

CHAPTER - I

1.1 Introduction

A Comprehensive Reconstruction Plan, the Prime Minister's Development Package (PMDP) was announced for the erstwhile State of Jammu & Kashmir (J&K) on 07 November 2015 with an outlay of ₹ 80,068 crore by the Prime Minister of India. This package included 63 projects which are grouped under five sectors called core pillars. These five core pillars are:

- Humanitarian Relief,
- Crisis Management,
- Social Infrastructure,
- Development Projects and
- Economic Infrastructure

The PMDP, *inter alia*, aims at expanding the economic infrastructure; ensuring the basic services; give thrust to employment and income generation; providing relief and rehabilitation to the victims of September 2014 floods; and to strengthen the Disaster Management Framework of the erstwhile State. The Reconstruction Plan also seeks to strengthen the economic and social infrastructure to ensure balanced development of the three regions¹ of the erstwhile State of J&K. The Ministry of Home Affairs (MHA), Government of India (GoI) is the nodal agency at the GoI level for monitoring implementation of PMDP projects in the erstwhile State of J&K. The individual projects are being implemented under direct supervision of the concerned Ministry of the GoI.

The financial package under the PMDP with number of Projects being executed by the GoI and the Government of J&K (GoJ&K) are given in **Table 1.1**.

Table 1.1: Sector wise details of projects under PMDP

Sl. No.	Sector	Number of Projects		Project Costs (₹ in crore) (Percentage of total outlay)	Amount Sanctioned GoI (₹ in crore)	Expenditure (₹ in crore)
		GoI	GoJ&K			
1.	Humanitarian Relief	0	7	6,313.00 (8)	6,307.38	3,181.84
2.	Crisis Management	0	7	5,858.00 (7)	4,212.63	2,248.53
3.	Social Infrastructure	6	4	8,057.00 (10)	8,652.42	1,530.77
4.	Development Projects	1	12	5,521.00 (7)	4,173.09	1,639.15
5.	Economic Infrastructure	17	9	54,319.00 (68)	33,763.55	19,805.11
	Total	24	39	80,068.00	57,109.07	28,405.40

(Source: Monitoring report on PMDP 2015; status as on 31 March 2019)

¹ Jammu, Kashmir and Ladakh.

Overall, 63 projects were included under the PMDP with a total project outlay of ₹ 80,068 crore against which ₹ 57,109.07 crore (71 *per cent*) was sanctioned and ₹ 30,808.31 crore (38 *per cent*) was released by the GoI as of 31 March 2019. The expenditure incurred up to 31 March 2019 was ₹ 28,405.40 crore. The project wise details along with the project cost, sanctioned cost, funds released and expenditure incurred till 2018-19 are given in **Appendix 1.1**.

The Departments/ Agencies of GoI were executing 24 projects and ₹ 19,708.02 crore was released till March 2019, out of which an expenditure of ₹ 19,122.56 crore was incurred. Similarly, the Departments/ Agencies of the GoJ&K executed 39 projects with a project outlay of ₹ 35,985 crore for which ₹ 11,100.28 crore was released and expenditure of ₹ 9,282.84 crore incurred till March 2019.

1.2 Audit Objectives

The Audit objectives were to assess whether:

- Structural mechanisms were in place by the GoJ&K for implementation of the projects and Infrastructural facilities; staff requirements for implementation of the projects was adequate and effective;
- Funds were released, accounted for and utilised by the implementing agencies of GoJ&K on time and in compliance with the provisions of applicable financial rules and standing orders/ instructions;
- Primary objective of ensuring employment to at least 70 *per cent* of the trainees had been achieved and whether selection of Project Implementing Agencies and trainees in the Himayat Scheme was in accordance with laid down norms;
- Flood affected households/ traders were identified properly and surveys conducted for identification of the beneficiaries were adequate and financial assistance had been paid to the eligible beneficiaries as per laid down norms;
- Adequate survey for damaged works, priority works under crisis management was carried out effectively, execution of the works was carried out economically and efficiently; and
- Mechanism for monitoring of flood management works of river Jhelum/ Permanent restoration of damaged infrastructure was in place; the damaged assets were identified properly, the damaged infrastructure had been fully restored and is functional and monitoring and evaluation of the projects was adequate and effective.

1.3 Audit Criteria

The Audit criteria have been derived from the following sources:

- J&K Financial Code and J&K Public Works Account Code, instructions/ sanctions issued by the GoJ&K/ GoI from time to time for implementation of the projects and Performance indicators framed by the GoI/ GoJ&K;
- Norms and Specifications provided in the Detailed Project Report (DPR) and physical/ financial progress reports, tender documents;
- Guidelines framed for appointment and regularisation of Special Police Officers (SPOs) by the Home Department, GoJ&K; Orders/ instructions issued by the GoJ&K for identification of households/ traders affected by the floods of September 2014 and various orders, notifications, circulars, instructions issued by the GoI/ GoJ&K for payment of financial assistance to the affected beneficiary households/ business units;
- Guidelines of Interest Subvention Scheme and decisions of Jammu & Kashmir State Level Bankers Committee (JKSLBC) relating to implementation of the Scheme in the erstwhile State; Operational Guidelines of Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and Standard Operating Procedures issued by Jammu & Kashmir State Rural Livelihood Mission; and
- Reports of damaged assets and instructions/ orders issued by the Department for execution of flood management works and Flood Management Programme (FMP) Guidelines of GoI.

1.4 Audit Scope and Methodology

The PMDP is a package of 63 individual projects, with individual objectives; individual financing strategy as well as different implementing agencies for execution of projects during the period 2014-15 to 2015-2019. Though the objective of each project is different yet they are categorised broadly under five different sectors for implementation purpose. For drawing up the Audit Sample while preparing this Audit Report, on the basis of physical and financial targets *vis-a-vis* their achievements including risk and materiality factors, 16 projects of PMDP out of 39 projects being implemented by the GoJ&K, under four sectors, Humanitarian Relief, Crisis Management, Social Infrastructure and Development Projects (**Appendix 1.2**) were test-checked by audit during April 2019 to November 2019. The audit findings are discussed in detail under Chapter II to Chapter V of this Report. No project under the sector of Economic Infrastructure was selected for Audit since majority of the projects are executed by the Departments/ Agencies of GoI.

An Entry Conference was held with the Principal Secretary, Planning Development and Monitoring Department, GoJ&K on 20 May 2019, wherein the objective, scope, criteria and methodology of audit were discussed. Audit findings were discussed in an Exit Conference held with the Financial Commissioner, Department of Finance, GoJ&K on 20 August 2020 which was attended by all Heads of Departments/

Implementing agencies of the GoJ&K. The replies of the Department have been suitably incorporated in the report.

The Indian Audit and Accounts Department acknowledges the cooperation and assistance provided by the concerned Departments of GoJ&K in production of records and furnishing of information during the conduct of this audit assignment.