

PHYSICAL VERIFICATION REPORT

(Conducted by Dy. Dsirector, Planning on 02-12-2011)

1. Name of Project: Industrial Growth Centre Samba
2. Funding: Central Assistance and State Plan
3. Executing Agency: J&K SIDCO
4. Year of Start: 1996-97
5. Targeted Year of completion: 2005-06 (Phase-I)
2007-08 (Phase-II)

6. Financial Status:

(Rs. In crore)

Particulars	Central share	State share	Total
Project Cost	15.00	43.05	58.05
Funds received	15.00	24.92	39.92
Expenditure incurred	15.00	24.92	39.92
Balance funds required	0.00	18.13	18.13

7. Physical Status:

S.No.	Particulars	Achievement
A	Land Acquisition & Development	Against target of 6193 Kanals only 3494 Kanals acquired under Phase-I & Phas-II, out of which 3060 kanals developed and about 2854 kanals allotted. Acquisition of 2763 kanals and 02 marlas of land identified for phase-III is under process.
B	Establishment of Industrial Units	321 units are established in the land allotted under phase-I and II. However, only 109 units are producing units while as 17 are closed and 195 are under development.

C	Development of Infrastructure	
1	Water supply	Five OHTs of one lac gallon each along with five pump rooms and 02 sump tanks of one lace gallon each constructed and commissioned to provide water supply to units established under phase-I and II
2	Electricity	Two electric sub-stations commissioned, one each in phase-I and II, and network of HT/LT lines laid to provide electricity to units established in phase-I and II
3	Roads, Lanes and Drains	Most of the roads, lanes and drains constructed in areas where industrial units have been established in phase-I and II
4	Office complex	Administrative office constructed under Phase-I
5	Commercial complex	Commercial complex constructed under Phase-I
6	Police station and Fire station building	Buildings for Police station and Fire station constructed under Phase-I
7	Construction of Rotary	Two rotaries constructed, one each in area under phase-I and II
8	Construction of guest House	Gust house constructed under phase-I
9	Development of parks and green belt area	Small lawn developed in front of office complex. Park at entry point of phase-I and within the guest house complex needs to be developed
10	Construction of compound fencing	Along the Basantar river protection bund constructed by Flood Control Department. Fencing provided at a few places along national highway and around infrastructure such as, guest house, office, electric sub-stations, OHTs etc. Most of fencing is yet to be done
11	Treatment plant for management of solid waste	Site for construction of treatment plant for disposing off solid waste of the industries located in area under phase-II identified, but work yet to be taken up

8. Field observations:

The project for development of an Industrial Growth Centre at Samba, to be executed in phases, was envisaged to be taken up in the year 1996-97. However, the year-wise expenditure statement (annexure 'A') provided by SIDCO indicates that funds were released under the project from the year 2000-01 onwards. After lapse of 11 years about 90% of works under phase-I and 60% of works under Phase-II stand executed by J&K SIDCO after utilizing an amount of Rs 39.92 crore. The construction work under Phase-III has not started yet due to delay in acquisition of proprietary land.

The said IGC was planned to be developed after acquiring about 6193 kanals of land along the left bank of river Basantar near Samba town. However, only 3494 kanals of land has been acquired under phase-I and II while the process of acquiring another 2763 kanals and 02 marlas of land identified for phase-III is in progress. Out of 3494 kanals acquired under phase-I and II, about 3060 kanals has been developed but only 2854 kanals stand allotted on lease to 321 industrial units for a period of 90 years. A premium of Rs 34.19 crore has been collected from the industrial units which have been allotted land till August 2011. These 321 units were allotted land in anticipation of generating 15000 jobs by way of investing about Rs 1300 crore for their establishment.

The immediate issue on which SIDCO is focussing is acquisition of land for development of phase-III of the industrial complex. The village-wise detail of land identified for Phase-III along with progress of acquisition process is given below: -

SNo.	Name of Village	Land in Kanals	Remarks
1.	Karandi	468 K 04 marla	Section 17 completed & draft award under preparation with ADC-Samba.
2.	Rakh Amb-Tali	796 K 16 marla	
3.	Rakh Amb-Tali	784 K 07 marla	
4.	Ram-Nagar	713 K 15 marla	For section 17 case lying with Financial Commissioner (Rev.)
	Total	2763 K 02 marla	

The concerned General Manager of SIDCO informed that Director, Industries & Commerce has communicated that the amount on account of land compensation works out to Rs 35.30 crore against which Rs 28.00 crore have already been made available to the Revenue Department. He requested that the Deputy Commissioner,

Samba and Financial Commissioner, Revenue may be asked to process the land acquisition cases in their offices at the earliest so that construction work of phase-III is started. It was also observed that certain shops and new structures existed on the land that was to be acquired. The GM apprised that these structures were not there earlier but had come up recently and there is need to stop such development by the private land owners so as to ensure that the structure compensation does not add up to the compensation amount to be paid to the land owners which has already been worked out by the Revenue Authorities.

As far as the physical status of infrastructure developed under Phase-I and Phase-II is concerned, SIDCO claims that the works are complete under Phase-I and are in the process of completion under Phase-II. However, after inspecting the complex, it seemed that certain works have been executed but their claims are puffed-up as a lot more still remains to be done in order to develop the two phases entirely. The trunk roads, lanes and drains, most of which have been developed long ago are in bad condition and need to be repaired/ reconstructed on most of the stretches. The maintenance of roads, lanes and drains does not seem to have been carried out ever since these were constructed. About four industrial units were also inspected and the Managers of all these units expressed their displeasure over the bad condition of roads within the industrial complex. The Executive Engineer (Civil) informed that the Industries Department would be providing some funds during the current year to SIDCO for up-gradation/ improvement of roads in all the industrial complexes in the state including IGC Samba.

While enquiring about internal resources of SIDCO, it was informed that the premium of Rs 34.19 crore collected from the industrial units against lease of land is kept as a deposit and is not expended. This leaves SIDCO only with the interest earned on the premium amount and the annual rent of land, water supply, etc charged from the units to whom land has been allotted.

While examining the statement of annual receipts/expenses of IGC Samba prepared by SIDCO it was learnt that against revenue receipt of Rs 176.78 lacs during 2010-11, an expenditure of Rs 89.55 lacs had been incurred. The lease rent collected during the year was just Rs 71.20 lacs and the interest earned on the premium was only Rs 2.94 lacs. Analysis of the expenditure figures indicated that about Rs 79.30 lacs were incurred on Salary/C.P.Fund and the rest amount of Rs 10.25 lacs on other

items such as O.E, TA/DA, POL, repairs etc. Another interesting aspect that was observed from the three years revenue receipts statement (annexure 'B') is that the amount of lease rent collected has been decreasing. The lease rent collected in 2009-10 was Rs 84.63 lacs which came down to Rs 71.20 lacs in 2010-11 and an amount of Rs 60.70 lacs has been collected in 2011-12 upto November 2011. Similar pattern was also observed in collection of water charges.

SIDCO needs to verify the reasons and take necessary steps to ensure that there are no defaulters and revenue is collected on annual basis.

The poor status of revenue generation by IGC Samba seems to be preventing SIDCO from carrying out necessary repairs/maintenance works in the industrial complex. While discussing with the GM about the ways and means to enhance its revenue from IGC Samba, it was learnt that annual rent of land charged from the units is very meagre and has not been revised ever since these were fixed by the Government. There is apprehension that the two associations of the managers of the industries established in IGC Samba which are strong and wealthy organisations might be influencing the Government in the Industries & Commerce Department in revising the annual rent on land, water etc.

It is time that the rent on land utilized by the industrial units is enhanced and fixed at par with the prevailing market rates in the adjoining areas. The Government also needs to ensure that the land/water rent is revised regularly so that SIDCO generates enough revenue to carry out maintenance/repair works after deducting the salary of its employees and other recurring office expenses.

While enquiring about other major problems, apart from financial constraints being faced at IGC Samba, the officers of SIDCO as well as Manager of some of the industrial units that were visited highlighted the issue of non-availability of road connectivity between areas under Phase-I and Phase-II. The area under Phase-I is along the NH-1A and easily approachable, whereas Phase-II lies behind area under Phase-I on an elevated piece of land and is presently being approached from Samba town since; in between the area of the two phases of the complex lies defence land. The concerned General Manager of SIDCO was of the view that there was urgent need for constructing a road to connect areas under Phase-I and Phase-II of IGC, Samba but the defence authorities are not ready to offer their

land for the purpose. It was informed that construction of the proposed road would not just save the extra 20-25 minutes that it now takes to go from Ph-I to Ph-II but would also give relief to the residents of Samba town through whose markets and residences the heavily loaded trucks carrying raw material as well as the finished products ply to and fro at present. It was brought to notice that army conducts firing practice on the land falling between the areas under the two phases at certain occasions and have been reluctant to provide land due to security concerns.

Even if the defence is un-willing to transfer its land to the State they could be asked to at least provide a corridor through which a road could be constructed. In case the defence is unwilling to provide even the necessary corridor for construction of the proposed road then there is no option but to continue with the present practice of travelling through commercial/residential area of Samba town. However, in that case, there is need to upgrade the single lane stretch of road falling between the Samba town and the area under Phase-II of the IGC Samba into a double lane by the PWD(R&B).

Two electric sub-stations have been constructed by PDD, one each in area falling under Phase-I and Phase-II of the IGC. The sub-station for Phase-I was constructed some time back but the sub-station for Phase-II was recently constructed. Manager of an industrial unit located in Phase-II did express the inconvenience faced by his industry due to non-availability of power supply until the new sub-station was commissioned recently. He told that their power expenses which were earlier linked with quantity of fuel utilised by DG sets have come down to considerable extent adding some more amount to the industry's profits. It was also brought to notice that the cost of the first sub-station is included in the expenditure reported by SIDCO but that of the second is not. The funds for constructing the second sub-station were not routed through SIDCO and the decision in this regard might have been taken at the highest level in Industries, Power and the Planning Department.

The four industrial units that were visited had adequate machinery/ equipment to treat the solid/ liquid waste within the area allotted to them. The liquid waste is being treated by them and water used to irrigate lawns and plants within their industrial premises. There were also some industrial units within the IGC where chimneys were emitting smoke/ gases and other pollutants in the air. A couple of

trees planted in the vicinity of the chimneys had shed their leaves and seemed to be in the process of getting dried before age.

The State Pollution Control Board must have given its clearance for establishing such units but it needs to re-examine the atmospheric pollution levels in and around the IGC to ensure that these are bare minimum and within permissible limits. Any unit which is polluting the air to an extent that flora and fauna of the place is endangered needs to be shut down or shifted to some other location which is away from residential/commercial areas and vegetation.

As regards the status of employment generation by the industrial units functioning in IGC Samba is concerned, the figures furnished by SIDCO indicate that locals have not been benefitted much from the IGC directly but indirectly they must have benefitted due to growth of commercial activity in an around Samba town. The industries that have come up at Samba seem to be capital intensive rather than labour intensive. Out of 321 industrial units that have been allotted land with potential of generating 14,365 jobs only 109 units are in production while as 17 units are closed and 195 units are in the process of development. Even in the 109 units that are functioning, only 3106 people have been employed against potential of generating 6088 jobs. That is, the 109 units that are running have engaged only 50% of employees against targets they had claimed to achieve while obtaining land from SIDCO. Out of 3106 employees, 2219 are locals and 887 non-locals. It was also learnt that the regular employees in the units that were functioning are very few and mostly at the management level. The labourers are engaged on contractual basis and depending upon the need which varies over a period of time and the production patterns of the industries. The managers of the industries informed that it is hard to find locals having the desired skills for working in their units. Another interesting aspect that came to light is that the locals are reluctant to do petty jobs on meagre wages offered by these industries and these jobs are therefore taken away by jobless labourers coming to J&K from other Indian states.

The administrators in the state ITIs and Poly-techniques need to visit the different industrial complexes of the state and study the nature of units that are coming up and the skills which these industries demand from its personnel so that such new courses are started in the ITIs/ Poly-techniques. Training has to be imparted to the local youth in the skills that are in demand in the industries that are being established in our

state. The trained youth could be sent to these industries as in-turns before proving their worth and obtaining regular employment.

The guest house building which was also constructed about 10 years back is not in a good condition when viewed from outside. The building was found locked and the keys were with R&B Division Samba which was earlier functioning from this place and had recently shifted to the new district office complex. The General Manager concerned informed that the R&B is supposed to pay them rent until the day it hands over the keys and, as such, SIDCO did not incur financial loss.

However, the General Manager was asked to take over the keys from R&B and put the building to use for their own purpose or by renting it to those interested, as the condition of the building would deteriorate without regular maintenance and when not used for a longer period of time.

The commercial complex constructed under phase-I had a branch of J&K Bank and many shops which had already been allotted. However, most of the shops were found closed and the owners of the few shops that were open informed that as on date there wasn't enough business for these shops and hence most of the owners had decided to close these down when they could not withstand the losses incurred continuously month after month.

Here again, SIDCO needs to make efforts to ensure that the closed shops are re-opened by the owners and not kept as an asset without immediate utility but to speculate and make money in future.

Five overhead tanks of one lac gallon each have been constructed and commissioned to supply water to IGC Samba. Three of these OHTs along with pump rooms are located in area under phase-I and two in area under phase-II. Two sump tanks of one lac gallon each have also been constructed in the area under phase-II. These were functioning properly and the managers of the industrial units that were visited had no issues in this regard.

A Police station and Fire station are also functioning in the area under phase-I, in addition to the administrative block of SIDCO. The buildings developed by SIDCO for these three Government offices are in good condition.

There is no green belt area which could to be developed by SIDCO except for the lawn in front of the administrative block. The area left aside for development of park at the entry point of phase-I is in bad shape. Again the financial constraints of SIDCO seem to be coming in the way of developing greenery in and around the industrial complex.

A protection bund had been constructed by the Irrigation and Flood Control Department (out of its own plan funds) along the left bank of the river Basantar to prevent flooding of IGC Samba. Fencing was observed around the complex along the NH-1A and also around the infrastructure, such as, OHTs, Sub-stations, Government offices, Guest house, etc developed within the complex. The rear side along the defence land did not have boundary fencing.

9. Suggestions:-

1. SIDCO needs to generate more revenue for maintenance of infrastructure developed in IGC Samba: - There is need to revise the annual rent on land and water charged from the industrial units as per prevailing market rates in the Samba town. The Industries & Commerce Department need to examine the issue at the earliest as the rates has not been revised ever since these were fixed long ago.
2. Land to be acquired for phase-III without further delay: - The Deputy Commissioner Samba and Financial Commissioner, Revenue need to quickly process the land acquisition papers in their offices so that compensation is paid to the land owners and development works under phase-III are taken up at the earliest.
3. SIDCO to get its Balance Sheet Audited: - While discussing the financial condition of SIDCO it came to light that the balance sheet of the Corporation has not been audited since 2002-03. The Industries & Commerce Department needs to take necessary steps and immediately get the balance sheet of SIDCO audited for all the years during which the audit of resources/expenses remains pending.
4. Need for improvement/ up-gradation of roads/ lanes: - It was brought to notice that the Industries Department would be financing the improvement work of trunk roads within the industrial complex during current year. This practice needs to be avoided in future as the Corporation has been in existence since long and had

to become a self sustaining by now. Instead of making SIDCO dependent on Government funding, Industries Department need to take steps to strengthen the financial resources of the Corporation.

5. Need for constructing a waste (solid/liquid) treatment plant:
 - Site for construction of solid waste treatment plant has been selected by the officer's of SIDCO in the area under phase-II. However, the construction work has not started as yet, probably due to non-release of balance funds to the tune of Rs 18.13 crore against the project cost of Rs 58.05 crore by the Industries & Commerce Department. This issue needs to be examined by the concerned department/SIDCO, if not immediately, but may be at some later stage.

6. State Pollution Control Board needs to check atmospheric pollution levels in and around IGC Samba: - The smoke released by Chimney's of some of the Industrial units was affecting the trees nearby. The concerned authorities in the State Pollution Control Board need to check the atmospheric pollution level in and around Samba Town immediately and take appropriate steps in this direction.

Physical Verification Conducted by:	Madan Gopal Sharma, Deputy Director Planning, Monitoring Cell, Chief Minister's Secretariat.
Officers of Executing Agency who accompanied during field visit:	Sh. Vikram Gupta, General Manager J&K SIDCO (ROJ) Sh. Kishore Dutta, Manager Estate, IGC, Samba Sh. R.C.Kaw, Finance Manager J&K SIDCO (ROJ) Sh. T.C. Thakur, Executive Engineer, J&K SIDCO (Elect.) Sh. Madan Safaya, Executive Engineer, J&K SIDCO (Civil) Sh. Pawan Sethi, AEE, IGC, Samba Sh. Suraj Singh, Asstt. Manager, IGC, Samba Sh. Subash Sharma, Sr. Supervisor, IGC, Samba