



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1994

**NO. 3
(CIVIL)**

GOVERNMENT OF GUJARAT



भारत सरकार

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NO. 3-

(CIVIL)

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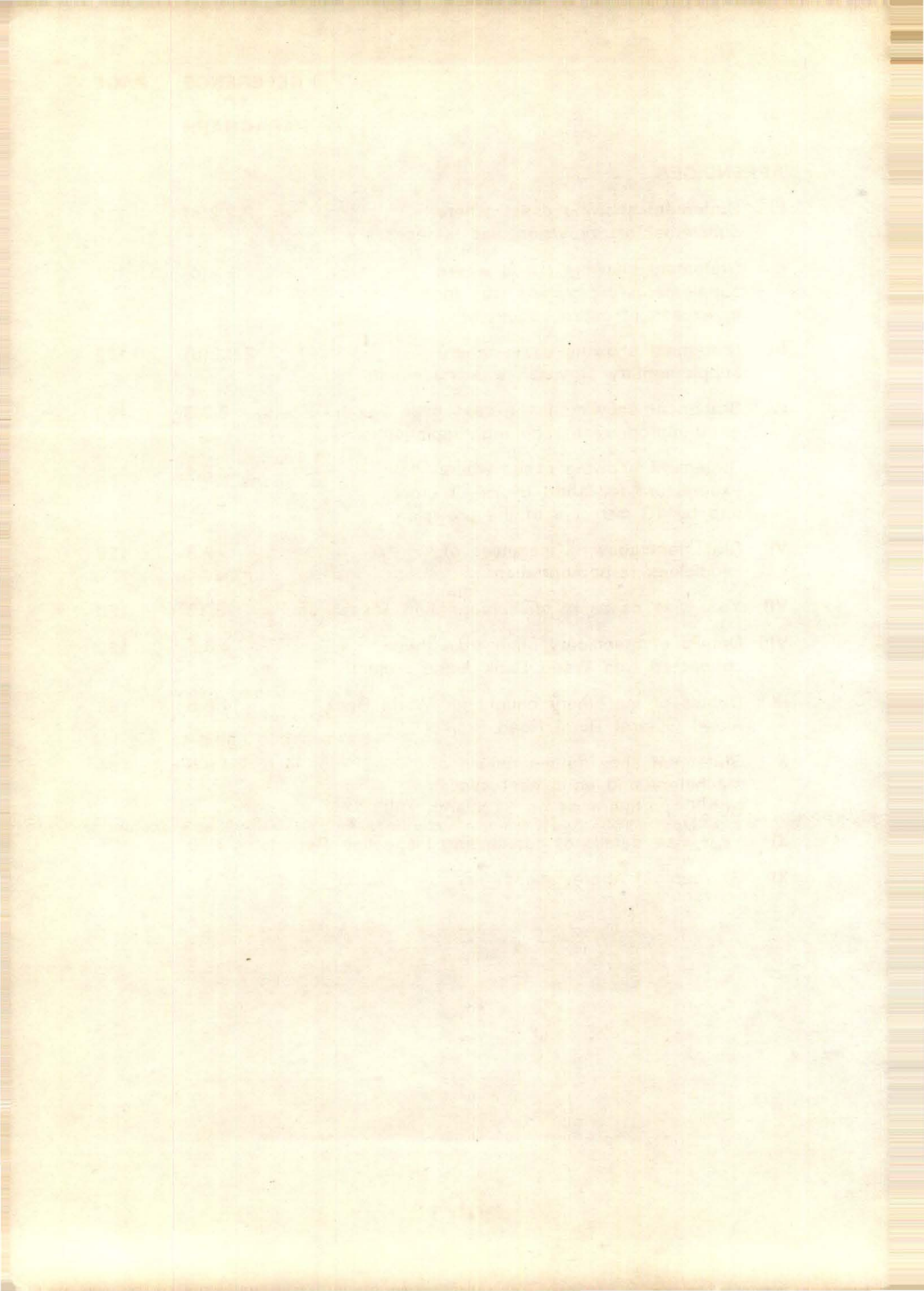
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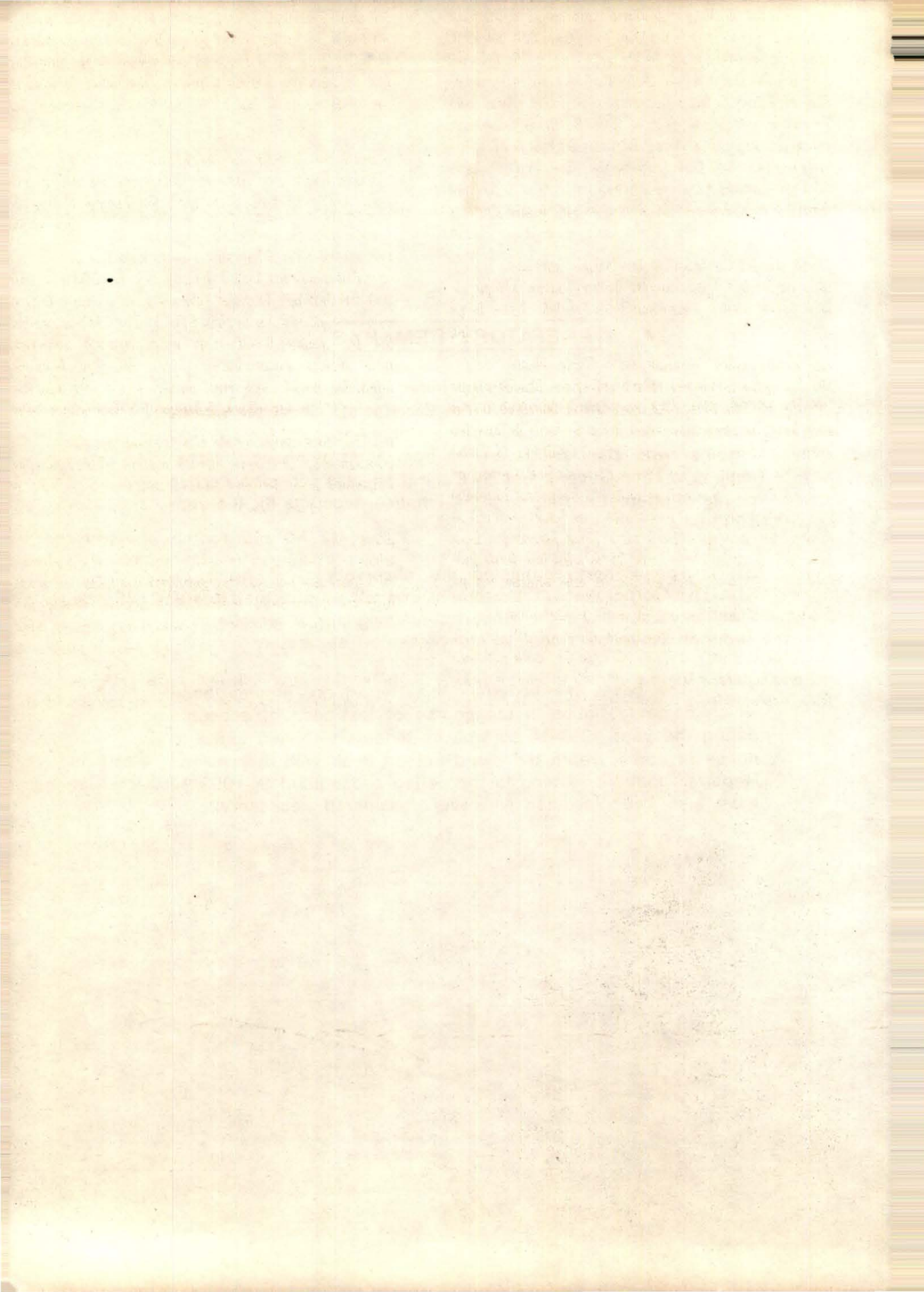


PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1993-94 together with other points arising from audit of financial transactions of the Government of Gujarat. It also includes certain points of interest arising from the Finance Accounts for the year 1993-94.

2 The Report containing the observations of Audit on Statutory Corporations, Government Companies and the Gujarat Electricity Board and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3 The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 1993-94 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports ; matters relating to the period subsequent to 1993-94 have also been included wherever considered necessary.



OVERVIEW

This Report contains six Chapters, the first two containing the observations of Audit on the Accounts of the State Government for 1993-94 and the other four comprising four reviews and 47 paragraphs, incorporating the results of audit of the Civil Departments, Works Expenditure, Stores and Stock Accounts and Financial Assistance to Local Bodies. A synopsis of findings contained in the audit reviews and the more important paragraphs is presented in this overview.

1 Accounts of the State Government

After repeated revenue deficits during the years 1989-90 to 1992-93, the accounts of the State Government for 1993-94 closed with a revenue surplus of Rs. 96.22 crores.

The aggregate of the amounts received by the State Government on account of the State's share of Union Taxes, Duties and Grants-in-aid increased from Rs. 694.09 crores in 1989-90 to Rs. 1689.51 crores in 1993-94, implying an increase of 143 *per cent*. The percentage of the amounts received from the Government of India to the total receipts of the State also rose from 20 in 1989-90 to 24 in 1993-94.

The plan revenue expenditure during 1993-94 was Rs. 662.33 crores against the budget estimates of Rs. 754.30 crores (including supplementary) disclosing a shortfall of Rs. 91.97 crores. The non-plan revenue expenditure during the year was Rs. 6271.46 crores against the budget estimates of Rs. 6016.43 crores (including supplementary).

As at the end of 1993-94, the total investment in statutory corporations, Government companies etc. worked out to Rs. 3087.40 crores (against Rs. 966.54 crores as at the end of 1989-90). Dividend and interest received thereon were only Rs. 21.26 crores, i.e. 0.69 *per cent*.

Public Debt of the State increased from Rs. 4893.90 crores at the end of 1989-90 to Rs. 8240.28 crores at the end of 1993-94. The other liabilities also increased from Rs. 537.06 crores to Rs. 968.88 crores during the same period. Central loans/advances constituted around 78 *per cent* of the total liabilities. The repayment of Central loans and payment of interest thereon was Rs. 972.26 crores during 1993-94 which worked out to 122 *per cent* of the fresh loans received from the Central Government during the year. In 1992-93 also, such repayments had exceeded the loans received from the Central Government.

The total debt service obligation discharged during the year was Rs. 2331.69 crores which constituted 34 *per cent* of the revenue expenditure during the year.

As on 31 March 1994, a total amount of Rs. 280.77 crores including interest of Rs. 74.27 crores was overdue for recovery against loans advanced to Municipalities, Panchayati Raj Institutions, Other Local Bodies and Public Sector Undertakings etc., for which accounts are maintained by the Accountant General (A & E). According to information furnished by 10 out of 84 departmental officers, Rs. 34.90 crores, including interest of Rs. 20.95 crores, were overdue for recovery in respect of loans and advances for which accounts are maintained by departmental officers.

The abbreviations used in this Report are listed in Glossary in Appendix-XII.

The revenue realised during the year from 5 commercial irrigation projects was a mere 3 per cent of the capital outlay of Rs. 207.68 crores. All these projects were incurring heavy losses every year. In respect of 4 of these projects, the revenue realised was not sufficient to cover even the direct working expenses of the projects.

(Paragraphs 1.1 to 1.10)

2 Appropriation Audit and Control Over Expenditure

Against the total budget provision of Rs. 10246.40 crores (including supplementary), the actual expenditure was Rs. 9576.53 crores. The overall savings of Rs. 669.87 crores was the result of saving of Rs. 1244.66 crores in 116 grants and 35 appropriations and excess of Rs. 574.79 crores in 27 grants and 5 appropriations. The excess requires regularisation by the Legislature under Article 205 of the Constitution of India.

The total supplementary provision of Rs. 972.22 crores obtained during the year constituted 10 per cent of the original budget provision. In 27 cases, the supplementary provision of Rs. 34.61 crores, obtained in March 1994, was unnecessary.

In 23 grants, the expenditure fell short by more than Rs. 1 crore and also by 10 per cent of the total provision.

In 10 cases (involving 7 grants), expenditure of Rs. 200.21 crores was incurred without budget provision. Since these cases attracted the limitation of 'New Service/New Instrument of Service', the prior approval of the Legislature or advance from the Contingency Fund should have been obtained.

(Paragraphs 2.1 to 2.6)

3 Working of Co-operative Societies

There were 49594 co-operative societies in the State as on 30 June 1994. Of these, 3725 societies had Government investments in the form of share capital contribution of Rs. 5417.78 lakhs as at the end of 1992-93. Only 272 societies had declared dividend of Rs. 20.43 lakhs in 1992-93 which came to 0.37 per cent of the investments by Government. The Gujarat Cooperative Marketing Federation and the sugar cooperatives, which accounted for 71 per cent of the Government investments, did not declare any dividend.

The amount of loan and interest due for repayment by co-operative societies during the year 1993-94 was Rs. 8033.03 lakhs. Of this, Rs. 2207.59 lakhs only had been repaid during the year leaving an amount of Rs. 5825.44 lakhs outstanding at the end of 1993-94.

Amount of guarantee to be vacated by the Government at the end of 31 March 1994 was Rs 7033.19 lakhs. Of this, the guarantee actually vacated was Rs 4072.68 lakhs.

Utilisation certificates in respect of grants totalling Rs. 546.18 lakhs paid to 615 societies, out of Rs. 1187.54 lakhs paid to 1161 societies, were outstanding as of June 1993.

Contrary to Government orders, share capital contribution of Rs. 235.90 lakhs was paid to a sugar factory which had purchased an old sugar plant of less than 2500 tonnes capacity per day. The maximum permissible share capital contribution to a sugar factory established in a tribal area is Rs. 240 lakhs. However, Rs. 275 lakhs each was paid in 2 cases, involving excess payment of Rs. 70 lakhs.

(Paragraph 3.7)

4 Sani and Falku Irrigation Schemes

Sani Medium Irrigation Scheme in Jamnagar district, with a cultivable command area of 2791 hectares, and Falku Minor Irrigation Scheme in Surendranagar district, with a cultivable command area of 1220 hectares, were approved in May 1974 and November 1986 respectively for completion within five years. None of the schemes had, however, been completed as of March 1994.

The cost of the projects had increased from Rs. 65.50 lakhs and Rs. 474.16 lakhs in 1974 and 1986 to Rs. 1036.50 lakhs and Rs. 1316.97 lakhs respectively as per the latest revised estimates. Till March 1994, expenditure of Rs. 1018.07 lakhs and Rs. 1108.70 lakhs respectively had been incurred on these schemes.

As per norms of the Central Water Commission, irrigation projects with benefit cost ratio greater than 1.5 are considered economically viable. By that criterion, neither of the two schemes is viable.

In Sani irrigation scheme, due to slow progress of work of the canal system, there was shortfall in utilisation of irrigation potential created to the extent of 72 per cent to 88 per cent during 1991-92 to 1993-94.

An amount of Rs. 84.70 lakhs on account of supply of water from Sani scheme reservoir for non-agricultural purpose was pending recovery.

(Paragraph 4.1)

5 Management and Deployment of Machinery and Equipment in Roads and Buildings Department

Purchase of four asphalt tankers during 1992-93 at the cost of Rs. 25.15 lakhs for distribution among four National Highway Divisions was injudicious, there being no identified need for additional tankers.

Though expenditure of Rs. 22.00 lakhs was incurred on the procurement of 4 A.J. vibratory rollers and Rs. 3.78 lakhs incurred thereon on repairs, 3 of the rollers were not used at all and the fourth one was minimally used before it went out of order in September 1990.

Non-synchronisation of purchase of drum mix plant and paver finisher with the purchase of ancillary equipments resulted in idle investment of Rs. 65 lakhs on ancillaries for more than one year.

Expenditure of Rs. 20.50 lakhs incurred on earth work for installation of stone crushing and screening plant at Satamba proved infructuous due to change of site.

Sophisticated and costly machineries worth Rs. 370.50 lakhs, purchased under Gujarat Rural Road Project were used only minimally resulting in blocking up of funds. The machineries were used between 1 and 4 per cent of available hours.

Underutilisation of Hot Mix Plants/Drum Mix Plants for want of operational staff, raw materials and work resulted in production loss of Rs. 94.51 lakhs.

Improper rejection of single tender and reinvitation of tender for purchase of two Hot Mix Plants resulted in extra expenditure of Rs. 16.38 lakhs.

(Paragraph 4.8)

6 Jawahar Rozgar Yojana

Jawahar Rozgar Yojana, a Centrally sponsored programme, was launched in the State from 1989 with the primary objective of generating additional employment for the rural unemployed and under-employed.

During 1989-94, total expenditure of Rs. 44048.95 lakhs was reportedly incurred. Of this, an amount of Rs. 284.60 lakhs was spent for purposes which were not part of the Yojana.

No separate survey was conducted by the State to identify the beneficiaries to be covered under the programme. The Government relied on identification of the poor done under the Integrated Rural Development Programme. Standard designs/models and cost estimates for works were also not prepared except for road works.

Achievement of employment generation (in mandays) was reported on the notional basis of the normative labour component of works and the minimum wages considered for fixation of targets.

Under the Indira Awaas Yojana, 6267 houses out of 45,376 houses constructed up to March 1994, were not allotted. On the basis of the minimum estimated cost per unit adopted, the idle investment on this count worked out to Rs. 639.36 lakhs.

Under the Million Wells Scheme, wells were being sanctioned without prior geological survey report. Out of 4900 wells completed upto March 1990, as many as 396 were unsuccessful. Based on the average unit cost, the expenditure on these worked out to Rs. 87.77 lakhs.

In one Taluka, though 791 wells were constructed up to the depth ranging from 8.5 to 12.85 metres, payment was made at the rate payable for the full depth of 15 metres which resulted in excess payment of Rs. 97.72 lakhs.

Contrary to the prescribed rate of Rs. 20 per quintal towards handling and transportation charges, the State had paid Rs. 36 per quintal during 1989-93 and Rs. 46 per quintal during 1993-94 resulting in excess expenditure of Rs. 116.73 lakhs.

(Paragraph 6.2)

7 Other points

Excess grant of Rs. 38.47 lakhs towards T.B. risk allowance was paid to six voluntary organisations contrary to Government rules.

(Paragraph 3.1)

Delay in receipt of micro film rolls by the photo registry office, Ahmedabad resulted in unfruitful expenditure of Rs. 20.67 lakhs on pay and allowances of the staff that remained idle and Rs. 29.69 lakhs on overtime payment for clearing the backlog subsequently.

(Paragraph 3.4)

Unnecessary purchase of 998 reams of imported art paper by two Government presses resulted in blocking of funds to the extent of Rs. 31.24 lakhs.

(Paragraph 3.5)

Construction of five hostel buildings without conducting survey of the existing facilities and ascertaining further needs for the same, resulted in idle investment of Rs. 229.09 lakhs.

(Paragraph 3.9)

Payment for an item already included in the contract, as extra rate item resulted in irregular payment of Rs. 6.27 lakhs to a contractor awarded with the work of construction of an aqueduct.

(Paragraph 4.2)

Due to slow progress of work by a contractor entrusted with earth work and canal lining work, the work was got completed through another contractor, at the risk and cost of the first contractor. However, despite existing instruction of Government of August 1989, civil suit was not filed to recover Rs. 39.31 lakhs from the defaulting contractor. The amount remained outstanding. In respect of two other similar cases involving civil works, Rs. 52.86 lakhs had remained unrealised and no civil suit had been filed.

(Paragraphs 4.6 and 4.12)

Failure to anticipate that stoppage of release of water in canal would be needed for widening/remodelling of a railway crossing which was not possible and to adopt alternative course resulted in work being stopped. Consequently, funds to the extent of Rs. 15.11 lakhs remained blocked for over 7 years.

(Paragraph 4.7)

Non-construction of approaches to a bridge for over two and a half years on Vadodara-Savli Road resulted in the expenditure of Rs. 56.74 lakhs on construction of the bridge remaining unfruitful.

(Paragraph 4.10)

Installation of treatment plant for external drainage system, contrary to the norms approved by the Gujarat Pollution Control Board, resulted in blocking of Government funds amounting to Rs. 25.86 lakhs, apart from avoidable expenditure of Rs. 4.63 lakhs on disposal of sewage water.

(Paragraph 4.13)

Failure to resolve the issues relating to shifting of pipelines, high tension wires, telephone poles etc., with the concerned authorities, before awarding the work of construction of an overbridge, caused delay in its execution and consequent payment at increased rates amounting to Rs. 50.93 lakhs.

(Paragraph 4.14)

As per State Police Manual, ammunition in sealed boxes are deemed to be fully serviceable for 5 years from the date of manufacture. Cartridges valued at Rs. 268.08 lakhs with the years of manufacture ranging from 1930 to 1987 had, however not even been opened till June 1994.

(Paragraph 5.1.3(v))

In various divisions of Narmada and Water Resources Department, there was delay in disposal of non-usable cement which resulted in avoidable loss of Rs. 12.23 lakhs, besides hire charges of godown amounting to Rs. 1.94 lakhs. Further, despite advance payment of Rs. 6.57 lakhs made between April 1989 and June 1991, cement was not received from the concerned companies and the amount remained unrecovered. Stores and spares valued at Rs. 253.09 lakhs were also declared surplus as the materials could not be consumed/transferred.

(Paragraphs 5.2.8, 5.2.9 and 5.2.11)

Non-finalisation of tenders of one work within the stipulated/extended time of validity on two occasions resulted in extra expenditure of Rs. 58.36 lakhs.

(Paragraph 6.3)

Non-observance of the prescribed procedure in purchase of cement resulted in avoidable expenditure of Rs. 8.08 lakhs by a District Panchayat.

(Paragraph 6.5)

Non-synchronisation of canal works with headworks initially and subsequent delay in completion of the canal resulted in unfruitful expenditure of Rs. 10.71 lakhs, besides denial of irrigation facilities for over 22 years.

(Paragraph 6.8)

The Gujarat Maritime Board paid cash incentive of Rs. 23.61 lakhs to its employees in 1990-91 on the occasion of completion of its ten years despite specific rejection of the proposal by the Government.

(Paragraph 6.15)

CHAPTER - I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Summarised Financial Position

The financial position of the Government of Gujarat as on 31 March 1994 emerging from the Appropriation Accounts and the Finance Accounts for the year 1993-94 and the abstract of Receipts and Disbursements for the year are given in the Statements I and II appearing at the end of this Chapter. The sources and application of funds are detailed in Statement III.

Based on these Statements and other supporting data, an analysis of the management of the finance of the State Government during 1993-94 is presented in this Chapter.

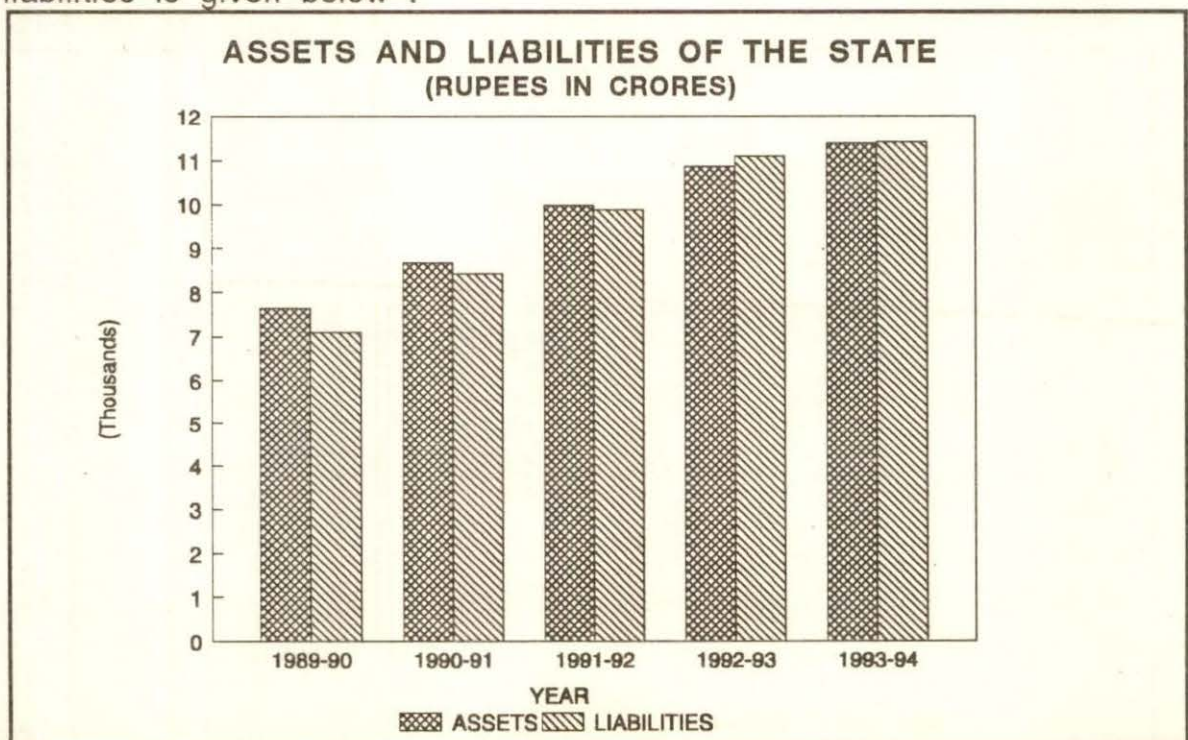
1.2 Assets and Liabilities of the State

The assets comprising capital investments and loans advanced and the total liabilities of the State Government during the last five years were as under :

(Rupees in crores)

Year	Assets	Liabilities
1989-90	7642.25	7092.94
1990-91	8676.57	8423.19
1991-92	9985.53	9875.04
1992-93	10872.75	11094.67
1993-94	11555.48	11604.47

While the assets have grown by 51 per cent during the five years, the liabilities have grown by 64 per cent. A graphical presentation of the assets and liabilities is given below :



1.3 Revenue Deficit/Surplus

The Ninth Finance Commission had observed that large scale revenue deficits year after year implied an infraction of one of the fundamental principles of sound public finance in any economy, particularly developing economy. However, there was a revenue deficit continuously for the last four years, though the trend was arrested in 1993-94 and the year closed with a surplus of Rs. 96.22 crores.

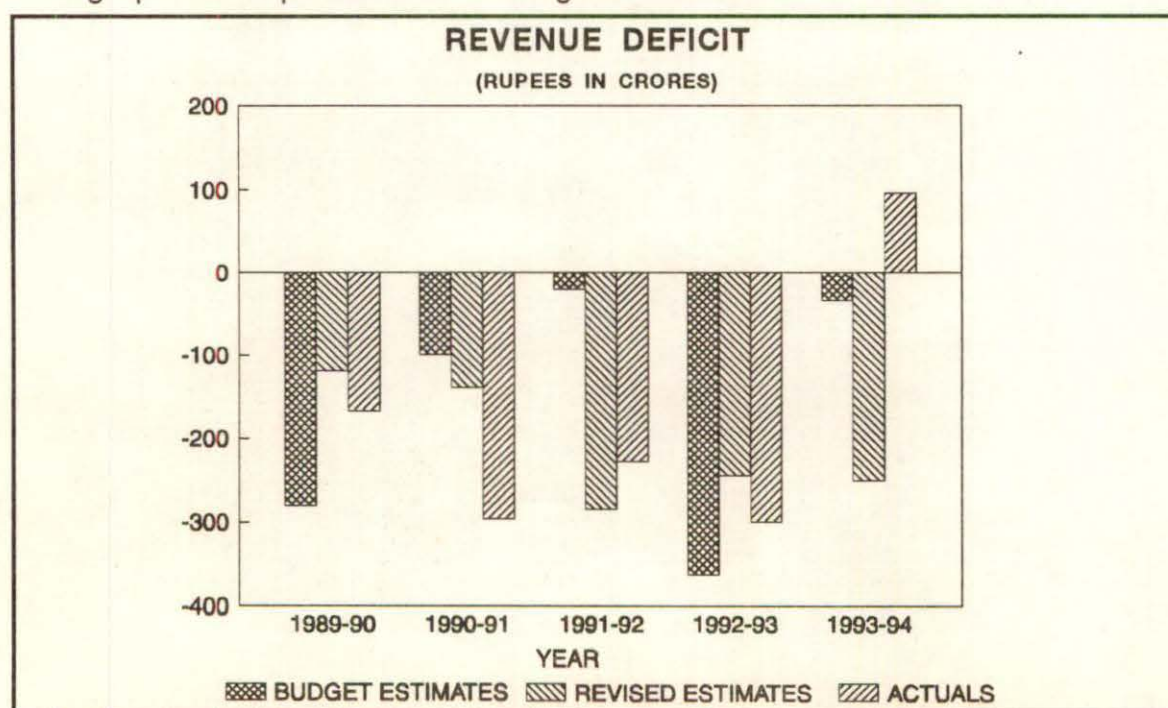
The position is summarised in the following table:

Year	Revenue			Percentage increase over the previous year		Revenue deficit/surplus as a percentage of revenue expenditure
	Receipts	Expenditure	Deficit (-) / Surplus (+)	Revenue Receipts	Revenue Expenditure	
(Rupees in crores)						
1989-90	3537.20	3703.64	(-) 166.44	9.24	10.22	(-) 4.49
1990-91	4035.22	4331.18	(-) 295.96	14.08	16.94	(-) 6.83
1991-92	5017.56	5245.32	(-) 227.76	24.34	21.11	(-) 4.34
1992-93	5911.08	6210.90	(-) 299.82	17.81	18.41	(-) 4.83
1993-94	7030.01	6933.79	(+) 96.22	18.93	11.64	(+) 1.39

The revenue deficit, as envisaged in the budget estimates, and the revised estimates *vis-a-vis* the actuals are given below :

Year	Revenue Deficit (-) / Surplus (+)			Percentage of actual deficit (-) / surplus (+) to revenue receipts
	Estimates		Actuals	
	Budget	Revised		
(Rupees in crores)				
1989-90	(-) 280.66	(-) 119.02	(-) 166.44	(-) 4.71
1990-91	(-) 98.96	(-) 138.50	(-) 295.96	(-) 7.33
1991-92	(-) 20.61	(-) 284.72	(-) 227.76	(-) 4.53
1992-93	(-) 362.01	(-) 244.72	(-) 299.82	(-) 5.07
1993-94	(-) 34.10	(-) 249.88	(+) 96.22	(+) 1.37

A graphical expression of it is given below :



During 1989-94, revenue receipts, and revenue expenditure showed an increase of 99 per cent and 87 per cent respectively.

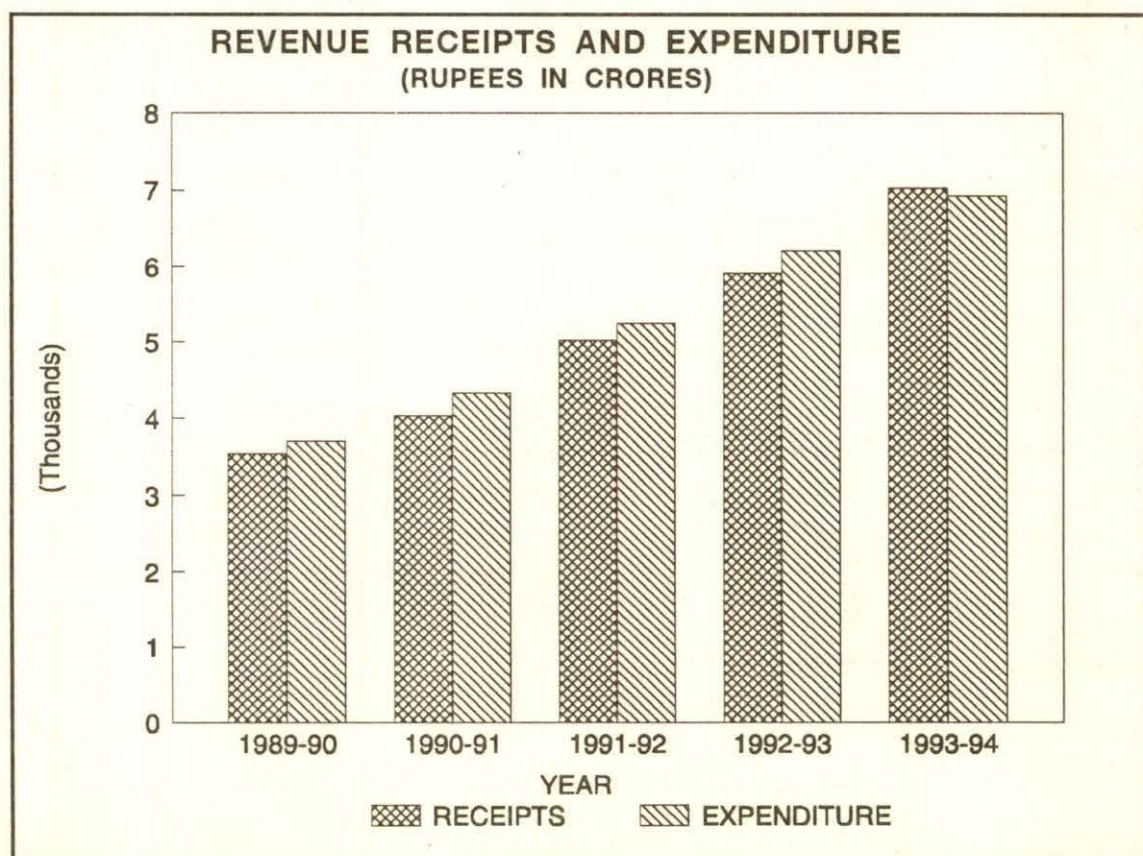
1.4 Expenditure

1.4.1 Revenue Expenditure

The revenue expenditure (Plan) during 1993-94 was Rs. 662.33 crores against the budget estimates of Rs. 754.30 crores (including supplementary) disclosing a shortfall of Rs. 91.97 crores in expenditure. The Non-Plan revenue expenditure during the year was Rs. 6271.46 crores (Rs. 4728.46 crores during the previous year) against the budget estimates of Rs. 6016.43 crores (including supplementary) registering an excess expenditure of Rs. 255.03 crores in expenditure. The main reasons for variations are given in Chapter II of this Report. Further details are available in the Appropriation Accounts of the Government of Gujarat for 1993-94.

The total revenue expenditure (both Plan and Non-Plan) during 1993-94 was Rs. 6933.79 crores as against Rs. 6210.90 crores during 1992-93. Revenue expenditure *vis-a-vis* revenue receipts during 1989-94 are indicated in the graph given below. The broad reasons for variations are given in Statement No. 1 of the Finance Accounts for the year 1993-94 of the Government of Gujarat.

Substantial increase in revenue expenditure occurred under 'General Education' (Rs. 230.42 crores) ; 'Major and Medium Irrigation' (Rs. 141.02 crores) ; 'Co-operation' (Rs. 138.17 crores) ; 'Interest payment' (Rs. 117.12 crores) ; 'Relief on account of Natural Calamities' (Rs. 39.20 crores) ; 'Crop Husbandry' (Rs. 37.47 crores) ; 'Pension and other Retirement Benefits' (Rs. 37.13 crore) ; 'Rural Employment' (Rs. 34.24 crores) ; 'Police' (Rs. 33.92 crores) and 'Medical and Public Health' (Rs. 31.31 crores).

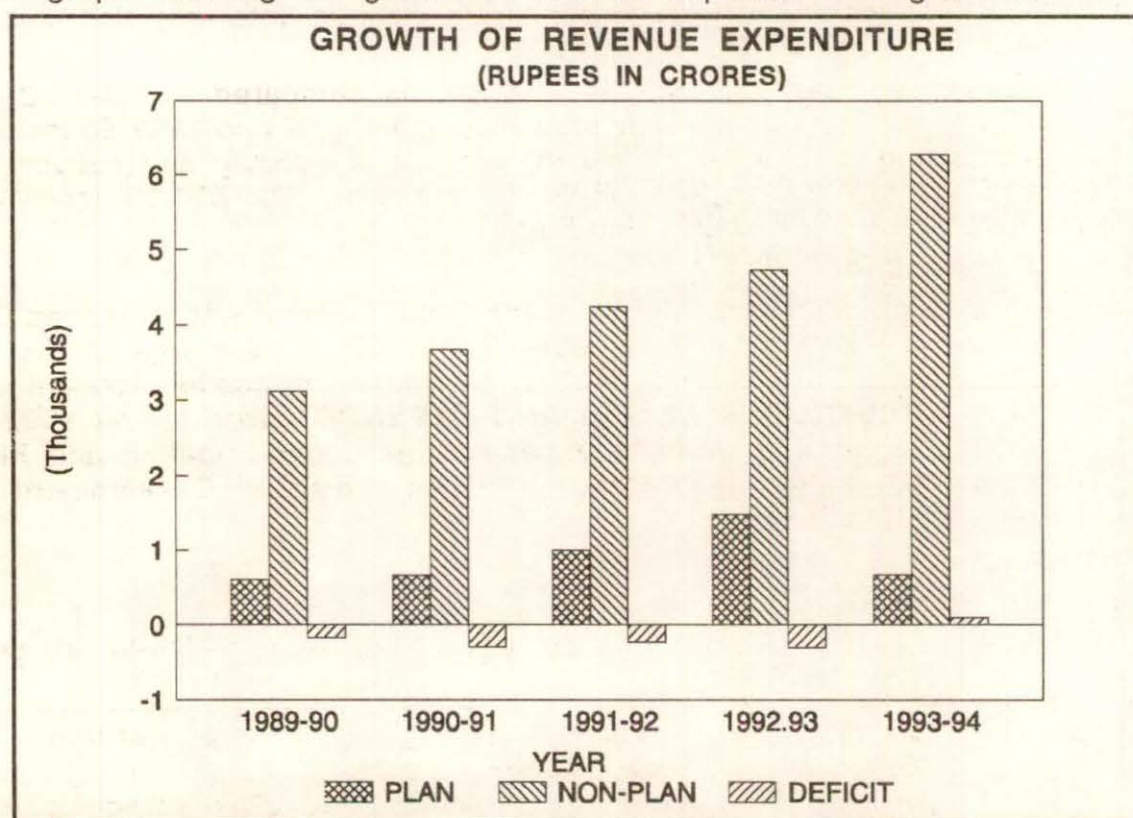


1.4.2 Growth of Revenue Expenditure

The growth of revenue expenditure (both Plan and Non-Plan) during the last five years was as follows:

Year	Revenue Expenditure			Revenue Deficit (-)/ Surplus (+)	Percentage of Deficit(-)/ Surplus (+) to Non-Plan expenditure
	Plan	Non-Plan	Total		
(Rupees in crores)					
1989-90	600.86	3102.78	3703.64	(-)166.44	(-)5.36
1990-91	659.56	3671.62	4331.18	(-)295.96	(-)8.06
1991-92	995.80	4249.52	5245.32	(-)227.76	(-)5.36
1992-93	1482.44	4728.46	6210.90	(-)299.82	(-)6.34
1993-94	662.33	6271.46	6933.79	(+) 96.22	(+)1.53

A graph showing the growth of revenue expenditure is given below:



The revenue expenditure (both Plan and Non-Plan) went up from Rs.3703.64 crores in 1989-90 to Rs.6933.79 crores in 1993-94 showing an increase of 87 per cent. The expenditure under Non-Plan increased during the period by Rs.3168.68 crores (102 per cent) while that under Plan by Rs.61.47 crores (10 per cent).

1.4.3 Growth of Plan Expenditure

The actual expenditure on Plan Schemes on all accounts and the net Plan provision during the years 1989-90 to 1993-94 were as under:

Year	Plan Provision	Plan Expenditure	Savings Percentage
(Rupees in crores)			
1989-90	1419.90	1341.44	78.46
			5.53
1990-91	1657.69	1587.63	70.06
			4.23
1991-92	2651.47	2240.90	410.57
			15.48
1992-93	2766.49	2636.07	130.42
			4.71
1993-94	1985.44	1550.14	435.30
			21.92

In none of the years, the State could utilise the complete provision and the savings ranged from 4.23 to 21.92 *per cent*.

The reduction in Plan provision in 1993-94 as compared to 1991-92 and 1992-93 was due to the fact that the Plan provision for 1991-92 and 1992-93 included Rs. 368.75 crores and Rs. 798.97 crores on account of subsidy and subventions to the Gujarat Electricity Board. In 1993-94 the provision (Rs. 651.18 crores) on this account had been made under Non-Plan.

1.4.4 Capital Expenditure

The progressive capital expenditure of the State Government increased from Rs.4020.55 crores at the beginning of 1989-90 to Rs.7535.08 crores at the end of 1993-94, an increase of 87 *per cent*. Expenditure on capital account was Rs.459.70 crores during 1989-90 which rose to Rs.623.86 crores during 1993-94. Bulk of the capital expenditure on Plan schemes was under Irrigation and Flood Control, Transport, Water Supply, Sanitation, Housing and Urban Development and Agriculture and Allied Activities.

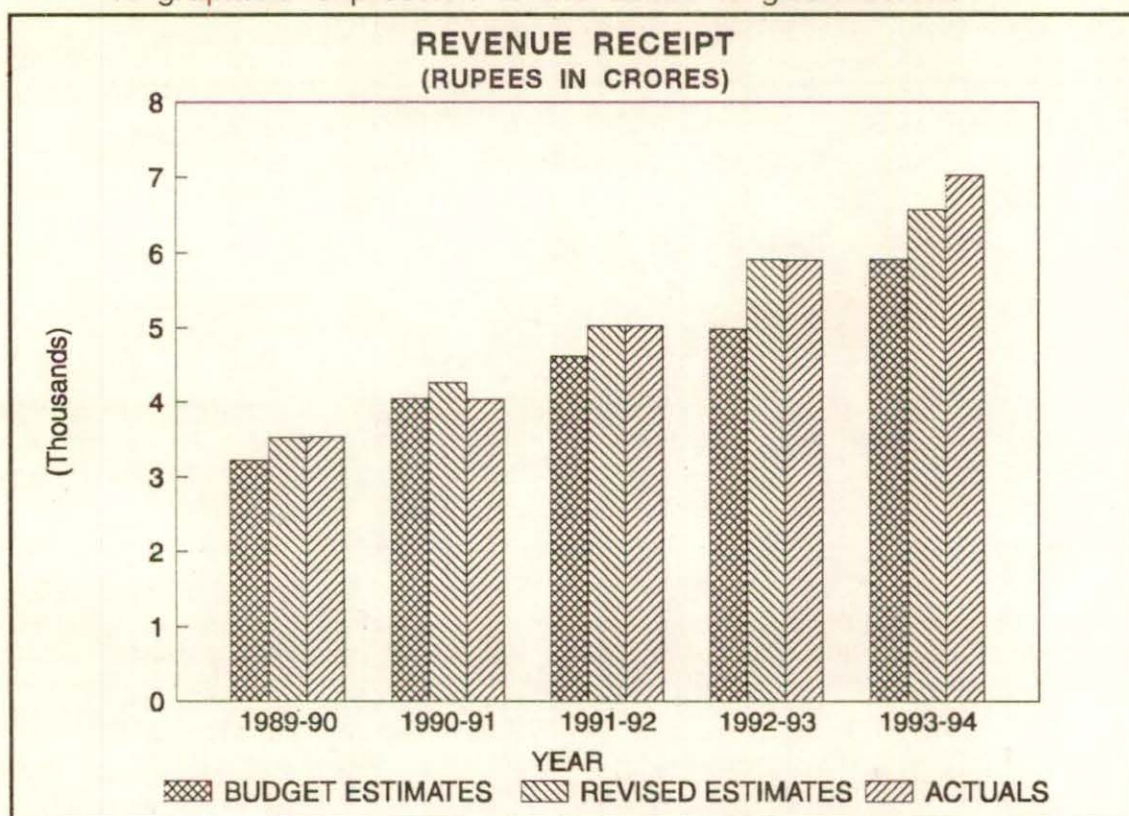
1.5 Receipts

1.5.1 Revenue Receipts

The actual revenue receipts during the years 1989-90 to 1993-94 are given below:

Year	Budget Estimates	Revised Estimates	Actuals	
			Amount	Percentage growth over the previous year
(Rupees in crores)				
1989-90	3219.09	3520.98	3537.20	9.24
1990-91	4042.80	4258.63	4035.22	14.08
1991-92	4618.94	5023.06	5017.56	24.34
1992-93	4981.17	5915.83	5911.08	17.81
1993-94	5913.62	6319.92	7030.01	18.93

A graphical expression to the above is given below:



The position of revenue raised by the State and of the State's share of taxes and grants received from the Government of India was as follows:

		(Rupees in crores)				
		1989-90	1990-91	1991-92	1992-93	1993-94
I	Revenue raised by the State Government					
a)	Tax Revenue	2159.72	2399.83	2893.44	3456.55	3941.72
b)	Non-tax Revenue	683.39	806.83	1133.85	1157.97	1398.78
	Total	2843.11	3206.66	4027.29	4614.52	5340.50
II	Receipts from Government of India					
a)	State's Share of :					
i)	Income-Tax etc.	158.36	144.54	200.46	275.95	395.48
ii)	Union Excise Duties	270.34	312.29	392.73	537.14	587.61
b)	Grants-in-aid	265.39	371.73	397.08	483.47	706.42
	Total	694.09	828.56	990.27	1296.56	1689.51
III	Total receipts of State Government (Revenue Account)	3537.20	4035.22	5017.56	5911.08	7030.01
IV	Percentage of revenue raised to total receipts	80	79	80	78	76

1.5.2 Tax Revenue

The growth of tax revenue in the last five years was as indicated below:

Year	Tax Revenue (Rupees in crores)	Percentage growth over previous year
1989-90	2159.72	15.43
1990-91	2399.83	11.12
1991-92	2893.44	20.57
1992-93	3456.55	19.46
1993-94	3941.72	14.04

While the revenue receipts of the Government increased by 24, 18 and 19 per cent during 1991-92, 1992-93 and 1993-94 respectively, the tax revenue increased by 21, 19 and 14 per cent during the same period.

An analysis of the tax revenue raised by the State Government revealed that Sales Tax constituted 71 (1989-90) and 70 (1993-94) per cent of the total collections as indicated below:

	1989-90	1990-91	1991-92	1992-93	1993-94
	(Rupees in crores)				
Sales Tax	1534.57 (71)	1739.98 (73)	2010.53 (69)	2300.58 (67)	2771.03 (70)
Taxes and	180.97 (9)	187.39 (8)	376.33 (13)	544.19 (16)	465.53 (12)
Taxes on Goods and Passangers	93.35 (4)	105.51 (4)	75.55 (3)	121.56 (3)	117.44 (3)
Taxes on Vehicles	87.09 (4)	95.75 (4)	113.01 (4)	145.02 (4)	174.69 (4)
Stamps and Registration Fees	110.14 (5)	125.26 (5)	166.94 (6)	184.56 (5)	210.77 (5)
Land Revenue	30.62 (1)	34.19 (1)	36.61 (1)	46.00 (2)	59.16 (2)
Other Taxes on Income and Expenditure	44.74 (2)	38.06 (2)	38.93 (1)	40.63 (1)	44.39 (1)
Other Taxes					
Estate duty and Taxes on Immovable Property other than Agircultural Land	0.24	0.21	0.28	0.28	0.41
State Excise	13.29	12.00	13.08	14.85	18.42
Other Taxes and Duties on Commodities and Services	64.71	61.48	62.18	58.88	79.87
Total Other Taxes	78.24 (3)	73.69 (3)	75.54 (3)	74.01 (2)	98.70 (3)
Total Collections	2159.72 (100)	2399.83 (100)	2893.44 (100)	3456.55 (100)	3941.71 (100)

Note : Percentage of individual taxes to the total collection is given in brackets.

1.5.3 Non-tax Revenue

The growth of Non-tax revenue during the years 1989-90 to 1993-94 is indicated below:

Year	Non-Tax revenue	Percentage growth over the previous year
(Rupees in crores)		
1989-90	683.39	18.78
1990-91	806.83	18.06
1991-92	1133.85	40.53
1992-93	1157.97	2.13
1993-94	1398.78	20.80

Non-tax revenue registered an increase of Rs.240.81 crores over previous year. Increase was mainly under Interest Receipts (Rs.339.16 crores) and Medical and Public Health (Rs.11.44 crores) partly offset by decreased receipts under Non-Ferrous Mining and Metallurgical Industries (Rs.96.23 crores) and Dividend and Profits (Rs.35.50 crores) etc.

1.5.4 State's share of Taxes, Duties and Central Grants

The aggregate of State's share of Taxes, Duties and Grants-in-aid from the Central Government during the year 1993-94 was Rs.1689.51 crores representing 24 per cent of both the revenue receipts and revenue expenditure of the State Government. The year-wise details for the five years (1989-90 to 1993-94) are given below:

Year	State's share	Grants	Total	Percentage of total to	
				Revenue Receipts	Revenue Expenditure
(Rupees in crores)					
1989-90	428.70	265.39	694.09	20	19
1990-91	456.83	371.73	828.56	21	19
1991-92	593.19	397.08	990.27	20	19
1992-93	813.09	483.47	1296.56	22	21
1993-94	983.09	706.42	1689.51	24	24

1.5.5 Arrears of revenue

The position of arrears of revenue and total revenue realised by the State Government during the period 1989-90 to 1993-94 is given below:

Year	Revenue realised	Arrears of revenue	Percentage of arrears to revenue realised	Percentage of growth of revenue over previous year	Percentage growth of arrears over previous year
1989-90	2843.11	232.57	8.18	16.22	15.25
1990-91	3206.66	202.10	6.30	12.79	(-) 13.10
1991-92	4027.29	507.88	12.60	25.65	151.30
1992-93	4614.52	364.29	7.89	14.58	(-) 28.27
1993-94	5340.50	589.96	11.05	15.73	61.95

Arrears of revenue of Rs. 589.96 crores at the end of March 1994, as reported by the Departments, included mainly Rs. 570.00 crores under Sales Tax, Rs. 11.16 crores under Motor Vehicles Tax and Rs. 5.43 crores under Professional Tax.

1.6 Investments and Returns

Government invested Rs.63.99 crores (investment received back : Rs.2.71 crores) during 1993-94 in capital contribution, equity, debentures, etc. in Statutory Corporations, Government Companies, etc. It was made up of Rs.18.14 crores in Statutory Corporations, Rs.40.03 crores in Government Companies and Rs. 5.82 crores in Co-operative Societies, other Joint Stock Companies, etc.

The total investment of the Government in capital contribution, equity and debentures, etc. of different concerns at the end of 1989-90, 1990-91, 1991-92, 1992-93 and 1993-94 were Rs.966.54 crores, Rs.1033.33 crores, Rs.1093.53 crores, Rs.3026.12 crores and Rs. 3087.40 crores respectively. Dividend and interest received therefrom were Rs.5.83 crores, Rs.5.46 crores, Rs.9.65 crores, Rs.12.26 crores and Rs. 21.26 crores which worked out to 0.60 per cent, 0.53 per cent, 0.88 per cent, 0.41 per cent and 0.69 per cent of the investments in the respective years against the average rate of interest of 12.30 per cent for Government borrowings during this period.

The dividends and interest received from Statutory Corporations, Government Companies, Joint Stock Companies, Partnerships, Co-operative institutions and Local Bodies, the amount invested therein (both in Rupees in crores) and the number of such institutions in which investments are made are indicated below:

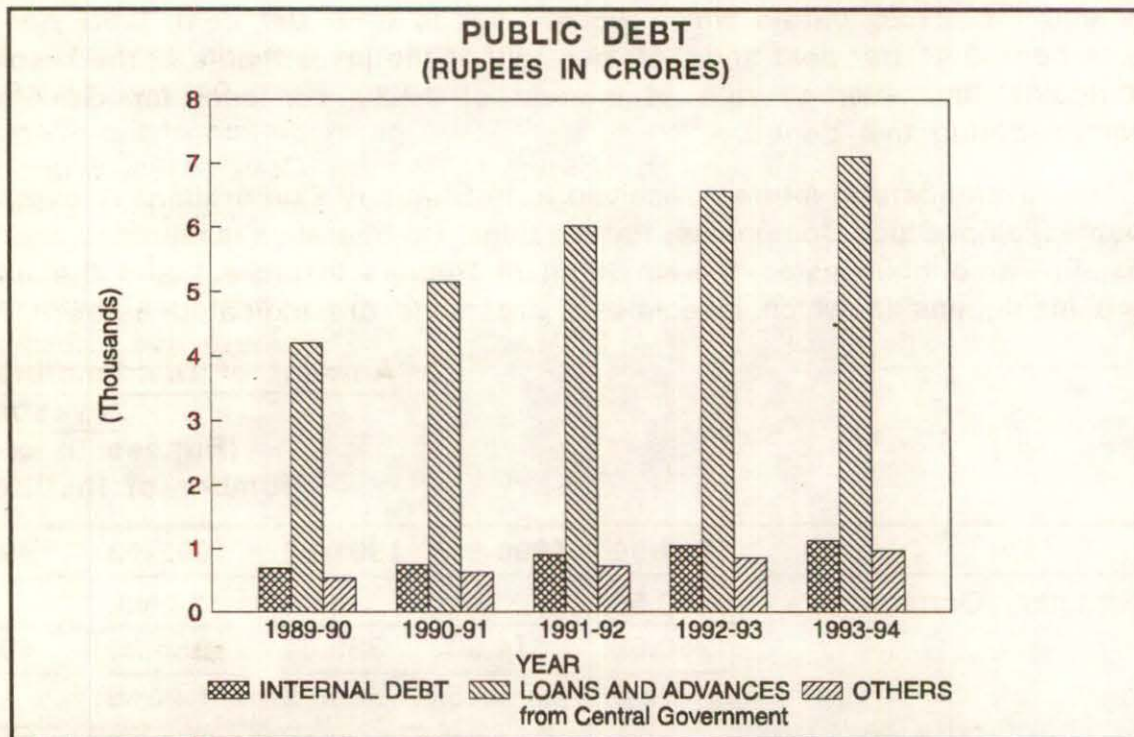
	<u>Amount of Dividend/Interest</u>				
	<u>Investments</u>				
	(Rupees in crores)				
	Number of Institutions				
	1989-90	1990-91	1991-92	1992-93	1993-94
1 Statutory Corporations	0.58	NIL	0.06	NIL	NIL
	<u>280.63</u>	<u>314.90</u>	<u>335.84</u>	<u>386.36</u>	<u>404.50</u>
	5	5	5	6	6
2 Government Companies	0.63	1.50	0.97	8.67	9.19
	<u>599.21</u>	<u>624.10</u>	<u>670.87</u>	<u>2549.04</u>	<u>2589.07</u>
	35	37	38	39	40
3 Other Joint Stock Companies and Partnerships	2.40	2.15	0.07	NIL	2.67
	<u>22.89</u>	<u>23.55</u>	<u>9.35</u>	<u>4.91</u>	<u>4.92</u>
	31	31	31	28	29
4 Co-operative institutions and Local Bodies	2.22	1.81	8.55	3.59	9.40
	<u>63.81</u>	<u>70.78</u>	<u>77.47</u>	<u>85.81</u>	<u>88.91</u>
	2004	2004	2004	2004	2004
Total	5.83	5.46	9.65	12.26	21.26
	<u>966.54</u>	<u>1033.33</u>	<u>1093.53</u>	<u>3026.12</u>	<u>3087.40</u>
	2075	2077	2078	2077	2079

Though there was no appreciable increase in the number of institutions in which investment was made, investments increased by 219 per cent during 1989-90 to 1993-94. Major share of investment (84 per cent) was in Government Companies which contributed 43 per cent of total dividend etc. received during 1993-94. Of the institutions receiving Government investment, only 8, 9, 10, 6 and 15 declared dividends during 1989-90, 1990-91, 1991-92, 1992-93 and 1993-94 respectively.

1.7 Public Debt

Under Article 293(1) of the Constitution of India, a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Act of the Legislature of the State. No law has been passed by the Gujarat Legislature laying down such a limit.

The details of the total liabilities of the State Government during the five years ending March 1994 are given in the graph and the table below:



Year	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other liabilities	Total *
(Rupees in crores)					
1989-90	692.54	4201.36	4893.90	537.06	5430.96
1990-91	749.02	5151.16	5900.18	621.33	6521.51
1991-92	895.99	6023.83	6919.82	720.05	7639.87
1992-93	1186.94 [@]	6566.84	7753.78 [@]	844.75	8598.53 [@]
1993-94	1131.69	7108.59	8240.28	968.88	9209.16

[@] Increased by Rs. 138.64 crores due to clubbing of overdraft (Rs. 129.58 crores) from the Reserve Bank of India under M.H. 6003 and *pro forma* correction (Rs. 9.06 crores).

* Differs from total liabilities mentioned in para 1.2, as liabilities indicated in para 1.2 includes liabilities on account of Deposits, Reserve Funds, Suspense and Miscellaneous and Contingency Fund.

Total liabilities of the Government had increased from Rs.5430.96 crores at the end of 1989-90 to Rs.9209.16 crores at the end of 1993-94 registering an increase of 70 *per cent* over the year 1989-90. Loans and advances received from the Central Government represented the single major source contributing to 77 to 79 *per cent* of the total debt of the Government.

The second major source for funding was from market borrowings. The liability on loans raised through market borrowings increased by 99 *per cent* between 1989-90 and 1993-94. Funds raised through market borrowings were Rs.99.58 crores, Rs.84.30 crores, Rs.97.73 crores, Rs.131.58 crores and Rs. 137.67 crores during 1989-90, 1990-91, 1991-92, 1992-93 and 1993-94 respectively.

1.8 Debt Service

The annual debt service obligation during 1993-94 according to schedule of repayment of principal and payment of interest was Rs.2268.37 crores. The actual discharge was Rs.2331.69 crores compared to Rs.2067.30 crores during 1992-93.

State Government had not made any amortisation arrangements for open market loans, bonds and loans from Government of India.

The outflow of funds on account of interest payments (gross) has been gradually rising with the interest payment in the year (1993-94) being 125.32 *per cent* more than the level of outflow in 1989-90. A major portion of the interest paid was on loans and advances received from the Central Government which ranged from 66 *per cent* (1989-90) to 69 *per cent* (1993-94). The position is summarised in the following table:

Year	Revenue expenditure	Interest payment	Interest payment as a percentage of revenue expenditure
(Rupees in crores)			
1989-90	3703.64	464.21	12.53
1990-91	4331.18	539.33	12.45
1991-92	5245.32	723.67	13.80
1992-93	6210.90	928.83	14.95
1993-94	6933.79	1045.96	15.08

The repayment of Government of India loans and payment of interest thereon by the State Government during the last five years was as follows:

Year	Repayments			Loans received during the year	Percentage of repayment to loans received
	Principal	Interest	Total		
(Rupees in crores)					
1989-90	180.14	305.69	485.83	800.44	60.70
1990-91	306.90	352.37	659.27	1256.70	52.46
1991-92	219.23	493.85	713.08	1091.90	65.31
1992-93	305.95	641.41	947.36	848.97	111.59
1993-94	255.52	716.74	972.26	797.26	121.95

The repayment of Central loans and interest had thus exceeded the loans received from Central Government from 1992-93.

1.9 Loans and Advances

1.9.1 Loans and advances by State Government

The State Government have been advancing loans to Government Companies, Corporations, Autonomous Bodies, Co-operatives, Non-Government institutions, etc. for developmental and non-developmental activities. The position of such loans for the five years from 1989-90 to 1993-94 is given below:

	1989-90	1990-91	1991-92	1992-93	1993-94
	(Rupees in crores)				
Opening blance	2619.61	2918.01	3245.88	3598.77	3673.76
Amount advanced during the year	398.84	497.79	448.91	514.96	454.49
Amount repaid during the year	100.44	169.92	96.02	439.97	455.67
Closing balance	2918.01	3245.88	3598.77	3673.76	3672.58
Net increase (+)/ decrease (-)	(+) 298.40	(+) 327.87	(+) 352.89	(+) 74.99	(-) 1.18
Interest received and credited to revenue	47.50	65.00	246.29	168.42	324.48

1.9.2 Recoveries in arrears

The total amount overdue for recovery against loans advanced to Municipalities, Panchayati Raj Institutions, other Local Bodies, Public Sector Undertakings, etc. as on 31 March 1994, the detailed accounts of which are maintained by the Accountant General (A&E), was Rs.280.77 crores including Rs.74.27 crores on account of interest. This included Rs.100 crores (36 per cent) pertaining to periods prior to 1990-91. During last 4 years, only 23 per cent of overdue loan and interest for the period prior to 1990-91 was recovered indicating slow pace of recovery process. In respect of loans granted to others, the detailed accounts were kept by 84 departmental officers. Information about overdue instalments of principal and interest thereon were not furnished by 60,58,69,74 and 74 departmental officers as at the end of March 1990, 1991, 1992, 1993 and 1994 respectively. Rupees 34.90 crores (Principal: Rs.13.95 crores, Interest: Rs.20.95 crores) had become overdue as on 31 March 1994 as per information furnished by 10 departmental officers.

1.9.3 The terms and conditions in respect of 4 loans aggregating Rs.55.80 lakhs sanctioned and paid upto the year 1993-94 (Industries, Mines and Energy Department: 2 items: Rs.53.80 lakhs; Revenue Department: 2 items: Rs.2.00 lakhs) had not been prescribed (November 1994). Year-wise details are given below:

Year	Number of items	Amount (Rupees in lakhs)
1988-89	2	53.80
1991-92	2	2.00

1.10 Financial results of irrigation projects

The financial results of one major irrigation commercial project and four medium irrigation commercial projects with a total capital outlay of Rs.207.68 crores at the end of March 1994 showed that revenue realised from these projects during 1993-94 was only 3.02 per cent of the capital outlay. After meeting both direct and indirect working expenses (Rs.14.87 crores), and interest on direct capital outlay (Rs.24.05 crores), the projects suffered a loss of Rs.32.64 crores during 1993-94. These 5 projects had suffered a loss of Rs.24.94 crores, Rs.26.05 crores, Rs.32.58 crores and Rs.31.45 crores during 1989-90, 1990-91, 1991-92 and 1992-93 respectively. In respect of all the five projects, during 1989-90 to 1992-93, the revenue realised was not sufficient even to cover the direct working expenses. However, in 1993-94 though the position remained the same in respect of the four medium irrigation projects, in respect of the major irrigation project, the revenue was Rs.4.70 crores against direct working expenses of Rs.4.18 crores.

1.11 Guarantees given by the Government

Under Article 293 of the Constitution of India, an Act viz. the Gujarat State Guarantees Act, 1963 as amended by the Act of 1991 has been passed by the State Legislature laying down the limit upto Rs.6000 crores within which Government may give guarantee on the security of the Consolidated Fund of the State. State guarantees, constituting contingent liabilities on the revenue of the State, are being given on behalf of State Corporations and Statutory bodies, Municipal Corporations, Municipalities, Nagar Panchayats, etc., Co-operative Banks and Societies, Joint Stock Companies and others for discharge of certain liabilities like repayment of capital, loans, fixed deposits etc., raised and for payment of minimum dividend or interest. The guarantee given by Government, sums guaranteed and outstanding, during the last five years are indicated below:

(Rupees in crores)

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding
1990	3999.82	3373.03
1991	4478.87	3852.15
1992	5139.60	4513.88
1993	5815.18	5189.61
1994	5970.25	5387.33

The following comments are offered:

(i) As regards the amount outstanding, details of principal and interest were not separately available.

(ii) Towards discharge of guarantee liabilities, Government had paid Rs.5.49 crores in respect of 21 cases upto March 1994. No amount was recovered against the discharge during 1993-94.

1.12 Ways and Means Advances and Overdraft

Under an agreement with the Reserve Bank of India, the Government of Gujarat had to maintain with the Bank a minimum cash balance of Rs.70 lakhs on all days during 1993-94. The Bank informs the Government of the daily balance with the Bank at the close of each working day and if the balance falls below the agreed minimum, the deficiency is made good either by discounting Government of India treasury bills held on behalf of the Government of Gujarat or by obtaining ordinary ways and means advances upto a maximum of Rs.58.80 crores. The Bank had also agreed to give special ways and means advances not exceeding Rs.14.15 crores against the securities of the Government of India held by the Government of Gujarat.

The extent to which the Government maintained the minimum balance with the Bank during 1989-90 to 1993-94 was as under:

	1989-90	1990-91	1991-92	1992-93	1993-94
1 Number of days on which the balance was maintained					
(a) Without obtaining any advance	329	328	127	148	237
(b) By obtaining Ways and Means Advances	30	26	145	105	95
2 Number of days on which there was shortfall even after availing of Ways and Means Advances but without taking overdraft	-	-	-	2	NIL
3 Number of days on which overdrafts were obtained	6	11	94	110	33

(all days inclusive of Sundays and holidays)

The position of ways and means advances and overdrafts taken by government of Gujarat and interest paid thereon during the same period was as under:

	1989-90	1990-91	1991-92	1992-93	1993-94
(Rupees in crores)					
Ways and Means Advances					
(a) Opening balance	NIL	28.82	NIL	9.73	53.20
(b) Advances taken during the year (gross)	143.31	214.18	886.82	720.06	451.89
(c) Advances repaid during the year (gross)	114.49	243.00	877.09	676.59	505.09
(d) Advances outstanding at the end of the year	28.82	NIL	9.73	53.20	NIL
(e) Interest paid	0.14	0.52	2.55	2.61	1.51
Overdrafts					
(i) Overdraft taken during the year (gross)	124.43	141.44	2593.67	4812.21	246.24
(ii) Overdraft outstanding at the end of year	NIL	NIL	NIL	138.64 [@]	NIL
(iii) Interest paid	0.04	0.06	1.20	1.59	0.61

@ Revised due to *pro forma* correction

STATEMENT - I

Statement of financial position of the Government of Gujarat as on 31 March 1994

(Rupees in crores)

LIABILITIES		ASSETS	
Amount as on 31.3.93	Amount as on 31.3.94	Amount as on 31.3.93	Amount as on 31.3.94
1186.94*	1131.69	6911.15	7535.08#
Internal Debt		Gross Capital Outlay on Fixed Assets	
874.83	979.37	3026.12	3087.40
Market Loans bearing interest		Investment in Shares of Companies, Corporations, etc.	
2.71	2.55	3885.03	4447.68
Market Loans not bearing interest		Other Capital Outlays	
61.68	67.35		
Loans from LIC		3673.76	3672.58
55.88	82.42	Loans and Advances	
Loans from other Institutions		2443.02	2376.74
53.20	—	Loans for Power Projects	
Ways and Means Advances		1104.15	1166.45
138.64@	—	Other Development Loans	
Overdraft from RBI		126.59	129.39
		Loans to Government Serv- ants and Miscellaneous Loans	
6566.84	7108.59	0.29	0.42
Loans and Advances from Central Government		166.18	62.06
747.37	714.98	130.43@	285.34
Pre 1984-85 Loans		Cash Balance	
4104.86	4459.05	(-)1.99	(-)1.58##
Non-Plan Loans		10.68	129.05
1682.14	1897.38	Departmental cash Balances including Permanent Advances and investment of earmarked Funds	
Loans for State Plan Schemes		112.68	139.88
5.65	4.48	Cash Balance Investment	
Loans for Central Plan Schemes		9.06@	17.99
26.82	32.66	Deposits with Reserve Bank of India	
Loans for Centrally Sponsored Plan Schemes		212.86	48.99
—	0.04	Deficit on Government Account	
Loans for Special Schemes		Current Year's Revenue Surplus	96.22
844.75	968.88	Miscellaneous Government Account	67.58
Small Savings etc.			163.80
1712.44	2026.06	Deduct	
Deposits		Deficit on Government Account on 31.3.1993	212.79*
284.79	192.63		
Reserve Funds			
453.76	136.50		
Suspense and Miscellaneous			
45.15	40.12		
Contingency Fund			
11094.67@	11604.47	11094.67@	11604.47

* Increased due to clubbing of overdraft (Rs. 138.64 crores) from the Reserve Bank of India under M.H. 6003

@ Increased by Rs. 9.06 crores due to *pro forma* correction.

Includes increase of Rs. 0.07 crore due to *pro forma* correction on account of allocation from Maharashtra.

@ Increased by Rs. 9.06 crores due to *pro forma* correction.

Minus balance is due to remittances between treasuries and currency chest remaining unadjusted on 31 March 1994.

* Differs by Rs. 0.07 crores from the figures adopted in Audit Report 1992-93 due to *pro forma* adjustment made in the Finance Accounts.

EXPLANATORY NOTES

1 The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts for the year 1993-94 of the State Government and are subject to notes and explanations contained therein.

2 Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock, fixtures etc., do not figure in the accounts.

3 Although a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.

4 The closing cash balance as per Reserve Bank of India was Rs.22.42 crores against the general cash balance of Rs.17.99 crores shown in accounts. The difference under Deposits with the Reserve Bank of India is yet to be reconciled.

5 Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account with the result that cumulative position of such surplus or deficit is not ascertainable. The balancing figure of Rs.944.87 crores as on 31 March 1983 was, therefore, treated as cumulative surplus for drawing up the first instalment of financial position for 1983-84 which took the place of a Balance Sheet.

6 Suspense and Miscellaneous balance includes cheques issued but not paid, payments made on behalf of State and other pending settlement etc. The balance under Suspense and Miscellaneous had decreased from Rs.453.76 crores as on 31 March 1993 to Rs.136.50 crores as on 31 March 1994.

STATEMENT - II

Abstract of Receipts and Disbursements for the year 1993-94

SECTION A - REVENUE

(Rupees in crores)

RECEIPTS	Amount	DISBURSEMENTS	Amount
I Revenue Receipts	7030.01	I Revenue Expenditure	6933.79*
(i) Tax Revenue	3941.72	Sector	Non-Plan Plan Total
(ii) Non-Tax Revenue	1398.78	(i) General Services	1933.07 7.60 1940.67
(iii) State's share of Union Taxes	983.09	(ii) Social Services	1997.44 335.45 2332.89
(iv) Non-Plan Grants	69.69	(iii) Agriculture and Allied Activities	401.85 53.20 455.05
(v) State Plan Schemes	200.82	(iv) Rural Development	196.81 104.68 301.49
(vi) Grants for Centrally Sponsored Plan Schemes	435.91	(v) Special Areas Programmes	14.41 1.93 16.34
		(vi) Irrigation and Flood Control	578.81 51.60 630.41
		(vii) Energy	803.15 12.27 815.42
		(viii) Industry and Minerals	22.47 64.92 87.39
		(ix) Transport	262.24 26.16 288.40
		(x) Communications	0.01 NIL 0.01
		(xi) Science, Technology and Environment	0.11 0.66 0.77
		(xii) General Economic Services	35.31 3.86 39.17
		(xiii) Grants-in-aid and Contributions	25.78 NIL 25.78
II Revenue deficit carried over to Section 'B'	NIL	II Revenue Surplus carried over to Section 'B'	96.22
	7030.01		7030.01

* Represents net expenditure after taking into account the recoveries accounted for in reduction of expenditure.

SECTION B - OTHERS

(Rupees in crores)

RECEIPTS	Amount	DISBURSEMENTS	Amount
III Opening Cash Balance including Permanent advances and Cash Balance Investment	130.43*	III Opening Overdraft from Reserve Bank of India	138.64
IV Miscellaneous Capital Receipts	NIL	IV Capital Outlay	623.86@
		Sector	
		(i) General Services	17.68
		(ii) Social Services	142.56
		(iii) Agriculture and Allied Activities	59.50
		(iv) Rural Development	0.01
		(v) Special Areas Programmes	0.27
		(vi) Irrigation and Flood Control	262.22
		(vii) Energy	7.17
		(viii) Industry and Minerals	16.38
		(ix) Transport	112.33
		(x) Communications	NIL
		(xi) Science, Technology and Environment	NIL
		(xii) General Economic Services	5.74
V Recovery of Loans and Advances	455.67	V Loans and Advances Disbursed	454.49
(i) From Power Projects	323.49	(i) For Power Projects	257.21
(ii) From Government Servants and Miscellaneous loans	27.38	(ii) To Government Servants and Miscellaneous Loans	30.18
(iii) From Others	104.80	(iii) To Others	167.10
VI Revenue Surplus brought down	96.22	VI Revenue Deficit brought down from Section "A"	NIL
VII Public Debt Receipts	1525.99	VII Repayment of Public Debt	900.84
(i) Internal Debt other than Ways & Means Advances and Overdraft	276.84	(i) Internal Debt other than Ways and Means Advances and Overdraft	140.23
(ii) Ways and Means Advances	451.89	(ii) Ways and Means Advances	505.09
(iii) Loans and Advances From Central Government	797.26	(iii) Repayment of Loans and Advances to Central Government	255.52
VIII Inter-State Settlement Account	NIL	VIII Inter-State Settlement Account	0.28
IX Transfer from Contingency Fund	NIL	IX Appropriation to Contingency Fund	NIL
X Contingency Fund	4.85	X Contingency Fund	9.88

* Differs from the figure for 1992-93 by Rs. 9.06 crores due to *pro forma* correction.

@ Represents net expenditure after taking in to account the recoveries accounted for in reduction of expenditure.

RECEIPTS		Amount	DISBURSEMENTS		Amount
XI Public Account Receipts		8214.32	XI Public Account Disbursements		8014.15
(i) Small Savings and Provident Funds	298.62		(i) Small-Savings and Provident Funds	174.49	
(ii) Reserve Funds	(-) 18.92		(ii) Reserve Funds	73.24	
(iii) Suspense and Miscellaneous	1904.55		(iii) Suspense and Miscellaneous	2153.95	
(iv) Remittances	1404.30		(iv) Remittances	1300.19	
(v) Deposits and Advances	4625.77		(v) Deposits and Advances	4312.28	
XII Closing Overdraft from the Reserve Bank of India		NIL	XII Cash Balance at the end		285.34
			(i) Cash in Treasuries and Local Remittances	(-) 1.58*	
			(ii) Departmental Cash Balances Including Permanent Advances	129.05	
			(iii) Cash Balance Investment	139.88	
			(iv) Deposits with Reserve Bank of India	17.99	
		10,427.48			10,427.48

* Minus Balance is due to remittances between treasuries and currency chest remaining unadjusted on 31 March 1994.

STATEMENT - III

III SOURCES AND APPLICATION OF FUNDS FOR 1993-94 Amount
(Rupees in crores)

I SOURCES

1	Revenue Receipts	7030.01
2	Recoveries from Loans and Advances	455.67
3	Miscellaneous Capital Receipts	NIL
4	Increase in Public Debt Other than Overdraft	625.15
5	Net receipts from Public Accounts	200.17

Increase in Small Savings	124.13
Increase in Deposits and Advances	313.49
Net effect in Reserve Funds	(-) 92.16
Effect on Remittance balance	104.11
Increase in Suspense balance	(-) 249.40

Net Funds available 8311.00

II APPLICATION

1	Revenue Expenditure	6933.79
2	Lending for Development and other purposes	454.49
3	Capital Expenditure	623.86
4	Repayment of Overdraft from the Reserve Bank of India	138.64
5	Net disbursements from the Contingency Fund	5.03
6	Net disbursement on account of Inter-State Settlement	0.28
7	Increase in Closing Cash Balance	154.91
		<u>8311.00</u>

CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

2.1.1 The summarised position of actual expenditure during 1993-94 against grants/appropriations is as follows :

(Rupees in crores)

	Original Grant/ Appropriation	Supple- mentary	Total	Actual* expenditure	Variation Saving(-) Excess(+)
I Revenue					
Voted	5152.93	787.40	5940.33	6016.54	+ 76.21
Charged	1045.24	35.63	1080.87	1058.13	- 22.74
II Capital					
Voted	1458.29	67.95	1526.24	758.20	- 768.04
Charged	0.04	3.20	3.24	3.16	- 0.08
III Public Debt					
Charged	1172.26	27.76	1200.02	1285.73	+ 85.71
IV Loans and Advances					
Voted	445.29	50.00	495.29	454.48	- 40.81
Charged	0.12	0.01	0.13	0.01	- 0.12
V Others					
Inter-State Settlement					
Charged	0.01	0.27	0.28	0.28	-
Grand Total	9274.18	972.22	10246.40	9576.53	-669.87

2.2 Results of Appropriation Audit

The following results emerge broadly from Appropriation Audit.

2.2.1 Supplementary provision of Rs.972.22 crores obtained in March 1994 constituted 10 per cent of the original provision as against 18 per cent in the year preceding.

2.2.2 Unnecessary/excessive/inadequate supplementary provision

(a) The total supplementary provision of Rs. 972.22 crores obtained in March 1994 proved excessive in view of overall saving of Rs. 669.87 crores.

(b) Supplementary provision of Rs. 34.61 crores (Revenue: Rs. 17.54 crores, Capital: Rs. 17.07 crores) in 27 cases (involving 21 grants, 6 appropriations) as detailed in Appendix-I, proved unnecessary.

(c) In 13 more cases (involving 11 grants, 2 appropriations) as detailed in Appendix-II, additional funds required were only Rs. 144.84 crores (Revenue: Rs. 104.22 crores, Capital: Rs. 40.62 crores) against the Supplementary provision of Rs. 183.67 crores (Revenue: Rs.127.75 crores, Capital: Rs. 55.92 crores) with saving in each case exceeding Rs. 20 lakhs.

* Represents gross expenditure without taking into account the recoveries accounted for in reduction of expenditure.

(d) In 15 cases (involving 14 grants, 1 appropriation) as detailed in Appendix-III, Supplementary provision of Rs. 637.34 crores (Revenue: Rs. 567.43 crores, Capital: Rs. 69.91 crores) was inadequate by more than Rs. 20 lakhs in each case leaving an aggregate uncovered excess expenditure of Rs. 569.83 crores.

2.2.3 Saving/Excess over provision

The overall saving of Rs. 669.87 crores was the result of saving of Rs. 1244.66 crores in 116 grants (Rs. 1221.23 crores) and 35 appropriations (Rs. 23.43 crores) offset by excess of Rs. 574.79 crores in 27 grants (Rs. 488.59 crores) and 5 appropriations (Rs. 86.20 crores) vide Appendix-IV. The excess of Rs. 5,74,79,52,917, vide Appendix-IV, requires regularisation under Article 205 of the Constitution.

2.2.4 Unutilised provision

In 23 grants, the expenditure fell short by more than Rs. 1 crore and also by 10 per cent of the total provision, as detailed in Appendix-V.

2.2.5 (i) Savings under Plan Schemes

In addition to those mentioned in paragraph 2.2.4 above, in the following cases substantial savings occurred owing to non-implementation or slow implementation of Plan Schemes.

Sl. No.	Name of the Department Number and Name of the Grant	Name of the Scheme	Saving (Rupees in lakhs)	Percentage of Saving
1	2	3	4	5
Revenue Section				
Agriculture, Co-operation and Rural Development				
1	3-Minor Irrigation, Soil Conservation and Area Development	SLC-8 Watershed Project assisted by the European Economic Community	186.00	100
2	5-Fisheries	Reimbursement of excise duty on high speed diesel oil used by mechanised fishing vehicles below 20 mts. length	129.16	40
Education				
3	9-Education	EDN-8 Gujarat State Council of Educational Research and Training	95.17	91
4	—do—	Additional Teachers for enrolling additional pupils for primary school	87.36	100
Forests and Environment				
5	27-Environment	WSS-1 Gujarat Pollution Control Board	84.00	58

1	2	3	4	5
	General Administration			
6	35-Other expenditure pertaining to General Administration Department	DDP-2.5 <i>per cent</i> incentive outlay towards matching shares for District Development Scheme	564.05	70
	Home			
7	44-Police	State Police Wireless	134.32	81
	Industries and Mines			
8	50-Industries	Subsidy scheme for rehabilitation of closed Textile Mill Workers for setting up Industries	154.28	92
9	—do—	Special Package Incentives to Electronics Industries	137.40	48
10	—do—	Regional Training Centres in Cottage Industries in Adivasi Area	120.77	97
	Information, Broadcasting and Tourism			
11	54-Information and Publicity	Rural Broadcasting and Establishment of Television Centres	153.82	84
	Panchayats and Rural Housing			
12	69-Rural Housing	HSG-14 Upgradation of Rural Houses	102.60	58
	Urban Development and Urban Housing			
13	94-Urban Housing	Grant-in-aid to Gujarat Housing Board for Poverty Alleviation Programme	550.00	69
	Capital Section			
	Health and Family Welfare			
14	41-Water Supply	WSS-7(2) Laying of Pipeline for Water Supply to Saurashtra and Kachchh	8000.00	80
	Industries and Mines			
15	50-Industries	IND-14 Acquisition of closed textile Undertakings Share Capital or Grant of working Capital to G.S.T.C.	100.00	100

1	2	3	4	5
Narmada and Water Resources				
16	65-Irrigation and Soil Conservation	Major Irrigation	697.16	47
17	—do—	MNR-2 Tube Wells	200.00	60
18	—do—	Reservoirs	193.96	65
Roads and Buildings				
19	82-Roads and Bridges	Rural Roads	3590.77	91
Urban Development and Urban Housing				
20	95-Urban Development	UDP-5 Loans for seed Capital to Urban Areas Development Authorities	625.00	83
21	—do—	UDP-9 Integrated Urban Development of small and medium towns	125.00	83

2.2.5 (ii) Significant savings under the Centrally Sponsored Schemes

Test-check revealed large savings under Grant Nos. 39 and 40 operated by the Health and Family Welfare Department. Significant cases are given below:

(a) A provision of Rs. 70 lakhs (Plan: Rs.35 lakhs; Non-plan: Rs.35 lakhs) was made under Grant No.39 for partially Centrally Sponsored Scheme 'HLT-33 National Malaria Eradication Programme'. As new items were not sanctioned, entire provision remained unutilised.

(b) A provision of Rs. 60 lakhs (Grant 39) was made under the Centrally Sponsored Scheme 'HLT-46 National T.B. Control Programme(Non-Plan)'. The entire provision was not utilised as necessary posts for implementation of scheme were not filled up.

(c) Under Grant No.40, a Non-Plan provision of Rs.914.55 lakhs was made under a partially Centrally Sponsored Scheme of 'India Population Project VII'. Due to posts remaining vacant, an amount of Rs.785.20 lakhs only was utilised leaving a provision of Rs.129.35 lakhs unutilised.

2.2.6 Persistent Savings

According to paragraph 37 of the Budget Manual, provision is to be made for the expenditure expected to be incurred in the coming year and the actuals of the last three years were to be taken into account while making the provision. However, persistent savings were noticed in the following grants:

Sl. No.	Name of the Department Number and Name of the Grant/Appropriation	Percentage of saving			
		1990-91	1991-92	1992-93	1993-94
Revenue Section					
Voted Grants					
Agriculture, Co-operation and Rural Development					
1	5-Fisheries	6	18	14	21
Food and Civil Supplies					
2	22-Civil Supplies	4	17	35	48
Information, Broadcasting and Tourism					
3	55-Tourism	5	10	68	14
Legal					
4	61-Administration of Justice	16	9	15	18
Capital Section					
Voted Grants					
Agriculture, Co-operation and Rural Development					
5	2-Agriculture	54	51	47	53
Education					
6	10-Other Expenditure pertaining to Education Department	9	7	16	75
Urban Development and Urban Housing					
7	94-Urban Housing	9	17	72	11
Charged Appropriation					
Panchayats and Rural Housing					
8	68-Community Development	42	24	37	100

Reasons furnished by the Departments were as under:

(a) Fisheries

The saving was due mainly to (i) modification of projects by the National Co-operative Development Corporation and (ii) reduction of Plan outlay.

(b) Civil Supplies

The saving was due mainly to (i) less coverage of population under 'Food For All' Scheme, (ii) less off-take of foodgrains and (iii) implementation of identified areas scheme by Central Government.

(c) Tourism

The saving was due mainly to (i) non-receipt of sanction from Government of India, (ii) economy measures (iii) reduction in Plan outlay and (iv) non-finalisation of application from District level tourist centres.

(d) Agriculture

The saving was due mainly to (i) sanction of less grant by Government of India, (ii) economy in expenditure and (iii) vacant posts.

(e) Education

The saving was due mainly to (i) less demands from beneficiaries, (ii) non-receipt of administrative approval and (iii) non-distribution of advances to staff to avoid opposition from District staff.

2:2.7 Significant cases of excesses

In the following grants, the expenditure exceeded the provision by more than Rs. 50 lakhs and also by more than 10 per cent of the total provision:

Sl. No.	Name of the Department Number and Name of the Grant	Amount of excess (Rupees in crores) (Percentage to total provision)	Main reasons for excess
Revenue Section			
Voted Grants			
Agriculture, Co-operation and Rural Development			
1	6-Co-operation	133.73 (703)	Reasons for the excess have not been intimated
Energy and Petro-Chemicals			
2	13-Energy Projects	147.46 (22)	Reasons for the excess have not been intimated
Narmada and Water Resources			
3	65-Irrigation and Soil Conservation	165.24 (37)	The excess was due mainly to increase in the rates of material costs, labour charges, dearness allowances, payment of arrears of higher pay scales, clearance of old liabilities, pay and allowances of work charged establishment and for completion of the work in progress.
Capital Section			
Voted Grant			
Home			
4	47-Other Expenditure pertaining to Home Department	2.89 (22)	Reasons for excess have not been intimated.

2.2.8 Surrender of savings

(a) As against available saving of Rs. 669.87 crores, a sum of Rs. 1666.11 crores was surrendered in March 1994.

(b) Surrender exceeding Rs. 50 lakhs in each case was made in excess of the saving available in the following grants:-

Grant No	Department	Saving available	Amount surrendered	Excessive surrender
Revenue Section		(Rupees in lakhs)		
Voted Grants				
46	Home	6109.22	11297.90	5188.68
81	Roads and Buildings	844.52	1696.20	851.68
91	Social Welfare and Tribal Development	393.73	538.88	145.15
92	—do—	561.99	616.04	54.05
Capita Section				
Voted Grants				
13	Energy and Petrochemicals	1926.10	2926.10	1000.00
41	Health and Family Welfare	7140.11	8000.00	859.89
46	Home	----	1110.00	1110.00
50	Industries and Mines	675.62	972.00	296.38
64	Narmada and Water Resources	68128.74	68588.09	459.35
80	Roads and Buildings	179.79	1108.10	928.31

(c) Though the expenditure incurred exceeded the provisions, amounts exceeding Rs. 50 lakhs were surrendered in the following grants:-

Grant No.	Department	Actual excess over original provision	Amount surrendered
Revenue Section		(Rupees in lakhs)	
Voted Grants			
6	Agriculture, Co-operation and Rural Development	13372.53	125.37
13	Energy and Petro-Chemicals	14746.34	255.57
44	Home	617.01	76.00
65	Narmada and Water Resources	16523.55	416.94
80	Roads and Buildings	162.81	1540.15
82	—do—	912.06	1735.35
Capital Section			
Voted Grant			
65	Narmada and Water Resources	641.14	603.23
Charged Appropriation			
20	Finance	8599.04	30158.03

(d) Significant savings of Rs. 50 lakhs or more in each case remained unsurrendered in the following cases:-

Grant/ Appropriation Number	Department	Total saving	Amount surrender	Unsurrendered amount
(Rupees in lakhs)				
Revenue Section				
Voted Grants				
2	Agriculture, Co-operation and Rural Development	821.15	577.26	243.89
22	Food and Civil Supplies	1414.58	1351.50	63.08
26	Forests and Environment	170.18	—	170.18
27	—do—	120.00	54.00	66.00
40	Health and Family Welfare	160.44	62.00	98.44
41	—do—	175.28	—	175.28
49	Industries and Mines	549.38	460.35	89.03
50	—do—	1366.07	1139.25	226.82
73	Revenue	189.06	60.53	128.53
96	Urban Development and Urban Housing	141.24	—	141.24
99	Youth Services and Cultural Activities	168.40	49.20	119.20
Charged Appropriation				
20	Finance	2053.52	1018.40	1035.12
Capital Section				
Voted Grants				
5	Agriculture, Co-operation and Rural Development	171.55	0.30	171.25
26	Forests and Environment	358.58	30.43	328.15
83	Roads and Buildings	69.50	19.50	50.00
91	Social Welfare and Tribal Development	300.78	92.74	208.04
92	—do—	341.97	281.77	60.20

2.3 Injudicious re-appropriations

Re-appropriation is transfer of funds within a grant, from one unit of appropriation where savings are anticipated to another where additional funds are needed. It is permissible only when there is definite or reasonable chance of saving under the unit to meet urgent expenditure under another unit. These aspects do not appear to have been taken into consideration while issuing re-appropriation orders during the year 1993-94.

In 13 cases, the re-appropriations turned out to be injudicious on account of the final excess as detailed in Appendix-VI.

2.4 Expenditure on 'New Service/New Instrument of Service'

The existing rules provide that expenditure on any item coming under 'New Service/New Instrument of Service' should not be incurred without obtaining the specific approval of the Legislature. In case of urgency, such expenditure can be incurred by obtaining an advance from the Contingency Fund.

In the following cases, expenditure totalling Rs. 200.21 crores was incurred without budget provision. No supplementary grant or an advance from the Contingency Fund was, however, obtained though these satisfied the criteria for being treated as a 'New Service/New Instrument of Service.'

(a) Agriculture, Co-operation and Rural Development Department

Grant No. 6 Co-operation

Expenditure of Rs. 135.57 crores was incurred under the head '2425 Co-operation (792) Irrecoverable loans written off-write off of agriculturists' debt under Debt Relief Scheme.'

(b) Education Department

Grant No. 10 Other Expenditure pertaining to Education Department

Expenditure of Rs. 0.20 crore was incurred under the head '2205 - Art and Culture (800) other expenditure (7) celebrating centenary year of Dr. Babasaheb Ambedkar.'

(c) Health and Family Welfare Department

Grant No. 39 Medical and Public Health

(i) Expenditure of Rs. 0.38 crore was incurred under the head '2210 Medical and Public Health (06) Public Health (101) Prevention and Control of Diseases (12) Water related diseases.'

(ii) Expenditure of Rs. 0.34 crore was incurred under the head '2210-Medical and Public Health (06) Public Health (101) Prevention and Control of diseases (1) Small Pox Eradication Programme.'

(iii) Expenditure of Rs. 0.30 crore was incurred under the head '2210 Medical and Public Health (03) Rural Health Services-Allopathy (104) Community Health Centres (2) HLT-31 Strengthening of Referral Hospital.'

(iv) Expenditure of Rs. 0.27 crore was incurred under the head '2210-Medical and Public Health (03) Rural Health Services- Allopathy (103) Primary Health Centres (4) Mobile Comprehensive Health Care Unit Under Poverty Alleviation Programme.'

(d) Home Department

(i) Grant No. 46 Transport

Expenditure of Rs. 52.00 crores was incurred under the head '3055 Road Transport (190) Assistance to Public Sector and other Undertakings (2) Subsidies to GSRTC on account of uneconomic routes, students concessions, etc.'

(ii) Grant No 47-Other Expenditure pertaining to Home Department

Expenditure of Rs. 7.75 crores was incurred under the head '4216-Capital Outlay on Housing (80) General (201) Investments in Housing Boards (1) Share Capital Contribution to Gujarat State Police Housing Corporation Limited (Plan).'

(e) Industries and Mines Department

Grant No. 50 Industries

Expenditure of Rs. 3.00 crores was incurred under the head '4885-Other Capital Outlay on Industries and Minerals (01) Investment in Industrial Financial Institutions (190) Investment in Public Sector and other Undertakings (5) IND-28 Share Capital Contribution to Gujarat Growth Centre Development Corporation.'

(f) Roads and Buildings Department

Grant No. 82-Roads and Bridges

Expenditure of Rs. 0.40 crore was incurred under the head '5054-Capital Outlay on Roads and Bridges (04) District and other Roads (800) Other expenditure (4) Ukai Kakrapar Irrigation Project (Plan)'.

2.5 Trend of recoveries

Under the system of gross budgeting by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries are shown separately in the budget estimates.

In 6 grants in the Revenue Section, the actual recoveries (Rs. 60.99 crores) were more than the estimated recoveries (Rs. 39.40 crores) by Rs. 21.59 crores. On the other hand in 73 grants, the actual recoveries (Rs. 16.14 crores) were less than the estimated recoveries (Rs. 147.30 crores) by Rs. 131.16 crores.

Similarly, in the Capital Section, in 10 grants, the actual recoveries (Rs. 15.37 crores) were more than the estimated recoveries (Rs. 2.07 crores) by Rs. 13.30 crores. Further, in 4 grants, the actual recoveries (Rs. 122.13 crores) were less than the estimated recoveries (Rs. 571.38 crores) by Rs. 449.25 crores.

Less recoveries in the Revenue Section were partly due to exhibiting the recoveries on account of Foodgrain Advances and Festival Advance granted to the employees as recoveries distinctly in the grants, instead of treating such recoveries as reduction in expenditure under the programme minor head 'Direction and Administration'. To that extent, the Budget estimates were framed incorrectly.

Detailed reasons for variations have not been intimated (December 1994). Further details of grant wise recoveries are given in Appendix-II of the Appropriation Accounts.

2.6 Advances from Contingency Fund

The Contingency Fund of the State was established under the Gujarat Contingency Fund Act, 1960 and under the provision of Articles 267(2) and 283(2) of the Constitution of India.

The Fund is in the nature of an imprest and is intended to meet expenditure of urgent nature on items which are unforeseen and unavoidable including expenditure on a New Service pending approval of the Legislature to such items.

The Fund is administered by the Secretary to the Government of Gujarat, Finance Department on behalf of and in the name of the Governor.

The corpus of the Fund is Rs. 50 crores. As on 1 April 1993, the balance in the fund was Rs. 45.15 crores. During the year advances drawn from the Fund was Rs. 21.25 crores against Rs. 31.59 crores sanctioned and Rs. 11.36 crores recouped out of it.

In addition, unrecouped Rs. 4.85 crores of the previous year was also recouped during the year. Unrecouped balance at the end of the year was Rs. 9.89 crores.

A review of the operation of the Contingency Fund during the year 1993-94 revealed the following :

(i) Out of 308 sanctions involving Rs. 3158.88 lakhs issued during the year, 78 sanctions (excluding unrecouped ones) involving Rs. 1681.12 lakhs were not operated.

(ii) In respect of 12 sanctions aggregating Rs. 294.62 lakhs, the utilisation was only Rs. 175.91 lakhs, which was 60 *per cent* of the sanctioned amount. However, no action was taken by the Administrative Departments to reduce the amount of advance.

(iii) There was no monitoring of the progress of expenditure from the Fund by the Administrative Departments. No independent reconciliation of expenditure figures was carried out by the Administrative Departments concerned, through the Budget Manual enjoins them to do so.

CHAPTER- III

CIVIL DEPARTMENTS

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Excess payment of grant

According to the revised Grant-in-aid Rules (February 1987), voluntary organisations running T.B. hospitals are eligible for grant at the rate of 60 per cent of the actual expenditure of the previous year or the actual deficit, whichever is less. For computation of the admissible grant, the element of pay and allowances of the staff is required to be restricted to the pay and other allowances as admissible to similar staff under Government employment.

It was noticed in audit (March 1994) that though T.B. risk allowance was not payable to the staff of Government T.B. hospitals, such allowance was paid to the employees of six voluntary T.B. hospitals and grant for same was released by the Commissioner of Health and Medical Services (Commissioner). This resulted in excess payment of grant of Rs. 38.47 lakhs between 1987-88 and 1992-93.

Government, to whom the matter was reported in September 1994, accepted the excess payment and stated (November 1994) that instructions were being issued to the Commissioner for recovery.

3.2 Delay in disposal of unserviceable water tankers

According to the codal provisions, when stores of any kind became unserviceable, a report thereof must be made at once in Survey Report form as it was not desirable to keep such materials in custody. These are to be disposed of by public auction after getting the upset price fixed and the survey report sanctioned by the competent authority.

The Water Tanker Organisation, Gandhinagar had (October 1993) 364 water tankers of which 104 were unserviceable. Year-wise details of tankers declared unserviceable by the Organisation, cases where survey reports were not prepared and cases where survey reports were not sanctioned by Government with the upset price wherever assessed are given in the table below:

Year	Number of unserviceable tankers	Number of tankers not inspected and survey reports not prepared	Number of tankers for which survey reports not sanctioned	Upset price assessed	
				Number	Amount (Rupees in lakhs)
Up to 1987	18	12	6	6	2.82
1988	59	5	54	54	25.33
1989	8	7	1	1	0.66
1990	5	5	-	-	-
1991	5	5	-	-	-
1992	7	7	-	-	-
1993	2	2	-	-	-
Total	104	43	61	61	28.81

Of the 104 water tankers, survey reports in respect of 61 tankers (upset price: Rs. 28.81 lakhs) were submitted during September 1990 to August 1993 but had not been sanctioned by Government (July 1994). Forty-one tankers, which became unserviceable between October 1981 and September 1992, were yet to be inspected (July 1994). The remaining two were held back for other reasons.

Thus, there was inordinate delay in disposal of the unserviceable water tankers. Besides, because of the delay in disposal, the upset price fixed may not be realised due to deterioration in the condition of the tankers.

The matter was referred to Government in April 1994; reply has not been received (January 1995).

3.3 Wasteful expenditure on pay and allowances

A Glucose Saline Plant installed (December 1967) at the Civil Hospital (Hospital), Ahmedabad had stopped working in April 1987. While other staff attached to the plant were absorbed elsewhere in the Health and Family Welfare Department between March 1989 and April 1990, a chemist was retained, though there was no work for him. Several proposals made between May 1990 and February 1994 by the Hospital authorities for utilising his services elsewhere in the department were not accepted by the Government. Thus, the chemist continued to remain in the hospital without rendering any service, which resulted in wasteful expenditure of Rs. 5.23 lakhs towards pay and allowances between April 1987 and March 1994.

The matter was reported to Government in January 1994; their reply has not been received (January 1995).

INDUSTRIES AND MINES DEPARTMENT

3.4 Purchase of micro film rolls in instalments

The Central Stores Purchase Organisation (CSPO), established in 1942, is a central agency for finalising purchase of stores economically and efficiently for different Departments of the State Government.

On receipt of an indent from the Inspector General of Registration, Ahmedabad (IGR) for purchase of 2000 Rapid Copex Brand Micro Film Rolls (Rolls), the CSPO placed (May 1987) an order for supply of 1890 Rolls at Rs. 295 each with firm 'A'. The Rolls were to be supplied within six months. Since the firm failed to make the supply within the prescribed time limit, the CSPO decided to make the purchase at the risk and cost of the firm as per the terms and conditions of the contract.

After floating tender enquiry for Rolls of Rapid Copex Brand or equivalent brand, the order for supply of 1890 Rolls of Fuji brand at Rs. 448.10 each was placed with firm 'B' in October 1988 with delivery period of three months. Firm 'B' supplied 1875 Rolls, (700 in December 1988 and 1175 in February 1990). Extra expenditure of Rs. 2.98 lakhs was incurred, on the purchase, compared to the first tender.

Based on further indent from IGR (July 1990) for procurement of 2500 Rolls by November 1990, CSPO placed (March 1991) a repeat order on firm 'B' with delivery period of three months. The firm supplied only 1049 Rolls till September 1991. Hence the order for supply of 1451 Rolls at Rs. 630 each was placed with

firm 'C' in November 1992 at the risk and cost of firm 'B'. The material was received within the stipulated delivery period of six months and extra expenditure of Rs. 2.64 lakhs was recoverable from firm 'B'. Further progress in the matter was awaited.

In this connection, the following observations are made:

Under the terms and conditions of the contract, the extra expenditure on purchase of material of similar description was recoverable from the defaulting supplier. Since in the instant case the Rolls (Fuji brand) purchased from firm 'B' was not of similar description (i.e. Rapid Copex brand) to be supplied by firm 'A', it was doubtful whether the recovery of extra expenditure of Rs. 2.98 lakhs could be enforced against the latter, even though the certificate for recovery of the same as arrears of Land Revenue had been issued in December 1991.

The rate of Rs. 448.10 per Roll (Fuji brand) quoted by firm 'B' was apparently on the higher side as another firm had quoted Rs. 295 per Roll for the same brand, which was ignored for want of authority letter. Further, pending receipt of the Rolls on the contract fixed by CSPO, the IGR was purchasing its urgent requirements locally at rates varying between Rs. 265 to Rs. 295 per roll during November 1987 to March 1989. These Rolls were of the same 'Fuji Brand' and these rates had also been intimated to the CSPO.

Non-receipt of Rolls from the suppliers resulted in stoppage of the work of the office of photo registry, Ahmedabad rendering the staff idle from May 1987 to October 1987, December 1990 to September 1991 and June 1992 to August 1992. It resulted in unfruitful expenditure of Rs. 20.67 lakhs on their pay and allowances. Further, the accumulated arrears of work was cleared on receipt of Rolls by working extra hours, for which overtime allowance of Rs. 29.69 lakhs approximately was paid to the staff.

The matter was referred to Government in January 1994; reply has not been received (January 1995).

3.5 Blocking of Government money

The Government presses at Gandhinagar and Ahmedabad use imported Art paper (Paper) for special jobs such as printing of greetings and invitation cards, calendars, folders, etc. The average yearly consumption of paper during the three years in 1989-90 to 1991-92 was 161 reams and the two presses had stock of 394 reams as on 1 April 1992. The Director of Printing and Stationery (Director), however, assessed the requirement for 1992-93 at 650 reams and placed order (October 1992) for supply of 998 reams of paper at the cost of Rs. 31.24 lakhs. Supply was received in February 1993. The actual consumption of paper during 1992-93 and 1993-94 was 351 reams, i.e. less than even the opening stock of 394 reams as on 1 April 1992. Thus, the purchase of 998 reams at Rs.31.24 lakhs was unnecessary.

Government attributed (March 1994) the non-utilisation of the paper, *inter alia* to non-receipt of sufficient jobs by the presses and suspension of printing of greeting cards for Ministers in pursuance to Finance Department's instructions (October 1993).

The reasons furnished by the Government were not tenable, as the purchase made was far in excess of the actual requirement, which resulted in blocking of Rs. 31.24 lakhs.

3.6 Irregular payment of subsidy

In order to ensure balanced development of industries in the State, Government introduced (May 1986) capital investment subsidy scheme (scheme) according to which cash subsidy at the rate of 30 *per cent* of fixed capital investment was payable to new small scale industrial units set up in eligible area. According to terms and conditions of the scheme, investment on new plant and machinery as also imported second hand machinery was eligible for payment of subsidy.

It was noticed in audit (March 1993) that out of the subsidy of Rs. 6.47 lakhs sanctioned (April 1992) by the Industries Commissioner, Gandhinagar, to an industrial unit 'A', subsidy of Rs. 2.20 lakhs was allowed on a second hand indigenous machine purchased (1989) from another unit at the cost of Rs. 7.33 lakhs. This was irregular since the second hand machinery was not imported.

The matter was referred to Government (March 1994); reply has not been received (January 1995).

AGRICULTURE, CO-OPERATION AND RURAL DEVELOPMENT DEPARTMENT

3.7 Working of Co-operative Societies

3.7.1 Introduction

A co-operative is an Organisation in which people voluntarily work together on the basis of equality for the promotion of a common interest. The aim is to regenerate the community or a section of the community on the basis of mutual aid, trust and self-help on democratic principles for economic and social upliftment of the members of the society.

In Gujarat, Co-operative institutions have been established to cover various sectors such as farming, marketing, processing, housing, milk, sugar, poultry, etc.

3.7.2 Organisational Set-up

The Secretary, Department of Agriculture, Co-operation and Rural Development is in overall charge of planning, implementation and monitoring of the development of co-operatives.

The Registrar of Co-operative Societies cum Director of Agricultural Marketing and Rural Finance and Registrar General of money lending is the overall in-charge of the Co-operative Department. The Registrar is assisted by Additional Registrars, Joint Registrars, Deputy and Assistant Registrars as well as technical officers for special schemes. At the district level, there are District Registrars and Assistant Registrars who are in charge. Except Industrial Co-operatives, which are under the control of Commissioner of Cottage Industries, all types of Co-operative Societies in the State are under the administrative control of Registrar, Co-operative Societies.

The sugar co-operatives are with the Director of Sugar from April 1984.

3.7.3 Audit Coverage

The records/accounts of the department such as budget files, sanction orders on investment and share capital contribution, payment of subsidies and loans issued by the Department of Co-operation, Registrar of Co-operative Societies, Director of Sugar, and District Registrar of Co-operative Societies and also registers pertaining to investment, subsidy, payment of loan and recovery thereof etc., maintained by the Registrar of Co-operative Societies and District Registrars of Co-operative Societies for the period 1988-89 to 1993-94 were test checked during March to June 1994.

Though statistical information was called for for the period upto 1993-94, the information was furnished upto the year 1992-93 fully and partially for the year 1993-94 as accounts for 1993-94 were not ready.

3.7.4 Highlights

There were 49594 registered societies in the State as on June 1994 and of them, 3725 societies had received Government investment of Rs. 5417.78 lakhs. In addition, financial assistance as subsidy and loan to the extent of Rs. 656.30 lakhs was also granted by Government.

(Paragraphs 3.7.5 and 3.7.6)

Government investment in share capital contribution at the end of 1988-89 was Rs.810.97 lakhs which increased to Rs. 5417.78 lakhs at the end of 1992-93 an increase of 568 per cent

(Paragraph 3.7.6)

The number of societies declaring dividend was between 185 (1991-92) and 301 (1990-91) during the period 1989-90 to 1992-93. In 1992-93, only 272 societies declared dividend of Rs. 20.43 lakhs (0.37 per cent). In 1989-90, the corresponding percentage was 5. Further, the Gujarat Cooperative Marketing Federation Limited and the sugar cooperatives, which accounted for 71 per cent of the Government investment, did not declare any dividend.

(Paragraph 3.7.7)

The amount of loan and interest due for repayment by co-operative societies during the year 1993-94 was Rs.8033.03 lakhs. Of this, only Rs.2207.59 lakhs had been repaid during the year. Of the amount of Rs.5825.44 lakhs outstanding, Rs. 1143.93 lakhs were due from the Gujarat Cooperative Marketing Federation, the sugar cooperatives and Gujarat State Cooperative Cotton Federation.

(Paragraph 3.7.9)

Out of the amount of guarantee aggregating Rs. 7033.19 lakhs, to be vacated by the Government at the end of 31 March 1994, as much as Rs. 2960.51 lakhs could not be vacated.

(Paragraph 3.7.10)

Utilisation certificates in respect of grants amounting to Rs.546.18 lakhs paid to 615 societies, out of Rs.1187.54 lakhs paid to 1161 societies during 1990-91 to 1992-93, were outstanding as on 30 June 1993.

(Paragraph 3.7.12)

As on 31 March 1994, audit of accounts of 4747 societies, out of 22572 societies due for audit by Joint Registrar of Co-operative Audit was in arrears.

(Paragraph 3.7.13)

Though as per Government resolution of October 1989, share capital contribution was payable to new sugar cooperative for establishment of sugar plants of 2500 tonnes capacity per day, an amount of Rs.235.90 lakhs was incorrectly paid to a sugar factory which had purchased an old sugar plant of 1250 tonnes capacity per day.

(Paragraph 3.7.15.2)

According to Government policy, the maximum share capital contribution payable to a sugar factory established in a tribal area was Rs.240 lakhs. However, in 2 cases, Rs.275 lakhs each was paid resulting in excess payment of Rs.70 lakhs.

(Paragraph 3.7.15.3)

3.7.5 Registered Co-operative Societies

As on 30 June 1994, there were 49594 registered co-operative societies in Gujarat under 25 categories. The year-wise position during 1988-89 to 1993-94 was as follows:

Year	Number of societies
1988-89	43806
1989-90	45345
1990-91	46768
1991-92	47908
1992-93	48719
1993-94	49594

The majority (72 per cent) of the societies registered were under 4 categories viz. Housing (14260 societies, 29 per cent) Milk (9966 societies, 20 per cent) Agriculture (7019 societies, 14 per cent) and Industrial (4267 societies, 9 per cent).

3.7.6 Investment/financial assistance to co-operative institutions

As at the end of 1992-93, altogether 3725 societies had received Government investment to the tune of Rs. 5417.78 lakhs. Financial assistance was also granted as subsidy and loan during the period 1988-89 to 1992-93 as below:

During the year	Subsidy		Loan	
	Number of societies	Amount (Rupees in lakhs)	Number of societies	Amount (Rupees in lakhs)
1988-89	2453	547.67	237	291.12
1989-90	2811	657.76	109	497.00
1990-91	1124	245.41	87	688.26
1991-92	699	287.35	74	424.38
1992-93	1077	297.64	81	358.66

3.7.7 Dividend

The position relating to amount of investment in share capital contribution and receipt of dividend during the period 1989-90 to 1992-93 are given below:

Year	Government investment in share capital contribution		Number of societies declaring dividend and amount		Percentage of dividend declared
	Numbr of societies	Amount (Rupees in lakhs)	Number of societies	Amount (Rupees in lakhs)	
1988-89	2588	810.97	N.A.	N.A.	-
1989-90	2565	2150.31	275	116.36	5.00
1990-91	2774	2609.89	301	40.39	2.00
1991-92	2974	3053.62	185	39.26	1.00
1992-93	3725	5417.78	272	20.43	0.37

Though the number of societies in which the Government invested increased from 2565 in 1989-90 to 3725 in 1992-93, the number of societies declaring dividend and the amount of dividend paid steadily decreased from 301 to 185 and from 5 to 0.37 *per cent* respectively. Further, the Gujarat Cooperative Marketing Federation Limited and the Sugar Coopertives had Government investment aggregating Rs. 3854.14 lakhs (71 *per cent* of the total Government investment of Rs. 5417.78 lakhs), but these did not declare any dividend in 1992-93.

3.7.8 Liquidation of Co-operative societies

Liquidation forms part of the winding up procedure of co-operative society under the Gujarat Co-operative Societies Act, 1961 and the Gujarat Co-operative Societies Rules, 1965. Table below shows the position of societies under liquidation during the period 1988-89 to 1992-93.

	1988-89	1989-90	1990-91	1991-92	1992-93
1) Total No.of societies	43806	45345	46768	47908	48719
2) No.of societies under liquidation					
i) Agriculture credit societies	802	647	596	452	331
ii) Grain Banks	2	1	1	NA	NA
iii) Non-Agriculture credit societies	98	95	128	264	88
iv) Marketing and other processing societies	42	38	38	22	41
v) Industrial societies	247	245	356	NA	NA
vi) Other non credit societies	1049	1053	1171	1156	952
Total	2240	2079	2290	1894	1412

(Rupees in lakhs)

	1988-89	1989-90	1990-91	1991-92	1992-93
(A) Liabilities at the end of the year					
i) Share capital and reserve	1653.59	1517.94	494.73	605.10	508.71
ii) Government share	656.01	932.90	38.85	25.67	113.53
(B) Other liabilities					
i) Other liabilities	3752.26	3802.71	1302.71	1142.50	1082.46
ii) Loan from Government	459.79	524.31	64.25	36.27	98.97
iii) Interest on Government loan	22.32	22.96	17.29	14.06	17.83
iv) Others	3219.08	3198.77	1224.67	1063.89*	966.16

* Excluding industrial societies

3.7.9 Non-recovery of loan/interest

The details of the amounts of loan and the interest pending for recovery and the amounts recovered from the co-operative societies during the period from 1989-90 to 1993-94 are given in the table below:-

Year	Amount of loans and interest pending for recovery as on 1 April	Amount of loans and interest due for recovery during the year	Total amount due for recovery at the end of the year	Amount recovered during the year	Percentage of recovery
	(Rupees in lakhs)				
1988-89			590.15		
1989-90	590.15	391.65	981.80	97.41	10
1990-91	884.39	102.93	987.32	96.45	10
1991-92	890.87	2059.05	2949.92	90.22	3
1992-93	2859.70	2074.87	4934.57	2143.57	44
1993-94	2791.00	5242.03	8033.03	2207.59	27

The recovery was indeed low except for 1992-93 and 1993-94. However, out of the amount of Rs.2143.57 lakhs 44 per cent shown as recovery during 1992-93, the actual recovery was only Rs.636.05 lakhs. The balance amount (Rs.1507.52 lakhs) pertained to write off by the Gujarat State Co-operative Land Development Bank and other co-operative societies under debt settlement scheme.

Further, of Rs.5825.44 lakhs pending recovery as on 31 March 1994, about 20 per cent (Rs.1143.93 lakhs) related to the Gujarat State Co-operative Cotton Federation (Rs.388.09 lakhs), the Sugar Co-operative (Rs.493.05 lakhs) and Gujarat State Co-operative Marketing Federation (Rs.262.79 lakhs). These societies had paid only 4 per cent of their dues.

3.7.10 Government Guarantee

Government gives guarantee on loans taken by co-operative institutions from other financing agencies for which Government charges a guarantee fee on certain percentage of loan. Such loans are to be repaid within a specified period and after the repayment of loan and interest thereon, the guarantee given by the Government is vacated.

Amount of guarantee to be vacated by the Government at the end of 31 March 1994 was Rs.7033.19 lakhs. Out of this, the guarantee actually vacated was only Rs.4072.68 lakhs. Thus, the co-operative institutions have not refunded loans and interest amounting to Rs.2960.51 lakhs to other financial institutions for which Government had given guarantee.

3.7.11 Misappropriation cases

As on 30 June 1993, there were 3556 misappropriation cases involving Rs.1881.32 lakhs relating to co-operative institutions in the State. The detailed position is as under:

Stage/Position of cases	Number of cases	Amount (Rupees in lakhs)
Under investigation by police	550	1222.91
Before Courts	2662	630.01
Decided by Court	344	28.40
	3556	1881.32

3.7.12 Outstanding utilisation certificates

During the years 1991, 1992 and 1993, Government sanctioned grants of Rs.1187.54 lakhs to 1161 societies. The position regarding outstanding utilisation certificates, as intimated by the Registrar, is indicated below:

Year	Grant paid		Wanting utilisation certificate (as on 30 June 1993)	
	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
1990-91	347	576.56	101	45.54
1991-92	455	222.30	178	123.10
1992-93	359	388.68	336	377.54
Total	1161	1187.54	615	546.18

3.7.13 Arrears in departmental audit

The audit of the accounts of the co-operative institutions is conducted by the Joint Registrar of Co-operative Audit. As on 30 June 1994, the audit of 4747 societies in the State was in arrears i.e. 21 per cent. The position of arrears in departmental audit during the period from 1990-91 to 1993-94 was as under:

Year	Number of accounts due for audit	Number of accounts audited	Number of accounts in arrears	Percentage of audit in arrears
1990-91	21544	17049	4495	21
1991-92	21707	17238	4469	21
1992-93	22643	17581	5062	22
1993-94	22572	17825	4747	21

3.7.14 Audit fees

Audit fees due from 317 defunct societies during 1989-90 was Rs.1.75 lakhs and from other societies Rs.33.90 lakhs. The position during the subsequent period from 1990-91 to 1993-94 was as follows:

Year	Defunct societies		Other societies
	Number of societies	Amount (Rupees in lakhs)	Amount
1990-91	115	1.90	11.17
1991-92	245	1.70	14.84
1992-93	119	1.65	25.99
1993-94	385	1.86	64.84

There was a substantial increase in arrears of recovery of audit fees which increased from Rs.35.65 lakhs during 1989-90 to Rs.66.70 lakhs during 1993-94.

3.7.15 Other points of interest

Test-check of records on investment in share capital contribution and payment of subsidy/loan to the co-operatives etc. revealed the following.

3.7.15.1 Irregular payment of interest subsidy

Under a scheme for assisting Scheduled Caste and Scheduled Tribe farmers who were actually growing sugar cane or were having the potentiality to grow sugar cane to become members of co-operative societies situated in tribal areas, Government was sanctioning since July 1976 interest free loan of Rs.500, repayable in three equal annual instalments from the third year of payment, for purchasing upto two shares of Rs.1000 each. Government was also sanctioning interest subsidy at 5 per cent in regard to the institutional finance secured by them for the remaining amount of two shares, provided the repayment of loan and payment of the balance interest instalment were made by the concerned farmers. The scheme of interest subsidy was withdrawn by the Government in November 1990.

It was noticed from the records of District Registrar of Co-operative Societies (Sugar) Surat that subsidy payment of Rs.8.53 lakhs was made in 25314 cases where repayment of loan and balance interest payments were not made. Similarly, subsidy of Rs.4.12 lakhs was paid in 14156 cases after discontinuance of the scheme (i.e. after November 1990).

The department stated that subsidy was payable for first two years as per Government orders of July 1976. The reply of the Department is not tenable because

as per conditions of the scheme the interest subsidy for first two years was payable only after repayment of loan instalment and payment of balance interest and after November 1990, no subsidy was at all payable.

3.7.15.2 Excess/incorrect payment of share capital contribution

On the basis of the guidelines of the National Co-operative Development Corporation, New Delhi (NCDC), the Government issued a resolution in October 1989 according to which the Government was to provide share capital contribution to new sugar co-operatives having plants of 2500 tonnes capacity per day (TCD).

It was seen that the Kamrej sugar factory, which had purchased an old plant of 1250 TCD was paid a share capital contribution of Rs.235.90 lakhs as on 31 March 1994 against the sanctioned share capital contribution of Rs.640 lakhs.

The contribution was irregular as the co-operative had purchased an old plant of 1250 TCD only.

3.7.15.3 Payment of share capital contribution in excess of prescribed limit

According to the Government orders of June 1984 which were framed on the basis of NCDC guidelines, the maximum share capital contribution payable to a sugar factory situated in a tribal area was Rs.240 lakhs.

It was, however, noticed that in 2 cases Rs.275 lakhs each had been paid leading to an excess share capital contribution of Rs.70 lakhs.

3.7.16 The matter was referred to Government in August 1994; reply has not been received (January 1995).

PORTS AND FISHERIES DEPARTMENT

3.8 Avoidable loss and wasteful expenditure

The Fisheries Department (Department) had acquired (January 1961) 4265 sq. mtrs. of land on 30 years lease at the yearly rent of Rs. 7677, from Kandla Port Trust (KPT) and constructed thereon buildings for ice plant, cold storage and office. The ice plant and the cold storage were closed in December 1981 and the machinery was disposed of (July 1982) at Rs. 0.68 lakh. The Government decided in March 1988 to sell the buildings to KPT at its upset price of Rs. 6 lakhs. The KPT had given its concurrence to the deal subject to the condition that expenditure on stamp duty, registration fee etc., would be borne by the Department. The Department, therefore, referred the matter to Government in May 1989 and sanction to the expenditure of Rs. 0.82 lakh was accorded in September 1992. On being approached (January 1993) by the Department for taking over possession of the structures, KPT, however, intimated (March 1993) that the buildings were in dilapidated condition and beyond repair and hence it was not interested to purchase the same. It further asked the Department to remove the structures and hand over vacant possession of the land, as lease period for the same had expired in January 1991. The structures were not dismantled as of May 1994.

Though the ice plant was closed in December 1981, the Department was incurring expenditure on rent, water and electricity charges which worked out to Rs. 1.52 lakhs till March 1989.

There was thus delay of more than 12 years in finalising disposal of the structure with consequent loss and wasteful expenditure of Rs. 1.52 lakhs on rent and other charges.

The matter was reported to Government in May 1994; reply has not been received (January 1995).

EDUCATION DEPARTMENT

3.9 Idle investment on construction of hostel buildings

Under the Border Area Development Plan, Government sanctioned (December 1987) construction of five hostel buildings at Bhachau, Bhuj, Dayapar, Nalia and Rapar in Kachchh District. Each hostel was meant for accommodating 100 boys and 100 girls. The construction of these hostels was completed by the Roads and Buildings Department between February and April 1990 at the total cost of Rs.217.67 lakhs. In addition, the Education Department incurred expenditure of Rs.8.26 lakhs on purchase of utensils and furniture and Rs.3.16 lakhs on pay and allowances of wardens up to January 1994.

During audit scrutiny (January 1992) it was noticed that:

(i) though the construction work was completed between February and April 1990, possession of hostel buildings was taken by the Education Department between February and October 1991;

(ii) the hostels at Bhachau, Nalia and Rapar remained unoccupied during 1991-92 to 1993-94 as no students were willing to occupy the rooms ; and

(iii) since specific survey for need of the hostels was not conducted before constructing the same, only 102 and 35 students could be admitted in hostels at Bhuj and Dayapar respectively during the period 1991-92 to 1993-94. The occupancy rate thus came to only 17 and 6 *per cent* respectively.

The District Education Officer stated (January 1992 and February 1994) that since many community hostels in this area were providing free board and lodging, students were not coming forward to stay in Government hostels where only free accommodation was provided.

Thus taking up the construction of hostel buildings without conducting survey of the existing facilities and ascertaining further needs of the same in the area resulted in investment of Rs.229.09 lakhs, that largely remained idle.

The matter was referred to Government in June 1992; reply has not been received (January 1995).

HOME DEPARTMENT

3.10 Non-recovery of rent

Government of Gujarat had approved (February 1974) domestic supply of gas through pipeline by the Vadodara Municipal Corporation to Government quarters at Vadodara. This facility was treated as additional and rental charges at 6 *per cent* on capital cost on pipeline installations was recoverable from the occupants of the Government accommodation where such facility was provided.

Between April 1987 and November 1987, gas connections were provided to 592 police quarters at Vadodara and recovery at the rate of Rs. 28.35 per month was to be effected from the occupants. It was, however, noticed (February 1993) in audit that no recovery for gas connections had been made by the Deputy Commissioner of Police, Vadodara city. Rent recoverable for the period from April 1987 to December 1993 (except June-July 1989) amounted to Rs. 13.08 lakhs.

Government, to whom matter was reported in January 1994, stated (December 1994) that as reported by the Commissioner of Police, Vadodara recovery of rent had commenced from February 1994 and instructions for the recovery of arrears had been issued. However, details of actual recovery were awaited (January 1995).

3.11 Irregular payment of advances

According to the Bombay Civil Services Rules, 1959 (as extended to Gujarat State), a Government servant in receipt of pay above Rs. 500 is entitled to an advance of Rs. 1500 or one month's pay whichever is more, on deputation for training abroad.

It was noticed (March 1993) in audit that an officer of the Home Department (Department), deputed for training to the United Kingdom for one year from September 1992, was paid (September 1992) a sum of Rs.1.46 lakhs (pay advance of Rs. 0.61 lakh equivalent to 13 months' pay and interest free advance of Rs. 0.85 lakh for purchase of foreign exchange) though this was not covered by the relevant Rules.

On the irregularity being pointed out, the Government stated (November 1994) that the advances were paid to the officer as a special case based on past precedents. However, in the sanction orders quoted as precedent, there was no mention about the Rule under which advances were sanctioned or about relaxation of the relevant Rules.

INDUSTRIES AND MINES AND REVENUE DEPARTMENTS

3.12 Outstanding Audit Observations and Inspection Reports

(a) Inspection Reports

Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit, and not settled on the spot, are communicated to the Heads of Offices and to the next higher authorities through audit inspection reports for prompt action. The more important irregularities are also reported to the Heads of Departments and Government for initiating immediate corrective action. According to Government instructions (July 1970), first replies to the inspection reports should be sent to the Accountant General within four weeks of their receipt.

A review of the position of outstanding inspection reports in respect of the Industries and Mines Department and the Revenue Department revealed the following:

(i) Action was pending (July 1994) on 1195 paragraphs included in 338 inspection reports issued upto December 1993, (Industries and Mines Department 448 paragraphs of 105 inspection reports and Revenue Department 747 paragraphs of 233 reports). The year-wise break up is given below:

Year	Industries and Mines Department		Revenue Department	
	Reports	Paragraphs	Reports	Paragraphs
1989-90	41	133	79	213
1990-91	15	39	24	66
1991-92	6	35	22	74
1992-93	16	71	43	166
1993-94	27	170	65	228
Total	105	448	233	747

(ii) In spite of instructions of the Government for sending the first reply within four weeks of receipt of the inspection report by the Department, replies had not been received for 18 inspection reports containing 106 paragraphs in respect of the Industries and Mines Department and 69 inspection reports containing 275 paragraphs in respect of the Revenue Department as of July 1994. Even in cases where first replies were received, there were delays of up to two years in respect of 68 inspection reports containing 606 paragraphs, two to five years in respect of 10 inspection reports containing 72 paragraphs and more than five years in respect of 4 inspection reports containing 29 paragraphs pertaining to Industries and Mines Department. Similar delays of up to two years in respect of 115 inspection reports containing 701 paragraphs, two to five years in respect of 23 inspection reports containing 110 paragraphs, and more than five years in respect of 4 inspection reports containing 28 paragraphs by the Revenue Department were also noticed.

(iii) The more important audit observations in these outstanding inspection reports highlighted irregularities broadly falling under the following categories:

Category	Industries and Mines Department		Revenue Department	
	Number of Paragraphs	Amount involved (Rupees in lakhs)	Number of Paragraphs	Amount involved (Rupees in lakhs)
1	2	3	4	5
1 Excess payment of grant/subsidy/compensation	20	48.19	44	29.57
2 Irregular expenditure/non-submission of D.C. Bills	29	117.05	66	423.32
3 Outstanding loans with/without interest	49	534.14	41	1194.20
4 Revenue dues/loss of recovery/short recovery of revenue	13	743.50	30	753.82

	1	2	3	4	5
5	Non-recovery of rent, advances and Government dues	27	730.52	56	3878.37
6	Non-production of documents for HBA/MCA loans	25	66.19	40	29.48
7	Unserviceable/ idle articles/ machinery	8	57.04	34	7.24
8	Miscellaneous recovery	80	1215.81	48	98.71
9	Blockage of Government money	16	565.26	10	93.75
10	Non-receipt of Utilisation certificate	6	431.43	19	8471.48
11	Miscellaneous/ procedurals	175	374.51	359	14.60
Total		448	4883.64	747	14994.54

(b) Audit Observations

Audit observations on financial transactions based on central audit of vouchers are reported to the departmental authorities, so that appropriate action is taken to rectify the omissions and defects. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

An analysis of outstanding observations of two departments showed that 57 items involving Rs.31.01 lakhs were outstanding as of March 1994. The category-wise details of outstanding observations were as under:

Department	For want of D.C. Bills, stamp receipt etc.	Excess Payment		Irregular payment		Miscellaneous			
		No. of items	Amount (Rupees in lakhs)	No. of items	Amount (Rupees in lakhs)	No. of items	Amount (Rupees in lakhs)		
1	Industries and Mines	1	1.17	2	0.04	22	27.14	-	-
2	Revenue	1	0.48	8	1.12	7	0.77	16	0.29
	Total	2	1.65	10	1.16	29	27.91	16	0.29

The Public Accounts Committee had recommended (November 1977) constitution of Audit Committee in each Department to discuss periodically the audit objections in order to expedite settlement thereof. Though the committees were constituted in the Revenue Department in February 1985 and in the Industries and Mines

Department in March 1991, no meeting was held in either Department during the year 1993-94.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

GENERAL

3.13 Misappropriation, losses, etc.

Finalisation of 192 cases of alleged misappropriation, losses, etc. reported to the Audit upto March 1994 was pending at the end of September 1994 as shown below.

	Land Revenue, Tagavi dues etc.		Other cases	
	Number of cases	Amount (Rupees in lakhs)	Number of cases	Amount (Rupees in lakhs)
Cases reported upto the end of March 1993 and pending at the end of September 1993	63	6.47	126	104.54
Cases reported during 1993-94	-	-	10	13.76
Cases closed during October 1993 to September 1994	4	0.27	3	0.04
Cases outstanding at the end of September 1994	59	6.20	133	118.26

Department-wise and year-wise details of these cases are given in Appendix-VII

CHAPTER-IV

WORKS EXPENDITURE

NARMADA AND WATER RESOURCES DEPARTMENT

MEDIUM/MINOR IRRIGATION SCHEMES

4.1 Sani and Falku Irrigation Schemes

4.1.1 Introduction

Agriculture, which accounts for about 40 per cent of State's income and employs over 65 per cent of the labour, is vital for the economy of Gujarat. Since the State has low and erratic rainfall and limited irrigation facilities, it is susceptible to drought and famine. It is, therefore, very important to develop assured irrigation facilities. According to directives issued by the Government of India, irrigation schemes are classified in three categories.

- (i) Major : Cultivable Command Area (CCA) above 10,000 hectares
- (ii) Medium : CCA between 2000 and 10,000 hectares, and;
- (iii) Minor : CCA less than 2000 hectares

The Sani and Falku irrigation schemes, having CCA of 2791 and 1220 hectares, are thus classified as medium and minor irrigation schemes respectively.

The Sani irrigation scheme is located in Jamnagar district and the Falku irrigation scheme in Surendranagar district.

4.1.2 Organisational set up

The schemes were executed by the Und Irrigation Division, Jamnagar and the Project Construction Division No.1, Rajkot under supervision of the Superintending Engineer, Rajkot Irrigation Project Circle. Implementation of the schemes was monitored by the Narmada and Water Resources Department through the Chief Engineer (Saurashtra) and Joint Secretary, Government of Gujarat.

4.1.3 Audit Coverage

A review on the execution of the Sani Medium Irrigation scheme and the Falku Minor irrigation scheme was undertaken through test check of records of the implementing Divisions during February to April 1994.

The results are given in the succeeding paragraphs.

4.1.4 Highlights

The Sani and Falku irrigation schemes were administratively approved in May 1974 and November 1986 respectively for completion within five years. Neither of the two projects had, however, been completed as of March 1994.

(Paragraphs 4.1.5 and 4.1.6)

The original estimated cost of the two schemes were Rs.65.50 lakhs and Rs. 474.16 lakhs respectively. These were revised repeatedly, the latest

revised estimates being Rs.1036.50 lakhs (Sani scheme, 1991) and Rs.1316.97 lakhs (Falku scheme, in 1990). Expenditure of Rs.1018.07 lakhs and Rs.1108.70 lakhs respectively were incurred on these schemes as at the end of March 1994.

(Paragraphs 4.1.5.1 and 4.1.6.1)

As per norms of Central Water Commission, irrigation projects with benefit cost ratio greater than 1.50 are considered economically viable. By that criterion, neither of the two schemes were viable.

(Paragraphs 4.1.5.3 and 4.1.6.2)

Even the irrigation potential created could not be utilised in full in the case of Sani irrigation scheme due to the slow progress of works of the canal system. This also resulted in loss of irrigation revenue to the extent of Rs. 12.24 lakhs.

(Paragraphs 4.1.5.4 and 4.1.5.5)

For supply of water from Sani reservoir for non-agricultural purpose, though formal agreement was entered into with the Public Health World Bank Division, an amount of Rs.84.70 lakhs was pending recovery.

(Paragraph 4.1.5.6)

4.1.5 Sani Irrigation Scheme

The scheme was administratively approved in May 1974 for Rs.65.50 lakhs with completion schedule in five years. The scheme envisaged construction of a storage dam on Sani river near village Jetpur of Jamkalyanpur Taluka of Jamnagar district with 11 radial gates, a masonry spillway of 125 metres length with an earthen dam flanking both sides of the spillway having an aggregate length of 1308 metres. The canal system consisted of an unlined 9.60 kms. long main canal on the left bank and another of the length of 4.80 kms. on the right bank, with 42.07 kms. long distribution system. It was initially intended to provide irrigation in cultivable command area of 3305 hectares.

Due to revision of hydrology in 1981, 6 additional radial gates were provided and the total length of the spillway and the aggregate length of the earthen dam were increased to 192.06 metres and 2615 metres respectively. Further, the unlined canal system was changed to a fully lined canal system. In November 1987, on the request of the Public Health Department Government decided to reserve 8 MLD (Million Litres per day) of water for supply to the Dwarka-Okha Mandal areas and accordingly, the cultivable command area of 3305 hectares was reduced to 2791 hectares. Part of the lined canal system had also to be converted to a piped canal system.

4.1.5.1 Estimates and expenditure

The original estimates of Rs.65.50 lakhs based on the cost index of 1974-75 and approved by Government in May 1974, was revised six times and finally to Rs.1036.50 lakhs in 1991, an increase of 1482 per cent over the original estimates.

Against the latest revised estimates of Rs.1036.50 lakhs, the estimated cost of certain important components in the original estimates and according to the latest revision in 1991 as well as the expenditure incurred upto March 1994 are given below:

(Rupees in lakhs)

Components	Estimates		Expenditure March 1994
	Original (May 1974)	Revised (December 1991)	
Land etc.	28.43	225.54	310.00
Dam and appurtenant works	37.07	435.02	356.58
Canals and Branches		375.94	351.49
Total	65.50	1036.50	1018.07

The increase in the cost of scheme was attributed by the department to:

(i) revision of hydrology and resultant extension of spillway and additional work (increase-Rs. 248 lakhs);

(ii) conversion of unlined canal system into a lined and pipe canal system (increase- Rs.343 lakhs);

(iii) huge payments made for land acquisition instead of nominal amount provided in the estimates (increase- Rs.197 lakhs); and

(iv) cost escalation due to delay in completion of scheme. The increase due to this factor could not be quantified.

4.1.5.2 Progress of construction

The scheme was administratively approved by Government in May 1974. The work of construction of earthen dam, masonry dam, etc. (excluding supply, fabrication, erection of radial gates) was entrusted to a contractor in February 1977 at his tendered cost of Rs.62.98 lakhs with stipulated date of completion as November 1979. The agency, however, could complete only 19.33 per cent of the work upto February 1979. In view of the slow progress of work, it was decided by the Government in February 1979 to carry out the remaining 81 per cent of work at the risk and cost of the original agency. Accordingly, tenders were invited in April 1979 and a new agency was awarded the balance works in May 1979 at the tendered cost of Rs.60.70 lakhs. The work was taken up in June 1979 with the stipulated date of completion as May 1981. However, due to heavy rains and floods at the work site, in both 1979 and 1980 execution of the work was delayed. By July 1983, 73 per cent of the work was completed. On the advice of the Central Design Organisation, Gandhinagar, the remaining 27 per cent of the work was not carried out since it was anticipated that additional work might have to be carried out due to revision of hydrology following the report of the expert committee appointed after the disaster of Machhu Dam-II to study and review the hydrology of on going irrigation schemes. According to the revised hydrology, revised plans, estimates and designs for additional work were prepared and submitted to Government and the same were approved by the Government in July 1984 for Rs.248.53 lakhs.

It was decided to carry out the additional work necessitated due to revision of hydrology as under:

(1) 38 per cent of additional work for earthen dam (earth work) by the Mechanical Wing of the Government.

(2) Remaining 62 per cent of additional work of earthen dam (excluding of earth work), spillway (modification and addition), head regulator modification and spillway bridge by inviting tenders.

Accordingly, the Mechanical Wing commenced the work on earthen dam (earth work) in March 1985 and completed it in July 1987 at the cost of Rs.93.58 lakhs.

The agency fixed in August 1985 for carrying out the works mentioned at Sr.No.(2) above completed the same at the cost of Rs.110.30 lakhs in May 1987. All the additional works were completed by July 1987.

The work of manufacturing, supplying and erection of radial gates was carried out by the Government workshop, Thasra and was completed in September 1988. The reservoir was also charged above crest level in 1988. Out of the total length of 56.47 kms. of the main canal and distributory system 50.37 kms were completed upto 1993. The work for 6.10 kms was under progress (March 1994).

4.1.5.3 Benefit cost ratio

The benefit cost ratio is an indicator of the economic viability of the scheme. According to the norms approved by the Central Water Commission, irrigation projects having a benefit cost ratio greater than 1.50 calculated at 10 per cent are considered economically viable.

Year-wise revision of benefit cost ratio with 5 per cent and 10 per cent interest on capital were as under:

Year	5 per cent interest	10 per cent interest
1976	3.77	2.27
1988	1.35	0.82
1992	1.83	1.12

Except for the year 1976, the benefit cost ratio was less than the norms approved by the Central Water Commission.

4.1.5.4 Canal system

The earth work and drainage works of the Right Bank Main canal were taken up in the year 1980-81 and were completed in 1984.

Meanwhile, demand for water supply to Dwarka-Okha Mandal Talukas was put forth by the Public Health Department and the proposal was forwarded by the Superintending Engineer to the Government in July 1982. The requirement of water supply by the Public Health Department was approved by the Government in November 1987 and it was decided to change the unlined canal system into lined canal system with a view to spare 8 MLD water for water supply. Approval for revised estimates was also obtained from the Government in September 1988 (Rs.305.09 lakhs). During the year 1988, excavation for canal works was taken up piecemeal and when the works were in progress, it was found necessary to carry out

modifications and changes on the canal system due to site conditions and the estimates for the same were got sanctioned from the Government in March 1990 (Rs.22.73 lakhs) and December 1991 (Rs.48.12 lakhs). Thereafter, the work for the canal system started in full swing.

Out of the total length of 56.47 kms. of the canal system including distributories, the work in respect of 50.37 kms. had already been completed upto June 1993. The work for the remaining length of 6.10 kms. was in progress as of March 1994.

As a result of delay in planning, preparation and finalisation of estimates, commencement of canal works, modifications and changes therein, the irrigation potential created from 1991-92 to 1992-93 could be utilised only partially. This also resulted in loss of irrigation revenue to the extent of Rs.12.24 lakhs.

4.1.5.5 Irrigation potential

The Year-wise irrigation potential created and utilised were as under:

Season	Year	Irrigation potential in hectares		Shortfall in percentage
		Created	Utilised	
Kharif and Rabi	1991-92	2759	321	88
	1992-93	2759	762	72
	1993-94	2759	464	83

The reasons narrated in the paragraph 4.1.5.4 contributed to partial utilisation of the irrigation potential created. The shortfall ranged from 72 per cent to 88 per cent. The fall in utilisation in 1993-94, compared to the level achieved by 1992-93, was attributed to insufficient rainfall during the year.

4.1.5.6 Non-recovery of charges from the P.H. World Bank Division

In November 1987, the Government conveyed their decision to spare 8 MLD water to the Dwarka-Okha Mandal Talukas from Sani Irrigation Scheme and provided lining to the canal system, the cost of which was to be borne by Government. Accordingly, the Executive Engineer, P.H. World Bank Division, Jamnagar was permitted to draw water from the reservoir by constructing an in-take well for supply to the Dwarka-Okha Mandal subject to execution of agreement with Executive Engineer, Und Irrigation Division, Jamnagar and subject to payment of certain charges specified in the agreement.

The P.H. World Bank Division, started drawing water from 30 December 1991 pending finalisation of draft agreement by the Government. The draft agreement between the two divisions was finally executed in June 1994. As per the finalised agreement, the charges payable were to be recovered in the following manner:

(i) *pro-rata* cost of re-modelling the canal system (cost Rs.78.35 lakhs) was to be paid in advance till the final amount was arrived at on completion of the works which would be paid on demand;

(ii) licence fee at the rate of Rs.101 per year or at such rates as may be fixed by the Government;

(iii) reservation charges of Rs.2.84 lakhs for the quantity of water reserved. These charges were to be paid in the first week of April every year even if no water was drawn ;

(iv) water charges at the rate of Rs. 1.50 per 10,000 litres on the basis of actual quantity drawn from time to time; and

(v) a sum of Rs. 1.08 lakhs as deposit in the form of Fixed Deposit Receipt.

The P.H. World Bank Division had paid Rs.0.91 lakh as reservation charges for the year 1991-92 and Rs.0.75 lakh as water supply charges upto February 1994 except for the period from December 1991 to June 1992 (Rs.0.15 lakh). Total charges realisable but not recovered, amounted to Rs. 87.18 lakhs as on 31 March 1994.

Year-wise and component-wise recoveries outstanding at the end of March 1994 are given below:-

Sl No.	Component	Year-wise outstanding			Total
		1991-92	1992-93	1993-94	
		(Rupees in lakhs)			
1	Pro-rata cost of re-modelling	-	-	-	78.35
2	Deposit in the form of Fixed Deposit Receipt	-	-	-	1.08
3	Reservation charges	1.92	2.84	2.84	7.60
4	Water charges	0.09	0.06	-	0.15
		2.01	2.90	2.84	87.18

Though the agreement was executed in June 1994, the Division could recover only Rs. 2.48 lakhs against the outstanding amount of Rs. 87.18 lakhs leaving a balance of Rs. 84.70 lakhs yet to be recovered (January 1995).

4.1.6 Falku Irrigation Scheme

The scheme was administratively approved in November 1986 for Rs. 474.16 lakhs with scheduled completion in five years. The scheme envisaged construction of a storage dam on the Falku river with 16 automatic Godbole gates, a masonry spillway of 182.50 metres length with earthen dam flanking both sides having a total length of 4710 metres near village Jaspur of Dhrangadhra Taluka of Surendranagar District. The canal system consisted of an unlined main canal of 4.47 kms. on the left bank with 10.24 kms. long distributory system to provide annual irrigation in 1220 hectares of land, which also happened to be the cultivable command area. This was converted into a lined canal system in October 1990 on geological considerations.

4.1.6.1 Estimates and expenditure

The original estimate of Rs. 474.16 lakhs (November 1986) was revised four times to Rs. 526.21 lakhs in 1987, Rs. 1206.21 lakhs in 1988, Rs.1230.59 lakhs in 1989 and finally to Rs. 1316.97 lakhs in 1990.

Against the latest revised estimates of Rs. 1316.97 lakhs, the expenditure upto March 1994 was Rs. 1108.70 lakhs. The estimated cost of certain important components in the original estimates and according to the latest revision in 1990 as well as the expenditure incurred upto March 1994 are given below:

(Rupees in lakhs)

Components	Estimates		Expenditure
	Original (1986)	Revised (1990)	March 1994
Land etc.	66.35	76.43	147.08
Dam and appurtenant works	382.02	1154.16	910.47
Canals and Branches	25.79	86.38	51.15
Total	474.16	1316.97	1108.70

The increase in the cost of the project was attributed by the Department to:

(i) actual payments made for land acquisition exceeding the original estimates by Rs.81 lakhs;

(ii) conversion of an unlined canal system into lined canal system (increase of Rs. 61 lakhs);

(iii) additional payments made to the contractor for construction of spillway masonry dam and head regulator (excluding spillway gates and walkway) for carrying out work in excess of tendered quantities and extra items of work (increase of Rs. 124 lakhs); and

(iv) delay in completion of project and consequent price rise in awarding work contracts. The increase due to this factor could not be quantified.

4.1.6.2 Benefit Cost Ratio

In the original project estimates submitted to the Government in 1982-83, there was a provision of Rs. 40.67 lakhs for a lined canal system. According to these estimates, the benefit cost ratio was 0.73 at 5 *per cent* interest rate and 0.43 at 10 *per cent*. As per norms of the Central Water Commission, a project would be viable if the ratio came to more than 1.50 with interest rate of 10 *per cent*.

In the administrative approval accorded by the Government in November 1986, only an unlined canal system costing Rs. 25.79 lakhs was provided and the benefit cost ratio worked out to 1.09 at 10 *per cent*. The canal system was again changed to a lined system in October 1990 (cost Rs. 86.38 lakhs), but the benefit cost ratio was not worked out again. However, the State agronomist had, even in June 1988,

worked out the ratio as 0.208 at 10 per cent taking into consideration the unlined canal system.

The fact thus remains that with the ratio well below 1.50, this irrigation scheme could at no stage be considered economically viable.

4.1.6.3 Progress of Construction

The work of construction of earthen dam was entrusted to the Mechanical Wing of the Narmada and Water Resources Department in April 1988 and was completed in November 1992. The work of construction of spillway masonry dam and head regulator which was entrusted to a contractor in May 1990 at the tendered cost of Rs. 178.09 lakhs (estimated cost Rs.216.25 lakhs), with stipulated date of completion as May 1992, was completed in July 1991 at the total cost of Rs. 306.28 lakhs.

The work of manufacturing, supplying and erection of automatic radial gates was carried out by Government Workshop, Thasra and was completed in 1993.

4.1.6.4 Canal system

A sum of Rs. 25.79 lakhs was provided for the unlined main canal and the distributory system by the Government in November 1986. Subsequently, the provision was revised to Rs. 86.38 lakhs in October 1990 for providing lined canal system. Work of main canal from Ch 0 to 4210 mts. had been completed in 1993 but the remaining work from Ch 4210 mts. to 4470 mts. could not be executed due to non-declaration of land award and also for want of possession of land. Out of six minors of 10.24 kms. work on 5 minors of 7.84 kms. had already been completed. Estimate of Rs.11.03 lakhs for minor canal of 2.40 kms. was under preparation. The micro planning work of minors was also under preparation.

The land acquisition proceedings for the canal system was initiated in November 1990 instead of July 1988 along with the construction works of dam. Due to delay in acquisition of land by two years, the construction of canal works was correspondingly delayed. Although most of the canals were ready by 1993, it could not be utilised as the Godbole gates were erected after the monsoon season of 1993. Thus, the water could not be stored in the reservoir and consequently the canal system could not be operated and the full irrigation potential could not be achieved.

4.1.6.5 Linkage to a wrong quarry for collection of rock and defective preparation of tender papers

(a) The work of construction of spillway masonry dam and head regulator (excluding spillway gates and walkway) was entrusted to a contractor. The written order to commence the work was issued in May 1990 with stipulated date of completion as 8 May 1992.

According to the agreement, the contractor was required to bring coarse aggregates for foundation concrete and R.C.C. works by crushing rock from the quarry near Dhawana which was 35 kms. away from the dam site. During the course of execution of work, the contractor (June 1990) intimated that the quarry mentioned in the agreement had already been leased out to another person and requested

the department to hand over another quarry. The department permitted him to bring the aggregates from Khareda quarry which was 80 kms. away from the site of work. The contractor demanded extra payment of Rs. 5.34 lakhs for carriage etc. of 11875.44 cum. of aggregate at Rs.45 per cum. and the same was paid.

Draft tender papers were approved by the Government in October 1989 whereas the reference to the Revenue authorities was made only in November 1989. The department should have made a reference to the Revenue authorities and found out as to whether the Dhawana quarry had been leased out or not before including it in the tender papers. The department included the Dhawana quarry on the mere presumption that it was not leased out to any person without getting confirmation to that effect from the Revenue authorities. Since the Dhawana quarry had already been leased out, the contractor was permitted to cart materials from Khareda quarry which resulted in extra payment.

(b) Even before the Draft Tender papers (DTPs) for the work of construction of spillway masonry dam and head regulator (excluding spillway gate and walkway) were approved by the Government in October 1989, the Superintending Engineer (Geology) after discussion held on 14 September 1989 with the Chief Engineer, Irrigation Project and Joint Secretary and the Chief Engineer (Saurashtra) and Joint Secretary, informed the department that the sand stone rubble to be used for masonry needed to be protected against scour by a concrete cover on all sides including the foundation. Therefore, he had proposed making a provision for laying initial layer of concrete of suitable thickness of about 0.3 mt. on the spillway foundation before laying the masonry.

This specific provision as suggested by the Superintending Engineer, Geology in September 1989, however, was not incorporated in the draft tender papers approved by the Government in October 1989. Consequently, while executing the work, the contractor demanded extra payment of Rs.6.58 lakhs for this item of work of 1201.85 cum. at Rs.547.90 per cum. and the same was paid.

4.1.7 The matter was referred to the Government in August 1994; reply has not been received (January 1995).

4.2 Incorrect payment of extra rate

The work of construction of an aqueduct at chainage 30400 on the Left Bank Main Canal of Karjan Reservoir, estimated to cost Rs.150.70 lakhs, was awarded (November 1987) to a contractor at his tendered cost of Rs.169.45 lakhs, by the Executive Engineer, Irrigation Project Division - 8, Jhagadia. The work, scheduled for completion by November 1989, was actually completed in December 1991 at the cost of Rs.234.15 lakhs and the final bill was paid in October 1994.

One of the items of work to be executed was 'Sinking of single circular shape type well foundation having internal diameter 5.90 metres and thickness 0.90 metre etc.' Technical specifications in the tender provided that the aforesaid item included sinking of well foundation through stiff clay, clay, silt and sandy strata to the required level as per drawing and as per directions. The rates for the item were quoted according to various depths.

The contractor, however, claimed (June 1988) extra rate of Rs.8500 per RMT (over and above the tendered rates) for 98.33 RMT of work done in hard clay strata

under the aforesaid item, amounting to Rs.8.36 lakhs, on the ground that the rates quoted were for sandy strata only. The Department supported the claim of the contractor and till final bill, an amount of Rs.6.27 lakhs being 75 *per cent* of total claim was paid to the contractor, pending final decision of the Government.

The decision to pay extra rate was not in order. While tendering rates, technical specifications were to be taken into account and these *inter alia*, included execution of the item in stiff clay which, as per definition under Section 6 of India's Practical Civil Engineers Hand Book, is the same as hard clay. Payment of Rs.6.27 lakhs, therefore, tantamounted to unauthorised aid to the contractor. In addition, to a further claim liability of Rs. 2.09 lakhs was still pending.

The Division stated (April 1994) that in the drawings supplied with the tender, logging showed mostly sandy strata and stiff clay and the contractor seemed to have quoted rates considering only sandy strata. However, during execution, strata actually met was clay mixed with 'Kankar'/hard clay which required greater efforts and work. The extra rate granted was thus justified. The reply is not tenable, since the tender had stipulated sinking of well through stiff clay, clay, silt and sandy strata and there was no justification to support the contractor's claim that he had quoted rates only for sandy strata.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

4.3 Unfruitful expenditure on purchase of radio telephone sets

With a view to providing efficient irrigation management and timely transmission of urgent messages during emergencies, *viz.* floods etc., the Executive Engineer, Irrigation Project Division No.12, Pavi-Jetpur, obtained approval in principle (January 1982), from the Ministry of Communication, Government of India for setting up Radio Telephone (RT) Stations in the command area of Left Bank Main Canal (LBMC) of the Sukhi Irrigation Project.

The Government of Gujarat also accorded approval (March 1982) for installation of the RT system at the estimated cost of Rs.2.35 lakhs.

Though, it was not necessary to have this system before the impounding of water in the dam (during monsoon of 1986-87), the Division procured 9 RT sets, at the cost of Rs.1.77 lakhs in August 1982 itself. After impounding of water in the dam, the Division, sought approval of the Government in June 1987 for purchase of 25 accessories costing Rs.0.97 lakh which were required for installation of the system. Government, however, directed (November 1988) the Division to reject the tenders and transfer the RT sets already procured to the State Reserve Police Force (SRPF) or any other agency. For an efficient communication system for the project, the Division was advised to approach the Director, Water and Land Management Institute (WALMI), Anand who had been entrusted (May 1987) with the work of establishing communication systems in 29 projects including the Sukhi Project.

Neither the SRPF nor WALMI nor any other department accepted the sets. Since the manufacturers had also stopped (March 1983) production of this model of RT sets, the same were rendered obsolete and there was no possibility of acceptance thereof by any other department. All the 9 sets were declared surplus in June 1991 and were lying idle with the Division.

Thus, injudicious purchase of RT sets, 5 years before actual requirement, rendered the expenditure of Rs.1.77 lakhs unfruitful. Incidentally, the WALMI had also not installed (March 1994) any communication system in the command area of the project.

The matter was referred to Government in April 1994; reply has not been received (January 1995).

4.4 Extra expenditure on erection of radial gates

The work of fabrication, supply and erection of 12 radial gates for the Sipu Reservoir Project was awarded (July 1984) to a contractor at his tendered cost of Rs.92.98 lakhs by the Executive Engineer, Sipu Irrigation Project Division, Dantiwada. The work, scheduled for completion by July 1988, was in progress as of December 1994.

The initial delay in completion of the aforesaid work was mainly due to construction of spillway piers, awarded to another contractor, not having been completed within the stipulated date of February 1988. On completion of spillway piers in March 1990, radial gates 1 to 4 were erected by March 1991 when it came to notice that the piers and the seal beam grooves were not properly aligned.

As corrective measures to align the piers were not possible, Government approved (January 1993) dismantling and necessary modifications in radial gates, as per revised designs, to make these compatible for erection on the misaligned piers at an estimated extra expenditure of Rs.1.94 lakhs. An expenditure of Rs.1.17 lakhs was incurred (February 1993) on dismantling and refabrication of radial gates and work was in progress (December 1994). Additional expenditure on rectificatory measures on the seal beam grooves was estimated at Rs.0.64 lakh which had, however, not been taken up as of December 1994.

The Superintending Engineer attributed (June 1992) the improper alignment of piers and seal beam grooves to lack of precise geometrical control and vigilance by the supervisory staff of the Division and the contractor. Thus, failure of the department to exercise adequate supervision resulted in additional expenditure of Rs. 1.17 lakhs and further liability of Rs. 1.41 lakhs apart from time overrun of over six years in erection of radial gates as of December 1994.

The Division stated (July 1993) that in spite of maintaining proper alignment, there were possibilities of variations. The reply was not tenable in view of the findings of Superintending Engineer.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

4.5 Unauthorised financial aid to a contractor

Rules permit grant of secured advance by the Divisional Officer on the security of materials brought to site upto an amount not exceeding 75 *per cent* of the value of such materials. The material for which secured advance is paid should, however, be utilised within 3 months failing which the entire amount of advance should be recovered together with interest at twelve *per cent* per annum.

The earth work and the lining work for providing and fixing of cement concrete blocks in the part of the right minor and the Sarai minor and its system was awarded (December 1991) to a contractor at his tendered cost of Rs.70.99 lakhs (estimated cost: Rs.38.77 lakhs) by the Executive Engineer, Damanganga Canal Distributory Division No.III, Baliitha (Vapi). Secured advance of Rs.7.79 lakhs on 19,000 square metres of cement concrete blocks brought to site by the contractor was, however, paid (September 1993) at the rate of Rs.41 per square metre instead of at 75 per cent of it (i.e. Rs.30.75 per square metre). Incorrect application of rate thus resulted in excess payment of secured advance to the extent of Rs.1.95 lakhs to the contractor. Further, the contractor utilised only 3125 square metres of the blocks valued at Rs.1.28 lakhs till February 1994 but no interest had been recovered nor was the advance recovered in full (March 1994).

The Divisional Officer stated (June 1994) that total quantity of blocks manufactured at 3 different factories was 27549.475 square metres and 75 per cent of the value thereof was Rs.8.47 lakhs which was more than the amount of secured advance paid to the contractor and that the advance would be adjusted as and when the material was used. The reply is not tenable as secured advance was required to be restricted to 75 per cent of the value of material brought to site. The excess allowance of secured advance, together with non-recovery of the advance and interest thereon after 3 months, was irregular. It resulted in undue favour to the contractor amounting to Rs.6.81 lakhs as of March 1994.

The matter was referred to Government in September 1994; reply has not been received (January 1995).

4.6 Inordinate delay in recovery of Government dues

In December 1982, the Dantiwada Modernisation Division-1, Patan awarded the earth work and canal lining work of the Dantiwada Reservoir Project to a contractor at his tendered cost of Rs.37.97 lakhs for completion by June 1984.

Progress of the work was slow from the beginning and till June 1984, the contractor could complete only 35 per cent of the work. Since the contractor failed to accelerate the pace, in spite of several notices issued by the Division between August 1983 and July 1987, the contract was belatedly terminated by the Division in November 1988. Till then, work of the value of Rs.18.19 lakhs only had been completed. The remaining work (value: Rs.19.78 lakhs) was entrusted to another contractor at the risk and cost of the first contractor in June 1991 (i.e. after a delay of over 2½ years) and was completed in August 1993. Due to reduction in the quantity of work actually executed as per requirement, the balance work was worth of Rs. 17.34 lakhs as per the tendered rate of the original contractor, instead of Rs. 19.78 lakhs. This was completed at the cost of Rs. 35.94 lakhs by the second contractor.

Besides the additional expenditure Rs.18.60 lakhs, a sum of Rs.23.24 lakhs on account of secured advance, materials issued, liquidated damages, difference in issue rate of cement etc., was recoverable from the defaulting contractor, against which dues to the contractor amounted to Rs.2.53 lakhs.

In spite of Government instructions in August 1989 for filing civil suits for recovery of such dues as soon as the fresh agency was fixed, civil suit had not

been filed (August 1994) resulting in non-recovery of dues amounting to Rs.39.31 lakhs for over 3 years.

The Division stated (July 1992) that Law Officer's report for taking legal action against the contractor was submitted (November 1990) to Government, approval to which had, however, not been received (August 1994), as the Government had sought (January 1991) certain clarifications and the issue was under correspondence between the Division, the Circle office and the Government.

The matter was referred to Government in July 1994; reply has not been received (January 1995).

4.7 Blocking of Government funds

As a part of modernisation of Umrath branch canal (taken up in January 1983), the existing railway crossing (Bridge No.412-A) near Maroli, was proposed to be widened/remodelled by adding two more boxes (1.52 mts. x 1.35 mts. each). On the request (March 1983) of Superintending Engineer (SE), Kakrapar Modernisation Circle, Surat, the Western Railway (WR) prepared (July 1985) the detailed plans and estimates of Rs.13.75 lakhs (excluding cost of cement) for the work to be carried out by WR. Accordingly, the Division deposited (September 1986) Rs.13.75 lakhs and also issued 125 tonnes of cement (cost : Rs.1.36 lakhs) to the WR (January 1987). On completion of casting of precast box segments, the WR intimated the Division in September 1988 that for further work viz, insertion of relieving girders, placing, levelling course concrete and RCC box segment etc., the flow of water in the canal had to be completely stopped for 40 days without which the work could not be executed. The Division, however, proposed (November 1988) closure of canal for continuous periods not exceeding thirteen days at a time between November 1988 and January 1989. Since the canal was a perennial source and there was continuous demand for water for irrigation, stoppage of release of water for a continuous period exceeding thirteen days was not possible. As the period available at a time was not sufficient, the WR did not agree to carry out further work. Subsequently, the WR requested the Division in December 1988, April 1990 and December 1990 to close the canal at least for a period of three weeks. However, this too was not acceptable to the Division and the work remained at standstill. As an alternative, the Railway suggested (July 1992) adoption of the box pushing method, at the additional cost of Rs.5 lakhs, whereby further work could be executed without stopping flow of water in the canal. The suggestion was accepted by the SE (August 1992) and a further sum of Rs.5 lakhs was deposited (March 1993) with the WR. The WR had in the meantime submitted (January 1993) a revised estimate of the work for Rs.21.08 lakhs.

The fact that this particular work would normally require stoppage of release of water in the canal, which was not possible, should have been anticipated by the Division and an alternative course of action adopted. Failure of the Division to do so had thus resulted in blocking up of Government funds of Rs.15.11 lakhs (Rs.13.75 lakhs deposited with WR in September 1986, Rs.1.36 lakhs cost of cement issued in January 1987) for over 7 years, apart from escalation in cost of work.

The matter was referred to Government in April 1994. Government stated (December 1994) that though closure of the canal for three weeks was possible in 1983, it was not so in 1988 because of demand for irrigation water by the

farmers. The delay in completion of work was attributed by the Government to delay in preparing estimates and completion of work upto casting of precast box segment by WR. Reply was not tenable as there was a delay of 14 months in depositing the amount with WR and demand for irrigation water by farmers could have been anticipated and alternative course of action for completion of work adopted.

ROADS AND BUILDINGS DEPARTMENT

4.8 Management and Deployment of Machinery and Equipment

4.8.1 Introduction

Machinery and equipment play a vital role in any construction programme and full benefits can accrue through their optimal utilisation, which in turn depends on their proper selection, judicious deployment with minimum idle periods and efficient maintenance. It is also desirable to ensure timely disposal of outdated, uneconomical and condemned machinery.

4.8.2 Organisational set up

The mechanical wing was created as a separate organisation of the Roads and Buildings Department (R&B) in 1979. The functions of this Wing are carried out in five divisions under the Superintending Engineer, Mechanical Circle (R&B) who works under the overall control of the Chief Engineer and Joint Secretary to the Government of Gujarat (Civil) R&B Department.

The functions of the Mechanical Wing are:

- (i) purchase of new machinery after inspection and trial testing;
- (ii) purchase of spare parts required for repair of machinery in time;
- (iii) running of hot mix plants/drum mix plants (HMP/DMP) departmentally alongwith their allied machinery;
- (iv) repair and maintenance of machinery;
- (v) maintenance and operation of drilling rigs for investigation of soil and rock foundation;
- (vi) running of mobile service units to service road rollers at site; and
- (vii) disposal of old and condemned machinery by issuing inspection certificates.

4.8.3 Audit Coverage

Test-check of records for the period from 1989-90 to 1993-94 was conducted between March and May 1994 in the Office of the Superintending Engineer and five mechanical divisions. Important points noticed during test-check are given in the succeeding paragraphs.

4.8.4 Highlights

Purchase of four asphalt tankers during 1992-93 at the cost of Rs.25.15 lakhs for distribution among four N.H. Divisions was injudicious, there being no identified need for additional tankers.

(Paragraph 4.8.6.1)

Though expenditure of Rs.22.00 lakhs was incurred on the procurement of 4 A.J. Vibratory rollers at book value from the Narmada Development Department between May and November 1989 and Rs.3.78 lakhs incurred thereon on repairs, three of the rollers could not be put to use at all, while the fourth one was used marginally before it went out of order in September 1990.

(Paragraph 4.8.6.2)

Non-synchronisation of purchase of drum mix plant and paver finisher with the purchase of ancillary equipments resulted in idle investment of Rs.65 lakhs on ancillaries for more than one year.

(Paragraph 4.8.7.1)

Expenditure of Rs.38.96 lakhs on tippers and air compressors and advance payment of Rs.40.84 lakhs towards procurement of machineries during 1992-93 proved idle for over one year due to delay in identification of sites for installation of stone crushing and screening plants. Further, execution of earth work at Satamba at Rs.20.50 lakhs proved infructuous since the site had to be changed.

(Paragraph 4.8.7.2)

Sophisticated and costly machineries worth Rs.370.50 lakhs, which were purchased under Gujarat Rural Road Project were used only minimally resulting in blocking up of funds. These machineries were used between 1 and 4 per cent of available hours.

(Paragraph 4.8.8)

Under-utilisation of Hot/Drum Mix Plants due to shortage of operational/repairing staff, raw material and for want of work resulted in production loss of Rs.94.51 lakhs.

(Paragraph 4.8.9.1)

Incorrect computation of hire charges resulted in short recovery of Rs.22.59 lakhs and excess recovery of Rs.2.73 lakhs from Government of India.

(Paragraph 4.8.10)

Improper rejection of a single tender and reinvitation of tender for purchase of two Hot Mix Plants resulted in extra expenditure of Rs.16.38 lakhs.

(Paragraph 4.8.11.1)

4.8.5 Budget provision and expenditure

The table below indicates the expenditure incurred by the Mechanical Wing during the period 1989-90 to 1993-94

Year	Provision	Expenditure	Excess (+) Savings(-)
(Rupees in lakhs)			
1989-90	589.39	600.74	(+) 11.35
1990-91	543.90	547.59	(+) 3.69
1991-92	767.21	767.21	NIL
1992-93	687.61	651.71	(-) 35.90
1993-94	1065.05	1216.48	(+) 151.43
	3653.16	3783.73	(+) 130.57

In 1993-94, expenditure substantially exceeded the outlay by Rs.151.43 lakhs mainly due to excess expenditure on administration (Rs.50.39 lakhs), repairs and carriage (Rs.36.55 lakhs) and stock (Rs. 67.71 lakhs).

Of the total expenditure of Rs.3783.73 lakhs incurred during the period from 1989-90 to 1993-94, Rs.1695.28 lakhs were spent on purchase of machinery and equipment, including Rs.713.55 lakhs for purchase of machinery and equipment for the Gujarat Rural Road Project, a World Bank aided programme. Details are at Appendices VIII and IX.

The position of the total machinery and equipment available with R&B Department is shown in Appendix X.

4.8.6 Unnecessary purchase

4.8.6.1 Asphalt tankers

Though the department had twenty four asphalt tankers, Government decided (November 1991) to purchase four more for the National Highway Divisions and asked the Superintending Engineer, Mechanical (R&B), Ahmedabad to prepare estimate for approval. However, the Superintending Engineer, instead of preparing estimates, informed the Government (December 1991) that out of twenty four available tankers, 9 were either under utilised or idle and hence he suggested transfer of four out of the nine underutilised/idle tankers instead of purchase of new tankers. This was followed by a discussion with the Chief Engineer, National Highway and a circular letter was issued in December 1991 to all Divisions asking them to inform the Superintending Engineer Mechanical (R&B) whether the tankers already available with them were in use or were lying idle. Scrutiny of Secretariat files revealed that the Superintending Engineer, Mechanical (R&B) was called for discussion in December 1991 by the Officer on Special duty. The result of discussion was not recorded. Subsequently, in March 1993, the Ahmedabad Mechanical Division purchased four asphalt tankers at Rs.25.15 lakhs and distributed these to four National Highway Divisions including National Highway Divisions at Valsad and Gandhinagar, which already had one tanker each.

Test-check by Audit of inventory records together with the particulars recorded on the Kardex in respect of ten existing tankers including the tankers at Valsad and Gandhinagar revealed that the average use of tankers by the user Divisions was nil to 31 *per cent* and these 10 tankers were put to use only for 1,02,601 kms during the period 1989-90 to 1992-93 against the total available 10,14,000 kms, this meant utilisation of only 10 *per cent*. The utilisation of the existing tankers by the National Highway Divisions at Gandhinagar and Valsad to which 2 new tankers were further allotted was 10,280 kms and 3,392 kms respectively which was 10 *per cent* and 3 *per cent* respectively of the total working hours available.

Thus, the purchase of four tankers at Rs.25.15 lakhs for distribution among the National Highway Divisions including those at Valsad and Gandhinagar was injudicious.

On this being pointed out by Audit (April 1994), the Superintending Engineer, Mechanical (R&B) stated (April 1994) that the decision for purchase of four asphalt tankers was taken at the Government level.

4.8.6.2 A.J.Vibratory roller

In March 1989, the Government issued instructions for purchase of four second hand A.J. Vibratory road rollers of 8-10 tonnes capacity from the Narmada Development Department at the book value of Rs. 22.00 lakhs. At the time of delivery, three rollers (bearing nos. 004, 006 and 007) were reported to be in working condition while the remaining one (bearing no. 005) which was yet to be repaired, was transferred on 'as is where is' basis.

The performance of the rollers since their transfer was as under:

Sl. No.	Roller No.	Month of receipt	Division to which allotted	Hours worked	Remarks
1	004	November 1989	R.R.P. Division Palanpur	170	Went out of order after it had worked for 170 hrs. (September 1990). Restored to the Division in May 1991 after its repair at workshop at a cost of Rs.3.40 lakhs. Again the roller went out of order after working for a week. Since then the roller had been lying idle for want of imported spares
2	005	November 1989	R.R.P. Division Palanpur/ Deesa	Nil	Did not work. Government had called for (August 1991) information in Proforma 'A' for its write off
3	006	May 1989	R.R.P. Division Junagadh	Nil	The roller was sent to workshop in July 1991 and since the repair cost was high, further course of action was under consideration (April 1994)
4	007	June 1989	R.R.P. Division Mehsana	Nil	The roller was reportedly in working condition when received by the division. But was sent to the Central Workshop Division (July 1990) without being used at all. After incurring an expenditure of Rs.0.38 lakh on repairs, the roller was returned to the Division in August 1990 but was again not used till the date of Audit.

From the above table it can be seen that though Rs. 25.78 lakhs (Rs. 22 lakhs for procurement and Rs. 3.78 lakhs on repairs) were spent on these 4 rollers these were hardly put to use.

The Superintending Engineer stated (April 1994) that for operation of such rollers trained operators, mechanical staff and a separate mechanical unit were necessary and in the absence of such staff, these rollers either remained out of order or were not used. The reply was not acceptable since these aspects should have been taken into account before taking the decision to purchase the same.

4.8.6.3 Mobile laboratory vehicle

A mobile laboratory vehicle was procured by Gujarat Engineering Research Institute (GERI), Baroda in February 1983 at the cost of Rs.3.64 lakhs. In January 1988, it was put at the disposal of the Rural Road Project Circle, Gandhinagar for 'on the spot' quality control testing of RRP works. But since the date of its transfer, the laboratory remained completely idle despite undergoing minor repairs costing Rs. 0.09 lakh in August 1988. In December 1991, the Executive Engineer, RRP Division, Gandhinagar requested the GERI, Baroda to take back the laboratory since the roads taken up for execution under the Rural Road Project Programme were unsuitable for this type of vehicle. However, the vehicle had not been restored to GERI, Baroda, as of June 1994. The detailed justification for its purchase, Government orders for the purchase etc., were not available on the records of GERI, Baroda. No details in regard to its utilisation from 1982 to 1988 could also be produced to Audit. Thus, the expenditure of Rs. 3.64 lakhs towards purchase of the laboratory vehicle proved infructuous.

4.8.7 Idle investment

4.8.7.1 Purchase of Drum Mix Plant with ancillary equipments

In order to meet the asphalt requirements for road work, Government decided to purchase one Drum Mix Plant (DMP) with ancillaries in October 1992. The Division sent detailed tender papers for all the items to Government in February 1993. However, Government accorded approval in February/March 1993 for purchase of only the ancillaries at the cost of Rs.65 lakhs and accordingly these were purchased by the Division in February/March 1993. The decision for purchase of DMP and Paver finisher valued at Rs.54.35 lakhs was taken by Government only in September 1993 and delivery thereof was completed by the manufacturer-cum-supplier in March 1994. Accordingly, 90 *per cent* payment (Rs.48.91 lakhs) was made to him. The plant has since been commissioned on 13 May 1994.

Thus, non-synchronisation of purchase of DMP and Paver finisher with the purchase of ancillary equipments resulted in idle investment of Rs.65 lakhs for more than one year (April 1994).

The reason for according approval for purchase of DMP and Paver finisher (September 1993) much after the approval for purchase of ancillary equipments was not available on records. Scrutiny of Government files made available to audit did not reveal any recorded reasons for the delay in purchase of DMP.

4.8.7.2 Delay in erection and commissioning of stone crushing and screening plants

Government accorded administrative approval (December 1991) for an overall estimate of Rs.336 lakhs for establishment of two stone crushing and screening plants with ancillary equipments/ machines, one at Satamba in Sabarkantha district and the other at Sevalia in Kheda district under the Rural Road Project Programme. Work order was issued (March 1993) by the Executive Engineer, Mechanical (R&B) Division, Ahmedabad to a firm at Baroda for fabrication and erection of the two plants within 50 weeks at the tendered cost of Rs.226.28 lakhs. The delivery of fabricated machinery was to be completed in November 1993. According to contractual provisions, advance payment of Rs.40.84 lakhs was made to the contractor in March 1993 on placement of order and further payment of Rs.122.49 lakhs was made on receipt of the goods at site in January 1994. Further, the Division made payment of Rs.88.60 lakhs as shown below to different parties towards procurement of ancillary equipments needed for the operation and running of the plants:

Sl. No.	Items	Month of purchase	Amount (Rupees in lakhs)
1	Six tippers	March 1993	30.87
2	Two Air Compressors	March 1993	8.09
3	Two front end loaders	March 1994	31.60
4	Two wagon drills	October 1993	10.00
5	Ten sets Jack Hammer	February 1994	4.17
6	Two weigh Bridges	March 1994	3.87
Total			88.60

In addition to this expenditure, the Executive Engineer Roads and Buildings Division, Sabarkantha District incurred expenditure of Rs.20.50 lakhs upto October 1992 for preliminary earth work in connection with the erection of plant at Satamba.

In this connection, the following observations are made:

(i) Despite the fact that the decision to establish the plant was taken in December 1991 and the delivery of fabricated machinery at the site of erection was to be completed before 7 November 1993, the decision about the site of the plant at Sevalia was communicated to the circle officer only on 5 November 1993. The decision was reportedly delayed due to the prolonged correspondence between the Government and the department regarding the applicability of Mines and Explosive Rules.

(ii) The site initially chosen at Satamba, which reportedly did not have sufficient land was changed to Gopalpuri and a final decision about it was taken only on 13 January 1994, resulting in unfruitful expenditure of Rs.20.50 lakhs incurred on earth work at Satamba site.

(iii) Though the firm fabricated the machineries in May 1993, these could be transported only in January 1994 owing to delay in selection of sites. The machinery meant for Gopalpuri site was stored in Roads and Buildings rest house at Bayad which was about ten kilometres from the site and the machinery meant for Sevalia was stored in the store shed of the existing quarry, waiting for commencement of civil works like construction of ramp and retaining wall, etc. for erection of machinery which was awaited (April 1994).

(iv) The changed site at Gopalpuri was facing obstruction from private quarry owners. It was stated by the Divisional Officer (April 1994) that efforts were on to sort out the issue.

(v) The expenditure of Rs.38.96 lakhs incurred in March 1993 out of the expenditure of Rs.88.60 on procurement of ancillary equipments and the advance payment of Rs.40.84 lakhs made to the firm in March 1993 for fabrication of machinery proved to be idle investment for more than a year (April 1994).

4.8.8 Blocking up of funds

(i) Between 1990-91 and 1993-94, the R&B Department procured the following sophisticated and costly machinery for road construction work under the Gujarat Rural Road Project (GRRP). Their utilisation during the period 1991-92 to 1993-94 (upto August 1993) is shown below:-

Sl No.	Name of machinery (Numbers)	Aggregate cost (Rupees in lakhs)	Actual hours worked	Available hours	Percentage of utilisation
1	Dynapeck Pneumatic tyred rollers (5)	128.72	203	12084	2
2	Case Vibromax road rollers (5)	113.54	381	9750	4
3	Motor grader (4)	116.00	339	13000	3
4	Usha Atlas rollers (6)	12.24	202	14668	1
		370.50			

The table above shows that the utilisation of the machineries ranged between 1 and 4 per cent defeating the very purpose of procurement of the machines and resulting in blocking up of funds. The Superintending Engineer (Mechanical) stated (April 1994) that as these machineries were not used or sparingly used, transfer of the same for National Highway works had been proposed to Government (May 1992).

(ii) The Department procured five 'Bomag' Vibratory rollers of 1.5 to 2 tonnes capacity from Water Resources Department in February 1989 at the book value of Rs.3.61 lakhs. It was noticed in Audit that out of the total 22500 available working hours for five 'Bomag' rollers, only one 'Bomag' roller was utilised for 287 hours during the period 1989-90 to 1993-94 (up to September 1993).

4.8.9 Under-utilisation of machinery

4.8.9.1 Hot/Drum Mix Plants

Three Hot/Drum Mix Plants with a total capital investment of Rs. 101.60 lakhs were commissioned at Rajkot (December 1990), Bhavnagar (November 1990) and Chiloda (February 1992) to meet the asphalt requirement of the Roads and Buildings Department. Scrutiny of records of the respective divisions revealed that the plants remained idle for want of work for 372 days during the period 1990-91 to 1993-94 (Bhavnagar: 312 days, Rajkot: 17 days, Chiloda: 43 days). These plants also remained under repairs for 131 days (Bhavnagar: 80, Rajkot: 44 and Chiloda: 7). The resultant production loss worked out to Rs. 94.51 lakhs.

The under-utilisation was attributed by the Department (March 1994) to shortage of operating and repairing staff, want of asphalt from refineries and other raw materials to be supplied from the Government quarry and for want of work.

4.8.9.2 Mobile workshop units

Nine mobile workshop units were operated by the Drilling Division for periodic servicing of road rollers of the Roads and Buildings Department. The performance/working of these units for the period 1988-89 to 1992-93 was as follow:

Year	Number of jobs planned	Number of jobs actually carried out	Percentage
1988-89	1800	562	31
1989-90	1440	770	53
1990-91	1440	638	44
1991-92	1440	678	47
1992-93	1500	663	44

The achievement in terms of numbers of jobs actually carried out as against target during 1988-89 to 1992-93 ranged between 31 *per cent* (1988-89) and 53 *per cent* (1989-90). The reasons for under-utilisation as reported by the Divisional Office were:

(i) Want of adequate staff.

(ii) Working estimates were prepared on the basis of previous years experience.

(iii) Normal breakdown and non availability of work.

(iv) Non-release of sufficient grant for the mobile service unit.

4.8.10 Incorrect computation of hire charges

(i) Levy of hire charges in respect of machineries hired out to other departments, private parties etc. should be in accordance with Government instructions issued in October 1980. For machinery like Hot Mix Plant, Paver finisher etc., rates are fixed every year by preparing maintenance and repair estimate. According to the instructions contained in the above Order, when tools and plants are lent to the Central Government, rates of rent applicable are the same as those levied in the case of contractors and private persons.

Drum Mix Plant at Chiloda, erected in 1991-92 to cater to needs of the National Highway Work, was owned by the Government of Gujarat. Working estimates prepared every year as per the norms of October 1980 for recovery of hire charges had taken into account depreciation, repair, operation and petrol, oil and lubricant (POL), but had excluded two items, viz, interest charges and supervision & unforeseen charges, as applicable to private parties. This resulted in short recovery of hourly charges aggregating Rs. 17.84 lakhs during the period 1991-92 to 1993-94.

(ii) According to the Government instructions of October 1980, the elements of (i) Depreciation, (ii) Repair provision, (iii) Operation and POL charges, (iv) Interest charges and (v) Supervision and unforeseen charges were required to be taken into account.

However, while working out hire charges in respect of hydraulic excavator (No.94184) owned by Central Workshop Division and hired out to National Highway Division, Bharuch the Central Workshop Division worked out hire charges for the year 1988-89 taking into account the first three elements excluding interest charges and supervision & unforeseen charges. Also the capital cost of the hydraulic excavator was taken as Rs. 13.88 lakhs instead of Rs.14.48 lakhs. The incorrect computation resulted in short recovery of hire charges of Rs. 4.75 lakhs from Government of India during the period 1988-89. The Divisional Officer agreed to effect the recovery from the National Highway Division, Bharuch (April 1994).

(iii) Government revised (July 1989) the life of tippers from 10 years/2,00,000 kms to 10 years/2,60,000 kms. However, in respect of 15 tippers owned by the State Government and used in National Highway Works, the life of tippers as adopted to arrive at the hourly charges recoverable from the Government of India was 2,00,000 km per tipper instead of 2,60,000 kms resulting in excess debit of Rs. 2.73 lakhs to the Central Government account during the period 1990-91 to 1993-94 (upto September 1993). The Divisional Officer agreed to make necessary adjustment in accounts (May 1994).

4.8.11 Other topics of interest

4.8.11.1 Delay in finalisation of tender

In March 1990, the Superintending Engineer, Mechanical (R&B) Ahmedabad (SE) submitted a proposal to the Government for purchase of two Hot Mix Plants (HMP), one for Chiloda and the other for Sevalia from a party at the rate of Rs. 55.61 lakhs per HMP. The rate was fixed in an Accepted Tender of DGS&D, New Delhi. The validity period of the offer of 30 days was to end on 3 April 1990. Since the case was not finalised by the Government within the validity period, the

SE invited tenders in December 1990, in response to which only one tender was received for Rs. 51.41 lakhs per HMP in February 1991. The offer was rejected by the SE on the grounds that it was a single tender and tenders were again invited in February 1991 and the lowest offer of Rs. 59.60 lakhs from the same party that had earlier offered the HMP at Rs.55.61 lakhs in March 1990 was finally accepted by Government (June 1991). Action of the SE in rejecting the tender of Rs.51.41 lakhs per HMP was not in consonance with the Government instructions issued in January 1982 which stipulated that single tender could be accepted by the authority next above the one who was competent to accept the tender provided the rates were reasonable. In view of the fact that the rate offered by the single tender was even lower than the DGS&D rate at which purchase had earlier been recommended by the Superintending Engineer, rejection of the single tender was not reasonable. In fact, it was a fit case to be brought to the knowledge of the authority next above as per Government instructions of January 1982. Failure to do so resulted in extra expenditure of Rs. 16.38 lakhs.

4.8.11.2 Premature condemnation of mobile service unit

Two mobile service units (MSU) were procured by the department in 1980 at the cost of Rs. 1.41 lakhs per unit for servicing of road rollers. It was seen in audit that after rendering service of 59679 kms and 89701 kms respectively as against the prescribed 2,00,000 kms, these units were lying idle since August 1990 and October 1992 awaiting disposal. In one case, no survey report was prepared while in the other survey report sent to the Government in August 1993 was awaiting approval (May 1994). Expenditure incurred on operating staff from October 1992 to March 1994 in respect of one unit lying idle from October 1992 amounted to Rs. 0.69 lakh. Idleness and under-utilisation of units were attributed by the Division to:

- (a) frequent repairs
- (b) non-availability of chassis for replacement

Thus, the two units could render service to the extent of only at 30 *per cent* and 45 *per cent* respectively of the prescribed level.

4.8.12 Feed back and evaluation

All field offices in R&B department, including Panchayats who owned machineries/vehicles/equipments, were required to submit six monthly returns in the prescribed proforma to the SE Mechanical (R&B) for consolidation and submission to Government. Eighty six returns were wanting against four hundred nineteen due from field offices during the period 1989-90 to 1992-93 which had not been received by the SE (Mech.) (March 1994) despite periodical reminders and even after reporting the matter to Government.

For want of creation of separate mechanical set-up, exclusively for GRRP, there was no built-in system for systematic monitoring of performance of machineries procured for GRRP. For other machineries it was left to the concerned divisional officers to watch the utilisation level.

4.8.13 The matter was referred to Government in August 1994; reply has not been received (January 1995).

4.9 Infructuous expenditure on construction of staff quarters and hostel building

The work of construction of 132 numbers of B-1 type quarters for Government employees of various departments and 6 numbers of A and B type quarters for employees of Industrial Training Institute (ITI) and a hostel building for students of ITI at Ahwa, District Dangs, estimated to cost Rs.35.89 lakhs, was awarded by the Roads and Buildings Division, Navsari (work transferred to Dangs (R&B) Division, Ahwa in May 1984) to five contractors at the aggregate tendered cost of Rs.41.83 lakhs under separate contracts in 1978-79 (one), 1979-80 (three) and 1980-81 (one). All the works were to be completed within 24 months. The contractors, after executing total work of the value of Rs.13.96 lakhs, abandoned the same between 1981-82 and 1983-84 for reasons such as non-availability of materials, local difficulties in execution of works, heavy rains etc.

No action was taken by the Division to get the work completed or to bring the already executed work to a safe stage and as a result, work done deteriorated and was rendered useless. Government decided (March 1991) that since work already done was of no use, the same would be demolished and all the works executed afresh, at the risk and cost of defaulting contractors.

Accordingly, two works (original tendered cost: Rs.10.42 lakhs) were awarded (January-September 1993) at the total tendered cost of Rs.50.16 lakhs and were in progress (October 1994). Reinvitation of the tenders for the remaining three works (original tendered cost: Rs.31.41 lakhs) estimated to cost Rs.196.31 lakhs was under process (October 1994). Additional expenditure on the two works under execution afresh amounted to Rs.39.74 lakhs; the same for the remaining three works was estimated at Rs.164.90 lakhs.

Inordinate delay on the part of the department to take action for completion of the abandoned works at the risk and cost of defaulting contractors thus rendered the expenditure of Rs.13.96 lakhs on works already completed infructuous, apart from the huge liability of Rs.204.64 lakhs in completing these works afresh. The division had not initiated any action for recovery from the defaulting contractors under the risk and cost clause (December 1993).

The Division stated (December 1992) that action was not taken to terminate the contracts immediately and get the works executed at the risk and cost of defaulting contractors, as efforts were being made to get the works completed by them, since it was considered unlikely that other contractors would agree to execute the old works at a remote place like Ahwa.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

4.10 Unfruitful expenditure on a bridge

As the existing bridge across the river Vishwamitry on Vadodara-Savli Road was narrow and inadequate to meet the requirement of increased road traffic, the District Panchayat, Vadodara took up construction of a new wider bridge in January 1989. Although, on upgradation, the road came under the jurisdiction of City Roads and Buildings Division, Vadodara in October 1988, construction of the bridge was

completed (February 1992) by the District Panchayat at the cost of Rs.56.74 lakhs and thereafter possession of the bridge was handed over to the Division. The Division submitted (December 1992) an estimate for Rs.58.48 lakhs for construction of approaches to the bridge, the approval of which was awaited from the Government (July 1994). In the absence of approaches, the bridge could not be opened to traffic. The expenditure of Rs.56.74 lakhs thus remained unfruitful for nearly two and a half years as of July 1994.

The matter was referred to Government in August 1994. Government stated (November 1994) that one end of the bridge fell under the limits of the Vadodara Municipal Corporation (VMC) and that the VMC had not responded favourably to the proposed construction of approach road. The reply was not tenable; taking into consideration expenditure on the bridge, the issue of construction of approaches needs to be sorted with the VMC expeditiously.

4.11 Overpayment of price adjustment

Construction of a multistoried building (estimated cost: Rs.125.40 lakhs) and a district treasury building (estimated cost: Rs.37.20 lakhs) at Mehsana was awarded by the Executive Engineer, Roads and Buildings Division, Mehsana during 1990-91 to two contractors at their tendered cost of Rs.219.70 lakhs and Rs.68.42 lakhs respectively. The works, taken up in July 1990 and March 1991, were completed in October 1992 and April 1993 and the final bills were paid in August 1993 and June 1994 respectively. Both contracts provided for payment of cost escalation on account of labour, materials and POL. Price adjustment payable, however, was to be restricted to 5 per cent of the estimated net cost of the works, to be computed after deducting the cost of material supplied by the department and also the cost of material to be brought by the contractors, the cost of such material being calculated at rates stipulated in the contracts. The Division, however, did not deduct the cost of steel and cement while restricting the payment of price adjustment to the contractors. This resulted in overpayment of escalation charges of Rs.3.23 lakhs and Rs.1.20 lakhs for the two works.

While accepting the facts, the Division stated (June 1994) that the overpayment of Rs.3.23 lakhs would be recovered from concerned contractor and recovery of Rs.1.20 lakhs, would be made by adjustment against amounts due to the contractor.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

4.12 Delay in recovery of dues

Construction of two works (i) administrative and hostel building and (ii) workshop and staff quarters at Pandhro were awarded (March 1988) by the Executive Engineer, Roads and Buildings Division, Bhuj under separate agreements, to a contractor at his aggregated tendered cost of Rs.56.56 lakhs. The works were to be completed by March 1990.

After completing work of the value of Rs.24.38 lakhs, the contractor abandoned the works in June 1990. As the contractor did not resume work in spite of several notices, the Division terminated the contracts in March 1991 and decided to carry

out the remaining work at the risk and cost of the defaulting contractor. The balance works (cost: Rs.32.18 lakhs) were thereafter awarded (August 1992) to other contractors at the aggregate tendered cost of Rs.62.68 lakhs. The workshop and staff quarters were completed in March 1994 but the final bill had not been paid (August 1994) and the construction of administrative and hostel building was in progress (August 1994).

An amount of Rs.30.50 lakhs was recoverable from the defaulting contractor towards risk and cost. In addition, a further amount of Rs.22.36 lakhs was also recoverable on account of difference in the issue rate of material (Rs.14.82 lakhs), cost of material not returned (Rs.5.33 lakhs) and compensation for delay (Rs.2.21 lakhs). Security deposit of Rs.1.21 lakhs furnished by the contractor in the form of Bank Guarantee had also expired in March 1990 as the Division had failed to renew/encash the same in time.

Even though Government had issued general instructions in December 1980 to the effect that civil suit should be filed for recovery of dues as soon as the extra cost recoverable became known on engaging a new contractor, the Division had not initiated any legal action. The Law Officer's report for filing civil suit was submitted by the Superintending Engineer belatedly in August 1993 and Government decision had not been received (August 1994). Consequently, there has been non-recovery of dues for nearly 2 years.

Government stated (December 1994) that it was not possible to initiate legal action as the exact amount to be recovered from the defaulting contractor had not been ascertained. The reply is not tenable because as per Government instructions (December 1980), Civil suit should be filed as soon as extra cost recoverable become known on engaging a new contractor. Also, the Division took 9 months to terminate the contract and civil suit had not been filed yet (December 1994).

4.13 Delay in completion of drainage system

According to the provisions of Water (Prevention and Control of Pollution) Act, 1974, for construction of disposal system of sewage water into a stream/rivulet, previous consent of the Gujarat Pollution Control Board (GPCB) is necessary. Conditions as imposed by the GPCB are binding for construction of such a system.

The work of providing external drainage system to residential quarters of State Reserve Police Force (SRPF) at Vav was awarded (July 1983) to a contractor at his tendered cost of Rs.14.06 lakhs by the Roads and Buildings Division 2, Surat for completion by July 1984. The sewage water of quarters was planned to be collected in a sump-well and from there pumped through RCC pipes to be laid along the National Highway (NH) for discharge in a rivulet near village Navagam. The Division, however, did not obtain the required permission of the GPCB before commencement of the work.

The work could not be completed as scheduled for various reasons such as delay of 8-10 months in furnishing designs of septic tanks and sump-well, objection raised by the Forest Department against laying of pipes alongside the NH, opposition by residents of Navagam village to carrying of sewage water through pipe lines and its discharge in the rivulet in the vicinity of village, etc. The villagers also obtained a stay order from the court in January 1986 against execution of the work. The court passed a conditional order in February 1986 that sewage water could be discharged only after its treatment in accordance with instructions of the GPCB.

In compliance with the order of the court, the Division installed a sewage water treatment plant only in October 1991 at the cost of Rs.10.93 lakhs. Due to delay in installation of treatment plant, the contractor was relieved (October 1993) of the work at his own request after completing work of the value of Rs.11.64 lakhs till August 1990 and sewage water from SRPF quarters had to be carried by hired tankers for disposal.

The balance work (cost Rs.2.42 lakhs) was awarded (May 1993) to another contractor at the tendered cost of Rs.3.29 lakhs and was completed in February 1994. However, the drainage system was not being utilised as of October 1994 as the Division's request (May 1994) for permission to discharge effluent in rivulet was refused (July 1994) by the GPCB on the grounds that treatment facilities provided were not in accordance with the write up furnished by the Division alongwith its application and that units like chemical dosing system, primary clarifier and chlorination system had not been provided.

Thus, failure of the Division to obtain the necessary permission of the GPCB resulted in additional expenditure of Rs.0.87 lakh on construction of drainage system, Rs.4.63 lakhs on account of hire charges of water tankers for disposal of waste water between April 1988 and February 1994 and further recurring liability of hire charges at Rs.0.08 lakh per month thereafter till drainage system is put in operation. In addition, the system due for completion in July 1984 remained inoperative even in October 1994 i.e. after over ten years and expenditure of Rs.25.86 lakhs (Drainage system Rs.14.93 lakhs, Treatment plant Rs.10.93 lakhs) remained blocked.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

4.14 Avoidable expenditure due to delay in making clear site available

The work of construction of a railway over-bridge (except the portion over the railway track) in lieu of level crossing near village Ranoli, estimated to cost Rs.147.88 lakhs was awarded to a contractor in February 1990 by the Executive Engineer, City Roads and Buildings Division, Vadodara. The work was to be completed by May 1991 at the tendered cost of Rs.213.40 lakhs. Expenditure involved on the construction of the over-bridge was to be shared by Railways, State Government and the beneficiary industries. The proposed work involved dislocation of (a) pipelines of the Indian Oil Corporation (IOC) and the Oil and Natural Gas Commission (ONGC) passing below the proposed foundation area, (b) high tension wires of the State Electricity Board obstructing the site, (c) electric/telephone poles requiring shifting and (d) underground pipeline of a private enterprise.

Though the issues of shifting of pipe lines, electric/telephone poles and wires were not sorted out with the concerned authorities, the Division fixed the agency and issued the work order. Due to non-settlement of these issues, the agency was able to execute work valued at Rs.63.06 lakhs only till February 1991 when it stopped further work and demanded enhanced rates in April 1991. On the recommendations of the Superintending Engineer (December 1991), Government agreed (February 1992) to execution of the balance work (Rs.150.34 lakhs) as per schedule of rates for 1991-92 increased by 11 *per cent* (Rs.201.27 lakhs) which was considered reasonable as compared to rates being received at the time, for similar works. The decision to pay at enhanced rates thus was a consequence of the delay in making

the clear site available to the agency. Though the agency had given an undertaking in January 1992 to complete the work by December 1992 if its demand for revised rates was accepted, the work was still in progress (July 1994) due to failure to settle the problems. In fact, changes in design of the bridge, as became unavoidable due to refusal of IOC/ONGC to shift their pipelines, were finalised in November 1991 and supplied to the agency in December 1991.

Thus, the delay in resolving the problems resulted in avoidable additional expenditure of Rs.50.93 lakhs computed with reference to the original tendered rates. The bridge had not been opened to traffic as of September 1994.

The matter was referred to Government in September 1994; reply has not been received (January 1995).

4.15 Unfruitful expenditure on purchase of xerox machines

The centralised procurement of stores for Roads and Buildings Divisions was made by the Building and Communications Division-I, Ahmedabad (now City (R&B) Division) till June 1981 and thereafter by the Ahmedabad Stores (R&B) Division, Ahmedabad. Between March 1981 and January 1982, nine xerox machines were procured by these Divisions at the cost of Rs. 2.10 lakhs although no demand for these machines was received from any Roads and Buildings Divisions. While one machine was allotted to a Division in April 1981, six were issued between August 1984 and January 1989 to different divisions/circle offices (i.e. after lapse of periods ranging between 2½ years and 7 years from the date of procurement). Two machines were still lying in stock (June 1994).

Of the seven machines allotted, five had not been used since allotment, while two allotted in November-December 1986, after nominal use, were lying idle since 1991-92 as these were out of order for want of repairs. The allottee Divisions/Circle stated that the non-use of the machines was because of non-availability of operators; further, the machines being outdated, spare parts were not available for repairs.

Thus, procurement of xerox machines without assessing the requirement was injudicious and resulted in an unfruitful expenditure of Rs. 2.10 lakhs.

The Divisional Officer stated (August 1994) that the machines had been procured in anticipation of demand from the Divisions.

The matter was referred to Government in October 1994; reply has not been received (January 1995).

4.16 Blocking up of funds

The work of construction of a bridge across the river Mahi, near Galteshwar on the Galteshwar-Varasada road was awarded (July 1980) by the District Panchayat, Vadodara to a contractor at his tendered cost of Rs.32.50 lakhs (estimated cost: Rs.25.16 lakhs) for completion by January 1983. The bridge was planned to be 1320 ft. in length with 32 piers, 33 solid slabs and abutments and retaining walls on either side.

Progress of work was slow mainly due to change in design (April 1981) and increase in length of bridge by 320 ft. necessitated by change in the course of the river due to ongoing quarry work in the river bed. Further, in August 1984,

4 piers collapsed due to heavy floods. As a result, major changes were made in the design involving additional works. The process of revision of designs, plans, estimate, etc. took about 5 years. Execution of additional works was finally entrusted (December 1989) to the same contractor at the negotiated tendered cost of Rs.36.79 lakhs under a separate contract, for completion in 36 months. However, till March 1992, contractor had completed work of retaining wall and abutment on one side (Varasada side), 21 piers and 10 slabs at the total cost of Rs.17.74 lakhs (Rs.14.83 lakhs original tender, Rs.2.91 lakhs negotiated tender) when Government ordered transfer of work to the Roads and Buildings Division, Kheda which was done in June 1992. However, no progress could be made, as during execution it was found that the river-bed level alongside the remaining part of the work was lower than what was presumed in the sanctioned estimate. Further, the designs of pier, slab and retaining wall were found to be not in conformity with the present code of practice. Besides in view of the river-bed level having gone down, stability aspect of bridge structure required a fresh appraisal. The Superintending Engineer accordingly submitted (February 1993) proposal for preparation of a revised estimate for the remaining work, approval of Government for which was awaited (November 1994).

Delay of over 11 years in construction of bridge had thus, resulted in blocking of Government fund of Rs.17.74 lakhs:

The matter was referred to Government in June 1994, reply has not been received (January 1995).

4.17 Delay in finalisation of tenders

According to the codal provisions, cases relating to acceptance of tenders should invariably be treated as immediate so that the issue of final orders should not, in any circumstances, take more than 120 days in case of works estimated to cost above Rs.10 lakhs.

Tenders for the work of construction of 22 staff quarters of different categories, for the Farmers Training Centre, at Vyara (District Surat), estimated to cost Rs.15.02 lakhs, were invited in May 1992 by the Executive Engineer, Roads and Buildings Division-2, Surat. Four offers were received which were valid till 6 November 1992. Tenders were opened on 13 July 1992 and the lowest offer of Rs.27.17 lakhs, recommended by the Division in the same month, was submitted (August 1992) by the Superintending Engineer to Government for acceptance. However, Government sought certain clarifications in September and November 1992 and in January 1993, replies to which were furnished by the Superintending Engineer in October 1992 and January 1993. By that time, validity period of the lowest offer had expired. The lowest bidder also sought (December 1992) refund of his earnest money deposit on the ground that he had not received any communication from the Division within the validity period of his offer. Government, therefore, accepted the offer of the second lowest tenderer at his tendered cost of Rs.28.54 lakhs, as he agreed to extend validity of his offer till January 1993. The work, awarded in May 1993 was in progress (June 1994). Delay in finalisation of tenders within the validity period, thus, resulted in avoidable extra liability of Rs.1.37 lakhs.

The Division stated (June 1994) that there was delay as the matter was under correspondence with Government.

The matter was referred to Government in September 1994; reply has not been received (January 1995).

4.18 Non-acceptance of second lowest tender

Tenders for the work of providing 200 mm dia bore and RCC tank of 1,00,000 litre capacity for the newly constructed office building of the Intensive Cattle Development Project at Mehsana (estimated cost: Rs.4.33 lakhs) were invited by the Executive Engineer, Roads and Buildings Division, Mehsana in February 1991. The last date for receipt of tenders was 5 March 1991 with validity period of 90 days from the date of opening, i.e. from 14 March 1991. Of the seven offers received, the lowest tender of Rs.4.47 lakhs of contractor 'A' was accepted by the Executive Engineer on 16 March 1991 and the contractor was asked to pay the security deposit within ten days. However, the contractor did not pay the security deposit in spite of repeated reminders.

Meanwhile, the second lowest tenderer 'B' on his own, expressed willingness (August 1991) to carry out the work at his tendered cost of Rs.5.17 lakhs and extended the validity period of his offer up to 30 November 1991. However, no action was taken by the Division to accept this offer. In December 1991, contractor 'B' expressed unwillingness to extend the validity period beyond 30 November 1991 and requested for refund of earnest money deposit. The earnest money deposit of contractor 'A' was forfeited and it was decided to reinvite the tenders (December 1991).

On reinvitation of tenders (January 1992), the lowest tender received from contractor 'C' for Rs.8.01 lakhs was accepted by the Government (October 1992) with stipulated completion by six months from the date of commencement of work (December 1992). The work was completed by the agency within the stipulated time.

Failure of Divisional Officer to accept the second lowest tender of March 1991 within the validity period (30 November 1991) thus resulted in extra avoidable expenditure of Rs.2.84 lakhs.

The matter was reported to Government in April 1994, Government stated (September 1994) that the offer of the second lowest bidder was not considered by the Division as it was received after the expiry of validity period and that the Division had been trying till 19 December 1991 to persuade the first lowest bidder to pay security deposit and start the work. In the meantime (15 December 1991), the second lowest bidder also demanded refund of earnest money deposit which was paid. It could not be predicted at the time that rates on reinvitation would be higher.

The reply is not tenable as the offer to the first lowest tenderer was valid for ten days from the date of order (16 March 1991). Since he neither sought nor was granted any extension of time limit, it was judicious to consider the second lowest offer which was valid upto 13 June 1991 initially and was extended upto 30 November 1991 subsequently.

4.19 Transfer of funds to avoid lapse of grant

Administrative approvals were accorded for construction of staff quarters for Government Polytechnic and building for Regional Training Institute (RTI) at Rajkot for Rs.11.64 lakhs and Rs.64.92 lakhs by the Government in December 1991 and January 1992 respectively. The administrative approval included provisions for

Rs.1.97 lakhs and Rs.12.50 lakhs on electrical installations in the respective works. Both the works were to be executed by the City (Roads and Buildings) Division, Rajkot but civil works in neither of the cases had been taken up as the agency for execution of staff quarters was not fixed and tender papers for the RTI building was under correspondence with the Government (July 1994). As per draft tender documents, the staff quarters and the RTI building were expected to take 12 months and 24 months respectively for completion after commencement of work. However, the Division paid (March 1992) in advance Rs.1.92 lakhs and Rs.7.00 lakhs to the Electrical Division, Rajkot for electrification works when the civil works were not even on the verge of commencement. The total amount (Rs.8.92 lakhs) was kept in deposit by the Electrical Division, Rajkot and had remained unutilised for over 2 years (July 1994).

The drawal of money at the fag end of the financial year and its transfer to the Electrical Division, Rajkot without any immediate requirement was not in consonance with financial rules and was obviously to avoid lapse of budget grant.

The Division stated (September 1993) that the amounts were transferred to the Electrical Division as it was anticipated that the same would be utilised on electrical works during 1992-93 on completion of civil works. The reply was not tenable as transfer of the amount for electrical work even prior to the acceptance of tenders for civil work was not justified.

The matter was referred to Government in December 1992; reply has not been received (January 1995).

GENERAL

4.20 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to the heads of offices and the next higher departmental authorities through Inspection Reports for prompt action. The more important irregularities are also reported to the Heads of Departments and Government for initiating immediate corrective action. Government had prescribed (July 1970) that the first replies to the Inspection Reports should be sent to the Accountant General within four weeks of their receipt. However, of the 148 Inspection Reports issued during 1993-94 (upto December 1993) and pending till August 1994, first replies in respect of 129 had not been received within the prescribed time limit.

Action was pending (June 1994) on 1122 Inspection Reports issued upto December 1993 in respect of 206 divisions. The department-wise break-up is given below. Of these, 510 Inspection Reports related to 1988-89 and earlier years.

Department	Number of pending Inspection Reports	Number of Paragraphs
Roads and Buildings	392	1132
Narmada and Water Resources	730	2185
Total	1122	3317

Year-wise details are given in Appendix XI.

A review of outstanding Inspection Reports conducted in September 1994 in respect of the Roads and Buildings Division, Navsari and the Kachchh Irrigation Division, Bhuj revealed the following:

(i) In spite of Government instructions that the first reply to Inspection Reports should be sent to Audit within four weeks of their receipts, there were delays ranging from 1 to 25 months, in furnishing reply in respect of 22 Inspection Reports.

(ii) The outstanding paragraphs broadly fall under following categories:

Category	Number of paragraphs	Amount involved (Rupees in lakhs)
(i) Recoveries outstanding against contractors	16	96.20
(ii) Extra expenditure due to work abandoned by contractors	13	190.13
(iii) Non-invitation of tenders/want of estimate/sanction	6	12.19
(iv) Surplus stock / idle machinery	4	12.84
(v) Other reasons	18	172.46
Total	57	483.82

The matter was referred to Government in October 1994; reply has not been received (January 1995).

CHAPTER - V
STORES AND STOCK
HOME DEPARTMENT

5.1 Stores and Stock of Police Organisation

5.1.1 Introduction

Articles of clothing and equipment specified in the Police Manual are purchased by the Director General and Inspector General of Police through the Central Stores Purchase Organisation (CSPO). Other articles specified in the Police Manual, which can be obtained from the Stationery Department and Ordnance Depot are purchased by the Superintendents of Police under their own arrangement.

Articles can be purchased by the Heads of Department or Offices without reference to the CSPO provided these are required occasionally and in small quantities and the aggregate cost thereof is not more than 50 per cent of the contingent grant sanctioned for the year or Rs. 5000 whichever is less. In such cases, copies of orders stating the items of stores with specifications, cost thereof and the name of the supplier are to be forwarded to the CSPO. Tents are purchased centrally by the Director General and Inspector General of Police whereas horse feed is purchased directly by those District Superintendents of Police who have mounted police establishment.

The main items of stores consist of (i) clothing and accoutrements, (ii) tyres, tubes and spare parts of motor vehicles (iii) arms and ammunition including teargas, (iv) tents, (v) horse feed and miscellaneous stores.

5.1.2 Consolidated stores and stock account

The table below gives the consolidated accounts of stores and stock for the years 1990-91 to 1992-93.

(Rupees in lakhs)

Description	Year	Opening Balance	Receipts	Issues	Closing Balance
Clothing, accoutrements, tents, horse feed and ammunitions	1990-91	712.26	323.96	323.72	712.50
	1991-92	712.50	397.50	335.63	774.37
	1992-93	775.41*	774.41	555.39	994.43
	1993-94	Not yet prepared			
Spare parts fuel and wireless sets	1990-91	286.98	540.27	560.57	266.68
	1991-92	Not yet prepared			
	1992-93				
	1993-94				

* Difference of Rs.1.04 lakhs between closing balance of 1991-92 and opening balance of 1992-93 was due to non-inclusion of stores of Gandhinagar unit in the accounts of 1991-92.

All the departments are required to submit the Stores and Stock Accounts to Audit by May of each year. In respect of clothing and ammunitions, the accounts for 1993-94 and in respect of spare parts, fuel etc., the accounts for the last three years had not been submitted to Audit.

Test check of records of the Director General and Inspector General of Police, Ahmedabad, Inspector General of Police (Communication) Ahmedabad, District Superintendents of Police, Ahmedabad (Rural), Godhra, Kheda, Mehsana, Vadodara (Rural) and (W. Railway) Vadodara, Commissioners of Police (Ahmedabad, Rajkot and Vadodara) and Commandants, State Reserve Police Force (SRPF) Group V, (Godhra) and Group I (Vadodara) was conducted in May-June 1994. Results are given in the succeeding paragraphs.

5.1.3 Procedure and system

A general review of the system and procedures evolved for identification, procurement and inventory control disclosed the following points.

(i) The issue of clothing, equipment and ammunition was much less than the opening balance and receipts resulting in accumulation of large balances (1990-91 : Rs.712.50 lakhs, 1991-92 Rs.774.37 lakhs and 1992-93 Rs.994.43 lakhs). The accumulation of cloth accoutrements worth Rs.21.65 lakhs in the offices of Superintendent of police, Godhra and Superintendent of Police, (W. Railway) Vadodara was due to the fact that calculations for purchase were made without taking into account the stock in hand and also without following the prescribed scales.

(ii) Physical verification of stores articles are required to be done quarterly in such a way that verification of all articles is completed by the end of each year. This was not being done despite the fact that following an assurance given by the Department to the Public Accounts Committee (PAC) in 1988, the existing instructions of October 1955 and February 1957 were reiterated by the Department in December 1988.

(iii) No Inventory Register indicating the officer who inspected the stores, dates of inspection and results of inspection were maintained in the offices test checked.

(iv) Value of arms which was not to be shown in stores accounts was still being included therein by Superintendent of Police (W.Railway), Vadodara despite the fact that this was pointed out in Audit Report 1983-84.

(v) As per State Police Manual, ammunition in sealed boxes are deemed to be fully serviceable for 5 years from the date of manufacture. It was noticed from the records of Commissioners of Police, Ahmedabad, Rajkot and Surat, Superintendents of Police, Kheda and Surat and Commandant, State Reserve Police Force, Group-I, Vadodara that 221.58 lakhs cartridges valued at Rs.268.08 lakhs with the year of manufacture ranging from 1930 to 1987 had not been opened till June 1994. The irregularity was commented upon in the Report of Comptroller and Auditor General of India for the year 1983-84 and the department had informed the PAC (1988) that explanation of the concerned officials would be called for in all cases. The Home Department intimated in December 1994 that no action had been taken yet against any person.

5.1.4 Purchases

(i) Wireless sets

The Inspector General of Police, Communication (IGP COM) placed (March 1990 and January 1990) orders with a supplier for supply of 239 numbers of 8/10 watt motor cycle mounted V.H.F. transmitter sets and 190 numbers of 25 watt V.H.F. transmitter sets. Both types of sets were received in June 1990 and full payment of Rs.45.46 lakhs (Rs.26.43 lakhs plus Rs.19.03 lakhs) was made without inspection of the sets. Since all the 8/10 watt transmitters were found defective and without essential accessories, these were returned for repairs between July 1990 and July 1993 but even when these were received back, it was seen that 156 sets had no microphones and 58 sets no speakers and mounting kits. Further, 58 numbers of 25 watt transmitter sets were found defective and returned (February 1991) for repairs of which 57 sets were returned (May 1991) by the supplier without microphone and speakers. Penalty of Rs.2.27 lakhs (Rs. 0.95 lakh in June 1990 and Rs. 1.32 lakhs in November 1991) levied on the supplier for late supply was yet to be paid (November 1994).

(ii) "EPABX" telephone

In order to equip the State Reserve Police Force groups (Group) with telephone facilities IGP (Com) purchased (March 1991) eleven EPABX telephone systems at the cost of Rs.6.93 lakhs. In five groups, the systems could not be installed (July 1994) due to non-availability of telephone connections. Purchase of EPABX systems prior to having telephone connections resulted in blocking of funds to the extent of Rs.3.15 lakhs for over 3 years.

(iii) Irregular purchases

According to rules, advertisement in the Newspapers is mandatory for inviting tenders for purchase of spares worth Rs. 10,000 and above. Test check of records of Commissioner of Police, Ahmedabad, Superintendents of Police, Godhra, Kheda, Mehsana and Vadodara (Rural) and Commandants SRPF Group-I, (Vadodara) and Group-V (Godhra) revealed that stores articles valued at Rs. 13.32 lakhs were purchased during 1990-91 to 1993-94 either by collecting quotations without inserting advertisements in newspapers or by splitting orders to bring the purchase within permissible financial limit.

(iv) Spare parts

According to departmental instructions, spare parts of various police vehicles that are locally available, are required to be purchased through authorised dealers as per authorised price-lists and if no such dealers are available in a station, through police formation of the nearest station having a dealer.

Test check of records of Commissioner of Police, Surat, Superintendents of Police, Godhra, Kheda and Surat (Rural) and Commandants of SRPF, Group I (Vadodara) and SRPF Group V (Godhra) revealed that during the period 1990-91 to 1993-94 purchases valued at Rs. 110.53 lakhs were effected from the authorised dealers without co-relating the prices charged by them with the approved price-list of the manufacturers; even copies of the price-lists were not kept by these offices. In Godhra, spare parts were largely purchased by collecting quotations from the

local market and without prior approval of the competent authority, though there was an authorised dealer at the place. In three offices, spare parts valued at Rs. 4.64 lakhs, purchased locally, remained unutilised due to bulk purchase without assessing the requirement.

(v) Ankle shoes

Seventy thousand pairs of Ankle shoes were purchased (July 1981) by the Director General of Police at Rs. 61.90 per pair. Out of 9699 pairs despatched through the Railways by the supplier to the Commissioner of Police, Ahmedabad, 1841 pairs were damaged during transit due to rain, and became unserviceable. A claim of Rs. 1.14 lakhs preferred (October 1983) for damage with the Railways was rejected (June 1984) by the Railways stating that no damage was assessed at the time of taking open delivery of consignment.

5.1.5 Other Points of Interest

(i) According to the provisions of Police Manual, horses unfit for police duties on account of age, illness etc., are required to be sent to the '*panjrapol*'. However, in three units having nine such horses there was delay ranging from 845 days to 1299 days to send them to the '*panjrapol*' which resulted in avoidable expenditure of Rs. 2.16 lakhs on their maintenance.

(ii) Spare parts worth Rs.1.23 lakhs purchased locally during 1990-91 to 1993-94 by the Superintendent of Police, Kheda were not accounted for in the stock register.

(iii) Clothing articles worth Rs. 2.63 lakhs purchased during 1980 to 1989 were lying unutilised in the offices of Commissioners of Police, Rajkot, Surat and Vadodara, Superintendents of Police, Godhra and (W.Railway) Vadodara and Commandants, SRPF Group V (Godhra) and Group I (Vadodara). No action was taken to dispose of or transfer the articles to needy units where these could be utilised.

(iv) Store articles and vehicles worth Rs. 82 lakhs declared unserviceable/condemned between 1983 and 1992 in the offices of the Director General of Police, Ahmedabad, Commissioners of Police, Ahmedabad, Rajkot and Vadodara, Superintendents of Police Godhra, Kheda and Vadodara and Commandants, SRPF Group V (Godhra) and Group I (Vadodara) were lying undisposed.

(v) Physical verification of stores and stock conducted in 1993 by the Director of Accounts and Treasuries revealed excess and shortage of stores of Rs.2.13 lakhs and Rs. 0.51 lakh respectively in the office of Commissioner of Police Ahmedabad and Superintendent of Police, Vadodara (Rural).

(vi) The Commissioner of Police, Surat and the Superintendent of Police, Surat (Rural) purchased, during 1993-94, horse feed from the local market by incurring extra expenditure of Rs. 0.82 lakh as the supplier having rate contract had failed to supply the feed. The extra expenditure, which as per tender conditions was to be recovered from the supplier, had not been recovered till date (July 1994).

The matter was referred to Government in September 1994; their reply had not been received (January 1995).

NARMADA AND WATER RESOURCES DEPARTMENT

5.2 Stores and Stock Accounts

5.2.1 Introduction

The general administration of all stores of an Irrigation Division is vested in the Divisional Officer on whom the duty of arranging, in accordance with such rules and instructions as may have been issued by Government, for (i) the acquisition of stores (ii) their custody and distribution according to the requirements of works and (iii) their disposal, primarily devolves. The stores held by a Division mainly consist of steel materials, cement, RCC pipes/blocks, etc. Each Division should maintain an inventory of materials. The estimates for probable annual expenditure on stock is prepared and got sanctioned by the competent authority. In addition to this, a limit is fixed for a Division to hold stock upto an approved amount. There should not be unnecessary accumulation of stores and adequate action should be taken for disposal of surplus and/or unserviceable stock.

5.2.2 Audit Coverage

Test check of stores and stock accounts of 20 out of 86 Irrigation Divisions of the Narmada and Water Resources Department was conducted between April and May 1994. The irregularities and deficiencies noticed are incorporated in the succeeding paragraphs.

5.2.3 Synopsis of Stores accounts

The position of receipts, issues and closing balance of stock account for the years 1989-90 to 1993-94 of the 20 Divisions was as follows:-

(Rupees in lakhs)				
Year	Opening Balance	Receipts	Issues	Closing Balance
1989-90	326.89	437.89	526.47	238.31
1990-91	238.31	404.30	512.87	129.74
1991-92	129.74	397.18	451.50	75.42
1992-93	75.42	300.81	334.01	42.22
1993-94	42.22	314.95	266.12	91.05

The closing balance at the end of March 1994 did not reflect the true and fair value of stores as it included minus balance of Rs. 286.15 lakhs in respect of 3 Divisions due to non-adjustment of cost of supplies effected through DGS&D, advances paid to suppliers, etc.

5.2.4 Non-fixation of reserve stock limit

With a view to having a proper inventory control, it is necessary to fix a monetary limit known as 'Reserve Stock Limit' (RSL) for individual Divisions annually before the commencement of the financial year.

Of the 20 Divisions test-checked, 3 Divisions had not sent any proposal for fixation of RSL since 1989-90 till 1993-94. Though 13 Divisions had sent proposals for 1989-90 to 1993-94 and 4 Divisions for 1990-91 to 1993-94, these had not been approved by the Government (May 1994). In 4 Divisions, the value of stores and stock held at the end of each year during 1991-92 to 1993-94 exceeded the proposed RSL by amounts ranging between Rs. 1.01 lakhs and Rs. 19.82 lakhs.

5.2.5 Non-maintenance of priced store ledgers

According to the Gujarat Public Works Manual, the Divisional Officers are required to maintain priced stores ledgers (PSL) for stores held by them indicating the quantity as well as the value of each item of stores. The ledger is required to be closed for both the quantities and the values at the end of each month and the balances reconciled with the balances in the bin cards.

During audit, it was noticed that 6 Divisions had not maintained PSL, while posting in PSL was not done in 2 Divisions since 1989-90, in 4 Divisions since 1991-92 and in 1 Division since 1992-93. The monthly closing of PSL, preparation of abstract of value accounts and its reconciliation with summary of receipts and issues was not done in any of the 20 Divisions.

5.2.6 Storage charges

Storage charges are levied on all issues of stock after acquisition to cover the actual expenditure incurred on work-charged establishment employed on handling and keeping the initial accounts, custody of stocks and maintenance of stores, godown, etc.

At the end of each year, the amount of excess or shortfall in a year representing the difference between the storage charges recovered and the expenditure incurred on maintenance of stores has to be worked out and credited to revenue account or charged off as losses of stock, as the case may be. As of March 1994, 3 Divisions had unadjusted progressive debit balances of Rs. 28.49 lakhs while 4 Divisions had progressive credit balances of Rs. 35.14 lakhs. Delay in adjustment of storage charges in the stock account were indicative of defective maintenance of store accounts.

The Divisional Officers stated (May 1994) that necessary adjustments would be carried out in the annual store accounts for the year 1994-95.

5.2.7 Non-verification of stores

Physical verification of stores, at least once in a year, was not conducted regularly. In one Division, verification had not been conducted for the last 10 years. In 2 Divisions, the last verification was in 1989-90, whereas in 3 Divisions it was in 1992-93.

5.2.8 Loss due to excessive procurement of cement

The Junagadh Irrigation Project Division, procured 6460 tonnes cement (2460 tonnes April 1984, 2000 tonnes each in December 1984 and January 1985). The Division could not utilise 3475 tonnes of cement as various irrigation works were not taken up for execution in 1985-86 and 1986-87 for non-allotment of funds due to prevailing scarcity conditions. Out of 3475 tonnes, 3000 tonnes were declared

surplus and Government's approval for disposal thereof was sought (November 1986). The Government directed (January 1988) that the quality of cement be got examined and proposals for write off of the cost of cement which was found unusable be sent. Accordingly, 19 samples were sent to the Gujarat Engineering Research Institute (GERI) for test in January 1988. Fifteen samples were not found fit even for test as the same had hardened. On testing the balance four samples, GERI recommended (April 1988) that cement proportion should be enhanced by 25 to 50 *per cent* over the norms, as the cement had lost its compressive strength. The Division varied the cement proportion accordingly, utilised 1695 tonnes and proposed (March 1990) write off of the balance of 1305 tonnes valued at Rs. 12.23 lakhs as loss, which was approved by Government (December 1993).

Though non-utilisation of cement was attributed to slowing down of work in the years 1985 to 1987 due to drought, the Division took more than 2 years from the time of procurement to declare the stock as surplus by which time the cement had lost its strength. Further, the cement was stored in two hired godowns with the rent of Rs. 2696 per month since September 1985. Delay in disposal of the cement resulted in avoidable hire charges of godown amounting to Rs. 1.94 lakhs from the date of declaration of its unfitness (April 1988) till the date of final disposal, in March 1994.

Thus delay in declaring the cement as surplus resulted in loss of Rs. 14.17 lakhs.

5.2.9 Advance payments for purchase of cement

(i) The Irrigation Project Division 2, Bodeli deposited (December 1988) Rs. 2.40 lakhs with a cement company for supply of 250 tonnes of cement. In spite of several reminders by the Division between April 1989 and June 1991, the cement company neither supplied the materials nor refunded the advance with interest. The Division sought the permission of the Government in June 1990 to take legal action against the company. But permission had not been granted till May 1994. At the request of the Division, the Revenue Authorities fixed auction of the Company's properties in April 1993 to realise the dues totalling Rs. 4.46 lakhs (principal Rs. 2.40 lakhs and interest Rs. 2.06 lakhs). However, the auction proceedings were deferred as the company issued a cheque for Rs. 2.40 lakhs towards settlement of the principal amount before the date of auction. The cheque, deposited by the Division in the bank, was however, dishonoured. The Executive Engineer stated (May 1994) that no action had been taken by the police on the complaint lodged by the Division in May 1993 and that the Revenue Authorities had again been approached in April 1994 for auction of the properties for recovery of Government dues.

(ii) The Watrak Project Canal Division, Modasa paid an advance Rs. 5.15 lakhs to a cement company in May 1989 for supply of 500 tonnes of cement. Against this, the company supplied 430 tonnes of cement valued at Rs. 4.43 lakhs between May and September 1989. During the execution of works, it was found that the cement was of inferior quality and this was confirmed in October 1989 by GERI where samples had been sent for testing. Since 95 tonnes (cost Rs. 0.98 lakh) had been utilised, the balance quantity of 335 tonnes was returned to the Company for replacement. The cement company neither replaced the cement nor refunded the cost of 405 tonnes (Rs. 4.17 lakhs) with the accrued interest (May 1994).

5.2.10 Idle investment

The Irrigation Project Division No.5, Rajpipla procured 1,81,078 precast RCC troughs valued at Rs. 135.61 lakhs from a contractor between December 1991 and July 1993. These were to be laid on various Canal distribution works. Of this, 1,00,562 troughs valued at Rs. 75.31 lakhs were received prior to March 1993 and 80,516 troughs valued at Rs. 60.30 lakhs were received between March and July 1993. None of the troughs received prior to March 1993 were utilised and only 77,933 troughs, of the 80,516 troughs received after March 1993, were utilised leaving a total balance of 1,03,145 troughs valued at Rs. 77.25 lakhs (May 1994). Despite availability of stock, the Division carried out 3 canal lining works through separate contracts which included the item of work 'providing and laying precast RCC troughs' aggregating Rs. 29.29 lakhs between July 1992 and March 1994 but failed to supply the material under Schedule 'A' of the contracts. Delay in consumption of troughs in the canal laying works for more than one year resulted in idle investment of Rs. 75.64 lakhs.

The Executive Engineer stated (May 1994) that agencies for utilising these troughs in new works had since been fixed in March and April 1994.

5.2.11 Surplus stores

Rules provide that balances of stores should not be held in excess of requirements and stores remaining in stock for more than a year should be declared surplus unless there are sufficient reasons to hold the same beyond that period. In 15 Divisions, 231 items of stores and spare parts valued at Rs. 253.09 lakhs were declared surplus during 1993-94, while 6 more Divisions declared 149 items as surplus but did not indicate the value thereof. No reasons for such heavy accumulation of surplus stores could be assigned. It was noticed that there were no detailed guidelines of the Government on (i) how frequently surplus declared had to be circulated to other Divisions and (ii) the action to be taken for disposal of surplus material if there was no demand for such materials. There was also no uniformity in furnishing details alongwith such declarations. Many Divisions did not furnish the year of purchase, the make and the present condition of surplus stores.

It was further noticed that despite availability of surplus 94.11 tonnes of steel valued at Rs. 5.26 lakhs, the Irrigation Project Division No.5, Rajpipla and the Medium Irrigation Project Division, Ankleshwar did not supply this material departmentally for works executed during 1992-93 and 1993-94. Instead, the contractors were allowed to procure steel themselves. This showed that the steel declared surplus was not taken note of before inviting tenders for new works. The Executive Engineers stated (May 1994) that as per existing orders no provision was to be made for departmental supply of materials for works costing more than Rs. 5 lakhs. Supply of materials departmentally should, however, have been considered for such items which were available in stock and were surplus, the possibility of utilisation of such materials being otherwise remote.

5.2.12 Issue of materials

Codal provision prohibits fictitious adjustment of stores by debiting to a work the cost of materials not required or in excess of actual requirement. Audit check disclosed the following:

(i) The Executive Engineer, Dantiwada Modernisation Division No.1, Patan debited Rs. 5 lakhs for 17 items of materials issued to works in August 1988. However, these materials were not utilised in the works and were lying in materials at site account (MAS) (March 1994).

Similarly, the Executive Engineer, Irrigation Project Division No.12, Pavi Jetpur procured trenches, blocks, M.S. Plates, M.S. Angles, G.I. Sheets and Drill rods valued at Rs. 11.25 lakhs by debiting the same to the concerned works between January 1983 and May 1987 which remained unutilised (March 1994).

The Divisional Officers stated (March 1994) that the materials could not be taken to stock account for want of grant under the head.

The fact remains that expenditure on works was overstated to the extent of Rs. 16.25 lakhs and no attempt was made to take the materials to stock account. It is also evident that the materials were procured in excess of requirement.

(ii) Steel, both mild and tor, of different diameters weighing 60 tonnes and valued at Rs. 3.72 lakhs was lying in MAS account of Lakhanka Irrigation Works since the completion of its head works in March 1984. The MAS account was neither closed nor was the excess material transferred to stock account. The steel was, however, declared surplus in July 1992 and 24.78 tonnes were transferred to another Division in May 1993 leaving a balance of 35.22 tonnes valued at Rs. 2.18 lakhs surplus (August 1993). The Government stated (August 1993) that the steel was procured in bulk on tentative estimates and issued to different Divisions for taking up new projects, but financial constraints due to scarcity condition between 1984 and 1990 limited the scope of commencement of new projects and the materials remained surplus and that by issuing the steel at the current rates, there would be substantial gain in relation to the original price of the surplus steel.

The Reply was not tenable as Government money was blocked by holding surplus steel for over 9 years which indicated the inaction to utilise/dispose of the material.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

CHAPTER - VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

GENERAL

6.1 Grants and Loans

In 1993-94, grants aggregating Rs.16400.85 lakhs and loans amounting to Rs. 570.02 lakhs were paid to various bodies and authorities by four Departments from whom information was received. Sixteen Departments did not furnish the required information in spite of repeated reminders. The broad category-wise details of the organisations to whom assistance was paid is shown below:

Organisation	Amount of Assistance	
	Grants	Loans (Rupees in lakhs)
District Panchayats	3909.91	-
Universities and other educational institutions	6496.93	-
Municipal Corporations and Municipalities	2803.79	255.00
Co-operative Societies	550.51	44.02
Statutory bodies, authorities and others	2639.71	271.00
Total	16400.85	570.02

6.1.1 Audit of financial assistance to local bodies and others

Under Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the accounts of bodies or authorities which receive grants and/or loans of not less than Rs. 25 lakhs in a financial year from the Consolidated Fund, the amount of such grants and/or loans being not less than 75 per cent of the total expenditure of those bodies or authorities, are to be audited by the Comptroller and Auditor General of India.

According to Government instructions issued in May 1975, information regarding grants and/or loans given to various bodies and authorities and the expenditure incurred by the recipient bodies and authorities in the preceding financial year should be furnished to Audit by all Departments by July every year. However, only three departments furnished such information for 1993-94. Of the defaulting departments, the following had not furnished similar information for a year or more as indicated below:

Name of Department	Years for which information had not been furnished
1 Agriculture, Co-operation and Rural Development	1992-93 1993-94
2 Finance	1993-94
3 Education	1992-93 1993-94
4 Forests and Environment	1993-94
5 Food and Civil Supplies	1992-93 1993-94
6 Health and Family Welfare	1992-93 1993-94
7 Information, Broadcasting and Tourism	1992-93 1993-94
8 Industries, Mines and Energy	1992-93 1993-94
9 Labour and Employment	1992-93 1993-94
10 Panchayat and Rural Housing	1992-93 1993-94
11 Narmada and Water Resources	1992-93 1993-94
12 Revenue	1993-94
13 Roads and Buildings	1991-92 1992-93 1993-94
14 Social Welfare and Tribal Development	1993-94
15 Urban Development and Urban Housing	1993-94
16 Youth Services and Cultural Activities	1991-92 1992-93 1993-94

The details of the bodies/authorities receiving substantial grants and loans from whom the accounts have been received by Audit is given below:

Year	Number of bodies/authorities receiving grants/loans not less than Rs.25 lakhs	Number of bodies/ authorities from whom accounts have been received
1991-92	107	55
1992-93	74	43
1993-94	23	38

Failure of the Department to furnish the requisite information may result in some of the grantee organisations being left out of the audit scrutiny prescribed.

6.1.2 Statutory Audit arrangements

The audit of District Panchayats, Universities and Municipalities are conducted by the Examiner, Local Fund Accounts. The audit of District Rural Development Agencies, Societies other than co-operative societies, Trusts, Boards, etc. is conducted by Chartered Accountant. Audit of Co-operative Societies is conducted by the Registrar of Co-operative Societies. The accounts of Municipal Corporations are audited by the Chief Auditors appointed by the Corporations concerned.

Of the 19 District Panchayats, statutory audit was in arrears for 1991-92 in respect of two Panchayats and in respect of 15 Panchayats for 1992-93. Out of 62 Municipalities, nine Universities and 182 Taluka Panchayats, the audit of 3 Universities was in arrears for 1991-92 and audit of 7 Universities, 37 Municipalities and 37 Taluka Panchayats was in arrears for 1992-93.

In term of the Government order of March 1965, the Examiner, Local Fund Accounts is required to submit his audit report on the accounts of District Panchayats and Taluka Panchayats annually to the State Legislature. The last such audit report tabled on 18 July 1994 was for the year 1987-88.

6.1.3 Entrusted Audit under Sections 19(3) and 20(1) of Comptroller and Auditor General's (DPC) Act, 1971

The Comptroller and Auditor General of India also conducts audit of the accounts of certain corporations/bodies/authorities when such audits are entrusted to him under Section 19(3) or Section 20(1) of the Act, *ibid*.

The reports on the accounts of an autonomous body or authority, the audit of which has been entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act, are required to be submitted to the State Government for laying before the Legislature of the State. The State Government prescribed a schedule in December 1985, according to which the organisations were required to submit the accounts to Audit within three months after closure of the financial year (i.e. by 30 June). Out of the three autonomous bodies, (Gujarat Housing Board (GHB), Gujarat Slum Clearance Board (GSCB) and Gujarat Rural Housing Board (GRHB)) the audit of which was entrusted to the Comptroller and Auditor General of India under Section 19(3), only GHB had furnished the accounts for the year 1993-94. Out of nine other autonomous bodies, the audit of which was entrusted to the Comptroller and Auditor General of India under Section 20(1) of the Act, *ibid* four bodies had not submitted the accounts (January 1995). The delay in submission of accounts by four out of five bodies from whom the accounts were received ranged from four to six months.

The matter was referred to Government in September 1994; reply has not been received (January 1995).

AGRICULTURE, CO-OPERATION AND RURAL DEVELOPMENT DEPARTMENT

6.2 Jawahar Rozgar Yojana

6.2.1 Introduction

Jawahar Rozgar Yojana (JRY), a Centrally Sponsored Programme was launched in Gujarat in May 1989 with the primary objective of generating additional gainful employment for the unemployed and the under-employed in rural areas. The secondary objectives are (i) creation of productive community assets for direct and continuing benefits to the poor, strengthening of the rural socio-economic infrastructure leading to rapid growth of rural economy and steady rise in the income level of the rural poor and (ii) improvement in the overall quality of life in the rural areas.

The programme aims at providing fuller employment opportunities to one member of each family living below the poverty line (BPL) in rural areas, with preference being given to Scheduled Caste/Scheduled Tribes (SCs/STs). Thirty *per cent* of employment opportunities are reserved for women. The programme covers all village Panchayats in the 19 districts of the State.

6.2.2 Organisational Set up

The Department of Agriculture, Co-operation and Rural Development is the administrative department responsible for planning, implementation, monitoring and evaluation of the programme. The programme is implemented in the state under the supervision of the Commissioner, Rural Development through Director, District Rural Development Agency (DRDA) at the district level and village Panchayats at the village level. The Taluka Panchayats (Blocks) provide technical supervision and also distribute the funds received from DRDAs to the village Panchayats and implement Indira Awaas Yojana and Million Wells Scheme.

6.2.3 Scope of Audit

Records relating to implementation of the programme for the period 1989-94 were test checked, between February and July 1994 in the Rural Development Department, in the office of the Commissioner, Rural Development, DRDAs of 3 out of 19 districts in the State and two Talukas from each of these 3 districts, with detailed review of records of five village Panchayats from each of the 6 Talukas test checked. In the three districts test checked, the total funds utilised were Rs. 11838.02 lakhs against the total amount of Rs.44048.95 lakhs utilised for the entire State.

6.2.4 Highlights

No separate survey was conducted by the State to identify the beneficiaries. The Government relied on the poor as identified under the Integrated Rural Development Programme. No shelf of projects was prepared at either the State or the district level. Further, standard designs/models and cost estimates for works generally taken up under the programme were not prepared except for road works. Likewise, no inventory of available local resources was prepared.

(Paragraph 6.2.5)

During 1989-90 to 1993-94, a sum of Rs. 44048.95 lakhs was reported to have been utilised for the scheme. Of this, an amount of Rs. 284.60 lakhs were diverted for purposes which were not part of the JRY.

(Paragraph 6.2.6)

Targets have to be fixed, having regard to the funds available for the programme, on the basis of labour component and minimum wages payable. However, targets were fixed on the basis of minimum wages at the National level rather than the lower rate of minimum wages prevalent in the State and the labour component related to grant released for JRY normal only, ignoring (i) unspent balance, (ii) additional funds provided by the State and JRY grant released for programme like Employment Assurance Scheme etc. Similarly, achievement of mandays generated on construction activities, in the Talukas test checked, was on notional basis on the labour component and minimum wages considered for fixing the target. Thus, the achievement reported was not reliable.

(Paragraph 6.2.8)

Under the Indira Awaas Yojana, 6267 houses remained to be allotted to the beneficiaries at the end of March 1994 resulting in idle investment of Rs. 639.36 lakhs, calculated notionally on the basis of cost per unit adopted in the plans/estimates circulated by the State Government.

(Paragraph 6.2.11)

While up-to-date information was not available, 396 wells out of 4,900 completed in the State upto March 1990 were unsuccessful. On the basis of the average unit cost, the expenditure on these failed wells works out to Rs. 87.77 lakhs. Test check in the selected districts indicated that the wells were being sanctioned without having prior geological survey reports. Further in Valsad district, 118 wells constructed during 1989-94 under the scheme were not provided with water lifting devices.

(Paragraphs 6.2.12.3 and 6.2.12.4)

In one Taluka of Valsad district, 791 wells with depth ranging from 8.5 metres to 12.85 metres were paid for at the full unit cost (related to the depth of 15 metres). This resulted in excess payment of Rs.97.12 lakhs.

(Paragraph 6.2.12.6)

Though the unfinished works under NREP/RLEGP were to be completed within the first year, i.e. in 1989-90, these works were still continuing and during 1990-94, expenditure of Rs. 3880.21 lakhs had been incurred on the same.

(Paragraph 6.2.13)

Shortage of 4426 tonnes of foodgrains reflected in the opening balance for the year 1991-92 was not reconciled resulting in storage loss of Rs. 73.70 lakhs. There was also loss of Rs.8.48 lakhs due to non-maintenance of accounts of empty gunny bags. Further, contrary to the prescribed rate of Rs.20

per quintal towards handling and transportation charges, the State had paid at Rs.36 per quintal during 1989-93 and Rs.46 per quintal during 1993-94, resulting in excess expenditure of Rs.116.73 lakhs.

(Paragraph 6.2.14)

6.2.5 Inputs for the programme

6.2.5.1 Identification of beneficiaries

Government of India guidelines as enumerated in the JRY Manual stipulated that the people below poverty line were the target group. The Estimates Committee had, recommended that all workers, after identification, should be issued identity card-cum-pass books to record the benefits extended under the programme for effective planning and meaningful implementation of the programme. Since the programme aims at providing additional gainful employment for the unemployed and the underemployed in rural areas, identification of the unemployed and underemployed was necessary. The State had not conducted any separate survey for the purpose and no identity cards were issued to record the benefits extended under the programme. The State instead utilised the data for Integrated Rural Development Programme (IRDP) which were available. According to survey conducted by National Sample Survey Organisation (NSSO) in 1986-87, there were 10.73 lakh families with income upto Rs.4800 constituting the IRDP group. However, as per data based on NSSO 43rd round survey of 1987-88 there were 7.10 lakhs unemployed in the State. The detailed survey conducted by the State in 1991-92 for IRDP, based on 1991 census and 1991-92 level as price index identified a much large number of 26.19 lakh families living below poverty line. The large variation between the NSSO survey figures and the State survey figures is being reconciled by resurvey which is reported to be in progress (January 1995).

6.2.5.2 Shelf of Projects

The programme envisages that State/District level authorities should prepare a shelf of projects of works which could be taken up under JRY. No shelf of projects was prepared either at the State level or at the district level, though most of the village Panchayats had prepared their plans.

6.2.5.3 Model Plans and estimates

The Jawahar Rozgar Yojana Manual provides that in order to facilitate technical scrutiny of action plans of the village Panchayats, the authorities at district/block levels should prepare and approve standard designs and cost estimates of those items of work which are generally taken up by the village Panchayats. This would help in quicker preparation of action plans by village Panchayats and also quicker technical scrutiny by the block/district authorities. However, except for road works, no standard designs/models and cost estimates were prepared by the authorities.

6.2.5.4 Inventory of resources

A complete inventory of local resources was to be prepared after survey. No survey was conducted and no inventory of local resources prepared by the authorities as of December 1994.

6.2.6 Pattern of financing

The expenditure under the programme is shared by the Central and State Governments on 80:20 basis with effect from April 1989. During 1989-90, the Central Government had released its share directly to the DRDAs. However, from 1990-91 onwards, the Central Government share is also routed through the State Government. The Central assistance is received by the State Government in instalments and should in turn be passed on to the DRDAs within a week along with the State's own matching shares. To avoid delay in doing so, it is necessary for the State Government to make full budget provision for this programme covering its own share as well as that of the Central Government. The programme envisaged that the State Government should retain with itself 2 per cent of the funds for administrative expenses and further 6 per cent for Indira Awaas Yojana (IAY) and 20 per cent for Million Wells Scheme (MWS). The balance amount is to be handed over to the DRDAs who are authorised to retain the funds received in Savings Bank Account with Banks. The DRDAs ensure onward release of funds to the Gram Panchayats and other implementing agencies viz. Taluka Panchayats, Executive Engineer Public Works Divisions of District Panchayats and Divisional Forest Officer. In this process, the State Government accounts indicate the amount released to the DRDAs as expenditure. But actual utilisation of funds by the implementing agencies and Gram Panchayats are to be watched and compiled by the respective bodies. Accordingly, periodical reporting system has been laid down for amounts actually utilised and these are finally compiled at the level of Commissioner, Rural Development. Consequently, certain amounts of unspent funds remain with the respective bodies and the DRDAs at any point of time.

Details of year-wise budget provision and expenditure under the scheme during the years 1989-90 to 1993-94 are furnished below.

Year	Budget Provision	Amount released to DRDAs	Amount utilised by the implementing agency	Excess (+) Savings(-) with reference to budget provision
(Rupees in lakhs)				
1989-90	Nil	7954.79	8076.28	(+) 8076.28
1990-91	8091.91	7330.19	7513.03	(-) 578.88
1991-92	8900.00	8188.76	9546.35	(+) 646.35
1992-93	8900.00	8346.14	8327.77	(-) 572.23
1993-94	8900.00	13397.51	10585.52	(+) 1685.52
Total	34791.91	45217.39	44048.95	(+) 9257.04

Out of the total amount of Rs. 45217.39 lakhs released during 1989-94 to DRDAs, a sum of Rs. 5280 lakhs were utilised as per directives of Government of India towards other programmes viz. Operation Blackboard (Rs. 780 lakhs), Employment Assurance Scheme (Rs. 606.25 lakhs) and JRY second stream (Rs. 3893.75 lakhs).

The total Central assistance received by the State amounted to Rs.37269.37 lakhs. This was inclusive of the amount released directly to DRDAs by the Government of India in 1989-90.

During 1989-90 to 1993-94, a sum of Rs. 44048.95 lakhs were reported to have been utilised for the scheme. Of this, an amount of Rs. 284.60 lakhs were spent for purposes like Integrated Rural Development Programme (Rs.120.08 lakhs), Self Employment Programme (Rs.92.98 lakhs), Small Farmers and Marginal Farmers (Rs.4.01 lakhs), Investment in Post Office (Rs. 57.16 lakhs), Office building fund (Rs. 2.77 lakhs), renovation of temple (Rs. 2.80 lakhs), purchase of two ambassador cars (Rs. 2.47 lakhs) etc., which were not part of JRY.

6.2.6.1 Delay in release of funds

Under the programme, the State Government was to release the funds within one week from the date of receipt of Central orders. It was noticed that there were delays in releasing funds to DRDAs by the State Government. The delay ranged from 1 month (1990-91) to 7 months (1992-93). Further, in the DRDAs test checked, it was noticed that there were delays in releasing the funds from DRDA to Talukas ranging from 1 month (Kheda 1990-91) to 7 months (Kheda 1992-93) and from Talukas to village Panchayats, the delays noticed were ranging from 1 month (Vansda Taluka of Valsad 1993-94) to 5 months (Nadiad Taluka of Kheda 1992-93).

6.2.6.2 Opening of savings bank account

The Programme envisages holding of funds by DRDAs/Zilla Panchayats in bank or post office in exclusive and separate savings bank account. Contrary to the above provision, the State Government directed the DRDAs in March 1993 to retain JRY funds alongwith funds for other development programmes in Personal Ledger Account (PLA) in the treasuries. The amount retained in PLA earns interest at the rates applicable to savings account as fixed by the Reserve Bank of India. The interest earned during 1993-94 was neither available with commissioner's office nor found credited into the PLA of DRDAs test checked.

6.2.7 Physical progress

6.2.7.1 All rural works which result in creation of durable productive assets can be taken up under the programme with preference given to (i) works having maximum potential of direct and continued benefits to families below the poverty line and (ii) works for direct use by the target group or those ensuring continued income. The programme also envisaged giving of high priority to the infrastructure required for ongoing poverty alleviation programme like Desert Development Programme (DDP), Drought Prone Area Programme (DPAP), Integrated Rural Development Programme (IRDP) and Development of Women and Children in Rural Areas (DWCRA). The expenditure incurred on the creation of durable assets under the programme during 1989-94 were as under:

Assets	Expenditure (Rupees in lakhs)	Percentage of total expenditure
1 Construction of Rural Roads	13288.65	30.00
2 Construction of Buildings	4646.56	11.00
3 Irrigation	904.50	2.00
4 Social Forestry	2164.12	5.00
5 Flood Protection	317.30	1.00
6 Village tanks and Ponds	3249.72	7.00
7 Land Development	106.61	0.24
8 Soil Conservation and Land reclamation	210.25	0.48
9 Others	6772.68	15.00
	31660.39	72.00

It would be seen that higher priority in terms of expenditure was given to rural roads (30 *per cent*) and to construction activity of buildings like schools, houses, Panchayat ghars, community centre, etc. (11 *per cent*). Irrigation sector which gives sustainable gainful employment opportunity to the target group of families was given the low priority of 2 *per cent*. Soil conservation and land development programmes that could increase agricultural coverage was neglected.

6.2.8 Employment generation

JRY is a wage employment programme primary objective of which is to generate employment opportunities for the rural poor. Employment targets fixed and achievement recorded during 1989-94 were as under:

Year	Target fixed (in lakh mandays)	Achievement	Percentage
1989-90	198.87	202.93	102
1990-91	219.87	188.82	86
1991-92	244.25	254.13	104
1992-93	236.73	235.03	99
1993-94	211.40	212.21	100
Total	1111.12	1093.12	98

The following observations are made:

(1) Targets have to be fixed having regard to the funds available for the programme. It was noticed that the grant released for JRY normal only was considered ignoring (i) unspent balance, (ii) additional funds provided by the State, (iii) JRY grant released for Operation Blackboard, JRY second stream and Employment Assurance scheme. Further, employment generation targets were fixed by the Government of India based on labour component and minimum wage of Rs. 20 during 1989-93 and Rs. 33.30 during 1993-94 although the minimum wages payable in the State was Rs. 11 up to June 1990 and Rs.15 thereafter. Thus, the targets fixed were not reasonable.

(2) The authentic record that elicit achievement of mandays generated are the muster rolls. In the Talukas test checked, it was noticed that Running Account Bills through which payments were made towards construction of buildings, Indira Awaas Yojana and Million Wells Scheme were not supported by muster rolls. The report on mandays generated was notional, based on labour component and minimum wages considered for fixing the target. Thus, the achievement reported was not reliable.

6.2.9 Physical performances of village Panchayats

The works to be taken up under the programme by village Panchayats were to be based on the needs felt by the people. From the information available with the Commissioner of Rural Development during 1990-91, 1992-93 and 1993-94 altogether 193, 134 and 243 Panchayats respectively had not prepared plan proposals. Details of the number of villages, plan proposals submitted/prepared, total number of works proposed, technical sanction given, works started, works completed during 1989-94 were as under:

Physical performance of Village Panchayats

Year	Number of V.Ps	Plan proposals received from V.Ps	Total Number of works proposed	Technical sanction accorded	Number of Panchayats starting the works	Number of works takenup	Number of works completed
1989-90	13302		Not available				
1990-91	13357	13164	34521	28935	11904	23788	15799
1991-92	13357		Not available				
1992-93	13455	13321	32278	27768	12232	24038	18826
1993-94	13509	13266	31872	27194	11647	20965	8951

As many as 1260, 1089 and 1619 village Panchayats did not start the works during the years 1990-91, 1992-93 and 1993-94 respectively despite receiving sanction and the requisite funds. No reasons were advanced for the large number of Panchayats not commencing the works.

During 1989-90, 108 Panchayats in Panchmahals district completed 158 works at the total cost of Rs. 52.93 lakhs and generated employment of 0.85 lakh mandays. The works completed include 17 shopping centres, one bank building, repair to 108 school buildings and providing of roof tiles to 32 houses. However, economically productive assets did not include shopping centres, bank buildings and repair works. On being requested, the DRDA, Godhra did not furnish the breakup of expenditure with details thereof as progress reports did not show this required information. Hence, the funds utilised for inadmissible works could not be quantified.

In the districts test checked, the following points were noticed.

(a) In Panchmahals district, various village Panchayats did not start the works for which technical sanctions were accorded for want of sufficient funds. The number of works not started and eventually dropped for want of funds ranged from 10 (1993-94) to 228 (1989-90). Further the incomplete works of previous years were not found taken as opening balance in the current years which ranged from 192 (1991-92) to 555 (1990-91).

(b) In Valsad district, during 1989-90 and 1990-91, 4 and 6 Panchayats had not implemented the programme.

6.2.10 Identification of beneficiaries from the target groups

Labourers engaged in execution of works should be from the target group. The DRDAs were accordingly instructed to ensure that gram Panchayats kept lists of those who were willing to work, but no such lists existed in the villages test checked and it was noticed in Audit that the labourers engaged were either brought by contractors or those who turned up on their own. In no case was the column provided in muster rolls for recording the identification number of those engaged in labour filled in. Thus, the programme was implemented in the villages without any reliable data in regard to the estimated demand of the target group expected to be covered under JRY nor was it certain that the benefit of employment had actually reached the target group.

Further, details of works executed were not found recorded on the muster rolls and hence it could not be ascertained whether the payments made were commensurate with the quantity of work executed. On being pointed out by Audit it was stated by the Taluka Development Officer, Godhra, Panchmahals that suitable instructions would be issued to the Panchayats.

The authentic records on the mandays generated are the muster rolls. During review, it was noticed that no detailed instructions were issued regarding maintenance of muster rolls. As a result, muster rolls were maintained in loose sheets and without numbering. The muster rolls reviewed at district/taluka/village level revealed that the beneficiary registration number was not recorded and thus it could not be ascertained whether the labourers engaged were from the target group.

In Panchmahals district, the labourers were paid through gangmen, though middlemen were not to be engaged under the programme.

6.2.11 Indira Awaas Yojana

Indira Awaas Yojana (IAY) was started in May 1985 and continued as a component of the JRY from April 1989. Its objective is to provide houses free of cost to members of SCs/STs and freed bonded labourers who live below the poverty line. Six *per cent* of JRY resources is earmarked for IAY. Funds for IAY are released to the State on the basis of the number of those living below the poverty line among the SCs/STs and freed bonded labourers.

Details of funds released for IAY and expenditure during 1989-94 were as under:

Particulars	(Rupees in lakhs)				
	1989-90	1990-91	1991-92	1992-93	1993-94
Funds released for JRY	7954.79	7330.19	8188.76	8346.14	13397.51
Amount of 6 per cent	477.29	439.81	491.32	500.76	803.85
Fund actually released for IAY	477.29	555.16	573.73	631.12	855.00
Percentage	6	8	7	8	6
Expenditure	465.47	567.10	795.07	638.94	902.00

The amounts actually released for IAY thus, compare favourably with the norms laid down.

Against 45,376 houses constructed upto March 1994, only 39,109 were handed over as per the progress report furnished to the Government of India. The non-allocation of 6267 houses resulted in idle investment to the tune of Rs.639.36 lakhs calculated on the basis of the lowest unit cost of Rs.10,202 per house as per plans/estimate circulated by the State Government.

Plans and estimate of the Awaas circulated to all DRDAs by the State Government were as follows:

Sl. No.	Type	Unit cost (in Rupees)
(1)	Two rooms with Mangalore tile roofing	10,207
(2)	Two rooms with A.C.C. roofing	10,202
(3)	Two rooms with iron sheet roofing	11,004
(4)	Two rooms slab roofing	11,073

From the above, it is observed that the rates adopted by the State Government were more than the rates of Rs.8000 and Rs.9800 prescribed under the programme for normal and difficult areas respectively. Still, the houses did not include provision for sanitation and infrastructure and common facilities though provision for smokeless 'Chullahs' was included.

In all the Talukas test checked, viz., Santrampur and Godhra (Panchmahals district) Vansda and Dharampur (Valsad district) and Nadiad and Kapadwanj (Kheda district), it was noticed that payments were made through instalments on Running Account Bills (RA Bills) based on the progress of the work. However, the RA Bills were not found supported by muster rolls and details of the measurement of the work done. It was reported that beneficiaries were responsible for maintenance of muster rolls. In the absence of the muster rolls and details of measurements it could not be ascertained whether the payment on account of labour was commensurate with the quantity of work done and whether employment generated was from targeted group.

6.2.12 Million Wells Scheme

The Million Wells Scheme (MWS), launched in 1988-89 with the objective of providing open irrigation wells free of cost to poor, small farmers and marginal farmers (SF/MF) belonging to SCs/STs and freed bonded labourers, continued as a special sector under the JRY. Twenty *per cent* of the JRY resources are earmarked for MWS.

The sectoral allotment of funds and expenditure incurred, during 1988-94 were as under:

(Rupees in lakhs)					
Year	Opening balance	Funds allotted	Total funds	Expenditure	Balance
1988-89	NIL	1906.00	1906.00	984.00	922.00
1989-90	922.00	400.00	1322.00	1094.32	227.68
1990-91	227.68	1456.00	1683.68	800.36	883.32
1991-92	883.32	1211.00	2094.32	1971.24	123.08
1992-93	123.08	1578.00	1701.08	1856.30	(-)155.22
1993-94	(-)155.22	2628.20	2472.98	2036.36	436.62
Total			11180.06	8742.58	

Against the total funds of Rs. 11180.06 lakhs, the utilisation during 1988-94 was Rs. 8742.58 lakhs (78 *per cent*).

6.2.12.1 Physical progress

According to the records available with Commissioner, the number of wells under progress, target fixed, wells required to be completed and completed during 1989-94 were as under:

Year	Spill over	Target	Required to be completed	Work started	Completed	Percentage of completed wells to wells started	Under progress
1	2	3	4	5	6	7	(5-6)
1989-90	7437	Nil	7437	7437	4900	66	2537
1990-91	2537	4900	7437	7116	3331	47	3785
1991-92	3785	4789	8574	11227	6364	57	4863
1992-93	4863	4375	9238	9573	4874	51	4699
1993-94	4699	5387	10086	10091	5602	56	4489

It was noticed that the percentage of achievement year to year was low; it ranged from 47 (1990-91) to 66 (1989-90).

6.2.12.2 Employment generation

The programme is implemented by the DRDAs through Taluka Development Officer who makes payment to the beneficiaries in instalments based on the progress of work through Running Account Bills (RA Bills). In the selected districts, none of the RA Bills was found supported by the muster rolls and details of measurement of the work done. Hence, the correctness of the payment made could not be verified. Neither the beneficiaries nor the block/taluka officials maintained the muster rolls.

The report on mandays generated was notionally based on the labour component and the minimum wages considered for fixing the target.

6.2.12.3 Unsuccessful wells

According to the information available with the Commissioner there were 396 unsuccessful wells against 4900 wells completed upto March 1990. Up-to-date information from all DRDAs was awaited (August 1994). Non-availability of sufficient water due to ground conditions was the major reasons attributed for failure of wells. During review at the selected districts it was noticed that no geological survey report was obtained before sanctioning the wells. In the absence of the details of failed wells upto 1993-94 and the subsidy paid, the infructuous expenditure on these wells and loss of mandays could not be computed. However, considering the average unit cost of Rs.22,166, the expenditure incurred on 396 wells that failed upto March 1990 were Rs.87.77 lakhs approximately.

6.2.12.4 Lift irrigation facilities

In Valsad district, 118 wells constructed during 1989-94 were not provided with water lifting devices. Thus, the wells could not provide the full benefits to the beneficiaries.

6.2.12.5 Uses of wells for irrigation

Though 25071 wells were constructed during 1989-94 the State had no information about the actual irrigation coverage under the scheme and increase in the income of the beneficiaries.

6.2.12.6 Excess Payment

In hard rock strata, the unit cost of well having 4 metre diameter and 15 metre depth, as prescribed by Government (December 1990), was Rs. 29,500. In Dharampur Taluka of Valsad district, 791 wells with depth ranging from 8.5 metres to 12.85 metres were, however, paid at the full unit cost without restricting the same with reference to the actual depth upto which the wells were dug. This resulted in excess payment of Rs. 97.72 lakhs.

6.2.13 Unfinished works under National Rural Employment Programme(NREP) and Rural Landless Employment Guarantee Programme (RLEGP)

Instructions issued by Government of India envisaged consideration of unfinished works under NREP/RLEGP as part of JRY. Priority was to be given to completion of unfinished works over new works. Audit review revealed that the unfinished works under NREP/RLEGP had not even been identified. Though the unfinished works were to be completed within the first year, i.e. by 1989-90, these were still continuing. During 1990-94, an amount of Rs. 3880.21 lakhs had been spent on these works.

6.2.14 Foodgrains

Wages under the programme are to be paid partly in cash and partly in kind (foodgrains) on 50:50 basis. In the State, foodgrains were distributed through the State agency viz., the Gujarat State Civil Supplies Corporation (GSCSC) on the basis of requirement intimated by the Commissioner, Rural Development.

Details of distribution of foodgrains as reported by the Commissioner during 1989-94 were as under :

Year	Opening balance		Receipt		Total		Utilisation		Balance	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
(Quantity in tonnes and value in Rupees in lakhs)										
1989-90	21806	373.70	-	-	21806	373.70	12595.00*	158.12	9211.00	153.39
1990-91	9211	153.39	-	-	9211	153.39	-	-	9211.00	153.39
1991-92	4785	79.69	-	-	4785	79.69	-	-	4785.00	79.69
1992-93	4785	80.31	13000	312.39	17785	392.70	9934.00	373.10	7851.00	19.60
1993-94	7851	19.60	23450	1009.64	31301	1029.24	19849.48	854.62	11451.52	174.62

* towards spill over work.

Though Government of India released foodgrains valued at Rs.348.00 lakhs in April 1989, the State did not lift the consignment as it had decided not to distribute foodgrains under the programme.

The following observations are made:

(a) After 1989-90, payment of wages was made in cash only during 1990-92 and distribution of foodgrains started again from February 1993.

(b) Shortage of foodgrains 4426 tonnes valued at Rs.73.70 lakhs reflected in the opening balance for the year 1991-92 was not reconciled, resulting in storage loss of Rs.73.70 lakhs.

(c) Contrary to the provisions of the programme, the State had not maintained any accounts of the empty gunny bags. This resulted in loss of Rs.8.48 lakhs.

(d) The State had a stock of 9211 tonnes of foodgrains as at the end of 1989-90. No inspection reports in regard to preservation of quality of grains were available with the Commissioner. 4785 tonnes of foodgrains which were over 3 years old were distributed during 1992-93 without ascertaining whether the same were fit for human consumption.

(e) Rs.20 per quintal was prescribed towards handling and transportation charges. Contrary to the prescribed rate, the State had paid at Rs.36 per quintal during 1989-93 and at Rs.46 per quintal during 1993-94, resulting in excess expenditure of Rs.116.73 lakhs.

6.2.15 Training

JRY Manual envisages organisation of the necessary orientation training to officers handling JRY works at various levels. Accordingly, an amount of Rs. 0.50 lakh per DRDA per year (1990-94) was provided. It was, however, noticed that no training programme at all was arranged or even contemplated. Further, no expenditure was booked under training. Thus the entire provision of Rs. 38 lakhs during 1990-94 proved unnecessary.

6.2.16 Audit of JRY Funds

Audit of JRY funds was made compulsory and was entrusted at district level to Chartered Accountants, and at the village level to the Assistant Examiner, Local Funds of the State Government.

At DRDA level, receipts and payment account, income and expenditure account and balance sheet for each year were being drawn and audited by Chartered Accountants. However, no audit report was available with the Commissioner, Rural

Development in respect of the village Panchayat level.

Review of minutes of State Level Co-ordination Committee meeting held on 8 January 1993 revealed that there were 1137 complaints reported upto November 1992. Out of these, 455 cases had no irregularities, 485 cases were disposed of and 197 were awaiting action. Further, criminal cases were filed in 13 cases and in 17 cases action was taken under Panchayat Act. But the minutes were silent about the nature of irregularity and the amount involved. Latest position of complaints covering the period upto March 1994, though called for, was not furnished by the Commissioner.

6.2.17 Monitoring

For effective implementation and monitoring of JRY, a State Level Co-ordination Committee consisting of 8 members including the Joint Secretary, Agriculture, Co-operation and Rural Development Department as Chairman and the Deputy Commissioner, Rural Development as Member Secretary was constituted in 1989. The committee was required to meet at least once in three months. However, it did not meet. In its place the existing State Level Co-ordination Committee of Rural Development programme of the State met 9 (nine) times during 1989-94 and discussed JRY alongwith other ongoing programmes.

At the State level, the Deputy Commissioner is in charge of the programme and is assisted by the existing monitoring cell for rural development programmes, which compiles the periodical returns received.

Though, as per guidelines issued by the Government of India, a schedule of inspection indicating the number of field visits for each supervisory level functionary from the State level to the block level has been prescribed, no State level officer inspected the field formations any time during 1989-94. Thus except for compiling the periodical returns, no real monitoring has been attempted.

Further, the instructions provide for submission of annual progress report in the prescribed proforma to the Government of India by 25 April of the succeeding year. However, the due date was not found adhered to and the delay in submission of reports ranged from 23 days (1990-91) to 1 month and 28 days (1991-92). The annual report for the year ended 1993-94 was not submitted till date (August 1994). Reasons for the delay were not on record.

6.2.18 Evaluation

The programme provides that the State Government should conduct periodical evaluation studies of implementation of the programme. The work is to be entrusted to reputed organisations for detailed studies.

The State evaluation department had conducted studies on the Indira Awaas Yojana and Million Wells Scheme upto 1991-92 and the reports received in August 1993 were forwarded in December 1993 to district authorities without specifically calling for any remedial measures and for compliance on the defects pointed out.

6.2.19 The matter was referred to the Government (October 1994); reply has not been received (January 1995).

ROADS AND BUILDINGS DEPARTMENT

6.3 Avoidable expenditure due to delay in finalisation of tender

As per Gujarat Public Works Manual, which is applicable to Panchayats as per Rule 95 of Gujarat Taluka and District Panchayat Financial, Accounts and Budget Rules, 1963, tenders for work estimated to cost more than Rs.20 lakhs are required to be finalised within 120 days. Tenders for the work of construction of cause-way No.1 on Harij Totana Road on river Banas (estimated cost Rs.31.37 lakhs) were invited in December 1988 by the District Panchayat, Banaskantha. The lowest tender for Rs.41.62 lakhs of contractor 'A', with extended validity period upto 31 October 1989, was recommended by the Circle office in July 1989 and accepted by Government in November 1989. However, by then the validity period had expired and the contractor expressed his unwillingness (December 1989) to execute the work.

Tenders for the said work were again invited in March 1990 and the lowest offer of Rs.54.58 lakhs of contractor 'B', having validity period upto 13 June 1990, was recommended in April 1990. Though the validity of tender was extended by the contractor upto September 1990, and the Division had also written to the Circle office on 24 September 1990 for acceptance of the tender before expiry of the validity period in view of the possibility of the contractor backing out, the tender was accepted only on 1 October 1990 i.e. one day after expiry of the validity period. Contractor 'B' expressed his unwillingness to execute the work.

Tenders were invited for the third time in January 1991 and the lowest offer of contractor 'C' for Rs.99.98 lakhs was accepted and work order issued in May 1991. The work was stated (September 1993) to be in progress.

Delay on the part of the Department in finalising the contract within the validity period on two occasions led to the award of the work at much higher rate and resulted in extra expenditure of Rs.58.36 lakhs, apart from the delay in commencement of the work for more than one year.

The matter was referred to Government in December 1993 who stated in August 1994 that delay in finalisation of tenders was due to misunderstanding between contractor, division office and circle office regarding extension of validity period. The reply was not tenable as the misunderstanding was only at the time of first tender when the contractor had extended validity period upto 31 October 1989, but the Superintending Engineer had intimated 30 November 1989 as the last date of validity to the Government. Further, the tenders could not be finalised even during second invitation, which ultimately resulted in extra expenditure of Rs.58.36 lakhs.

6.4 Delay in recovery of Government dues

According to the general terms and conditions of every contract, if a contractor fails to complete the work entrusted to him satisfactorily within the stipulated/extended time limit, the same can be executed at his risk and cost. Further, as per general Government instructions (June and December 1980) which apply to Panchayat works also, civil suit for recovery should be filed immediately on fixation of another contractor.

It was noticed during audit (November-December 1992) of Roads and Buildings divisions of District Panchayat, Ahmedabad and Surendranagar that in one case (Ahmedabad) the contractor had not commenced the work while in the other case (Surendranagar) the contractor had abandoned the work. In both the cases, it was decided to complete the works at the risk and cost of the original contractor. Accordingly, works were awarded to second contractor in both cases but no civil suits for the recovery of extra cost were filed against first contractor on fixation of second contractor which resulted in non-recovery of Government dues of Rs.23.46 lakhs as per detail given below:

District Panchayat	Work	Month of fixing contractor		Nett. Government dues recoverable (Rupees in lakhs)	Month of completion of work by second contractor	Month of filing of civil suits
		Stipulated Month of completion				
		First	Second			
Ahmedabad	Construction of missing cross Drainage and slab drain	December 1988	May 1991	8.19 (a)	January 1993	February 1994
		December 1989	May 1992			
Surendranagar	Construction of Anandper Dhokalwa Road	July 1984	May 1991	15.27 (b)	Not completed	Not filed
		January 1987	November 1993			

(a) inclusive of penalty and net of security deposit of contractor.

(b) inclusive of over-payment, price difference for material issued etc.

Government to whom the matters were referred in September 1993 and March 1993 stated (June 1994) that action was being taken against the officers responsible for delay in case of Ahmedabad Panchayat. In case of Surendranagar Panchayat it stated (July 1994) that action against the defaulting contractor can be taken on completion of work by second contractor. The reply in case of Surendranagar is not tenable being contrary to Governments own general instructions (June-December 1980).

Thus, non-observance of Governments orders resulted in delay of recovery of Government dues amounting to Rs.23.46 lakhs.

6.5 Non-observance of prescribed procedure in purchase of cement

As per provision contained in paragraph 198 of Gujarat Public Works Manual, which is applicable to District Panchayats also, tenders should invariably be invited publicly for all purchases estimated to cost Rs. 5000 and above.

It was noticed (February 1992) during audit that in February 1991 the District Panchayat, Mehsana purchased 2000 tonnes of cement at Rs. 36.20 lakhs after obtaining only three quotations, of which the second and third lowest offers were of two sister concerns. Further, the order was placed with second lowest tenderer at the rate of Rs. 1810 per tonne rejecting the rate (Rs. 1770 per tonne) offered by first lowest tenderer. Reasons as to why the lowest tender was rejected were not on record.

It was further observed that during the same month, the Ahmedabad Stores (Roads and Buildings) Division, Ahmedabad, which is the nodal agency for purchase of cement for all divisions, including panchayat divisions, had purchased cement at the rate of Rs. 1405.93 per tonne. Thus not purchasing cement through the nodal agency resulted in avoidable expenditure of Rs. 8.08 lakhs.

The matter was referred to Government in April 1993. Government stated (August 1994) in reply that in view of the recommendations received from the Vigilance Commission, the matter for fixing responsibilities of the concerned staff involved in the irregularities was under consideration.

6.6 Avoidable expenditure due to non-acceptance of lowest tender

The Executive Engineer, Panchayat Roads and Buildings Division, District Panchayat, Surat invited (September 1991) tenders for supply of 1500 tonnes of ordinary portland cement having ISI mark. Two offers were received. Order was, however, placed on the higher bidder at the negotiated rate of Rs.2040 per tonne, ignoring the lowest offer of Rs. 1920 per tonne. Reasons for not accepting the lowest offer were not on record. The Division stated (April 1993) that the lowest tenderer had a mini plant whereas the firm on whom the order was placed was of proven reputation and was situated in the same district. The reasons furnished are not tenable as no such reasons were recorded while finalising the offer of the second lowest bidder. Further, both the firms were supplying ISI marked cement and there were no adverse reports about the quality of the cement of the lowest tenderer.

Thus non-acceptance of lowest offer resulted in avoidable expenditure of Rs. 1.80 lakhs.

Government stated (September 1994) that the District Development Officer, Surat had recommended purchase from the lowest tenderer but the President, Surat District Panchayat had, without approval of General Body, ordered the purchase from higher bidder. Government further added that the then Executive Engineer was also responsible for this irregularity but since he had retired in February 1994, no action could be initiated against him. Government reply was not convincing as the irregularity was pointed out to Government in December 1993 before the Executive Engineer had retired.

6.7 Wasteful expenditure

In December 1990, 400 tonnes of ordinary portland cement was allotted by the Roads and Buildings Division, Ahmedabad to the Panchayat, Roads and Buildings Division, Mehsana. Of this, 83 tonnes of cement valued at Rs. 1.17 lakhs was found (April 1991), to be of sub-standard quality after test.

It was observed in audit (February 1993) that said cement was lying in the stores of the sub-division as the same was not replaced, despite intimation to the supplying division (October 1991) that the cement was not fit for use on any work. It was stated by the Department that the matter was reported to Government (June 1991), on which decision was awaited (August 1993).

Lack of initiative on the part of the Department to get the sub-standard cement replaced by good quality cement thus resulted in wasteful expenditure of Rs. 1.17 lakhs.

The matter was referred to Government in September 1993. Government stated (August 1994) that the matter was under investigation.

NARMADA AND WATER RESOURCES DEPARTMENT

6.8 Unfruitful expenditure

The Mevasa minor irrigation scheme, sanctioned by the Government in 1967, envisaged provision of irrigation facilities in 227 hectares in Bhavnagar District. Construction of headworks, which commenced in February 1967, was completed in May 1972 at the cost of Rs. 7.61 lakhs, but construction of canal and related works was not synchronised with the headworks. While the cross drainage work of the canal system was completed in March 1975 at Rs. 0.59 lakh, construction of the canal, awarded in January 1975 at the tendered cost of Rs. 1.35 lakhs, was stopped (March 1981) due to non availability of land. Meanwhile, the contractor who had completed works valued at Rs. 0.62 lakh, was relieved. The remaining works were awarded in July 1981 to a second contractor at his tendered cost of Rs. 2.10 lakhs, but he also abandoned it in December 1982 after executing works of the value of Rs. 0.20 lakh as it was difficult to carry out excavation upto a depth of 9 metres in 180 metres length of the canal. The District Panchayat, Bhavnagar decided (August 1987) to complete the work at the risk and cost of the second contractor and awarded the same to a third contractor (March 1991) at his tendered cost of Rs.6.74 lakhs, with stipulated completion by March 1992. Till June 1994, works valued at Rs.1.69 lakhs only had been completed.

Thus, non-synchronisation of canal works with headworks initially and subsequent delay in its completion due to lack of planning leading to delay in acquiring land for canal work, delay in fixing agencies and not solving the difficulties in cutting in hard rock etc., resulted in unfruitful expenditure of Rs. 10.71 lakhs besides denial of irrigation facilities for over 22 years.

The matter was reported to Government in March 1993. Government stated (June 1994) that the water stored in reservoir had indirectly helped in raising ground water table in surrounding area. The reply is not tenable as raising the ground water table was not contemplated in the original project.

6.9 Non-completion of work

The work of construction of Sudasen Bandh (estimated cost Rs. 5.07 lakhs) was awarded by the Executive Engineer, Panchayat Irrigation Division, Ahmedabad to a contractor at the tendered cost of Rs. 7.70 lakhs. The work order was issued on 5 May 1979 and the work was to be completed by 4 May 1981. After carrying out work of the value of Rs. 4.49 lakhs upto March 1981, the contractor stopped the work. Despite issue of several notices between January 1981 to January 1985 and imposition of penalty at the rate of Rs. 50 per day from 5 May 1981, the contractor did not resume the work. It was finally decided in October 1986 to rescind the contract and get the remaining work completed at the risk and cost of the contractor.

It was noticed in audit (November 1992) that no new agency was fixed as the final measurements of the quantum of work executed by the first contractor could not be recorded, there being discrepancies between the measurements last

recorded in March 1981 and the work actually found executed on site in 1990. As against 92240 cmt. of earthwork and 1184 cmt. of stacked rubble recorded in March 1981, the actual quantity in 1990 was found to be 63920 cmt. and 10 cmt. respectively. The Division stated (December 1993) that the matter of taking final measurement and getting the work completed through another agency was under correspondence with the Circle Office from December 1987.

The final measurements of the work should have been recorded immediately after the contractor abandoned the work as failure to do so ultimately led to discrepancies between the quantity of work recorded in measurement book and that actually available on the site. The unresolved dispute for a period of about one decade, resulted in (i) outstanding recovery of Rs. 2.28 lakhs on account of shortage and penalty (ii) non completion of work for more than 12 years as a second agency could not be fixed and (iii) expenditure of Rs. 4.49 lakhs remaining un-productive.

The matter was referred to Government in April 1993; reply has not been received (January 1995).

6.10 Blocking up of funds

With a view to protecting fertile land from heavy flood and to create irrigation potential in 182 hectares, the District Panchayat Surendranagar (Panchayat) decided to construct irrigation tanks and flood restoration schemes. For this purpose, the Irrigation Division awarded (April 1983 to June 1988) the work of construction of seven irrigation tanks and flood protection schemes to seven contractors at the total tendered cost of Rs.17.47 lakhs with stipulated completion of the works within six months from the date of issue of work orders.

During scrutiny by Audit, it was noticed (December 1992) that two contractors who were required to complete the work (total value: Rs.5.72 lakhs) by December 1984 and December 1988 respectively had not even taken up the work. The remaining five contractors who had commenced the works (total value Rs.11.75 lakhs) abandoned the same after executing work of the value of Rs.6.82 lakhs. They did not restart/complete the works even after issue of notices for the same.

The Panchayat, therefore, decided in six cases (May 1984 to October 1991) to complete the works at the risk and cost of the original contractors and black list the contractor in one case. However, no action either for fixing new agencies, or for completing the works departmentally was taken.

Thus delay in getting the works completed resulted in blocking up of fund of Rs.6.82 lakhs, besides denial of the intended benefits of irrigation in 182 hectares.

The matter was referred to Government in March 1993; reply has not been received (January 1995).

GENERAL

6.11 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to the Heads of Offices and to the next higher authorities through Audit Inspection Reports for prompt action. The more important irregularities are also reported to the Heads of Departments and Government for initiating immediate corrective action. According to Government instructions, first replies to the Inspection Reports should be sent to the Accountant General within four weeks of their receipt.

The position of outstanding paragraphs relating to all the District Panchayats and District Rural Development Agencies (DRDAs) as on 31 March 1994 is indicated below:

Period	District Panchayats		DRDAs	
	Number of Inspection Reports	Numbers of Paragraphs	Number of Inspection Reports	Numbers of Paragraphs
1986-87 and earlier years	211	599	34	268
1987-88	58	157	4	34
1988-89	60	222	3	48
1989-90	20	72	12	194
1990-91	37	180	2	12
1991-92	97	276	4	58
1992-93	129	462	13	147
1993-94	125	478	11	190
Total	737	2446	83	951

Analysis of the outstanding Inspection Reports issued upto 31 March 1994 in respect of District Panchayat and DRDA Banaskantha, Palanpur revealed that:

(i) Out of 62 Inspection Reports containing 392 paragraphs (Panchayat- 55 reports, 237 paragraphs and DRDA 7 reports, 155 paragraphs) issued upto December 1993, action was pending on 62 Inspection Reports containing 253 paragraphs as of July 1994. The year-wise break-up is given below:

Year	PANCHAYAT		DRDA	
	Reports	Paragraphs	Reports	Paragraphs
Upto				
1986-87	24	44	5	40
1987-88	6	20	-	-
1988-89	10	44	-	-
1989-90	-	-	1	28
1992-93	14	49	-	-
1993-94	1	6	1	22
Total	55	163	7	90

(ii) In spite of the instructions of the Government for sending the first reply within four weeks of receipt of the Inspection Reports by the Department, no reply had been received for 20 outstanding Inspection Reports of Panchayat containing 104 paragraphs.

Even in cases where first replies were received, there were delays upto two years in respect of 236 paragraphs, two to five years in respect of 19 paragraphs, and more than 5 years in respect of 19 paragraphs of Panchayats, similar delays upto two years in respect of six out of seven reports containing 125 paragraphs of DRDA were also noticed.

(iii) The outstanding paragraphs mainly related to following categories :

Category	District Panchayat		DRDA	
	Para-graphs	Amount (Rupees in lakhs)	Para-graphs	Amount (Rupees in lakhs)
1 Outstanding recoveries	28	567.47	10	208.15
2 Improper Investments/ Utilisation of Funds	16	112.46	26	145.65
3 Excess Grants/Unspent balance of Grants	5	15.21	5	0.69
4 Other reasons: non-maintenance of records/improper maintenance of records registers/Procedural irregularities	114	225.20	49	-
Total	163	920.34	90	354.49

According to the directions issued by Government, Heads of Departments are required to depute their parties regularly for on the spot discussion/settlement of outstanding Audit Objections. However, no such parties were deputed by Heads of Panchayat and DRDA during the year 1993-94.

The matter was referred to Government in August 1994; reply has not been received (January 1995).

HEALTH AND FAMILY WELFARE DEPARTMENT

GUJARAT WATER SUPPLY AND SEWERAGE BOARD

6.12 Non-recovery of water and maintenance and repairs charges

The Gujarat Water Supply and Sewerage Board (Board) operates various water supply schemes in the State. Water is drawn either from Government Headworks or from own sources and is supplied to local bodies, and charges are recoverable at the rates prescribed by Government, computed on no profit/no loss basis. Although the Board had been supplying water to 8 (eight) local bodies (5 Municipalities, 3 Nagarpalikas), no water charges were recovered from any of them. The amount not recovered worked out to Rs. 657.49 lakhs over the period July 1963 and November 1993 (Ankleshwar: Rs. 7.90 lakhs, Godhra: Rs. 189.90 lakhs, Junagadh: Rs. 19.50 lakhs, Jambusar: Rs.22.76 lakhs, Dwarka: Rs. 3.11 lakhs, Gandhidham: Rs.203.57 lakhs, Limdi: Rs. 53.76 lakhs and Porbandar: Rs. 156.99 lakhs). Further, a sum of Rs. 63.90 lakhs was recoverable upto March 1993 from 2 (two) local bodies (Junagadh: Rs. 45.78 lakhs and Limdi: Rs. 18.12 lakhs) towards maintenance and repairs of the Water Supply Scheme. Thus, a total amount of Rs. 721.39 lakhs was not recovered.

The matter was referred to Government in February 1994; reply has not been received (January 1995).

6.13 Loss of interest

The Gujarat Water Supply and Sewerage Board (Board) deposited Rs. 15 lakhs with a nationalised bank for a period of 16 days on 17 March 1989 at the interest rate of three *per cent*. The deposit, which matured on 2 April 1989, was neither encashed nor renewed till withdrawal of the amount on 5 February 1990. As a result, the Board could earn interest of Rs. 0.02 lakh only for 16 days although the amount remained with the bank for 325 days. Had the Board initially invested the amount for 325 days or got the deposit renewed on maturity, it would have earned interest at 9 *per cent* instead of only 3 *per cent* actually earned for 16 days.

Thus failure on the part of the Board to renew the fixed deposit resulted in loss of interest for Rs. 1.18 lakhs. On this being pointed out, the Board accepted the omission and stated (December 1993) that explanation from the persons responsible was being called for.

The facts have been admitted by the Government (September 1994).

ENERGY AND PETROCHEMICALS DEPARTMENT

GUJARAT ENERGY DEVELOPMENT AGENCY

6.14 Loss of rebate

The Gujarat Energy Development Agency (GEDA), constituted in 1979 for development and popularisation of new and renewable sources of energy, established (August 1989) a 10 mw windfarm on the sea coast near Lamba in collaboration with the Gujarat Electricity Board (GEB) with financial aid from the Danish International Development Agency and the Government of Gujarat. Out of the total project cost of Rs. 1700 lakhs, Rs. 404.50 lakhs was in the form of Government loan which was released to GEDA between October 1989 and March 1990. The loan carried interest at 10.5 *per cent* and was repayable in eight equal instalments after a moratorium period of two years. Rebate of one *per cent* on the interest was admissible on regular repayment of instalment and interest. However, penal interest at 2.5 *per cent* was leviable for delayed payments of principal and interest.

It was noticed in audit (August 1993) that GEDA did not pay the instalments and interest on due dates. As against the instalments due in March 1992, 1993, 1994 the payments were made in November 1993, December 1993 and June 1994 respectively. Similarly the interest due in March every year from 1990 onwards was paid from March 1993 onwards. This resulted in loss of rebate of Rs. 8.59 lakhs besides liability of Rs. 23.67 lakhs towards penal interest up to March 1992.

The GEDA stated (June 1994) that the non-payment of instalments of loan and delay in payment of interest was due to non-receipt of its energy dues from GEB due to non-finalisation of terms and conditions for supply of energy.

Government stated (September 1994) that the GEDA did not have any other source of income except the windfarm and it received the first payment towards energy charges from GEB in March 1992; hence liability for penal interest could not be avoided.

PORTS AND FISHERIES DEPARTMENT

GUJARAT MARITIME BOARD

6.15 Irregular payment of incentive

The management of minor ports in Gujarat has been entrusted to the Gujarat Maritime Board (Board), constituted under the Gujarat Maritime Board Act, 1981. Previous sanction of the State Government is required to be obtained by the Board, *inter alia* for salaries, fees, allowances etc. payable to its employees. In exercise of these powers, the Government issued orders in 1980 and 1984 directing the Government undertakings and the Board not to make any *ex gratia* or incentive payment to its employees either in cash or in kind without prior sanction.

The employees of the Board were receiving bonus / *ex gratia* payment annually as sanctioned by the Government from time to time. The Board decided in September 1991 to pay cash incentive to its employees on the occasion of completion of ten years of the Board. The proposal in this regard was sent to Government for sanction in November 1991 and February 1992 but was rejected by the Government in December 1991 and May 1992 respectively. Contrary to the specific provision in the Act, and in spite of rejection of the proposal by the Government, the Board paid (March 1993) cash incentive of Rs.23.61 lakhs to its employees for the year 1990-91.

Government stated (July 1994) that Boards' proposal was rejected and instructions had been issued to recover the amount from the employees. Further progress in the matter was awaited (January 1995).

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

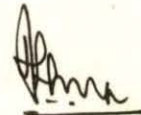
URBAN/AREA DEVELOPMENT AUTHORITIES

6.16 Avoidable loss of interest

In order to evolve an effective system of management of surplus Government funds lying with State public enterprises and other Government undertakings and to ensure the availability of these funds for utilisation in the public interest, Government issued instructions in November 1989 to all Boards and Corporations to transfer their surplus funds deposited with commercial banks (Bank) to Personal Ledger Accounts (PLA) in the treasury. Till September 1992, such deposits in PLA carried interest at 0.5 *per cent* above the rate paid by Bank on term deposits. It was, however, noticed (December 1992) that five Urban/Area development authorities (Ahmedabad, Bhavnagar, Jamnagar, Rajkot and Surat) (Authorities) had deposited during 1991-92 and 1992-93 (till September 1992) Rs.1550.65 lakhs in different Banks, contrary to the instructions issued by the Government.

Thus, non-observance of instructions by the Authorities not only defeated the purpose of the Government, but also resulted in avoidable loss of interest to the extent of Rs.7.07 lakhs.

The matter was reported to Government in February 1994; reply has not been received (January 1995).



(A.K. SHARMA)

Accountant General (Audit) II, Gujarat

Rajkot

The

5 JUN 1995

Countersigned



(C.G.SOMIAH)

Comptroller and Auditor General of India

New Delhi

The

12 JUN 1995

APPENDICES

APPENDIX-I

Statement showing cases where supplementary provision was unnecessary
(Reference : Paragraph 2.2.2(b) at page 21)

(Rupees in lakhs)

Sl. No.	Grant No.	Department	Original Grant	Supplementary	Expenditure	Saving
Revenue Section						
(a) Voted Grants						
1	1	Agriculture, Co-operation and Rural Development	225.08	0.60	211.28	14.40
2	3	-do-	2464.41	78.34	2302.96	239.79
3	15	Finance	273.20	11.49	256.46	28.23
4	21	Food and Civil Supplies	279.95	4.33	277.61	6.67
5	22	-do-	2935.65	13.26	1534.33	1414.58
6	34	General Administration	417.22	9.76	396.94	30.04
7	25	Forests and Environment	63.91	12.72	48.18	28.45
8	35	General Administration	5359.05	46.51	3386.25	2019.31
9	41	Health and Family Welfare	5711.00	40.00	5575.72	175.28
10	42	-do-	2471.95	00.20	2371.19	100.96
11	54	Information, Broadcasting and Tourism	1478.05	19.29	1107.15	390.19
12	67	Panchayats and Rural Housing	109.95	3.05	107.96	5.04
13	68	-do-	7956.78	22.93	7882.99	96.72
14	69	-do-	2875.30	68.31	2579.87	363.74
15	91	Social Welfare and Tribal Development	10920.25	299.27	10825.79	393.73
16	99	Youth Services and Cultural Activities	809.98	30.27	671.85	168.40
Total			44351.73	660.33	39536.53	5475.53
(b) Charged Appropriations						
17	20	Finance	95535.70	1080.80	94562.98	2053.52
18	39	Health and Family Welfare	-	3.40	-	3.40
19	54	Information, Broadcasting and Tourism	-	1.20	-	1.20
20	73	Revenue	25.00	6.57	6.56	25.01
21	77	-do-	42.45	0.93	21.72	21.66
22	80	Roads and Buildings	3.12	0.72	2.47	1.37
Total			95606.27	1093.62	94593.73	2106.16

Sl. No.	Grant No.	Department	Original Grant	Supplementary	Expenditure	Saving
Capital Section						
Voted Grants						
23	2	Agriculture, Co-operation and Rural Development	1505.00	30.00	721.75	813.25
24	23	Food and Civil Supplies	15.00	40.00	7.43	47.57
25	41	Health and Family Welfare	16390.10	656.00	9905.99	7140.11
26	64	Narmada and Water Resources	89190.37	937.56	21999.19	68128.74
27	91	Social Welfare and Tribal Development	857.58	43.00	599.80	300.78
Total			107958.05	1706.56	33234.16	76430.45
Grand Total			247916.05	3460.51	167364.42	84012.14

APPENDIX-II

Statement showing cases where supplementary provision was made in excess of actual requirement

(Reference : Paragraph 2.2.2(c) at page 21)

(Rupees in lakhs)

Sl. No.	Grant No.	Department	Original Provision	Expenditure	Additional requirement	Supplementary Provision
Revenue Section						
(a) Voted Grants						
1	2	Agriculture, Co-operation and Rural Development	21625.65	28456.66	6831.01	7652.16
2	40	Health and Family Welfare	4785.60	6003.08	1217.48	1377.92
3	49	Industries and Mines	2481.40	2859.47	378.07	927.45
4	74	Revenue	2639.69	2669.26	29.57	108.21
5	88	Social Welfare and Tribal Development	6575.70	7067.18	491.48	520.41
6	92	-do-	25280.13	25452.26	172.13	734.12
Total			63388.17	72507.91	9119.74	11320.27
(b) Charged Appropriations						
7	9	Education	2994.00	4071.05	1077.05	1177.06
8	94	Urban Development and Urban Housing	843.85	1069.00	225.15	278.15
Total			3837.85	5140.05	1302.20	1455.21
Capital Section						
Voted Grants						
9	19	Finance	1677.07	5256.13	3579.06	4000.01
10	50	Industries and Mines	6164.00	6340.13	176.13	851.75
11	75	Revenue	25.00	270.50	245.50	267.00
12	83	Roads and Buildings	965.30	968.80	3.50	73.00
13	92	Social Welfare and Tribal Development	8282.44	8340.47	58.03	400.00
Total			17113.81	21176.03	4062.22	5591.76
Grand Total			84339.83	98823.99	14484.16	18367.24

APPENDIX - III

Statement showing cases where supplementary provision was inadequate

(Reference : Paragraph 2.2.2 (d) at page 22)

(Rupees in lakhs)

Sl. No.	Grant No.	Department	Original provision	Supplementary provision	Total Grant/ Appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Revenue Section							
Voted Grants							
1	4	Agriculture, Co-operation and Rural Development	2671.38	107.80	2779.18	2855.78	76.60
2	6	-do-	1901.17	0.01	1901.18	15273.71	13372.53
3	13	Energy and Petrochemicals	15295.00	50456.10	65751.10	80497.44	14746.34
4	18	Finance	23327.05	2955.00	26282.05	26361.21	79.16
5	39	Health and Family Welfare	26400.06	869.73	27269.79	27618.08	348.29
6	44	Home	29261.07	1715.76	30976.83	31593.84	617.01
7	45	-do-	820.72	164.58	985.30	1026.88	41.58
8	65	Narmada and Water Resources	45048.72	79.39	45128.11	61651.66	16523.55
9	82	Roads and Buildings	22495.46	300.00	22795.46	23707.52	912.06
10	84	-do-	211.37	16.16	227.53	273.04	45.51
11	85	-do-	603.85	78.25	682.10	770.50	88.40
Total			168035.85	56742.78	224778.63	271629.66	46851.03
Capital Section							
(a) Voted Grants							
12	65	Narmada and Water Resources	12081.03	115.21	12196.24	12837.38	641.14
13	81	Roads and Buildings	776.09	100.00	876.09	928.16	52.07
14	82	-do-	4328.00	4000.00	8328.00	9167.39	839.39
Total			17185.12	4215.21	21400.33	22932.93	1532.60
(b) Charged Appropriation							
15	20	Finance	117196.00	2776.01	119972.01	128571.05	8599.04
Total			117196.00	2776.01	119972.01	128571.05	8599.04
Grand Total			302416.97	63734.00	366150.97	423133.64	56982.67

APPENDIX - IV

Statement showing the excess over grant/appropriation requiring regularisation
(Reference : Paragraph 2.2.3 at Page 22)

Sl. No. (1)	Number and name of the Grant/Appropriation (2)	Total Grant/ Appropriation (3)	Expenditure (4)	Excess (5)
(a) Voted Grants				
Revenue Section				
1	4 - Animal Husbandry and Dairy Development	27,79,18,000	28,55,77,564	76,59,564
2	6 - Co-operation	19,01,18,000	1,52,73,70,704	1,33,72,52,704
3	9 - Education	14,01,32,69,000	14,01,45,81,907	13,12,907
4	13- Energy Projects	6,57,51,10,000	8,04,97,43,715	1,47,46,33,715
5	18- Pensions and other Retirement Benefits	2,62,82,05,000	2,63,61,21,363	79,16,363
6	31- Elections	2,76,66,000	2,77,86,372	1,20,372
7	39- Medical and Public Health	2,72,69,79,000	2,76,18,08,344	3,48,29,344
8	43- Home Department	1,96,60,000	1,97,40,264	80,264
9	44- Police	3,09,76,83,000	3,15,93,83,614	6,17,00,614
10	45- Jails	9,85,30,000	10,26,87,622	41,57,622
11	65- Irrigation and Soil Conservation	4,51,28,11,000	6,16,51,66,027	1,65,23,55,027
12	66- Other Expenditure pertaining to Narmada and Water Resources Department	15,00,000	16,56,030	1,56,030
13	71- Other Expenditure pertaining to Panchayats and Rural Housing Department			
14	80- Non-Residential Buildings	94,98,23,000	96,61,03,710	1,62,80,710
15	82- Roads and Bridges	2,27,95,46,000	2,37,07,51,841	9,12,05,841
16	84- Gujarat Capital Construction Scheme	2,27,53,000	2,73,04,163	45,51,163
17	85- Other Expenditure pertaining to Roads and Buildings Department	6,82,10,000	7,70,49,887	88,39,887
18	86- Social Welfare and Tribal Development Department	92,00,000	92,20,863	20,863
19	98- Youth Services and Cultural Activities Department	29,00,000	29,19,396	19,396
Total		37,59,71,61,000	42,30,08,17,188	4,70,36,56,188
Capital Section				
1	47- Other Expenditure pertaining to Home Department	13,11,56,000	16,00,40,757	2,88,84,757
2	52- Other Expenditure pertaining to Industries and Mines Department	1,48,30,000	1,48,87,958	57,958
3	65- Irrigation and Soil Conservation	1,21,96,24,000	1,28,37,37,694	6,41,13,694
4	66- Other Expenditure pertaining to Narmada and Water Resources Department	2,60,59,000	2,60,67,061	8,061
5	81- Residential Buildings	8,76,09,000	9,28,16,181	52,07,181
6	82- Roads and Bridges	83,28,00,000	91,67,39,347	8,39,39,347
7	97- Other Expenditure pertaining to Urban Development and Urban Housing Department	22,65,000	22,83,953	18,953

(1)	(2)	(3)	(4)	(5)
8	100-Other Expenditure pertaining to Youth Services and Cultural Activities Department	33,60,000	33,89,260	29,260
Total		2,31,77,03,000	2,49,99,62,211	18,22,59,211
(b) Charged Appropriations				
Revenue Section				
1	32 - Public Service Commission	1,21,10,000	1,21,13,808	3,808
2	44 - Police	3,01,000	3,77,952	76,952
3	61 - Administration of Justice	4,36,35,000	4,52,22,850	15,87,850
4	66 - Other Expenditure pertaining to Narmada and Water Resources Department	2,57,84,000	2,62,48,844	4,64,844
Total		8,18,30,000	8,39,63,454	21,33,454
Capital Section				
1	20 - Repayment of Debt pertaining to Finance Department and its servicing	11,99,72,01,000	12,85,71,05,064	85,99,04,064
Total		11,99,72,01,000	12,85,71,05,064	85,99,04,064

APPENDIX - V

Statement showing cases where expenditure fell short by Rs.1 crore and by 10 per cent of the provision
(Reference : Paragraph 2.2.4 at page 22)

Sl. No.	Number and name of Grant	Amount of saving (Rupees in crores) (Percentage to total provision)	Main reasons for saving
(1)	(2)	(3)	(4)
Revenue Section			
Agriculture, Co-operation and Rural Development			
1	5 - Fisheries	2.84 <hr style="width: 20%; margin: 0 auto;"/> (21)	The saving was due mainly to cut in plan expenditure and modification of projects by N.C.D.C.
Finance Department			
2	16- Tax collection charges (Finance Department)	4.28 <hr style="width: 20%; margin: 0 auto;"/> (14)	The saving was due mainly to non-filling up of vacant posts.
3	19- Other Expenditure pertaining to Finance Department	192.92 <hr style="width: 20%; margin: 0 auto;"/> (93)	The saving was due mainly to non-introduction of the rebate scheme for investors of Kisan Vikas Patra by the State Government and closure of post of Commissioner, Small Savings along with his establishment.
Food and Civil Supplies Department			
4	22- Civil Supplies	14.15 <hr style="width: 20%; margin: 0 auto;"/> (48)	The saving was due mainly to implementation of identified areas scheme by Central Government.
Forests and Environment Department			
5	27- Environment	1.20 <hr style="width: 20%; margin: 0 auto;"/> (45)	The saving was due mainly to cut imposed by Government as economy measure.
General Administration Department			
6	35- Other Expenditure pertaining to General Administration Department	20.19 <hr style="width: 20%; margin: 0 auto;"/> (37)	The saving was due mainly to cut in plan expenditure and economy measures adopted by the Government.
Home Department			
7	46- Transport	61.09 <hr style="width: 20%; margin: 0 auto;"/> (50)	Reasons not intimated.

(1)	(2)	(3)	(4)
Industries and Mines Department			
8	49- Stationery and printing	5.49 <hr/> (16)	The saving was due mainly to non-receipt of paper, vacant posts and retirement of 276 persons under the <i>ad hoc</i> Retirement Assistance Scheme.
9	50- Industries	13.66 <hr/> (19)	The saving was due mainly to reduction in target of Janata Sarees and Dhoties, non-receipt of sanction from administration and non-sanction of new Training Centres.
10	51- Mines and Minerals	1.93 <hr/> (25)	The saving was due mainly to non-filling up of vacant posts and non receipt of administrative approval from the Government.
Information, Broadcasting and Tourism Department			
11	54- Information and Publicity	3.90 <hr/> (26)	The saving was due mainly to ban imposed by Government on recruitment, less expenditure on advertisement of hoardings and closing of publication of Gujarat weekly.
Legal Department			
12	61- Administration of Justice	6.50 <hr/> (18)	The saving was due mainly to non filling up of vacant posts.
Panchayats and Rural Housing Department			
13	69- Rural Housing	3.64 <hr/> (12)	The saving was due mainly to cut imposed by State Government in respect of plan schemes by revising plan ceiling limit.
Roads and Buildings Department			
14	81- Residential Buildings	8.45 <hr/> (19)	The saving was due mainly to economy measures adopted by the State Government.
Urban Development and Urban Housing Department			
15	94- Urban Housing	6.50 <hr/> (50)	The saving was due mainly to less construction of houses by the Gujarat Housing Board and Gujarat Slum Clearance Board under Poverty Alleviation Programme.
Youth Services and Cultural Activities Department			
16	99- Youth Services and Cultural Activities	1.68 <hr/> (20)	The saving was due mainly to cut imposed (in plan expenditure) by Government of India.

(1)	(2)	(3)	(4)
Capital Section			
Agriculture, Co-operation and Rural Development Department			
1	5 - Fisheries	1.72 <hr style="width: 50px; margin: 0 auto;"/> (86)	The reasons for the savings have not been intimated.
2	6 - Co-operation	1.05 <hr style="width: 50px; margin: 0 auto;"/> (13)	The saving was due mainly to less release of grant by Government and sanction of less proposals.
Education Department			
3	10- Other Expenditure pertaining to Education Department	11.84 <hr style="width: 50px; margin: 0 auto;"/> (75)	The saving was due mainly to non distribution of advance to staff to avoid opposition from District staff.
Health and Family Welfare Department			
4	41- Water Supply	71.40 <hr style="width: 50px; margin: 0 auto;"/> (42)	The saving was due mainly to cut imposed by State Government in plan expenditure.
Narmada and Water Resources Department			
5	64- Narmada Development Scheme	681.29 <hr style="width: 50px; margin: 0 auto;"/> (76)	The saving was due mainly to non receipt of the required shares from other beneficiary States.
Social Welfare and Tribal Development Department			
6	91- Special Component plan for Scheduled Castes	3.01 <hr style="width: 50px; margin: 0 auto;"/> (33)	The saving was due mainly to non receipt of Administrative approval from concerned Departments, cut in expenditure imposed by Government and receipt of less demand from the Departments.
Urban Development and Urban Housing Department			
7	95- Urban Development	3.35 <hr style="width: 50px; margin: 0 auto;"/> (16)	The saving was due mainly to cut in plan scheme and non-release of loan by Government of India.

APPENDIX - VI

Statement showing instances of injudicious reappropriation (Reference : Paragraph 2.3 at page 29)

(Rupees in lakhs)

Sl. No.	Grant No.	Head of Account	Provision	Reappropriation	Total Grant	Expenditure	Excess (+) Saving (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	13	4801- Capital Outlay on Power Projects (05)(190)(1) Share Capital contribution to Gujarat Power Corporation Limited (Plan)	3000.00	(-) 2000.00	1000.00	2000.00	(+)1000.00
2	20	6004- Loans and Advances from Central Government (02)(101) Block Loans	4160.61	(-) 192.57	3968.04	4166.70	(+) 198.66
3	20	6003- Internal Debt of the State Government (110)(1) Repayment of Ways and Means Advance	80000.00	(-) 29712.50	50287.50	50509.00	(+) 221.50
4	64	4701- Capital Outlay on Major and Medium Irrigation (80)(9) Narmada Project Unit-I Dam and Appurtenant Works (190)(1) Share Capital contribution to Sardar Sarovar Narmada Nigam Ltd. (Plan)	21762.57	(-) 12132.60	9629.97	11093.70	(+)1463.73
5	64	4701- Capital Outlay on Major and Medium Irrigation (80)(C)- Group IV Branches and Distributaries (190)(1) Share capital contribution to Sardar Sarovar Narmada Nigam Ltd.	3517.15	(-) 1377.68	2139.47	2205.07	(+) 65.60
6	80	2059- Public Works (80) 799 Suspense (1) stock	550.00	(-) 410.00	140.00	661.55	(+) 521.55
7	80	2059- Public Works (80)799 Suspense (2) Miscellaneous	150.00	(-) 82.80	67.20	245.47	(+) 178.27

Works Advances

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8	81	2216- Housing (01) (107)(1) Police Buildings	700.00	(-) 547.00	153.00	235.87	(+) 82.87
9	81	2216- Housing (80) General (800)(1)Maintenance and Repairs	2505.90	(-) 700.00	1805.90	2187.51	(+) 381.61
10	81	2216- Housing (01)(106)(1) General Services Buildings	345.00	(-) 222.00	123.00	169.54	(+) 46.54
11	81	2216- Housing (80) General (001) Expenditure transferred on <i>pro rata</i> basis from Major head- 2059	567.07	(-) 96.20	470.87	828.22	(+) 357.35
12	82	3054- Roads and Bridges (80) General (001) Expenditure transferred on <i>pro rata</i> basis from Major head 2059	1701.20	(-) 292.06	1409.14	2812.52	(+)1403.38
13	82	5054- Capital Outlay on Roads and Bridges (03) State Highways (101) Bridges (11) Original works (Plan)	702.00	(-) 65.92	636.08	981.86	(+) 345.78

APPENDIX

Year-wise cases of Misappropriation,
(reported upto 31 March 1994 and outstanding at the end of
(Reference : Paragraph

Sl. No.	Name of the Department	Upto 1985-86		1986-87		1987-88		1988-89	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	Food and Civil Supplies	3	0.69	-	-	-	-	-	-
2	Agriculture, Co-operation and Rural Development	-	-	-	-	-	-	-	-
3	Agriculture, Co-operation and Rural Development (Fisheries)	1	0.60	-	-	-	-	-	-
4	Forests and Environment	4	1.43	-	-	-	-	-	-
5	Labour and Employment	-	-	-	-	-	-	-	-
6	Home	4	0.71	-	-	-	-	-	-
7	Home (Transport)	1	2.18	-	-	-	-	-	-
8	Finance	1	2.47	1	0.15	-	-	-	-
9	Gujarat Legislature Secretariat	1	0.41	-	-	-	-	-	-
10	Health and Family Welfare	14	13.17	-	-	2	0.33	1	0.58
11	Roads and Buildings	8	0.44	-	-	-	-	-	-
12	Narmada and Water Resources (Water Resources)	26	10.80	-	-	-	-	-	-
13	Narmada and Water Resources (Narmada)	-	-	1	0.45	1	0.92	-	-
14	Legal	-	-	-	-	1	0.15	-	-
15	Education	-	-	-	-	-	-	-	-
16	Revenue								
	Land Revenue	37	4.60	2	0.51	1	0.03	13	0.59
	Other than Land Revenue	15	2.69	-	-	-	-	-	-
	Total	115	40.19	4	1.11	5	1.43	14	1.17

-VII

losses etc.

30 September 1994)

3.13 Page 47)

(Rupees in lakhs)

1989-90		1990-91		1991-92		1992-93		1993-94		Total	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
-	-	-	-	-	-	-	-	-	-	3	0.69
1	0.75	1	1.92	-	-	1	29.01	1	3.89	4	35.57
-	-	-	-	-	-	-	-	-	-	1	0.60
-	-	4	2.84	-	-	-	-	2	0.11	10	4.38
-	-	-	-	-	-	1	0.04	-	-	1	0.04
1	0.06	1	(*)	6	5.93	-	-	2	0.51	14	7.21
-	-	-	-	-	-	-	-	-	-	1	2.18
-	-	1	3.00	-	-	-	-	-	-	3	5.62
-	-	-	-	-	-	-	-	-	-	1	0.41
1	0.50	3	2.48	2	3.36	-	-	1	0.13	24	20.55
1	0.89	2	3.86	1	1.11	2	1.83	1	1.36	15	9.49
2	0.62	1	2.33	2	0.61	2	0.89	1	0.77	34	16.02
-	-	-	-	-	-	-	-	-	-	2	1.37
-	-	-	-	-	-	1	0.86	-	-	2	1.01
-	-	-	-	-	-	-	-	1	1.13	1	1.13
3	0.20	2	0.07	1	0.20	-	-	-	-	59	6.20
-	-	-	-	-	-	1	3.44	1	5.86	17	11.99
9	3.02	15	16.50	12	11.21	8	36.07	10	13.76	192	124.46

(*) The figures have been rounded in thousand, hence the amount of misappropriation of Rs.394 being less than Rs.500 not included.

Appendix-VIII

Details of machinery other than those connected with World Bank Aided Project
(Reference: Paragraph 4.8.5 Page 63)

(Rupees in lakhs)

Name of machinery	1990-91		1991-92		1992-93		1993-94		Total Amount
	Nos	Amount	Nos	Amount	Nos	Amount	Nos	Amount	
Hot mix/Drum mix plant	2	140.20	1	160.00	-	-	1	63.34	474.69
				111.15					
"Bomag" Vib roller	1	17.10	-	-	-	-	-	-	17.10
Air Compressor	1	4.50	-	-	-	-	-	-	4.50
Tippers	-	-	5	21.33	6	30.57	25	127.00	200.23
			5	21.33					
Bitumen sprayer/ Tanker	-	-	2	20.85	4	25.15	30	132.00	200.63
					1	11.16		(W.T.)	
					1	11.47			
Wagon Drill	-	-	1	4.18	-	-	-	-	4.18
Front end loader	-	-	-	-	1	20.30	-	-	39.38
					1	19.08			
Genset	-	-	-	-	2	8.25	-	-	8.25
Stone crusher	-	-	-	-	4	10.77	-	-	10.77
Truck	-	-	-	-	-	-	5	22.00	22.00
Total		161.80		338.84		136.75		344.34	981.73

APPENDIX-IX

Details of machinery bought for World Bank Aided Gujarat Rural Road Project

(Reference : Paragraph 4.8.5 Page 63)

(Rupees in lakhs)

Year	A.J. Vib. Roller 8 to 10 tonne	Motor Grader	Usha Atlas Road Roller 2 Tonne	Britania Road Roller 8 to 10 Tonne	Water Tanker	Case Vibromax Roller	Dynapeck Pneumatic Tyred Roller	Ancillary for stone crushing Plants	Stone crushing and scree- ning plant	Total
	Nos Amt	Nos Amt	Nos Amt	Nos Amt	Nos Amt	Nos Amt	Nos Amt	Amt	Nos Amt	Amt.
1989-90	4 22.00	-	-	-	-	-	-	-	-	22.00
1990-91	-	4 116.00	6 12.24	-	-	-	-	-	-	128.24
1991-92	-	-	-	8 31.25	10 37.87	5 113.54	5 128.72	-	-	311.38
1992-93	-	-	-	-	-	-	-	38.96	-	38.96
1993-94	-	-	-	-	-	-	-	49.64	2 163.33	212.97
713.55										

APPENDIX-X

Statement showing the details of machinery and equipment available with Department as on 31 March 1993

(Reference : Paragraph 4.8.5 Page 63)

Name of Machinery	Number of Machinery	Number of Machinery in working condition	Number of Machinery under repair	Number of Machinery lying Unserviceable
Static Road Roller	918	801	93	24
Motor Grader	6	5	1	-
Hydraulic Excavator	2	1	1	-
Dynapeck Roller	5	5	-	-
Vib. Roller	26	24	1	1
Terrex & Front end loader	18	13	3	2
Hot Mix Plant	12	12	-	-
Paver Finisher	12	12	-	-
Misc. Machinery Crane, Gen-set, Bull Dozer etc.	13	10	1	2

Appendix-XI

Year-wise details of Outstanding Inspection Reports

(Reference : Paragraph 4.20 Page 78)

Year	Roads and Buildings Department		Narmada and Water Resources Department		Total	
	Inspection Reports	Para- graphs	Inspection Reports	Para- graphs	Inspection Reports	Para- graphs
Upto						
1988-89	151	270	359	950	510	1220
1989-90	39	113	48	92	87	205
1990-91	43	90	79	260	122	350
1991-92	57	177	78	274	135	451
1992-93	58	254	101	334	159	588
1993-94	44	228	65	275	109	503
TOTAL	392	1132	730	2185	1122	3317

APPENDIX-XII

GLOSSARY OF ABBREVIATIONS

A.J. Vibratory roller	Avelang Jessop Vibratory roller
BPL	Below Poverty Line
CCA	Cultivable Command Area
CSPO	Central Stores Purchase Organisation
Ch	Chainage
Cu.m	Cubic metre/metres
CWC	Central Water Commission
DC Bills	Detailed Contingent Bills
DDP	Desert Development Programme
DEO	District Education officer
DGS & D	Director General, Supplies and Disposals
DIA	Diametre
DPAP	Drought Prone Area Programme
DPEO	District Primary Education Officer
DRDA	District Rural Development Agency
DRECSE	District Resources Centres for Science Education
DWCRA	Development of Women and Children in Rural Areas
EMD	Earnest Money Deposit
ft	Feet
GEB	Gujarat Electricity Board
GEDA	Gujarat Energy Development Agency
GERI	Gujarat Engineering Research Institute
GHB	Gujarat Housing Board
GPCB	Gujarat Pollution Control Board
GRHB	Gujarat Rural Housing Board
GRRP	Gujarat Rural Road Project
GSCB	Gujarat Slum Clearance Board
GSCSC	Gujarat State Civil Supplies Corporation
HBA	House Building Advance
HMP/DMP	Hot Mix Plant/Drum Mix Plant
HSS	Higher Secondary Schools
IAY	Indira Awaas Yojana
IGR	Inspector General of Registration
IOC	Indian Oil Corporation
IRD P	Integrated Rural Development Programme
ITI	Industrial Training Institute
JRY	Jawhar Rozgar Yojana
KPT	Kandla Port Trust
Kms	Kilometres
LAMPS	Large size Multi-Purpose Societies in tribal areas
LBMC	Left Bank Main Canal
MAS	Materials at site
MCA	Motor Cycle Advance
mm	Mili Meters
MSU	Mobile Service Unit

mt/mts	Metre/Metres
MWS	Million Wells Scheme
MLD	Million Litres per day
NCDC	National Co-operative Development Corporation
NCERT	National Council of Educational Research and Training
NH	National Highway
NREP	National Rural Employment Programme
NSSO	National Sample Survey Organisation
ONGC	Oil and Natural Gas Commission
PAC	Public Accounts Committee
PH	Public Health
POL	Petrol Oil and Lubricant
PSL	Priced Store Ledger
R & B	Roads and Buildings
RCC	Reinforced Cement Concrete
RLEGP	Rural Landless Employment Guarantee Programme
RMT	Running Metre
RRP	Rural Road Project
RSL	Reserve Stock Limit
RT	Radio Telephone
RTI	Regional Training Institute
SCs/STs	Schedule Castes/Schedule Tribes
SE	Superintending Engineer
SRPF	State Reserve Police Force
SS	Secondary Schools
TCD	Tonnes Capacity per day
TDO	Taluka Development Officer
VMC	Vadodara Municipal Corporation
W.Railway/WR	Western Railway
WALMI	Water and Land Management Institute

