release of balance funds.

(Paragraph: 3.3.13)

### 3.3.1 Introduction

The Procurement and Material Management wing of the Power Development Department, Government of Jammu and Kashmir was created in May 1981 for centralised procurement and supply of material and equipment required by user divisions of Electric Maintenance and Rural Electrification Wing and also for procurement of some common material up to a voltage level of 66 KV for user divisions of the System and Operations wing of the Department.

### 3.3.2 Organisational set up

The Procurement and Material Management Wing is headed by Chief Engineer at the State level. At the divisional level there are two Superintending Engineers Electric Purchase Circle-I, Jammu and Electric Purchase Circle-II, Kashmir (Srinagar) assisted by four Executive Engineers Electric Central Workshop Divisions Jammu and Srinagar and Electric Central Stores Divisions Jammu and Srinagar.

### 3.3.3 Audit Coverage

The functioning of the organisation was last reviewed in audit during March 1994 to June 1994 and comments included at paragraph 5.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1994. The present review conducted from September 2003 to March 2004 is based on test-check of records of the Chief Engineer, Procurement and Material Management (P&MM) Wing, Jammu and Superintending Engineers, Electric Purchase Circle I, Jammu and II, Srinagar, two Electric Central Store divisions (Jammu and Srinagar) and two Electric Central Workshop divisions (Jammu and Srinagar) covering the period from April 1999 to March 2004. The audit findings were further supplemented by test-check of the records of 11<sup>♥</sup> user divisions and two Chief Engineers, Electric Maintenance and Rural Electrification wing (Jammu and Srinagar). Important points noticed are brought out in the succeeding paragraphs:

### 3.3.4 Allocation and expenditure

The year-wise position of allocation of funds and expenditure incurred thereagainst by the organisation during the period from 1999-2000 to 2003-04 was as under:

♥ EM&RE Divisions: Vijaypur, Udhampur, Rajouri, Kathua, Division-I and -II Srinagar, Sub-Transmission Division Kathua, Udhampur, Kalakote, I- Srinagar and II-Srinagar.

**Table 3.13**

(Rupees in crore)

S. No	Year	Allocation	Total Expenditure	Administrative Expenditure	Percentage utilisation of funds
1.	1999-2000	18.40	12.75	3.64 (29)	69
2.	2000-01	16.75	16.37	3.75 (23)	98
3.	2001-02	16.68	16.08	3.96 (25)	96
4.	2002-03	24.42	22.99	4.10 (18)	94
5.	2003-04	37.72	33.90	4.33 (13)	90

(Figure in brackets represents percentage of administrative expenditure to total expenditure)

The utilisation of funds ranged between 69 *per cent* and 98 *per cent* during the period from 1999-2000 to 2003-04. Reasons for low utilisation of funds during 1999-2000 were not on record. Audit scrutiny, however, revealed that savings occurred due to delay in finalisation of rate contract. Between 13 *per cent* and 29 *per cent* of the total expenditure was incurred on administrative expenses during April 1999 to March 2004.

In addition to the funds allocated by the State Government as mentioned above the organisation received Rs. 57.15 crore during the period 1999-2004 from user divisions for procurement of stores and stock for them against which an expenditure of Rs. 56.06\* crore (98 *per cent*) was incurred. Store items costing Rs. 1.94‡ lakh in Central Store Division, Srinagar were not lifted by the user divisions (August 2004).

### 3.3.5 Rush of expenditure

Audit scrutiny of the records of four test-checked divisions revealed that expenditure was not uniformly incurred despite regular allocations as indicated in the following table: -

**Table 3.14**

(Rupees in crore)

Year	Total expenditure	Expenditure incurred during last quarter	Expenditure incurred during March
1999-2000	10.23	4.44 (43)	4.06 (40)
2000-01	20.20	12.04 (60)	7.97 (39)
2001-02	27.00	13.62 (50)	7.52 (28)
2002-03	36.06	14.56 (40)	7.60 (21)
2003-04	38.90	7.62 (20)	1.66 (4)

(Figures in brackets represent percentage of expenditure during the period to total expenditure)

\* 1999-2000: Rs. 1.11 crore; 2000-01: Rs. 7.80 crore; 2001-02: Rs. 16.80 crore; 2002-03: Rs. 15.52 crore; 2003-04: Rs. 14.83 crore.

‡ Amount received during 2001-02 and 2002-03

The above table would reveal that between 20 *per cent* and 60 *per cent* of the total expenditure was incurred during last quarter of the financial years 1999-2000 to 2003-04. Expenditure ranged between 21 *per cent* and 40 *per cent* during the month of March of the years 1999-2000 to 2002-03.

### 3.3.6 Inventory Control

There was no system of monitoring overall consolidated position of purchases and issue of stores/stock during the period 1999-2004 due to which proper check over inventory management could not be exercised. The Department had not fixed the minimum, maximum and re-ordering levels of the stores in quantitative terms for efficient inventory control. Further there was no proper system for obtaining complete requisitions from user divisions indicating technical specifications of the store items required. Test-check of the records revealed as under:

Purchase of stores was made on higher side than advertised in tender notices. Against the requirement of 2,149 transformers of different capacities during the period 2001-03, tenders were invited for only 836 transformers (39 *per cent*) against which 1,411 transformers (66 *per cent*) were purchased. The reasons thereof were not intimated to audit.

The Department purchased (September 1992 and September 1993) 55,000 energy metres (50,000 single phase and 5,000 three phase) for Rs. 1.84 crore out of which 39,848 single phase and 1,313 three phase meters only were issued and balance 10,152\* single phase and 3,687♦ three phase energy meters valuing Rs. 58.20 lakh were still lying idle in the stores (January 2004). The functional status of the meters issued to various user divisions for installation at the consumer places was not on record. Without taking cognizance of these idle energy meters the organisation further purchased (May-October 2002) 30,000 high precision electromechanical whole current meters (20,000: 10 Amp to 40 Amp and 10,000: 20 Amp to 80 Amp) valuing Rs. 4.43 crore in anticipation of allotment of funds and accord of administrative approval. Out of these 30,000 meters 2,675^ meters only were issued to user divisions which could also not be installed due to public resentment and the balance 27,325 energy meters were lying idle in stores (January 2004). The payment for these meters was not made to the firm (January 2004) due to paucity of funds. Unplanned purchase of energy meters resulted in idle investment of Rs. 58.20 lakh and creation of liability of Rs. 4.43 crore.

One hundred and forty three store items (*Appendix-20*) valuing Rs. 2.26 crore (Jammu: 47 items; Rs. 1.00 crore; Srinagar: 96 items; Rs. 1.26 crore) procured during the period 1990-98 were not issued to the user divisions resulting in locking up of investment made thereon (January 2004).

\* 262: ECSD Pampore Srinagar; 9890: EM&RE Division-Ist Srinagar  
♦ 2067: ECSD Jammu 1620: EM&RE Division Ist Srinagar  
^ ECSD Jammu: 1000; ECSD Srinagar: 1675

Stock items (*Appendix-21*) worth Rs. 21.29 lakh (Srinagar Division: Rs. 11.57 lakh; Jammu Division: Rs. 9.72 lakh) were found as non moving since the year 1994-95 rendering them idle and consequent locking up of investment thereon.

Fifty eight store items (*Appendix-22*) valuing Rs. 63.56 lakh (Jammu: 26 items; Rs. 7.73 lakh; Srinagar: 32 items; Rs. 55.83 lakh) procured during the period 1990-96 lost their shelf life and were declared unserviceable as these were not issued to the user wings in time resulting in unfruitful expenditure. Action for disposal of unserviceable items was not taken (January 2004).

### **3.3.7 Non-reconciliation of value accounts of stock**

To have an effective control over the stock and store balances, the quantity accounts for receipts, issues and balances at the close of each month are to be reconciled with the priced store ledger (value accounts) maintained in the divisional office. Similar reconciliation is to be done in respect of closing stocks in the divisional monthly accounts. The reconciliation of value accounts could not be reviewed as the stock items recorded in the priced store ledgers (PSL) were not valued with the result accuracy of store accounts could not be confirmed in audit. The Chief Engineer stated (October 2004) that instructions were being issued to divisional officers for maintenance of relevant records for an effective control over the stock and its reconciliation with PSL.

### **3.3.8 Value accounts of stock**

The year-wise position of receipt, issue and balance of stock in respect of Central Store divisions (Jammu and Srinagar) for the period from 1999-2000 to 2003-04 was as under:-

**Table 3.15**

(Rupees in crore)

<b>Year</b>	<b>Opening Balance</b>	<b>Receipts</b>	<b>Issues</b>	<b>Closing Balance</b>
1999-2000	5.05	8.87	9.93	3.99
2000-01	3.99	12.27	10.64	5.62
2001-02	5.62	11.83	12.64	4.81
2002-03	4.81	18.46	19.11	4.16
2003-04	4.16	33.24	29.72	7.68

The closing stock as of March 2004 of two Store divisions was reflected as Rs. 7.68 crore in the departmental records (Form 64) against Rs. 7.99 crore depicted in the stock accounts (Form 73) of these divisions. The variation had not been looked into and reconciled (August 2004).

### **3.3.9 Delay in finalisation of rate contract**

There was delay ranging between six months and 18 months in the finalisation of rate contract with the suppliers which not only resulted in late receipt of material and equipment but also forced user divisions to effect direct purchase of stores as discussed in the subsequent paragraph

### 3.3.10 Direct purchases by user divisions

The organisation was responsible for making centralised purchase of material and equipment required by user divisions of the Department at economical and competitive rates and direct purchases by the user divisions were to be resorted to only in the event of non-availability of the same with the organisation. It was however observed in audit that 11<sup>ψ</sup> test-checked user divisions had made direct purchase of stores aggregating Rs. 10.68\* crore during the period from 1999-2000 to 2003-04 without obtaining non-availability certificate for such stores from the organisation. Direct purchases by the user divisions defeated the intended objective of the organisation to ensure centralised quality purchase of stores at economical rates.

### 3.3.11 Non-execution of agreement

Purchase of stores were to be made after finalisation of rate contract and execution of agreement with the suppliers. Audit scrutiny of two Central Store divisions (Jammu & Srinagar) revealed that payment of Rs. 2.78 crore was made to the suppliers in 43 cases during 1999-2000 to 2003-04 before execution of agreements in violation of the codal provisions. Further payment of Rs. 16.47 lakh in five cases was made without execution of agreement with the suppliers during the same period.

### 3.3.12 Workshop Accounts

The two workshop divisions were created with the objective of repairing 66 KV/33 KV power transformers of all ratings, distribution transformers, HT/LT circuit breakers, control/relay panel and fabrication of line material, etc.

### 3.3.13 Unproductive expenditure on modernisation of workshops

Modernisation of two Central workshops at a cost of Rs. 2.21 crore was drawn up for Pampore, Srinagar (Rs. 1.80 crore; September 1989) and Jammu (Rs. 40.26 lakh; October 1994) which was revised (1998) to Rs. 6.51 crore (Jammu: Rs. 1.66 crore; Srinagar: Rs. 4.85 crore) to include additional items of work<sup>α</sup> without accord of administrative approval and technical sanction. An amount of Rs. 2.16 crore (Srinagar: Rs. 127.19 lakh and Jammu Rs. 88.40 lakh) was incurred on civil works, erection of HT Line, machinery and equipment of the project during 1994-2002. The balance funds to the extent of Rs. 4.36 crore (Jammu: Rs. 78.08 lakh and Srinagar Rs. 3.58 crore) were not provided for completing the remaining work with the result that the investment made to the extent of Rs. 2.16 crore remained unproductive for a period of over eight years

<sup>ψ</sup> Jammu: EMRE Vijaypur, Kathua, Udhampur, Rajouri, EMRE –I Srinagar, II Srinagar, STD: Kathua, Udhampur, Kalakote, STD-I Sriangar, II Srinagar

\* Jammu, 7 divisions: Rs. 7.64 crore; Kashmir, 4 divisions: Rs. 3.04 crore.

<sup>α</sup> Repairing power transformers, fabrication of HT/LT coils, 11 KV/33 KV knife sets, switches, dropout sets, insulator, pins, etc.

besides non-achieving of the objective of repairing the desired number of transformers and fabrication of key line material. The cost of idle investment worked out to Rs. 1.03 crore. While examining the project for technical clearance, the Chief Engineer, Electric Planning and Designs Wing pointed out (July 2002) over-estimation in costs, non providing of specification for most of the equipment, variance in rates and suggested hiring of services of a specialised consultant for its revision but same was not undertaken by the Department (December 2003).

### **3.3.14 Value accounts of workshops**

The year-wise position of stocks held by the workshop divisions for the period from 1999-2000 to 2003-04 was as under: -

**Table 3.16** (Rupees in lakh)

<b>Year</b>	<b>Opening Balance</b>	<b>Receipts</b>	<b>Issues</b>	<b>Closing Balance</b>
1999-2000	76.65	12.84	17.24	72.25
2000-01	72.25	21.04	24.73	68.56
2001-02	68.56	16.81	20.81	64.56
2002-03	64.56	28.30	15.92	76.94
2003-04	76.94	5.80	14.57	68.17

Against the closing stock of Rs. 68.17 lakh (Jammu: Rs. 48.33 lakh; Srinagar: Rs. 19.84 lakh) held by two central workshop divisions at the close of March 2004 as per expenditure statements (Form 64), the divisions had shown the balance of Rs. 71.21 lakh (Jammu: Rs. 48.29 lakh and Srinagar: Rs. 22.92 lakh) in their monthly stock accounts (Form 73) revealing difference of Rs. 3.04 lakh which had not been looked into and reconciled.

### **3.3.15 Few repairs in workshops**

The Department had not fixed the targets for repairing of damaged transformers and for fabrication of line material in two workshop divisions. The position of transformers repaired and line material fabricated during the period from 1999-2000 to 2003-04 was, however, as under:

**Table 3.17**

<b>Year</b>	<b>Transformers repaired</b>		<b>Line material fabricated</b>	
	<b>Jammu</b>	<b>Srinagar</b>	<b>Jammu</b>	<b>Srinagar</b>
1999-2000	33	24	2547	Nil
2000-01	77	14	4560	2500
2001-02	42	23	Nil	765
2002-03	18	5	6525	258
2003-04	8	Nil	1235	20

While Electric Workshop Division, Jammu repaired 178 transformers during the period 1999-2000 to 2003-04, the number of transformers repaired during the same period in Srinagar workshop was only 66. The reasons for repairing a few transformers was attributed by the Executive Engineers of the Workshop divisions to the fact that user divisions of Electric Maintenance and Rural Electrification wing were not sending their damaged transformers to them and were getting the same repaired from open market. The Chief Engineer, had time and again directed (September 2003) these user divisions to send the damaged transformers to central workshop divisions for repairs. Audit scrutiny revealed that during the period 1999-2000 to 2003-04, 11 user divisions spent Rs. 2.61 crore on repairing of 1,384 transformers from open market without obtaining permission from the Central Workshop divisions.

The average cost of repairing each distribution transformer was Rs. 0.05 lakh in Jammu workshop and Rs. 0.28 lakh in Srinagar workshop. Reasons for these variations were not on record.

### **3.3.16 Non-maintenance of Proforma Accounts**

The Proforma Accounts were not maintained by the workshop divisions as a result of which the Department could not monitor the functioning of these workshops including consumption of raw material and sale of finished items.

### **3.3.17 Manpower Management**

The Department had neither fixed norms for assessment of manpower requirement nor framed job profile for different cadres. Though sanctioned stock reserve limit for each central store division and for each workshop division (Jammu and Srinagar) was uniform, there was no uniformity in respect of sanctioned posts for these divisions. Reasons for unbalanced sanction of posts<sup>W</sup> were neither on record nor intimated.

### **3.3.18 Miscellaneous P.W. Advances**

Miscellaneous P.W.D. Advances to the extent of Rs. 37.33 lakh was lying outstanding (firms/contractors: Rs. 34.70 lakh; Individual officials/divisions Rs. 2.63 lakh) as of July 2003 in Stores Division Jammu. The year-wise break up was not available in the division.

### **3.3.19 Public works Deposits**

Deposit register maintained in two store divisions were incomplete. Efforts were not made for crediting unclaimed deposits exceeding three years to Government account as lapsed deposits as per codal provision. Deposit schedules

<sup>W</sup> Workshop division Srinagar: 80; Workshop Division Jammu: 65, Central store division Srinagar: 57; Central store division, Jammu: 52, Superintending Engineer, EPC-II, Srinagar: 103; Superintending Engineer, EPC-I, Jammu: 68

of the two stores divisions revealed credit balance of Rs. 11.91 crore (Jammu: Rs. 6.12 crore, July 2003; Kashmir: Rs. 5.79 crore ending August 2003) which included minus credit balances of Rs. 2.48 crore (Rs. 1.96 crore Jammu and Rs. 0.52 crore Kashmir) indicating that stores in excess of the deposits held had been issued to the user divisions. Audit Scrutiny in Central Store Division, Jammu revealed that Rs. 1.24 crore was lying outstanding against 23 user divisions including two Government corporations (Rs. 2.56 lakh) since April 1998 and no action had been initiated for their adjustment/recovery.

### **3.3.20 Non-realisation of supervision charges**

According to the codal provisions supervision charges at the rate of 10 *per cent* of the value of stores issued to other Governments/autonomous bodies/corporations, etc. was to be recovered from them. The charges had not been realised by the two store divisions on account of sale of store items (cost: Rs. 1.02 crore) to State/Central Government owned corporations during the period 1998-99 to 2002-03 resulting in loss of revenue of Rs. 10.20 lakh. On being pointed out in audit the Chief Engineer stated (October 2004) that two central stores divisions Jammu and Srinagar had started charging supervision charges with effect from January 2004 and September 2004 respectively.

### **3.3.21 Conclusion**

There was no system of monitoring overall consolidated position of purchases/issue of stores/stock and of obtaining complete requisitions from user divisions indicating technical specifications due to which proper check over inventory management could not be exercised. The objective of centralised purchase of stores by the organisation was not achieved fully as the user divisions made direct purchase of stores and further some store items procured were not issued to the user divisions resulting in locking up of the investment. Investment made on modernisation of workshops was rendered unproductive due to non-release of balance funds. Eleven user divisions repaired transformers from open market without obtaining permission from the central workshop divisions of the Department.

### **3.3.22 Recommendations**

The Department should follow proper system of obtaining complete requisitions from user divisions and exercise efficient inventory control. Delay in finalisation of rate contract with the suppliers should be avoided and direct purchase of stores by user divisions restricted. Effective steps should be taken for disposal of non-moving and unserviceable store items and energy meters procured by the organisation should be efficiently utilised. The workshop divisions have to be made functional to the optimum capacity and the practice of repairing transformers by user divisions from open market should be dispensed with.



## Forest Department

### 3.4 Integrated Watershed Development Project

#### 3.4.1 Introduction

Integrated Watershed Development Project (IWDP), Hills-II, a World Bank supported Project, was taken up in the State of Jammu and Kashmir from September 1999 with retroactive financing from March 1999 to improve the productive potential and alleviating poverty in the contiguous areas with focus on decreasing soil erosion and increasing water availability. The life of the project was initially for five years (up to March 2004), which was extended (May 2002) by another year up to March 2005. Under the project four sub-watersheds, two in the Shivalik Hills of Jammu and two in the Karewas of Kashmir, were identified for treatment.

The project has two main components *viz.* Watershed Protection and Development and Institutional Strengthening. Watershed Protection and Development includes activities like agriculture/horticulture demonstration, afforestation, pasture/livestock development, silvipasture, etc. Institutional Strengthening covers activities like beneficiary capacity building, policy reforms, human resource development and income generating activities, etc.

The impact of implementation of the project could not be ascertained in audit as no baseline survey had been conducted before its launching.

The implementation of the project for the period 1999-2004 was reviewed in audit by test-check of the records of Project Chief, IWDP and Chief Executive Officers (CEOs) Akhnoor/Ramnagar, covering an expenditure of Rs. 90.53 crore (53 *per cent* of total expenditure). Important points noticed are brought out in the succeeding paragraphs.

#### 3.4.2 Financial outlay and expenditure

The project is financed in the ratio of 23:70 between the State and the Central Governments, while the remaining seven *per cent* (overall) is to be contributed by the beneficiaries by way of cash or kind<sup>^</sup> which is to be credited to the project account. Initially the State Government provides funds for execution of the project which are subsequently reimbursed by the Central Government. The World Bank replenishes the accounts of the Central Government at regular intervals on the basis of expenditure incurred on the project.

The table below indicates total availability of funds as also the expenditure incurred thereagainst on the project during 1999-2004.

<sup>^</sup> Labour/material

**Table 3.18**

(Rupees in crore)

<b>Year</b>	<b>Total availability of funds</b>	<b>Expenditure</b>
1999-00	25.67	24.83
2000-01	43.61	42.13
2001-02	48.01	46.60
2002-03	37.58	31.87
2003-04	31.30	26.82
<b>Total</b>	<b>186.17*</b>	<b>172.25</b>

Following points were noticed in audit:

In case of vegetative field boundaries, terrace repair and agro-forestry, 50 *per cent* of the cost was to be borne by the beneficiaries. It was, however, noticed that against Rs. 73.34 lakh recoverable during 1999-2003 as contribution from the beneficiaries, only Rs. 20.93 lakh had been realised, resulting in short recovery of Rs. 52.41 lakh.

Government stated (September 2004) that beneficiary contribution was a new concept which took considerable time for implementation. The reply was not tenable as contribution from beneficiaries was intended to enthuse sense of belonging in them.

Construction of livestock shelters at Keler (cost: Rs. 15 lakh) was got done through Small Scale Industries Development Corporation Limited (a Government company) without involvement of beneficiaries. As a result beneficiary contribution required to be recovered at 60 *per cent* (Rs. nine lakh) could not be realised.

Government stated (September 2004) that livestock shelters were meant for nomadic community as such it was not possible to recover beneficiary contribution. The reply was not tenable as project guidelines envisage promoting effective community involvement in planning project activities and managing their execution.

## **Watershed Protection and Development**

### **3.4.3 Agriculture**

According to Project Appraisal Document, silvipasture<sup>‡</sup> was to be executed only on non-arable land. Audit scrutiny revealed that Rs. 47.95 lakh was incurred on this activity during 1999-2000 covering 370 hectares of private arable land. In reply to an audit query, the Project Chief admitted (November 2003) that

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\* Includes beneficiaries contribution of Rs. 9.83 crore relating to 1999-2003

‡ Activity relating to growing of fodder and fuel wood

the expenditure was incurred in the initial stage of the implementation, as the area had acute fodder problems.

#### 3.4.4 Rural Infrastructure

Against the projected quantity of creating 14,000 cubic meter crate wire structure for drainage line stabilisation (estimated cost: Rs. 64.40 lakh), the CEO Sub-watershed, Rambiarra created 1,18,625 cubic meter crate wire structures at an expenditure of Rs. 8.54 crore during 1999-2002. The World Bank reprimanded the project authorities for incurring excess expenditure (Rs. 7.90 crore) over the estimated cost.

Government stated (September 2004) that World Bank put embargo on further crate work during 2002-03 in the entire project.

Project guidelines envisage construction of village ponds, water harvesting structures or shallow dams of less than 15 meters depth, lift irrigation structures/wells and other water collection facilities, such as root tanks, channels, etc. Contrary to this, CEO Sub-watershed, Rajwar took up (2000-01) construction of six irrigation dams and six mechanical irrigation schemes (total estimated cost: Rs. 2.56 crore) in anticipation of administrative approval/technical sanction, which were outside the purview of the project. After incurring Rs. 1.22 crore on these works, further execution was stopped (March 2003) as World Bank did not provide funds for these construction works as these were not low cost, self sustained, planned and maintained by beneficiaries. This resulted in unproductive/unauthorised expenditure of Rs. 1.22 crore.

Government stated (September 2004) that the schemes would be executed out of State plan funds.

The World Bank approved construction of potable water supply schemes like *bowlies*, wells, etc. in the Shivalik and Karewa areas. The unit price for each scheme was approved by the World Bank. Audit scrutiny revealed that the unit cost was exceeded in each of the following schemes, resulting in excess expenditure of Rs. 22.02 lakh during 2002-03 as indicated below:

Table 3.19

S. No.	Name of work	Approved unit cost	Number of schemes/units executed	Expenditure per unit	Extra cost involved
1	Water Supply Schemes	Rs. 3.40 lakh	2	Rs. 5.39 lakh	Rs. 3.98 lakh
2	<i>Bowlies</i> /springs	Rs. 22700	58	Rs. 33793	Rs. 6.43 lakh
3	Deep wells	Rs. 45380	23	Rs. 80391	Rs. 8.05 lakh
4	Dug Wells	Rs. 45385	54	Rs. 51981	Rs. 3.56 lakh
	<b>Total</b>				<b>Rs. 22.02 lakh</b>

The reasons put forth by Government (September 2004) that extra expenditure was due to variation of rates from site to site was not tenable as these aspects were to be taken into consideration while framing the initial estimates.

## **Other points**

### **3.4.5 Incurring of unauthorised expenditure**

The CEO, Sub-watershed, Akhnoor executed 419 civil works at a cost of Rs. 2.56 crore (payments made: Rs. 40.52 lakh; liability incurred: Rs. 2.15 crore) during 2000-02. The works were executed in anticipation of administrative approval. The works did not involve soil and water conservation activities and were therefore not approved by the World Bank. This resulted in unauthorised expenditure of Rs. 40.52 lakh and creation of liability of Rs. 2.15 crore.

On being pointed out, the Government stated (September 2004) that the liability was created at the behest of MLA, Akhnoor and would be cleared through State plan funds.

### **3.4.6 Unfruitful expenditure**

Construction of a building for training institute and guest house at Gladni, Jammu (estimated cost: Rs. 37.75 lakh) to be used during project life was taken up (1999-2000) by the Project Chief, IWDP in anticipation of administrative approval and technical sanction. During March 2001, when the construction work had reached the slab level (expenditure: Rs. 34.54 lakh), further execution of the work was stopped due to change of proposal.

On this being pointed out, Government stated (September 2004) that the construction work of building was completed in June 2004 and made functional in July 2004. The utilisation of building for training purpose will be minimal as life of project is only up to March 2005.

### **3.4.7 Procurement of material**

Procurement of material was to be made by national competitive bidding/national shopping or direct contracting methods, depending upon value of contract. Test-check revealed that CEOs, Akhnoor/Ramnagar purchased stores for Rs. 4.08 crore directly from Government undertaking and co-operative societies (SICOP<sup>ψ</sup>, CONFED<sup>&</sup> and JAKFED<sup>β</sup>) without resorting to the process of tendering.

Government stated (September 2004) that in future no direct procurement would be made from SICOP.

It was also noticed that the Project Chief purchased (April 2001) Scanner and Plotter for GI software for Rs. 18.60 lakh against the lowest bid offer of Rs. 12.58 lakh on the plea of technical superiority. This had rendered the process of tendering a futile exercise.

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<sup>ψ</sup> Small Scale Industries Development Corporation

<sup>&</sup> Consumer Federation

<sup>β</sup> Jammu and Kashmir Co-operative Supply and Marketing Federation Limited