



दिनांक को विधान सभा
में प्रस्तुत ।
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on 19 JUL 2005 .

Report of the Comptroller and Auditor General of India

For the year ended 31 March 2004

Government of Chhattisgarh



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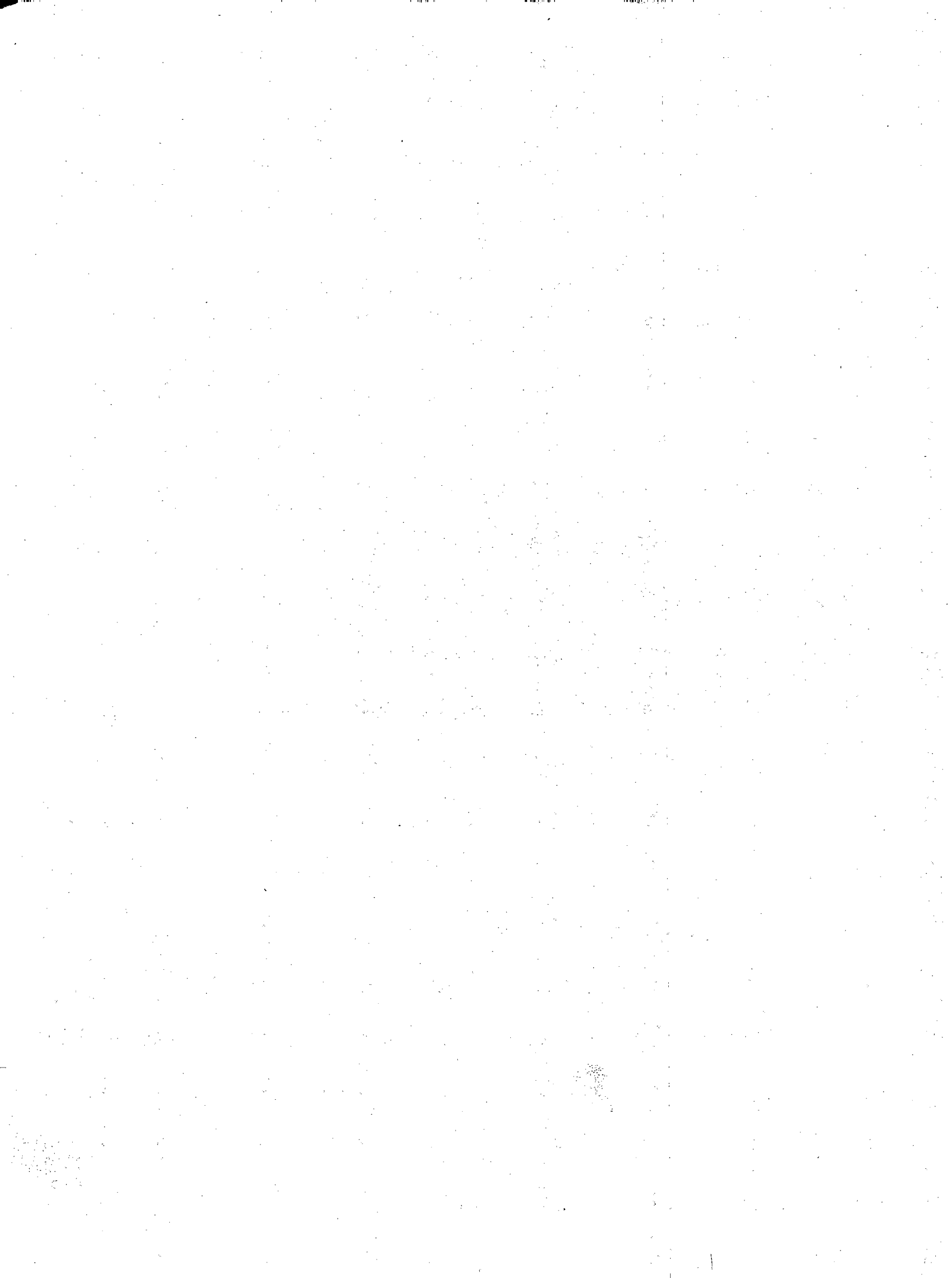
Preface

- 1 This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
- 2 Chapter I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the period from April 2003 to March 2004.
- 3 The remaining chapters deal with the findings of performance audit and audit of transactions in various departments including Public Works, Public Health Engineering, and Water Resource Departments and Evaluation of Internal Control Mechanism in Public Works Department.
- 4 The observations arising out of audit of Government commercial and trading activities is included in Chapter-VI of this Report.
- 5 The observations arising out of audit of Revenue Receipts in various Tax departments is included in Chapter VII of this Report.
- 6 The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2003-04 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 2003-04 have also been included wherever necessary.

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OVERVIEW



OVERVIEW

This Report includes two chapters incorporating comments on the Finance and Appropriation Accounts of the Government of Chhattisgarh and five Chapters comprising evaluation of internal control mechanism in Public Works Department, six reviews/long paragraphs and 32 paragraphs based on the audit of certain selected Programmes and activities and financial transactions of Government and Public undertakings. A summary of main audit findings is presented in this overview.

1. An overview of the Finances of the State Government

Revenue receipts of the Government increased from Rs.4,376 crore in 2001-02 to Rs.5,959 crore in 2003-04. The share of tax revenue (Rs.2,588 crore) and non-tax revenue (Rs.1,124 crore) in total revenue receipts was 43 and 19 *per cent* respectively in 2003-04.

Sixty two *per cent* revenue came from State's own resources whereas central tax transfers and grants-in-aid contributed 38 *per cent* of the total revenue.

Out of total arrears of revenue of Rs.130.12 crore as of March 2003, Rs.58.44 crore (45 *per cent*) were outstanding for more than five years indicating unsatisfactory tax compliance.

Total expenditure increased from Rs.5,502 crore in 2001-02 to Rs.8,174 crore in 2003-04 (48 *per cent*).

Revenue expenditure increased from Rs.4,945 crore in 2001-02 to Rs.6,600 crore in 2003-04 showing an increase of 33 *per cent*. The ratio of revenue expenditure to revenue receipts decreased from 113 *per cent* in 2001-02 to 111 *per cent* in 2003-04.

Relative share of Plan and Capital expenditure in total expenditure increased from 28 and 10 *per cent* in 2001-02 to 38 and 19 *per cent*, respectively in 2003-04. Share of development expenditure decreased from 64 *per cent* in 2001-02 to 63 *per cent* in 2003-04.

The share of economic services in total expenditure increased from 27 *per cent* in 2001-02 to 33 *per cent* in 2003-04. The share of general services and social services decreased from 32 and 37 *per cent* in 2001-02 to 27 and 30 *per cent*, respectively in 2003-04.

Huge expenditure on salaries and pension (Rs.2517.69 crore) and interest payments (Rs.1054 crore) during the current year consumed 60 *per cent* of revenue receipts.

Interest payments increased steadily from Rs.731 crore in 2001-02 to Rs.1054 crore in 2003-04 and constituted 16 *per cent* of revenue expenditure.

Revenue deficit increased from Rs.113 crore to Rs.641 crore and fiscal deficit from Rs.973 crore to Rs.2204 crore during 2003-04.

Government invested Rs.56.94 crore in the Statutory Corporations and Co-operatives during 2003-04.

Total revenue received from major & medium irrigation projects was Rs.44.85 crore (52 *per cent*) against the revenue expenditure of Rs.87.02 crore incurred on projects in 2003-04.

Over all fiscal liabilities of the State Government increased from Rs.7421 crore in 2001-02 to Rs.11,144 crore in 2003-04 at an average growth rate of 23 *per cent* per annum. These liabilities as ratio to GSDP increased from 25 *per cent* in 2001-02 to 35 *per cent* in 2003-04 and stood 1.87 times of revenue receipts.

Assistance to different Bodies/Authorities increased by 39 *per cent* from Rs.177.39 crore in 2001-02 to Rs.247.44 crore in 2003-04.

Amount of guarantees given by the Government to Joint Stock Companies, Co-operative Banks and Societies, and Municipalities, Corporations and Townships was Rs.807 crore upto 2003-04. The amount of guarantees outstanding as on 31 March 2004 was Rs.295 crore.

(Paragraphs 1.1 to 1.10)

2. Appropriation audit and control over expenditure

As against the revised grants/appropriation of Rs.11,478 crore, the actual expenditure was Rs.9,113 crore resulting in saving of Rs.2,365 crore (24 *per cent*).

Supplementary provision of Rs.530.17 crore obtained in 48 cases proved unnecessary. In 10 sub heads involving eight grants, the expenditure exceeded the provisions by Rs.569.21 crore.

In 17 cases, substantial savings of Rs.5 crore or more in each case and also by more than 80 *per cent* of the provision aggregating to Rs.331.37 crore were noticed.

Rupees 1,588.49 crore were surrendered during the year of which Rs.1,492.55 crore (94 *per cent*) were surrendered on the last day of March 2004. In 69 cases of grants/appropriations, savings of Rs.1,227.33 crore were not surrendered.

Excess expenditure of Rs.591.12 crore in 2003-04 required regularisation under Article 205 of the Constitution.

The upgradation grants released by Government of India (GOI) during the year 2003-04 on the recommendation of Eleventh Finance Commission were reflected in Appropriation Accounts as Rs.43.66 crore, out of which Rs.73.71 lakh were kept in civil deposits, thus inflating the total expenditure. There was also a discrepancy Rs.1.12 crore due to non-reconciliation of figures of appropriation accounts and of the Finance Department.

(Paragraphs 2.1 to 2.8)

3. Pradhan Mantri Gram Sadak Yojna

With a view to providing road connectivity to the unconnected rural habitations, the Government of India (GOI) launched (25 December 2000) a Centrally Sponsored Programme (fully funded) named "*Pradhan Mantri Gram Sadak Yojna*" (PMGSY) to be implemented by the State Governments. The objective was to provide All Weather Road (AWR) connectivity to all unconnected habitations having population of above 1,000 by the end of 2003 and to habitations having population of 500 to 999 (including habitations in tribal and hilly areas having population 250 to 499) by the end of 2007. In Chhattisgarh State, 2,604 habitations had to be provided AWR connectivity by 2003 and 11,157 habitations by 2007 by constructing 24,484 km of new roads. Only 311 roads were constructed upto March 2004. Inadequacies in road selection, Detailed Project Reports (DPR) and supervision and quality control, faulty estimation and delayed execution of works was observed. Following major deficiencies were noticed.

- As against 2,604 habitations to be connected by 2003, the Government of Chhattisgarh (GOCG) obtained sanctions only for 673 roads upto March 2004 for connecting 1,549 habitations at a cost of Rs.673.43 crore. However only 311 roads were completed providing actual connectivity to 624 habitations at a cost of Rs.320.03 crore.
- Many Water Bound Macadam (WBM) roads were selected for upgradation in the initial phase instead of constructing new roads.
- Cost of survey for preparing DPRs amounting to Rs.99.04 lakh was rendered wasteful as GOCG had to engage consultants again to frame DPRs for the same set of roads.
- Project reports were not properly prepared and consequently, the GOCG had to bear increased cost of Rs.47.65 crore over and above the cost approved by the GOI.
- Deviations from specifications as prescribed in approved estimates in eight roads resulted in extra cost of Rs.7.01 crore, which is required to be borne by GOCG.

(Paragraph 3.1)

4. Integrated Audit of Public Health and Family Welfare Department

The Public Health and Family Welfare Department provides health services through a network of hospitals and health centres and implements various schemes to achieve the goals envisaged in the National Health Policy, 1983 and the National Population Policy, 2000. The expenditure on health care in the State was Rs.646.90 crore during 2001-04. There was shortfall in creation of three-tier health infrastructure. The bed population ratio remained very low at 30 per lakh as against the all India Average of 92. Demographic goals of Family Welfare Programme were not achieved. Deficient financial management resulted in large savings and unnecessary supplementary grants while there were many shortfalls in providing services and equipment. Some key observations were as follows:

- Targets fixed for achieving infant mortality rate, crude birth rate, and couple protection rate by 2000 were not achieved even in 2004.
- Excess and irregular expenditure of Rs.1.11 crore on compensation, drugs, POL charges and motivation charges were incurred in excess of norms under FWP.
- Grants-in-aid worth Rs. 1.47 crore from Empowered Action Group (EAG) fund was misutilised and equipments worth Rs.84.09 lakh were lying idle.
- X-ray machines worth Rs.2.08 crore were purchased but not put to use.

(Paragraph 3.2)

5 Working of Indian System of Medicines and Homeopathy

In Chhattisgarh, the Directorate of Indian System of Medicine and Homeopathy (ISM&H) has the responsibility of providing medical treatment through the systems of Ayurveda, Unani, Homeopathy, Yoga and Naturopathy. Poor infrastructure, high establishment cost and negligible expenditure on medical facilities were observed in audit. Financial and operational management of the Department were deficient. Thirteen to 58 per cent of funds allocated for purchase of medicines were not utilised. Pharmacy was not modernised and quality control of medicines was not ensured. Due to lack of infrastructural facilities, adequate health care facility was not being made available.

- Thirty bedded hospital at Ambikapur was not functional even after 25 years of sanction.
- Sixty one of the 63 buildings sanctioned in 2002 were incomplete till date.
- One hundred and forty eight dispensaries in six districts were running without doctors, and an unfruitful expenditure of Rs.4.73 crore was incurred on pay and allowances of para medical staff.

- The cost of medicines, produced during the period 2000-04 ranged from a meagre 17 *per cent* to 54 *per cent* of the overall running cost of the pharmacy.
- Pharmacy machinery worth Rs.80.21 lakh was either not received or not installed hampering strengthening and modernisation of the pharmacy.
- Quality of teaching was adversely affected in Government Ayurvedic Medical College due to non-posting of eight professors, nine readers and 12 lecturers as required under the Central Council of Indian Medicine (CCIM) norms.

(Paragraph 3.3)

6. Implementation of Child Labour (Prohibition and Regulation) Act, 1986

Prohibition of employment of children below 14 years of age in hazardous employments and regulation of working conditions of children in non-hazardous occupations are the main features of the Act. The Department of Labour at State Government level was the implementing agency. In the State, 104 special schools under five National Child Labour Projects (NCLPs) were opened during 1995-97. Nine Hundred and Ninety Six children were found working in hazardous occupations (April 1997). To eliminate the child labour from hazardous occupations, regular inspections of such establishments was an essential aspect. However, enforcement machinery for implementation of the Act and mechanism to ascertain the extent of children employed in various occupations was not devised. The target of inspection by labour inspectors fixed by Labour Commissioner in January 2004 could not be achieved. The following key audit findings emerged during the review.

- NCLP Bilaspur incorrectly included Rs.9.34 lakh in the utilization certificate for the year 2002-03 sent to Government of India.
- Bank interest of Rs.9.36 lakh earned was not included in the utilisation certificate by NCLP, Durg.
- Against prescribed 25,600 inspections during January 2001 to April 2004 only 10 *per cent* (2,456) inspections were carried out by inspectors notified under the Child Labour Act.
- Ineligible children were provided education in the special schools functioning under NCLPs.
- Non-utilisation and improper utilisation of funds provided for awareness generation.

(Paragraph 3.4)

7. Internal Control System and Internal Audit Arrangement in Public Works Department

Internal Control Mechanism (ICM) provides a tool to the senior managers for financial and operational control and ensuring safeguards against error and fraud. An evaluation of ICM in Public Works Department (PWD) revealed weaknesses of the internal controls in the areas of budget and expenditure control, account of transactions, maintenance of stores and quality control of works executed. Systems of Departmental inspection was found deficient while internal audit was non-existent.

- Excess expenditure of Rs. 2.58 crore over the deposits received occurred in four divisions.
- The expenditure booked was inflated by keeping the funds of Rs.45.84 crore under Civil Deposits.
- Due to failure of controls to ensure quality of material, undue benefit of Rs.56.45 crore was extended to contractors.
- Internal audit wing has not been set up in the Department.
- Advances for TA were released from works cash book.

(Paragraph 5)

AUDIT PARAGRAPHS

8. Infertuous/wasteful expenditure and over payment

- Non-installation of power pumps on tube wells resulted in unfruitful expenditure of Rs.99.05 lakh under *Indira Gaon Ganga Yojna*.
(Paragraph 4.1.1)
- Non-implementation of recommendations of State Level Purchase Committee led to irregular and infertuous expenditure of Rs.33.60 lakh on purchase of bleaching powder.
(Paragraph 4.1.2)
- Measurements of same item twice and computation mistake in final quantity resulted in over payment of Rs.35.60 lakh to the contractor in National Highway Division, Bilaspur.
(Paragraph 4.1.3)
- Unwarranted strengthening of Nandeli-Pendharwa rural road resulted in infertuous expenditure of Rs.1.02 crore.
(Paragraph 4.1.4)

9. Violation of contractual obligations/undue favour to contractors

- Injudicious adoption of richer and costlier specifications in rural road works in violation of IRC specifications resulted in extra cost of Rs.1.31 crore in four Public Works (PW) Divisions, Bilaspur, Durg, Manendragarh and Raigarh.

(Paragraph 4.2.1)

- Injudicious execution of excess thickness of Open Graded Premix Carpet (OGPC) resulted in extra cost of Rs.30.10 lakh under PW Division, Raigarh.

(Paragraph 4.2.2)

- Injudicious adoption of costlier tack coat using bitumen in road works resulted in extra cost of Rs.36.42 lakh under National Highway Division No.I, Raipur.

(Paragraph 4.2.3)

10. Regulatory issues and other points

- Shortage due to excess driage of 3.9 lakh quintals amounting Rs.20.62 crore and loss of Rs.12.54 crore on damaged paddy (2.16 lakh quintals) under the Director, Food, Civil Supplies and Consumer Protection, Raipur.

(Paragraph 4.3.1)

- Unwarranted purchase of equipment worth Rs.1.37 crore against allotment of Rs.96 lakh.

(Paragraph 4.3.2)

11. Government commercial and trading activities

- There were six Government companies and two Statutory corporations (all working) under the control of the State Government as on 31 March 2004. The total investment in the six Government companies and two Statutory corporations was Rs.113.38 crore.

(Paragraphs 6.1.1 and 6.1.2)

- None of the six Government companies and Statutory corporations had finalised their accounts for 2003-04 by September 2004.

(Paragraphs 6.1.6)

- According to the latest finalised accounts one working Government company had incurred loss of Rs.16.18 lakh and four Government companies earned an aggregate profit of Rs.3.97 crore. One Government company declared dividend of Rs.1.02 crore for year 2003-04.

(Paragraph 6.1.7)

GOVERNMENT COMPANY

Chhattisgarh State Civil Supplies Corporation Limited.

- Chhattisgarh State Civil Supplies Corporation Limited was incorporated (March 2001) to procure, transport, store, and distribute food grains viz., rice, wheat, and levy sugar for sale to consumers under various welfare schemes of Government of India (GOI) through public distribution system (PDS). Scrutiny of records revealed as under:
 - Excess procurement of levy sugar resulted in locking up of funds and consequent loss of interest and avoidable storage charges of Rs.64.29 lakh.
(Paragraph 6.2.3)
 - Non-implementation of the revised sale price of sugar sold during March to December 2002 resulted in a loss of Rs.57.52 lakh.
(Paragraph 6.2.4)
 - Generation of Sweepage and wet sugar in excess of permissible limit of 0.25 per cent resulted in loss of Rs.55.76 lakh.
(Paragraph 6.2.5)
 - Delay in disposal of new and usable gunny bags for two years resulted in locking up of Rs.2.50 crore.
(Paragraph 6.2.6)
 - Abnormal delay in submission of margin claims and realisation of money resulted in avoidable loss of interest of Rs.50.93 lakh.
(Paragraph 6.2.7)
 - Non-availing of free transfer facility through current account resulted in avoidable expenditure of Rs.1.01 crore on bank commission for demand drafts
(Paragraph 6.2.8)
 - Failure of District Offices to transfer funds promptly to Head Office resulted in avoidable payment of interest of Rs.41.73 lakh.
(Paragraph 6.2.9)

STATUTORY CORPORATION

Chhattisgarh State Warehousing Corporation

- Improper maintenance of godowns of Dhamtari Branch of Chhattisgarh State Warehousing Corporation and non-application of preventive medicines led to high infestation of the stock of 2345.257 MT rice resulted in loss of Rs.1.37 crore.

(Paragraph 6.3)

REVENUE RECEIPTS

(A) REVIEW

Review on Exemption/deferment of Commercial Tax to new industries

- Incorrect deduction and non-adjustment of Rs.17.36 crore against exemption limit.
(Paragraph 7.11.8)
- Commercial tax of Rs.55.40 lakh was not recovered from units which closed down business stipulated period.
(Paragraph 7.11.9)
- Loss of revenue of Rs.86.11 lakh due to issue of incorrect exemption certificates.
(Paragraph 7.11.11)
- Loss of revenue of Rs.4.18 crore due to incorrect grant of exemption.
(Paragraph 7.11.12)

(B) AUDIT PARAGRAPHS

12. Commercial Activities

- Non-levy of tax of Rs.35 lakh on sale of goods manufactured out of exempted raw material.

(Paragraph 7.12)

- Non-depositing of tax and non-filing of return resulted in short levy of interest of Rs.6.90 lakh.

(Paragraph 7.17)

13. Taxes on Vehicles

- Non-levy of tax and penalty on 172 vehicles resulted in loss of revenue of Rs.1.01 crore.

(Paragraph 7.22)

14. Stamp Duty and Registration Fees

- Application of incorrect rate of royalty resulted in short levy of Rs.11.50 crore stamp duty and registration fee.

(Paragraph 7.23)

15. Forest Receipts

- Non-transportation of forest produce from coupes led to theft and resulted in loss of revenue of Rs.33.23 lakh.

(Paragraph 7.26)

- Non-delivery of forest produce transported from coupes to Depot resulted in loss of revenue of Rs.12.84 lakh.

(Paragraph 7.27)

16. Mining Receipts

- Non-raising of demand for interest on royalty recoverable resulted in non-recovery of interest of Rs.98.72 lakh.

(Paragraph 7.29)

17. Water Resources

- Application of incorrect water rates resulted in loss of revenue of Rs.22.99 lakh.

(Paragraph 7.30)

CHAPTER I

AN OVERVIEW OF THE FINANCES OF
THE STATE GOVERNMENT



CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The Finance Accounts of the Government of Chhattisgarh are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in Box 1.1.

Box 1.1

Statement No.1 presents the summary of transactions of the State Government - receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.

Statement No. 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2003-04.

Statement No. 3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the summary of guarantees given by the Government for repayment of loans etc. raised by the Statutory Corporation, local bodies and other institutions.

Statement No. 7 gives the summary of cash balances and investments made out of such balances.

Statement No. 8 depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2004.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2003-04 and as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between the charged and voted expenditure incurred during the year.

Statement No. 11 indicates the detailed account of revenue receipts by minor heads.

Statement No. 12 provides accounts of revenue expenditure by minor heads under plan, State plan and centrally sponsored schemes separately and capital expenditure major head wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2003-04.

Statement No. 14 shows the details of investment of the State Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Cooperative Banks and Societies etc. upto the end of 2003-04.

Statement No. 15 depicts the capital and other expenditure to the end of 2003-04 and the principal sources from which the funds were provided for that expenditure.

Statement No. 16 gives the detailed account of receipt, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.

Statement No. 17 presents detailed account of debt and other interest bearing obligations of the Government of Chhattisgarh.

Statement No. 18 provides the detailed account of loans and advances given by the Government of Chhattisgarh, the amount of loans repaid during the year, the balance as on 31 March 2004, and the amount of interest received during the year.

Statement No. 19 gives the details of earmarked balances of reserved funds.

1.2 Trend of Finances with reference to Previous year

Financial position of the State Government during the current year as compared to that of the previous year was as under:

2002-03	Sl.No.	Major Aggregates	2003-04
Part-A Receipts			
5417	1	Revenue Receipts (2+3+4)	5959
2327	2	Tax Revenue	2588
957	3	Non-Tax Revenue	1124
2133	4	Other Receipts	2247
19	5	Non-Debt Capital Receipts	11
19	6	Of which, Recovery of Loans	11
5436	7	Total Receipts (1+5)	5970
Part-B Expenditure			
4291	8	Non-Plan Expenditure (9+11)	5091
4260	9	On Revenue Account	5059
810	10	Of which, Interest Payments	1054
31	11	On Capital Account	32
30	12	Of which Loans disbursed	30
2118	13	Plan Expenditure (14+15)	3083
1270	14	On Revenue Account	1541
848	15	On Capital Account	1542
29	16	Of which Loans disbursed ¹	528
6409	17	Total Expenditure (8+13)	8174
Part-C Deficit			
973	18	Fiscal Deficit (17-1-5)	2204
113	19	Revenue Deficit (9+14-1)	641
163	20	Primary Deficit (+) / Surplus (-) (18 - 10)	1150

¹ Loans and advances include adjustments of Inter State settlements

1.3 Summary of Receipts and Disbursement for the year

Table 1 Summarises the finances of the State Government of Chhattisgarh for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and Public Account receipts and disbursements made during the year as emerging from Statement 1 of Finance Accounts and other detailed statements.

**Table 1: SUMMARY OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR 2003-04**

(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
Section-A : Revenue							
					Non-Plan	Plan	Total
5417	I. Revenue receipts	5959	5530	I. Revenue Expenditure	5059	1541	6600
2327	Tax revenue	2588	1839	General Services	2152	2	2154
957	Non-tax revenue	1124	2086	Social Services	1366	903	2269
1350	Share of Union Taxes/Duties	1570	1443	Economic Services	1281	636	1917
783	Grants from Govt. of India	677	162	Grants-in-aid/Contributions	260	--	260
Section-B Capital							
--	II. Misc. Capital Receipts		820	II. Capital Outlay	2	1014	1016
19	III. Recoveries of Loans and Advances²	11	59	III. Loans and Advances disbursed²	30	528	558
1613	IV. Public Debt Receipts	2432	413	IV. Repayment of Public debt	778	--	778
6924	V. Public account receipts	7071	6644	V. Public account disbursements	6824	--	6824
211	Opening Balance	718	718	Closing Balance	415	--	415
14184	Total	16191	14184	Total	13108	3083	16191

² Loans and advances include adjustments of inter state settlements

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in major fiscal aggregates of receipts and expenditure from the statements of the Finance Accounts for the year 2003-04.

The key indicators adopted for the purpose are (i) Resources by volume and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in the Box 1.2.

Box 1.2 Reporting Parameters
<p>Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The new GSDP series with 1993-94 as base as published by the Bureau of Economics and Statistics Department of the State Government has been used.</p> <p>For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.</p> <p>For most series a trend growth during 2001-2004 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in <i>Appendix 1.5</i>.</p>

The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account. They are defined in Box 1.3.

Box 1.3 State Government Funds and the Public Account	
<p>Consolidated Fund</p> <p>All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled the 'Consolidated Fund of the State' established under Article 266(1) of the Constitution of India.</p>	<p>Contingency Fund</p> <p>Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure pending authorisation by Legislature. Approval of the legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.</p>

Public Account

Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursements are made from it.

1.5 State Finances by key Indicators**1.5.1 Resources by volume and sources**

Resources of the State Government consist of revenue receipts, capital receipts and accruals from the Public Account. Revenue receipts consist of tax revenues, non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. Market loans, borrowings from financial institutions/ commercial banks etc. and loans and advances from Government of India. Public Account accruals comprise all credits in the Public Account excluding cash and investment of cash.

Table 2 shows that the total receipts of the State Government for the year 2003-04 were Rs.15,473 crore. Of these, the revenue receipts of the State Government were Rs.5,959 crore only, constituting 39 per cent of the total receipts. The balance of receipts came from borrowings and public account receipts.

TABLE 2 - RESOURCES OF CHHATTISGARH (2003-04)

(Rupees in crore)

I	Revenue Receipts	5959
II	Capital Receipts	2443
	(a) Miscellaneous Receipts	--
	(b) Recovery of Loans and Advances	11
	(c) Public Debt Receipts	2432
III	Public Account Receipts	7071
	(a) Small Savings, Provident Funds, etc	474
	(b) Reserve Fund	158
	(c) Deposits and Advances	771
	(d) Suspense and Miscellaneous	3612
	(e) Remittances	2056
	Total Receipts	15473

Table 3 gives the trend of growth in receipts from various sources and GSDP. While revenue receipts grew by 36 per cent from 2001-02 the debt receipts grew by 144 per cent.

TABLE 3: SOURCES OF RECEIPTS: TRENDS

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts		Receipt from Public Account	Total receipts	Gross State Domestic Product
		Non-debt receipts	Debt Receipts			
2000-01 ³	1883	01	348	2009	4241	10782
2001-02	4376	09	995	5620	11000	29518 ⁴
2002-03	5417	19	1613	6924	13973	29715 ⁴
2003-04	5959	11	2432	7071	15473	32321

1.5.2 Revenue receipts

Statement 11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India.

Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and their buoyancies are indicated in Table 4.

TABLE 4: REVENUE RECEIPTS-BASIC PARAMETERS

	2001-02*	2002-03	2003-04
Revenue Receipts (RR) in crore	4376	5417	5959
Own taxes (<i>per cent</i>)	45.6	43.0	43.4
Non-Tax Revenue (<i>per cent</i>)	16.5	17.7	18.9
Central Tax Transfers (<i>per cent</i>)	26.9	24.9	26.3
Grants-in-aid (<i>per cent</i>)	11.0	14.5	11.4
Rate of Growth (<i>per cent</i>)	-*	23.8	10.0
Revenue Receipts/ GSDP (<i>per cent</i>)	14.8	18.2	18.4
GSDP Growth (<i>per cent</i>)	-*	0.667	8.77 ⁵
Revenue Buoyancy (ratio)	-*	35.7	1.14

Chhattisgarh was created on 1st November 2000. Hence the rate of growth, revenue buoyancy and GSDP growth were not determined.

Revenue receipts of the State increased from Rs.5,417 crore in 2002-03 to Rs.5,959 crore in 2003-04. The increase in the revenue receipts in 2003-04 was primarily due to 16 *per cent* increase in states share in Union Taxes and Duties from Government of India, 18 *per cent* increase in non-tax revenue and 11 *per cent* increase in tax revenue. An average of 62 *per cent* of the revenue had come from State's own resources. Grants-in-aid and central tax transfers together contributed nearly 38 *per cent* of the total revenue. The main sources

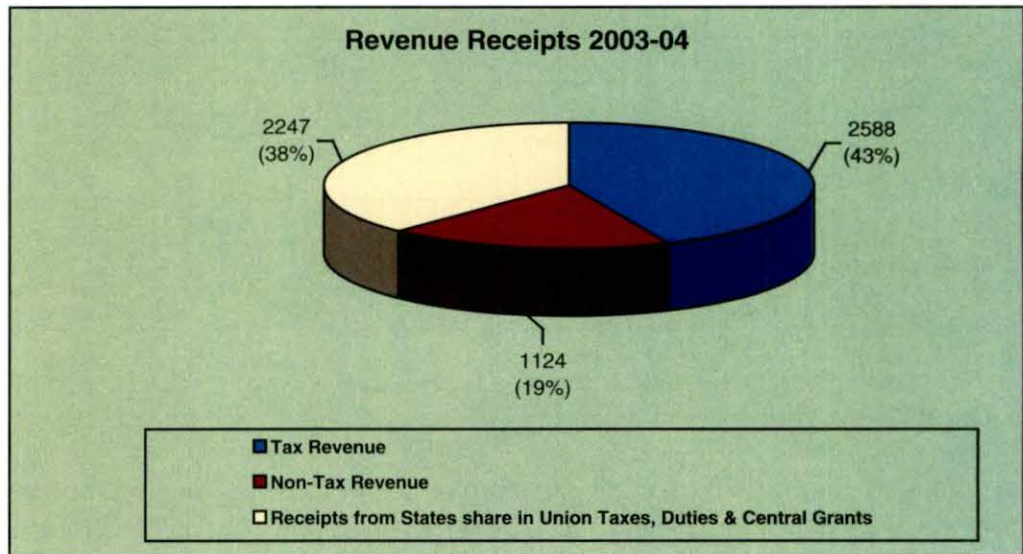
³ (1 Nov.2000 to 31st March 2001)

⁴ GSDP figure for the year 2001-02 & 2002-03 have been revised by the State Government as Rs.29,517.90 & Rs.29,714.68 crore respectively

⁵ Rate of growth of GSDP calculated using revised figure of GSDP (2001-02) Rs.29,517.90 crore (2002-03)-Rs.29,714.68 crore as stated by State Government.

of tax revenue were sales tax (50 per cent), State Excise (15 per cent), taxes on goods and passengers (nine per cent), Stamps and Registration fees (seven per cent) etc. Non-tax revenue came mainly from Mining and Metallurgical Industries (56 per cent) and Forestry and Wild life (13 per cent). The revenue buoyancy continued to be greater than one signifying a positive trend in revenue receipts vis-à-vis GSDP.

(Rupees.in crore)



1.5.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue amounted to Rs.130.12 crore, of which Rs.58.44 crore (45 per cent) were outstanding for more than five years.

Arrears were mainly in respect of Commercial Tax (Rs.96.57 crore), Taxes on Vehicles (Rs.4.06 crore), State Excise (Rs.20.25 crore) and Stamps and Registration Fees (Rs.1.51 crore), Taxes on duties of electricity (Rs.7.73 crore). The arrears of revenue registered an increasing trend and formed four per cent of the total tax and non-tax receipts. The deterioration in the position of the arrears of revenue reflected slackening revenue realisation efforts of the State Government.

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts total expenditure comprising detailed revenue expenditure by minor heads and major head wise capital expenditure. The total expenditure of the State increased from Rs.5,502 crore in 2001-02 to Rs.8,174 crore in 2003-04.

Total expenditure of the State, its annual growth and ratio of expenditure to the State's GSDP and to revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table 5 below:

TABLE 5: TOTAL EXPENDITURE - BASIC PARAMETERS

	2001-02	2002-03	2003-04
Total Expenditure (TE) in crore	5502	6409	8174
Rate of Growth (per cent)	--	16.5	27.5
TE/GSDP (per cent)	18.6	21.6	25.3
Revenue Receipts/TE (per cent)	79.5	84.5	72.9
Buoyancy of Total Expenditure with			
GSDP (ratio)	--	24.74	3.14 ⁶
Revenue Receipts (ratio)	--	0.693	2.75

The revenue receipts financed around 73 per cent of total expenditure and balance was met through borrowings.

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

TABLE 6: COMPONENTS OF EXPENDITURE - RELATIVE SHARE (IN PER CENT)

	2001-02	2002-03	2003-04
General Services	32.1	29.0	26.6
Social Services	36.7	34.7	30.0
Economic Services	27.3	32.9	33.3
Grants-in-aid	2.4	2.5	3.2
Loans and advances ⁷	1.5	0.9	6.8

The relative share of interest payments in total expenditure has been on the rise over the years, due to sharp increase in the interest payments. Of the total expenditure, the non-developmental expenditure during 2003-04 (General services including interest payments) accounted for 27 per cent, the developmental expenditure (on Social services and Economic services) accounted for 63 per cent and loan and advances and Grants-in-aid accounted for 10 per cent.

1.6.2 Incidence of revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and

⁶ GSDP growth calculated taking revised figures of GSDP for 2001-02, 2002-03 as Rs.29,517.90 crore Rs.29,714.68 crore respectively

⁷ Includes Inter-state settlement

services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table 7 below:

TABLE 7: REVENUE EXPENDITURE - BASIC PARAMETERS

	2001-02	2002-03	2003-04
Revenue Expenditure (Rupees in crore)	4945	5530	6600
Rate of Growth (<i>per cent</i>)	--	11.8	19.3
RE/GSDP (<i>per cent</i>)	16.8	18.6	20.4
RE as <i>per cent</i> of TE	89.9	86.3	80.7
RE as <i>per cent</i> of Revenue Receipts	113.0	102.0	110.8
Buoyancy of revenue expenditure with			
GSDP (ratio)	--	17.7	2.2
Revenue Receipts (ratio)	--	0.497	1.93

Revenue expenditure of the State increased from Rs.4,945 crore in 2001-02 to Rs.6,600 crore in 2003-04. The non-plan component constituted 77 *per cent* of revenue expenditure while the plan expenditure was only 23 *per cent*. Sector wise expenditure shows that while the expenditure on general services (including interest payment) was 33 *per cent* (Rs.2,154 crore), social services was 34 *per cent* (Rs.2,269 crore) and expenditure on economic services was only 29 *per cent* (Rs.1,917 crore).

Revenue expenditure accounted for 43 *per cent* of the total funds available during 2003-04. This was marginally higher than the share of revenue receipts (39 *per cent* of the total receipts) of the State Government which led to revenue deficit. The ratio of revenue expenditure to revenue receipts declined from 113 *per cent* in 2001-02 to 102 *per cent* in 2002-03, but has increased to 111 *per cent* in 2003-04 and revenue deficit also declined from Rs.568.66 crore to Rs.112.70 crore in 2002-03 and increased to Rs.641.10 crore in 2003-04.

1.6.3 High salary and Pension expenditure

Salaries and pension payments alone consumed nearly 42 *per cent* of the revenue receipts of the State. This expenditure decreased from Rs.2,284 crore in 2001-02 to Rs.2,214 crore in 2002-03, but has increased to 2,518 crore in 2003-04 as indicated in Table 8 below:

TABLE 8

Heads	(Rupees in crore)		
	2001-02	2002-03	2003-04
Salary and pension expenditure	2283.56	2213.66	2517.69
As percentage of Revenue Receipts	52.2	40.9	42.3
As percentage of Revenue Expenditure	46.2	40.0	38.1

Government of Chhattisgarh is in the process of introducing a Contributory Pension Scheme covering all employees who were appointed on or after 1st November 2004.

1.6.4 Interest Payments

In absolute terms, interest payments have increased steadily from Rs.731 crore in 2001-02 to Rs.1,054 crore in 2003-04 primarily due to continued reliance on borrowings for financing the fiscal deficit.

TABLE 9

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
2001-02	731	16.7	14.8
2002-03	810	15.0	14.6
2003-04	1054	17.7	16.0

1.7 Expenditure by allocative priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, better the quality of expenditure. Table 10 below gives the percentage share of these components of expenditure in State's total expenditure.

TABLE 10: QUALITY OF EXPENDITURE (PER CENT TO TOTAL EXPENDITURE)⁸

	2001-02	2002-03	2003-04
Plan expenditure	28.2	33.0	37.7
Capital expenditure ⁹	10.1	13.7	19.3
Developmental expenditure	64.0	67.6	63.4

Plan expenditure increased from 28 per cent of total expenditure in 2001-02 to 38 per cent in 2003-04. Capital expenditure increased from 10 per cent in 2001-02 to 19 per cent in 2003-04.

In 2003-04, out of the developmental expenditure (Rs.5,180 crore), social services accounted for 47 per cent (Rs.2,454 crore) General Education, Health and Family Welfare and Water Supply and Sanitation consumed 63 per cent of the expenditure on social sector.

⁸ Total expenditure includes expenditure on loans and advances and inter state settlement

⁹ Includes loans and advances and inter-state settlement.

TABLE 11 SOCIAL SECTOR EXPENDITURE (Rupees in crore)

	2001-02	2002-03	2003-04
General Education	697	750	969
Medical and Public Health	244	272	292
Water Supply and Sanitation	254	281	287
Total	1195	1303	1548

Similarly the expenditure of Economic Services accounted for (Rs.2,725 crore) 53 per cent of the developmental expenditure. Of which, Irrigation and Flood Control (Rs.550 crore), and Transport (Rs.484 crore) and Power (Rs.208 crore) accounted for 46 per cent of the expenditure on this sector.

TABLE 12 ECONOMIC SECTOR EXPENDITURE

(Rupees in crore)

	2001-02	2002-03	2003-04
Energy	82	86	208
Irrigation and Flood Control	289	525	550
Transport	233	428	484
Total	604	1039	1242

1.7.1 Financial assistance to local bodies and other institutions

Autonomous bodies and authorities provide public utility services on non-commercial basis. These bodies/authorities receive substantial financial assistance from the Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc to implement various programmes of the Government. The grants are given by the Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvements of roads and other communications facilities under municipalities and local bodies.

The quantum of assistance provided to different bodies during the period November 2000 to March 2004 was as follows:

TABLE 13

(Rupees in crore)

Sl. No.	Assistance for	2000-01	2001-02	2002-03	2003-04
1.	Education	32.38	86.75	89.94	118.06
2.	Power/Energy	--	64.25	65.00	88.27
3.	Water Supply/Sanitation/ Housing & Urban Development	4.91	8.76	34.91	28.09
4.	Agriculture and allied activities	--	15.60	16.46	12.16
5.	Any other developmental activity	0.13	2.03	4.96	0.86
	Total	37.42	177.39	211.27	247.44
	Assistance as a percentage of revenue receipts		4.01	3.9	4.2
	Percentage of assistance to revenue expenditure	--	3.6	3.8	3.7

Grants-in-aid rules and sanctions issued by Departments provide that grant for a specific purpose should be utilised in full during the financial year. Balance amount, if any, should be returned to the Government at the earliest. However, the grant released during the year 2003-04 to various institutions/bodies were not utilised in full. Out of the total release of Rs.247.44 crore, an amount of Rs.122.59 crore remained unspent during the year and the percentage of saving ranged between two and 100 *per cent*. Department wise breakup of non-utilisation of grants is given in *Appendix 1.6*

As per instructions, the grantee institution is required to submit the utilisation certificate (UC) for grant received. Scrutiny of records revealed that 225 UCs amounting to Rs.207.74 crore (*Appendix 1.7*) were outstanding as of August 2004 for the grants sanctioned during the period 2000-01 to 2003-04.

Annual accounts and details of Financial Assistance utilised for the period 2001-04 were awaited from 15 grantee institutions.

1.8 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out.

Appendix 1.1 presents an abstract of such liabilities and the assets as on 31 March 2004, compared to the corresponding position on 31 March 2003. The liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund. The

assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The liabilities of Government of Chhattisgarh depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving/retired State employees and guarantees/letters of comforts issued by the State Government. *Appendix 1.1 to 1.4* depict the comparison of the State Government finances between 2002-03 and 2003-04.

1.8.1 Financial results of irrigation works

The financial results of major and medium irrigation projects with revenue expenditure of Rs.87.02 crore during the period showed that the revenue realised (Rs.44.85 crore) from projects during 2003-04 was only 52 per cent of the revenue expenditure incurred on projects.

1.8.2 Incomplete projects

As on 31 March 2004, there were atleast 70 ongoing projects with a cumulative investment of Rs.2,437.87 crore. The complete list of ongoing and incomplete projects was awaited.

1.8.3 Investments and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The year-wise details of investments made and dividend/interest received were as under:

TABLE 14: RETURN ON INVESTMENT

(Rupees in crore)

Year	Investment at the end of the year	Return
2001-2002	15.29	5.00
2002-2003	35.94	25.57
2003-2004	56.94	34.82

The amount of dividend declared/interest received and credited to Government was Rs.34.82 crore during 2003-2004. It includes the return on investments made by the composite State of Madhya Pradesh in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions aggregating to Rs.1,620 crore which are yet to be apportioned between the successor States. The percentage of return can be worked out only after apportioning between the States.

1.8.4 Loans and advances by the State Government

The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the period from April 2001 to March 2004 is given below:

TABLE 15: LOANS ADVANCED BY THE STATE GOVERNMENT

	(Rupees in crore)		
	2001-2002	2002-2003	2003-04
Opening Balance	138.33	184.34	223.58
Amount advanced during the year	49.52	57.70	557.68
Amount repaid during the year	3.51	18.46	10.64
Closing Balance	184.34	223.58	770.62
Net Addition (+)/ Reduction (-)	46.01	39.24	547.04

1.8.5 Management of cash balances

The general cash balance represents the combined balances of the Consolidated Fund, Contingency Fund and Public Account.

Under an agreement with the Reserve Bank, the Government of Chhattisgarh has to maintain with the Bank a minimum balance of Rs.0.72 crore on each day with effect from 1st November 2000. The Bank informs the Government by telegram of its daily balance with the bank at the close of each working day. If this balance falls below the agreed minimum on weekly settling days, the deficiency is made good by taking Ways and Means Advances (WMA) (Normal and Special) from the Reserve Bank of India or by selling Government of India Treasury Bills. The normal WMA carries the interest rate of six *per cent*. Besides, Overdraft (OD) is also resorted to by the State Government whenever necessary. It is observed that during 2003-04 the Government did not utilise any Ways and Means Advances.

1.8.6 Undischarged liabilities

Fiscal liabilities The Constitution of India provides that 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 an Act of State Legislature. No law had been passed by the State Legislature laying down any such limit.

It would be observed that the overall fiscal liabilities of the State increased from Rs.7,421 crore in 2001-02 to Rs.11,144 crore in 2003-04. These liabilities as ratio to GSDP increased from 25 *per cent* in 2001-02 to 34 *per cent* in 2003-2004 and stood at 1.87 times of its revenue receipts.

Table 16 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

TABLE 16: FISCAL LIABILITIES-BASIC PARAMETERS

	2001-02	2002-03	2003-04
Fiscal Liabilities (Rupees in crore)	7421	9245 ¹⁰	11144
Rate of growth (per cent)	*	24.6	20.5 ¹¹
Ratio of fiscal liabilities to			
GSDP (per cent)	25.1	31.1	34.5
Revenue Receipts (per cent)	169.6	170.7	187.0
Buoyancy of Fiscal Liabilities to ¹²			
GSDP (ratio)	*	36.88	2.34
Revenue Receipts (ratio)	*	1.03	2.05

* Not considered as the State was created on 1st November 2000

Contingent liabilities

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the Statutory Corporations, Government Companies and Co-operative Institutions etc., and payment of interest and dividend by them. These constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Statement 6 of the Finance Accounts shows that amount of guarantees given to Joint Stock Companies, Co-operative banks and societies and to Municipalities, Corporations and Townships by the Government upto March 2004 was Rs.807 crore. The guarantees outstanding as on 31st March 2004 was Rs.295 crore. As regards the guarantees of Rs.9,710 crore given by the composite State of MP prior to 01 November 2000, Rs.43 crore have been apportioned and remaining guarantees of Rs.9,667 crore are yet to be apportioned between the successor States of Madhya Pradesh and Chhattisgarh.

Increasing liabilities had raised the issue of sustainability of the State Government's finances. One of the indicators of sustainability of fiscal liabilities is existence of a positive spread between the rate of growth of GSDP and the weighted interest rate on fiscal liabilities. Sustainability of fiscal liabilities reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table-17.

¹⁰ Opening balance shown in Finance Accounts 2003-04 as Rs.9,245 crore instead of Rs.8,910 crore due to apportionment of fund under MP Re-organisation Act 2000

¹¹ Fiscal liabilities for year 2002-03 revised in the Finance Account for the year 2003-04 as Rs.9,245 crore

¹² Calculated by taking the figure of fiscal liability of 2002-03 as Rs.9,245 crore

TABLE 17
DEBT SUSTAINABILITY
INTEREST RATE AND GSDP GROWTH (IN PER CENT)

	2001-02	2002-03	2003-04
Weighted Interest Rate	*	9.7	10.3 ¹³
GSDP Growth	*	0.667	8.77 ¹⁴
Interest spread	*	(-) 9.03	-1.53

* Not considered as the State was created on 1st November 2000

An important indication of sustainability of fiscal liabilities is net availability of funds after payment of the Principal and interest. Table 18 below gives the position of the receipts and repayments of different component of fiscal liabilities over the last three years.

TABLE 18: NET AVAILABILITY OF BORROWED FUNDS

(Rupees in crore)

	2001-02	2002-03	2003-04
Internal Debt			
(a) Receipts	653.75	1179.19	1977.60
(b) Repayments (Principal+ Interest [including sinking fund])	341.51	417.09	588.53
(c) Net funds available (a-b)	312.24	762.10	1389.07
(d) Net funds available (<i>per cent</i>) NFA x 100/Receipts	48	65	70
Loans and Advances from Government of India			
(e) Receipts	340.86	434.12	454.39
(f) Repayments (Principal + Interest)	501.13	754.39	1096.61
(g) Net funds available (e-f)	(-) 160.27	(-) 320.27	(-) 642.22
(h) Net funds available (<i>per cent</i>)	(-) 47	(-) 74	(-) 141
Total Public Debt			
(i) Receipts	994.61	1613.31	2431.99
(j) Repayments (Principal + Interest)	842.64	1171.48	1685.14
(k) Net funds available (i-j)	151.97	441.83	746.85
(l) Net funds available (<i>per cent</i>)	15.3	27.4	30.7

¹³ Weighted interest rate calculated by taking fiscal liabilities Rs.9,244.80 crore instead of Rs.8,909.54 crore for 2002-03.

¹⁴ GSDP growth calculated by taking revised figure of Rs.29,714.68 for the year 2002-03 respectively

1.9 Management of deficits

1.9.1 Fiscal imbalances

The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised and applied are important pointers to the fiscal health.

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs.569 crore in 2001-02 to Rs.113 crore in 2002-03 but again increased to Rs.641 crore in 2003-04. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also decreased from Rs.1,117 crore in 2001-02 to Rs.973 crore in 2002-03 and again increased to Rs.2,204 crore in 2003-04. State Finances also reflected a trend of decrease in primary deficit from Rs.386 crore in 2001-02 to Rs.163 crore in 2002-03 and shows a steep increase to Rs.1,150 crore in 2003-04 as indicated in Table 19.

TABLE 19: FISCAL IMBALANCES – BASIC PARAMETERS

	2001-02	2002-03	2003-04
Revenue Deficit (Rupees in crore)	569	113	641
Fiscal Deficit (Rupees in crore)	1117	973	2204
Primary (Deficit (+)/ Surplus (-) (Rupees in crore)	386	163	1150
RD/GSDP (<i>per cent</i>)	1.9	0.3	2.0
FD/GSDP (<i>per cent</i>)	3.8	2.9	6.8
PD/GSDP (<i>per cent</i>)	1.3	0.5	3.6
RD/FD (<i>per cent</i>)	50.9	11.6	29.1

The ratio of revenue deficit to fiscal deficit has decreased from 51 *per cent* in 2001-02 to 12 *per cent* in 2002-03 and increased to 29 *per cent* in 2003-04. As proportion to GSDP, revenue deficit had increased to two *per cent* in 2003-04 and fiscal deficit to seven *per cent*. Existence of Revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure and Government had to borrow funds to meet its current obligations. The table also shows that the deficits are increasing much faster than GSDP. It also indicated of an asset-liability mis-match.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 20 below presents a summarized position of Government finances over 2001-2004, with reference to certain key indicators that help assess the

adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprise not only the tax and non-tax resources of the State but also the transfers from Union Government. It indicates the sum total of the resources which the State has access to, for which there is no direct services, provisions, obligations, recovery of users charges for the social and economic services provided by it and its entitlement from the central pool of resources. These ratios, showed a continuous improvement during 2001-04 indicating mobilisation of resources and its sustainability.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilization. The ratio of revenue expenditure to total expenditure has gone down in 2003-04 as compared to 2002-03, capital expenditure as percentage to total expenditure has increased to 19 per cent in 2003-04.

TABLE 20: RATIOS OF FISCAL EFFICIENCY (IN PER CENT)

Fiscal Indicators	2001-02	2002-03	2003-04
I-Resources Mobilisation			
Revenue Receipts/ GSDP	14.8	18.2	18.4
Revenue Buoyancy (ratio)		35.7	1.14 ¹⁵
Own Tax/GSDP	6.8	7.8	8.0
II-Expenditure Management			
Total Expenditure/GSDP	18.6	21.6	25.3
Revenue Receipts/Total Expenditure	79.5	84.5	72.9
Revenue Expenditure/Total Expenditure	89.9	86.3	80.7
Capital Expenditure (including disbursement of loans & advances & inter-State settlement) /Total expenditure	10.1	13.7	19.3
Developmental Expenditure (revenue + capital)/Total Expenditure	64.0	67.6	63.4
Buoyancy of TE with RR	*	69.3	275
Buoyancy of RE with RR	*	49.7	193.3
III-Management of Fiscal Imbalances			
Revenue deficit (Rs. in crore)	569	113	641
Fiscal deficit (Rs. in crore)	1117	973	2204
Primary Deficit (Rs. in crore)	386	163	1150
Revenue Deficit/ Fiscal Deficit	50.9	11.6	29.1
IV-Management of fiscal liabilities			
Fiscal Liabilities (FL)/ GSDP	25.1	31.1	34.5
FL/RR	169.6	170.7	187

¹⁵ GSDP growth calculated by taking revised figures of 2001-02 & 2002-03

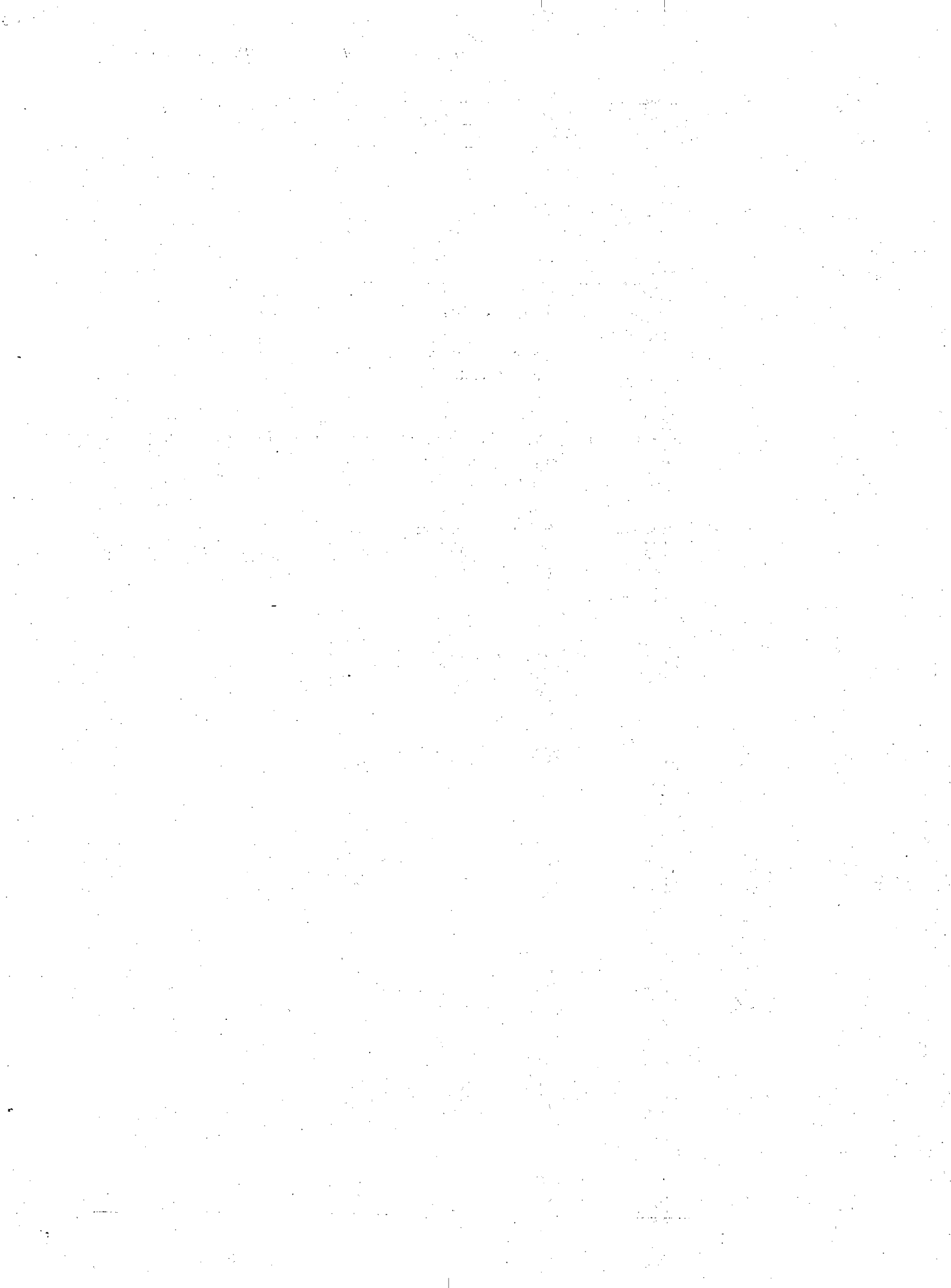
* Not taken as the state was created in November 2000

Buoyancy of FL with RR	*	1.03	2.05
Buoyancy of FL with own receipts	*	1.17	1.57
Interest spread	*	(-) 9.03	(-) 1.53
Net funds available	15.3	27.4	30.7
V-Other Fiscal Health Indicators			
Return on Investment	32.7	71.1	61.2
BCR	105	612	414
Financial Assets/ Liabilities	0.38	0.47	0.49

* Not taken as the state was created in November 2000

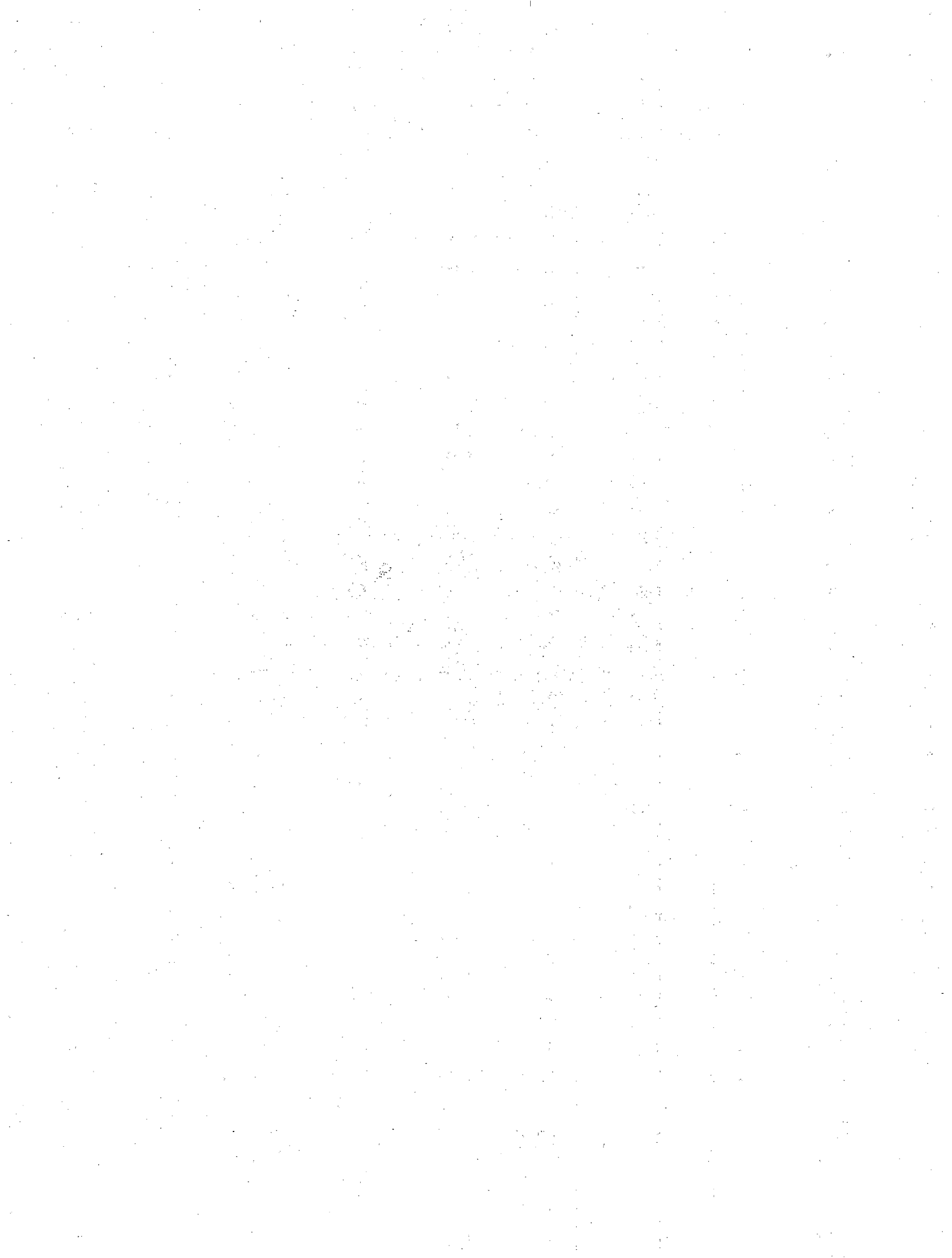
The revenue and fiscal deficit are showing an increasing trend alongwith the decrease in return on investment.

Conclusion The State of Chhattisgarh, comprising 16 districts of the composite State of MP, came into existence on 1st November 2000. The process of apportionment of pre November 2000 assets and liabilities of the composite State of Madhya Pradesh and of other financial adjustments, to be done in each case with reference to the provisions of the Madhya Pradesh Re-organisation Act, 2000 is not yet complete. A realistic picture of the financial position of the State Government will emerge only after completion of this process.



CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE



CHAPTER-II

Appropriation Audit and control over expenditure

2. ALLOCATIVE PRIORITIES AND APPROPRIATIONS

2.1 Introduction

The Appropriation Accounts are prepared annually, in accordance with the requirements of Article 149 of the Constitution of India. They indicate the capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants and appropriations was within the limits authorised by the Appropriation Act. Appropriation audit also ascertains whether the expenditure so incurred was in conformity with the law, relevant rules, and regulations.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure is as follows:-

(Rupees in crore)

	Nature of expenditure	Original Grants / Appropriations	Supplementary Grants/ Appropriations	Total	Actual Expenditure	Variation Saving (-)/ Excess (+)
Voted	I-Revenue	6763.93	712.77	7476.70	5612.55	-1864.15
	II-Capital	1495.28	145.72	1641.00	1020.77	-620.23
	III-Loans & Advances	147.80	18.75	166.55	557.68	+391.13
Total Voted		8407.01	877.24	9284.25	7191.00	-2093.25
Charged	IV-Revenue	1099.01	2.95	1101.96	1143.70	+41.74
	V-Capital	0.33	0.84	1.17	0.33	-0.84
	VI-Public Debt	471.82	618.36	1090.18	777.84	-312.34
Total Charged		1571.16	622.15	2193.31	1921.87	-271.44
	Grand Total	9978.17	1499.39	11477.56	9112.87	-2364.69

The table indicates gross over estimation in the budget of the State Government. The overall savings of Rs.2364.69 crore was 24 per cent of the original grants/appropriations. This was the result of savings of Rs.2955.81

crore in 76 grants and appropriations off-set by excess of Rs.591.12 crore in a total of six grants and appropriations. Explanations for savings/excesses were either not received from the Government or were received in incomplete form in respect of 501 sub heads, which form 87 per cent of the total 574 sub heads involving savings/excesses.

2.3 Fulfillment of allocative priorities

2.3.1 Appropriation by allocative priorities

The analysis of savings and excesses with reference to allocative priorities in respect of eight grants showed that there were large savings in some sectors such as Tribal Areas sub-plan; Agriculture, Education, Food, Civil supplies and Consumer Protection etc., as detailed below.

Grant No. 41 Tribal Areas Sub-Plan

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Savings
Original	657.51			
Supplementary	40.35	697.86	386.63	311.23

Out of savings of Rs.311.23 crore, an amount of Rs.202.35 crore was surrendered only on 31st March 2004.

Savings occurred mainly under 2202-01-796-101-0702-Centrally Sponsored Schemes T.S.P-5396-Educational Mission for all-Rs.41.98 crore, 2225-02-796-102-0102-Tribal Areas Sub-plan-5211-Local Development programme in Integrated Tribal Development Project-Rs.15.31 crore, 2801-80-796-101-0102-Tribal Areas Sub plan-4841-Grants for Instantaneous Energy Development Project-Rs.11 crore, 4702-796-800-0102 Tribal Areas sub plan. Reasons for final savings were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Savings
Original	299.75			
Supplementary	17.25	317.00	152.65	164.35

Out of savings of Rs.164.35 crore, an amount of Rs.75.34 crore was surrendered only on 31st March 2004.

Savings occurred mainly under 4701-03-796-800-0102-Tribal Areas Sub-plan-3366-Construction of Medium Projects-Rs.12.05 crore, 4702-796-800-0102-Tribal Areas Sub-plan 3828-Minor Irrigation Scheme-Rs.17.15 crore, 4702-796-800-0102, 5189-Construction of Minor Irrigation Scheme (NABARD)-Rs.20.42 crore and 4702-796-800-0802-Central Sector Schemes TSP-4860-Completion of incomplete Irrigation Schemes (Article 274[i]) Rs.9.61 crore. Reasons for final savings were not intimated.

Grant No.06 Expenditure pertaining to Finance Department*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual expenditure	Savings
Original	563.34			
Supplementary	25.08	588.42	488.18	100.24

Out of savings of Rs.100.24 crore, an amount of Rs.3.42 crore was surrendered only on 31st March 2004.

Savings mainly occurred in 2070-800-224-Other expenditure-Rs.150 crore, 2071-01-101-2413-Payable to retired salaried persons-Rs.244 crore, 2701-01-104-4590-Service and Death-cum-Retirement Gratuity-Rs.85 crore which was counter balanced by excess mainly in 2071-01-101-9997-for successor State of Chattisgarh-Rs.227.41 crore and 2071-01-104-9997 for successor State of Chhattisgarh-Rs.76.70 crore, the expenditure of which was incurred without Budget provision. Reasons for final savings were not intimated.

Grant No.27 School Education*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual expenditure	Savings
Original	678.09			
Supplementary	9.12	687.21	567.56	119.66

Out of savings of Rs.119.66 crore, an amount of Rs.30.19 crore was surrendered only on 31st March 2004.

Savings occurred mainly in 2202-01-101-0701-Centrally sponsored Schemes Normal-5396-Educational Mission for all-Rs.49.49 crore, 2202-01-101-0101-State Plan Schemes (Normal)-4396-Govt. Primary Schools-Rs.20.53 crore, 2202-01-101-701-Centrally Sponsored Schemes Normal-5409-Supply of computers under Revised Class Project-Rs.6.70 crore. Reasons for final saving were not intimated.

Grant No. 21 Expenditure pertaining to Housing and Environment Department*(Rupees in crore)*

Capital (Voted)		Total grant	Actual expenditure	Savings
Original	86.01			
Supplementary	---	86.01	20.70	65.30

Savings occurred under 4217-01-051-0101-State Plan Schemes (Normal) 3115-Compensation for Land Acquisition-Rs.50 crore, 4217-01-050-0101-State Plan Schemes (Normal) 3177- Capital Project-Rs.10.79 crore. Reasons for savings were not intimated.

Grant No 80 Financial Assistance to Three Tier Panchayati Raj Institutions

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Savings
Original	244.13			
Supplementary	92.07	336.20	237.83	98.37

Out of savings of Rs.98.37 crore, an amount of Rs.38.49 crore was surrendered on 22nd August 2003 and on 31st March 2004.

Savings were mainly noticed in 2515-101-4844-Grant to Panchayati Raj as per recommendation of 11th Finance Commission for Basic Services-Rs.40.65 crore, 2202-01-103-0101-State Plan Schemes (Normal)-8403-Grant for pay to Shiksha Karmies-Basic Minimum Services-Rs.21.25 crore, 2235-60-102-9142-Social Security and Welfare-Rs.15.58 crore. Reasons for final savings were not intimated.

Grant No 13 Agriculture

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Savings
Original	177.54			
Supplementary	1.37	178.91	122.85	56.06

Savings occurred mainly under 2401-110-0101-State Plan Schemes Normal-8702-National Agricultural Insurance Scheme-Rs.61.09 crore, 2401-108-0701-Centrally Sponsored Schemes Normal-4838-Micro Management working plan -Rs.4.62 crore. Reasons for final savings were not intimated.

Grant No 30 Expenditure pertaining to Panchayat and Rural Development

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Savings
Original	322.39			
Supplementary	7.61	330.00	112.84	217.16

Out of savings of Rs.217.16 crore, an amount of Rs.207.83 crore was surrendered only on 31st March 2004.

Savings occurred mainly under 2501-01-101-0701-Centrally sponsored Schemes Normal-8701-Swarna Jayanti Gram Swarojgar Yojana-Rs.4.41 crore, 2501-01-101-0701-Centrally Sponsored Schemes Normal-5077-Integrated Barren Land Development Programme-Rs.0.59 crore. Reasons for final savings were not intimated.

Grant No 39 Food, Civil Supplies and Consumer Protection Department*(Rupees in crore)*

Revenue (Voted)		Total grant	Actual expenditure	Savings
Original	747.11			
Supplementary	194.56	941.67	493.89	447.78

Out of savings of Rs.447.78 crore, an amount of Rs.446.20 crore was surrendered only on 31st March 2004.

Savings occurred mainly under Major Head 2408-01-102-0101-State Plan Schemes (Normal)-5065-Annapoorna Scheme of-Rs.1.42 crore. The reasons for savings was attributed to payment made by GOI directly to concerned institutions and non-receipt of sanctions from Finance Department.

It was also observed that:

In 79 cases, expenditure fell short by more than rupees one crore in each case and also by more than 10 *per cent* of the total provision as indicated in *Appendix 2.1*. Of these, in five¹⁶ cases, it was found that there were 100 *per cent* savings. It was also noticed that in five¹⁷ cases the savings have exceeded Rs.100 crore for the second consecutive year.

In 17 schemes, substantial savings of Rs.5 crore or more and also more than 80 *per cent* of the provision in each case totaling to Rs.331.37 crore were noticed as indicated in *Appendix 2.2*.

In 22 cases of Central Schemes, the entire provision totalling to Rs.49.45 crore remained unutilised as shown in *Appendix 2.3*.

2.3.2 Expenditure without Budget Provision

No expenditure should be incurred without approval of the State Legislature through the Appropriation Act. Contrary to this it was found that expenditure of Rs.542.18 crore was incurred in seven grants without approval of Legislature as shown in *Appendix-2.4*.

2.3.3 Excess requiring regularisation**Excess over provision relating to previous years requiring regularisation**

As per Article 205 of the Constitution of India, all cases of excess over grants/appropriations are to be regularised by the State Legislature. However, the excess expenditure amounting to Rs.240.70 crore for the years 2000-01 to 2002-03 had not been regularised as of January 2005.

¹⁶ Grant No.59 Revenue (Voted), Grant. No. 53, 58, 59, 65 Capital (voted)

¹⁷ Grant No. 6 pertaining to Finance Department, 27 School Education, 39 Expenditure pertaining to Food, Civil supplies and Consumer Protection Department, 41 Tribal Area Sub Plan (Revenue-Voted) and 41 Tribal Area Sub Plan.(Capital-Charged)

Excess over provision during 2003-2004 requiring regularisation

An excess of Rs.534.79 crore under five grants (voted) and Rs.56.33 crore under two appropriations (charged) during the year required regularisation under Article 205 of the Constitution of India (*Appendix 2.5*).

2.3.4 Original budget and supplementary provisions

Supplementary provision of Rs.1,499.39 crore obtained during the year constituted 15 *per cent* of the original provisions.

2.3.5 Unnecessary/excessive/inadequate supplementary provision

Supplementary provision of Rs.530.17 crore made in 48 cases during the year proved unnecessary as the expenditure was less than the original provision. The cases are detailed in *Appendix 2.6*.

In 11 cases against actual additional requirement of Rs.205.61 crore, excessive supplementary grants and appropriations of Rs.294.99 crore were obtained resulting in savings of Rs.89.38 crore. Details of these cases are given in *Appendix 2.7*.

In two cases, the supplementary provision of Rs.44.23 crore proved insufficient leading to an uncovered excess expenditure of Rs.61.04 crore as per details given in *Appendix 2.8*.

2.3.6 Substantial excesses

In 10 sub heads involving eight grants, expenditure exceeded the approved provision by more than 100 *per cent* in each case aggregating to Rs.569.21 crore. The details of these are given in *Appendix 2.9*.

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In *Appendices 2.10, 2.11 and 2.12* details have been provided how in each case the re-appropriation/surrender of funds proved injudicious.

2.3.8 Anticipated savings not surrendered

The spending departments are required to surrender the grants/appropriations or portions thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2003-04, there were 108 cases in different grants/appropriations in which savings had not been surrendered by the department. In 69 cases, significant amounts of available savings aggregating to Rs.1227.33 crore were not surrendered as per details given in *Appendix 2.13*.

Out of total surrender of Rs.1588.49 crore, Rs.1492.55 crore (94 per cent) were surrendered on the last day of March 2004 indicating inadequate Financial Management. Details are given in **Appendix 2.14**.

2.4 Un-reconciled expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (A&E) every month. The reconciliation had, however, remained in arrears in several departments. Out of a total of 163 Controlling Officers, accounts of only nine have been fully reconciled, 40 have been partially reconciled and the unreconciled period in case of partially reconciled ranges from one to six months and the accounts of 114 controlling officers have not been reconciled at all for the whole of the year i.e. for twelve months.

2.5 Defective re-appropriation

As per instructions (January 2001) of the State Government and financial rules, (i) re-appropriation from salary and wages head to other heads is not permissible, (ii) re-appropriation of funds from one grant to another grant should not be made, (iii) totals of both sides of re-appropriation sanction should tally, (iv) all sanctions of surrender/re-appropriation should be issued by the competent authority and these should be received in the Accountant General (A&E) office before closing and finalisation of accounts. Contrary to these, Rs.218.47 crore were defectively re-appropriated/surrendered during 2003-04 by the Government as per details given in **Appendix 2.15**.

2.6 Rush of expenditure

Uniform flow of expenditure during the year is a primary requirement of budgetary control. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of rules as per Rule 69 of General Financial Rules. It was, however, noticed that in 13 cases, the expenditure incurred during March 2004 ranged between 30 and 75 per cent of the total expenditure during the year. The details are given in **Appendix 2.16**.

2.7 Results of test check of five grants

Comments on expenditure and budgetary control

Test-check of records pertaining to five grants¹⁸ in the offices of controlling officers for the year 2003-04 revealed that the expenditure control registers indicating the amount of grant, re-appropriation and also upto date progressive totals of monthly expenditure under various schemes were not maintained or were incomplete. Budgetary Controlling Officers (BCOs) stated that upto date expenditure were kept in computers. However, scrutiny of the computer printouts showed variations in figures and accuracy of the computerised data

¹⁸ Grant No.19-Public Health & Family Welfare, 23-Water Resources Department, 25-Mineral Resources Department, 55-Women and Child welfare and 81-Financial assistance to Urban bodies.

could not be established. In all the grants there was evidence of inadequate monitoring and financial control as described below:

- ▣ Against substantial savings of Rs.32.64 crore (31 per cent) in 33 cases under grant no.19, 81 and 25 no amount was surrendered and the same was allowed to lapse as shown in **Appendix 2.17**.
- ▣ The anticipated savings of Rs.39.16 crore in four grants were surrendered on last day of March 2004. The anticipated savings were reported (October 2004) to be mainly due to vacant posts and non-receipt of demands from districts. Details are shown in **Appendix 2.18**.
- ▣ Test-check also revealed that no expenditure was incurred under nine sub heads of Grant No. 19 and one sub head of Grant No. 55 signifying unnecessary budgeting of Rs.1.50 crore as detailed in **Appendix 2.19**.
- ▣ Under eight sub heads of Grant No. 19, there was excess expenditure of Rupees seven crore over budget estimates as detailed in **Appendix 2.20**. The Department attributed this to delayed compilation of expenditure, thus accepting that lack of monitoring caused the excess.
- ▣ Under Grant No. 81, the expenditure in March was 100 per cent in four schemes and 37 and 57 per cent in two schemes as compared to the total expenditure. In 11 schemes of Grant No.19, the expenditure in March ranged from 31 to 83 per cent **Appendix 2.21**. It shows that the departments had not taken measures to avoid the rush of expenditure during the month of March.
- ▣ Reconciliation of Departmental figures of expenditure for 2003-04 with those booked by the Accountant General, Chhattisgarh was not done by BCOs of grant numbers 19,23,55 and 81. The BCOs stated (October 2004) that the field officers had been instructed to reconcile departmental expenditure figures with those of Accountant General, Chhattisgarh.

Personal ledger Accounts/Personal Deposit Accounts

Financial Rules provide that no money shall be drawn from the treasury unless required for immediate disbursement. It was however, observed in audit that Rs.37 lakh drawn under Central Sector Scheme (Major head 2235-Social Welfare) and Rs.3 lakh drawn under Centrally Sponsored Scheme under major head 2236-Nutrition of Grant No. 55 on 31 March 2004 were credited to 8443 Civil Deposits for utilisation in the next year

2.8 Utilisation of grants received under Eleventh Finance Commission

On the recommendation of the Eleventh Finance Commission (EFC), Government of India released upgradation grants to the State Government for various departments.

A review of the Appropriation Accounts of the Government of Chhattisgarh (GOCG) for the year 2003-04 indicated that against the net budget provision of Rs.64.19 crore, a drawal of Rs.43.66 crore (68.02 per cent) was made. As against this, the records of the Finance Department had shown a release of Rs.46.36 crore to various Departments and an expenditure of Rs.42.54 crore. Thus, there was a discrepancy of Rs.1.12 crore between the expenditure booked and the expenditure figure as per Finance Department (Rs.43.66 crore-Rs.42.54 crore). In reply Finance Department stated (December 2004) that the difference in the expenditure figure would be reconciled and intimated separately.

Moreover, of the amount of Rs.42.54 crore shown to be expended, an amount of Rs.73.71 lakh had been drawn and kept under Civil Deposit.

Further during local audit of the units of State Government (2003-04) it was noticed that:

- The EFC recommended that 75 per cent of the cost of construction and upgradation would be met from GOI grant and the remaining 25 per cent by public contributions either provided by *panchayats* concerned from their own resources or by MPs/MLAs Local Development funds. A scrutiny of records revealed that expenditure of Rs.1.05 crore was fully incurred by government without obtaining any public contribution on the construction of 71 works, as per the details given in the *Appendix 2.22*. In reply, the departments. (September 2003 to August 2004) stated that 25 per cent of the amount would be collected in future.
- With a view to improving the basic inputs and facilities for villagers, the construction of works like Government Higher Secondary Schools, construction of tanks, community hall buildings and any repairing works etc. were not included in the recommendation of Eleventh Finance Commission as works were meant to increase the basic inputs and facilities for villagers. A scrutiny of records of Chief Executive Officer (CEO) Jila Panchayat Bilaspur, Kanker, Jagdalpur and CEO Janpad Panchayat Khairagarh revealed that Rs.2.75 crore was diverted to the above mentioned works (CEO JP: Bilaspur Rs.1.16 crore, Kanker Rs.80 lakh, Jagdalpur Rs.68.90 lakh and CEO Janpad Panchayat Khairagarh Rs.10.50 lakh). In reply the Department stated (December 2003 to July 2004) that the works were sanctioned as per recommendation of Government. The reply was not acceptable as the works were in violation of EFC recommendations.

- ▣ Further it was seen in the records of CEO, JP, Ambikapur that 12 works sanctioned at a cost of Rs.34 lakh for the year 2001-02 were cancelled after releasing first installment of Rs.12.04 lakh. But neither the amount was returned to government nor was it adjusted in some other works. In reply CEOs stated (January 2004 to June 2004) that due to non-availability of 25 *per cent* contribution, the works were incomplete. The reply was not acceptable, as the works should have been taken up only after ensuring public participation and contribution.

CHAPTER III

PERFORMANCE APPRAISALS

AUDIT REVIEWS

CHAPTER-III

PERFORMANCE APPRAISALS

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

3.1 Pradhan Mantri Gram Sadak Yojna

Highlights

With a view to providing road connectivity to the unconnected rural habitations, the Government of India (GOI) launched (25 December 2000) a Centrally Sponsored Programme (fully funded) named "Pradhan Mantri Gram Sadak Yojna" (PMGSY) to be implemented by the State Governments. The objective was to provide All Weather Road (AWR) connectivity to all unconnected habitations having population of above 1,000 by the end of 2003 and to habitations having population of 500 to 999 (including habitations in tribal and hilly areas having population 250 to 499) by the end of 2007. In Chhattisgarh State, 2,604 habitations had to be provided AWR connectivity by 2003 and 11,157 habitations by 2007 by constructing 24,484 km of new roads. Only 311 roads were constructed upto March 2004. Inadequacies in road selection, Detailed Project Reports (DPR) and supervision and quality control, faulty estimation and delayed execution of works was observed. The following major deficiencies were noticed.

▫ As against 2,604 habitations to be connected by 2003, the Government of Chhattisgarh (GOCG) obtained sanctions only for 673 roads upto March 2004 for connecting 1,549 habitations at a cost of Rs.673.43 crore. However only 311 roads were completed providing actual connectivity to 624 habitations at a cost of Rs.320.03 crore.

(Paragraph 3.1.6)

▫ Many Water Bound Macadam (WBM) roads were selected for upgradation in the initial phase instead of constructing new roads.

(Paragraph 3.1.7)

▫ Cost of survey for preparing DPRs amounting to Rs.99.04 lakh was rendered wasteful as GOCG had engaged consultants again to frame DPRs for the same set of roads.

(Paragraph 3.1.7)

Project reports were not properly prepared and consequently, the GOCC had to bear increased cost of Rs.47.65 crore over and above the cost approved by the GOI.

(Paragraph 3.1.8)

Deviations from specifications as provided in approved estimates in eight roads resulted in extra cost of Rs.7.01 crore, which is required to be borne by GOCC.

(Paragraph 3.1.8)

3.1.1 Introduction

Rural road connectivity is a key component of rural development, both social and economic. Notwithstanding the efforts made over the years at the State and Central Government levels through different programmes, about 40 per cent¹⁹ of the habitations in the country are still unconnected by All Weather Roads (AWRs). In Chhattisgarh State 79 per cent²⁰ habitations (having population 250 and above) were unconnected by AWR.

With a view to redressing this situation, Government of India (GOI) launched the fully funded "Pradhan Mantri Gram Sadak Yojna" (PMGSY) in December 2000. It was a Centrally Sponsored Scheme to provide road connectivity to rural habitations.

The State of Chhattisgarh with 16 Districts came into existence with effect from 1st November 2000. The State has a meagre 25.98 km of roads per 100 sq. km as against the national average of 74.90 km. The average of Water Bound Macadam (WBM)-Class-I and Bituminous (BT) roads was just 8.05 km and 17.93 km per 100 sq. km as against the national average of 32.50 km and 42.40 km per 100 sq. km respectively.

The position of habitations and road connectivity in the State as on 1st April 2000 was as under:

Particulars	Number of habitations and population					Total
	1000 +	500 to 999	250 to 499 (Tribal and hilly area)	250 to 499	Less than 250	
(i) Total number of habitations	4046	7706	5701	2382	9709	29544
(ii) Connected	1442	1393	857	258	1392	5342
(iii) Balance unconnected	2604	6313	4844	2124	8317	24202

¹⁹ Para I of guidelines issued (Dec-2000 & Jan-2003) by GOI.

²⁰ Based on information supplied by the CEO, PMGSY, GOCC

3.1.2 Organisational set-up

The Government of Chhattisgarh (GOCG) declared the Panchayat and Rural Development Department (P&RDD) as the Nodal Department and the Secretary, P&RDD as the Nodal Officer for implementation of the PMGSY in the State. Road construction is done by 16 Engineering divisions called Programme Implementation Units (PIUs) reporting to a PMGSY cell headed by a Chief Engineer (CE). The cell is under the administrative control of the Nodal Department.

3.1.3 Programme Management

As per objectives of the PMGSY, all the 2,604 unconnected habitations having population of 1,000 and above in the state were to be provided connectivity through AWR by the end of 2003 and further 11,157 habitations were to be provided connectivity by the end of 2007.

Based on the GOI instructions, GOCG prepared the Core Network plan of roads for the entire State according to which about 24,484 km of new roads (AWR) were required to be constructed. Further 12,785.60 km of existing WBM roads were required to be upgraded to the prescribed specifications (AWR) for achieving the targets of PMGSY in the State.

The GOI fixed the following order of priority for selection of roads.

Priority	Population size habitations	Category	No of unconnected habitations in Chhattisgarh
I	1000 above	New connectivity	2604
II	500-999	-do-	6313
III	250-499 in tribal areas	-do-	4844
IV	Upgradation of existing WBM roads	Upgradation	

The Guidelines envisaged that the Nodal Department would identify a State level Autonomous Agency (Society etc.) with a distinct legal status under its control for receiving funds from GOI. Further, the State would identify suitable Executing Agency (EA) for implementation of the programme. The EA would have a "Programme Implementation Unit" (PIU) in each district headed by an officer of the rank of Executive Engineer (EE).

Initially the Chhattisgarh Infrastructure Development Corporation (CIDC), a State level autonomous Agency of GOCG was declared (March 2001) the "State Rural Road Authority" (EA) but later (December 2001) the P&RDD withdrew the work from CIDC and retained with itself.

The GOCG constituted (February 2003) an autonomous body namely the "Chhattisgarh Rural Road Development Authority" (CGRRDA) and registered (March 2003) it as a society. The proposal of providing autonomy to the CGRRDA was under consideration (January 2005) of the Finance Department.

A State level autonomous agency for accounting and implementation of the programme never became fully functional.

3.1.4 Audit objectives

The main audit objectives were to assess:

- The planning process for the programme including selection of roads and preparation of DPRs.
- Extent to which implementation was as per specifications and work was carried out economically.
- Mechanism for supervision and quality control of road works.

3.1.5 Scope and audit coverage

The records of six PIUs²¹ out of 16 and those of the CE, PMGSY (CGRRDA), Raipur, covering the period from December 2000 to March 2004 were test checked between March 2004 to July 2004.

3.1.6 Financial Management and Physical Progress

Cent per cent funds for construction of PMGSY roads based on cost estimates (Project Reports) are provided by the GOI as Additional Central Assistance (ACA). The cost of implementation of the programme viz. Establishment and Administrative expenses, preparation of block-wise/district wise Master Plan, Core Network of roads, Detailed Project Reports (DPRs) containing cost estimates, cost of supervision and quality control, cost escalation over and above the approved estimates, if any, are to be borne by the State Government i.e. GOCG.

Based on the proposals of GOCG, the GOI approved construction of 673 roads having length 4,140.10 km at an estimated cost of Rs.673.43 crore during 2000-04.

GOI approved construction of 673 roads upto March 2004 at a cost of Rs.673.43 crore

Funding, targets and achievements

Position of roads and its cost approved by the GOI, funds released, expenditure incurred by the State, actual completion of roads and AWR connectivity provided during 2000-01 to 2003-04 was as below (as on 31 March 2004).

²¹ Bastar, Bilaspur, Durg, Raigarh, Rajnandgaon and Raipur.

(Rs. in crore)

Year	No. of road approved by GOI	Cost approved by GOI	Habitations to be connected having population (eligible category)			Fund received from GOI including interest earned	Expenditure incurred	Physical progress		
			1000 & above	Below 1000	Total			Roads completed	Connectivity provided to the habitation having population (eligible category)	
									Above 1000	Below 1000
2000-01	112	91.92	168	181	349	92.41	102.21	104	154	164
2001-02	268	203.49	306	203	509	206.62	163.50	207	228	78
2002-03	--	--	--	--	--	5.23#	--	--	--	--
2003-04	293	378.02	282	409	691	173.88	53.97	--	--	--
Administrative grant	--	--	--	--	--	1.09	0.35	--	--	--
Interest earned on FDR	--	--	--	--	--	5.86#	--	--	--	--
Total	673	673.43	756	793	1549	485.09	320.03	311	382	242
									# Interest earned	
									Total 624 (March 2004.)	

Only 311 roads (March 2004) were constructed out of 673 sanctioned by GOI.

It was observed that out of 673 approved roads only 311 roads could be completed as of March 2004 providing actual connectivity to only 382 habitations (against target of 756) having population more than 1,000 and incidental connectivity to 242 habitations (against target of 793) having population below 1,000 at a cost of Rs.320.03 crore.

On this being pointed out in audit, the CE stated that the GOI has fixed the allocation at Rs.87 crore every year to the State where as the total requirement is Rs.6,765 crore for achieving the targets. The matter was being pursued with GOI for more allocation to achieve the targets.

The reply was not acceptable as the funds actually provided by the GOI were based on DPR submitted by State and approved by GOI. Further, as against Rs.485.09 crore provided by GOI, expenditure incurred up to March 2004 was only Rs.320.23 crore. Thus, the State Government did not utilise the available funds fully.

Drawal of State funds by PIUs

Rupees 3.56 crore was drawn from the treasury in lump sum and kept in savings bank accounts of which Rs.51.21 lakh was lying unspent.

The GOCG made budgetary provision for administrative expenses, survey work, quality control, preparation of DPRs, procurement of equipment etc. In test check of six PIUs it was seen that Rs.3.56 crore upto May 2004 was drawn from the treasury in lump sum and kept in savings bank accounts from which expenditure was subsequently being incurred on requirement. This expenditure should have been incurred through treasury as and when payments were to be made. A sum of Rs.51.21 lakh was lying unspent in the saving accounts (May 2004).

In reply the EE, PIUs and the CE expressed (July 2004) difficulties about non-availability of funds in time for payment to consultants. The reply was not acceptable as this practice was contrary to the financial rules and bypassed the additional scrutiny of the treasury.

3.1.7 Planning of the programme

In addition to 673 roads approved upto 2003-04, another 359 roads having length 1,872.72 km with an estimated cost Rs.412.59 crore were also approved for the year 2004-05 to provide connectivity to 681 habitations.

Apart from PMGSY, 528 habitations are being provided with AWR connectivity through other Plan Schemes.

Apart from PMGSY works, 281 habitations having population more than 1,000 as well as 247 habitations having populations below 1,000 are being provided AWR connectivity through other Plan schemes of the State. Since these roads are being constructed by other departments, there was overlapping in some cases causing dual connectivity as described later.

The GOCG did not frame any strategic plan to achieve the target of providing AWR connectivity to 2,604 habitations by end of 2003 and 11,157 habitations by the end of 2007.

Selection of roads

Guidelines envisage that upgradation of existing WBM roads is not central to the programme and cannot exceed 20 per cent of the State's allocation while unconnected habitations in the State still exist. However, GOCG started the scheme with approval of Rs.91.92 crore for 112 roads from the GOI during the year 2000-01 which were all existing WBM roads and not a single new road was taken up. An expenditure of Rs.102.21 crore was incurred on these roads up to March 2004.

BT road repaired for Rs.3.14 crore in violation of norms of PMGSY.

PMGSY guidelines do not permit repair of Black Topped (BT) roads, even if the surface condition is bad. However, an existing BT road (Pokhra to Kopra in District Raipur), having length of 26.5 km was also selected (2000-01) in violation of the norms of PMGSY and completed at a cost of Rs.3.14 crore.

On this being pointed out in audit, it was stated that the priority had not been decided by the GOI at the time of submitting the proposals for 2000-01 works and these were prepared in a very short period. The reply was not tenable as the priority for new connectivity was well defined in the initial instructions.

Delay in setting up of Programme Implementation Units (PIUs)

Guidelines envisage that the State Government would identify a suitable agency for implementation of the programme. A Programme Implementation Unit (PIU), entirely dedicated towards the PMGSY programme had to be set up in each district and was to be manned by competent technical personnel from amongst the available staff or through deputations.

Supervision and quality control of road works were adversely affected by delay in setting up PIUs and inadequate staff.

Though the PMGSY was launched with effect from 25th December 2000, the PIUs were constituted in June 2001 and came into independent existence in May 2002. In the meantime, the works were managed by the Rural Engineering Services (RES) Divisions existing in the district. PIUs were not equipped with adequate staff, which affected the progress and quality of work.

On this being pointed out in audit, it was stated that the proposal of staff was under consideration (January 2005) of the Finance Department, GOCG.

Detailed Project Report (DPR)

The guidelines provide that the concerned PIU will prepare the Detailed Project Report (DPR) for each proposed roadwork after proper survey of road alignment and submit it to the State Technical Agency (STA) who will scrutinise the design and cost estimates and submit it for approval by GOI. The DPR for the projects approved for the year 2000-2001 to 2004-05 were prepared by the PIUs with the help of staff of Rural Engineering Services (RES) Divisions of GOCG in the districts after conducting the survey at a cost of Rs.1.20 crore from April 2000 to March 2004. The works were approved by the GOI based on these DPRs.

Subsequently, the GOCG decided (February 2003) that the DPRs prepared were not based on detailed survey. It was decided (March 2003) to utilise the services of consultants for preparation of DPR (2003-04 & 2004-05) with adequate survey of the road alignment at an estimated cost of Rs.2.38 crore (May 2003 to September 2003). In test-check of six PIUs it was observed that the revised DPRs were not finalised as of May 2004 whereas the construction agencies had already executed the road works valued at Rs.76.79 crore till May 2004 on the basis of the old DPRs. Thus the very object of engaging the consultants for preparation of revised DPRs was defeated.

The consultants were also doing survey and preparing DPRs for a set of roads for which a sum of Rs.99.04 lakh had already been incurred on survey by the PIUs for proposed (2003-04 and 2004-05) works. This expenditure was thus rendered wasteful.

On this being pointed out in audit, GOCG stated that the DPR submitted to GOI was correct as per the then site conditions. Due to delay in sanction of works and heavy rains during 2003-04, the site conditions changed due to which the decision for preparation of revised DPRs through consultants was taken.

The reply was not acceptable because the proposal for consultants was moved in February 2003 i.e. much before the commencement of the rainy season.

3.1.8 Implementation of the programme

Unrealistic estimates

Guidelines provide that the PIU will prepare a DPR for each roadwork based on actual survey, collection and analysis of data required for the design of pavement and cross drainage (CD) structures. Audit scrutiny revealed that the number of CD structures in works of 2000-01 increased from 360 as mentioned in DPR to 795. Similarly in 2001-02 works, the CD structures increased from 1,537 in the DPR to 1,899 along with the changes in other items of work. This resulted in increase of cost from Rs.91.92 crore to Rs.117.93 crore in works approved for 2000-01 and from Rs.203.49 crore to

Rupees 99.04 lakh incurred on survey for 2003-05 works was rendered wasteful as survey was repeated.

The DPR of 2000-01 and 2001-02 prepared with expenditure of Rs.20.93 lakh proved to be unrealistic.

225.13 crore in works of 2001-02. Thus the DPR of works for 2000-01 and 2001-02 proved to be unrealistic despite expenditure of Rs.3.48 lakh and Rs.17.45 lakh respectively on their preparation. Further GOCG had to bear increased cost of Rs.47.65 crore over and above cost approved by GOI.

On this being pointed out, GOCG stated (October 2004) that the proposal was made on the basis of the available data. After sanction of work, the working estimate was prepared on the basis of site condition. The reply was not acceptable because had the DPR been based on proper survey, major variations such as number of CD structures could have been avoided.

Expenditure over and above the approved estimates

The guidelines envisaged that if the value of tenders received is above the estimates that has been cleared by the Ministry, the difference (tender premium) will be borne by the State Governments. Similarly any cost overrun, either due to time over run or for any other reason whatsoever, would have to be borne by the State Governments.

Expenditure of Rs.34.35 crore on tender premium and cost overrun were incorrectly charged to PMGSY.

Audit scrutiny revealed that tender premium (rates above Schedule of Rates) amounting to Rs.24.06 crore was paid to contract agencies upto March 2004 for execution of works valued at Rs.87.30 crore approved in 2000-01 and Rs.167.93 crore for works approved in 2001-02. Similarly, the expenditure (including tender premium) on 104 completed works and eight incomplete works of 2000-01 (May 2004) increased from the approved of cost Rs.91.92 crore to Rs.102.21 crore. The entire expenditure (including tender premium) was charged to the PMGSY funds and no efforts were made to allocate the amount of tender premium and cost overrun to State funds/by contra entry to PMGSY funds.

On this being pointed out in audit, the CEO stated that the proposal for revised cost estimates had been sent to GOI and if additional funds are not received, it will be borne by the GOCG. The reply was not acceptable because the amount of Rs.34.35 crore should have been booked ab initio in the State accounts as per guidelines. The reply was also silent on the reasons for high value of tenders and cost overrun which brought this liability on the GOCG.

Delay in Contracting and Execution

Guidelines envisaged that on clearance of the project proposals (road works), the work would be awarded to contract agencies within 120 days and would be completed within nine months from the date of award. In exceptional cases, this period could be extended upto 12 months.

In none of the cases time limit for contracting and execution of works was observed.

In none of the road works executed this time limit was observed either at Government level to finalise the contract agencies or at the PIU level for construction of roads. The finalisation of contract agencies took between seven and 12 months while completion of works was delayed for upto three years.

Eight roads approved in March 2001 and 61 roads approved in October 2001 were incomplete as of March 2004.

Eight roads approved in March 2001 and 61 roads approved in October 2001 were incomplete (March 2004). Two hundred and ninety three road works approved in 2003-2004 (176 in March 2003 and 117 in December 2003) were also under construction.

On this being pointed out in audit, the Government of Chhattisgarh (GOCG) stated (October 2004) that the agencies could not be decided in a single notice inviting tenders (NIT) and took time in finalisation. The execution of works was delayed due to arduous conditions like Naxal activities, non-availability of material in reserved forest area and abandonment of works by some agencies which had to be awarded to other agencies. It was also stated that sanctioned works would be completed by June 2005. The reply was not acceptable as the tenders for works approved in March 2001 and October 2001 were decided in October 2001 and November 2002 indicating delays of three and nine months respectively. These works were also not completed by the contract agencies within the stipulated time of completion. The GOI had also cautioned that delayed execution could hold up further sanctions and consequently, no projects were approved by GOI for the year 2002-03.

Plantation

No plantation was done in five PIUs despite specific conditions in the contract agreement.

Guidelines provide that the planting of fruit bearing and other suitable trees, on both sides of the roads would be one of the contract conditions. Cost of plantation was to be borne by the State Government.

Test-check of records in six PIUs revealed that only one PIU (Rajnandgaon) planted 6,019 saplings along 19 road sides (length 120.27 km). No plantation was done in other five PIUs despite specific conditions in the contract agreement.

On this being pointed out in audit, the CEO stated that as per the discussions with the officers of GOI, plantation work was not to be executed. The reply is not acceptable as the non-execution of plantation work was in violation of the contract.

Deviation from specifications provided in approved estimates

Deviations from approved specifications resulted in extra cost of Rs.7.01 crore in eight road works.

Guidelines envisage that road works shall be executed in accordance with the specifications approved by the Ministry of Rural Development. Any cost over run for any reason whatsoever, would have to be borne by the State Governments. It was noticed that deviations from approved specifications were made resulting in extra cost of Rs.7.01 crore in eight road works. This expenditure is required to be transferred to GOCG from PMGSY account.

Use of superior specification ignoring the recommendation of State Technical Agency (STA)

One road having length of 7.73 km was constructed with completely altered specification.

The Rural Road Manual provides for carriageway width of 3.75 mts with 20 mm thick open graded premix carpet (OGPC) and seal coat. The construction of a 7.73 km long existing WBM road (Nandini-Khundini Deorijhal-Ahiwara road) in Durg district, approved by GOI in 2000-01 at a cost of Rs.58.65 lakh, was awarded (January 2002) to a contractor. During execution the

Despite observations of STA, road executed on revised norms resulting in an excess expenditure of Rs.3.07 crore.

specifications were completely revised. The formation width of the road was increased from 7.5 mts to 12 mts and carriageway width from 3.75 mts to 5.50 mts. The crust thickness was also changed from 400 mm to 825 mm with 120 mm thick bituminous layer (85 mm dense Bituminous Macadam and 35 mm Bituminous concrete).

The State Technical Agency (STA), to whom revised estimate was submitted, had opined (30 August 2002) that such specifications did not conform to the norms of PMGSY. Despite observations of STA, the PIU got the road executed on revised norms at a cost of Rs.3.66 crore (against approved cost of Rs.58.65 lakh) thus resulting in an excess expenditure of Rs.3.07 crore. The entire amount was debited to the PMGSY account without prior consent of the GOI.

On this being pointed out in audit, GOCG stated (October 2004) that the proposal was made in a short period but during execution it was observed that the road was in Industrial/Mines area. Therefore the crust was designed considering the heavy traffic intensity. The reply is not acceptable as the object of PMGSY was to provide AWR connectivity to unconnected habitations for which roads with the specifications fixed for PMGSY were considered adequate. Therefore execution of this high specification road with PMGSY funds disregarding the observations of STA was in violation of GOI instructions.

Upgradation with superior specifications

One existing WBM road was incorrectly upgraded with superior specification of BM resulted in extra cost of Rs.17.10 lakh.

The execution of seven roads of 2000-01 in Rajnandgaon district was awarded (December 2001) to a contractor, which included one 10.4 km long existing WBM road (Dongargarh to Bortalab, approved cost Rs.95.91 lakh). During execution of the road, the CE, PMGSY allowed execution of 50 mm thick Bituminous Macadam (BM) deviating from the approved provisions of 20 mm thick OGPC and seal coat. The road was completed at a cost of Rs.1.13 crore resulting in extra cost of Rs.17.10 lakh.

On this being pointed out in audit, the EE, PIU, Rajnandgaon stated (June 2004) that the crust of the road was designed on general basis and during execution the items were revised on the basis of site conditions.

The reply was not acceptable as the preparation of DPR on general basis was in violation of GOI instructions.

Expenditure on superior specification in disregard to traffic survey

Three roads were constructed with superior specification resulting in extra cost of Rs. 3.36 crore.

In three road works of Raipur district namely Chhura to Rajim (length 41 km, approved cost Rs.3.70 crore), Pokhra to Kopra (length 22.50 km, approved cost Rs.2.50 crore), and Tarrighat to Panduka (length 10.40 km, approved cost Rs.90.45 lakh), the provision of BT layer in DPR was made for 20 mm thick OGPC sealed with premix type -B sealcoat. During execution of work this item was completely revised to 50 mm thick Bituminous Macadam (BM) and 25 mm thick Semi Dense Bituminous Concrete (SDBC) and roads were completed at a cost of Rs.10.46 crore resulting in extra cost of Rs.3.36 crore

(Rs.10.46 crore- Rs.7.10 crore). This was also charged to the PMGSY funds without prior approval of the GOI. The change in specifications was on the plea of traffic intensity. It was, however, seen that the maximum traffic intensity was 1099 Passenger Car Unit (PCU) whereas the E-in-C, PWD, GOCG has prescribed the revised specifications for State roads if traffic intensity exceeds 2000 PCU. The approval for revised estimates was obtained (January 2003) from STA but approval from GOI was not received (November 2004).

On this being pointed out in audit, the EE PIU, Raipur stated that the upgradations were in the interest of work and for the safety of the road. The reply is not tenable as the superior specifications adopted had no correlation with the safety of roads. Further, superior specifications of BM and SDBC were not required for the roads having traffic intensity of 1,099 PCU.

Adoption of superior specification in violation of approved estimates resulted in extra cost of Rs.41.42 lakh.

One existing 12 km long WBM road (Chaitma to Tiwarta) in Korba district was split into three parts for upgradation under PMGSY. The approved estimates provided 20mm thick OGPC and type-B seal coat over the WBM Grading-II. During execution the District Collector observed (December 2002) that on up gradation, the road would be utilised by trucks carrying coal and other material and therefore 50 mm thick BM and 20 mm thick MSS be provided. The existing road was having (November 2002) traffic intensity of only 66 PCU. Despite low traffic intensity, the CE, PMGSY allowed (January 2003) the superior specification of 50 mm thick BM and 20 mm MSS which resulted in extra cost of Rs.41.42 lakh. The entire expenditure was irregularly debited to PMGSY funds.

On this being pointed out in audit, the EE, PIU, Korba stated (October 2004) that this road provides the shortest distance to colliery area and heavy traffic was anticipated for which BM & MSS was necessary.

The reply is not tenable as the traffic intensity on the roads was only 66 PCU, which did not qualify for the use of BM and MSS.

Non-recovery of advances and other dues from the defaulting agency

Construction of 10 roads of 2000-01 estimated to cost Rs.4.74 crore in Janjgir-Champa district was awarded (November 2001) to a contractor with completion period of nine months. During the currency of the contract, the agency was paid (February to May 2002) mobilisation, machinery and other advances amounting to Rs.1.34 crore. Due to unsatisfactory progress of work, the contract was rescinded (February 2003) after part execution of the work valued at Rs.1.13 crore. The payment made to the contractor in the last running bill was adjusted against the dues. Thereafter the balance of the work was awarded to four different agencies at the risk and cost of the original contractor for which the department had to incur an excess expenditure of Rs.1.04 crore, which is also recoverable from the first agency. Further the competent authority had imposed penalty of Rs.26.62 lakh on the defaulting contractor for delay in work.

Rupees 1.77 crore was recoverable from defaulting contractor.

It was observed that the PIU could recover only Rs.1.10 crore against the advances leaving Rs.24.35 lakh un-recovered. Further interest of Rs.22.14 lakh on advances (as of September 2004) was also recoverable. Thus total recovery against the contractor was Rs.1.77 crore²².

On this being pointed out in audit, EE, PIU, Janjgir-Champa stated (October 2004) that action for issue of RRC (Revenue Recovery Certificate) was in process.

Excess expenditure incurred on shorter road length

Against 27 km road length, work was executed for 24.135 km

A 27 km long existing WBM road in Marwahi constituency of Bilaspur PIU was approved in 2000-01 at an estimated cost of Rs.1.70 crore. The work was awarded (December 2001) to an agency with completion period of nine months. The contractor was paid Rs.1.71 crore and the road was reported to be complete. Audit scrutiny revealed that the work executed was only of 24.135 km in length as against approved length 27 km appearing in the Administrative Approval (AA), estimates and DPR. No information was available regarding the balance of 2.865 km.

On this being pointed out in audit, the EE, PIU, Bilaspur stated (April 2004) that the work was actually executed upto 24 km length but no comments were offered for the remaining portion of the road. The reply confirms that Rs.1.71 crore was incurred on construction of 24 km road against the approved cost of Rs.1.70 crore for 27 km.

Excess booking under PMGSY

The expenditure of Rs.53.76 lakh on partial construction of a road transferred to another project has not been excluded from PMGSY.

A six km long road (Usad to Kansabahara) in Bilaspur district was approved in 2001-02 at an estimated cost of Rs.1.14 crore. After incurring an expenditure of Rs.53.76 lakh the incomplete road was transferred (October 2003) to the Public Works Department (PWD) as the road was declared by the GOCG as a part of East-West Corridor Project of the State. Consequently the expenditure booked under PMGSY was required to be reversed.

On this being pointed out in audit, the EE PIU stated (April 2004) that the road was transferred to the PWD for execution as a part of Corridor Project. No comments were, however, offered on the requirement to transfer the expenditure from PMGSY to concerned scheme (corridor project).

3.1.9 Supervision and quality control

Guidelines for PMGSY provide that the roads constructed under the programme should be of very high standard and therefore three-tier quality control (QC) mechanism was prescribed. The EE, PIU functions as the first tier of QC. In the second tier, State Government is required to set up QC units for the entire State to function as State Quality Control Monitors (SQM) independent of the EE, PIU. The third tier of the QC is with the National Rural Road Development Agency (NRRDA), Ministry of Rural Development, GOI

²² (Rs.134.08 -109.73 + 22.14 + 26.62 + 104.15 =Rs.177.26 lakh)

which regulates the periodical inspection of the National Quality Control Monitors (NQMs).

The GOCG decided to utilise the services of consultants not only for quality control but also for full supervision of PMGSY works to assist the EE, PIUs in discharging their duties as the first tier of QC. The second tier QC unit for the State was setup by GOCG in October 2004; there was no second tier QC during the period from 2000-01 to September 2004.

Performance of QC consultants

For works approved during 2000-01

The total supervision and full QC for construction and upgradation of 2000-01 works in the entire state was entrusted (December 2001) to a single consultant M/s RITES Ltd., New Delhi at the rate of 3.42 *per cent* of the value of work done by the civil construction agencies without invitation of open tenders.

The consultant had to provide the services from layout stage to the finishing stage including recording of the measurements, total construction supervision and assuring the QC. Despite full construction supervision and QC measures, 38 roads were ranked average and one road as poor by the NQMs.

On this being pointed out in audit, the CEO stated that about 90 *per cent* work was awarded to the construction agencies and technical staff for construction supervision and QC was not available. Therefore QC work was awarded to a GOI organisation without invitation of tenders but after negotiation of rates. The reply was silent on the low rating of road quality.

For works approved during 2001-02

Due to unsatisfactory performance of the consultants, the Nodal Officer proposed supervision and QC work through his own staff for 2001-02, but it did not materialise. Hence individual district wise consultants for QC work were engaged (May 2002 to July 2002) for 2001-02 at an estimated cost of Rs.1.64 crore. In the mean time the work orders to the construction agencies were also issued between February 2002 and May 2002. Thus, there were no QC consultants for works executed during February 2002 and May 2002 nor were the PIUs equipped with sufficient technical staff for QC.

The NQM, during their periodical inspection, ranked 119 roads constructed upto March 2004 as average roads and 12 roads as of poor quality.

On being pointed out in audit, it was stated that the organisational set up of PMGSY was being strengthened and supervision was being done internally. Thus, only QC work was awarded to the consultants. The reply is not convincing in view of poor quality of roads.

Despite construction supervision and QC measures, 38 roads were ranked average and one road poor by the NQMs

Services for QC consultant was not available during February to May 2002.

During periodical inspection, 119 roads were ranked as average and 12 roads as of poor quality.

For works approved during 2003-04

Work worth Rs.19.19 crore was executed on 110 roads during July to December 2003 when there was no QC consultant.

The policy of QC consultants was again modified and consultants were engaged again for supervision of construction as well as QC work. The 16 districts were divided into three groups. Proposals were invited (July 2003) and agencies fixed (December 2003) at an estimated cost of Rs.10.44 crore. The GOCG took six months time in arranging the consultants. In the meantime work orders to construction agencies were also issued in July 2003 and October 2003. Consequently there were no QC consultants between July 2003 and December 2003 during which works valued Rs.19.19 crore was executed by construction agencies on 110 roads which were in progress.

On this being pointed out in audit, it was replied that the existing staff was not adequate to perform full supervision of the awarded works which led to the use of the consultants. Thus the decision on supervision and QC kept varying from year to year and no clear policy emerged in four years. Consequently, many of the constructed roads were of average or poor quality as graded by NQMs.

3.1.10 Conclusions

The State could not fully utilise the scheme for providing necessary road connectivity. The number of roads constructed was far below the requirement of the State. Inadequate preparation and planning resulted in faulty road selection and faulty DPRs. Delays and faulty estimation were major bottlenecks in implementation. There were instances of roads of superior specification being constructed irregularly from the scheme funds. The system of supervision and quality control remained unregulated and unstable resulting in low quality rating of many roads.

3.1.11 Recommendations

Based on the above observations, the following recommendations are made:

- Selection of roads should strictly follow the order of priority fixed by the GOI. Roads providing new connectivity only should be selected.
- The DPR being the key base document should be realistic and prepared after actual survey and collection of data.
- Adherence to technical specifications may be strictly ensured and all additional costs on account of superior specification roads may be ascertained and booked to the State.
- Work of contract agencies should be properly monitored so that time schedule is adhered to and penal provisions for delay are strictly enforced.
- Quality control mechanism is required to be streamlined as per the provisions so as to ensure quality roads under PMGSY.

**PUBLIC HEALTH AND FAMILY WELFARE
DEPARTMENT**

3.2 Audit of Public Health and Family Welfare Department

Highlights

The Public Health and Family Welfare Department provides health services through a network of hospitals and health centres and implements various schemes to achieve the goals envisaged in the National Health Policy, 1983 and the National Population Policy, 2000. The expenditure on health care in the State was Rs.646.90 crore during 2001-04. There was shortfall in creation of three-tier health infrastructure. The bed population ratio remained very low at 30 per lakh as against the all India Average of 92. Demographic goals of Family Welfare Programme were not achieved. Deficient financial management resulted in large savings and unnecessary supplementary grants while there were many shortfalls in providing services and equipment. Some key observations were as follows:

- Targets fixed for achieving infant mortality rate, crude birth rate, and couple protection rate by 2000 were not achieved even in 2004.

(Paragraph 3.2.7)

- Excess and irregular expenditure of Rs.1.11 crore on compensation, drugs, POL charges and motivation charges were incurred in excess of norms under FWP.

(Paragraph 3.2.7)

- Grants-in-aid worth Rs. 1.47 crore from Empowered Action Group (EAG) fund was misutilised and equipments worth Rs.84.09 lakh were lying idle.

(Paragraph 3.2.7)

- X-ray machines worth Rs.2.08 crore were purchased but not put to use.

(Paragraph 3.2.9)

3.2.1 Introduction

The National Health Policy (NHP) 1983 envisaged attainment of the twin objectives of 'Health for All' and a 'Net Reproductive Rate of Unity' (NRR-1) by 2000 AD. The National Population Policy 2000 (NPP) also provided priority in allocation of funds for improving health care infrastructure.

In 16 districts of Chhattisgarh there are only eight District Hospitals (DH) and 15 Civil Hospitals (CH). There are 116 Community Health Centres (CHC), 516 Primary Health Centres (PHC) and 3,818 Sub Health Centres (SHC) for providing medical aid to 219.39 lakh population of the State as against 4,114 SHCs, 652 PHCs and 163 CHCs justified as per norms under the Minimum Needs Programme. The State has five hospitals per thousand sq.km as against the national average of 12 (2002). The bed population ratio is only 30 per lakh against a requirement of 100 envisaged in the VII five year plan.

3.2.2 Organisational set up

The Public Health and Family Welfare Department (Department) is headed by the Secretary and the Directorate. The Directorate is managed and controlled by the Director, Public Health and Family Welfare (PHFW), Additional Director and Joint Directors. There are Chief Medical and Health Officers (CMHO) and Civil Surgeons (CS) at the district level, Block Medical Officers at Block level and multipurpose health workers below them.

3.2.3 Programme Management

The Department was responsible for providing health care to the community and was administering various health programmes.

Audit examination covered three such programmes namely (a) Family Welfare Programme; (b) *Rajiv Jeevan Rekha Kosh*; (c) Empowered Action Group (EAG) Activities Fund.

3.2.4 Audit objectives

The objectives of the review were to assess:

- Implementation of the Family Welfare Programme and other schemes like *Rajiv Jeevan Rekha Kosh* and EAG.
- Administration of hospitals and health centres by the Department.
- Financial management, man power deployment and procurement procedures in the Department.

3.2.5 Audit Coverage

The review covered the period April 2001 to March 2004 by a test check of the records of 10 DDOs²³ out of 43 in five districts and the office of the Director, PHFW, Raipur.

3.2.6 Financial outlay and control of expenditure

The Department controls expenditure under Grant No.19: Public Health and Family Welfare. The Family Welfare Programme (FWP) is wholly financed by the GOI but routed through the State budget.

The details of provision and expenditure pertaining to the Department were as follows:

(Rupees in crore)

Year	Budget provision			Expenditure			Savings (-)
	Central Share	State Share	Total	Central Share	State Share	Total	
2001-02	116.32	114.33	230.65	63.89	143.06	206.95	(-) 23.70
2002-03	114.43	161.95	276.38	55.99	160.21	216.20	(-) 60.18
2003-04	96.07	174.55	270.62	64.53	159.22	223.75	(-) 46.87
Total	326.82	450.83	777.65	184.41	462.49	646.90	(-) 130.75

Budgetary and financial control by the department was found to be deficient as is evident from the following:

- Large savings in all the three years. Reasons for savings were not intimated by the Department as of December 2004.
- Supplementary grant of Rs.1.34 crore and Rs.18.63 lakh during 2002-03 and 2003-04 under Grant number-19 had remained unutilised.
- In four districts, C.S. and CMHO purchased medicines worth Rs.52.30 lakh without budget allocation during November 2000 to March 2004.
- Transfer of Rs.2.80 crore pertaining to "extension of medical facilities in tribal area," a Centrally Sponsored Scheme, to Civil Deposits in the month of March 2004.

3.2.7 Programme Implementation

Performance of Family Welfare Programme (FWP)

The objectives of the FWP were to (a) bring down birth and infant and maternal mortality rates through various family planning (FP) measures, (b) persuade people to adopt small family norms and (c) provide the incentive of medical services and medicines free of cost at the doorstep to the acceptors of FP measures.

Medicines worth Rs.52.30 lakh purchased without budget allocation.

Fund worth Rs.2.80 crore pertaining to a Centrally sponsored scheme was kept under Civil Deposits.

²³ Five CMHO and five CS-viz. Durg, Jagdalpur, Raigarh, Raipur and Rajnandgaon districts

As per census 2001, the population of the State was 207.96 lakh, whereas the DHS estimated that the population as of 2004 was 219.39 lakh. Thus, the population grew at an average of 1.80 *per cent* per year as against the targeted annual natural growth rate of 1.2 *per cent* (to be achieved by 2000 AD).

Short achievement of demographic goals

Demographic goals²⁴ for Crude Birth Rate (CBR) of 21 per thousand, Crude Death Rate (CDR) of nine per thousand, Infant Mortality Rate (IMR) below 60 per thousand and Effective Couple Protection Rate (CPR) of 60 *per cent* were to be achieved by the year 2000. The year wise achievements in the State during four years ending 2004 were as follows:

Sl. No.	Indicators	Targets upto year 2000	Achievements during			
			2001	2002	2003	2004
1.	CBR	21 per thousand	26.5	25	22.9	24.5
2.	CDR	9 -do-	8.8	8.7	NA	NA
3.	IMR	60 -do-	77	73	73	73
4.	CPR	60 <i>per cent</i>	45	50.58	57.82	58.13

Targets for CBR, IMR and CPR set for 2000 not achieved by 2004.

It is evident from the data that despite receiving yearly assistance from GOI, the CBR, IMR and CPR levels targeted for 2000 could not be achieved by 2004. Reasons for non-achievement of goals were not furnished by the Director. A check in audit revealed that the data of CPR had not been correctly computed and compiled raising doubts on the accuracy of figures of CPR which had been communicated to GOI.

Inflated reporting of couple protection rate (CPR)

Year wise details of number of eligible couples effectively protected by all methods during 2000-04 as reported are shown below:

Year.	Number of eligible couples to be protected	Protected by				Total protected couples	Actual CPR
		For limiting births	For spacing births				
			Sterilisation with percentage	No. of IUD users with percentage	No. of OP users with percentage		
2000-01	3410356	106996 (3.1)	106540 (3.1)	156192 (4.5)	279897 (8.2)	649625	19.05
2001-02	3528173	98368 (2.7)	104643 (2.9)	170433 (4.8)	284539 (8.1)	657983	18.6
2002-03	3535676	115298 (3.2)	102347 (2.8)	234179 (6.6)	383550 (10.8)	835374	23.6
2003-04	3599659	115848 (3.2)	99136 (2.7)	205197 (5.7)	342106 (9.5)	762287	21.1
Total	14073864	436510 (3.1)	412666 (2.9)	766001 (5.4)	1290092 (9.1)	2905269	20.6

CPR of 58.13 *per cent* reported to GOI whereas actual CPR was only 21.1 *per cent*.

The above data shows that during 2000-04 the actual CPR (total protected couples divided by total number of couples eligible for protection) remained around 20 *per cent* (18.6 to 23.6). Thus, in 2003-04 against CPR of 21.1 *per cent*, the department communicated a figure of 58.13 *per cent* to GOI. The basis of computation of 58.13 *per cent* as the CPR were awaited from the Department. Similar differences between the reported figures and the figures calculated above for CPR for the years 2001-03 also need clarification.

²⁴ The scientific study of the change in number of birth, deaths, diseases etc. in a community over a period of one year.

Net reproductive rate of unity (NRR-1)

The acceptance level of spacing methods in the State is still very low. Only 21 per cent of the couples are protected by various family planning methods.

NRR-1 means attaining the norm of two children by each couple. NHP-1983 provides that NRR-1 is achieved when the CPR reaches 60 per cent. Test-Check of records showed that the acceptance level of spacing methods in the State is still very low. As mentioned earlier, CPR was only 21 per cent in 2003-04. Thus the NRR of the State was much higher than the goal of one.

The Department had intimated NRR as one to GOI on the basis of CPR-58.13, which was factually incorrect.

Non-maintenance of ECR/TCR registers

Details of eligible couples are to be noted in a prescribed Eligible Couples Register (ECR) and further details are to be noted in a separate register called Target Couple Register (TCR), which is to be used by the departmental staff to motivate the targeted couples for sterilisation. It was however, noticed that in the test checked districts, these ECRs and TCRs were not maintained.

Birth control measures

Though GOI did not fix any target, the State Government targets for various birth control measures and their year-wise achievement are given below:

Year	Sterilisation		IUD acceptors		Oral Pills users		Conventional contraceptive (CC) Users	
	Target	Achievement (*)	Target	Achievement (*)	Target	Achievement (*)	Target	Achievement (*)
2000-01	120666	106996 (89)	161572	106540 (66)	196132	156192 (80)	403240	279897 (69)
2001-02	109316	98368 (82)	138351	104643 (65)	218337	170433 (87)	357531	284539 (71)
2002-03	109779	115298 (96)	132980	102347 (63)	220072	234179 (119)	366604	383550 (95)
2003-04	115608	115848 (96)	128393	99136 (61)	196665	205197 (104)	357802	342106 (85)
Total	455369	436510 (90)	561296	412666 (63)	831206	766001 (92)	1485177	1290092 (80)

(*) Percentage with reference to base year 2000-01

The target from 2000-01 were not upgraded despite increase in population every year.

Analysis of the target and achievement in respect of various FP methods revealed that the target from 2000-01 were mostly not upgraded despite increase in population every year. On the contrary the service need/targets were actually lowered in 2001-02 onwards as compared to the base year 2000-01.

Lower coverage of acceptors with upto two children adversely affected efforts to control the growth rate

Test-check of records of five districts (Durg, Jagdalpur, Raigarh, Raipur and Rajnandgaon) revealed that of 1.04 lakh sterilisations (2001-04), 63 per cent were conducted in respect of couples who had already three or more children as against the requirement of sterilisation after two children as envisaged in the programme. The requirement of sterilisation of couples, who had two children, was with a view to control the further growth. As only 37 per cent of the couples covered had upto two children and the balance of 63 per cent were couples who had three or more children, the objective of the programme to control the growth rate was not achieved to the extent envisaged.

Gender imbalance

As per census 2001, the sex ratio in Chhattisgarh is 1,000 male:990 female. Analysis of sterilisation data for the period 2000-04 revealed that of 4,36,510 total sterilisation cases male sterilisation was 11,237 (2.57 per cent) whereas female sterilisation was 4,25,273 (97.43 per cent). The highly skewed figures show that the planned parenthood programme is extremely one sided and that adequate male participation could not be ensured.

Non-achievement of goal of health for all (HFA)

One of the goals of NHP-1983 was to reduce the number of under weight births (below 2.5 kg.) to 10 per cent of total births by 2000 AD. The NHP 2000 provided that the FWP should be linked to supplementary nutritional programmes already in operation to cover nutritional deficiencies in expectant mothers. However, the records of the Department did not show any evidence of any action on establishing this linkage. Analysis of records of health institutions of test-checked districts showed that the percentage of under weight neo-natals ranged between 31 and 37 during 2001-04 as detailed below:

Sl. No.	Items	2000-01	2001-02	2002-03	2003-04
1.	Number of births in which weight was recorded	1,96,771	2,06,090	1,45,419	2,09,647
2.	Number of under weight neo-natal	73503	73525	51965	64159
3.	Percentage	37	36	36	31
4.	Number of deaths (0-1 year Neo-natal)	7362	7773	6400	8064

Para No.3.4.13 of CAG's Audit Report ending March 2002 had mentioned low coverage of only 44 per cent of expectant mothers under the Integrated Child Development Scheme (ICDS). The consequences of the low coverage were evident in the high average percentage of under weight babies in the test-check districts (31 to 37 per cent). Moreover, there were 29,599 infant deaths in these districts during 2000-04 for which low nutritional level of expecting mothers is a contributory factor. Thus, the Department failed to establish the critical linkage as envisaged in NPP 2000.

The FWP Department has not managed to encourage adequate male participation in its planned parenthood programme.

The average percentage of under weight babies in the test-check districts remained around 35 per cent, besides 29,599 infant deaths.

Unsafe deliveries by untrained birth attendant (UBA)

Only 14,702 *dais* were available for 19,720 villages as against requirement of 39,440 *dais*. Of this, 6,624 were trained and 8,078 (55 per cent) were untrained.

NPP-2000 provides for availability of two *dais*²⁵ per village for safe pre-natal, natal and post natal health care. Test-check of records revealed that only 14,702 *dais* were available for 19,720 villages as against the requirement of 39,440 *dais*. Of the 14,702 *dais*, 6,624 were trained and 8,078 (55 per cent) were untrained. No *dai* was posted in 5,018 (25 per cent) villages and consequently 14 to 18 per cent of deliveries are being conducted (2000-04) by Untrained Birth Attendant (UBA). DHS stated that this was due to lack of awareness. Reply was not tenable as awareness generation and provision of facilities for safe deliveries are the responsibility of the Department.

Non-refund of unspent balance of miscellaneous purpose fund

Rupees 3.40 crore accrued out of the fund made available by GOI was neither utilised nor returned.

As per FW Programme, a Miscellaneous Purpose Fund (MPF) was required to be created out of funds received for sterilisation at the rate of Rs.80 per case of sterilization to be utilised for ex-gratia payment in case of death during sterilisation, purchase of equipment, community award, evaluation expenses, award to employees and workers and strengthening of information system. Unutilised balance, if any, was to be credited to Government of India. During 2000-04, Rs.3.40 crore had accrued out of the amount made available by Government of India but this amount was neither utilised for the purposes mentioned above nor credited to Government of India. Moreover, GOI was not even apprised of this fact at the time of sending of utilisation certificates.

DHS stated that funds were not utilised due to absence of any information about its use from the composite State of MP.

Excess expenditure on drugs and dressings etc.

Excess expenditure of Rs. 65.50 lakh on drugs and dressings for VT and TT operations.

□ According to the Government of India Circular (March 2001), expenditure on drugs and dressing for Vasectomy (VT) and Tubectomy (TT) operations may be incurred upto Rs.25 and Rs.60 per case respectively out of central share. Test-check of records revealed that expenditure on drugs and dressing was incurred at the rate of Rs.40 and Rs.80 per VT and TT operation respectively resulting in excess expenditure of Rs.65.50 lakh²⁶ during 2001-04.

Excess expenditure of Rs.45.61 lakh in excess of norms.

□ State Government (August 1997) had prescribed the norms for payment of compensation to acceptors of sterilisation and for drugs and dressing expenditure, to be charged from central share and Petrol, Oil and Lubricants (POL) charges from State share in budget provisions. Test-check of records of five selected CMHO for 2000-04 revealed that excess expenditure of Rs.14.06 lakh on compensation, Rs.17.85 lakh on drugs and dressings and Rs.13.70 lakh on POL had been incurred as shown in *Appendix 3.1*.

²⁵ Birth attendants in villages.

²⁶ 8,143 cases @ Rs.15 + 3,21,371 cases @ Rs.20=Rs.65.50 lakh

Short payment of compensation to acceptors

Short payment of Rs.3.54 crore to acceptors due to non-adoption of enhanced rates.

Government of India in its MOHFW Circular (12 March 2001) enhanced the rate of compensation to male and female acceptors of sterilisation. The minimum compensation was payable at the rate of Rs.150. Test-check of records of CMHOs and DHS revealed that compensation for sterilisation was paid to male and female acceptors at the rate of Rs.140 and Rs.40 respectively in place of enhanced rate of Rs.150 during 2001-04. This resulted in short payment of Rs.3.54 crore to 8,143 male and to 3,21,371 female acceptors.

DHS stated that payment at enhanced rate to acceptors had not been made for want of orders from the State Government.

Unauthorised payment of motivation fee

Although the composite State of Madhya Pradesh had ordered (6 August 1997) that the payment of motivation fee for promoters under FWP be dispensed with, it was noticed that CMHO, Raigarh (Rs.2.13 lakh), Durg (Rs.2.04 lakh) and Rajnandgaon (Rs.0.44 lakh) had paid Rs.4.61 lakh as motivation fee and for other inadmissible miscellaneous item like stationary etc. during 2001-03.

Misutilisation of EAG fund and idle outlay on equipment

Government of India, Ministry of Health and Family Welfare (GOI) provided (November 2001) grants-in-aid (GIA) of Rs.1.47 crore under the Empowered Action Group (EAG) activities of family welfare programme to the reproductive child health (RCH) societies of the State for (a) extension of RCH camps in outreach districts, (b) repairs and extension of health centres and functioning of nurses training centres, (c) training of *Dais* and (d) procurement of drugs, medicines and contraceptives.

Equipment worth Rs.84.09 lakh issued (between October and December 2002) to eight CS and one CMHO were lying idle for want of necessary infrastructure and qualified staff.

Test-check (October 2003 -August 2004) of the records of CS Ambikapur, Dhamtari, Korba, Jagdalpur, Kanker, Raigarh and the DHS revealed that instead of providing the stipulated facilities in the districts, the DHS purchased (August 2002) equipment like incubator (60), warmer (60), neo-natal resuscitation trolley (130), apnea monitor (60) worth Rs.1.47 crore without any requisition and supplied to District Hospitals. Further, the availability of infrastructure was not ascertained and consequently 189 items of equipment worth Rs.84.09 lakh issued (between October and December 2002) to eight CS and one CMHO were lying idle (August 2004) for want of necessary infrastructure and qualified staff. Thus the purchase of equipment was not only irregular but also unfruitful.

On this being pointed out, CSs stated (August 2004) that the equipment could not be put to use for want of space as well as non-posting of Child Specialist and other staff. DHS stated that the equipment were purchased to reduce the IMR.

Reply of DHS was not tenable as the purchases were not permitted from the EAG funds. These irregularly purchased equipment also remained unutilised.

3.2.8 *Rajiv Jeewan Rekha Kosh*

With a view to providing financial assistance to such patients whose treatment was not possible in State Government Hospitals, a Centrally Sponsored Scheme known as National Illness Assistance Fund was set-up in October 1996. Assistance was to be provided to the patients living below poverty line (BPL) who were suffering from major life threatening diseases. State Government changed its name to *Rajiv Jeewan Rekha Kosh*. Review of the scheme revealed the following irregularities:

Short contribution by State Government

The short contribution of Rs.2 crore by State Government affected the implementation of the scheme

Under this scheme, contribution from GOI and State was to be received in a 50:50 ratio. Even though GOI allocated Rs.4 crore for the scheme during the period 2001-04, the State Government could provide only Rs.2 crore. This short contribution by State Government adversely affected the implementation of the scheme.

Adjustment of advances not monitored

The assistance was in the form of advances to hospitals for incurring expenditure on behalf of patients. The adjustments of advance and balance, if any, was to be monitored by the DHS. Scrutiny of records revealed that:

No information in Department for utilisation of Rs.3.77 crore.

- Cheques worth Rs.5 crore were issued to 42 Hospitals (*Appendix 3.2*) between October 2001 and March 2004 but the Department could produce adjustment accounts for Rs.1.01 crore only as of August 2004. An amount of Rs.22.07 lakh was refunded to the Department and there was no information with the Department for the remaining Rs.3.77 crore. Neither the accounts for said amount were available with the Department nor could it show evidence of refund by the hospitals as of August 2004.
- Cheques worth Rs.15.80 lakh were lying in deposit account with the Apollo Hospital, Bilaspur as the patients for whom these cheques were sent did not turn up for treatment. No action was taken by the Department to get the amount back.

In reply DHS stated that the accounts would be reconciled.

3.2.9 *Hospital Administration*

Shortage in establishment of medical institutions in the State

Under the Minimum Needs Programme (MNP), minimum basic services are to be provided to the rural population by providing required health infrastructure with reference to norms of requirement fixed for a specific population size. One Sub Health Centre (SHC) for every 5000 population (3000 for tribal areas), one Primary Health Centre (PHC) for every 30000 population (20000 for tribal areas) and one Community Health Centre (CHC) for 1,20,000 population (80,000 for tribal areas) were to be established by 2000 AD in a

phased manner. These were to act as centres for providing basic minimum health care facilities to the target population. The position of centres established in the State was as shown below:

Sl.No.	Category	Required as per norms	Established	Shortage percentage	Population uncovered (in lakh)
1.	SHC	4114	3818	296(7)	14.80
2.	PHC	652	516	136(21)	40.80
3.	CHC	163	116	47(29)	56.40

There was seven per cent, 21 per cent and 29 per cent shortage in establishment of SHC, PHC and CHCs respectively.

The above table indicates that there was seven per cent, 21 per cent and 29 per cent shortage in establishment of SHC, PHC and CHCs respectively depriving the people of the basic minimum health care facilities to that extent.

Considering a total of 6,632 beds in the clinical hospitals in the State (Medical college hospital-1,137, district hospitals-1,429, civil hospitals-552, and community health centre-3,514) for providing indoor health care delivery as of March 2004, the bed capacity worked out to only 30 beds per lakh. The national average was 92 (2002) and the working group of the VII Five Year Plan had recommended 100 beds per lakh.

Irregular establishment of dispensaries

In Raigarh district, five dispensaries sanctioned (March 1990) for the Scheduled Caste population in rural area were actually established (1990-91) in the urban area and wards close to well equipped DH. One dispensary sanctioned for ward No. 10 of Raigarh city was not established as of March 2004.

CS, Raigarh stated that dispensaries meant for rural SC area were established in urban area as per direction of the then MLA. This was a clear violation of government sanction.

Infrastructure for indoor health care

For purpose of clinical treatment, PHCs refer patients to CHCs which act as First Referral Units (FRU). However, patients who cannot be treated at FRUs are referred to District Hospitals which act as Second Referral Units (SRU).

- Out of 16 districts in the State, eight Districts²⁷ had no district hospital as Second Referral Unit (SRU). DHS stated that the proposal for sanction of DH was under consideration (May 2004) of Government.
- Of the 15 Civil Hospitals (CH), 13 CH were categorised as SRUs. But no specialists were posted.

²⁷ Bilaspur, Dantewada, Kanker, Kawardha, Korea, Janjgir, Jashpur and Mahasamund

Of the 116 CHC, 79 CHC having 2,368 beds neither provided specialist treatment nor dealt with referral cases

- Similarly, of the 116 Community Health Centres, 79 CHC having bed strength of 2,368 beds neither provided specialist treatment nor dealt with referral cases but had been incorrectly categorised as First Referral Unit (FRU) for providing four types of (Medicine, Surgery, Paediatrics and Gynaecology) clinical facilities.

Misutilisation and idling of vehicles

Government instructions (November 1980) stipulated that hospital ambulances were to be used to (1) transport patients on payment and (2) transport doctors and staff from their residence to attend emergency cases in hospital outside their duty hours.

Ambulances used for 5.71 lakh km in violation of instructions.

Audit scrutiny of log books for the period from November 2000 to March 2004 revealed that 66 Ambulances in test checked districts performed journeys covering a total distance of 5.71 lakh km. in violation of above instructions. Thirty two *per cent* was for transportation of doctors and nurses within duty hours and not for emergency in hospital, 24 *per cent* was for ministers tours, 28 *per cent* was for carrying of patients for which charges worth Rs.8.06 lakh (calculated at the rate of Rs.5 per km) were not recovered and 16 *per cent* for other inadmissible purposes.

It was noticed that nine vehicles worth Rs.49.94 lakh received under FWP were allotted to private institutions and other bodies though the utilisation certificates sent to GOI had wrongly indicated that the vehicles had been put to use for family planning programme. DHS stated (May 2004) that action to take the vehicles back would be initiated but the vehicles were not taken back as of June 2004.

Eighty seven vehicles worth Rs.4.85 crore were lying idle for want of drivers

Test-check of records of CMHO/CS revealed that 87 vehicles worth Rs.4.85 crore²⁸ received as grants-in-aid from GOI were lying idle for want of posting of drivers.

Idle X-Ray Machines

Eighty one X-ray machines worth Rs.2.08 crore were non-functional

Scrutiny of reports furnished by the field units to DHS revealed that 65 machines worth Rs.1.02 crore purchased during 1995 to 2000 were not put to use due to non-posting of radiographers (20), non-sanction of post of radiographer (11), Non-construction of dark room and non-availability of power supply (7), and technical defects (19). Eight machines worth Rs.6.49 lakh were lying idle without any stated reasons. However, DHS made further purchase of 16 X-ray machines worth Rs.1.06 crore during March 2003 and none were installed. At CHC Gunderdehi (Durg) one of the 16 machines had been provided in addition to an existing 60MA X-ray machine, which was already functioning well and the daily average of X-ray per day at this place was one. Thus, the expenditure on purchase of X-ray machines worth Rs.2.08 crore without ensuring proper infrastructure for making machines functional resulted in idle outlay besides depriving general public of X-ray facilities.

²⁸ Durg (14) Rs.0.93 crore, Jagdalpur (15) Rs.0.68 crore, Raigarh (17) Rs.1.04 crore, Raipur (24) Rs.1.44 crore and Rajnandgaon (17) Rs.0.76 crore

In reply, DHS stated that action to repair the defective machines and to install the above machines were being taken. The reply underscored the absence of efforts from 1995 to 2004 to make the machines functional.

Functioning of Blood Banks without license

Blood Banks need license from the Controller, Food and Drugs, as required under the Drugs and Cosmetics Rules 1945. The Supreme Court of India in May 1997 instructed that the Blood Banks which do not have registration according to the prescribed norms, should stop working by May 1997.

Blood banks in seven districts were not established

Test-check of records of CS, Durg, Raigarh, Jadgalpur and Rajnandgaon revealed that Government run blood banks continued functioning without renewal of licenses during 2001-04, transfusing 27,999 blood bags. Moreover, in seven districts²⁹ blood banks were not established as of July 2004.

3.2.10 Procurement of medicines and equipment

Avoidable extra cost in purchase of medicines

Purchase of costlier medicines resulted in excess payment of Rs.43.17 lakh

As per the Chhattisgarh State Store Purchase Rules, 2002 purchase of medicines was to be made at competitive rates from Government undertakings. Scrutiny of records of DHS, CMHOs/CSs revealed that the DHS had purchased (2001-04) medicines from *Madhya Pradesh Laghu Udyog Nigam* (MPLUN) at old and higher rates instead of the prevailing reduced rates of MPLUN which came into effect from 7 February 2001. This resulted in extra expenditure of Rs.21.44 lakh.

Despite being a member of district level purchase committee formed by the CMHO, Raigarh, the CS, Raigarh did not purchase medicines at the cheaper rates determined by the district level purchase committee. Instead, his office called for separate quotations and purchased (2001-04) medicines at higher rates incurring extra expenditure of Rs.9.68 lakh.

CMHO, Durg did not collect the prevailing rates (7 February 2001) of MPLUN and purchased costlier medicines during 2001-04 from other Government undertakings resulting in extra payment of Rs.10.19 lakh.

Further CMHO, Raigarh, did not collect rates of all Government undertakings and consequently purchased medicines at higher rate during 2001-04 incurring extra expenditure of Rs.1.86 lakh

Purchase of intravenous (IV) sets at higher rate

Purchase of IV sets at higher rate resulted in excess payment of Rs.2.14 lakh.

CS, Raigarh had purchased (2001-04) 18,500 Intravenous sets at a much higher rate (Rs.17.75 per piece) as compared to the rate (Rs.6.20 per piece) at which CMHO, Raigarh had purchased the same item at the same station during the same period. This resulted in extra cost of Rs.2.14 lakh.

²⁹ Dhamtari, Dantewada, Jashpur, Janjgeer, Korea, Kawardha and Mahasamund

CS, Raigarh stated that IV sets having good quality were purchased for use for children. Reply was not tenable as the IV set, at same place and other places also were purchased by the CMHO and CS at cheaper rate for use for children.

3.2.11 Human Resource Management

Government had not prepared the staffing pattern for its hospitals and health centres. The sanctioned and the working strength at the time of restructuring (November 2000) of State had been adopted. Sanctioned and working strength showing shortages in respect of Specialist (Sp), Post Graduate Medical Officer (PGMO), Medical Officer (MO) and Multi Purpose Workers (MPW) as of June 2004 were as follows:-

Sl. No.	Type of centre & hospitals	Number of centre and hospital	Name of post	Sanctioned number	Men in position (August 2004)	Shortage
1.	Sub Health Centre	3818	MPW	7636	5782 341 ³⁰	1854
2.	PHC	516	MO	614	536 22 ¹²	78
3.	CHC	116	SP MO	174 491	59 395	115 96
4.	Civil Hospital	15	SP MO	18 97	8 75	10 22
5.	District Hospital	8	SP & PGMO MO	170 185	97 160	73 25

It was observed that the multipurpose workers (MPW) in some sub centers exceeded the sanctioned strength by 341 MPW. But there was overall shortage of 1,854 MPW under the Department. Similarly the Medical Officers (MO) in some of PHCs exceeded the sanctioned strength by 22 MO while there was overall shortage of 78 MO.

Of 116 CHCs, specialists were not deployed in 66 and in 12 CHCs only two specialists were provided as against requirement of four.

In eight DH, 73 posts of specialists were lying vacant, which adversely affected the clinical health care delivery services.

In eight DH, 73 posts of specialist were lying vacant.

³⁰ Men in position in excess of sanctioned strength in some units although there is overall shortage in the cadre

Irregular attachment of nurses sanctioned for rural areas in urban hospitals and offices

Salary of Rs.79.74 lakh disbursed to nursing staff posted in excess of sanctioned strength.

It was noticed that 26 nurses whose posts had been sanctioned for distant rural blocks like Bilaigarh, Chhura, Gariyaband, Kasdol, Lawan, Mainpur and Deobhog for providing nursing facilities to the rural population were posted in urban health centres and in the office of CMHO, Raipur in addition to sanctioned posts. This action deprived rural population of nursing facilities and also resulted in unauthorised payment of salaries amounting to Rs.79.74 lakh to the staff during 2001-04.

CMHO stated (April 2004) that posting of excess staff was made as per orders of higher authorities but could not produce any orders.

Unfruitful expenditure on training

With a view to filling up vacant posts of female multipurpose workers (FMPW), the DHS, MP advised (October 2000) all CMHO including six CMHO of subsequently formed Chhattisgarh State to organise training for FMPW for a duration of 18 months with a stipend at the rate of Rs.1500 pm.

FMPW were trained but not appointed to vacant posts resulting in unfruitful expenditure of Rs.2.64 crore (stipend).

Test-check of records of FMPW training centres revealed that the training was imparted to 978 fresh candidates between December 2000 and March 2004. Stipend amounting to Rs.2.64 crore was paid to them. However, none were appointed against the vacant posts of FMPW.

In reply DHS stated (May 2004) that due to ban on recruitment, appointment of trained FMPWs was not made.

Thus, the objective of filling up of vacant posts was defeated besides incurring infructuous expenditure of Rs.2.64 crore.

3.2.12 Conclusions

The National Health Policy if implemented in a proper way can play a major role in bringing the State at par with developed States in terms of health indicators. Audit scrutiny revealed that the medical infrastructure (including manpower) was inadequate for providing appropriate medical facilities. This problem was compounded by deficiencies in procurement and distribution of medical items, unregulated creation of infrastructure and ineffective manpower deployment. Consequently, delivery of services has been deficient as evident from low utilisation of indoor facilities and low achievements in FWP.

3.2.13 Recommendations

- The department needs to reassess its strategy for covering eligible couple protection to achieve the goal of 60 *per cent* coverage.
- The assistance provided under *Rajiv Jeevan Rekha Kosh* to different hospitals may be strictly monitored and their timely adjustment should be ensured.
- Payments made in respect of compensation made to acceptors and other expenditure should be regulated as per prescribed norms.
- Proper maintenance of records/registers like ECR, TCR etc., should be ensured to motivate the targetted couple for adopting various methods of family planning.
- Staff should be redeployed to achieve optimum utilisation and machinery and equipment should be got installed on priority basis.

**PUBLIC HEALTH AND FAMILY WELFARE
DEPARTMENT**

3.3 Working of Indian System of Medicines and Homeopathy

Highlights

In Chhattisgarh, the Directorate of Indian System of Medicine and Homeopathy (ISM&H) has the responsibility of providing medical treatment through the systems of Ayurveda, Unani, Homeopathy, Yoga and Naturopathy. Poor infrastructure, high establishment cost and negligible expenditure on medical facilities were observed in audit. Financial and operational management of the Department were deficient. Thirteen to 58 per cent of funds allocated for purchase of medicines were not utilised. Pharmacy was not modernised and quality control of medicines was not ensured. Due to lack of infrastructural facilities, adequate health care facility was not being made available.

- ▣ Thirty bedded hospital at Ambikapur was not functional even after 25 years of sanction.

(Paragraph 3.3.6)

- ▣ Sixty one of the 63 buildings sanctioned in 2002 were incomplete till date.

(Paragraph 3.3.7)

- ▣ One hundred and forty eight dispensaries in six districts were running without doctors, and an unfruitful expenditure of Rs.4.73 crore was incurred on pay and allowances of para medical staff.

(Paragraph 3.3.8)

- ▣ The cost of medicines, produced during the period 2000-04 ranged from a meagre 17 per cent to 54 per cent of the overall running cost of the pharmacy.

(Paragraph 3.3.10)

- ▣ Pharmacy machinery worth Rs.80.21 lakh was either not received or not installed hampering strengthening and modernisation of the pharmacy.

(Paragraph 3.3.10)

▪ **Quality of teaching was adversely affected in Government Ayurvedic Medical College due to non-posting of eight professors, nine readers and 12 lecturers as required under the Central Council of Indian Medicine (CCIM) norms.**

Paragraph 3.3.11)

3.3.1 Introduction

The Directorate of Indian System of Medicine and Homeopathy (Directorate) is entrusted with the responsibility of providing medical treatment through Ayurvedic as well as other systems of medicine like Unani, Homeopathy, Yoga and Naturopathy. Provision of medical facilities, prevention of diseases, production, procurement and distribution of medicines, imparting medical education and training are the main objectives of the department. The department provides medical facilities through eight hospitals (six District Ayurvedic Hospitals, one Ayurvedic College Hospital and One District Homeopathy Hospital) and 690 dispensaries (632 Ayurvedic, Six Unani and 52 Homeopathic) in the State. There is also a Drug Testing Laboratory attached with the Ayurvedic pharmacy in the State.

3.3.2 Organisational set-up

At the Government level, the Secretary, Health heads the Department. The Director, Indian System of Medicine and Homeopathy (ISM&H), Raipur functioning under the Public Health and Family Welfare Department is the Apex field authority assisted by 16 District Ayurved Officers (DAO) who exercise control over hospitals and dispensaries functioning in the respective districts. One Government Ayurvedic Medical College engaged in imparting education and one Ayurvedic Pharmacy engaged in production of medicines are functioning under the Director.

3.3.3 Audit objectives

The main audit objectives were to assess:

- The extent and quality of service rendered by the department in promotion of good health through the ISM&H System.
- The quality and infrastructure for teaching and training available under the ISM&H.
- Mechanism for manufacture and quality control of drugs under ISM&H.

3.3.4 Audit coverage

The working of the Directorate for the period from the year 2000-01 to 2003-04 was reviewed during March-June 2004 through test check of records in the offices of eight DAOs³¹ out of 16. Information was also collected from the

³¹ *Ambikapur, Dhamtari, Durg, Jagdalpur, Kanker, Korba, Raipur and Rajnandgaon*

Directorate as well as the Ayurvedic College and Pharmacy, Raipur. The audit findings are discussed in the succeeding paragraphs.

3.3.5 Financial outlay and expenditure

The department incurs expenditure under the major Head 2210 Medical and Public health under grants No. 79, 80 and 41. The details of allotment and expenditure are given below:

(Rupees in crore)

Year	Budget provision	Supplementary provision	Reappropriation	Total provision	Total expenditure	Excess (+) Saving (-)
2000-01	8.54	--	--	8.54	6.68	(-) 1.86
2001-02	23.57	2.32 ³²	--	25.89	20.91	(-) 4.98
2002-03	28.36	0.07	--	28.43	20.21	(-) 8.22
2003-04	26.97	3.04 ¹⁴	(-) 5.17	24.84	24.69	(-) 0.15

Budgetary and financial control by the department was deficient as evident from:

- Budgetary proposals were made on incremental basis without receipt of monthly expenditure statements, detailed estimates and nominal rolls from the drawing and disbursing officers.
- Recourse to unnecessary supplementary grants of Rs.1.21 crore during 2001-02 and Rs.14.45 lakh during 2003-04 under grant number 79.
- Non-maintenance of expenditure control register by the Directorate to keep watch over progress of expenditure in sub units.
- Savings of Rs.15.21 crore during 2000 to 2004 under grants No. 79, 80 and 41.

The ISM&H was allotted only nine per cent of the total health budget of Rs.856.81 crore during the period 2001-04.

The ISM&H was allotted only nine per cent (Rs.79.16 crore) of the total health budget of Rs.856.81 crore while 91 per cent (Rs.777.65 crore) was allotted for Allopathy during the period 2001-04.

Pay, allowances and wages of staff ranged from 83 to 92 per cent of the total expenditure during 2001-04.

It was seen (*Appendix 3.3*) that the expenditure on pay, allowances and wages of staff ranged from 83 to 92 per cent of the total expenditure during 2001-02 to 2003-04. Expenditure on medicines and equipment ranged between four and 11 per cent during the same period. The quality of medical services was affected adversely due to negligible expenditure on medicines.

³² The provision of supplementary grant of Rs.1.21 crore of Rs.2.32 crore and Rs.14.45 lakh of Rs.3.04 crore was made unnecessarily.

Under utilisation of medicine budget

(Rupees in lakh)

Year	Allotment	Expenditure	Surrender	Percentage of surrender of allotment
2000-01	35.77	27.71	08.06	23
2001-02	246.60	214.11	32.49	13
2002-03	232.02	143.05	88.97	38
2003-04	316.90	133.53	183.37	58

Thirteen per cent to 58 per cent of the budget allotment for purchase of medicines was not utilised during 2000-04.

As seen from the above table, 13 per cent to 58 per cent of the budget allotment for purchase of medicines was not utilised during 2000-01 to 2003-04. In reply, the Department stated that this was due to delay in supply of medicines by firms. The low use of medicines adversely affected the health care efforts.

3.3.6 Delivery of health services

There were six District Ayurvedic Hospitals in the State with a sanctioned bed strength of 180. Against this, the actual bed availability was only 95. Against available bed days of 1,00,375 the actual utilisation was 16,119 only that worked out to 16.05 per cent (*Appendix 3.4*).

An analysis of this data revealed the following:

Seventy five to 98 per cent bed capacities available in the six districts were not utilised during 2000-04.

Seventy five to 98 per cent bed capacity available in the six districts³³ were not utilised between 2000-01 and 2003-04. This was mainly due to poor clinical facilities, non-availability of medicines, shortage of nursing staff and absence of compounders etc.

Expenditure of Rs.19.76 lakh for the period 2001-04, on the pay and allowances on para medical staff and others engaged for in patients was infructuous.

Though a 30 bedded hospital was sanctioned in 1979 at Ambikapur the same was not functional till December 2004. Thus, an expenditure of Rs.19.76 lakh for the period 2001 to 2004 (December 2004) on the pay and allowances of nursing staff (3), ward boy (2), washerman (1), kitchen servant (1), cook (2) engaged for inpatients was infructuous.

The financial rules provide that store and stock accounts be prepared annually at the district as well as State level and physical verification conducted yearly. However, the stores and stock accounts were not prepared nor any physical verification conducted at any level. Absence of such a fundamental control left open the scope for misutilisation and pilferage of medicines. It was seen that medicines amounting to Rs.81,107 was issued to Balangi dispensary (District Ambikapur) vide voucher No.4 dated 26 June 03 and medicines worth Rs.51,290 were issued to Neelkanthpur dispensary (Ambikapur district) vide voucher No. 02/26 June 03 but they were not taken in the stock register of dispensaries as of December 2004.

³³ *Ambikapur, Bilaspur, Durg, Dallirajhara (Durg), Jagdalpur, Raigarh & Raipur*

It was further observed that the proper register, recording, receipts of medicines and their issuance were not maintained in all the dispensaries of Durg and Dhamtari districts.

3.3.7 Construction of dispensaries

Non-completion of 61 buildings compelled the Department to run 39 dispensaries in rented buildings.

The Government allotted Rs.2.38 crore to the Public Works Department (PWD) in December 2002 which was also drawn in 2002-03 for construction of 63 dispensary buildings to be completed within one year. Of these, only two dispensary buildings (Bastar District) could be completed (construction cost Rs.7.55 lakh) upto March 2004. Non-completion of 61 buildings compelled the Department to run 39 dispensaries in rented buildings. Thirteen dispensary buildings could not be started because of non-availability of land for construction and nine dispensaries were running in Janpad Panchayat buildings. The balance of Rs.2.30 crore was left with the PWD as of December 2004.

3.3.8 Non-posting of adequate staff

Twenty five per cent of the sanctioned posts remained vacant. There were 100 per cent vacancies in 29 categories (involving 68 posts).

Against 3,411 sanctioned posts as in July 2004, 844 posts (25 per cent) were vacant. There were 100 per cent vacancies in 29 categories. There were no Pathologists, Radiologists, Casualty Officers and Scientific Officers etc. against 68 sanctioned posts for these categories of specialists. Category wise vacancy position was as under:-

Category	Sanctioned Strength	Working Strength	Vacant post	Percentage of vacant posts
Medical	714	503	211	30
Para Medical	858	633	225	26
Others	1839	1431	408	22
Total	3411	2567	844	25

Thirty per cent of medical and 26 per cent para medical posts were vacant with consequent effect on quality of service rendered.

A large number of dispensaries in six districts were running without any doctor. However, an expenditure of Rs.4.73 crore was incurred on pay and allowances of para medical staff in these dispensaries during the period 2001-2004, as detailed below:

Dispensaries without any Doctor

Sl. No.	Name of district	Dispensaries without any doctor				Expenditure on support for the four years (Rs. in lakh)
		2000-01	2001-02	2002-03	2003-04	
1.	Raipur	--	27	28	29	68.05
2.	Dhamtari	12	12	11	11	50.48
3.	Jagdalpur	--	28	28	7	80.92
4.	Janjgir-Champa	29	30	27	32	102.84
5.	Durg	31	32	32	37	60.60
6.	Bilaspur	32	32	32	32	110.38
	Total	104	161	158	148	473.27

Further, it was noticed that in the Dhamtari district, four dispensaries³⁴ were running without deployment of regular medical and para-medical staff. However, part-time compounders in those four dispensaries were deployed for a day or two per week.

In 10 dispensaries in Champa-Janjgir district and seven dispensaries in Ambikapur only group 'D's (sweepers) were posted. Infructuous expenditure of Rs.14.79 lakh (2000-04) in Champa-Janjgir district and Rs.7.01 lakh (2000-2002) in Ambikapur district were incurred on the salary and wages of these group 'D' (sweepers).

It was, however, seen that no attempt was made by the Department to rationalise the posting of the paramedical and other staff from these dispensaries to the dispensaries which were actually functioning but had vacancies.

3.3.9 Lack of basic amenities in dispensaries

Scrutiny of records revealed that most of the dispensaries out of 690 were lacking in basic essential amenities like electricity (199), water connection (626), toilets (392) and residential accommodation (473) making the service rendered by them inadequate.

3.3.10 Production and quality control of drugs

The Department has one Ayurvedic Pharmacy at Raipur for manufacturing pure and reliable Ayurvedic medicines for supply to Government Hospitals and dispensaries. The Director was required to prepare a schedule for manufacture of medicines by the pharmacy. The Directorate did not fix any schedule or target for manufacture of medicines (2000-04), or keep the details of production nor monitored the working of the pharmacy.

Prohibitively higher cost of production in pharmacy

(Rupees in lakh)

Year	Operational cost	Cost of medicine produced	Cost of medicine as percentage of running cost
2000-01	62.37	17.64	28
2001-02	49.86	08.27	17
2002-03	60.04	28.64	48
2003-04	83.03	44.50	54

The cost of medicine produced during the period 2000-04 ranged from a meagre 17 per cent to 54 per cent of the running cost of the pharmacy.

The cost of medicines produced during the period 2000-04 ranged from a meagre 17 per cent to 54 per cent of the running cost of the pharmacy. Thus the operation of the pharmacy was not cost effective. The Department stated that due to shortage of machinery and equipment medicines could not be manufactured.

³⁴ Barna, Fursia, Singpur and Umargaon

Non-testing of raw herbs and finished medicines in Drug Testing Laboratory (DTL).

The Drugs and Cosmetics Act, 1940, provides for testing and analysing Ayurvedic, Siddha and Unani drugs. The pharmacopoeial standards for ayurvedic formulations issued by the GOI lays down the extent and nature of tests to be conducted on the raw herbs and finished drugs.

A Drug Testing Laboratory was functioning at Raipur College to carry out quality control tests of raw herbs purchased as well as the finished products manufactured in the Pharmacy. The method of standardisation of products was to be as per monograph of Ayurvedic pharmacopoeia of India. No instructions were issued by the Director on functioning of the DTL.

Out of 250 samples of herbs and 686 samples of finished goods, only six samples were tested during 2000-04.

Scrutiny of records revealed that during 2000-04, while 250 samples of herbs and 686 samples of finished goods were required to be sent to DTL for testing, only six samples were tested. In the absence of tests by DTL the quality of raw herbs and finished products could not be assured.

The Department replied that there was no regular staff for testing of samples in the DTL and services of part time lecturers were utilised for test purposes.

Unfruitful expenditure on purchase of machinery

Government of India had provided Rs.1.25 crore in November 2000 for purchase of machinery for the pharmacy at Raipur.

Amount of Rs.1.25 crore provided by GOI in November 2000 for purchase of machinery not yet gainfully utilised (December 2004).

An advance payment of Rs.80.21 lakh was made (2003-04) to the Hospital Services Consultancy Corporation Limited, Noida, (UP) (HSCC) for purchase of machinery. Machinery worth Rs.40.04 lakh was received and installed, machinery worth Rs.28.32 lakh was received but not installed and machinery worth Rs.11.85 lakh was not supplied by the firm till December 2004. Even the installed machinery could not be put to use due to non-availability of trained operators. The department stated that some machinery were uninstalled due to non-availability of adequate buildings.

The reply of the department was an acceptance of faulty planning as trained operators and building availability were essential prerequisites that should have been ensured before orders for purchase of machinery were placed.

Infrastructure for education under the system

3.3.11 Functioning of Ayurvedic college Raipur

The Ayurvedic College and Hospital, Raipur imparts education in Ayurveda System of Medicines. The administrative control of the College is vested in the Secretary, Health Medical Education and Family Welfare Department, who is assisted by the Director, *Desi Chikitsa* and the Principal, Ayurvedic College.

The Central Council of Indian Medicine (CCIM) established under the Central Council of Indian Medicine Act 1970, prescribed standards with regard to

teaching facilities, student bed ratio, number of Para Medical and non-Para Medical staff and other necessary infrastructure for the colleges and attached hospitals. The standards were not followed as discussed below.

Student bed ratio below the norms

As against the norms, of 275 beds required for the 55 sanctioned seats of students, only 110 beds were available.

According to the norms prescribed by the CCIM, the student bed ratio should be 1:5. However, to begin with 1:3 bed ratio may also be acceptable and there should be at least 100 beds in a Hospital to start a new Ayurvedic College. As per these norms, 275 beds are required for the 55 sanctioned seats of students. The bare minimum requirement at the ratio of 1:3 is 165 beds. However, only 110 beds were available at the Ayurvedic College Hospital Raipur, which is below the norms. Due to shortage in bed strength, the quality of training given to students remained deficient.

Low bed occupancy in hospital

The occupancy of beds in the Hospital attached to the Ayurvedic college is shown below:

Name of College	Year	Beds available	Occupancy capacity in a year (Beds x 365)	Actual occupancy in a year	Percentage of actual occupancy
Government Ayurvedic College, Raipur	2000-01	110	40150	15184	38
	2001-02	110	40150	13753	34
	2002-03	110	40150	11613	29
	2003-04	110	40150	12541	31

The opportunity of practical experience was limited by low bed occupancy ranging from 29 to 38 per cent.

The table discloses that the bed occupancy was very low ranging between 29 per cent (2002-03) and 38 per cent (2000-01). This implied that the students had limited exposure to gain practical experience by treating patients.

Sub-standard diet to the patients

Quality of diet was not monitored and provided at very low cost due to non revision of rates from 1983.

The Public Health and Family Welfare Department (July 1983) had prescribed the cost per diet for indoor patients at Rs.8 per day. The scale and cost of diet were to be reviewed in 1988 but had not been reviewed as of July 2004. Thus, the diet cost of Rs.8 per day was a meagre amount in 2000-04 and the prescribed diet including milk, fruit, *gud* and ghee could have not been supplied at this rate. There was no system to check the protein and calorie content of the diet served to the patients and the quality of the cooked food was also not being tested.

The Department admitted that neither the protein and calorie content nor the quality of the cooked food served to the patients was tested. The rates have not been revised and diets were provided within the sanctioned cost.

The dietary needs of indoor patients remained totally neglected.

Inadequate teaching staff in college

In view of the acute shortage of teaching staff, quality of education imparted was affected adversely.

As per CCIM norm, 14 Professors; 14 Readers and 30 Lecturers were required whereas nine posts of Professor, 19 posts of Reader and 28 post of Lecturer were sanctioned. However only six professors, five Readers and 18 Lecturers were actually posted. In view of the acute shortage of teaching staff, the quality of education imparted was adversely affected.

Only five to seven seats were filled up against 20 seats in postgraduate classes.

During 2001-04, out of 20 seats in postgraduate classes, only five to seven seats were filled up every year. There was no admission during 2000-01. In view of the poor intake and lack of essential infrastructure and staff, the continuation of postgraduate classes required a review.

Shortage of medical and para medical staff

As per CCIM norm 176 posts of Medical, Para Medical and other category of staff were to be sanctioned for the Medical College. The State Government sanctioned only 75 posts against which 39 persons were actually in position affecting the quality of practical training and proper functioning of the Medical College Hospital.

Non-preservation and promotion of herbal garden

Even after lapse of seven years, no medicinal plants were planted thus denying the students of an important educational tool.

The Central Council of Indian Medicine has prescribed setting up of a Herbal Garden for Ayurvedic Colleges and attached Hospitals. This should be in proximity to the college and all possible medicinal plants should be grown in the Herbs Garden for identification and demonstration. The Government Ayurvedic College possesses 10 acre of land for the herbal garden. An amount of Rs.5 lakh was received from Central Government for development of garden on 25th August 1998. The expenditure was incurred on fencing, shaping of land and digging of water well. However, even after lapse of seven years no medicinal plants were planted, thus the very objective of having such herbal garden in the proximity of college and Hospital was defeated and denied the students of an important educational tool.

The department stated that no herbs were planted because no further grant was received from Government. Thus, the initial expenditure of Rs.5 lakh remained unfruitful due to lack of followup on developing the garden.

Non-functioning of X-Ray machine

Pay and allowances of Rs.7.57 lakh of two idle X-ray technicians was infructuous.

The sole X-Ray Machine in Ayurvedic College became non-functional in 1987 and was lying idle ever since and no new machine was installed. Two X-Ray technicians were drawing pay and allowances without any work. Thus, pay and allowances for the period 2001 to 2004 amounting to Rs.7.57 lakh was infructuous.

On being pointed out in audit the Department stated that matter was referred to the Government (May 2001) but reply is still awaited.

3.3.12 Internal control system

Out of the 18 units to be audited in a year only one unit was audited during the period 2001-04 by internal audit wing.

An Internal audit wing has been set up in the department for conducting the internal audit of field units. Out of the 18 units to be audited in a year only one unit was audited during the period 2001-04.

The Director stated that audit of units could not be completed due to shortage of staff.

Sixteen IRs containing 40 paragraphs involving an amount of Rs.11.30 crore were outstanding for compliance.

Of the Inspections Reports (IRs) issued by the Accountant General as at the end of the December 2003, 16 IRs containing 40 paragraphs involving an amount of Rs.11.30 crore relating to the Director and its subordinate offices were outstanding for compliance. This pendency was indicative of *lackadaisical* attitude towards settlement of outstanding observations on the part of the Director and its subordinate offices.

3.3.13 Conclusions

Despite the importance of promoting low cost and easily accessible treatment especially for the poor populace of Chhattisgarh, Indian Systems of Medicine and Homeopathy were languishing due to low allotment of funds as compared to allopathic system, shortage of staff, infrastructure and diagnostic facilities in various secondary/tertiary institutions and also inefficient functioning of the established facilities. The teaching and training facilities for ISM&H suffered due to low bed occupancies and inadequate staff. The production of drugs was very marginal and the testing of drugs so produced was also very low.

3.3.14 Recommendations

- The health care delivery system of ISM&H is suffering in several key areas due to inadequate funds; the State should consider a review of allocation of funds.
- The system of drug testing is languishing due to shortage of staff and equipment. The drug testing laboratory needs to be modernised to ensure effective quality control of drugs.
- Basic infrastructural facilities and staff may be ensured in all existing dispensaries/hospitals before sanctioning new ones.
- Fund allotted for construction of dispensary buildings should be optimally put to use and construction expedited.

LABOUR DEPARTMENT

3.4 Implementation of the Child Labour (Prohibition and Regulation) Act, 1986

Highlights

Prohibition of employment of children below 14 years of age in hazardous employments and regulation of working conditions of children in non-hazardous occupations are the main features of the Act. The Department of Labour at State Government level was the implementing agency. In the State, 104 special schools under five National Child Labour Projects (NCLPs) were opened during 1995-97. Nine Hundred and Ninety Six children were found working in hazardous occupations (April 1997). To eliminate the child labour from hazardous occupations, regular inspections of such establishments was an essential aspect. However, enforcement machinery for implementation of the Act and mechanism to ascertain the extent of children employed in various occupations was not devised. The target of inspection by labour inspectors fixed by Labour Commissioner in January 2004 could not be achieved. The following key audit findings emerged during the review.

- NCLP Bilaspur incorrectly included Rs.9.34 lakh in the utilisation certificate for the year 2002-03 sent to the Government of India.

(Paragraph 3.4.8)

- Bank interest of Rs.9.36 lakh earned was not included in the utilisation certificate by NCLP, Durg.

(Paragraph 3.4.8)

- Against prescribed 25,600 inspections during January 2001 to April 2004 only 10 per cent (2,456) inspections were carried out by inspectors notified under the Child Labour Act.

(Paragraph 3.4.7)

- Ineligible children were provided education in the special schools functioning under NCLPs.

(Paragraph 3.4.9)

- Non-utilisation and improper utilisation of funds provided for awareness generation.

(Paragraph 3.4.9)

3.4.1 Introduction

Extreme poverty, lack of opportunity for gainful employment and uncertainty of income are generally recognised as the main reasons for the wide prevalence of child labour in India. Elimination of child labour and compulsory primary education are concerns of the whole nation.

The Government of India (GOI) enacted the Child Labour (Prohibition and Regulation) Act, in 1986 (Act). The Child Labour (Prohibition & Regulation) Rules were framed in 1988 by the Central Government. In exercise of the powers conferred by the Act, the Madhya Pradesh Government framed the Madhya Pradesh Child Labour (Prohibition and Regulation) Rules, 1993 which have been adopted by the newly formed Chhattisgarh State in October 2002.

Prohibition of employment of children below 14 years of age in hazardous employments,³⁵ regulation of working conditions of children in non-hazardous establishments and punishment of offenders are the main features of the Act. Any person, police officer or inspector may file a complaint of commission of an offence under this Act in any court of competent jurisdiction.

To rehabilitate children working in hazardous occupations, they were to be trained in the special schools opened under the National Child Labour Projects (NCLP) and then mainstreamed to formal schools.

3.4.2 Organisational set-up

Provisions of the Act are implemented by the Principal Secretary of Labour Department and the Labour Commissioner of the State. They are assisted by four Assistant Labour Commissioners³⁶ and five Labour Officers³⁷. National Child Labour Projects are operational in five districts and are implemented by the project societies chaired by District Collectors.

3.4.3 Audit objectives

The review on implementation of the Child Labour (Prohibition & Regulation) Act 1986, was aimed at assessing:

- Difficulties in implementation of certain provisions of the Act and Rules.
- Mechanism for regulation and prohibition of employment of children in various occupations.
- Mainstreaming of children in regular education system.
- Monitoring the implementation of the provisions of the Act.

³⁵ As notified by GOI from time to time

³⁶ Bilaspur, Raipur, Durg and Korba

³⁷ Bilaspur, Durg, Raigarh, Rajnandgaon and Surguja

3.4.4 Audit coverage

All the five NCLPs³⁸ functioning in the State, District Labour Offices of the same five districts and office of the Labour Commissioner, Chhattisgarh were covered in the review. Thirty five out of 104 special schools running under NCLPs were also covered. The period covered under the review was 1999-2004. Results of test check in audit are discussed below.

3.4.5 Difficulties in implementing certain provisions of the Act and Rules

As per Section 24 of Madhya Pradesh Shops and Establishment Act, 1958 adopted in Chhattisgarh, no child shall be required or allowed to work in any establishment. The Child Labour Act prohibits employment only in hazardous occupations and regulates employment of children in non-hazardous occupations. Such inconsistency between a State Act and the Central Act makes implementation of the Acts difficult.

The provisions of Child Labour Act are not applicable to factories defined under the Factories Act. However, as per Section 15 of Child Labour Act any person who is found guilty of an offence committed under Section 67 of the Factories Act is liable for penalties provided in the Child Labour Act. Section 67 of Factories Act, 1948 provides that no child who has not completed his 14th year shall be required or allowed to work in any factory. The violation under the Factories Act is required to be enforced by the factories inspectors and not by officers notified as inspectors under the Child Labour Act. To this extent violations under Factories Act remain outside the purview of inspectors under the Child Labour Act.

Ambiguity in definition of "Child Labour " in the Act.

As per proviso to section 3 of the Child Labour Act, nothing in the section shall apply to children employed in a family enterprise. Consequently, labour inspectors found children working in Kosa silk and Bidi industry (Raigarh), but no action could be taken against the employers who were able to legally justify the employments based on the above provision.

3.4.6 Prohibitory functions under the Act

Under the Child Labour Act, employment of children below 14 years in notified hazardous industries is punishable by imprisonment from three months to one year or by fine upto Rs.20,000 or both. The Hon'ble Supreme Court (1996) has given detailed directions on rehabilitation of child labour withdrawn from hazardous occupations.

A Survey conducted in April 1997, 996 children working in hazardous occupations and 644 children working in other occupations were identified.

The one and only survey at the State level for identifying child labour was conducted by a team constituted by District Collectors in April 1997 in compliance of the Supreme Court directives. It identified 996 children working in hazardous occupations under 494 employers and 644 children working in non-hazardous occupations.

³⁸ Bilaspur, Durg, Raigarh, Rajnandgaon and Surguja

Child labour rehabilitation-cum-welfare fund was constituted only in two districts.

Records of Labour Commissioner, Raipur showed that all 996 children were withdrawn from hazardous occupations. Based on Supreme Court directives, Child Labour Rehabilitation-cum-Welfare Fund were constituted in only two districts (Bilaspur and Raigarh) in March 1998. Compensation amount of Rs.4 lakh collected from 20 employers (1: Bilaspur, 19: Raigarh) was deposited in this fund. Show cause notices for recovery of Rs.20,000 per child were issued for all 996 children to the concerned 494 employers. As many as 458³⁹ employers contested their liabilities but information regarding further prosecution/conviction/acquittal was still awaited (January 2005). It was further noticed that the Labour Commissioner did not make any periodic compilation of data to monitor action on identified defaulters such as number of children detected in surveys, total defaulters, number of show cause notices issued, number of cases sent for prosecution, results thereof, etc. Nine hundred and thirteen children out of 996 were enrolled in special schools run by district project societies of the State in 1997-98. Moreover, 400 adult members⁴⁰ of the families whose children were withdrawn from hazardous occupations were offered some form of livelihood by the State Government (upto 2003-04) but the remaining 596 families could neither be provided with alternative employment nor did the State Government contribute Rs.5000 for each child towards the Child Labour Rehabilitation-cum-Welfare Fund (fund) (June 2004). During the last five years no efforts to provide alternative employment were made by the Government even though several schemes had been sanctioned under various rural development agencies.

3.4.7 Regulatory functions under the Act

Non-compliance of the provisions of the Act, renders employers liable for imprisonment for a term not exceeding one month or with a fine upto Rs.10,000 or with both.

Sections 6 to 13 of the Act deal with the regulation of working conditions of children in establishments where there is no prohibition on employment of children. Every employer; if he employs a child in his establishment (a) cannot take work from a child for more than five hours in a day; (b) shall furnish a written notice to the inspector concerned, containing name, situation and nature of occupation of the establishment; (c) every employer in respect of children employed shall maintain a register containing details such as name, date of birth of child, working hours and such other particulars as may be prescribed; the register should be made available for inspection by the inspector at all times; and (d) every employer shall display a notice containing an abstract of Sections 3 and 14 of the Act. In case of non-compliance of the said provisions, the employers are liable for imprisonment for a term not exceeding one month or a fine upto Rs.10,000 or both.

³⁹ Details of recoveries from 16 employers awaited by the Department
⁴⁰ Bastar: 174, Bilaspur:28, Raigarh:172, Janjgir:9, Korba:17

It was observed in audit that owners of the establishments did not furnish the prescribed written notices to the inspectors in any of the test-checked districts. No mechanism to ascertain the extent of children employed in various occupations was devised in any district.

Between January 2001 and April 2004, 2,456 establishments were inspected in the State and 136 employers were prosecuted in court of law for non-compliance of various provisions of the Child Labour Act.

Inadequate inspection of establishments by Labour Inspectors.

In January 2004, the Labour Commissioner, Chhattisgarh fixed a target of 10 inspections per inspector per month. In the absence of the targets for the period upto January 2004, the extent to which there was shortfall in actual number of inspections could not be worked out. However, on the basis of the norm of 10⁴¹ inspections per month per inspector 25,600 inspections were to be carried out and only 2,456 were actually carried out, indicating a shortfall of 23,144 for the period January 2001-April 2004. This translated to a shortfall of 90 per cent in the number of prescribed inspections by the inspectors during January 2001 to April 2004 in the State. Moreover, 21 posts of labour inspectors were lying vacant in the State which led to shortfall in the number of inspections by labour inspectors and ineffective implementation of the regulatory functions envisaged in the Act.

Thus the implementation of the regulatory functions under the Act was ineffective due to inadequate number of inspections in the State.

3.4.8 Functioning of National Child Labour Projects (NCLPs)

The NCLPs were set up with the primary objective of rehabilitating children withdrawn from hazardous employment. In each NCLP area, a project society under the Chairmanship of the District Collector is required to undertake activities such as the establishment of special schools, provision of other welfare measures like skill/craft training; supplementary nutrition, stipend, health care etc. to children withdrawn from employment.

Being a fully funded Central Sector Project, the funding is done by the Ministry of Labour (MOL), GOI directly to the district project societies. The details of grants-in-aid released by GOI to all the five district project societies of the State and expenditure incurred during 1999-2000 to 2003-04 by them was as under:

⁴¹ Ten inspections per month by 64 inspectors in 40 months

Consolidated account of Grant Receipt and Expenditure for the period from 1999-2000 to 2003-04 for all the five districts

(Rupees in lakh)

Year	Opening Balance	Grant released by GOI	Other receipt	Total receipts	Total expenditure	Closing balance
1999-2000	62.37	72.31	4.91	139.59	90.26	49.33
2000-2001	49.33	137.50	4.22	191.05	106.31	84.71
2001-2002	84.71	105.65	3.90	194.26	160.25	34.01
2002-2003	34.01	187.04	4.87	225.92	190.70	35.24
2003-2004	35.24	154.74	1.58	191.56	167.43	24.13
	62.37	657.24	19.48	739.09	714.96	24.13

Out of total expenditure of Rs.7.15 crore during 1999-2000 to 2003-04, Rs.4.70 crore (66 per cent) was incurred on stipend, nutrition, administrative and other expenditure and the remaining Rs.2.45 crore (34 per cent) was spent on pay and allowances of instructors and staff of NCLPs. Stipend aggregating to Rs.21.30 lakh was diverted towards food expenses in Raigarh district during 1999-2002. It was paid subsequently in March 2003 after delay of more than a year.

Incorrect inclusion of Rs.9.34 lakh in the utilisation certificate (UC)

Utilisation certificate included a liability of Rs.9.34 lakh.

The annual accounts (2002-2003) of NCLP, Bilaspur included an amount of Rs.9.34 lakh representing a liability on account of honorarium of instructors, stipend, nutrition and vocational material of special schools. This amount was wrongly included as expenditure in the utilisation certificate for Rs.32.83 lakh sent to GOI (November 2003). In reply the project Director stated that the claims submitted by NGOs running the schools were under scrutiny. This indicated that an incorrect utilisation certificate was sent to the Government of India.

Bank interest excluded from UC

Bank interest of Rs.9.36 lakh earned was not included in the utilisation certificate.

In violation of the provisions of the schemes, bank interest amounting to Rs.9.36 lakh earned in NCLP, Durg from 1995-96 to 2002-03 was not included in the receipt under the utilisation certificate submitted to the GOI, Ministry of Labour (as clarified by Chairman NCLP, Durg in June 2004).

3.4.9 Programme management

Date of commencement of NCLPs, registration of district project societies and number of schools run by them was as under:

Sl. No.	Name of district	Date of commencement of NCLP	Date of registration of district project society	No. of special schools		Number of children enrolled				
				Sanctioned by GOI	Operational (as of 6/2004)	1999-2000	2000-01	2001-02	2002-03	2003-04
1.	Bilaspur	30 Jan 96	5 Oct.95	25 school of 100 children each	12 (100 children each)	1042	1054	1130	1073	1108
2.	Durg	12 Oct 95	12 Oct 95	40 schools of 50 children	40 (50 children each)	1130	2343	2000	1710	1922
3.	Raigarh	01.Aug.96	7 Sept.95	10 schools of 100 children	15 (50 children each)	575	700	731	729	748
4.	Rajnandgaon	6 Nov.95	20 Oct.97	40 school of 50 children each	19 (50 children each)	912	820	680	475	674
5.	Surguja	6 Jan 96	26 Sept. 97	24 schools of 100 children	18 (100 children each)	929	977	970	1083	1151
	Total			139	104	4588	5894	5511	5070	5603

The table indicated large variation in number of children enrolled in special schools. The Project Directors attributed this to migration and non-availability of children eligible for enrollment in special schools.

Enrollment of ineligible children in schools

Of the 139 special schools sanctioned, 104 had been opened upto June 2004. They were managed either by Project Societies directly or by NGOs. The special schools were sanctioned to provide education only to children withdrawn from hazardous employment and to mainstream them in the regular educational system.

During the sole survey conducted in April 1997, only 996 children were found working in hazardous occupations in the State of which 913 were enrolled in special schools in 1997-98. In subsequent years no other centralised survey was conducted. The agencies running the special schools conducted occasional local area surveys and enrolled children. These children were not employed in hazardous occupations but were mostly doing *kabadi* work, agricultural work with adults of their family, domestic work etc. and were not eligible for study in the special schools. Thus, after the initial enrollment of 913 eligible children, the five NCLPs made no effort to extend the benefits to other deserving children withdrawn from hazardous occupation. The schools continued to function by enrolling and spending major portion of Rs.7.15 crore on children who were not eligible to study in these schools. Inaction in conducting survey and identifying eligible children resulted in infructuous expenditure on ineligible children in schools and denial of education to intended beneficiaries.

Staff in position

Against the sanctioned strength of 54 educational instructors in 18 special schools of Surguja project society, only 27 instructors (50 per cent) were in position. All 18 schools of Surguja district were running without vocational instructors during the period 1999-04. No vocational training was imparted to

Special schools provided education mainly to ineligible children.

All 18 schools of Surguja district were running without vocational instructors during the period 1999-04

the children, yet vocational material worth Rs.3.65 lakh was purchased during 1999-2003 in NCLP, Surguja.

Likewise in Rajnandgaon 16 schools out of 19 were without vocational instructors.

Failure of awareness generation programme

Out of Rs.15 lakh received for awareness generation, Rs.10.52 lakh remained unspent in three project societies.

Rupees 5 lakh were received in each of five NCLPs of the State during 1995-96 to 1996-97 for awareness generation. It was envisaged that awareness could be generated through print and electronic media, wall painting, street corner meetings, debates, quiz contest etc. In three project societies an amount of Rs.10.52 lakh⁴² (out of Rs.15 lakh received) could not be spent. In NCLP, Raigarh, Rs.2.82 lakh was spent during 1996-99 on purchase of furniture, repairing of typewriters, hire charges of vehicles, salaries etc. which was not admissible under the activity. Further, the Surguja society did not submit yearwise utilisation certificates of funds received (Rupees five lakh) to the MOL, GOI till May 2004. The awareness generation programme thus remained a non-starter.

Main streaming

It was envisaged that children studying in special schools would pass a class V level examination with three years of instructions and join the mainstream education by getting admission to Class VI. Scrutiny revealed that:

A total of 26,666 children⁴³ were enrolled during 1999-2004 in the NCLP schools, 3,514 children appeared in Class V exam and only 2,401 (68 per cent) could finally get admission in mainstream schools in class VI during this period. The mainstreaming was stated to be 100 per cent in Durg district whereas in Bilaspur, Rajnandgaon and Surguja it was only 51 per cent indicating that mainstreaming was deficient in these districts. Further, in Raigarh, NCLP, 396 children reported to have been brought into mainstream appeared to be overstated as only 238 children had appeared in class V examination.

There was absolutely no record of tracking the further progress of the mainstreamed children though this was required under the scheme.

3.4.10 Monitoring and evaluation

In order to ensure that the objectives of the Act are achieved in an effective manner, the various regulatory functions require close monitoring by Government/Head of Department.

⁴² Bilaspur Rs.2.52 lakh lying unspent, Surguja Rs.5 lakh lying unspent in the bank accounts and Rajnandgaon Rs.3 lakh refunded to Government of India.

⁴³ Bilaspur 5,407, Durg 9,105, Raigarh 3,483, Rajnandgaon 3,561 and Surguja 5,110

State Monitoring Committee for monitoring the implementation of NCLP was not constituted.

State Monitoring Committee for monitoring the implementation of NCLP was not constituted. Database of establishments employing child labour, number of children employed in various occupations, influx of new child labour or reduction in number of child labour etc. was not developed. In fact, monthly or periodical monitoring was never done at State level. No periodical meetings to monitor/evaluate the problem were held in the State.

3.4.11 Conclusions

The inconsistency between the State Act and the Central Act hampered implementation of the Act. The mechanism for enforcement of the provisions of the Act was deficient and 21 posts of Labour Inspectors as against 85 sanctioned posts were lying vacant in the State. Since the 1997 survey, no further systematic efforts were made to ascertain the extent of children employed in various hazardous occupations. Of 996 children identified as working in hazardous occupations, only 400 members of the families were offered some form of livelihood and the remaining 596 families were not provided alternate employment. Of 139 special schools sanctioned for these children, only 104 schools had been opened. Out of the children enrolled in special schools, many had not been mainstreamed. Due to enrollment of a large number of ineligible children in NCLP schools, the objective of opening of NCLP schools specifically for the children withdrawn from hazardous occupations was negated. In the absence of structured monitoring mechanism as well as periodical surveys, the implementation of the provisions of the Act remained directionless.

3.4.12 Recommendations

- To strengthen the enforcement machinery, adequate arrangements and appropriate funding should be provided with proper monitoring for ensuring prescribed number of inspections.
- Detailed and periodic survey should be done to identify child labour.
- To generate empathetic response against the evil of child labour, full utilisation of money received in NCLPs for awareness generation may be ensured.

CHAPTER IV

TRANSACTION AUDIT
OBSERVATIONS
AUDIT PARAGRAPHS

CHAPTER IV

TRANSACTION AUDIT OBSERVATIONS AUDIT PARAGRAPHS

4.1 Infructuous/wasteful expenditure and overpayment

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.1.1 Non-installation of power pumps on tube wells

Non-installation of power pumps on tube wells resulted in unfruitful expenditure of Rs.99.05 lakh.

According to the *Indira Gaon Ganga Yojna* (IGGY) launched in November 2000, tube wells were to be drilled by the Department near *Nistar*⁴⁴ tanks in electrified villages having drinking water problems. Electric connection and power pumps were to be obtained by the respective Gram Panchayats and pumps were to be installed with the assistance of Public Health Engineering (PHE) Divisions. The water from the tube well was to be used for drinking and the tanks were to be filled for public Nistar purposes.

Scrutiny of the records of PHE Divisions, Baikunthpur and Kanker revealed that the Divisions drilled 1,413 tube wells under IGGY during 2000-04. Of these, on 283⁴⁵ tube wells no power pumps were installed either due to distant power lines or due to non-electrification (25 villages). This resulted in unfruitful expenditure of Rs.99.05 lakh⁴⁶ (at the rate of Rs.35,000 per tube well drilled).

The Engineer-in-Chief (E-in-C) stated in March and April 2004 that the Government had been made aware of the facts and the Panchayats were being persuaded to make the scheme functional.

Injudicious drilling of tube wells in non-electrified villages or in villages where tanks were at a distance from power lines, resulted in unfruitful expenditure of Rs.99.05 lakh.

The matter was reported to Government in February 2004; reply had not been received (January 2005).

⁴⁴ *Nistar tank is used to meet the daily needs of water other than drinking of the local population and animals.*

⁴⁵ *Baikunthpur: 85 and Kanker: 198 as of October and July 2003.*

⁴⁶ *Rs.29.75 lakh in Baikunthpur and Rs.69.30 lakh in Kanker Divisions.*

**PUBLIC HEALTH AND FAMILY WELFARE
DEPARTMENT**

4.1.2 Irregular and infructuous expenditure on purchase of bleaching powder

Non-implementation of recommendations of State Level Purchase Committee led to irregular and infructuous expenditure of Rs.33.60 lakh on purchase of bleaching powder.

With a view to controlling epidemic diseases, it was decided (February 2001) by the State Level Purchase Committee that 'Purivat'⁴⁷ tablets (with shelf life of two years from the date of manufacture) should be purchased in place of bleaching powder as the shelf life of bleaching powder was only one month.

Test-check (October 2003) of records of District Malaria Officer (DMO) Raipur (conducted in October 2003) revealed that contrary to the aforesaid decision, the DMO purchased 210 MT of bleaching powder worth Rs.33.60 lakh (80 MT: March 2001 and 130 MT: March 2002) and distributed the same to Chief Medical and Health Officers (CMHOs) of 16 districts in May 2001 and May/June 2002. By that time the shelf life of the bleaching powder had already expired. Thus the entire expenditure of Rs.33.60 lakh incurred on the above purchases proved infructuous.

On this being pointed out, the DMO (October 2003) and the Director Health Services (DHS) stated (July 2004) that bleaching powder was purchased in place of Purivat tablets due to paucity of time and in view of receipt of indents from some CMHOs. DHS further clarified (September and December 2004) that shelf life of bleaching powder is more than six months and was erroneously mentioned as one month in earlier reply and it was purchased due to its higher purifying capacity as compared to Purivat tablets. DHS has also clarified that the bleaching powder had been used by the CMHOs in a routine manner.

This reply is not acceptable, since the above purchases were made in violation of the decision of the State Level Purchase Committee and the shelf life of bleaching powder is not more than 30 days from the date of manufacture as had been confirmed (September 2004) by the supplier. Since the bleaching powder was distributed to the CMHOs when the shelf life of the powder had already expired, the use of time expired bleaching powder was not correct. Thus, the entire purchase was irregular and infructuous.

The matter was referred to the Government in January 2004, reply is awaited (January 2005).

⁴⁷ Purivat tablet is meant for purifying water

PUBLIC WORKS DEPARTMENT

4.1.3 Overpayments due to double measurement and computation mistake

Measurements of same item twice and error in computation of final quantity resulted in overpayment of Rs.35.60 lakh to the contractor.

The Executive Engineer, National Highway (NH) Division, Bilaspur awarded (February 2001) the work of improvement of riding quality of NH-200 (km 191 to 207/2) at an estimated cost of Rs.3.58 crore on percentage rate tender basis at 9.66 per cent below the Schedule of Rates (SOR). The final bill for the work for Rs.3.62 crore was paid to the contractor in June 2002.

Scrutiny of the records of the work revealed as under:

Measurements for the following items of work in km 200 to 201/2 were recorded twice, once between 2 and 16 June 2001 and again on 26 April 2002 in Measurement Book (MB) No.704 for payment in 4th running account bill and in 9th running and 10th final bills, respectively.

Page No. of MB	Date of measurement	Item of Work	Unit	Initial quantity measured and paid	Page No. of MB	Date of measurement	Final quantity measured and paid again	Rate (Rupees per unit)
46	2 June 2001	Tack coat	sq. m	8408	183	26 April 2002	16100	4
95	12 June 2001	Tack coat	sq. m	8408	184	- do -	8050	4
115	16 June 2001	Tack coat	sq. m	8400	186	- do -	350	4
		Total		25216			24400	4
53	2 June 2001	Bituminous macadam (BM)	cu m	511.050	183	- do -	603.75	1957
98 to 112	12 June 2001	Bituminous macadam	cu m	421.235	186 to 193	- do -	847.45	1957
		Total		932.285			1441.20	1957
115	16 June 2001	Semi Dense Bituminous concrete (SDBC)	cu m	310	184	- do -	201.25	2712
		SDBC	cu m	-	194	- do -	8.75	2712
		Total		310			210	2712

Based on the final quantity measured and paid for, the payments made initially on the basis of quantities measured earlier should have been adjusted. Non-adjustment of the earlier payments resulted in overpayment of Rs.24.99 lakh to the contractor on account of tack coat (25216 sq m), BM (932.285 cu m) and SDBC (310 cu m).

Further, while computing the net quantity of 247.45 cu m of BM payable in km 200 to 201/2 in the final bill, it was computed and recorded as 847.45 cu m in page 193 of MB no.704 resulting in over payment of Rs.10.61 lakh for 600 cu m.

Due to duplication of measurement and incorrect computation of net quantity an overpayment of Rs.35.60 lakh occurred.

On this being pointed out, the Engineer-in-Chief accepted the double payment and stated (March 2005) that the excess amount will be recovered from the contractor.

The matter was reported to the Government in August 2004; reply had not been received (January 2005).

4.1.4 Infructuous expenditure on unwarranted strengthening of a rural road

Unwarranted strengthening of a rural road resulted in infructuous expenditure of Rs.1.02 crore.

According to Indian Road Congress (IRC) specifications, the life of black topped rural roads with 20 mm thick Open Graded Premix Carpet (OGPC) followed by a Seal Coat (SC) is four to six years. The work of black topping of Nandeli-Pendharwa road, a 13 km long road having traffic intensity of 560 Passenger Car Unit (PCU), was completed in June 2001 at a cost of Rs.1.02 crore.

Though the life of the newly black topped road was four to six years, the work of strengthening of the same road using 50 mm thick Bituminous Macadam (BM) followed by 25 mm thick Semi Dense Bituminous Concrete (SDBC) was awarded (November 2002) to another contractor for Rs.91.62 lakh at 1.48 *per cent* above the Schedule of Rates (SOR). An amount of Rs.1.12 crore was paid to the contractor up to November 2003 including tender *per cent* and additional quantities. An additional item of Built Up Spray Grout (BUSG) costing Rs.1.73 lakh for patch repair of the newly black topped road was also executed (July 2003) raising questions about the quality of work done earlier. Moreover being a village road, the requirement of strengthening it immediately after one year of its black topping was not convincing. Had strengthening of the road been essential, it should have been done before black topping of the road, in which case black topping work costing Rs.1.02 crore would have been carried out only once and not repeated.

In reply, Engineer-in-Chief stated (November 2004) that the strengthening of the road was done on the directions of the then Home Minister and after approval by the Government (July 2002), as this was an important link between village Chapple on National Highway (NH) 200 at one end to village Chandrapur on NH 216.

The reply is not acceptable. If the village road was important from the point of view of connectivity, it should have been considered for strengthening before black topping. Moreover inclusion of an additional item of BUSG for patch

repair of the newly black topped road indicates that the work that was executed previously was of inferior quality.

The matter was reported to Government in March 2004; reply had not been received (January 2005).

4.2 Violation of contractual obligations/undue favour to contractors

PUBLIC WORKS DEPARTMENT

4.2.1 Extra cost due to adoption of richer and costlier specifications in rural roads

Injudicious adoption of richer and costlier specifications in rural road works in violation of IRC specifications resulted in extra cost of Rs.1.31 crore.

According to Indian Road Congress (IRC) specifications, black topping of rural roads is to be carried out using 20 mm thick Open Graded Premix Carpet (OGPC) followed by a Seal Coat (SC). In very special cases where the traffic intensity is high, structural layers of bituminous mix may be provided. The Engineer-in-Chief (E-in-C) stipulated (January 2003) use of 50 mm bituminous Macadam (BM) followed by 20 mm Mix Seal Surfacing (MSS) on rural roads having traffic intensity of 2000 Passenger Car Units (PCU) or more.

Scrutiny of four Public Works Divisions⁴⁸ in December 2003 and January 2004 and further details collected in May 2004 revealed that in five out of eleven test checked road works, the approved estimates for bituminous topping provided for 20 mm thick OGPC followed by SC where the traffic intensity had ranged between 345 and 868 PCU. It was, however, seen that these road works had been executed with 50 to 75 mm thick BM followed by MSS in violation of the IRC specifications and without approval of revised estimates. The BM and MSS being richer and costlier specifications than OGPC with SC, its use on the five rural roads was not warranted and resulted in extra cost of Rs.1.31 crore on the works executed at a cost of Rs.4.65 crore between May 2003 and April 2004.

In reply the E-in-C stated (July 2004) that NABARD had agreed to provide additional loan for construction of the rural roads with BM and MSS as approved by Government in February 2003.

The reply was not relevant because the issue was not of additional loan but of use of higher and costlier specifications than warranted. Sanction of

⁴⁸ Bilaspur, Durg, Manendragarh and Raigarh

additional loan by NABARD to cover this unwarranted additional cost does not, however, justify use of the above specifications without proper authority (IRC and MORTH) and in violation of tender specifications. Further, the revised estimates of these roads with the BM and MSS were not approved by the competent authority (CE and E-in-C). Further, the Government approval of February 2003 as cited in the reply stipulate use of BM and MSS only in rural roads where the traffic intensity was 2000 PCU or more. Therefore, the higher specifications were not appropriate for the roads in question which had much lower traffic intensity.

The matter was reported to Government in February 2004; reply had not been received (January 2005).

4.2.2 Execution of Open Graded Premix Carpet in excess thickness

Injudicious execution of excess thickness of Open Graded Premix Carpet (OGPC) resulted in extra cost of Rs.30.10 lakh.

According to clause 509.1.1 of the MORTH specification, Open Graded Premix Carpet (OGPC) is to be executed in 20 mm thickness as a wearing course. In the Schedule of Rates (SOR) for road works effective from June 2000 as amended in April 2002, the rate for 20 mm thick OGPC including profile corrective course as an integral part was Rs.2100 per cu m up to April 2002 and Rs.2200 per cu m thereafter.

Scrutiny of the records (December 2003) of seven road works⁴⁹ of Water Bound Macadam (WBM) renewal followed by bituminous topping under Public Works Division, Raigarh revealed that in violation of the specification, the item of OGPC was executed in average thickness ranging from 31 to 42 mm. Moreover, since the WBM was carried out prior to the bituminous topping, profile correction was also not required. Thus, injudicious execution of OGPC in excess thickness ranging from 11 to 22 mm resulted in extra cost of Rs.30.10 lakh.

In reply, Engineer-in-Chief stated (November 2004) that to make the WBM surface good enough extra quantity of profile corrective course (PCC) was executed with the approval of the then Superintending Engineer. The reply is not acceptable because as per MORTH specifications the profile correction on the road was to be done at the time of construction of the WBM road itself and not at the time of black topping.

The matter was reported to the Government in April 2004; reply had not been received (January 2005).

⁴⁹ WBM renewal bituminous topping work on (1) Kharasia-Sakti-Bagbuhra road, (2) Jatri-Litaipali-semipower-torma Nala road, (3) Kanmura approach road, (4) PatelpaliTandela road, (5) Vadeta-Sandamal road, (6) Raigarh-Kharsia to Maktidam road and (7) Mandeli-Pendherwa road.

4.2.3 Injudicious adoption of costlier tack coat for road works

Injudicious adoption of costlier tack coat using bitumen in road works resulted in extra cost of Rs.36.42 lakh.

The Ministry of Road Transport and Highways (MORTH) specifications (Third Revision) April 1995 for road and bridge works as amended in January 1998 stipulate that the binder used for tack coat shall be bituminous emulsion or cutback as specified in the contract.

Scrutiny of the records in February 2003 of the PWD National Highway (NH) Division I, Raipur revealed that the costlier item of tack coat using bitumen at the rate of Rs.8 per square metre (sq.m) on black topped (BT) surface was provided for in 10 estimates and agreements (during 2000-03) under the Improvement of Riding Quality Programme (IRQP). These works aggregating to Rs.18.15 crore were awarded during June 2002 to January 2003 at rates ranging from 15.01 to 27.27 per cent below the Schedule of Rates (SOR) on different stretches of NH-6, NH-43 and bypass. In these works, instead of bituminous emulsion as mandated by MORTH specifications which was costing Rs.5 per sq. m, expensive tack coat with bitumen was used. This resulted in extra cost of Rs.36.42 lakh with reference to the actual quantity of tack coat applied in the works aggregating Rs.15.72 crore which had been paid up to January 2003. The bills for the balance of the works are pending for payments in the Division (January 2005).

Engineer-in-Chief stated (October 2004) that since the item of tack coat using bitumen exists in the Current Schedule of Rates (CSR), the estimates were framed accordingly and got sanctioned from MORTH.

The reply is not tenable since the MORTH specifications do not provide for tack coat using bitumen and it was mandatory for the EE to execute the works according to the above specifications. Further the CSR should have been prepared as per MORTH specifications.

Injudicious adoption of costlier tack coat using bitumen in violation of MORTH specifications resulted in extra cost of Rs.36.42 lakh to the Department.

The matter was reported to the Government in February 2004; reply had not been received (January 2005).

4.3 Regulatory issues and other points

FOOD CIVIL SUPPLY AND CONSUMER PROTECTION DEPARTMENT

4.3.1 Shortage due to excess driage and loss on damaged paddy due to improper storage

Shortage due to excess driage of 3.9 lakh quintals amounting Rs.20.62 crore and loss of Rs.12.54 crore on damaged paddy (2.16 lakh quintals).

The Government of India, Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) vide their instruction issued in October 2000 and November 2001, permitted loss on driage of paddy at the rate of 1 *per cent* of total quantity procured under the Price Support System.

Test-check (September 2003) of records of Director Food, Civil Supplies and Consumer Protection, Raipur revealed that 46.31 lakh quintals of paddy produced in 2000-01 were procured between November 2000 and July 2001 and 133.42 lakh quintals of paddy produced in 2001-02 were procured between October 2001 and March 2002 by Chhattisgarh State Cooperative Marketing Federation (MARKFED).

Paddy procured during 2000-01 was milled between December 2000 and February 2002 while paddy procured during 2001-02 was milled between December 2001 and January 2004. On the above procurement MARKFED claimed 5.70 lakh quintals as shortage on account of driage against the norm of 1.80 lakh quintals (at the rate of one *per cent*) which resulted in loss of Rs.20.62 crore due to excess shortage on account of driage of 3.9 lakh quintals. Joint Director (Department of Food, Civil Supply and Consumer Protection) stated (September 2003) that MARKFED is responsible for shortage on account of excess driage.

Scrutiny further revealed that 2.16 lakh quintals of paddy worth Rs.12.54 crore was damaged due to delay in disposal and consequent storage in open space leading to moisture absorption during rains. MARKFED in reply stated (August 2003) that due to shortage of godowns, paddy was stored in open space and damage was due to excess humidity during rains. It was further stated that the damaged paddy was not fit for milling and permission of Government had been sought for auction of the damaged paddy through open tender.

As regards loss on damaged paddy, it is clear from the reply that the Department has accepted the loss and put the responsibility for this on MARKFED. Action initiated by the Department and MARKFED to prevent recurrence of such loss was not mentioned to audit.

Excess shortage on account of driage and improper storage coupled with delay in the milling of paddy resulted in an aggregate loss of Rs.33.16 crore to the State Government.

The matter was reported to the Government in February 2004; reply had not been received (January 2005).

**PUBLIC HEALTH AND FAMILY WELFARE (MALARIA)
DEPARTMENT**

4.3.2 Unauthorised expenditure on purchase

Unwarranted purchase of equipment worth Rs.1.37 crore against allotment of Rs.96 lakh.

An amount of Rs.96 lakh was available for the State Government during 2000-01 as Special Central Assistance for providing medicines in areas affected by malaria and dehydration in Bastar Division. The amount was allotted by the Commissioner, Scheduled Castes, Scheduled Tribes, Backward and Minorities Welfare to the Director, Health Services (DHS), Chhattisgarh on 8 February 2001.

On 24 February 2001, the budget allotment made by the Commissioner to the DHS was withdrawn and the amount was reallocated to the Chief Medical and Health Officers (CMHO) of Bastar, Kanker and Dantewada on 8 March 2001. However, DHS withdrew the full amount of Rs.96 lakh from the Raipur Treasury on 5 March 2001 and used this sum to make payment for instruments and medicine which he had ordered on 24 February 2001 against the budget allotment of Rs.96 lakh. The equipment purchased were Binocular Research Microscope worth Rs.63.19 lakh, QBC paralens (instruments) worth Rs.26.06 lakh and other articles for Rs.6.75 lakh. There were no indents for these equipment nor could the DHS make available any report on the installation of these equipment and their actual use by the CMHOs.

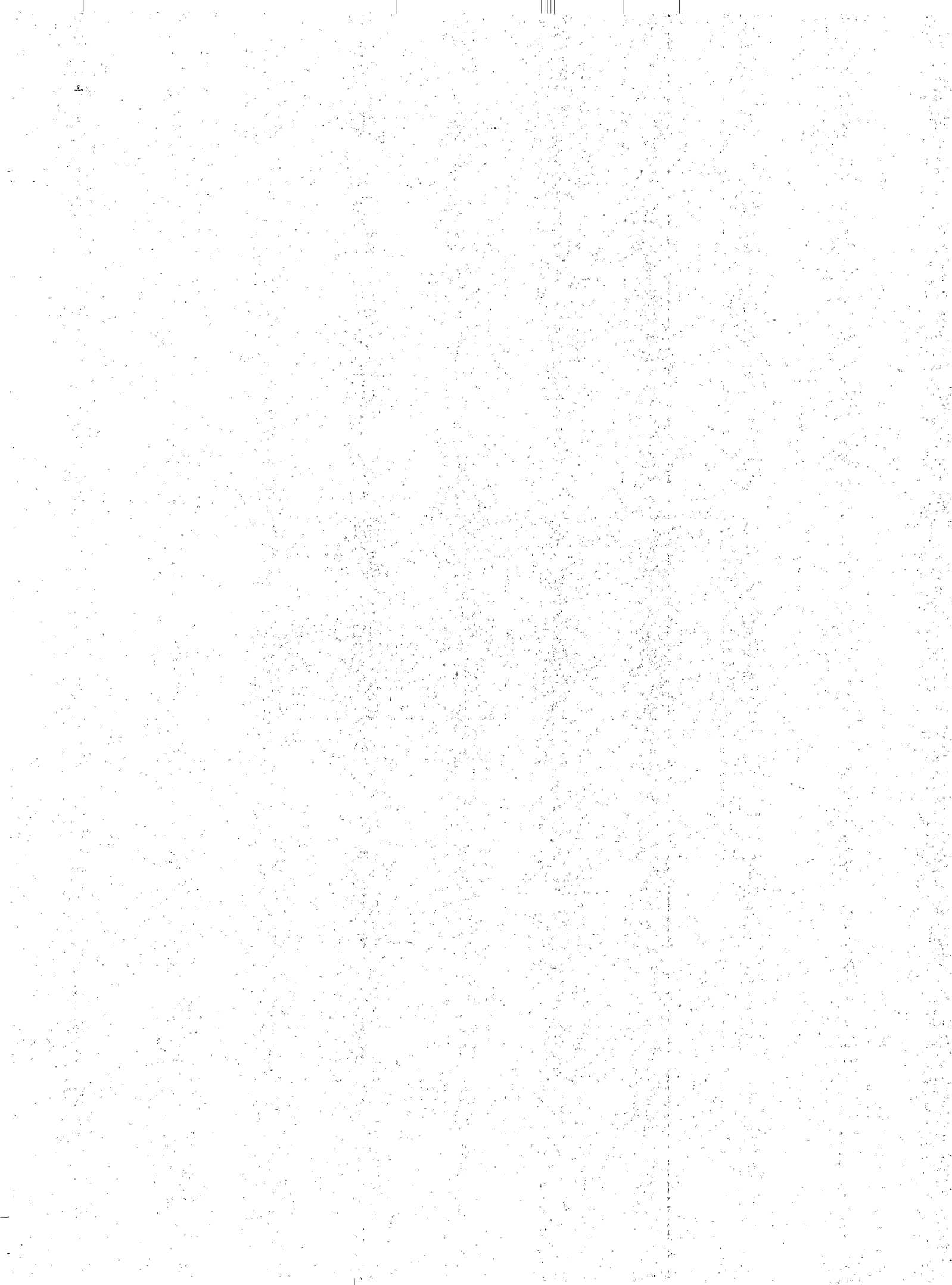
Following the reallocation of Rs.96 lakh by the Commissioner, SCs, STs etc. the CMHO, Kanker and the CMHO, Dantewada withdrew Rs.19.05 lakh and Rs.21.80 lakh respectively during March 2001. Thus, against the sum of Rs.96 lakh received as Special Central Assistance for medicines, a total expenditure of Rs.1.37 crore was incurred because the withdrawal against the initial budget allotment by the DHS was ignored. Moreover, the purchase of equipment

worth Rs.96 lakh was not warranted in the absence of any indent nor was this amount actually meant for purchase of equipment. Even the utility of the equipment was suspect since they were not installed and were lying idle in all the seven districts that were checked in audit.

Matter was referred to Government (February 2004); reply is awaited (January 2005).

CHAPTER V

INTERNAL CONTROL SYSTEM
IN GOVERNMENT DEPARTMENT



CHAPTER-V

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ARRANGEMENT

PUBLIC WORKS DEPARTMENT

Highlights

- **Internal Control Mechanism (ICM) provides a tool to the senior management for financial and operational control and ensuring safeguards against error and fraud. An evaluation of ICM in Public Works Department (PWD) revealed weaknesses of the internal controls in the areas of budget and expenditure control, accountal of transactions, maintenance of stores and quality control of works executed. Systems of Departmental inspection was found deficient while internal audit was non existent.**

- **Excess expenditure of Rs. 2.58 crore over the deposits received occurred in four divisions.**
(Paragraph 5.1.5)

- **The expenditure booked was inflated by keeping the funds of Rs.45.84 crore under Civil Deposits.**
(Paragraph 5.1.5)

- **Due to failure of controls to ensure quality of material, undue benefit of Rs.56.45 crore was extended to contractors.**
(Paragraph 5.1.8)

- **Internal audit wing has not been set up in the Department.**
(Paragraph 5.1.10)

- **Advances for TA were released from works cash book.**
(Paragraph 5.1.5)

5.1 Evaluation of Internal Control Mechanism

5.1.1 Introduction

Internal Control Mechanism (ICM) provides a tool to the senior management for financial and operational control and ensuring safeguards against error and fraud. The controls are embodied in various provisions of Codes, Manuals and executive instructions of the Government. Internal control comprises of frame work of various rules, codes, manuals, circulars and instructions relating to budget, expenditure, operational activities and quality control. The Madhya Pradesh Works Department Manual, Madhya Pradesh Finance Code and Madhya Pradesh Treasury Code have been adopted by the Chhattisgarh State since November 2000 (date of formation of the State).

An evaluation of the internal control mechanism of Public Works Department (PWD) since formation (November 2000) of the new State of Chhattisgarh was taken up. The PWD is headed by Engineer in Chief (E-in-C) and comprises 169 units⁵⁰.

5.1.2 Audit coverage

Records relating to internal control system and internal audit arrangement for the period November 2000 to March 2004 were test checked during July & August 2004 in the offices of the Engineer-in-Chief and Chief Engineer, National Highway & Bridges of the PWD and Director of Treasuries and Accounts, Chhattisgarh respectively. Audit findings are discussed in succeeding paragraphs.

5.1.3 Audit objectives

The objectives of the review of the Internal Control Mechanism in the department were to examine the adequacy of

- Budgetary and expenditure controls.
- Stores and Inventory Management Controls.
- Operational controls.
- System of quality control, monitoring and internal audit.

Financial controls

5.1.4 Budgetary control

The Department is responsible for initial estimation and control over expenditure against the grant or appropriation placed at their disposal. Test check in audit revealed the following shortcomings in preparation of budget estimates.

⁵⁰ Chief Engineer Level: 3, Circles: 10, Divisions: 38, Sub divisions: 118

Persistent savings

According to the Madhya Pradesh Financial Code, it is the overall responsibility of the Department to prepare correct budget estimates. But a test-check of five grants revealed that there were huge savings of Rs.53.82 crore during November 2000 to March 2002 and in 2003-04 as given below.

(Rupees in crore)

Year	Allotment	Expenditure	(+) Saving / Excess (-)
November 2000 to March 2001	84.11	68.58	15.53
April 2001 to March 2002	252.06	217.82	34.24
April 2002 to March 2003	411.93	468.78	(-) 56.85
April 2003 to March 2004	550.68	546.63	4.05
Total	1298.78	1301.81	53.82 Saving 56.85 Excess

E-in-C, PWD stated that savings were mainly due to non-receipt of administrative approvals (AA). The reply itself indicated that budget provisions were made without assessment of actual requirements even when administrative approvals (AA) had not been accorded.

Substantial excess

There was also excess expenditure of Rs.56.85 crore during 2002-03. Further, excess of Rs.71.07 crore under nine sub heads in three grants were also noticed during 2001-02 and 2003-04 although there was net overall savings (*Appendix 5.1*). Regarding the excess expenditure it was stated by the E-in-C, PWD that prior to formation of the State, roads and buildings were in poor condition. Thus due to paucity of funds, there was heavy pressure to improve the condition of roads hence expenditure was incurred in anticipation of receipt of funds. However, the concerned Chief Engineers (CE's)/Superintending Engineers (SE's)/Executive Engineers (EE's) had been informed from time to time to incur expenditure as per instructions of the Finance Department. This reveals that the department failed in exercising requisite controls to ensure expenditure within budgeted limits in 2002-03. In 2001-02 and 2003-04, the Department also failed to pass requisite re-appropriation orders which could have ensured that there would be no excesses as there was net overall saving in these years.

5.1.5 Expenditure control**Rush of expenditure**

Financial rules require that Government expenditure be evenly phased throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill planned expenditure. It was observed that under the grant no.42 and 68; out of total expenditure of Rs.117.11 crore and Rs.12.25 crore, expenditure in March was to tune of

Rs.48.27 crore (41 per cent) and Rs.4.04 crore (33 per cent) respectively. E-in-C replied (July 2004) that this was due to execution of works after rainy season. Reply is not acceptable because the rainy season ends in July-August. This indicated laxity in controls as the Department was unable to effectively spread its expenditure.

Excess expenditure over the Letter of credit (LOC)

As per para 4.143 of Work Department Manual, Superintending Engineer (SE) shall keep control over expenditure by issuing Letter of Credit (LOC) from time to time. It shall mention the amount that shall be expended by Executive Engineer (EE), sub head wise in the specified period. The EE is required to submit monthly expenditure statements to enable SE to monitor expenditure against the LOC. Though the statements of expenditure were furnished by the EE, the SE failed to exercise requisite control. A test check revealed excess expenditure as compared to LOC under sub-heads as detailed below:

In PWD (B/R) Dn.No.1, Raipur, expenditure of Rs.5.15 crore was incurred against an LOC of Rs.1.87 crore under grant 24 during 2002-03. In PWD (B/R) Dn.No.II, Raipur, expenditure of Rs.11.26 crore was incurred against the available LOC of Rs.3.60 crore under the above stated head during 2003-04. In reply (July 2004) EE stated that excess was due to unavoidable repairs of Government buildings and roads in the Capital on account of formation of the new State. Additional allotment was requested for from higher authorities to cover excess expenditure. However, total cheques drawn did not exceed the amount of LOC.

Excess expenditure over LOC, is indicative of failure of the control specifically put in place for the purpose of keeping expenditure within limits.

Excess over allotment

As per rules, the controlling officers should ensure that the expenditure on works should not exceed the allotment. It was observed in 12 divisions⁵¹, expenditure was incurred in excess of allotment by Rs.3.42 crore, Rs.37.24 crore, and Rs.28.44 crore during 2001-02,2002-03 and 2003-04 respectively. This indicated that the CE/SE failed to exercise necessary control over expenditure on works.

⁵¹ PWD Divisions-Jagdapur, Bemetara, Dhamtari, Rajnandgaon, Ambikapur, Kondagaon, Divisions-I,II & III Raipur, Vidhan Sabha Division, Raipur, E/M Division-Raipur, NH-Division-I, Raipur

Excess expenditure on deposit work

As per instructions, the expenditure on deposit works should not exceed the deposit provided for the work. It was observed that in four divisions⁵², excess expenditure of Rs.2.58 crore was incurred upto March 2004 in excess of the deposit received for execution of the works. This indicated lack of effective control.

Absence of Reconciliation of expenditure figures

It was the responsibility of the Department to reconcile monthly the expenditure figures with those booked by the Accountant General. Due to incomplete reconciliation, there were differences of Rs.222.77 crore under four grants between the Departmental figures and those booked by the Accountant General, Chhattisgarh during the period 2001-02 to 2003-04 (December 2004) as shown in *Appendix 5.2*. Thus, a key control for ensuring accuracy of accounts was disregarded.

Transfer of funds to Public Account from Consolidated Fund

Financial Rules provide that no money shall be drawn from the treasury unless required for immediate disbursement. However, the department had drawn Rs.45.84 crore (March 2002 and March 2003) and kept it under Civil Deposits under the Public Account as given in *Appendix 5.3*. Consequently, inflated expenditure figures from the consolidated fund were shown in the accounts.

On this being pointed out, the E-in-C, PWD stated that the allotment was received near the end of financial year through supplementary budget and it was kept under Civil Deposits to avoid lapse.

Non-adjustment of temporary advances

As per rules, advances for purposes other than works expenditure are to be drawn through the treasury in PWD divisions. In violation, TA advances were given from works cash book against simple receipt. Even the officers of controlling/administrative offices had obtained advances of Rs.3.99 lakh as of June 2004 from the work cash book of one Headquarter division i.e. PWD division No.1, Raipur. An amount of Rs.1.21 lakh was also outstanding as of June 2004 against the Secretary PWD. The Department replied (July 2004) that instructions were being issued for recovering the amount. Thus, the key controls for segregating works and establishment transactions failed and the subsequent scrutiny and control of treasury were bypassed.

5.1.6 Store Management and Inventory Control

Non-fixation of Reserve Stock Limit

As per provisions of State PWD manual, a Reserve Stock Limit (RSL) has to be fixed for every division by CE to exercise the control so that unnecessary

⁵²

PWD Divisions-Bilaspur, Dantewara, Ambikapur and Jagdalpur

overstocking does not take place. It was however, observed in audit that no RSL was fixed by the CE (March 2004) for the 29 divisions⁵³ test checked.

Lack of control over procurement

According to the rules, stores should be purchased after assessing the requirement and with the sanction of SE and CE. It was observed that in four divisions⁵⁴ surplus stores worth Rs.85.03 lakh were lying unutilised in stock (March 2004). This was due to purchase in excess of requirements and without the sanctions of SE/CE. This also resulted in blockage of Government money due to excess purchases.

Physical verification

As per Works Department Manual, physical verification of stores should be conducted once in a year. It was observed that in two divisions (Bridge Division Bilaspur and PWD Division Ambikapur), no physical verification of stores was conducted as of March 2004, whereas in eight divisions⁵⁵ it was delayed by one to eight years.

Improper maintenance of Material at Site (MAS) account

The works Department Manual stipulates that material issued or procured for use in works was to be accounted in the Material at Site (MAS) account and was to be physically verified once in a year. It was observed in three divisions (PWD Manendgarh, Jagdalpur, E/M Division Raipur), material worth Rs.1.96 crore was not accounted for in MAS account upto March 2004. Further, failure to conduct yearly physical verification of MAS account led to non-maintenance of MAS account in 14 divisions⁵⁶.

Road Metal Return (RMR)

As per codal provisions, a register showing all receipt and issue of road metal was to be maintained in sub divisions. In respect of seven divisions⁵⁷, the subordinate sub divisions did not maintain RMR account at all where as in respect of nine divisions⁵⁸ these were not maintained since 2003.

⁵³ PWD Divisions, Dhamtari, Mahasamund, Ambikapur, Bijapur, Khairagarh, Division-I,II &III, Raipur, Bemetara, Rajnandgaon, Kondagaon, Manendragarh, Champa, Jagdalpur, Kanker, Jashpur Nagar, Dantewada, E&M Divisions- Raipur, Jagdalpur, NH Divisions- Ambikapur, Raipur, Jagdalpur, Bilaspur, Bridge Divisions- Raipur, Bilaspur, Jagdalpur, Ambikapur and Vidhan Sabha Division- Raipur

⁵⁴ PWD Divisions- Bilaspur, Ambikapur, Jashpur Nagar Manendragarh

⁵⁵ PWD Divisions- I, II Raipur, Bilaspur, Khairagarh, Manendragarh, Rajnandgaon, Vidhan Sabha, Raipur, and NH Division- Jagdalpur

⁵⁶ PWD Divisions- No-I, Raipur, Bilaspur, Bijapur, Bemetara, Manendragarh, Champa, Ambikapur, Jagdalpur, Jashpur Nagar, NH Division- Ambikapur, Bridge Divisions- Raipur, Bilaspur and Ambikapur, E/M Division Jagdalpur

⁵⁷ PWD Divisions- No. I Raipur, Dhamtari, Bemetara, Bilaspur, Jagdalpur, Bridge Division- Jagdalpur and NH Division- Ambikapur

⁵⁸ PWD Division No. I Raipur, Rajnandgaon, Kondagaon, Jagdalpur, Ambikapur, Kanker, Vidhan Sabha, Raipur and NH Divisions- Bilaspur and Jagdalpur

5.1.7 Operational controls

Deviation from approved estimates

In six divisions⁵⁹, works were executed with higher specification as against the provisions made in the original estimate, which resulted an avoidable cost of Rs.5.43 crore.

Non-renewal of bank guarantee

According to the agreements for the works, contractors have to furnish bank guarantees for the performance security before start of the work. It was observed that bank guarantees for Rs.88.62 lakh were not furnished by four contractors in two divisions (PWD Division No-II, Raipur and Kondagaon).

According to the rules, bank guarantees should be renewed on expiry. In PWD Division, Ambikapur four bank guarantees amounting to Rs.27.71 lakh were not renewed on their expiry. The irregularity indicated absence of proper control over operations.

Excess over administrative approval (AA) and technical sanction (TS)

As per Works Department Manual, the expenditure on works should not exceed the amount of administrative approval (AA) or technical sanction (TS). It was observed that in three divisions (PWD Divisions-Dhamatari, Bridge Divisions-Raipur and Ambikapur), the expenditure on 34 works exceeded the AA by Rs.11.70 crore while in nine works the expenditure exceeded the TS by Rs.1.25 crore.

Miscellaneous Public Work Advances (MPWA)

As per rules, the transaction accounted in MPWA should be cleared or adjusted within a reasonable time. It was observed that in 25 divisions⁶⁰, 3,518 items aggregating Rs.29.73 crore were outstanding, for period upto ten years at the end of March 2004. Due to non-clearance of items, possibility of losses to that extent can not be ruled out. This indicated lack of monitoring at higher level.

Pending Accountant General's adjustment memos

Purchases made through Director General of Supplies and Disposal (DGS&D) are settled through the Accountant General. It was observed that in 16

⁵⁹ Khairagarh, Dhamtari, Raipur No.I and II, Ambikapur and Kanker

⁶⁰ PWD Divisions No.I, II & III, Raipur, Bilaspur, Dhamtari, Mahasamund, Bijapur, Khairagarh, Rajnandgaon, Kondagaon, Manendragarh, Champa, Jagdalpur, Ambikapur, Bilaspur, Kanker, Jashpur Nagar, Dantewara, Jagdalpur, NH Divisions-Ambikapur, Bilaspur, Vidhan Sabha Division Raipur, E/M Division Raipur, Jagdalpur and Bridge Division Raipur

divisions⁶¹, Accountant General's adjustment memos amounting to Rs.12.87 crore were pending adjustment for upto ten years. The non- adjustment indicated lack of monitoring at appropriate levels.

5.1.8 Quality Control of material used in road works

In Bituminous topped renewal of roads by the Department, inferior quality of bitumen (80/100 grade) was used in lieu of 60/70 grade bitumen by 165 contractors in 1051 agreements. This resulted in undue benefit of Rs.56.45 crore to the contractors. The use of inferior quality of bitumen occurred due to laxity in controls prescribed for ensuring quality of material as per specifications. Government stated that the matter was investigated in detail and recovery was ordered from the defaulting contractors. Details of recovery are awaited in audit (February 2005).

The works Department manual provides for controls to guard against inferior quality material through the provisions of testing of materials at various stages i.e. purchase, execution and completion, supervision during execution and analysis of test results before releasing payments.

As per instructions issued by the PWD every contract should have a clause that test report of materials purchased for use in works should be produced by contractor to Departmental authority before starting execution.

However, in PWD (B&R) division, Bijapur and National Highway Division, Ambikapur bitumen was purchased by contractor and used on works upto March 2004 in nine agreements without submitting any test results to the divisions. Moreover, bills in support of purchase were also not produced by the contractor.

On this being pointed out in audit (December 2003), the EE PWD (B&R) Division, Bijapur stated that test report and purchase bills were being collected from the contractor. The EE National Highway Division, Ambikapur stated that there was no clear instruction in the agreement to produce purchase bill for bitumen and test report before execution of work.

These cases indicated that the departmental authorities did not exercise requisite control provided in the rules for ensuring quality in road works.

5.1.9 Departmental Inspection

Departmental inspection of subordinate offices ensures that they are working in accordance with the rules, regulations and instructions issued from time to time by superiors. Works Department Manual provides that departmental inspection should be conducted and the E-in-C will obtain in the last week of every quarter, a return from the CE/SE/EEs showing the inspections due and those actually conducted during the quarter. After consolidation of these

⁶¹ *PWD Divisions No.I,II Raipur, Bilaspur, Khairagarh, Rajnandgaon, Kondagaon, Manendragarh, Champa, Jagdalpur, Ambikapur, Kanker, Jashpur Nagar, Dantewara, NH Division No.I Raipur and Jagdalpur and Bridge Division Ambikapur*

reports, it may be sent to Government by the E-in-C. It was observed that the codal provision was not being followed in the Department. In reply the Senior Accounts Officer on behalf of the E-in-C, PWD replied (July 2004) that he was not aware of the Manual's provision.

During the test-check of record of CE, NH and Bridge Zone, PWD, Raipur, it was observed that inspection reports of the divisions were issued with delay of eight to 12 months and none of the divisions inspected had furnished their compliance to the CE. Thus, inspection did not serve its intended purpose and the CE failed to exercise any control.

Evaluation of Internal Audit System

5.1.10 Internal audit system

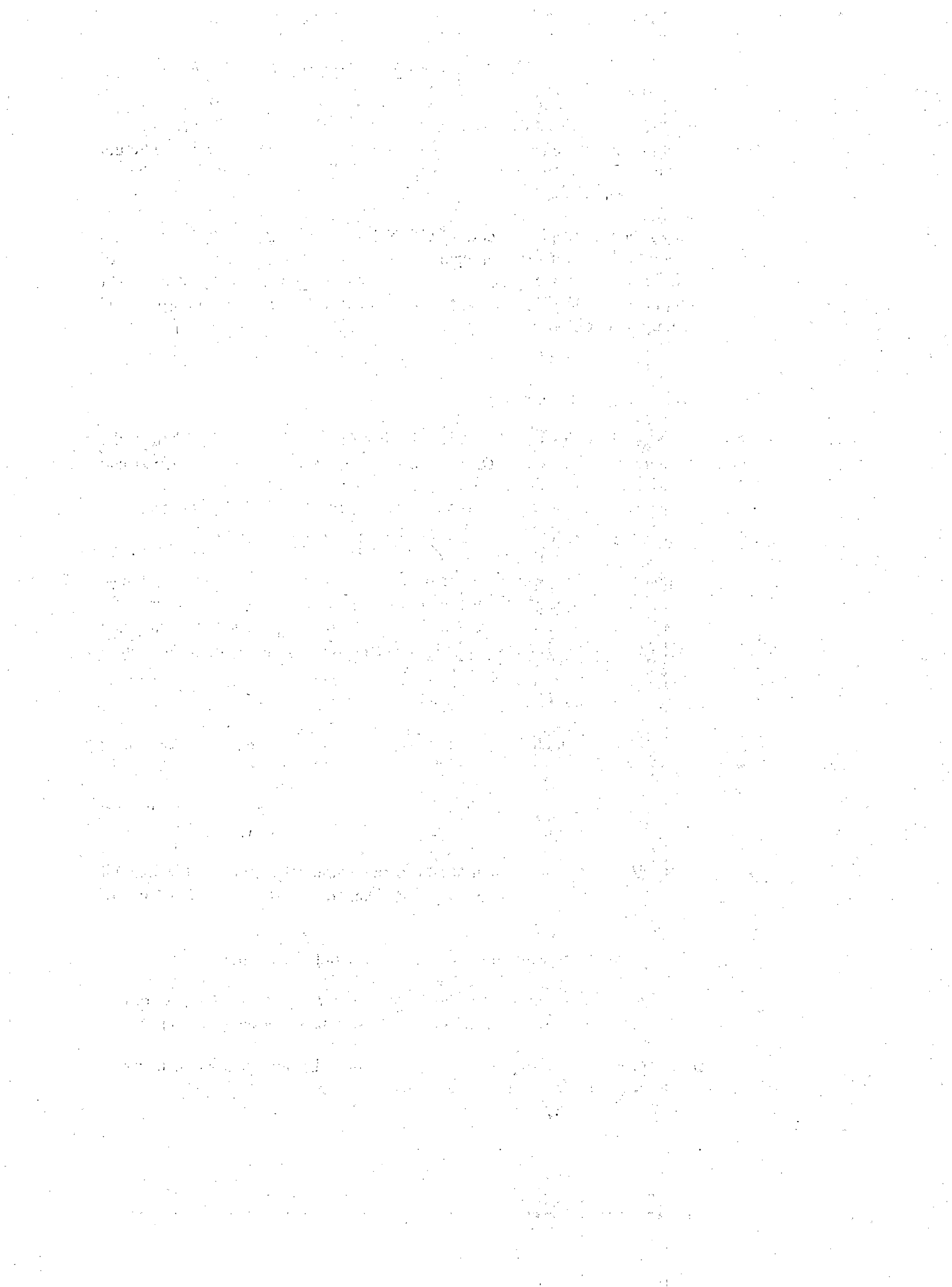
No Internal Audit system was established in the department. Though the Internal Audit Manual of Directorate of Treasury and Accounts (1989) had prescribed specific duties to be performed in respect of this department, internal audit had not been done since formation of the Chhattisgarh State.

5.1.11 Conclusions

There were deficiencies in internal controls resulting in budgetary savings, excess expenditure, non-reconciliation, transfers to Public Account, irregular drawals, defective procurement and stores accounting, poor monitoring and inspection and inadequate quality control. Internal audit was also non-existent.

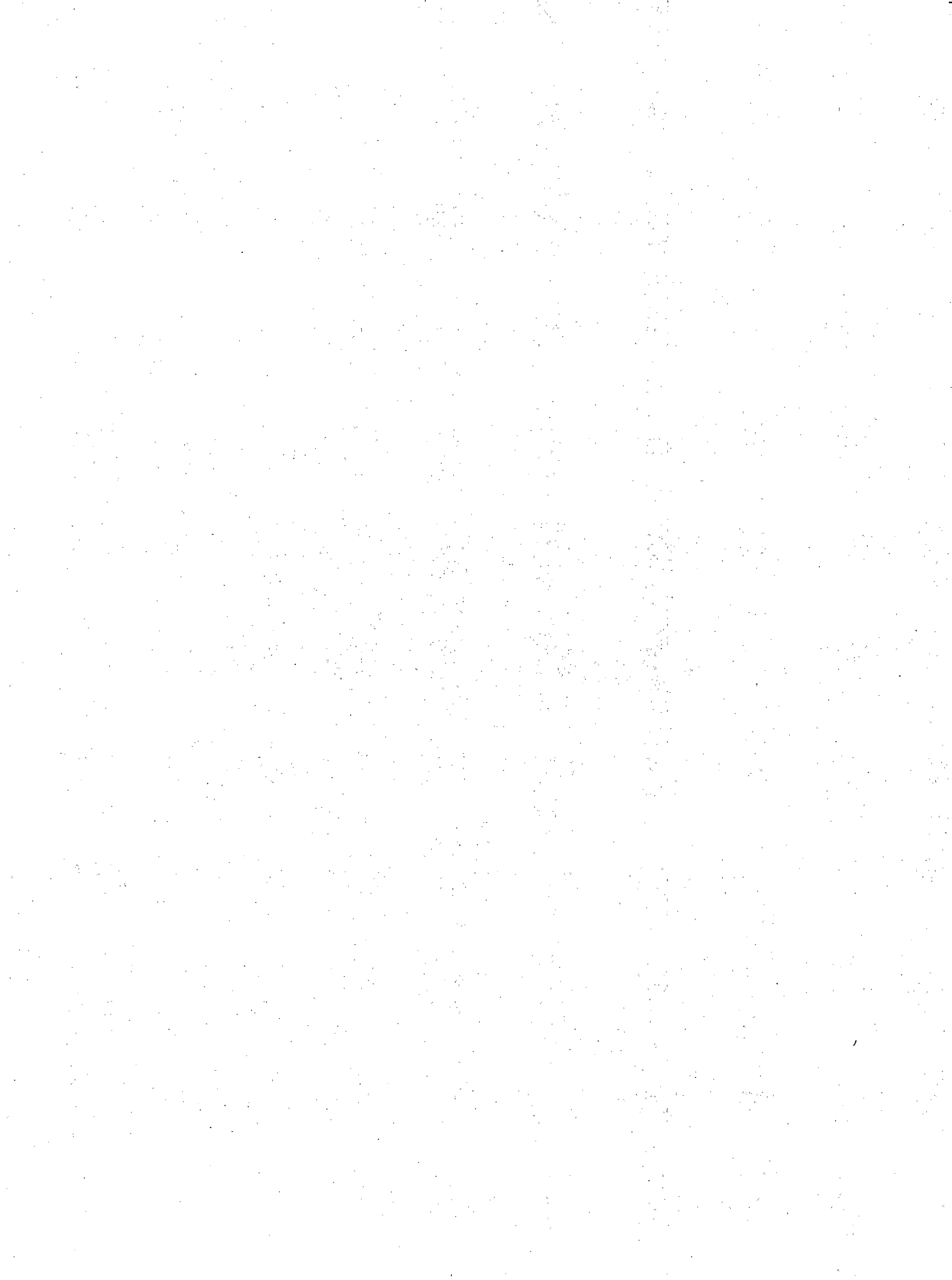
5.1.12 Recommendations

- Effective quality testing arrangements should be made and be strictly followed.
- Departmental Inspection should be strengthened and compliance reports should be monitored by appropriate authority.
- The Department should devise manual/codal provision for internal audit providing periodicity and detailed procedure for carrying out internal audit.
- Expenditure within the limits of LOC should be ensured.
- Advances from works cash book should be recovered and proper monitoring arrangements should be made to avoid such recurrence.
- Proper monitoring over yearly physical verification and maintenance of accounts for material should be done.



CHAPTER VI

GOVERNMENT COMMERCIAL
AND TRADING ACTIVITIES



CHAPTER-VI

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

6.1. Overview of Government companies and Statutory corporations

6.1.1 Introduction

As on 31 March 2004, there were six Government companies and two Statutory corporations (all working) under the control of the State Government, which was the same as on 31 March 2003. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 (4) of the Companies Act, 1956. The audit arrangements of Statutory corporations are as shown below:

Sl. No.	Name of the Corporation	Authority for audit by the Comptroller and Auditor General of India	Audit arrangement
1.	Chhattisgarh State Electricity Board (CSEB)	Under Rule 14 of the Electricity Supply (Annual Accounts) Rules, 1985 read with Section 185(2) (d) of the Electricity Act, 2003.	Sole audit by CAG
2	Chhattisgarh State Warehousing Corporation	Section 31(8) of the State Warehousing Corporation Act, 1962	Audit by Chartered Accountants and supplementary audit by CAG

6.1.2 Working Public Sector Undertakings (PSUs)

Investment in working PSUs

Total investment in eight working PSUs (six Government companies and two Statutory corporations) at the end of March 2003 and March 2004 respectively was as follows:

(Rupees in crore)

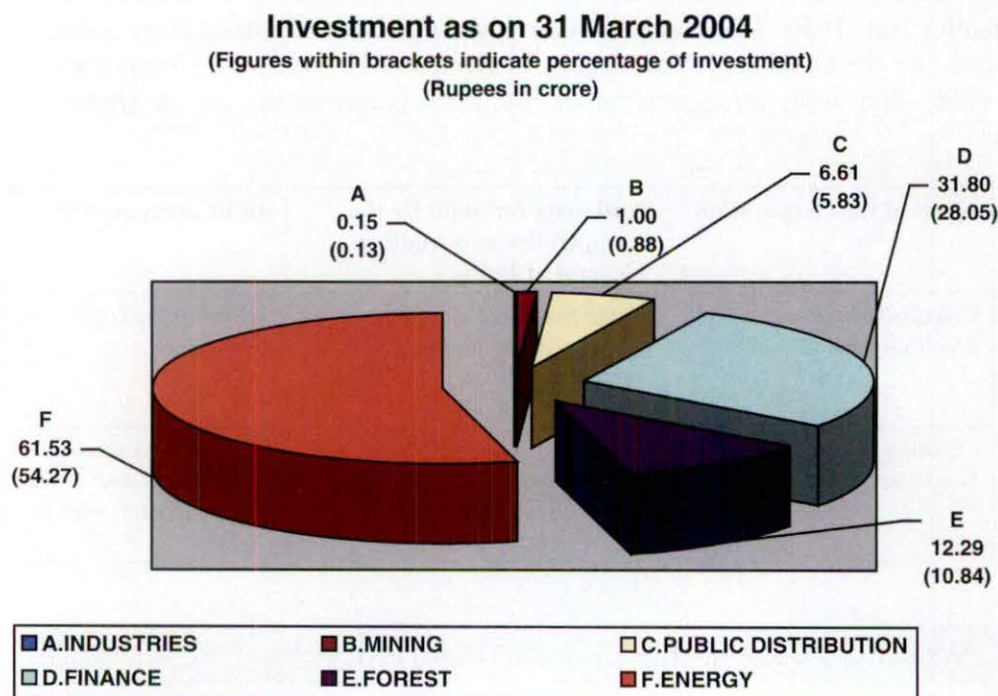
Year	Number of working PSUs	Investment in working PSUs			
		Equity	Share application money	Loans	Total
2002-03	8 ⁶²	10.94	0.50	34.57	46.01
2003-04	8 ⁶³	73.92 ⁶⁴	2.00 ³	37.46 ³	113.38 ³

As on 31 March 2004, the total investment of working Government companies and Statutory corporation comprised 66.96 per cent of equity capital and 33.04 per cent of loans, compared to 24.86 per cent and 75.14 per cent respectively as on 31 March 2003.

An analysis of investment in PSUs is given in the following paragraphs.

Sector-wise investment in working Government companies and Statutory corporations

The investment (equity and long term loans) in various sectors and percentage thereof at the end of March 2003 and March 2004 are indicated in the following pie charts:

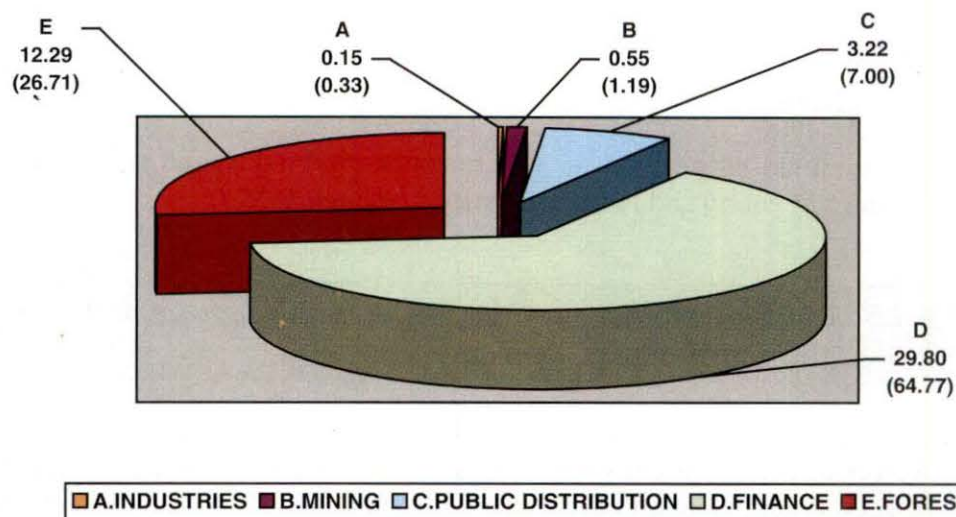


⁶² Information regarding investment in Chhattisgarh State Electricity Board is not available

⁶³ Information regarding loans in Chhattisgarh State Electricity Board is not available.

⁶⁴ The figure as per Finance Accounts is Rs.2.54 crore (Equity) and Rs.1.69 crore (loans) respectively, the difference is under reconciliation

Investment as on 31 March 2003
(Figures within brackets indicate percentage of investment)
(Rupees in crore)



6.1.3 Working Government companies

Total investment in six working Government companies at the end of March 2003 and March 2004 respectively was as follows:

(Rupees in crore)

Year	Number of companies	Investment in working Government companies			
		Equity	Share application money	Loans	Total
2002-03	6	10.94	--	33.75	44.69
2003-04	6	11.39	2.00	33.75	47.14

The summarised position of Government investment in these Government companies in the form of equity and loans is detailed in *Appendix 6.1*.

As on 31 March 2004, the total investment in working Government companies comprised 28.40 *per cent* in equity capital and 71.60 *per cent* in loans as compared to 24 *per cent* and 76 *per cent* respectively as on 31 March 2003.

6.1.4 Working Statutory corporations

The total investment in two working Statutory corporations at the end of March 2003 and 2004 respectively was as follows:

(Rupees in crore)

Name of corporation	2002-03		2003-04	
	Capital	Loans	Capital	Loans
Chhattisgarh State Electricity Board	NA	NA ⁶⁵	61.53	NA ⁶⁵
Chhattisgarh State Warehousing Corporation	0.50	0.82	1.00	3.71
Total	0.50	0.82	62.53	3.71

NA - Not available

The summarised position of investment in working Statutory corporations in the form of equity and loans is detailed in **Appendix 6.1**.

6.1.5 Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government in respect of Government companies and Statutory corporations are given in **Appendices 6.1 and 6.3**.

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to Government companies and Statutory corporations for the three years up to 2003-04 are given below:

(Rupees in crore)

	2001-02				2002-03				2003-04			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity capital outgo from budget	3	2.45	--	--	--	--	--	--	2	2.45	--	--
Loans given from budget	1	1.00	--	--	1	27.00	--	--	--	--	1	0.85
Other grants/subsidy	2	6.59	--	--	2	258.19	1	62.87	2	153.66	2	78.11
Total outgo	4⁶⁶	10.04	--	--	3⁶⁶	285.19	1⁶⁶	62.87	4⁶⁶	156.11	2⁶⁶	78.96

During the year 2003-04, Government had guaranteed loans aggregating Rs.429.30 crore obtained by one working Statutory corporation. At the end of the year, it was outstanding.

⁶⁵ The total investment in the form of loan in one working Statutory corporation i.e. Chhattisgarh State Electricity Board was not available at the end of March 2003 and March 2004 due to non-apportionment of assets and liabilities between MPSEB and CSEB

⁶⁶ These are the actual number of companies/corporations which have received budgetary support in form of equity, loans, grants and subsidy from the State Government during the year.

6.1.6 Finalisation of accounts by PSUs

The accounts of the Government companies for every financial year are required to be finalised within six months from the end of relevant financial year under sections 166, 210, 230 and 619 of the Companies Act, 1956, read with Section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971: They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

As could be noticed from *Appendix 6.2* out of six working Government companies and two Statutory corporations, none of the Government companies and Statutory corporations had finalised their accounts for 2003-04. During the period October 2003 to September 2004, four working Government companies finalised six accounts for previous years. Chhattisgarh State Civil Supplies Corporation Limited and both the Statutory corporations had not finalised its accounts since inception.

The accounts of all working Government companies and Statutory corporations were in arrears for period ranging from one to three years as on September 2004 as detailed below:

Sl. No	Number of working companies/ corporations		Period for which accounts are in arrears	Number of years for which accounts are in arrears	Reference to serial No. of Appendix 6.2	
	Government companies	Statutory corporations			Government companies	Statutory corporations
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2	1	2001-02 to 2003-04	3	A-4,6	B-1
2.	2	1	2002-03 to 2003-04	2	A-2,3	B-2
3.	2	--	2003-04	1	A-1,5	
	6	2				

6.1.7 Financial position and working results of working PSUs

The summarised financial results of working PSUs (Government companies and Statutory corporations) as per their latest finalised accounts are given in *Appendix 6.2*.

According to the latest finalised accounts one working Government company had incurred loss of Rs.16.18 lakh and four Government companies earned an aggregate profit of Rs.3.97 crore. However, one Government company declared dividend of Rs.1.02 crore for the year 2003-04.

6.1.8 Response to Inspection Reports, draft paragraphs and reviews

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. In respect of Inspection Reports issued up to September 2004 pertaining to eight PSUs, 1399 paragraphs in 535 Inspection Reports remained outstanding at the end of November 2004. Of these, 487 Inspection Reports containing 1233 paragraphs had not been replied to for more than one year. Department-wise break-up of Inspection Reports and Audit observations outstanding as on 30 September 2004 is given in *Appendix 6.4*.

Similarly, draft paragraphs on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. However, out of eight draft paragraphs forwarded to the Food, Civil Supplies and Consumer Protection department between August and October 2004, reply to only three paragraphs have been received (November 2004).

It is recommended that the Government should ensure that: (a) procedure exists for action against officials who fail to send replies to Inspection Reports/draft paragraphs as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayment is taken in a time-bound schedule; and (c) the system of responding to the audit observations is revamped.

6.1.9 Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

The position of discussion of Audit Reports (Commercial) by COPU and paragraphs pending for discussion in the COPU as on 30 September 2004 is shown below:

Audit Report for the year	Number of paragraphs featured in the Audit Report	Number of paragraphs pending for discussion
1999-2000	5 ⁶⁷	2
2000-01	7 ⁶⁸	7
2001-02	2	2
2002-03	7	7

⁶⁷ Pertains to 2 reviews of Audit Report (Commercial)-Government of Madhya Pradesh
⁶⁸ Pertains to 1 review of Audit Report (Commercial)-Government of Madhya Pradesh

**FOOD, CIVIL SUPPLIES AND CONSUMER PROTECTION
DEPARTMENT**

**6.2 Deficiencies in the working of Chhattisgarh State Civil
Supplies Corporation Limited**

6.2.1 Introduction

The Chhattisgarh State Civil Supplies Corporation Limited (Corporation) was incorporated (March 2001), consequent to separation of Chhattisgarh State from the erstwhile state of Madhya Pradesh. The main objective of Corporation is to procure, transport, store, and distribute food grains viz., rice, wheat and levy sugar for sale to consumers under various welfare schemes⁶⁹ of Government of India (GOI) through public distribution system (PDS) and took over the above activities in the 16 districts of newly formed State from the erstwhile Madhya Pradesh State Civil Supplies the Corporation Limited (MPSCSCL) with effect from 1 April 2001.

Audit scrutiny of records of the Corporation during the period from April 2001 to March 2004 revealed excess procurement of levy sugar, abnormal delay in submission of claims, losses due to excess sweepage and wet sugar, infructuous expenditure on storage of damaged and unusable gunny bags, avoidable payments of bank commission and interest due to delay in transfer of funds to Head Office, as discussed in the succeeding paragraphs.

6.2.2 Procurement, Sale, Distribution & Storage

On allotment from GOI, each month, the State Government had been allotting levy sugar to the Corporation for sale to the consumers living Below Poverty Line (BPL) in the State. Levy sugar purchased by the Corporation from sugar mills is received in railway rakes, transported, stored in godowns and distributed for sale to consumers through fair price shops at uniform rates fixed by GOI from time to time.

⁶⁹ Above Poverty Line (APL), Below Poverty Line (BPL), Antyodaya Anna Yojna (AAY), Annapurna, Sampurna Grameen Rozgar Yojna (SGRY), Mid Day Meal (MDM)

6.2.3 Avoidable excess procurement of levy sugar

Excess procurement of levy sugar resulted in locking up of funds and consequent loss of interest and avoidable storage charges of Rs.64.29 lakh.

During the year 2002-03, GOI allotted 4,512 metric tonnes (MT) of sugar per month. The details of sugar purchased and sold during the period from July 2002 to November 2002 and stocks held as on 30 November 2002 are as given below:

Month	(MTs)				
	Opening balance	Purchase	Total	Sales	Closing balance
July 2002	1442	8970	10,412	2743	7,669
August 2002	7669	4510	12,179	2394	9,785
September 2002	9785	5519	15,304	2,919	12,385
October 2002	12,385	4,600	16,985	3,635	13,350
November 2002	13,350	3,600	16,950	2,362	14,588

It could be observed that though as at the end of July 2002, the stock was in excess of one months allotment/requirement by 3,157 MTs, the Corporation, between August 2002 and November 2002 procured further quantities of levy sugar much in excess of actual quantities sold to BPL consumers during the respective months which resulted in accumulation of stock of 14,588 MTs (November 2002). The Corporation stopped procurement from December 2002 onwards (upto October 2003). Out of 14,588 MTs, the Corporation could sell 3,113 MTs, only leaving a balance of 11,475 MTs (March 2003).

The Corporation attributed the decrease in sale of sugar to either equal or lower sale price prevailing in open market compared to the price at which sugar was sold by fair price shops and requested GOI (June 2003) to allow it to sell its stocks in open market at the prevailing market price. Government of India advised (November 2003) the Corporation to explore the possibility of sale through fair price shops only. During the period from April 2003 to July 2004, the Corporation could sell only 9,929 MTs, leaving balance of 1,546 MTs.

Audit further observed that in September 2001, October 2001 and May 2002 when sufficient stocks were available, the Corporation had not procured sugar and allowed the allotment to lapse. Similar action to regulate procurement to the required quantity was not taken between August 2002 to November 2002.

Thus inspite of decrease in sales avoidable excess procurement had resulted in locking up of funds with consequent loss of interest of Rs.49.29 lakh (upto September 2003), besides avoidable inventory storage charges of Rs.15 lakh.

The Government stated (September 2004) that between July to November 2002 levy sugar stocks were built up to meet the demand in remote areas during rainy season and at present the stock held was commensurate with allotment/sale.

The reply is not acceptable as when allotment is made on month to month basis and period of issue of sugar to consumers lapses at the end of each month, accumulation of huge stock of sugar despite a decrease in sales lacked justification. Further, neither the entire State is a remote area nor the entire stock accumulated was meant for remote areas.

6.2.4 Loss due to non-revision of sale price

Non-implementation of the revised sale price of sugar sold during March to December 2002 resulted in a loss of Rs.57.52 lakh.

GOI fixed (February 2001) the retail sale price of levy sugar to be sold to BPL consumers through fair price shops at Rs.13.25 per kilogram (kg) with effect from 1 March 2001. This price was revised (February 2002) to Rs.13.50 per kg with effect from 1 March 2002. The revised price was not implemented by the Corporation in Chhattisgarh State till 31 December 2002 on the plea that the orders of GOI communicated to the State Government were not received by the Corporation and the Corporation continued to sell sugar at the pre-revised price of Rs.13.25 per kg till December 2002. Audit, however, observed that the revision in price was already known to the Corporation. FCI informed the Corporation about the revision in April 2002. But the Corporation failed to coordinate with the Government of Chhattisgarh and local FCI office to obtain orders of GOI and effect revision immediately. The Corporation implemented the revised sale price of Rs.13.50/kg only from 1 January 2003. During the period from April to December 2002, a total quantity of 2,30,053 quintals of sugar was sold at the pre-revised rate of Rs.13.25 per kg incurring a loss of Rs.57.52 lakh.

Had the Corporation maintained adequate coordination/monitoring with FCI and State Government and effected revision in prices in April 2002, the loss of Rs.57.52 lakh could have been avoided.

The Government stated (September 2004) that it was not aware of revision in price of sugar till December 2002. The reply is not tenable as the revision in price was already informed to the Corporation by FCI in April 2002. Failure of the Corporation in coordinating with FCI/ State Government resulted in loss which was totally avoidable.

6.2.5 Loss due to excess sweepage and wet sugar

Generation of Sweepage and wet sugar in excess of permissible limit of 0.25 per cent resulted in loss of Rs.55.76 lakh.

Levy sugar purchased by the Corporation is received in railway wagons; unloaded at six railway rake points⁷⁰ and is transported to various storage points/ issue centres covering the entire State to effect sale to consumers.

In the wholesaler's margin paid to the Corporation by GOI, storage /transit loss at 0.25 per cent of the quantity purchased and transported by Rail is only considered and any loss in excess of the specified percentage is to be borne by the Corporation.

⁷⁰ *Bilaspur, Durg, Raigarh, Raipur, Rajnandgaon and Vishrampur (Ambikapur)*

Audit observed that during 2001-04, the Corporation procured, transported and stored a total quantity of 7,75,283 quintal of sugar. During the course of which 6,116 quintal of sweepage and 3,805 quintal of wet sugar was generated in the above mentioned six districts. 457 quintal of sweepage and 986 quintal of wet sugar was also accumulated during handling and storage in other districts. The total sweepage and wet sugar represented 0.85 and 0.62 per cent against 0.25 per cent considered in the margin. The excess of sweepage and wet sugar was 4,635 and 4,791 quintals respectively.

The Corporation disposed of 5,402 quintal of sweepage and 3,642 quintal of wet sugar in November 2001, July and November 2002 and January 2004, and incurred an average loss of Rs.856.77 and Rs.335.09 per quintal, respectively. Thus the loss on excess sweepage (Rs.39.71 lakh) and wet sugar (Rs.16.05 lakh) worked out to Rs.55.76 lakh.

The Corporation claimed (December 2002) loss of Rs.41.84 lakh (6,304.95 quintal at an average rate of Rs.663.65 per quintal in respect of sugar disposed of up to November 2002) from Food Corporation of India (FCI) through Sugar Price Equalisation Fund (SPEF). But FCI rejected the claim, as permission of GOI was not obtained before disposal by auction. The matter was then taken up (September 2003) with GOI to direct FCI to allow the claim. But there was no response from GOI so far (January 2005).

Thus failure to control sweepage and wet sugar within the percentage considered in the margin and failure to obtain prior permission from GOI has resulted in avoidable loss of Rs.55.76 lakh.

6.2.6 Infructuous expenditure on storage of damaged and unusable gunny bags

Un-necessary storage of unusable and damaged gunny bags for three years resulted in infructuous storage expenditure of Rs.23.10 lakh.

In Kharif Marketing Season (KMS) 2002-03, the activity of procurement of paddy and its custom milling was withdrawn from the Corporation and given to MARKFED. As a result the Corporation was left with only the activity of purchase of custom milled rice from MARKFED and its distribution in the State through Public Distribution System. Consequently, the unused gunny bags procured for KMS 2001-02 and earlier period but remained unused became surplus and as MARKFED was in need of these, the Corporation directed (October 2002) its district offices to sell the new as well as old usable gunny bags to MARKFED. Accordingly, six district offices⁷¹ sold 39.25 lakh gunny bags valued at Rs.8.70 crore to MARKFED. Thereafter, the Corporation did not assess, from time to time, the remaining quantity of new and old usable gunny bags available with the district offices.

⁷¹ *Bilaspur, Raigarh, Janjgir, Ambikapur, Jagdalpur and Kanker.*

Delay in disposal of new and usable gunny bags for two years resulted in locking up of Rs.2.50 crore.

In September 2004, the Corporation ascertained from the District Offices that 7.25 lakh new and old usable gunny bags valued at Rs.2.50 crore (approximately) are available for disposal. Besides this quantity, 26.29 lakh unusable and 10.61 lakh damaged gunny bags were also available with the District Offices for the last three years. The Corporation has initiated action (September 2004) for disposal of the unusable and damaged gunny bags very late.

Audit observed that during 2001-04, the Corporation incurred an expenditure of Rs.23.10 lakh on their storage and insurance of the unusable and damaged gunny bags.

As the gunny bags were damaged and unusable, not taking immediate action for their disposal lacked justification and had resulted in an infructuous expenditure of Rs.23.10 lakh on their storage. Besides, non-disposal of new and usable gunny bags during the last two years (from October 2002 to September 2004) had also resulted in locking up of funds to the extent of Rs.2.50 crore (approximately).

6.2.7 Abnormal delay in submission of claims

Abnormal delay in submission of margin claims and realisation of money resulted in avoidable loss of interest of Rs.50.93 lakh.

For the services of purchase, storage, transportation and arranging sale of levy sugar to consumers through fair price shops, Corporation is entitled to claim wholesaler's margin, as fixed by Government of India from time to time, together with transportation and distribution costs incurred thereon each month. In order to facilitate this, claims are to be submitted on a month to month basis, to Food Corporation of India (FCI) through the State Government. If costs incurred and margin payable are in excess of sales revenue realised in a month, FCI makes payment of differential amount in cash and if the sales revenue is more than the cost incurred and margin payable, the account is settled through adjustment to Sugar Price Equalisation Fund (SPEF).

Audit observed that there were abnormal delays, on the part of the Corporation, in submission of margin claims. The claims for the period from April 2001 to December 2002 amounting to Rs.6.66 crore were submitted late to the State Government with delay ranging from one to 19 months. This abnormal delay in submission, resulted in consequential loss of Rs. 50.93 lakh. Had the Corporation submitted the claims promptly, it would have realised the money early and could have reduced its cash credit availment thereby saving substantial expenditure incurred towards interest.

The Government stated (September 2004) that the delay in submission of claim was due to time taken in knowing the procedure to submit the claims and delay in obtaining opening stock of sugar as on 1 April 2001 together with value from Madhya Pradesh State Civil Supplies Corporation Limited, Bhopal

from which it was separated.

The reply is not tenable as the procedure for submitting claims was known to the Corporation which dealt with such matters prior to separation of the State. Moreover timely action could have been initiated by deputing officials concerned to the parent Corporation and the opening balance of stock of sugar could have been obtained well in time.

6.2.8. Cash management

Avoidable payment of bank commission

Non-availing of free transfer facility through current account resulted in an avoidable expenditure of Rs.1.01 crore on bank commission for demand drafts.

In order to facilitate payment for purchase of food grains, transportation charges and other expenses, the head office of the Corporation authorised its 16 district offices to operate cash credit (food credit) account/current account in the branches of State Bank of India (SBI) in the respective districts. Besides this facility, head office which has current account with SBI Main branch, Raipur also transfers funds to the district offices as and when required by them. The district offices in turn deposit the sale proceeds of food grains into their respective cash credit account/ current account and surplus funds, if any, are transferred to head office on a regular basis.

Audit, however, observed that both the head office and district offices of the Corporation despite having current accounts with SBI did not avail free transfer facility but had been effecting inter-se transfer of funds through SBI by obtaining Demand Drafts (DDs) entailing payment of bank commission, which worked out to Rs.1.01 crore during 2001-04, as detailed below:

Year	Bank commission		Total
	Head office	District offices	
2001-02	22.34	38.55	60.89
2002-03	1.58	16.31	17.89
2003-04	2.45	20.23	22.68
			101.46

Thus by not availing the free transfer facility an avoidable expenditure of Rs.1.01 crore was incurred.

6.2.9 Avoidable payment of interest due to delay in transfer of funds to Head Office

Failure of District Offices to transfer funds promptly to Head Office resulted in avoidable payment of interest of Rs.41.73 lakh

The corporation incurred avoidable payment of interest of Rs.41.73 lakh on cash credit availed of during 2001-03, as discussed in succeeding paragraph:

■ In order to strengthen financial administration and exercise adequate expenditure control over the finances of the Corporation, the Head

Office fixed limits (August 2002) for its nine district offices for drawal of cash (Rs.25,000 to Rs.50,000 per day) and by cheques (Rs.two lakh to Rs.five lakh per day), which were revised from time to time depending upon the requirement of district offices. The sale proceeds deposited in the current accounts of respective district offices were to be monitored on daily basis and balances in excess of specified limits were to be transferred to head office to avoid unnecessary accumulation of funds at District Offices and to reduce cash credit availment by Head Office with SBI Main branch, Raipur.

Audit verified the closing balances of cash (as per bank statement) in current accounts of seven district offices⁷² and observed that during 2002-03, the district offices held balances in their current account much in excess of specified limits (cash drawal plus cheques drawal) and were transferring funds belatedly to head office which was perforce availing of cash credit. This resulted in avoidable payment of interest of Rs. 27.58 lakh on cash credit availed of by Head Office during 2002-03.

- The Corporation opened new district offices in seven districts⁷³ with effect from 1 April 2002. These District Offices were authorised to retain a maximum balance of Rs.10,000 in their current accounts and remit the balance amount to Head Office.

Audit observed that these instructions were not adhered to by five District Offices and balances in excess of the specified limit were retained in the current accounts without immediate transfer to Head Office. This resulted in avoidable payment of interest to the extent of Rs.14.15 lakh on cash credit, availed of by Head Office, during 2001-02.

Thus, the district offices failure to adhere to the prescribed time schedule in transfer of funds to Head Office has resulted in a loss of Rs.41.73 lakh.

The above matter were reported to Government/Management (between August and October 2004). Replies to paragraphs 6.2.3, 6.2.4 and 6.2.7 were received in September 2004. Replies to the remaining paragraphs had not been received (January 2005).

⁷² *Ambikapur, Janjgir, Raipur, Raigarh, Durg, Bilaspur and Rajnandgoan*

⁷³ *Dhamtari, Dantewara, Jashpurnagar, Korba, Korla, Kawardha and Mahasamund*

CHHATTISGARH STATE WAREHOUSING CORPORATION

6.3 Loss due to improper storage of rice at godowns

Improper maintenance of godowns of Dhamtari Branch and non-application of preventive medicines led to high infestation of the stock of 2345.257 MT rice and resulted in loss of Rs.1.37 crore.

Chhattisgarh State Warehousing Corporation (CSWC) has carried over the stock of food grains in various godowns consequent upon separation for Madhya Pradesh State Warehousing Corporation (MPSWC). Food Corporation of India (FCI) is one of the major depositors of food grains in CSWC.

The Manual on Technical and Quality Control for scientific storage in godowns stipulated, *inter-alia*, that the godowns should be maintained properly, should be neat and clean and preventive medicines should be used from time to time.

The FCI informed from time to time to the erstwhile MPSWC about the conditions of the stock of rice (September 1999 onwards) and pointed out that no cleanliness was maintained causing high infestation. No timely action was taken by CSWC to improve the conditions.

Audit further observed (August 2004) that:

- The technical inspection report of Regional Manager of erstwhile MPSWC (August 2001) mentioned about the improper maintenance of the godowns and infestation of the stock held.
- No preventive medicines were used despite availability at the branch; This resulted in high infestation.
- No notice was given to the FCI for removal of such old stock (1992-93 to 1997-98) within a reasonable period. No action was also taken to auction the stock in case of non-response from FCI. CSWC never insisted for drawal of stock on first in first out basis.

As a result, the stock of 2345.257 MT⁷⁴ of rice of PBC and PB grade 'A' categories stored in the various godowns of Dhamtari Branch was categorised as below 'D' grade in October 2001 and February 2002 by a Committee of FCI

⁷⁴ Per Boiled Coarse (PBC): 1998.685 MT and Per Boiled (PB) grade A: 346.572 MT were lying in godowns from 1992-93 to 1994-95, 1997-98 and 1999-2000..

Officials. The Committee of FCI noticed that the stocks had excessive percentage of loose bran with insects and had gone below 'D' category having musty smell and beyond Prevention of Food and Adulteration (PFA) standard and recommended its disposal through tender.

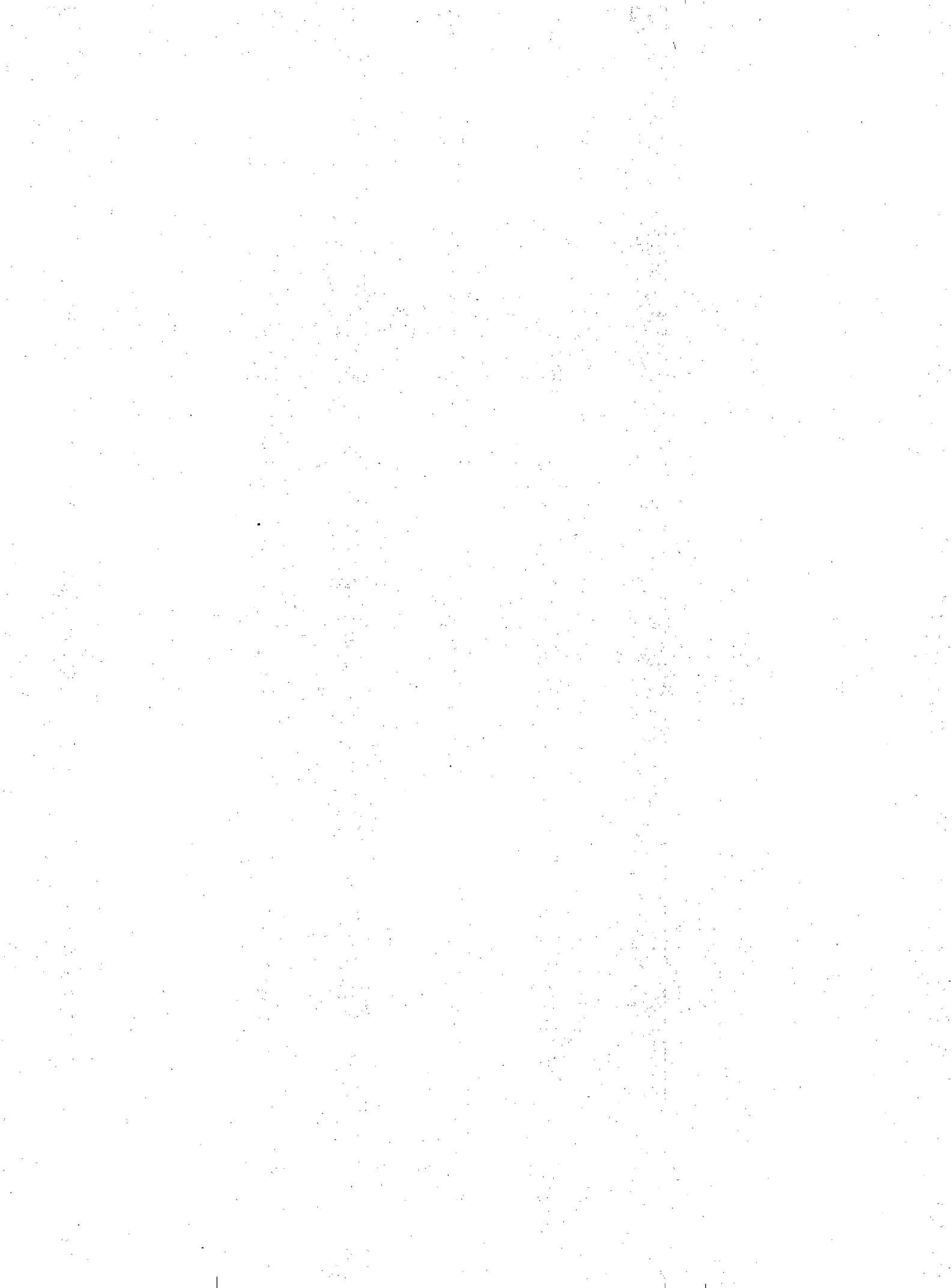
FCI sold the stock of rice in auction through tenders floated in January and October 2002. Out of the 2345.257 MT rice valued at Rs.2.68 crore, 1887.491 MT rice valued at Rs.2.16 crore⁷⁵ was sold for Rs.90.85 lakh⁷⁶. This resulted in loss of Rs.1.25 crore. FCI recovered Rs.1.37 crore for the loss it had incurred including Rs.12.03 lakh for 173.119 MT physically available infested stock from the storage charges payable for the various godowns of CSWC. Action taken to dispose of the balance quantity of 284.647 MT was not on record.

Thus due to improper maintenance of godowns and non-application of required preventive medicines as per codal provisions led to high infestation of the stock which consequently resulted in loss of Rs.1.37 crore.

The matter was reported to the Government/management in August 2004; their replies had not been received (January 2005).

⁷⁵ 1642.68 MT PBC rice valued Rs.1.87 crore at the rate of Rs.11350 and 244.811 MT PB grade 'A' rice valued Rs.29.13 lakh at the rate of Rs.11900 per MT

⁷⁶ 1642.68 MT PBC rice at the average rate of Rs.4328.30 per MT and 244.811 MT of PB grade 'A' rice at the average rate of 4885.30 per MT



CHAPTER VII
REVENUE RECEIPTS

CHAPTER VII

REVENUE RECEIPTS

GENERAL

7.1 Trend of Revenue Receipts

The tax and non-tax revenue raised by the Government of Chhattisgarh during the year 2003-04, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding three years are given below:

Sl. No	Particulars	(In crore of rupees)			
		2000-01 (November 2000 to March 2001)	2001-02	2002-03	2003-04
I.	Revenue raised by the State Government				
(a)	Tax revenue	749.69	1,993.13 ⁷⁷	2,327.44	2,588.25
(b)	Non-tax revenue	288.23	722.38	956.56	1,124.41
	Total	1,037.92	2,715.51	3,284.00	3,712.66
II.	Receipts from the Government of India				
(a)	State's share of divisible Union taxes	509.94	1,175.80 ¹	1,349.90	1,569.70
(b)	Grants-in-aid	335.06	484.39 ¹	783.40	676.96
	Total	845.00	1660.19 ¹	2,133.30	2,246.66
III.	Total receipts of the State (I + II)	1,882.92	4,375.70 ¹	5,417.30	5,959.32
IV.	Percentage of I to III	55	62	61	62

⁷⁷

The figures are at variance as compared to Audit Report 2001-02 due to readjustment of revenue receipts between revenue raised by the State Government and receipts from the Government of India - 'State's share of divisible union taxes'

7.1.1 The details of tax revenue raised during the year 2003-04 alongwith the figures for the preceding three years are given below:

Sl. No.	Head of revenue	(In crore of rupees)				Percentage of increase (+) or decrease (-) in 2003-04 over 2002-03
		2000-01 (November 2000 to March 2001)	2001-02	2002-03	2003-04	
1.	(a) Commercial Tax	353.60	563.91	768.08	989.23	(+) 28.79
	(b) Central Sales Tax	--	376.19	334.35	309.39	(-) 7.47
2.	State Excise	122.64	313.61	361.73	402.35	(+) 11.23
3.	Stamps and Registration Fees	62.37	121.35	148.10	170.87	(+) 15.37
4.	Taxes and Duties on Electricity	79.76	226.06	244.33	268.36	(+) 9.84
5.	Taxes on vehicles	35.21	124.88	157.81	167.07	(+) 5.87
6.	Taxes on goods and passengers	60.97	196.27	251.55	230.08	(-) 8.53
7.	Other taxes on income and expenditure-tax on professions, trades, callings and employment's including Hotel Receipts Tax	28.56	47.62*	42.41	42.96	(+) 1.30
8.	Other taxes and duties on commodities and services	2.77	6.67*	6.52	4.13*	(-) 36.66
9.	Land Revenue	3.81	16.57	12.56	3.81	(-) 69.66
10.	Taxes on Agricultural Income	--	--	--	--	--
	Total	749.69	1,993.1 3*	2,327.4 4	2,588.2 5	(+) 11.21

(*) The figures are at variance as compared to audit report 2001-02 due to readjustment of revenue receipts between revenue raised by the state government and receipts from the Government of India - 'state's share of divisible union taxes'.

The reasons for variations were called for from the departments, their replies were awaited (December 2004).

7.1.2 The details of the major non-tax revenue raised during the year 2003-04 alongwith the figures for the preceding three years are given below:

Sl. No.	Head of revenue	(In crore of rupees)				Percentage of increase (+) or decrease (-) in 2003-04 over 2002-03
		2000-01 (November 2000 to March 2001)	2001-02	2002-03	2003-04	
1.	Interest Receipts	3.47	49.12	95.65	122.46	(+) 28.03
2.	Other non Tax Receipts	19.54	48.42	77.26	86.38	(+) 11.80
3.	Forestry and Wild Life	45.77	98.19	105.84	140.94	(+) 33.16
4.	Non-ferrous Mining and Metallurgical	199.19	454.04	538.14	629.68	(+) 17.01

	Industries					
5.	Miscellaneous General services (including lottery receipts)	0.71	6.04	1.99	67.47	(+) 3290*
6.	Major and Medium Irrigation	10.38	38.20	53.73	44.85	(-) 16.53
7.	Medical and Public Health	0.17	3.28	2.40	2.43	(+) 1.25
8.	Co-operation	2.72	3.58	3.99	4.14	(+) 3.76
9..	Public works	1.89	6.95	10.03	8.56	(-) 14.66*
10.	Police	0.90	2.70	2.59	6.80	(+) 162.55
11.	Other administrative Services	3.49	11.86	64.94	10.70	(-) 83.52*
	Total	288.23	722.38	956.56	1124.41	(+) 17.54

(*) There was abnormal increase in revenue under the head Miscellaneous, General Services, whereas there was abnormal decrease under the head Other Administrative Services and Public Works. Reasons for variations though called for from the departments were awaited (December 2004).

7.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2003-04 in respect of the principal heads of tax and non-tax revenue are given below:

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) or Shortfall (-)	Percentage variation
(A)	Tax Revenue				
1.	Taxes on sales, trade etc.	1267.75	1298.62	(+)30.87	(+) 2.44
2.	State Excise	429.01	402.35	(-)26.66	(-) 6.21
3.	Taxes and Duties on Electricity	252.67	268.36	(+)15.69	(+) 6.21
4.	Taxes on good and passengers	270.25	230.08	(-) 40.17	(-) 14.86
5.	Taxes on vehicles	150.00	167.07	(+) 17.07	(+) 14.86
6.	Stamp Duty and Registration Fees	200.00	170.87	(-)29.13	(-) 14.57
7.	Land Revenue	11.52	3.81	(-) 7.71	(-) 66.93
8.	Other Taxes and Duties on Commodities and Services	10.33	4.13	(-) 6.20	(-) 60.02
9.	Other Taxes on Income and Expenditure	60.00	42.33	(-) 17.67	(-) 29.45
10.	Hotel receipts Tax	1.25	0.63	(-) 0.62	(-) 49.60
	Total	2652.77	2588.25	(-) 64.52	(-) 2.43
(B)	Non-Tax Revenue				
1.	Forestry and Wildlife	116.77	140.94	(+) 24.17	(+) 20.70
2.	Non-ferrous Mining and Metallurgical Industries	709.00	629.68	(-) 79.32	(-) 11.19
3.	Interest Receipts	69.48	122.46	(+) 52.98	(+) 76.25

4.	Major Medium and Minor Irrigation	98.44	55.01	(-) 43.43	(-) 44.12
5.	Water Supply and Sanitation	2.10	5.22	(+) 3.12	(+) 148.57
6.	Others	118.83	171.10	(-) 52.27	(+) 43.99
	Total	1114.62	1124.41	(+) 9.79	(+) 00.88

The reasons for variations in respect of other heads though called for had not been received from the concerned departments (December 2004).

7.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2001-02, 2002-03 and 2003-04 alongwith the relevant all India average percentage of expenditure on collection for 2002-03 were as follows:

(In crore of rupees)

Sl. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2002-03
1.	Commercial Tax	2001-02	940.09	10.44	1.11	
		2002-03	1102.43	11.60	1.05	1.18
		2003-04	1298.62	15.90	1.22	
2.	Taxes on Vehicles	2001-02	124.88	3.61	2.89	
		2002-03	157.81	3.94	2.50	2.86
		2003-04	167.07	4.18	2.50	
3.	State Excise	2001-02	313.61	39.71	12.66	
		2002-03	361.73	22.94	6.34	2.92
		2003-04	402.35	19.12	4.75	

The cost of collection for State Excise revenue was higher than the All India average percentage for the year 2002-03.

7.4 Collection of Commercial Tax per assessee

Year	No. of assesseees	Commercial Tax Revenue (In crore of rupees)	Revenue/Assessee
2001-02	42,581	940.10	0.022
2002-03	44,644	1,102.43	0.025
2003-04	48,233	1,298.62	0.027

7.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue amounted to Rs.130.12 crore of which Rs.58.44 crore were outstanding for more than five years as detailed in the following table:

(In crore of rupees)

Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2004	Amount outstanding for more than 5 years as on 31 March 2004
1.	Commercial Tax	96.57	52.03
2.	Taxes on Vehicles	4.06	4.06
3.	State Excise	20.25	2.16
4.	Stamps & Registration Fees	1.51	0.19
5.	Taxes and Duties on Electricity	7.73	--
		130.12	58.44

7.6 Arrears in assessments

The details of cases pending assessment at the beginning of the year 2003-04, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year are given below:-

Name of Tax	Opening Balance	New cases due for assessment during 2003-04	Total assessment due	Cases disposed of during 2003-04	Balance at the end of the year	Percentage of Column 5 to 3
1.	2.	3.	4.	5.	6.	7.
Commercial Tax	37,723	62,493	1,00,216	58,640	41,576	93.83
Professional Tax	25,466	19,520	44,986	23,830	21,156	122.08
Entry Tax	15,965	30,427	46,392	28,654	17,738	94.17
Luxury Tax	112	90	202	100	102	111.11
Total	79,266	1,12,530	1,91,796	1,11,224	80,572	98.84

The percentage of disposal of cases during the year was less than new cases due for assessment during the year. It would be necessary for the departments to draw up time bound plan for completing the assessment pending for finalisation.

7.7 Evasion of tax

The details of cases of evasion of tax detected by the Commercial Tax and State Excise Departments, cases finalised and the demands for additional tax raised as reported by the Departments are given below:

Sl. No.	Name of tax/duty	Cases pending as on 31 March 2003	Cases detected during 2003-04	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2004
					No. of cases	Amount of demand (in lakh of rupees)	
1.	Commercial Tax	20	17	37	16	13.18	21
2.	State Excise	17	03	20	03	1.37	17

7.8 Refunds

The number of refund cases pending at the beginning of the year 2003-04, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2003-04, as reported by the Departments are given below:

(In crore of rupees)

Sl. No.		Commercial Tax		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	208	1.27	05	00.05
2.	Claims received during the year	2,644	9.27	29	00.76
3.	Refunds made during the year	2,586	9.21	21	00.52
4.	Balance outstanding at the end of the year	266	1.33	13	00.29

7.9 Results of audit

Test-check of records of Commercial Tax, Land Revenue, State Excise, Motor Vehicle Tax, Stamps and Registration Fees, Electricity Duty, Other Tax Receipts, Forest Receipts and other Non-Tax Receipts conducted during the year 2003-04 revealed under assessment/short-levy/loss of revenue amounting to Rs.100.52 crore in 377 cases of inspection reports. During the course of audit the departments accepted under-assessment of Rs.51.24 crore in 127 cases pointed out in 2003-04. No replies were received in rest of the cases.

This report contains 23 paragraphs including one review relating to non-levy/short-levy of taxes, duties, interest and penalties etc. involving Rs.46.72 crore. The Department/Government accepted audit observations involving Rs.12.40 crore of which Rs.0.15 crore had been recovered upto December 2004. No reply has been received in the other cases.

7.10 Response of the departments to draft audit paragraphs

The draft audit review and paragraphs proposed for inclusion in the report of the Comptroller and Auditor General of India are forwarded by the Audit Office to the head of the Departments concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from Departments are invariably indicated at the end of each paragraph included in Audit Report.

Twenty three paragraphs included in this report were sent to the Heads of departments concerned by name (between May 2004 and October 2004). The Heads of the departments did not send replies despite issue of the reminders (January 2005).

PERFORMANCE APPRAISALS

AUDIT REVIEWS

TAX REVENUE

COMMERCIAL TAX

7.11 Exemption/deferment of Commercial Tax to new industries

7.11.1 Highlights

- Incorrect deduction and non-adjustment of Rs.17.36 crore against exemption limit.

(Paragraph 7.11.8)

- Commercial tax of Rs.55.40 lakh was not recovered from units which closed down business before stipulated period.

(Paragraph 7.11.9)

- Loss of revenue of Rs.86.11 lakh due to issue of incorrect exemption certificates.

(Paragraph 7.11.11)

- Loss of revenue of Rs.4.18 crore due to incorrect grant of exemption.

(Paragraph 7.11.12)

7.11.2 Introduction

To promote the industrial and socio-economic growth of the State by attracting capital investment and providing additional employment, the erstwhile Government of Madhya Pradesh introduced a scheme for exemption/deferment of tax (Sales tax/purchase tax) to new industrial units as established on or after 1 April 1981.

The scheme was later on amended in 1986, 1992 and 1994 for exemption from tax on raw material and manufactured goods. In addition to the above there are schemes granting exemption to industries with capital investments in fixed assets of Rs.100 crore or more and in industries like cement, vegetable ghee, paints, colours, tiles etc. Exemption is also available for Integrated Steel Plants with capital investments in fixed assets of Rs.1000 crore or more, New Hotels, Non-Conventional Power generating units, NRIs and 100 per cent Export Oriented Units, units having capital investments of Rs.10 crores or more and Fly Ash Bricks Units.

Two Departments namely Industries Department and Commercial Tax Department are involved in implementation of the schemes.

7.11.3 Organisational set-up

The Industries Department is headed by the Commissioner of Industries with headquarters at Raipur who is assisted by Additional Director, Joint Directors and Deputy Directors. There is a General Manager incharge of each District Industries Centre at District level. Exemptions/deferment certificates of eligibility are issued by Industries Department on the approval of District Level Committee/State Level Committee.

The Commercial Tax Department is headed by the Commissioner of Commercial Tax, Chattisgarh with headquarter at Raipur. He is assisted by two Additional Commissioners and eight Deputy Commissioners, 21 Assistant Commissioners, 50 Commercial Tax Officers and 88 Assistant Commercial Tax Officers.

7.11.4 Audit Objectives

Test-check of the records of 10 Assistant Commissioners and seven Commercial Tax Officers having turnover of Rs.50 lakh and above was made for the period from 1998-99 to 2002-03 between December 2003 and May 2004 with a view to assess:

- (i) Whether the assessing authority have assessed the cases according to Act/Rules and the eligibility certificates issued by the Industries Department.
- (ii) Whether the conditions of eligibility certificate were being fulfilled by the unit and it is being observed at the time of assessment of the assessee.
- (iii) Whether proper internal control mechanism is in place to check the misuse of exemption/deferment scheme.

7.11.5 Targets and Achievements

It was seen that no targets for establishment of new industrial units, attracting capital investment and generation of additional employment were fixed by the Government.

7.11.6 Trend of setting up of Industries

The Madhya Pradesh Industrial Policy and Action Plan, 1994 aimed at accelerating and strengthening industrial development for which exemption/deferment scheme was introduced.

Some principal objectives of the Industrial Policy and Action Plan 1994 were to encourage balanced regional development by giving additional facilities in "No Industry" Development Blocks, entrepreneurship among members of Scheduled Castes, Scheduled Tribes, Other Backward Classes and those below the poverty line, Women entrepreneurship, creation of special facilities, 100 per cent Export Oriented Units (EOU), investment by Non-Resident Indians, establishment of industries in thrust sector and in cooperative sector for industrial development.

During the review period the following number of industries were set up in 10 districts out of 16 districts⁷⁸.

Year	No. of Industries
1998-99	39
1999-2000	39
2000-01	33
2001-02	39
2002-03	26
Total	176

Out of the above, the industries established in the various sectors were as under:

Sl. No.	Sector	No. of Industries	District
1.	Women Entrepreneurs	3	(2) Bilaspur +(1) Raipur
2.	Scheduled Castes; Scheduled Tribes and Backward classes	2	Raipur
3.	Export Oriented Units	1	Raipur
4.	Thrust Sector ⁷⁹	49	Raipur

The above position reflects that during five years only two industries were established by Scheduled Castes/Tribes/Backward classes although Chhattisgarh State is mainly populated by these groups of people.

7.11.7 System and procedure for grant of Commercial tax exemption and deferment to new industries

The Department of Commerce and Industries, Government of Chhattisgarh formulates the schemes of exemption/deferment of tax to new industries. To

⁷⁸ Bilaspur, Dantewada, Dhamtari, Janjgir, Jashpur, Kabirdham, Kanker, Korla, Raipur, and Surguja

⁷⁹ Thrust Sector includes industries like automobile, sport goods, readymade garments, Agro based, mineral resources, life saving drugs, food processing, silk and leather, telecommunication etc.

avail of the benefit a unit has to apply to General Manager, District Trade and Industries Centre who issues eligibility certificate for grant of exemption/deferment of tax to the applicant of small scale industry and forward the application of medium or large scale industry to the Commissioner of Commerce and Industries for issue of such certificate.

The position of eligibility certificates (excluding Durg Dn.) issued by Industries Department during the period from 1998-99 to 2002-03 were as follows:

Year	Opening Balance	No. of applications received	Total	Disposal		Balance
				Issued	Rejected	
1998-99	--	64	64	31	2	31
1999-2000	31	36	67	34	2	31
2000-2001	31	35	66	29	4	33
2001-2002	33	30	63	34	3	26
2002-2003	26	19	45	10	2	33

Certificates in five cases were issued after expiry period of exemption

From the table above it was noticed that eligibility certificates were not issued in time. The scrutiny revealed that in five cases, certificates were issued after the expiry period of exemption for which the units applied and in 25 cases eligibility certificates were issued after one to five years of the application submitted by the applicant.

Certificate/ affidavit in 129 cases was neither submitted nor insisted upon.

Under the provisions mentioned in notifications for getting exemption, a dealer is required to provide employment to bonafide residents of the state which shall not be less than 50 per cent during each year of the period of eligibility of the total number of employees in his industrial unit. Further such dealer shall submit a certificate/affidavit to that effect alongwith the return of each year. However, during scrutiny it was noticed that in 129 cases neither certificate/affidavit was submitted by the manufacturers nor were these insisted upon at the time of assessment failing which, additional employment opportunities of residents of State could not be ascertained.

7.11.8 Incorrect deduction of tax and its non adjustment against exemption limit

Under Exemption Scheme, 1994 (Scheme) deduction on account of tax under Commercial Tax Act and Central Sales Tax Act is not admissible from gross turnover as assessee is not required to collect the tax. Purchase tax is also leviable if the raw material is purchased on declaration without payment of tax. The total limit of exemption is fixed on the basis of capital investment of the industrial unit. To keep a watch over limit of exemption the commercial tax including purchase tax and central sales tax should be worked out and mentioned in the assessment so that excess exemption is not availed of by the unit.

Incorrect deduction of tax Rs.17.36 crore was not adjusted against exemption limit

In 21 cases for the period between 1998-99 and 2000-01 assessed between November 1998 and September 2003 relating to six⁸⁰ Assistant Commissioner Offices and three⁸¹ Commercial Tax Offices, it was noticed that incorrect deduction of tax of Rs.17.36 crore was either allowed or the tax/ purchase tax levied at incorrect rate was not adjusted against exemption limit while finalising the assessment. No register was maintained to watch the limit of the total amount of exemption mentioned in the eligibility certificate. A few cases involving tax effect more than Rs.50 lakh are given below:

(Rupees in crore)

Sl. No.	Name of Assessing Officer	Assessment year	Month of assessment	No. of Industrial units (cases)	Amount of tax	Nature of irregularity
1.	Assistant Commissioner, Raipur	1998-99	December 2001	1	7.78	Sales/purchase tax was levied at incorrect rates and was also not adjusted against exemption limit as neither any adjustment was shown in the assessment nor any register maintained.
2.	Assistant Commissioner, Raipur	1999-2000	January 2003	1	3.75	Commercial tax and purchase tax was not adjusted against exemption limit in the assessment nor any register was maintained.
3.	Assistant Commissioner, Bilaspur	1999-2000	January 2003	2	5.29	Commercial Tax, and purchase tax though worked out but neither adjusted against exemption limit nor any register was maintained.

7.11.9 Non-recovery of tax on closure of units before stipulated period

Under the scheme, the manufacturer shall keep the industrial unit running during the period of eligibility of exemption/ deferment of tax and also continue to do so for a period of five years from the date of expiry of the

⁸⁰ Assistant Commissioner Office, Bilaspur (2), Assistant Commissioner Office Raipur (4)

⁸¹ Commercial Tax Office Circle I & II, Bilaspur, Commercial Tax Office Circle-V, Raipur,

period of eligibility for exemption/deferment of tax failing which eligibility certificate is liable to be cancelled. To watch the running of industries, the notification provides for furnishing of a quarterly statement containing purchase of raw material, its consumption and production of licenced goods to Commercial Tax Officer and General Manager District Trade and Industries Centre.

Test-check of records of two Asstt. Commissioners⁸² and two Commercial Tax Offices⁸³ and information received from seven Commercial Tax Offices⁸⁴ (out of 19 circles) revealed that 75 units availing commercial tax exemption/deferment of commercial tax had stopped production/closed down the units either during the period of exemption/deferment or within five years after expiry of exemption/deferment period and neither the Commercial Tax Officer nor the Industries Department called for the statements quarterly as required under condition of the notification. There was no coordinating mechanism between Industries Department which issues eligibility certificates and Commercial Tax Department which grants exemption/deferment. The performance of the units granted eligibility certificates was also not assessed from time to time by the departments. Exemption of Rs.55.40 lakh (excluding 68 units for which amount is not available with Department) is recoverable, but no action was taken to cancel the eligibility certificates except in one case.

7.11.10 Incorrect determination of turnover

Under the scheme, a manufacturer is required to maintain correct accounts and submit it to the Assessing Authority.

Test-check of three cases of two units for the period 1998-99 and 1999-2000 assessed between August 2000 and January 2003 revealed that there was a difference between gross turnover as per annual account and as determined in the assessment order. This resulted in short levy of tax for Rs.3.95 crore. In one case, amount exceeded the exemption limit by Rs.3.68 crore which became recoverable as shown under:

Short levy of tax of Rs.3.95 crore in three cases due to incorrect determination of turnover.

⁸² Assistant Commissioner, Bilaspur, Assistant Commissioner, Raipur

⁸³ Commercial Tax Offices-Raipur IV and V

⁸⁴ Commercial Tax Offices-Bilaspur-II, Durg-II, Raipur-I, II, III, IV & V

(Rupees in crore)

Sl. No.	Name of Assessing Officer	Assessment year	Month of assessment	No. of Industrial units (cases)	Amount of tax	Nature of irregularity
1.	Assistant Commissioner, Raipur	1999-2000	June 2003	1 (1)	3.84	Turnover of Rs.197.58 crore is as per annual account whereas Rs.114.06 crore is as per assessment order. The reason for difference in turnover was not discussed in assessment order. Tax of Rs.3.84 crore was leviable on the differential amount. By adjusting this amount against exemption limit, it exceeded by Rs.3.68 crore and was recoverable.
2.	Assistant Commissioner, Bilaspur	1998-99 and 1999-2000	August 2000 and June 2002	1 (2)	0.11	Total turnover was Rs.2.79 crore as per annual account whereas in assessment order it was shown Rs.1.49 crore. Difference was not discussed in assessment order certified copy of accounts of Bilaspur Branch and copy of finished goods purchased was also not available to verify the position.
	Total			2 (3)	3.95	

7.11.11 Loss of revenue due to issue of incorrect exemption certificate

Loss of revenue of Rs.86.11 lakh in 9 cases of 7 units due to incorrect issue of exemption certificate.

Notification under exemption scheme provided that certain industrial units such as those engaged in the manufacturing/processing of re-rolled product of iron & steel, refining of oil, computer stationery, are not entitled for tax exemption.

Test-check of records revealed that in 9 cases of 7 units assessed between October 2001 to December 2003, for the period 1998-99 to 2000-2001,

exemption from tax were granted to ineligible units resulting in loss of Rs.86.11 lakh to the Government as detailed below:

(Rupees in lakh)

Sl. No.	Name of Assessing Officer	Assessment year	Month of assessment	No. of Industrial units (cases)	Amount of tax	Nature of irregularity
1.	2.	3.	4.	5.	6.	7.
1.	Assistant Commissioner Tax Raipur (4) Commercial Tax Officers (5) Raipur	1998-99 to 2000-01	October 2001 to December 2003	5 (5)	53.75	Manufacturers of re-rolled products were entitled to avail of exemption under the notification whose capital investment is more than Rs. One crore with effect from 1st April 1995. Whereas in these cases the capital investment were less than One crore. In one case the period of commencement of production was prior to 1 April 1995.
2.	Commercial Tax Office-II, Bilaspur	1998-99 to 2000-01	August 2000 to June 2002	1 (3)	21.15	Manufacturing of computer stationery is not eligible unit for exemption whereas eligibility certificates was issued on 28 December 1998.
3.	Commercial Tax Office-II, Raipur	1998-99	December 2001	1 (1)	11.21	The eligibility certificate was issued for 11 years for excess period of such goods which was eligible for exemption for seven years. Hence exemption was incorrectly allowed for excess period of four years.
	Total			7 (9)	86.11	

7.11.12 Incorrect exemption

Incorrect exemption of Rs.4.18 crore was allowed to 6 units during expansion period.

Exemption scheme, 1994 provides for exemption from tax in respect of goods manufactured upto specified quantity and for goods and from the dates mentioned in the eligibility certificate. In case of expansion of existing industrial unit the production in excess of 100 per cent of the original installed capacity is admissible for exemption. In case of exporting Industrial Unit

exemption is admissible after exporting the goods in term of value minimum 40 *per cent* of its production in a year in case of agriculture, horticulture or silk based industry.

Test-check of records of six units for the period between 1998-99 and 1999-2000, assessed between February 2001 and January 2003, revealed that the incorrect exemption of tax of Rs.4.18 crore was allowed on account of excess/less production during the period of expansion, sale of goods not mentioned in eligibility certificates, exported goods less than prescribed percentage of production, giving amendment to eligibility certificates with retrospective effect to include the items on later date as detailed below:

(Rupees in crore)

Sl. No.	Name of Assessing Officer	Assessment year	Month of assessment	No. of Industrial units (cases)	Amount of tax	Nature of irregularity.
1.	2.	3.	4.	5.	6.	7.
1.	Assistant Commissioner Office, Bilaspur (2) Commercial Tax Office, Raipur	1998-2000	February 2001 to January 2003	2 (4)	0.55	The units being expansion units could not achieve the production of even installed capacities of original unit. Hence, the exemption allowed was not admissible.
2.	Assistant Commissioner Office Raipur Commercial Tax Office, Raipur	1998-2000	December 2001 to January 2003	2 (4)	1.30	The goods manufactured were other than those mentioned in eligibility certificate, of goods.
3.	Assistant Commissioner Office, Raipur	1998-99	December 2001 to January 2003	2 (2)	2.33	Export sale of goods was less than prescribed percentage of the total sale as well as of its productive value of the year. The exemption was not admissible. Terms & conditions of the eligibility certificate was not according to provision of notification.
	Total			6 (10)	4.18	

7.11.13 Sales of goods without declaration or with incorrect declaration

Under the exemption scheme, 1994 a registered dealer manufacturing goods in new industrial unit or a registered dealer subsequently selling such goods shall issue a declaration to the purchasing dealer and send two copies of declaration to the appropriate Commercial Tax Officer for use in assessment.

Incorrect exemption of tax Rs.1.57 crore due to sale without/ or with wrong declaration

Test-check of records of three Assistant Commissioners of Raipur and a Commercial Tax Officer, Raipur revealed that while assessing 10 units for the period revealed from 1998-99 to 2000-01 between the period July 2001 to March 2003 sales were made without issuing declarations or declarations were issued not pertaining to this scheme. This resulted in incorrect exemption of Rs.1.57 crore.

7.11.14 Application of incorrect rate of tax

MP Commercial Tax Act, 1994 (as adapted) specifies the rates at which commercial tax is leviable on different commodities.

Levy of tax at lower rate resulted in short levy of tax of Rs.33.12 lakh.

During test check of record of one Assistant Commissioner Office at Bilaspur and two Commercial Tax Officer Bilaspur/Raipur, it was noticed that in six cases of three units assessed (between August 2000 and June 2002) for the period 1998-99 to 2000-01 tax was levied at lower rate than that specified on sales turnover of Rs.3.96 crore. This resulted in short levy of tax of Rs.33.12 lakh. Moreover, in one case, due to short levy of tax, exemption limit was crossed by Rs. 14.63 lakh.

7.11.15 Internal Control Mechanism

Lack of internal control. No periodical returns were prescribed to monitor the scheme.

Each Commercial Tax circle is required to maintain records showing details of industries which were granted exemption/deferment of tax and showing the amount of exemption/deferment availed by the units.

- It was noticed that no records for watching the maximum amount of exemption from tax year to year was maintained by the Circle Offices with the result that Circle Offices could not furnish the details of amount of exemption in respect of units closed within stipulated period. No periodical returns were prescribed by the Commercial Tax Department to monitor the information in regard to exemption/deferment of tax due with the result that the Commissioner, Commercial Tax did not have the details of exemption/deferred revenue amount.
- No system of inspection/survey was prescribed by either the Industries Department or Commissioner, Commercial Tax to ensure that the units are functioning as per provisions of the Act/Rules. No survey was conducted by either of the two departments to ascertain whether the industrial unit had been closed before stipulated period or after availing the benefits under the Scheme.

- The object of exemption to industries is to encourage establishment of industries which play an important role in development of state, generate employment and revenue. Due to closure of units, unemployment problem will increase alongwith loss of revenue as well as capital investment. Consequently, it is imperative for the Government to examine the systems and procedure with a view to prevent misuse of exemption scheme.

The matter was reported to Government and Commissioner, Commercial Tax Department (December 2004); their replies had not been received (January 2005).

7.11.16 Recommendations

- The performance of units granted exemption under the scheme should be assessed on regular interval to ensure that the units function for the stipulated period.
- Coordination between the Industries and Commercial Tax Department needs to be strengthened so that the grant of eligibility certificates do not get delayed.
- Internal control mechanism in the form of periodical returns and inspection/survey should be prescribed to prevent misuse of the scheme.

TRANSACTION AUDIT OBSERVATIONS

AUDIT PARAGRAPH

COMMERCIAL TAX

7.12 Non-levy of tax

Non-levy of tax of Rs.35 lakh on sale of goods manufactured out of exempted raw material.

Under the Madhya Pradesh (MP) Commercial Tax Act, 1994, read with Central Sales Tax Act, 1956 (CST Act) and notification issued thereunder, iron and steel goods manufactured out of such goods that have already borne tax under the Act and is sold by a registered dealer, is exempted from payment of tax.

Test check of records of Assistant Commissioner, Commercial Tax, Raipur revealed in October 2002 that the assessing officer while assessing a dealer for the period 1998-99 in April 2001 had not levied tax of Rs.35 lakh on sale of goods valued at Rs.17.50 crore stating that the raw material had been taxed. The contention of assessing officer was not correct because raw material was purchased by the dealer from a new industrial unit which was exempted from payment of tax. This resulted in non-levy of tax of Rs.35 lakh.

After this was pointed out in October 2002, the Assessing Officer replied that the new industrial unit from which raw material was purchased was availing deferment from payment of tax and not exemption. The reply of the Assessing Officer is not tenable because as per the eligibility certificate, the industrial unit from which raw material was purchased was exempted from payment of tax and was not availing the deferment of tax.

The matter was reported to the Government/Commissioner, Commercial Tax in March 2004; their reply had not been received (January 2005).

7.13 Non-levy of tax and penalty

Non-levy of tax of Rs.28.79 lakh including penalty on sale of exempted raw material in interstate sale.

Under section 9 read with section 21 of MP Commercial Tax Act 1994 (as adopted) and notification issued thereunder, a registered dealer purchasing goods from tax exempted units for use as raw material in a rolling mill can sell the same goods to another registered dealer only against a declaration/certificate under notification exempting the same goods in whole or part from payment of tax. If disposed of otherwise in any way, the dealer shall be liable to pay tax on purchase price of such goods at the full rate and penalty equal to 25 per cent of the amount of tax payable under the Act.

Test check of records of Assistant Commissioner, Commercial Tax, Raipur, revealed in October 2002 that a dealer assessed for the period 1998-99 in June 2001, purchased raw material worth Rs.2.87 crore from an exempted unit and sold the same as interstate sale without payment of tax. Thus the raw material was neither used in own rolling mill nor sold to another registered dealer against declaration for use as raw material. Therefore, tax and penalty amounting to Rs.28.79 lakh was leviable.

After this was pointed out in October 2002, the Assessing Officer stated that the raw material purchased from tax exempted unit was for trading purpose and not for consumption thereof, hence there was no liability. The reply is not tenable as the trading account certified by Chartered Accountant stated that the purchases were made as raw material and not for trading purpose and the interstate sale was made out of raw material purchased from exempted units.

The matter was reported to the Commissioner, Commercial Tax and the Government in May 2003; their reply had not been received (January 2005).

7.14 Non-levy of tax due to incorrect deduction

Non-levy of tax of Rs.17.25 lakh on the wires drawn out of imported taxable wire rods.

Government notification issued under MP Commercial Tax Act, 1994 (as adopted) provides that sale of wires drawn from wire rods which have been manufactured by a new exempted unit, is exempted from tax. No exemption is available⁸⁵ on sale of wires drawn out of wire rods purchased from outside the State.

Test-check of records of Assistant Commissioner, Commercial Tax, Durg revealed in October 2003 that while assessing a dealer for the period

⁸⁵ *Decision of BOR in the case of M/s Bhilai Wire Limited v/s Commissioner of Sales Tax MP dt 1 December 1992*

1999-2000 in December 2002, it was seen that on sale of wires drawn out of wire rods purchased out of State valued at Rs.24.93 crore deduction was allowed by the Board of Revenue citing decision of Hon'ble Supreme Court⁸⁶, in which it was held that tax would not be levied on sales of wire drawn out of tax paid wire rod. Thus tax amounting to Rs.17.25 lakh was not levied.

After this was pointed out in audit in October 2003, the Assessing Officer stated that deduction on sale of imported wires was allowed in view of decision of Hon'ble High Court of MP⁸⁷. In this decision it was held that the assessee would not be liable for penalty for not maintaining separate account for the purchase of raw material at concessional rate and full rate. The decision was not applicable in this case as it relates to penal provisions. In the present case, tax was leviable on wires, as it was drawn out of taxable wire rods.

The matter was brought to the notice of Commissioner, Commercial Tax and Government (March 2004); their reply had not been received (January 2005).

7.15 Non-levy of tax

Consideration of rice bran as tax free resulted in non-levy of tax of Rs.15.44 lakh.

MP Commercial Tax Act, 1994 (as adopted) provides different rate of tax on sale of goods:

Test-check of records of Assistant Commissioner, Commercial Tax, Durg revealed in October 2003 that rice bran (Kanda) valued at Rs.1.68 crore was sold as tax-free during the period 1 April 1999 to 31 December 1999 although it was taxable under residuary entry of Schedule II. This resulted in non-levy of tax of Rs.15.44 lakh.

After this was pointed out in October 2003, the Assessing Officer stated that rice bran is tax free as per entry 39 of Schedule I (upto 31 December 1999) and entry No.18 (1 January 2000 to 14 March 2000) and entry 5 (15 March 2000 to 31 March 2000). The reply is not tenable as bran was made tax free with effect from 1 January 2000 and not earlier.

The matter was reported to the Commissioner, Commercial Tax; their reply had not been received (January 2005).

⁸⁶ Decision of Hon'ble Supreme Court in case of M/s Pyare Lal Malhotra 37STC319
⁸⁷ Decision of Hon'ble MP High Court in case of CSTV's Gwalior Oil Mills Volume 62 (1986) STC 299 and in case M/s Rajsinet Chemical Company discussed in the case

7.16 Non-levy of purchase tax

Non-levy of purchase tax of Rs.8.94 lakh on the goods purchased from unregistered dealers

Under the MP Commercial Tax Act, 1994 (as adopted), if a dealer purchases goods for use or consumption in manufacture or processing of other goods from unregistered dealer, he is liable to pay purchase tax.

Test check of records of Assistant Commissioner, Commercial Tax, Raipur, in December 2001, revealed that in case of a dealer assessed for the period 1997-98 in February 2001, who purchased old ornaments valued at Rs.8.94 crore from unregistered dealers and used the same in the manufacture of bullion, purchase tax was not levied. This resulted in non-levy of purchase tax of Rs.8.94 lakh.

After this was pointed out in December 2001, the Assessing Authority stated that rate of tax on bullion was 0.5 *per cent*. The reply is not tenable as audit pointed out non-levy of purchase tax while the assessing authority levied commercial tax on the sale of bullion.

The matter was reported to the Commissioner, Commercial Tax and the Government in March 2002; their reply had not been received (January 2005).

7.17 Short levy of interest

Non-depositing of tax and non-filing of return resulted in short levy of interest of Rs.6.90 lakh.

MP Commercial Tax Act, 1994 (as adopted) provides that if a dealer fails without sufficient cause to pay the amount of tax payable according to return or does not file the returns for any period, such dealer shall be liable to pay interest at the rate of two *per cent* per month from the date the tax so payable had become due or from the date of order of assessment whichever is earlier.

Test-check of records of Assistant Commissioner, Commercial Tax, Raipur revealed in October 2002 that while making assessment of a dealer in 2001 for the period 1998-1999, interest of Rs.3.42 lakh was levied as against Rs.10.32 lakh leviable due to non-depositing of tax and non-filing of the returns. This resulted in short levy of interest of Rs.6.90 lakh.

After this was pointed out in October 2002, the Assessing Officer stated in October 2002 that interest could not be levied on tax payable as per return in view of the Hon'ble Supreme Court of India judgment⁸⁸. The decision is not

⁸⁸ *Frick India vs State of Haryana (1994)95 STC 198*

applicable in this case because the assessee had not deposited tax on the basis of first return furnished by him. He had also not filed returns for three quarters i.e. from 1 July 1998 to 31 March 1999.

The case was reported to the Government/Commissioner, Commercial Tax (March 2004), their reply had not been received (January 2005).

7.18 Incorrect determination of turnover

Incorrect exclusion of freight charges included in sale price resulted in short levy of Rs.3.42 lakh.

Under MP Commercial Tax Act, 1994 (as adopted) and decision thereon⁸⁹, the expenditure incurred on freight or delivery charges on door to door basis form part of sales price.

Test check of records of Commercial Tax Officer, Circle II, Durg revealed that in the case of two dealers assessed in June 2001 and December 2001 for the period 1998-1999, transportation charges of Rs.74.41 lakh were not included in taxable turnover although it was part of sale price. This resulted in short levy of tax of Rs.3.42 lakh.

After this was pointed out in audit in January 2003, the Assessing Officer replied that freight charges were charged separately and were not included in sale price in light of Hon'ble Supreme Court's decision⁹⁰. The reply is not tenable as in the case cited, the contract provided for separate agreement for transportation, hence it was not part of sale price whereas in the present case freight charges were included in price as per purchase orders.

The matter was reported to the Commissioner, Commercial Tax and the Government; their reply had not been received (January 2005).

7.19 Non-levy of tax

Incorrect deduction of rebate from sale price resulted in non-levy of Rs.2.03 lakh.

Under the MP Commercial Tax Act, 1994 (as adopted) cash discount according to ordinary trade practice is the only allowable deduction from sale price.

Test check of records of Assistant Commissioner, Commercial Tax, Raipur revealed in November 2003, that in the case of a dealer assessed in

⁸⁹ Decision of Hon'ble High Court of MP in case of M/s. Birla Jute & Industries Ltd. Vs Coal India Ltd. And others (1997) 19TLD233

⁹⁰ State of Karnataka & Another Vs Bangalore Soft Drink Pvt.Ltd.(2000) STC 117 page 413-419

November 2001 for the period 1998-1999, deduction of Rs.44.03 lakh was made from sale price for rebate. Rebate is not an allowable deduction from sale price⁹¹. This resulted in non-levy of tax of Rs.2.03 lakh.

After this was pointed out, the Assessing Officer replied in August 2004 that case was being examined. Final reply was awaited (November 2004).

The matter was reported to the Commissioner, Commercial Tax, Raipur in April 2004; their reply had not been received (January 2005).

7.20 Non-levy of correct rate of tax

Application of incorrect rate of tax resulted in short levy of Rs.1.01 lakh.

Under MP Commercial Tax Act, 1994 and notification issued thereunder as adopted by Chhattisgarh, machinery is taxable at the rate of eight *per cent*. Besides, surcharge on tax is also leviable at the rate of 15 *per cent*.

Test check of records of Assistant Commissioner, Commercial Tax, Durg revealed (January 2003) that while assessing a dealer for the period 1998-1999 in December 2001, it was observed that on sale of crane valuing Rs.21.85 lakh, tax inclusive of surcharge was levied at incorrect rate. This resulted in short levy of tax of Rs.1.01 lakh.

After this was pointed out in audit in January 2003, the Assessing Officer stated in August 2004 that notice has been issued to assessee to re-open the case for re-assessment. Final action is awaited in audit.

The matter was reported to the Commissioner, Commercial Tax and Government in March 2004; their reply had not been received (January 2005).

STATE EXCISE

7.21 Loss of revenue due to non-realisation of licence fee from the defaulter licensees

Loss of Rs.33.24 lakh on re-allotment of liquor shops was not recovered from the defaulter licensees.

Sub-section 4 of Section 31 of Madhya Pradesh Excise Act, 1915, as applicable to Chhattisgarh, provides that if the licence of a liquor shop is

⁹¹ *M/s. Vandana Sales Corporation vs. Commissioner of Sales Tax Madhya Pradesh. 1996 (29 VKN 376)*

reallotted before expiry of its term, licence fee for the remaining period is to be collected from the ex-licence holder as excise revenue.

Test-check of records of the Assistant Commissioner Excise, Rajnandgaon (June 2003) revealed that the licences for the year 2002-2003 for two liquor shops were allotted to two licensees at a licence fee of Rs.1.27 crore. After carrying on business for periods ranging from one to four months, the licences were cancelled on the request of licensees. The licence fees paid by the ex-licence holders upto the date of cancellation was Rs.31.67 lakh. Thereafter, these shops were reallotted to two other licensees at a licence fee of Rs.62.38 lakh. Thus, on reallotment of licences there was a loss of Rs.32.95 lakh. Though this loss was required to be recovered from the ex-licence holders, the same was not done resulting in loss of revenue of Rs.32.95 lakh.

After this was pointed out in audit (June 2003) the Assistant Commissioner Excise, Rajnandgaon stated that recovery of Rs.2.24 lakh had been made in one case. In another case action was awaited (January 2005).

The matter was reported to the Excise Commissioner, Raipur and the Government between July-August 2003 and March 2004, their reply had not been received (January 2005).

TAXES ON VEHICLES

7.22 Non-levy of vehicle tax and penalty

Non-levy of tax and penalty on 172 vehicles resulted in loss of revenue of Rs.1.01 crore.

According to the provision of the Madhya Pradesh *Motoryan Karadhan Adhiniyam*, 1991 as applicable in Chhattisgarh State and Niyam made thereunder, a tax shall be levied at the prescribed rate on every vehicle used or kept for use in the State. In case of non-payment of tax due, the owner shall, in addition to the payment of tax due, be liable to pay penalty at the rate of one third of the unpaid amount of tax for default of each month or part thereof but not exceeding twice the un-paid amount of tax.

Test-check of records of three⁹² Regional Transport Officers (RTOs) for the period between April 2001 and March 2002 revealed (between March 2003 and May 2003) that vehicle tax of Rs.33.66 lakh was not levied on 172 public service vehicles, goods vehicles, omnibuses and private vehicles etc. Besides, penalty of Rs.67.32 lakh was also leviable. This resulted in non levy of tax and penalty of Rs.1.01 crore.

⁹² Regional Transport Officers, Bilaspur, Durg and Rajnandgaon.

After this was pointed out in audit in March 2003 and May 2003 RTO, Bilaspur and Durg stated in March/May 2003 that demand notices would be issued after scrutiny of cases whereas RTO, Rajnandgaon stated in May 2003 that in some cases demand was issued in July 2002 and in some cases demand was being raised. The reply in other cases and recovery position was awaited (January 2005).

The matter was reported to the Government and the Transport Commissioner (between July 2003 and March 2004); their reply had not been received (January 2005).

OTHER TAX REVENUE

Stamp duty and Registration fees

7.23 Short levy of Stamp duty and Registration fee

Application of incorrect rate of royalty resulted in short levy of Rs.11.50 crore stamp duty and registration fee.

According to provisions of the Indian Stamp Act, 1899, stamp duty on instruments of transfer of lease is chargeable at the rate of seven and half *per cent* of the market value of the property which is the subject matter of transfer. The market value of any property shall be estimated to be the price which in the opinion of the Collector or the Appellate Authority, as the case may be, such property would have fetched or would fetch if sold in the open market on the date of execution of the instrument. Besides, advalorem registration fee is also chargeable on the instruments.

Test Check of Sub Registrar, Janjgir revealed (March, 2002) that mining lease for a period for 20 years with effect from 31 May 1999 was granted to a lessee, in which royalty was determined by the Collector at the rate of Rs. 8 crore per annum. The lease was transferred on 17 January 2001 in favour of another lessee for 18 years and four and half months. Royalty for this period worked out to Rs.147 crore. The leviable registration fee and stamp duty worked out to Rs.12.20 crore but Rs.70.35 lakh was levied by the Department. This resulted in short levy of stamp duty and registration fee of Rs.11.50 crore.

After this was pointed out to Government in June 2003, the Government replied in July 2004 that a case for revision has been filed before Board of Revenue to recover the amount, further action was awaited (January 2005).

7.24 Delay in finalisation of cases

Non-determination of market value of properties resulted in non-realisation of stamp duty and registration fee of Rs.80.43 lakh.

The Indian Stamp Act, 1899 requires the market value of any property to be specified in any deed for its conveyance for determining the stamp duty and registration fee leviable. If there are reasons to believe that the market value of the property has not been truly set-forth in the document, Sub-Registrar would refer the document to the Collector of stamps for determination of the market value of the property.

Test-check of records of five Sub Registrars⁹³ revealed that 172 documents referred between April 1998 and June 2002 to the Collector of Stamps by the Sub-Registrars for determination of market value of properties had not been finalised. Stamp duty and registration fee recoverable on these documents, based on the value proposed by the Sub-Registrars, worked out to Rs.80.43 lakh, which remained un-realised.

The matter was reported to the Inspector General of Registration and Superintendent of Stamps and the Government between November 2003 and January 2004. In reply the Inspector General of Registration intimated (September 2004) that in 38 cases an amount of Rs.4.60 lakh has been recovered; the progress of recovery in remaining cases was awaited (January 2005).

ENTERTAINMENT DUTY

7.25 Short realisation of entertainment duty from cable operators.

Short-realisation of entertainment duty of Rs.7.30 lakh from 126 cable operators.

Under Chhattisgarh Entertainment Tax and Advertisement Fee Act (as amended) 2002, entertainment tax at the rate of Rs.10 and Rs.20 per connection per month is leviable on cable operators for places having population between 10,000 to 50,000 and above 50,000 respectively.

Test-check of records of seven⁹⁴ District Excise Offices revealed that for the period between April 2002 and March 2004, Rs.25.30 lakh was realised from 126 cable operators for 21,266 connections on account of entertainment duty against a payable amount of Rs.32.60 lakh. This resulted in short realisation of entertainment duty to the tune of Rs.7.30 lakh.

After this was pointed out in audit in April 2004 the Department stated that an amount of Rs.5.63 lakh was recovered. Report on recovery of balance amount was awaited (January 2005).

⁹³ Sub-Registrar Ambikapur, Gurur (Durg), Jagdalpur, Kharsiya and Raipur

⁹⁴ Bilaspur, Jagdalpur, Janjgir, Kawardha, Korba, Korea and Rajnandgaon.

NON TAX REVENUE

FOREST RECEIPTS

7.26 Loss of revenue due to illicit removal of forest produce from coupes

Non-transportation of forest produce from coupes led to theft and resultant loss of revenue of Rs.33.23 lakh.

Departmental instructions issued from time to time prescribed that material produced in coupe should be transported to the depot before 30th June of each year in order to avoid loss due to fire, theft etc. Further Madhya Pradesh Financial Code provides that a preliminary report of loss should be submitted expeditiously to the Head of Department as well as to the Accountant General and the investigation completed within six months of detection of any loss.

Test check of records of DFO, Narayanpur and DFO, Korba revealed in November 2003 that 69.279 notional tonne (NT) Commercial Bamboo, 474.930 NT Industrial Bamboo, 164.278 cu. m of timber and 315 fuel stacks valued at Rs.33.23 lakh were not transported to the depots upto 30 June 2001 and were left in coupes during working season 2001-02. In the subsequent year 2002-03, the aforesaid bamboo was not found in coupes. This resulted in loss of revenue Rs.33.23 lakh to the Government.

Neither any action was taken by the DFOs to trace the missing bamboo nor was any FIR lodged to investigate the circumstances under which the bamboo, timber and fuel stacks were missing nor was any attempt made to trace the missing material.

After this was pointed out DFO, Narayanpur and Korba replied in November 2003 that action for recovery was being taken. Reply is not acceptable since the above mentioned bamboo, timber and fuel stacks were stolen from the coupes and in the absence of even an FIR being lodged, it is not understood as to from whom recovery was proposed. Moreover, except for ordering recovery of exploitation cost, no further action had been taken by DFO, Narayanpur. DFO, Korba has not initiated any action even after expiry of more than two years.

The matter was reported to the Government and the Principal Chief Conservator of Forest (PCCF) in March 2004, April 2004; their reply had not been received (January 2005).

7.27 Loss of revenue due to non-accountal of forest produce at depots

Non-delivery of forest produce transported from coupes to depot resulted in loss of revenue of Rs.12.84 lakh.

Madhya Pradesh Financial Code provides that a preliminary report of loss of forest produce should be submitted expeditiously to the Head of Department as well as to the Accountant General and the investigation completed within six months of detection of loss.

Test-check of records of coupe working of DFO, Korba revealed in (October 2003) that during 2002-03, 39.531 cu. m of timber and 889 fuel stacks valued at Rs.12.84 lakh were dispatched from four coupes but was not accounted for at the depot. This resulted in loss of revenue of Rs.12.84 lakh. No action has been taken by the concerned authorities to investigate the loss, fix responsibility and to prevent recurrence of such instances in future. Further neither any FIR has been lodged nor any loss cases prepared and reported to the Head of Department and the Accountant General as required. The possibility of this produce having been misappropriated or stolen could not be ruled out.

After this was pointed out in October 2003, DFO, Korba replied in October 2003 that after adjusting plus and minus figures, net loss was negligible. Reply was not acceptable because plus-minus statements were prepared after remeasurement of forest produce already available at depots. But in this case these losses were due to non delivery of timber and fuel stacks in the depot while being transported and hence the question of plus and minus figures did not arise.

The matter was reported to the Government and the PCCF in March 2004; the reply had not been received (January 2005).

MINING RECEIPTS

7.28 Loss of revenue due to incorrect reduction of stock.

Inadmissible reduction of unusable lime stone from the closing stock resulted in loss of revenue of Rs.1.15 crore.

Mines and Minerals (Regulation and Development) Act, 1957 provides that a lessee is liable to pay royalty on minerals extracted and removed from the leased area during a month by the prescribed date and at prescribed rates.

Test-check of records of Mining Officer, Raipur in December 2002 revealed that as per assessment order for the period 1 January 2001 to 31 December 2001 and six monthly returns submitted by M/s. GRASIM Cement Udyog, the closing stock of lime stone as on 31 December 2001, was shown as

1.43 lakh MT in the return as against the inventory balances of 4.31 lakh MT. The lessee stated that this reduced quantity in closing stock by 2.88 lakh MT was due to screen rejects though no such reduction is permissible as per Rules. The Department had also not taken any action for recovery of this royalty. This resulted in loss of revenue of Rs.1.15 crore.

After this was pointed out in December 2002, the Mining Officer, Raipur stated in August 2004 that unusable limestone was rejected by the lessee. The reply is not acceptable as there was no provision in Act/Rules for such rejection.

The matter was reported to the Government and the Director, Geology and Mining in May 2003 and March 2004; their reply had not been received (January 2005).

7.29 Short levy of interest

Non-raising of demand for interest on royalty recoverable resulted in non-recovery of interest of Rs.98.72 lakh.

The Government of Madhya Pradesh vide their order dated 25 October 1999, allowed M/s Ambuja Cement Eastern Ltd., Baloda Bazar, District Raipur to deposit the unpaid amount of royalty alongwith interest in 10 annual instalments as due on 7 October 1997.

Test-check of records of Mining Officer, Raipur revealed in December 2002 that M/s Ambuja Cement had an outstanding royalty of Rs.1.32 crore for the period November 1993 to November 1997 and paid three instalments of Rs.12 lakh each between December 1999 and January 2002. Though the interest leviable on the royalty recoverable worked out to Rs.1.25 crore for the period from 7 October 1997, the Department raised the demand for Rs.26.46 lakh only resulting in short levy of interest of Rs.98.72 lakh.

After this was pointed out in audit in December 2002, the Mining Officer, Raipur stated in August 2004 that progress of recovery of interest would be intimated. Further reply was awaited (January 2005).

The matter was reported to the Government and the Director, Geology and Mining in May 2003 and March 2004; their reply had not been received (January 2005).

OTHER NON TAX REVENUE

WATER RESOURCES

7.30 Loss of revenue due to short realisation of irrigation charges

Application of incorrect water rates resulted in loss of revenue of Rs.22.99 lakh.

Government of Madhya Pradesh, Water Resources Department revised the irrigation charges for supply of water at the rate of Rs.81 per acre for agricultural purpose with effect from 15 June 1999 vide orders dated 08 June 1999 (adopted by Chhattisgarh).

Test-check (November 2002) of records of the Executive Engineer, Water Resources Division, Kawardha revealed that 46,920.92 acre land was irrigated in the crop (Kharif) season in the year 1999-2000. The division levied and realised water charges of Rs.15.02 lakh instead of Rs.38.01 lakh due to application of incorrect rate. This resulted in short realisation of revenue of Rs.22.99 lakh.

After this was pointed out in audit in November 2002, the Executive Engineer stated in June 2004 that the demand had been revised. However, the recovery was awaited in audit (January 2005).

The matter was reported to the Engineer-in-Chief and the Government in March 2004; their reply had not been received (January 2005).

7.31 Non-levy of penalty on belated payment

Non-levy of penalty on arrears collected resulted in loss of revenue of Rs.10.54 lakh.

MP Irrigation Act 1931 and rules made thereunder provide for levy of penalty at the rate of 10 *per cent* of the amount for delayed payment made within one year from the due date and at the rate of 13 *per cent* thereafter.

Test-check of records of Water Resources Division, Kawardha, revealed in November 2002 that the Department collected arrears of Rs.81.06 lakh during 1998-99 to 2001-02 which related to period of more than one year without levying any penalty. This resulted in loss of revenue of Rs.10.54 lakh.

After this was pointed out in audit in November 2002, the Executive Engineer stated in June 2004 that penalty would be recovered alongwith recovery of revenue. The demand had been noted in recovery register. The position of recovery was awaited (January 2005).

The matter was reported to the Government and the Department in January 2003; their reply had not been received (January 2005).

PUBLIC WORKS DEPARTMENT

7.32 Short recovery of licence fee

Application of incorrect rate of licence fee resulted in short recovery of Rs.2.34 lakh.

As per MP Works Department Manual, (as adopted in Chhattisgarh) licence fee in respect of Government buildings, leased out to private persons, clubs, local bodies etc. is recoverable at the rate fixed under FR 45-B or at local market rate, whichever is higher.

Test-check of records of Executive Engineer, Public Works Division-I (Building & Road), Bilaspur for the period April 1999 to March 2002 revealed in February 2003 that a Government building having a carpet area of 1,275 square feet was allotted to Prasar Bharti Board (an autonomous body) in April 1984 at a monthly rent of Rs.6,637. It was noticed that the Department recovered the rent at the rate of Rs.260 per month upto September 2000. This resulted in short realisation of licence fee of Rs.2.34 lakh.

After this was pointed out in February 2003, the Executive Engineer stated in August 2004 that the Collector, Bilaspur had initiated revenue recovery proceedings. The position of recovery was awaited (January 2005).

The matter was brought to the notice of the Government and the Engineer-in-Chief, Public Works Department in April 2004; their reply had not been received (January 2005).

FOOD AND CIVIL SUPPLIES DEPARTMENT

7.33 Non-disposal of seized/confiscated goods

Non-disposal of confiscated goods resulted in blocking of revenue of Rs.7.23 lakh.

The Essential Commodities Act, 1955 empowers Collector of Districts to seize food grains and essential goods of licensed dealers in the event of suspected breach of the provisions of the Act. After the offence is proved, seized/confiscated goods are required to be auctioned and sale proceeds thereof credited to the Government account.

Test-check of records of two Food Offices, Raipur and Bilaspur revealed in December 2002 and June 2003 that during 1998-99 and 2001-02, in 37 cases, perishable commodities like food grains, oil seeds and pulses etc. valued at Rs.7.23 lakh⁹⁵ were seized/confiscated. Though the offences were established against the dealers, no effective steps for disposal of the confiscated goods were taken by the Department, resulting in non-disposal of the seized/confiscated goods and blocking of revenue of Rs.7.23 lakh.

After this was pointed out in December 2002 and June 2003, the Collector (Food Department), Raipur intimated that an amount of Rs.1.63 lakh had been recovered (May 2004). The Collector (Food Department), Bilaspur intimated in May 2004 that revenue recovery proceedings had been initiated in 13 cases and in five cases the concerned inspectors had been instructed to take necessary action. Further reply was awaited (January 2005).

⁹⁵ Collector Raipur : 1.95 lakh
Collector Bilaspur : 5.28 lakh

The matter was reported to the Director and the Government in March 2004; their reply had not been received (January 2005).



(Meera Swarup)
Accountant General Chhattisgarh

Raipur
The

27 JUN 2005

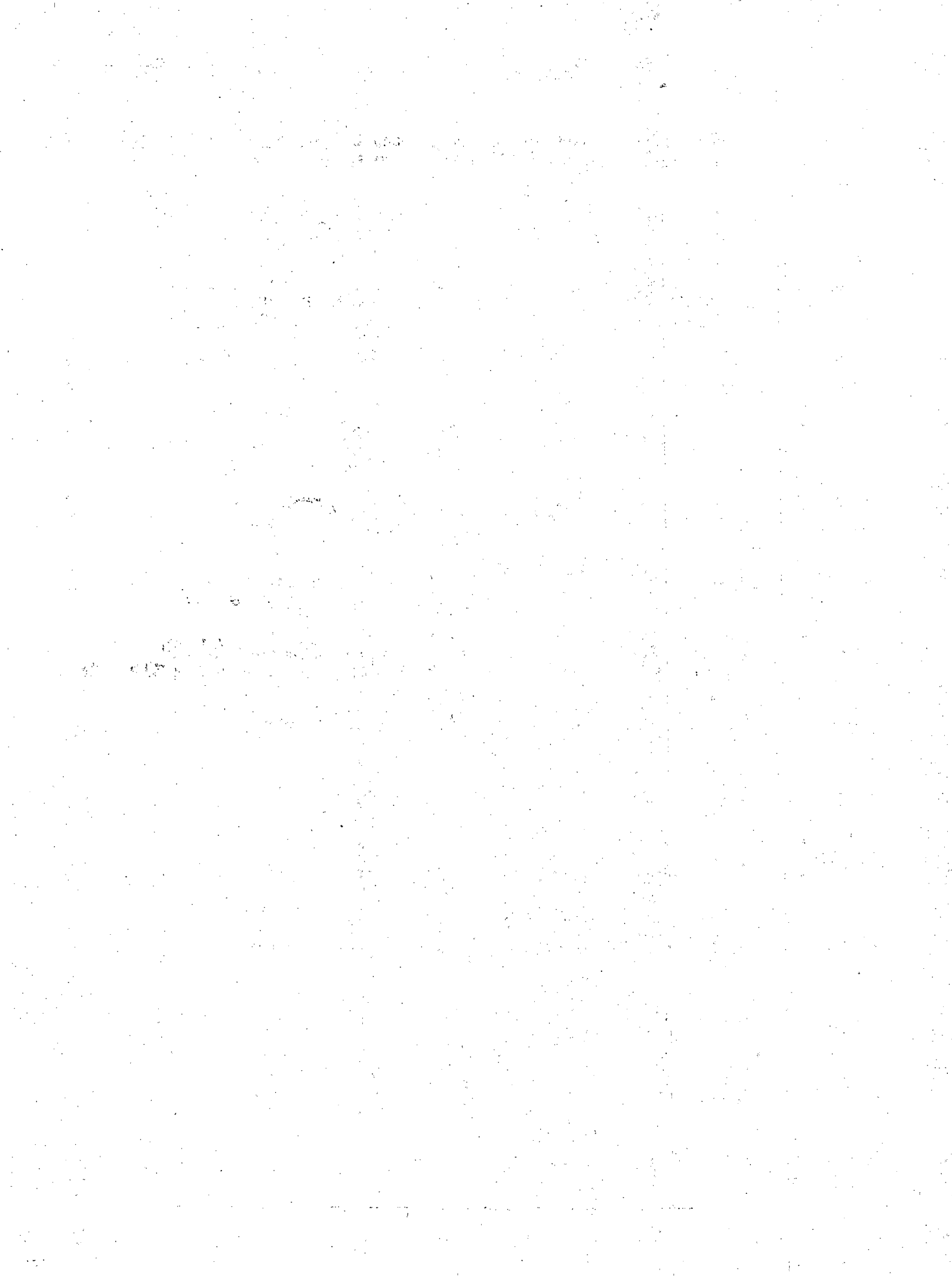
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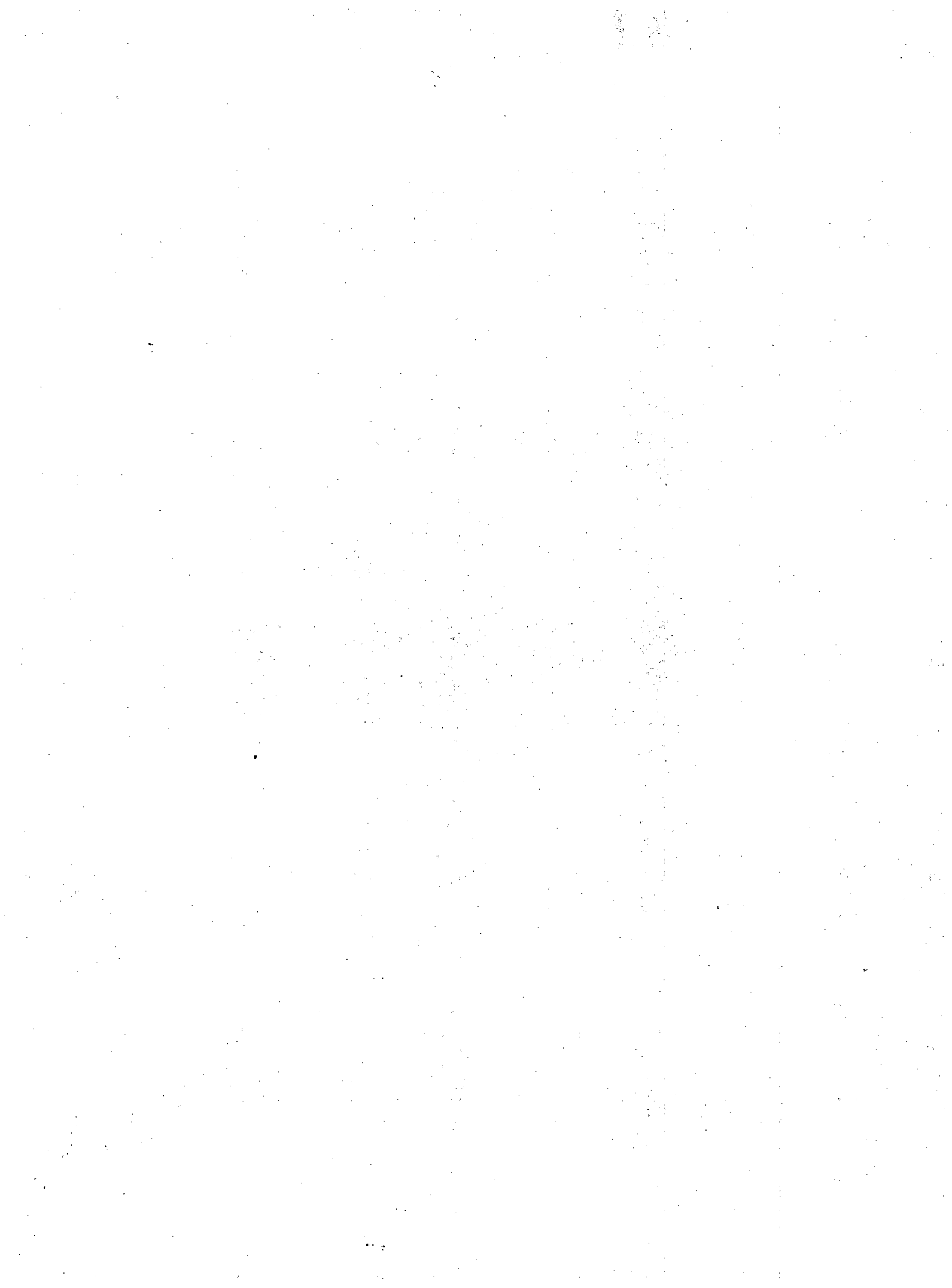
(Vijayendra N. Kaul)
Comptroller and Auditor General of India

New Delhi

The 04 JUL 2005



APPENDICES



Appendix I.1
(Referred to in Paragraph 1.8)
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF CHHATTISGARH
AS ON 31 MARCH 2004

(Rupees in crore)

As on 31-03-2003		Liabilities	As on 31-03-2004	
	3682.63	Internal Debt		5571.68
	1872.36	Market Loans bearing interest	2466.11	
	1.24	Market Loans not bearing interest	1.75	
	289.28	Loans from other Institutions	908.18	
	NIL	Ways and Means Advances	--	
	NIL	Overdrafts from Reserve Bank of India	--	
	1519.25	Special Security Issued to NSS fund of Central Government	2195.64	
3172.78		Loans and Advances from Central Government		2937.87
	105.76	Pre 1984-85 Loans	92.87	
	667.24	Non-Plan Loans	118.55	
	2348.48	Loans for State Plan Schemes	2676.00	
	14.18	Loans for Central Plan Schemes	13.13	
	37.12	Loans for Centrally Sponsored Plan Schemes	37.32	
40.02		Contingency Fund		40.00
*1148.37		Small Savings, Provident Funds etc.		1511.17
640.20		Deposits		772.83
350.87		Reserve Funds		491.17
-196.99		Suspense and Miscellaneous Balances		-262.05
8837.88		Total		11062.67
ASSETS				
3001.15		Gross Capital Outlay on Fixed Assets		4016.64
	35.84	Investments in shares of Companies, corporations etc.	56.94	
	2965.31	Other Capital Outlay	3959.70	
223.58		Loans and Advances		770.62
	10.13	Loans for Power Projects	514.50	
	214.76	Other Development Loans	258.72	
	-1.30	Loans to Government servants and Miscellaneous Loans	-2.60	
	--	Reserve Fund Investments	--	
	--	Appropriation to Contingency Fund		40.00
-2.76		Advances		-2.69
178.99		Remittance Balance		168.40
718.16		Cash		415.49¹
	-12.13	Cash in Treasuries and Local Remittances	-1.21	
	-246.29	Deposits with Reserve Bank	-1.58 ²	
	6.05	Departmental Cash Balance including permanent cash imprest	5.51	
	970.53	Cash Balance Investments & investment of earmarked fund	412.78	
4692.10		Deficit on Government Account		5627.56
	112.70	(i) Revenue Deficit of the current year / period	641.10	
	--	(ii) Miscellaneous Govt. Account	294.36	
	4579.40	(iii) Accumulated deficit	4692.10	
26.65		Inter State Settlement		26.65
8837.88		Total		11062.67

* Rs. 1 lakh increased due to rounding off

¹ Reserve fund investment of Rs.140.42 crore already included in Rs.415.49 crore
² There was a difference of Rs.2.21 crore (cr) between the figures reflected in account i.e. Rs.1.58 crore (cr) and that intimated by RBI Rs.63.18 lakh (cr) regarding "Deposits with RBI" included in the Cash Balances. After closing of March, 2004 for accounts the net difference to be reconciled was Rs.2.21 crore (cr).

Appendix 1.2

(Referred to in Paragraph 1.8)

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-04

(Rupees in crore)

Receipts			Disbursements					
2002-03			2003-04	2002-03	2003-04			
				Non-Plan			Plan	Total
Section-A: Revenue								
5417.30	I.	Revenue receipts	5959.32	5530.00	Revenue expenditure	5059.36	1541.06	6600.42
2327.44		-Tax revenue	2588.25	1838.86	General Services	2151.94	2.42	2154.36
				2086.45	Social Services	1366.03	902.43	2268.46
956.56		-Non Tax Revenue	1124.41	744.25	-Education, Sports, Arts and Culture	603.87	328.55	932.42
				251.91	-Health and Family Welfare	142.43	115.94	258.37
1349.90		-State's share of Union Taxes	1569.70	233.44	-Water Supply, Sanitation Housing and Urban Development	58.72	184.40	243.12
195.15		-Non-Plan grants	135.09	11.50	-Information and Broadcasting	9.64	0.66	10.30
				522.30	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	382.81	100.18	482.99
263.69		-Grants for State Plan Scheme	308.33	21.02	-Labour and Labour Welfare	14.39	6.21	20.60
				300.93	-Social Welfare and Nutrition	152.68	166.40	319.08
324.55		-Grants for Central and Centrally sponsored Plan Schemes	233.54	1.10	Others	1.49	0.09	1.58
				1443.06	Economic Services	1281.02	636.21	1917.23
				656.92	-Agriculture and Allied Activities	703.55	337.51	1041.06
		--		311.04	-Rural Development	112.56	181.94	294.50
		--		--	-Special Areas Programme	--	--	--
		--		158.83	-Irrigation and Flood Control	97.50	35.12	132.62
		--		86.22	-Energy	170.70	37.16	207.86
		--		38.67	-Industries and Minerals	26.26	29.34	55.60
		--		181.70	-Transport	163.60	8.44	172.04
		--		.58	-Science, Technology and Environment	.44	.43	0.87
		--		9.09	-General Economic Services	6.41	6.27	12.68
				161.64	Grant-in-aid and contribution	260.37	--	260.37
112.70	II.	Revenue deficit carried over to Section B	641.10	--	II- Revenue surplus carried over to Section B	--	--	--
5530.00		Total - A	6600.42	5530.00	Total-A	5059.36	1541.06	6600.42
Section-B: Others								
210.89	III	Opening cash balance including permanent advances and cash balance investment	718.16	--	III. Opening over draft from RBI	--	--	--
	IV	Miscellaneous Capital Receipts		--	IV. Capital outlay			
--				19.22	General Services	--	21.80	21.80
				136.82	Social Services	.55	184.91	185.47
				6.22	Education, sports, Arts and culture		37.02	37.02
				19.61	Health and Family Welfare	.55	33.16	33.71
				47.80	Water supply, sanitation, Housing and Urban development		44.12	44.12
				--	Information and Broad Casting	--	--	--
				49.11	Welfare of SC, ST and OBC		36.61	36.61
				14.03	Social Welfare and Nutrition		33.79	33.79
				0.05	Other Social Services	--	.22	0.22
				663.75	Economic Services	1.60	806.63	808.23
				23.18	Agriculture and allied activities	1.59	21.76	23.35
				23.68	Rural Development	--	48.47	48.47
				365.88	Irrigation and flood control		417.24	417.24
				--	Energy	--	--	--

Receipts			Disbursements				
2002-03		2003-04	2002-03		2003-04		
			4.42	Industry and Mineral	Non-Plan	Plan	Total
			246.59	Transport	--	4.94	4.95
			--	General Economic Services		311.80	311.80
			819.79	Total (Capital account)	2.15	2.42	2.42
						1013.34	1015.50
Receipts			Disbursements				
2002-03		2003-04	2002-03		2003-04		
0.23	V	Inter State Settle-ment	--	1.10	V. Inter State settlement	-	--
18.46	VI	Recoveries of Loans and Advances	10.65	57.70	VI. Loans and Advances disbursed		557.68
--		--From Power Projects	.38	5.00	--For Power Projects	504.76	
2.46		--From Government Servants	2.59	2.68	--To Government Servants	1.29	
16.00		--From others	7.68	50.02	--To others	51.63	
--	VII	Revenue Surplus brought down		112.70	VII. Revenue deficit brought down	--	641.10
1613.31	VIII	Public debt receipt	2431.98	413.00	VIII. Repayment of public debt		777.84
1179.19		--Internal debt other than ways and means advances and overdraft	1977.60	46.52	--Internal debt other than ways and means advances and overdraft	88.54	
--		--Net transactions under Ways and means advances including overdraft	--	--	--Net transactions under Ways and means advances including overdraft		
434.12		--Loans and advances from Central Government	454.39	366.48	--Repayment of loans and advances to Central Government	689.30	
--	IX	Appropriation to Contingency Fund	--	--	IX. Appropriation to Contingency Fund	--	--
--	X	Amount transferred to Contingency Fund	(-).02	Nil	X. Expenditure from Contingency Fund	--	--
6923.52	XI	Public Account receipts	7070.53	6643.95	XI. Public Account disbursements		6823.69
374.75		--Small Savings and Provident Funds	473.30	336.31	--Small Savings and Provident Funds	375.43	
256.20		--Reserve funds	158.23	101.92	--Reserve Funds	17.93	
3389.04		--Suspense and Miscellaneous	3611.66	3504.38	--Suspense and Miscellaneous	3676.71	
1845.57		--Remittance	2056.06	1783.15	--Remittances	2045.46	

Receipts			Disbursements				
2002-03			2003-04	2002-03	2003-04		
					Non-Plan	Plan	Total
1057.96		--Deposits and Advances	771.28	918.19	--Deposits and Advances	708.16	
--	XII	Closing Overdraft from Reserve Bank of India	--	718.16	XII. Cash Balance at end of the year		415.49
				(-) 12.13	Cash in treasuries and local remittances	-- 1.21	
				(-) 246.29	--Deposits with Reserve Bank	- 1.58	
				6.05	--Departmental cash Balance including permanent cash imprest	5.51	
				970.53	--Cash Balance Investment and Investment of Earmarked Funds	412.77	
8766.40		Total -B	10231.30	8766.40	Total-B		10231.30

Appendix 1.3
(Referred to in Paragraph 1.8)
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2002-03	Sources	2003-04	
Amount		Amount	Amount
5417.30	1 Revenue receipts		5959.32
18.46	2 Recoveries of Loans and Advances		10.65
1200.30	3 Increase in Public debt		1654.15
394.91	4 Receipts from Public account		311.88
	a. Increase in Small Savings	97.87	
	b. Increase in Deposits and Advances	63.12	
	c. Increase in Reserve funds	140.30	
	d. Effect of remittances transactions	10.59	
	e. Suspense & Misc.		
	Decrease in closing cash balance		302.66
7030.97	Total		8238.66
	Application		
5530	1 Revenue expenditure		6600.42
57.70	2 Lending for development and other purposes		557.68
819.79	3 Capital expenditure		1015.50
--	4 Net effect of Contingency Fund transactions		
115.34	5 Application From Public Account		65.06
	a. Net effect of Suspense and Miscellaneous transactions	65.06	
	b. Miscellaneous Government Account		
	c. Effect of Remittance transactions		
507.27	6 Increase in closing cash balance		
0.87	7 Inter State Settlement		
7030.97	Total		8238.66

Explanatory Notes for Appendices 1.1, 1.2 and 1.3:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on government account, as shown in *Appendix 1.1*, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and others pending settlement etc.
4. There was a difference of Rs.2.21 crore (credit) between the figures reflected in the accounts i.e. Rs.1.58 crore (credit) and that intimated by Reserve Bank of India Rs.63.18 lakh (cr.) regarding "Deposits with Reserve Bank" included in the cash balance. After close of 31 March 2004 accounts, the net difference to be reconciled was Rs.2.21 crore (credit).

Appendix I.4
(Referred to in Paragraph 1.8)

AN ANALYSIS OF STATE GOVERNMENT FINANCES

(Rupees in crore)

2002-03	Part A. Receipts	2003-04
5417 (77)	1. Revenue Receipts	5959 (71)
2327 (43)	(i) Tax Revenue	2588 (43)
1102 (47)	Taxes on Sales, Trade, etc.	1299(50)
362 (16)	State Excise	402 (15)
148 (6)	Stamps and Registration Fees	171 (7)
252 (11)	Taxes on Goods and Passengers	230 (9)
463 (20)	Other Taxes	486 (19)
957 (18)	(ii) Non Tax Revenue	1124 (19)
538 (56)	Mining and Metallurgical Industries	630(56)
106 (11)	Forestry and Wild Life	141(13)
313 (33)	Others	353(31)
1350 (25)	(iii) State's share in Union taxes and duties	1570 (26)
783 (14)	(iv) Grants in aid from GOI	677 (12)
--	2. Misc. Capital Receipts	
5417	3. Total revenue and Non Debt capital receipts (1+2)	5959
19	4. Recovery of Loans and Advances	11
--	4 (a). Inter State Settlement	--
1613 (23)	5. Public Debt Receipts	2432 (29)
1179 (73)	Internal Debt (Excluding Ways & Means Advances & overdrafts)	1978(81)
--	Net transactions under ways and means advances and overdraft	--
434 (27)	Loans and Advances from Government of India	454(19)
7049	6. Total receipt in the Consolidated fund (3+4+4(a)+5)	8402
Nil	7. Contingency Fund receipts	--
6924	8. Public Account receipts	7071
13973	9. Total receipts of the State (6+7+8)	15473
	Part B. Expenditure/Disbursement	
5530 (86)	10. Revenue expenditure	6600 (81)
1270 (23)	Plan	1541 (23)
4260 (77)	Non Plan	5059 (77)
1839 (33)	General Services (incl. interest payments)	2154 (33)
2086 (38)	Social Services	2269 (34)
1443 (26)	Economic Services	1917 (29)
162 (03)	Grants-in-aid and Contributions	260 (4)

2002-03			2003-04
820	(13)	11. Capital Expenditure	1016 (12)
819	(99.9)	Plan	1014 (99.8)
01	(0.1)	Non Plan	2 (.2)
19	(02)	General Services	22 (2)
137	(17)	Social Services	186 (18)
664	(81)	Economic Services	808 (80)
58	(01)	12. Disbursement of Loans and Advances	558 (7)
01		12(a) Inter State Settlement	--
6409		13. Total expenditure (10+11+12+12[a])	8174
413		14. Repayment of Public Debt	778
47	(11)	Internal Debt (excluding Ways & Means Advances and Overdrafts)	89 (11)
--		Net transactions under Ways and Means Advances and Overdraft	--
366	(89)	Loans and Advances from Government of India	689 (89)
--		15. Appropriation to Contingency Fund	--
6822		16. Total disbursement out of Consolidated Fund (13+14+15)	8952
--		17. Contingency Fund disbursements	
6644		18. Public Account disbursements	6824
13466		19. Total disbursement by the State (16+17+18)	15776
		Part C. Deficits	
113		20. Revenue deficit (1-10)	641
973		21. Fiscal deficit (3+4+4[a]-13)	2204
163		22. Primary deficit (21-23)	1150
		Part D. Other data	--
810		23. Interest payments (included in revenue exp.)	1054
3.56		24. Arrears of Revenue (Percentage of Tax & non-Tax Revenue Receipts)	-- 3.5
211		25. Financial assistance to local bodies etc.	247
--		26. Ways and Means Advances/Overdraft availed (days)	-- --
--		27. Interest on WMA/Overdraft	--
29715**		28. Gross State Domestic Product (GSDP)	32321
8429		29. Outstanding debt (year-end)	11282
266		30. Outstanding guarantees* (year-end)	295
309		31. Maximum amount guaranteed (year-end)	807
72		32. Number of incomplete projects	70
2023		33. Capital blocked in incomplete projects	2438

Notes :

- (i) Figures in brackets represent percentages, rounded to total of each sub heading
- * Rs.9,667 crore retained in Madhya Pradesh for apportionment between the successor States of MP and Chhattisgarh
- ** The figure of GSDP for 2001-02 and 2002-03 have been revised by State Government as Rs.29,517.90 crore and Rs.29,714.68 crore respectively

Appendix 1.5

(Referred to in paragraph 1.4)

LIST OF TERMS USED IN THE CHAPTER - I AND BASIS FOR THEIR CALCULATION

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter (per cent)}}{\text{GSDP Growth rate (per cent)}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of 5 years $(\text{LOGEST (Amount of 1996-97:Amount of 2001-02)} - 1) * 100$
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth - Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipt - Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit - Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt.

Appendix 1.6

(Referred to in paragraph 1.7.1)

STATEMENT OF NON-UTILISATION OF GRANTS/LOANS

(Rupees in crore)

Sl. No.	Name of Department	No. of institutions	Total grant released	Expenditure grant/loan	Balance amount	Percentage of savings
1.	Director, Higher Education Chhattisgarh Raipur	53	46.32	45.34	0.98	2.12
2.	Commissioner, Tribal, SC & OBC, Welfare Chhattisgarh Raipur	07	3.91	--	3.91	100
3.	Director, Public Institution Chhattisgarh Raipur	30	65.85	65.85	--	--
4.	Director, Technical Education, Chhattisgarh Raipur	9	2.65	--	2.65	100
5.	Director, Food & Supply Chhattisgarh Raipur	3	0.86	0.86	--	--
6.	Chief Electrical Inspector Chhattisgarh Raipur	1	88.27	--	88.27	100
7.	Director, Agriculture Chhattisgarh Raipur	1	11.29	11.29	--	--
8.	Executive Director, Chhattisgarh Council of Science & Technology Raipur	1	0.87	0.87	--	--
9.	Commissioner, Women & Child Development, Chhattisgarh Raipur	19	0.07	0.07	--	--
10.	Secretary, Law & Legislature Department Chhattisgarh, Raipur	1	0.60	0.55	0.05	8.33
11.	Director, Nagriya Prashashan & Vikas Chhattisgarh Raipur	117	26.73	--	26.73	100
	Total	242	247.42	124.83	122.59	

Appendix 1.7
(Referred to in paragraph 1.7.1)

STATEMENT OF NON-SUBMISSION OF UTILISATION CERTIFICATES
(Rupees in crore)

Sl. No.	Name of department	Year							
		2000-01		2001-02		2002-03		2003-04	
		No. of unit	Amt.	No. of unit	Amt.	No. of unit	Amt.	No. of unit	Amt.
1.	Director, Higher Education Chhattisgarh Raipur	--	--	--	--	--	--	14	0.79
2.	Commissioner, Tribal, SC & OBC, Welfare Chhattisgarh Raipur	--	--	--	--	--	--	7	3.91
3.	Director, Public Institution Chhattisgarh Raipur	--	--	--	--	--	--	30	65.85
4.	Director, Technical Education, Chhattisgarh Raipur	8	0.75	18	2.06	12	2.47	9	2.65
5.	Director, Food & Supply Chhattisgarh Raipur	--	--	--	--	--	--	3	0.86
6.	Chief Electrical Inspector Chhattisgarh Raipur	--	--	--	--	--	--	1	88.27
7.	Director, Agriculture Chhattisgarh Raipur	--	--	--	--	--	--	1	11.29
8.	Executive Director, Chhattisgarh Council of Science & Technology Raipur	--	--	--	--	1	0.58	1	0.87
9.	Commissioner, Women & Child Development, Chhattisgarh Raipur	--	--	--	--	--	--	--	--
10.	Secretary, Law & Legislature Department Chhattisgarh, Raipur	--	--	1	0.01	1	0.05	1	0.60
11.	Director, Nagriya Prashashan & Vikas Chhattisgarh Raipur	--	--	--	--	--	--	117	26.73
	Total	8	0.75	19	2.07	14	3.10	184	201.82

Appendix 2.1
(Referred to in Paragraph 2.3.1)

CASES WHERE EXPENDITURE FELL SHORT BY MORE THAN RUPEES ONE CRORE AND ALSO BY MORE THAN 10 PER CENT OF THE TOTAL PROVISION

(Rupees in crore)

Sl. No	Grant No and Name	Amount of savings (percentage of provision)	Main reasons for savings
1.	2.	3.	4.
(A)	REVENUE VOTED		
1.	01 General Administration	9.30 (24.73%)	Due to non-receipt of sanction, Enforcement of Model code of Conduct, non-establishment of residential commissioner's office and post remaining vacant Reasons for final savings have not been intimated(July 2004)
2.	02 Other expenditure pertaining to General Administration Department	1.94 (58.85%)	Reasons for savings have not been intimated (July 2004)
3	03 Police	46.06 (14.77%)	Reasons for savings have not been intimated (July 2004)
4	05 Jail	3.28 (11.67%)	Non-receipt of sanction from Government, Post remaining vacant. Reasons for final savings not intimated (July 2004)
5	06 Expenditure pertaining to Finance Department	100.23 (17 %)	Reasons for savings not intimated (July 2004)
6	07 Expenditure pertaining to Commercial Tax Department	13.79 (25.38 %)	Reasons for savings due to less purchase rate of spirit, Less running of Departmental Liquor shops, Post remaining vacant Reasons for final savings not intimated (July 2004)
7	08 Land revenue and District Administration	20.53 (19.08 %)	Reasons for savings was due to post remaining vacant, economy measures, non-receipt of allotment, sanctions Reasons for final savings not intimated (July 2004)

8	09	Expenditure pertaining to Revenue Department	1.33 (25 %)	Reasons for savings was due to vacant post and economy measures, non-establishment of Govt. Press. Reasons for final savings not intimated (July 2004)
9	11	Expenditure pertaining to Commerce and Industry Department	13.26 (50.10 %)	Reasons for final savings not intimated (July 2004)
10	13	Agriculture	56.06 (31.33%)	Reasons for savings not intimated (July 2004)
11	14	Expenditure pertaining to Animal Husbandry Department	9.12 (15 %)	Reasons for savings not intimated (July 2004)
12	15	Financial assistance to three tier panchayati raj institutions under special component plan for SCs	8.89 (37.46 %)	Reasons for savings not intimated (July 2004)
13	17	Co-operation	34.96 (25%)	Reasons for savings not intimated (July 2004)
14	18	Labour	2.75 (30 %)	Reasons for savings not intimated (July 2004)
15	19	Public Health and Family Welfare	27.31 (14.02 %)	Reasons for savings not intimated (July 2004)
16	21	Expenditure pertaining to Housing and Environment Department	16.65 (67.63 %)	Reasons for savings not intimated (July 2004)
17	23	Water Resources Department	11.88 (11.47%)	Reasons for savings not intimated (July 2004)

18	25	Expenditure pertaining to Mineral Resources Department	1.90 (11.10 %)	Reasons for savings is due to Post remaining vacant and economy measures
19	26	Expenditure pertaining to culture Department	1.79 (28.92 %)	Reasons for savings not intimated (July 2004)
20	27	School Education	119.66 (17.41 %)	Reasons for savings not intimated (July 2004)
21	28	State Legislature	2.93 (29.60 %)	Reasons for savings not intimated (July 2004)
22	29	Administration of Justice and elections	18.94 (29.53 %)	Savings was due to non-payment of pending bills of Electoral Rolls & elections of State Legislative Assembly
23	30	Expenditure pertaining to Panchayat & Rural Development Department	217.16 (65.80 %)	Savings was due to Central Share being issued directly to District Panchayat Reasons for final savings not intimated (July 2004)
24	31	Expenditure pertaining to Planning, Economics & Statistics Department	2.30 (34.86 %)	Reasons for savings not intimated (July 2004)
25	32	Expenditure pertaining to Public relations Department	3.12 (18.23 %)	Reasons for savings not intimated (July 2004)
26	34	Social Welfare	4.27 (35.49 %)	Reasons for savings not intimated (July 2004)
27	36	Transport	4.52 (41.53 %)	Reasons for Savings have not been intimated (July 2004)
28	39	Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	447.78 (47.55 %)	Reasons for savings was due to payment made by G.O.I directly to concerned institution, non-receipt of sanction from Finance Department, non-receipt of proper proposal from concern institution.
29	41	Tribal Areas Sub-Plan	311.24 (44.60 %)	Reasons for Savings have not been intimated (July 2004)
30	43	Sports and Youth Welfare	1.58 (41.80 %)	Reasons for Savings have not been intimated (July 2004)
31	47	Technical Education and Man power planning Department	7.81 (18.88 %)	Reasons for Savings have not been intimated (July 2004)
32	48	Grant for up gradation of Administration under 11th Finance Commission	12.37 (63.81 %)	Reasons for Savings have not been intimated (July 2004)
33	49	Scheduled Caste Welfare	2.31 (13.24 %)	Reasons for Savings have not been intimated (July 2004)
34	54	Expenditure pertaining to Agriculture Research and Education	5.43 (32.50 %)	Reasons for Savings have not been intimated (July 2004)
35	55	Expenditure pertaining to Women and Child Welfare	32.51 (24.74 %)	Reasons for Savings have not been intimated (July 2004)
36	56	Rural industries	5.19 (30.71 %)	Reasons for Savings have not been intimated (July 2004)
37	58	Expenditure on relief on account of natural calamities and scarcity	49.48 (33.53 %)	Reasons for Savings have not been intimated (July 2004)
38	59	Externally Aided projects pertaining to Panchayat and Rural Development Department	10.00 (100 %)	Reasons for savings was due to non-receipt of sanction from Finance Department

39	64	Special component plan for SCs	87.50 (45.56 %)	Reasons for Savings have not been intimated (July 2004)
40	69	Urban administration and Development Department- Urban Welfare	18.74 (88.25 %)	Reasons for Savings was due to receipt of central share directly from G.O.I
41	77	Externally aided projects pertaining to Development of Tribal Areas in Bilaspur Division	6.00 (75%)	Reasons for Savings have not been intimated (July 2004)
42	79	Expenditure pertaining to Medical Education Department	6.81 (12.18 %)	Reasons for Savings have not been intimated (July 2004)
43	80	Financial Assistance to three tier Panchayati Raj Institutions	98.37 (29.26 %)	Reasons for Savings have not been intimated (July 2004)
44	82	Financial Assistance to three tier Panchayati Raj Institutions under tribal area sub-plan	27.83 (22.64%)	Reasons for Final Savings have not been intimated (July 2004)
45	83	Financial Assistance to Urban Bodies under Tribal Area Sub-Plan	1.89 (31.16 %)	Reasons for savings was reported due to transfer of head from Plan to Non-plan
	(B)	REVENUE (Charged)		
1	01	General Administration	1.53 (29.18%)	Post remaining vacant, non-receipt of sanction and due to non-formation of Administrative Academy
2	07	Expenditure pertaining to Commercial Tax Department	2.27 (17.63 %)	Reasons for Savings have not been intimated (July 2004)
3	12	Expenditure pertaining to energy Department	6.00 (72.27%)	Reasons for Savings have not been intimated (July 2004)
4	29	Administration of Justice & Elections	1.06 (26.07 %)	Reasons for Savings have not been intimated (July 2004)
5	81	Financial Assistance to Urban Bodies	2.63 (43.76 %)	Reasons for Savings have not been intimated (July 2004)
		(C) CAPITAL (Voted)		
1	06	Expenditure pertaining to Finance Department	5.58 (71.15 %)	Reasons for Final Savings have not been intimated (July 2004)
2	08	Land revenue and district administration	2.83 (69.44%)	Reasons for Final Savings have not been intimated (July 2004)
3	10	Forest	2.80 (48.16%)	Reasons for Final Savings have not been intimated (July 2004)
4	11	Expenditure pertaining to Commerce and Industry Department	2.59 (64.47%)	Reasons for Savings have not been intimated (July 2004)
5	17	Co-operation	52.61 (66.71%)	Reasons for Savings have not been intimated (July 2004)
6	19	Public Health and Family Welfare	1.06 (34.95 %)	Reasons for Savings have not been intimated (July 2004)
7	20	Public Health Engineering	21.44 (90.66 %)	Reasons for Savings have not been intimated (July 2004)

8	21	Expenditure pertaining to Housing and Environment Department	65.30 (75.92 %)	Reasons for Savings have not been intimated (July 2004)
9	24	Public Works-Roads and Bridges	35.50 (21.37 %)	Reasons for Savings have not been intimated (July 2004)
10	37	Tourism	8.58 (78 %)	Reasons for savings was due to non- implementation of schemes during current financial year. Reasons for final Savings have not been intimated (July 2004)
11	41	Tribal Areas sub-plan	164.35 (54.82 %)	Reasons for Savings have not been intimated (July 2004)
12	42	Public works relating to Tribal Area Sub-plan Road & Bridges	64.33 (26.55 %)	Reasons for Savings have not been intimated (July 2004)
13	45	Minor Irrigation Works	12.95 (16.35 %)	Reasons for Savings have not been intimated (July 2004)
14	47	Technical Education and Man power planning Department	3.55 (56 %)	Reasons for Savings have not been intimated (July 2004)
15	48	Grant for upgradation of Administration under Eleventh Finance Commission	8.16 (18.21 %)	Reasons for Savings have not been intimated (July 2004)
16	53	Financial Assistance to Urban Bodies under Special Component Plan for Scheduled Caste	1.00 (100%)	Reasons for Savings have not been intimated (July 2004)
17	55	Expenditure pertaining to Women and Child Welfare	2.60 (19.31 %)	Reasons for Savings have not been intimated (July 2004)
18	57	Externally aided projects pertaining to Water Resources Department	1.04 (41.52 %)	Reasons for Savings have not been intimated (July 2004)
19	58	Expenditure on relief on account of natural calamities and scarcity	1.55 (100 %)	Reasons for Savings have not been intimated (July 2004)
20	59	Externally Aided projects pertaining to Panchayat and Rural Development Department	50.00 (100 %)	Reasons for Savings have not been intimated (July 2004)
21	64	Special Component Plan for Scheduled Caste	48.53 (54.94%)	Reasons for Savings have not been intimated (July 2004)
22	65	Aviation Department	2.00 (100%)	Reasons for Savings have not been intimated (July 2004)
23	66	Welfare of Backward classes	1.99 (79 %)	Reasons for Savings have not been intimated (July 2004)

24	67	Public works-Buildings	16.17 (34.61 %)	Reasons for Savings have not been intimated (July 2004)
25	68	Public Works relating to Tribal Areas Sub-Plan Buildings	58.43 (72.47 %)	Reasons for Savings have not been intimated (July 2004)
26	69	Urban administration and Development Department- Urban Welfare	1.20 (35.78 %)	Reasons for Savings have not been intimated (July 2004)
27	75	NABARD Aided Projects pertaining to water Resources Department	37.76 (47.79 %)	Reasons for Savings have not been intimated (July 2004)
28	78	Externally Aided Projects pertaining to Rural Industries Department	1.91 (63.71%)	Reasons for Savings have not been intimated (July 2004)
29	79	Expenditure pertaining to Medical Education Department	2.35 (52.15%)	Reasons for Savings have not been intimated (July 2004)

Appendix 2.2

(Referred to in Paragraph 2.3.1)

CASES INVOLVING SUBSTANTIAL SAVINGS UNDER THE SCHEMES

(Rupees in crore)

Sl. No.	No. and Name of Grant	Name of the Scheme	Total Grant	Actual Expenditure	Amount of Savings	Percentage of Savings	
1.	2.	3.	4.	5.	6.	7.	
(A) - REVENUE VOTED							
1	12	Expenditure pertaining to energy department	2501-01-101-0101- State Plan Schemes (Normal)-5415-Aid to Rural Energy	18.00	0.00	18.00	100%
2	19	Public Health and Family welfare	2211-800-0801- Central Sector Schemes Normal-2498-Supply of Conventional Contraceptives	5.86	--	5.86	100%
3			2211-800-0801- Central Sector Schemes Normal-6106-Universal Immunisation	12.18	--	12.18	100%
4	27	School Education	2202-01-109-0701- Centrally Sponsored Schemes Normal-5396-Education Mission for all	60.00	10.51	49.49	82.4%
5			2) 2202-02-101-0701-Centrally Sponsored Schemes Normal-5409-Supply of Computer under Revised Class Project	6.70	0.00	6.70	100%
6	41- Tribal Areas Sub-plan -20- School Education Department		2202-01-796-101-0702-Centrally Sponsored Schemes T.S.P.-5396-Educational Mission for all	47.12	5.14	41.98	89%
7			2202-04-796-200-0702-Centrally Sponsored Schemes T.S.P.-4479-Social education classes	7.02	0.21	6.81	97%
8	41	Tribal Area Sub Plan Crop Husbandry	2401-796-110-0102 Tribal Area Sub Plan 8702 National Agricultural Insurance Scheme	6.04	--	6.04	100%

9.	41-	Tribal Areas Sub-plan-25-Scheduled Tribe, Scheduled Caste and Backward class welfare Department	2225-02-796-102-0102-Tribal Area Sub-Plan-5211-Local Development Programme in Integrated Tribal Development Project	15.32	0.00	15.32	100%
10.	58	Expenditure on Relief on Account of Natural Calamities and Scarcity	2402-102-3142-Soil Conservation Scheme Contour Bunding	12.05	1.87	10.18	84%
11.	81	Financial Assistance to Urban Bodies	2217-05-800-4845-Grant to Local Bodies as per recommendations of 11 th Finance Commission for Basic Services	5.62	--	5.62	100%
TOTAL (A)				195.91	17.73	178.18	
(B) - CAPITAL VOTED							
1.	17	Co-operation	(2) 6425-107-0101-State Plan Schemes (Normal)-6568-Loan to M.P. State Co-operative Bank for Strengthening of Agriculture Credit stabilisation Fund	24.00	--	24.00	100%
2.	20	Public Health Engineering	6215-01-101-0101-State Plan Schemes (Normal)-5368-L.I.C. loan for Newly Urban Water Supply Schemes	20.00	0.00	20.00	100%
3.	21	Expenditure pertaining to Housing and Environment Department.	4217-01-050--0101-State Plan Schemes (Normal)-3115-Compensation for Land acquisition	50.00	0.00	50.00	100 %
4.	24	Public Works-Roads and Bridges	5054-03-337-0801-Central Sector Schemes Normal-8716-Central Road Fund	50.74	8.46	42.28	83%
5.	41-	Tribal Areas Sub-plan-31-Water resources Department	4702-796-800-0802-Central Sector Schemes T.S.P.-4860-Completion of incomplete Irrigation Schemes	10.00	0.39	9.61	96%
6.	67-	Public Work Building	4059-01-051-0701 Centrally Sponsored Scheme Normal 2450 Administration of Justice	8.09	0.79	7.30	90%
TOTAL (B)				162.83	9.64	153.19	
TOTAL (A) + (B)				358.74	27.37	331.37	

Appendix 2.3
(Referred to in Paragraph 2.3.1)
**CASES WHERE ENTIRE BUDGET PROVISION UNDER
CENTRAL SCHEMES REMAINED UNUTILISED.**

(Rupees in crore)

Sl. No.	Grant No and Name	Head of Account	Budget provision not utilised
1.	2.	3.	4.
(A) CENTRALLY SPONSORED SCHEME			
1	08 Land Revenue and District Administration	2029-102-0701-Centrally Sponsored Schemes Normal-4729-Scheme for Aerial Survey	0.85
2	11 Expenditure pertaining to Commerce and Industry Department	2852-80-800-0701-Centrally Sponsored Schemes (normal)-5417-Grant to Export infrastructure Development	3.00
3	15 Financial Assistance to three tier Panchayati Raj Institutions under special component plan for Scheduled Castes	34-P.H.E-2215-01-789-191-0703-Centrally Sponsored Schemes S.C.P-1194-Maintenance of Rural Water Supply Schemes	0.40
4	18 Labour	1) 2230-01-103-0701-Centrally Sponsored Schemes (normal)-8352-Construction of houses for Bidi Labourers in State	0.36
5		2) 2230-01-112-0701-Centrally Sponsored Schemes (normal)-2837-Rehabilitation Scheme for Bonded Labour	0.12
6		3) 2230-01-112-0701-Centrally Sponsored Schemes (normal)-5432-Survey of Bonded Labour	0.10
7	26 Expenditure pertaining to Culture Department	2205-101-0701-Centrally Sponsored Schemes Normal-3077-Multi purpose Cultural Institution	1.00
8	27 School Education	2) 2202-02-109-0701-Centrally Sponsored Schemes Normal-5409-Supply of Computer under Revised Class Project	6.70
9	30 Expenditure pertaining to Panchayat and Rural Development Department	2501-01-101-0701-Centrally Sponsored Schemes Normal-5077-Integrated Barren Land development Programme	0.60
10		2) 2501-01-101-0701-Centrally Sponsored Schemes Normal-5078-Employment Assurance Schemes (Drought Upgradation Area Development Programme)	0.92
11		3) 2501-01-101-0701-Centrally Sponsored Schemes Normal-8701-Swarn Jayanti Gram Swarajgar Yojana	4.41

12	31	Expenditure pertaining to Planning Economics and Statistics Department	3454-01-111-0701-Centrally Sponsored Scheme (Normal) 5501-Citizenship Registration and strengthening of birth and death Statistical system	0.11
13	37	Tourism	5452-01-101-0701-Centrally Sponsored Schemes Normal-7630-Central Share in Centrally Sponsored Schemes-	2.76
14	56	Rural Industries	2851-105-0701-Centrally Sponsored schemes Normal-5406-Establishment of Chhattisgarh Hat	1.61
15			2) 2851-105-0701-Centrally Sponsored schemes Normal-5515-Rural Industries Training School-	0.40
			TOTAL (A)	23.34
(B) - CENTRAL SECTOR SCHEMES				
1	18	Labour	2230-01-101-0801-Central Sector Schemes Normal-5019-Housing Schemes for Hammal working in Mandies	0.45
2	19	Public Health and Family welfare	2210-01-110-0801-Central Sector Schemes Normal-993-T.B. Hospitals	0.55
3			2211-800-0801-Central Sector Schemes Normal- 6106- Universal Immunisation	12.18
4			2211-800-0801-Central Sector Scheme Normal- 2498- Supply of conventional contraceptives	5.86
5	41	Tribal Areas Sub-Plan	2406 - 01-796-800-0802-5231- Grant to small Forest produce Federation for small Forest produce work	2.57
6			2202-02-796-109-0802-5232-Grant to Housing School Samiti	1.50
7			2236-02-796-101-0802-5467-Minimata Nutrition Programme in Sarguja District-	3.00
			TOTAL (B)	26.11
			TOTAL (A) + (B)	49.45

Appendix 2.4

(Referred to in Para 2.3.2)

EXPENDITURE WITHOUT BUDGET PROVISION

Sl. No.	Grant Number and description of Grant	Head of account	Expenditure incurred without approval of Legislature
1	2	3	4
REVENUE- VOTED-			
1	06-Expenditure pertaining to Finance Department	2071-01-101-9997-For successor State of Chhattisgarh	227.41
		2071-01-101-9999-For Combined State of Madhya Pradesh	42.34
		2071-01-104-9997-For successor State of Chhattisgarh	76.70
		2071-01-104-9999-For Combined State of Madhya Pradesh	19.10
		2071-01-105-9997-For successor State of Chhattisgarh	26.00
		2071-01-105-9999-For Combined State of Madhya Pradesh	13.31
		2071-01-115-9997-For successor State of Chhattisgarh	19.99
		2071-01-115-9999-For Combined State of Madhya Pradesh	6.35
2	12-Expenditure pertaining to Energy Department	2801-02-800-5533-Adjustment of payable amount in favour of different Public Sector through Electricity Board	93.43
3	15-Financial assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled castes	25-Scheduled Tribe, Scheduled Caste and Backward class Welfare Department-2202-01-789-0103- Special Component Plan for SCs 4717-Harijan Hostels	0.15
4	30-Expenditure pertaining to Panchayat and rural Development Department	2501-06-101-0701-Centrally Sponsored Schemes Normal-8701-Swarna Jayanti Rural Self Employment Schemes 2) 2501-06-800-0701-Centrally Sponsored Schemes Normal 8775-Jila Panchayat (District Rural Development Agency) Administration Schemes	3.91 1.66
5	41-Tribal Areas Sub-Plan 22-Panchayat and Rural Development Department	2501-02-796-800-0702-Centrally Sponsored Schemes T.S.P.-5078-Employment Assurance scheme watershed area (Drought Prone area Development Programme) 2) 2501-06-796-101-0702-Centrally Sponsored schemes T.S.P.-8701-Swarna Jayanti rural Self employment 3) 2501-06-796-800-0702-Centrally sponsored schemes T.S.P.-8775-Administration Scheme (District Level)	0.50 2.58 0.71
6	64-Special Component Plan for Scheduled caste-22- Panchayat and Rural Development Department	2501-02-789-800-0703-Centrally Sponsored Schemes S.C.P.-9464-Watershed treatment/Development Works/Activities 2) 2501-06-789-101-0703-Centrally Sponsored Schemes S.C.P-8701-Swarn Jayanti Rural Self Employment Scheme	0.59 1.05
		Total	535.78
CAPITAL (VOTED)			
1	17- Co-operation	4408-02-195-0910-National Co-operative Development Corporation-5054-Formation of warehouses	6.40
		Total	6.40
		Grand Total	542.18

Appendix 2.5

(Referred to in Paragraph 2.3.3)

EXCESS OVER GRANT / APPROPRIATION REQUIRING REGULARISATION

(Rupees in crore)

Sl. No.	Grant No. & Name	Total Grant/ Appropriation	Actual expenditure	Amount of Excess	Main reasons
1.	2.	3.	4.	5.	6.
(A) - REVENUE VOTED					
1	12 Expenditure Pertaining to Energy Department	134.95	191.64	56.69	Reasons for excess not intimated (July 2004)
2.	33 Tribal Welfare	364.41	368.77	4.36	Reasons for excess not intimated (July 2004)
3	67 Public Works- Buildings	83.14	87.65	4.51	Reasons for excess not intimated (July 2004)
TOTAL (A)		582.50	648.06	65.56	
(B) REVENUE CHARGED					
1.	Interest payment and servicing of debt	1053.52	1109.80	56.28	Reasons for excess not intimated (July 2004)
2.	06 Expenditure pertaining to Finance Department	0.02	0.07	0.05	-----do-----
TOTAL (B)		1053.54	1109.87	56.33	
(C) - CAPITAL VOTED					
1.	12 Expenditure Pertaining to Energy Department	25.00	494.22	469.22	Reasons for excess not intimated (July 2004)
2	40 Expenditure pertaining to Ayacut Department	2.00	2.01	0.01	Reasons for excess not intimated (July 2004)
TOTAL (C)		27.00	496.23	469.23	
TOTAL (A)+(B)+(C)		1663.04	2554.15	591.12	

Appendix 2.6

(Referred to in Paragraph 2.3.5)

CASES WHERE SUPPLEMENTARY PROVISION PROVED UN-NECESSARY

(Rupees in crore)

Sl. No.	No and Description of Grant/ Appropriation	Original Grant/ Appropriation	Supple-mentary grant/ appro-riation	Actual expenditure	Savings
1.	2.				
(A) - REVENUE VOTED					
1.	01 General Administration	34.50	3.12	28.31	9.31
2.	02 Other Expenditure pertaining to General Administration	3.08	0.21	1.35	1.94
3.	03 Police	309.86	1.90	265.70	46.06
4.	04 Other Expenditure pertaining to Home Department	2.52	0.10	1.90	0.72
5.	06 Expenditure pertaining to Finance Department	563.34	25.08	488.18	100.24
6.	07 Expenditure pertaining to Commercial Tax Department	50.41	3.92	40.54	13.79
7.	08 Land Revenue and district Administration	99.32	8.26	87.05	20.53
8.	09 Expenditure pertaining to Revenue Department	4.83	0.50	4.00	1.33
9.	10 Forest	262.77	6.55	260.92	8.40
10.	11 Expenditure pertaining to Commerce & Industry Department	24.86	1.61	13.21	13.26
11.	13 Agriculture	177.54	1.37	122.85	56.06
12.	14 Expenditure pertaining to Animal Husbandry Department	55.96	3.00	49.84	9.12
13.	15 Financial assistance to 3-tier Panchayati Raj institutions under special component for SC	23.70	0.01	14.83	8.88
14.	19 Public Health and Family Welfare	188.98	5.79	167.45	27.32
15.	20 Public Health Engineering	114.90	1.80	108.79	7.91
16.	23 Water Resources Department	103.54	0.11	91.76	11.89
17.	25 Expenditure pertaining to Mineral Resources Department	16.60	0.56	15.26	1.90
18.	26 Expenditure pertaining to culture Department	5.21	1.00	4.42	1.79
19.	27 School Education	678.09	9.12	567.56	119.65
20.	28 Expenditure pertaining to State Legislature	9.77	0.15	6.99	2.93
21.	30 Expenditure pertaining to Panchayat and Rural Development Department	322.39	7.61	112.84	217.16

22.	31	Expenditure pertaining to Planning Economics and Statistics Department	6.01	0.58	4.29	2.30
23.	32	Expenditure pertaining to Public Relations Department	15.14	1.95	13.98	3.11
24.	34	Social Welfare	11.85	0.20	7.77	4.28
25.	39	Expenditure pertaining to Food, civil supplies and consumer protection Department	747.11	194.57	493.90	447.78
26.	41	Tribal Areas Sub-Plan	657.51	40.35	386.63	311.23
27.	44	Higher Education	102.39	9.20	101.10	10.49
28.	47	Technical Education and Man power Planning Department	40.74	0.62	33.55	7.81
29.	53	Financial Assistance to Urban Bodies under Special component Plan for Scheduled castes	1.03	0.50	0.84	0.69
30.	55	Expenditure pertaining to Women & Child Welfare	125.05	6.34	98.88	32.51
31.	56	Rural Industries	15.24	1.65	11.71	5.18
32.	58	Expenditure on relief on account of natural calamities and scarcity	141.60	5.99	98.11	49.48
33.	59	Externally Aided projects pertaining to Panchayat and Rural Development Department.	0.00	10.00	0.00	10.00
34.	64	Special component plan for Scheduled Caste	190.36	1.71	104.57	87.50
35.	69	Urban administration and Development Department- Urban Welfare	7.24	14.00	2.5	18.74
36.	80	Financial Assistance to 3 tier Panchayati Raj Institutions	244.13	92.07	237.83	98.37
37.	82	Financial assistance to 3 tier Panchayats Raj institutions under tribal area sub-plan	122.78	0.10	95.05	27.83
TOTAL (A)			5480.34	461.60	4144.46	1797.48
(B) - REVENUE CHARGED						
1	01	General Administration	4.64	0.60	3.71	1.53
2	12	Expenditure pertaining to Energy Department	6.00	2.30	2.30	6.00
TOTAL (B)			10.64	2.90	6.01	7.53
(C) CAPITAL (VOTED)						
1	10	Forest	3.64	2.17	3.01	2.80
2	17	Co-operation	67.12	11.75	26.26	52.61
	24	Public Works-Roads and Bridges	165.94	0.20	130.64	35.50

3	41	Tribal Areas Sub-Plan	299.75	17.25	152.66	164.35
4	45	Minor Irrigation Works	78.17	1.00	66.22	12.95
5	64	Special Component Plan for Scheduled Castes	88.34	5.71	45.52	48.53
6	67	Public Works Buildings	33.27	13.45	30.55	16.17
7	68	Public Works relating to Tribal Areas Sub-Plan Buildings	76.84	3.79	22.20	58.43
8	75	NABARD Aided Projects pertaining to water Resources Department	70.00	9.00	41.24	37.76
9	79	Expenditure pertaining to Medical Education Department	3.16	1.35	2.16	2.35
		TOTAL (C)	886.23	65.67	520.46	560.30
		TOTAL A+B+C	6377.21	530.17	4670.93	2365.31

Appendix 2.7
(Referred to in Paragraph 2.3.5)

CASES WHERE SUPPLEMENTARY PROVISION OBTAINED PROVED EXCESSIVE
(Rupees in crore)

Sl. No.	No and Description of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary grant/ appropriation	Actual expenditure	Savings
(A) - REVENUE VOTED					
1	01 General Administration 2015-101-6262-State Election Commission	1.35	1.04	1.65	0.74
2	17 Co-operation	11.98	125.89	102.91	34.96
3	29 Administration of Justice and Elections	39.16	24.95	45.18	18.94
4	78 Externally Aided Projects pertaining to Rural Industries Department	2.95	1.50	4.01	0.45
5	79 Expenditure pertaining to Medical Education Department	48.14	7.74	49.08	6.8
6	81 Financial Assistance to Urban Bodies	272.20	40.89	305.71	7.38
7	83 Financial Assistance to Urban Bodies under Tribal Area Sub-Plan	2.56	3.50	4.17	1.89
	TOTAL (A)	378.34	205.51	512.71	71.14
(B) - CAPITAL VOTED					
1	23 Water Resources Department	176.07	78.54	239.62	14.99
2	57 Externally aided projects pertaining to Water Resources Department	0.20	2.30	1.46	1.04
3	60 Expenditure pertaining to District Plan Scheme	13.88	8.00	20.13	1.75
	TOTAL (B)	190.15	88.84	261.21	17.78
(C)-CAPITAL- CHARGED					
1	11 Expenditure pertaining to Commerce and Industries	0.15	0.64	0.33	0.46
	TOTAL(C)	0.15	0.64	0.33	0.46
	Grand Total (A+B+C)	568.64	294.99	774.25	89.38

Appendix 2.8
(Referred to in Paragraph 2.3.5)
CASES WHERE SUPPLEMENTARY PROVISION WAS INSUFFICIENT

(Rupees in crore)

Sl. No.	Number and description of Grant / Appropriation	Original provision	Supplementary provision	Actual Expenditure	Final excess
1.	2.	3.		4	
(A) - REVENUE VOTED					
1	12 Expenditure pertaining to Energy Department	134.91	0.04	191.64	56.69
2	33 Tribal Welfare	320.22	44.19	368.76	4.36
	TOTAL (A)	455.13	44.23	560.40	61.04

Appendix 2.9

(Referred to in Paragraph 2.3.6)

CASES INVOLVING SUBSTANTIAL EXCESSES UNDER THE SCHEME

(Rupees in crore)

Sl. No.	Grant No. and Name	Name of the Scheme	Total provision	Actual expenditure	Amount of excess	Percentage of Excess	
1.	2.	3.	4.	5.	6.	7.	
(A) - REVENUE VOTED							
1	03	Police	2055-001-3680-State Headquarters	3.37	10.70	7.33	218%
2			2055-108-5067-Forensic Science	0.60	12.01	11.41	1902 %
3	07	Expenditure pertaining to Commercial Tax Department	2040-001-3569-Headquarter Establishment Expenditure	6.46	12.97	6.51	101 %
4	29	Administration of Justice and Elections	2015-105-4311-Charges for conduct of elections of State legislature	4.65	10.43	5.78	125%
5	41	Tribal Areas Sub-Plan-25-Scheduled Tribe, Scheduled caste and Backward class welfare Department	2225-02-794-102-0602-Scheme Financed out of Additive Funds from Government of India for Tribal Sub-Plan-5211-Local Development Programme in Integrated Tribal Development Project	8.50	25.09	16.59	195%
6			2225-02-796-277-0102-Tribal Areas Sub-plan-2299-Direction and Administration	0.23	24.96	24.73	10752 %
7	67	Public Works-Buildings	2059-80-799-4056-Miscellaneous Public Works Advances	2.50	10.07	7.57	302.8 %
8	79	Expenditure pertaining to Medical Education Department	2210-05-105-0101-State Plan Schemes (Normal)-5386-Grant to Establishment of Medical College, Raipur	1.00	6.00	5.00	500%
			TOTAL (A)	27.31	112.23	84.92	
(B) - CAPITAL (V)							
1.	12	Expenditure pertaining to Energy Department	6801-800-0101-State Plan Schemes (Normal)-4842-Loans for energy Development Project	25.00	494.22	469.22	(1877 %)
2	45	Minor Irrigation Works	4702-101-0101-State Plan Schemes (Normal)-4416-Survey	1.00	16.07	15.07	(1507 %)
			TOTAL (B)	26.00	510.29	484.29	
			TOTAL (A) + (B)	53.31	622.52	569.21	

Appendix 2.10
(Referred to in Paragraph 2.3.7)

INCORRECT RE-APPROPRIATION

(a) Some of the cases are mentioned below in which funds were injudiciously withdrawn by the surrender, though accounts had already shown excess over provisions.

(Rupees in crore)

Sl. No	Grant No. & Name and Head of account	Original + Supplementary Provision	Actual expenditure	Excess before reappropriation	Reappropriation / Surrender	Final excess
1	2	3	4	5	6	7
1	05-Jail 2056-102-1524-Jail Manufacture	0.81	0.92	0.11	-0.25	0.36
2	07-Expenditure pertaining to Commercial Tax Department 2039-001-1470-District Executive Establishment	7.94	8.57	0.63	-1.09	1.72
3	08-Land Revenue and District Administration 2029-001-456-Office of the Commissioner, Land records and Settlement	0.89	1.26	0.37	-0.01	0.38
4	15- Financial assistance to 3 tier panchayati raj institutions under special component plan for SCs - (20)-School Education Department 2202-01-789-101-0103-Special component Plan for Scheduled Castes-5037-Junior primary schools (25)-Scheduled Tribe, Scheduled Caste and Backward class welfare Department 2225-02-789-800-0103-Special component plan for scheduled castes-6171-Incentives Schemes for Local Dais	0.10 0.02	0.50 0.18	0.40 0.16	-0.06 -0.02	0.46 0.17
5	27-School Education 2202-01-001-0101-State Plan Schemes (Normal)-3930-Establishment of Block Development Office (For Basic Minimum Service) 2202-02-109-0701-Centrally Sponsored Schemes Normal-4193-10+2 -Education system in Government Schools and Vocationalisation of Education	3.90 4.60	4.62 6.53	-0.72 -1.93	-0.07 -0.70	0.79 2.63
6	29-Administration of Justice and Elections 2015-105-4311-Charges for conduct of elections to Parliament	0.25	2.74	2.49	-0.04	2.53

	2015-106-4006-Charges for conduct of elections of State Legislature	10.18	10.43	-0.25	-5.53	5.78
7	41-Tribal Areas Sub-Plan 25-Scheduled Tribe, Scheduled Caste and Backward class Welfare Department 1) 2202-01-796-101-0102-Tribal Area Sub-Plan-5092-Scheme for Higher Education to meritorious students 2225-02-796-277-0102-Tribal Areas Sub-Plan-2299-Direction and Administration 4225-02-796-277-0102-Tribal Area Sub-Plan-9832-Departmental Agency	1.00 0.24 4.01	6.83 24.96 4.73	5.83 24.72 0.72	-0.91 -0.01 -0.18	6.74 24.73 0.9
8	44-Higher Education 2202-03-104-0101-State Plan Schemes (Normal)-3444-Nutrition grants to colleges	5.57	6.12	0.55	-0.15	0.70
9	80-Financial Assistance to Three Tier Panchayati Raj Institutions 2235-60-102-4858-Indira Sahara Yojana	16.27	28.64	-12.37	-0.67	13.04
10	81-Financial Assistance to Urban Bodies 2235-60-102-4858-Indira Sahara Yojana	3.00	7.64	4.64	-0.09	4.73
11	82-Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub-Plan 25-Scheduled castes, Scheduled Tribes, and Backward class welfare Department 2202-01-796-101-0102-Tribal Area Sub-Plan-3496-Middle Schools- 2)2225-02-794-277-0602-Scheme financed out of Additive funds from G.O.I for Tribal Area Sub-Plan- 5496-Arrangement of Drinking water in School/Hostel	5.36 0.16	5.89 2.56	-0.53 -2.4	-0.11 -0.01	0.64 2.41

Appendix 2.11

(Referred to in Paragraph 2.3.7)

INCORRECT REAPPROPRIATION

SOME OF THE CASES IN WHICH FUNDS WERE INJUDICIOUSLY WITHDRAWN BY SURRENDER, IN EXCESS OF AVAILABLE SAVINGS, RESULTING IN FINAL EXCESS AS MENTIONED BELOW

(Rupees in crore)

Sl. No.	Grant No. and Head of account	Original + Supplementary Provision	Actual expenditure	Available Savings	Re-appropriation / Surrender	Final excess
1	2	3	4	5	6	7
1	01-General Administration 7610-800-9439-Medical Advances to Ministers 2) 2051-102-3689-State Public Service Commission	0.10 2.40	0.03 1.71	0.07 0.69	-0.10 -0.73	0.03 0.04
2	03-Police 2070-107-2710-Office of the Commandant General and other subordinate offices 2070-107-492-Expenditure on call outs-	6.73 11.15	4.52 9.13	2.21 2.02	-2.24 -2.03	0.03 0.01
3	08-Land Revenue and District Administration 2052-099-3657-Board of Revenue	0.41	0.12	0.29	-0.32	0.03
4	09-Expenditure pertaining to Revenue Department 2058-102-2820-Printing, Storage & Distribution of Forms	4.49	3.89	0.60	-0.67	0.07
5	10-Forest-4406-01-102-0801-Central Sector Schemes(Normal)-5317-Modern Fire Protection Scheme in Forests	1.60	0.03	1.57	-1.60	0.03

6.	41-Tribal Area Sub-Plan 25-Scheduled Tribe, Scheduled caste, and Backward class welfare Department -					
(a)	4225-02-794-102-0602- Scheme financed out of Additive funds from G.O.I for Tribal Su-Plan-5211- Local Development Programme in Integrated Tribal Development Project	18.00	13.46	4.54	-5.50	0.96
(b)	4225-02-796-277-0102- Tribal Area Sub-Plan-9840- Construction of buildings of Educational Institutions	7.92	3.41	4.51	-4.62	0.11
7	47-Technical Education and Man Power Planning Department 2203-105-0101-State Plan Schemes (Normal)-2668- Polytechnic Institutions	9.13	7.75	1.38	-1.70	0.32
	2) 2203-112-0101-State Plan Schemes (Normal)-502- Engineering College	8.09	6.78	1.31	-1.36	0.05
8	82-Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub-Plan (25)-Scheduled castes, Scheduled Tribes and Backward class welfare Department 2202-01-796-101-0802- Central Sector Schemes T.S.P-7587-Operation Black Board Scheme	2.00	0.18	1.82	-2.00	0.18

Appendix 2.12*(Referred to in Paragraph 2.3.7)***CASES OF UNNECESSARY AUGMENTATION OF FUNDS BY RE-APPROPRIATION
DESPITE SAVINGS IS MENTIONED BELOW***(Rupees in crore)*

Sl. No.	Grant No. and Head of account	Original + Supplementary Provision	Actual expenditure	Available Savings	Reappropriation	Final Savings
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Debt 6004-01-102-292-Share of small savings collections	657.59	546.16	111.43	18.40(R)	129.83

Appendix 2.13
(Referred to in Paragraph 2.3.8)
LAPSING OF BUDGET PROVISION

(Rupees in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Total available savings	Amount not surrendered (percentage to total savings)
(1)	(2)	(3)	(4)	(5)
(A) REVENUE-VOTED				
1)	02	Other Expenditure pertaining to General Administration Department	1.94	1.94 (100%)
2)	03	Police	46.06	40.13 (87.12%)
3)	04	Other Expenditure pertaining to Home Department	0.72	0.59(82%)
4)	06	Expenditure pertaining to Finance Department	100.24	96.82 (96.59%)
5)	07	Expenditure pertaining to Commercial Tax Department	13.79	5.15 (37.35%)
6)	08	Land Revenue and District Administration	20.53	5.95 (28.98%)
7)	10	Forest	8.40	7.46 (88.81%)
8)	11	Expenditure pertaining to Commerce and Industry Department	13.26	13.23 (99.77%)
9)	13	Agriculture	56.06	56.06 (100%)
10)	14	Expenditure pertaining to Animal Husbandry Department	9.12	9.12 (100%)
11)	15	Financial Assistance to 3-tier Panchayati Raj Institutions under special component plan for Scheduled Castes	8.89	3.17 (35.68%)
12)	16	Fisheries	0.52	0.52(100%)
13)	17	Co-Operation	34.96	34.96 (100%)
14)	18	Labour	2.76	0.58 (21.%)
15)	19	Public Health & Family Welfare	27.31	27.31 (100%)
16)	20	Public Health Engineering	7.90	7.90 (100%)
17)	21	Expenditure pertaining to Housing & Environment Department	16.66	16.66(100%)
18)	23	Water Resources Department	11.88	11.88 (100%)
19)	24	Public Works-Roads and Bridges	2.68	2.68 (100%)
20)	26	Expenditure pertaining to Culture Department	1.80	1.80 (100%)
21)	27	School education	119.66	89.47 (74.77%)
22)	28	State Legislature	2.94	2.94 (100%)
23)	29	Administration of Justice and Elections	18.94	6.83 (36.00%)
24)	31	Expenditure pertaining to Planning, Economics & Statistics Department	2.29	1.97 (85.80%)
25)	36	Transport	4.52	3.24(71.68%)
26)	41	Tribal Areas Sub-Plan	311.24	108.89 (34.99%)
27)	43	Sports and Youth Welfare	1.58	1.58 (100%)
28)	44	Higher Education	10.50	7.25 (69%)
29)	47	Technical Education and Map Power Planning Department	7.81	0.27 (3.52%)
30)	54	Expenditure pertaining to Agriculture Research and Education	5.44	5.44 (100%)
31)	56	Rural Industries	5.19	4.12 (79.%)
32)	57	Externally aided projects pertaining to Water Resources Department	1.03	1.03 (100%)

(1)	(2)	(3)	(4)	(5)
33)	58	Expenditure on relief on account of natural calamities and scarcity	49.48	10.54 (21.30 %)
34)	61	Externally aided projects pertaining to Public Health and family welfare	0.83	0.83(100 %)
35)	64	Special component plan for SC's	87.50	22.31 (25.50%)
36)	71	Externally Aided Projects pertaining to Animal Husbandry Department	0.40	0.40 (100%)
37)	79	Expenditure pertaining to Medical Education Department	6.81	3.15 (46 %)
38)	80	Financial Assistance to 3 tier Panchayati Raj Institutions	98.37	59.88 (60.87 %)
39)	81	Finance Assistance to Urban Bodies	7.39	5.76 (78 %)
40)	82	Financial Assistance to 3 tier Panchayati Raj Institutions under Tribal Area Sub-Plan	27.83	8.47 (30.43 %)
		Total (A)	1155.23	688.28
		(B) REVENUE CHARGED		
1	07	Expenditure pertaining to Commercial Tax Department	2.27	2.27 (100%)
2	12	Expenditure pertaining to Energy Department	6.00	6.00(100 %)
3	29	Administration of Justice and Elections	1.07	1.07 (100 %)
		TOTAL (B)	9.34	9.34
		(C) CAPITAL VOTED		
1.	06	Expenditure pertaining to Finance Department	5.58	5.51 (98.75%)
2.	08	Land Revenue and District Administration	2.83	1.12 (39.58 %)
3.	10	Forest	2.80	1.20 (42.86 %)
4.	11	Expenditure pertaining to Commerce and Industry Department	2.59	2.59 (100 %)
5.	17	Co-operation	52.61	52.61 (100 %)
6.	19	Public Health & Family Welfare	1.06	1.06 (100 %)
7.	20	Public Health Engineering	21.44	21.44 (100 %)
8.	21	Expenditure pertaining to Housing & Environment Department	65.30	65.30 (100 %)
9.	24	Public Works-Roads and Bridges	35.50	35.50 (100%)
10.	23	Water Resources Department	15.00	15.00 (100 %)
11.	37	Tourism	8.58	2.77 (32.26 %)
12.	39	Expenditure pertaining to Food, Civil Supplies and consumer protection department	0.58	0.58(100%)
13.	41	Tribal Areas Sub-Plan	164.35	89.01(54.16 %)
14.	42	Public works relating to Tribal Area Sub-plan Road & Bridges	64.33	64.33(100 %)
15.	45	Minor Irrigation Works	12.95	12.95 (100 %)
16.	47	Technical Education and Man Power Planning Department	3.55	1.38(38.81 %)
17.	55	Expenditure pertaining to Women & Child Welfare	2.6	2.6 (100 %)
18.	57	Externally Aided projects pertaining to water Resources Department	1.04	1.04 (100%)
19.	60	Expenditure pertaining to District Plan Schemes	1.75	1.75 (100 %)
20.	64	Special component plan for SC's	48.53	34.32 (70.72 %)

(1)	(2)	(3)	(4)	(5)
21.	65	Aviation Department	2.00	2.00(100 %)
22.	67	Public Works Building	16.17	16.17 (100 %)
23.	68	Public Works relating to Tribal Areas Sub-Plan-Buildings	58.43	58.43 (100 %)
24.	75	Nabard Aided Projects pertaining to water Resources Department	37.76	37.76 (100 %)
25.	79	Expenditure pertaining to Medical Education Department	2.35	2.35 (100.%)
26.	80	Financial Assistance to three tier Panchayati Raj Institutions	0.94	0.94(100%)
		TOTAL (C)	630.62	529.71
		GRAND TOTAL(A+B+C)	1795.19	1227.33

Appendix 2.14
(Referred to in Paragraph 2.3.8)
SURRENDER OF FUNDS

Total amount of sanction of surrenders issued on 31 March 2004

(In Rupees)

Sl. No.		Nature of Account	Upto 28.2.2004	1.3.2004 to 30.3.2004	On 31 March 2004	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Debt	Cap(c)	--	--	1825056000	1825056000
2	01	Rev(v)	--	--	42939000	42939000
3		Rev(c)	--	--	14300000	14300000
4		Cap(V)	--	--	1000000	1000000
5	03	Rev(v)	--	--	59342000	59342000
6		Rev(c)	--	--	200000	200000
7	04	Rev(v)	--	--	1280000	1280000
8	05	Rev(v)	--	--	30369000	30369000
9	06	Rev(v)	--	--	34204000	34204000
10		Rev(c)	--	--	10000	10000
11		cap(v)	--	--	765000	765000
12	07	Rev(v)	--	--	86448000	86448000
13	08	Rev(v)	--	--	145783000	145783000
14		Rev(c)	--	--	3246000	3246000
15		Cap(V)	--	--	17047000	17047000
16	09	Rev(v)	--	--	13352000	13352000
17		Cap(V)	--	--	600000	600000
18	10	Rev(v)	85,00,000	--	900000	9400000
19		Cap(v)	1,60,00,000	--	0	16000000
20	11	Rev(V)	--	--	285000	285000
21	15	Rev(v)	5,04,00,000	--	6757000	57157000
22	18	Rev(v)	--	--	21736000	21736000
23		Rev(c)	--	--	25000	25000
24	22	Rev(V)	--	--	1288000	1288000
25	25	Rev(V)	--	--	16800000	16800000
26		Rev(c)	--	--	36000	36000
27		Cap (V)	--	--	3000000	3000000
28	27	Rev(V)	--	--	301914000	301914000
29	29	Rev(v)	--	--	121136000	121136000
30	30	Rev(v)	--	--	2078259000	2078259000
31		Rev(C)	--	--	3000	3000
32	31	Rev(v)	--	--	3263000	3263000
33	32	Rev(v)	--	--	31716000	31716000
34		Cap(v)	--	--	1665000	1665000

(1)	(2)	(3)	(4)	(5)	(6)	(7)
35	33	Rev(v)	--	--	89265000	89265000
36		Cap (c)	--	--	100000	100000
37	34	Rev(v)	--	--	43719000	43719000
38		Rev(c)	--	--	40000	40000
39	35	Rev(v)	--	--	3233000	3233000
40		Rev(c)	--	--	50000	50000
41		Cap(v)	--	--	5182000	5182000
42	36	Rev(v)	--	--	12776000	12776000
43		Rev(c)	--	--	4000	4000
44	37	Rev(v)	--	--	100000	100000
45		Cap(v)	--	--	58125000	58125000
46	39	Rev(v)	--	--	4461954000	4461954000
47		Rev(c)	--	--	75000	75000
48	40	Rev(v)	--	--	2276000	2276000
49		Cap(v)	--	--	3000	3000
50	41	Rev(v)	--	--	2023479000	2023479000
51		Cap(v)	--	--	753368000	753368000
52	44	Rev(v)	--	--	32528000	32528000
53	46	Rev(v)	--	--	3474000	3474000
54	47	Rev(v)	--	--	75318000	75318000
55		Cap(v)	--	--	21745000	21745000
56	48	Rev(v)	--	--	140032000	140032000
57		Cap(v)	--	--	93805000	93805000
58	49	Rev(v)	--	--	20656000	20656000
59		Rev(c)	--	--	1000	1000
60	53	Rev(v)	--	--	6864000	6864000
61		Cap(v)	--	--	10000000	10000000
62	55	Rev(v)	--	--	293391000	293391000
63	56	Rev(v)	--	--	10704000	10704000
64		Cap(v)	--	--	784000	784000
65	58	Rev(v)	--	--	389404000	389404000
66		Rev(c)	--	--	2000000	2000000
67		Cap(v)	--	--	15500000	15500000
68	59	Rev(v)	--	--	100000000	100000000
69		Cap(V)	500000000	--	--	500000000
70	64	Rev(v)	--	--	651943000	651943000
71		Cap(V)	--	--	142141000	142141000
72	66	Rev(v)	--	--	2573000	2573000
73		Cap(V)	--	--	19700000	19700000
74	67	Rev(v)	--	--	734000	734000

(1)	(2)	(3)	(4)	(5)	(6)	(7)
75	69	Rev(v)	--	--	187407000	187407000
76		Cap(v)	--	--	12022000	12022000
77	77	Rev(v)	--	--	60000000	60000000
78	78	Rev(v)	--	--	3222000	3222000
79		Cap(v)	1,50,00,000	--	4111000	19111000
80	79	Rev(v)	--	--	36617000	36617000
81	80	Rev(v)	23,10,00,000	--	153899000	384899000
82	81	Rev(v)	---	--	16264000	16264000
83		Rev(c)	--	--	26258000	26258000
84	82	Rev(v)	13,86,00,000	--	55023000	193623000
85	83	Rev(v)	--	--	18876000	18876000
		TOTAL	959500000	--	14925470000	15884970000

Appendix 2.15
(Referred to in Paragraph 2.5)

DEFECTIVE SANCTIONS OF RE-APPROPRIATION/SURRENDER

(Rupees in crore)

Sl.No	No. of Sanction	Grant No.	Amount	Particulars of Irregularities
(1)	(2)	(3)		(5)
1	25	56,15,64,82,49,43,41, 33,10,7,6,5,2,1,14,58,8 0,71,41,64,78,14	33.18	Delay in receipt of sanction
2	10	4,41,23,65,32,30	117.38	Sanction not in order
3	7	60,41,64,43,26,12	45.80	Sanction issued after close of Financial Year
4	9	33,36,29,6,3,1	21.12	Absence of Proper details
5	1	41	0.40	Rejected on account of double sanction
6	1	1	0.59	For want of provision
		Total	218.47	

Appendix 2.16
(Referred to in Paragraph 2.6.)

RUSH OF EXPENDITURE 2003-04

(Rupees in crore)

Sl.No.	Description of Grants	Total Provision 2003-04	Total Expenditure 2003-04	Expenditure during March 2004	Percentage of expenditure in March to total expenditure
1	02-Other expenditure pertaining to General Administration Department	3.29	1.35	0.54	40
2	05-Jail	28.15	24.86	10.17	40.9
3	07-Expenditure pertaining to Commercial Tax Department	67.23	51.16	20.41	39.9
4	17-Co-operation	216.74	129.17	96.56	74.8
5	25-Expenditure pertaining to Mineral resources Department	17.91	15.70	11.14	70.9
6	37-Tourism	17.01	8.40	2.63	31.3
7	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	943.19	494.81	207.77	42
8	41-Tribal Areas Sub-plan	1014.92	539.28	175.95	32.6
9	48-Grant for upgradation of Administration under Eleventh Finance Commission	64.19	43.66	13.86	31.7
10	49-Scheduled Caste Welfare	17.48	15.17	6.03	39.8
11	64-Special Component Plan for Scheduled Castes	286.12	150.09	45.49	30.3
12	69-Urban Administration and Development Department- Urban Welfare	24.60	4.65	3.16	68
13	77-Externally Aided Projects pertaining to Development of Tribal Areas in Bilaspur Division	8.0	2.0	1.0	50
	TOTAL	2708.83	1480.3	594.71	

Appendix 2.17
(Referred to in Paragraph 2.7)
LAPSED BUDGET UNDER DIFFERENT SUB HEADS

(Rupees .in crore)						
Sl. No.	Grant No. 19 Public Health & Family Welfare		Available grant	Actual expenditure	Savings	Percentage age to available grant
1.	2071-01-000-5499	Medical facility to retired servants	0.90	0.73	0.17	18.88
2.	2210-001-001-2283	Direction & administration (Rajiv Gandhi Mission)	2.92	2.09	0.83	28.42
3.	2210-01-110-748	Dispensaries	2.60	1.52	1.08	41.54
4.	2210-01-110-2777	Primary health centres	5.35	2.51	2.84	53.08
5.	2210-03-110-1227	Rural health centres	1.09	0.94	0.16	14.68
6.	2210-05-105-2502	Training to LHV	0.68	0.32	0.36	52.94
7.	2210-06-003-2216	Basic training to nurses	0.60	0.27	0.33	55.00
8.	2210-06-101-4244	Malaria	2.17	0.82	1.35	62.21
9.	2210-06-101-8150	MNW	6.88	6.06	0.82	11.91
10.	2210-01-110-1473	District hospital	1.55	0.37	1.18	76.12
11.	2210-01-110-1491	Blood bank	1.31	1.02	0.29	22.14
12.	2210-06-110-5026	Financial aid for Chhattisgarh diseases	3.00	2.75	0.25	8.33
13.	2210-01-200-077	Blindness	2.56	1.83	0.73	28.52
14.	2210-06-101-858	Leprosy control programme	8.62	7.00	1.62	18.79
15.	2211-0801-001-1508	Pay & allowances	4.04	3.05	0.99	24.50
16.	2211-0801-003-1007	Regional FW training centre	0.70	0.30	0.40	57.14
17.	2211-0801-003-336	ANM	1.38	1.17	0.21	15.22
18.	2211-0801-003-2880	Multi purpose health worker	0.75	0.55	0.20	26.67
19.	2211-0801-101-621	Addition sub health centre	2.45	2.29	0.16	6.53
20.	2211-0801-101-1200	Rural FW services	18.49	15.49	3.00	16.22
21.	2211-0801-101-4051	VHG	44	0.03	0.41	93.18
22.	2211-0801-102-2703	Pay & allowances	1.96	1.29	0.67	34.18
23.	224-0101-105-4601	Sterilisation	3.17	1.98	1.19	37.54
24.	2211-0801-200-1890	PN center (tehsil level)	1.81	1.59	0.22	12.15
25.	2211-0801-200-6216	PN centers (District Level)	1.35	1.10	0.25	18.52
26.	2211-0801-800-2498	Supply of transitional contraceptive	5.86	5.05	0.81	13.82
27.	2211-0801-800-6106		12.18	3.05	9.13	74.96
		Total	94.81	65.17	29.64	74.96
	Grant No.81 Financial Assistance to local bodies					
28.	2217-05-800-4845	11 th Finance Commission	5.62	2.87	2.75	48.93
		Total	100.43	68.04	32.39	32.25
	Grant No.25 Mining MH 2853					
1.	2853-4639	Headquarter establishment	0.80	0.75	0.05	6.25
2.	2853-4640	District Establishment	1.70	1.59	0.11	6.47
3.	2853-5522	Check post (establishment)	0.37	0.36	0.01	2.7
4.	2853-2713	Laboratory	0.83	0.78	0.05	6.02
5.	2853-182	Survey of other mineral	0.89	0.86	0.03	3.37
		Total	4.59	4.34	0.25	5.45
		Grand total	105.02	72.38	32.64	31.07

Appendix 2.18
(Referred to in paragraph 2.7)
AMOUNT SURRENDERED UNDER SCHEMES

(Rupees in crore)

Sl.No.	Grant No. and Major Head	No. of schemes	Budget estimate	Amount surrendered (on 31 March 2004)
Revenue				
55-Women and child Welfare				
1.	2235 Social Security and Welfare (Plan)	16	87.96	25.56
2.	2236 Nutrition -do-	2	34.50	0.91
3.	2235 Social Non Plan	5	4.22	2.71
4.	2236 Nutrition -do-	1	2.73	0.16
	Total	23	129.413	29.34
81 Financial Assistance to local Bodies				
	3604 Compensation and Assignments to Local Bodies and Panchayati raj Institutions	2	8.50	3.10
25 Mining				
	2853- Non ferrous Mining	9	17.16	1.68
23 Water Resources Department				
	2701 Major and Medium Irrigation	1	54.17	1.40
Total Revenue			209.24	35.52
Capital				
25 Mining				
	4853-Capital outlay on non ferrous mining	1	00.75	00.30
Grant No.23 (Water Resources Department)				
	4701 Capital outlay on minor & medium irrigation		241.67	3.34
	Total Capital		242.42	3.64
Total revenue + capital			451.66	39.16

Appendix 2.19
(Referred to in paragraph 2.7)

NON-UTILISATION OF BUDGET PROVISION UNDER GRANTS/SCHEME

(Rupees in crore)

Sl. No.	Name of the scheme	Grant No. and Head of account	Budget provision	Expenditure	Balance
		Grant No.19			
1.	Minor Works and Repairs	19-2210-800-3821	0.01	0.00	0.01
2.	Establishment of Four Regional Naithanik Centres	19-2210-101-5058	0.40	0.00	0.40
3.	T.B. Hospitals	19-2210-801-993	0.55	0.00	0.55
4.	100 Bedded Hospitals	19-2210-101-6948	0.20	0.00	0.20
5.	Eradication of Amibiiasis	19-2210-801-2260	0.01	0.00	0.01
6.	Maternity and Child Health	19-2211-103-2749	0.03	0.00	0.03
7.	IEC Training Programme	19-2211-801-6096	0.12	0.00	0.12
8.	Other Supplies and services-other expenses	19-2211-801-264	0.05	0.00	0.05
9.	Mass education	19-2211-801-4510	0.10	0.00	0.10
		Total	1.47	NIL	1.47
		Grant No.55			
1.	Miscellaneous grant	55-2235-9048-0101	0.03	0.00	0.03
		Grand total	1.50	NIL	1.50

Appendix 2.20

(Referred to in paragraph 2.7)

EXCESS EXPENDITURE NOT REGULARISED UNDER SCHEMES

(Rupees in crore)

Name of the Scheme (Non-Plan)	Grant No.19	Available budget estimate	Expenditure	Excess expenditure
Blindness Control	2210-200-077	1.87	1.97	(-) 0.10
Primary Health Centre	2210-103-2777	43.16	45.12	(-) 1.96
Dispensaries	2210-110-748	1.83	3.08	(-) 1.25
Primary Health Centres	2210-103-2777	5.57	6.43	(-) 0.86
Community Health centres	2210-103-5998	0.93	1.03	(-) 0.09
Sub-Health Centres	2210-103-620	2.26	2.69	(-) 0.43
Multi Purpose workers Scheme	2210-003-6203	2.29	2.98	(-) 0.70
Malaria	2210-101-4244	8.91	10.50	(-) 1.59
Total		66.82	73.82	(-) 6.99 or (-) 7

Appendix 2.21
(Referred to in paragraph 2.7)
RUSH OF EXPENDITURE IN MARCH 2004 UNDER SCHEMES

Grant No. Major Head	Expenditure up to March 2004	Expenditure during March 2004	Percentage of expenditure during March 2004
81-Financial Assistance to local bodies			
2217 Grant for special purpose	4.00	4.00	100
2217-11th Finance Commission - Cleaning and Modernisation	2.86	2.86	100
2217-National slum colonies-Plan	2.16	2.16	100
6217-Loan for special work	6.00	6.00	100
3604-Grant for entry tax	185.00	68.47	37
2217-11th Finance Commission	12.99	7.44	57
Total (No. scheme-6)	213.01	90.93	42
Grant No.19			
2210 Basic Training to Nurses	0.27	0.22	83
2210 Training to LHVs	0.54	0.19	35
2210 Malaria	0.82	0.26	32
2210 Honoraria for PM	0.02	0.01	66
2210 District Hospitals	0.37	0.21	58
2210 Blood Banks at district hospital	1.02	0.80	78
2210 PM Gromodyog Yojana	1.87	1.32	70
2210 ANM and Health visitors	1.17	0.37	31
2211 Direct expenditure (POL)	0.60	0.46	76
2211 Sterilisation	1.98	0.74	37
2211 Mass education	0.33	0.14	41
Total (No. of schemes -11)	8.99	4.72	52
Total (No. of Schemes-17)	222.00	95.65	43

Appendix 2.22

(Referred to in paragraph 2.8)

STATEMENT SHOWING THE DETAILS OF EXPENDITURE INCURRED FROM
GOVERNMENT FUNDS WITHOUT OBTAINING ANY PUBLIC CONTRIBUTION BY THE
EXECUTIVE AGENCIES

Sl. No.	Name of agencies	Period of IR	Para No.	Amount (in lakh)	No. of work	Month of audit
1.	EE RAS, Raipur	6/02 to 8/03	1	78.73	33	3/04
2.	CEO Janpad Panchayat Kansabad District Jashpur	10/95 to 7/04	1	15.44	6	8/04
3.	CEO Janpad Panchayat Kharigarh District Rajnandagaon	4/99 to 2/04	2(A)	1.12	5	3/04
4.	CEO Janpad Panchayat Dhanseewa District Raipur	4/99 to 5/2004	4	2.14	18	6/04
5.	CEO Janpad Panchayat Saraipali District Mahasamund	4/99 to 4/2004	6	7.25	9	5/04
	Total			104.68	71	

Appendix 3.1
(Referred to in paragraph No.3.2.7)

STATEMENT SHOWING THE DETAILS OF EXCESS EXPENDITURE INCURRED ON COMPENSATION, MEDICINES AND POL UNDER FAMILY PLANNING OPERATIONS
(Rs.in lakh)

Name of district	Year	Type of operation cases					Expenditure on compensation ¹			Expenditure on medicine ²			Expenditure on POL ³		
		NSVT*	VT*	TT*	LTT*	Total No. of operations	Amount payable as per norms	Amount actually paid	Excess paid	Amount payable as per norms	Amount actually paid	Excess paid	Amount payable as per norms	Amount actually paid	Excess paid
Durg	2000-01	307	88	1284	13940	15619	6.64	8.24	1.60	--	--	--	--	--	--
	2001-02	252	31	1240	13572	15095	6.32	6.56	0.24	--	--	--	2.06	5.17	3.11
	2002-03	262	47	1272	15970	17551	--	--	--	--	--	--	2.41	4.20	1.79
Jagdalpur	2000-01	574	694	298	2470	4036	2.88	7.70	4.82	2.51	4.00	1.49	0.48	2.25	1.77
	2001-02	481	566	352	2032	3431	2.42	4.50	2.08	1.51	3.95	2.44	0.47	1.50	1.03
	2002-03	465	495	258	4805	6023	3.37	4.64	1.27	--	--	--	0.83	1.50	0.67
	2003-04	302	525	226	6289	7342	--	--	--	5.54	7.25	1.71	1.02	2.18	1.16
Raigarh	2001-02	9	37	456	6232	6734	--	--	--	--	--	--	0.92	5.00	4.08
	2002-03	24	14	418	6623	7079	2.87	3.46	0.59	5.65	6.42	0.77	0.97	1.06	0.09
Raipur	2001-02	19	115	11671	5787	17592	7.17	7.40	0.23	14.02	20.52	6.50	--	--	--
	2002-03	33	136	13835	5798	19802	--	--	--	--	--	--	--	--	--
	2003-04	39	86	13032	4841	17998	7.32	8.42	1.10	14.35	17.98	3.63	--	--	--
Rajnandgaon	2001-02	0	38	2536	5274	7848	3.18	4.37	1.19	--	--	--	--	--	--
	2002-03	4	42	2628	5929	8603	3.49	4.43	0.94	6.86	8.17	1.31	--	--	--
Grand total		2832	3186	64631	117743	188392	45.66	59.72	14.06	50.44	68.29	17.85	9.16	22.86	13.70

Grand Total of excess paid Rs.14.06 + 17.85 + 13.70=45.61 lakh

-- Not available

* NSVT-Non Surgical Vasectomy * LTT- Laparoscopic Tubectomy, * VT-Vasectomy * TT-Tubectomy

¹ NSVT and VT @ Rs.140 per case and TT and LTT @ Rs.40 per case.

² NSVT and VT @ Rs.40 per case and TT and LTT @ Rs.80 per case.

³ NSVT, VT & LTT @ Rs.14 per case and TT @ Rs.10 per case.

Appendix 3.2
(Referred to in paragraph.3.2.8)
**STATEMENT SHOWING ACCOUNTS NOT AVAILABLE WITH THE
DEPARTMENT**

(Rs. in lakh)

Sl. No.	Name of hospital	No. of patients	Amount of assistance released	Accounts available with the department	Amount refunded by the hospital	Amount for which Accounts not available with the department
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Escorts Heart and Research Centre, New Delhi	35	50.95	0.35	1.15	49.45
2.	Escorts Heart Centre, Raipur	35	46.80	0.35	1.15	45.30
3.	Institute Kidney disease Research Centre Ahmedabad	2	3.00	--	--	3.00
4.	Indraprastha Apollo, New Delhi	3	3.91	--	--	3.91
5.	BSR Cancer Hospital, Bhilai	51	25.47	9.43	0.02	16.02
6.	Bombay Hospital & Research Centre, Mumbai	4	5.50	1.03	0.47	4.00
7.	Cancer Hospital and Research Centre, Gwalior	1	0.75	--	--	0.75
8.	KEM Hospital, Mumbai	8	4.46	1.63	1.36	1.47
9.	Modern Medical Institute, Lalpur, Raipur	25	20.35	--	--	20.35
10.	Madras Medical Care and Health Centre	2	3.00	--	--	3.00
11.	Christian Medical College & Hospital Vellore, Tamilnadu	12	15.00	2.06	--	12.94
12.	Vidya Hospital and Kidney Centre Shankar Nagar, Raipur	1	0.28	--	--	0.28
13.	Hydrabad Kidney & Leprosy Centre, Hyderabad	1	1.50	--	--	1.50
14.	Podar Hospital Betul	4	2.85	--	--	2.85
15.	Medical Science & Technology Kerala, Trivendrum	1	1.40	0.96	0.44	NIL
16.	Rastriya Sant Tukoji Cancer Hospital, Nagpur	5	0.78	0.08	0.42	0.28
17.	Shankar Netralya Chennai Tamilnadu	2	0.50	--	--	0.50
18.	Govt. Medical College Super Speciality, Nagpur	5	4.70	--	--	4.70
19.	Sanjaya Gandhi Hospital Lucknow (UP)	2	3.00	--	--	3.00

(1)	(2)	(3)	(4)	(5)	(6)	(7)
20.	CBTSDFL Hospital Sion, Mumbai	2	2.10	--	--	2.10
21.	Spundan Heart Institute, Nagpur	6	5.20	3.25	1.40	0.55
22.	Surtake Research Institute, Nagpur	1	1.50	--	--	1.50
23.	Suraj Hospital Nehru nagar, Bhilai	1	0.20	--	--	0.20
24.	Strerling Hospital , Ahmedabad	1	1.35	--	--	1.35
25.	Dr.B.R.Ambedkar Hospital, Raipur	19	3.34	--	--	3.34
26.	Chhattisgarh Hospital, Raipur	2	0.67	--	--	0.67
27.	VSS Medical College Uurla Sambalpur, Orissa	9	3.20	--	--	3.20
28.	Jeevan Memorial Hospital, New Shanti Nagar, Raipur	1	0.25	--	--	0.25
29.	Jashlok Hospital, Mumbai	1	1.50	--	--	1.50
30.	SLN Hospital, Bhilai	25	19.21	2.74	0.20	16.27
31.	New Rubi Hospital Jalundhar, Punjab	1	1.50	--	--	1.50
32.	Nanawati Hospital, Mumbai	1	1.50	--	--	1.50
33.	Awanti Institute of Cardiology, Nagpur	4	3.57	1.83	0.29	1.45
34.	AIIMS, New Delhi	33	29.41	2.64	0.85	25.92
35.	Apollo Hospital, Chennai	7	10.30	--	--	10.30
36.	Apollo Hospital Vishkhapatam, Andhra Pradesh	5	6.99	--	--	6.99
37.	Apollo Hospital Hyderabad, Andhra Pradesh	3	4.50	--	--	4.50
38.	RSB Memorial Hospital, BSP	1	0.60	--	--	0.60
39.	Tata Memorial Hospital, Mumbai	5	5.50	--	--	5.50
40.	Leelawati Hospital, Mumbai	1	1.50	--	--	1.50
41.	Dr.B.R.Ambedkar Hospital, Raipur	--	10.00	--	--	10.00
42.	Apollo Hospital, Bilaspur	153	192.15	75.09	14.32	102.74
	Total	645	500.24	101.44	22.07	376.73

Appendix 3.3

(Referred to in Paragraph 3.3.5)

STATEMENT SHOWING THE EXPENDITURE INCURRED ON PAY AND ALLOWANCES AND MEDICINES

(Rupees in lakh)

Year	2000-01		2001-02		2002-03		2003-04	
	Expdt.	Percentage of total expenditure	Expdt	Percentage of total expenditure	Expdt	Percentage of total expenditure	Expdt	Percentage of total expenditure
Pay & Allowance	636.11	92	1613.44	83	1647.44	87	1538.70	87
Medicine and Equipment	27.71	4	214.11	11	143.05	7	133.53	8
Others	30.77	4	114.46	6	117.11	6	90.95	5
Total	694.59		1942.01		1907.60		1763.18	

Appendix 3.4
(Referred to in Paragraph 3.3.6)

STATEMENT SHOWING THE POSITION OF CAPACITY SANCTIONED, AVAILABIE ETC. OF BEDS IN HOSPITALS

Sl.No.	Name of Hospital	Month/ year of sanction	Bed strength sanctioned	Beds available	Period (January- December)	Available bed days	Actual occupancy of bed	Unutilised capacity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Ayurvedic Hospital, Jagdapur	2/1983	30	20	2001-03	1095x20/ 21900	2662	88 per cent
2.	Ayurvedic Hospital, Durg	4/1980	30	30	2001-03	1095x30/ 32850	4803	85 per cent
3.	Ayurvedic Hospital, Dalli Rajahara	1/1985	30	05	Jan 2003- Dec 2003	365x5/ 1825	149	92 per cent
4.	Ayurvedic Hospital, Bilaspur	--	30	30	2001-03	1095x30/ 32850	8273	75 per cent
5.	Ayurvedic Hospital, Ambikapur	1979	30	NIL	--do--	1095x0/0	NIL	NIL
6.	Ayurvedic Hospital, Raigarh	2/1983	30	10	--do--	1095x10/ 10950	232	98 per cent
	Total		180	95		1,00,375	16,119 (16.05 per cent)	

Appendix 5.1
(As referred in to paragraph 5.1.4)

Statement showing excess against the budget provisions (Public Works Department)

(Rs. in lakh)

Grant No. & Major Head		2001-02			2003-04		
		Budget provision	Expenditure	Excess	Budget provision	Expenditure	Excess
24/3054	Ordinary Repairs	2800	3254.72	454.72	8000	10061.30	2061.30
	Renewal	1250	2049.62	799.62			
	Maxfaltering	250	434.68	184.68			
24/5054	Central Road Fund	3117.80	3264.07	146.27			
	Construction of rural roads with NABARD Assistance				3700	4436.87	736.87
67/2059	Ordinary Repair	100	505.48	405.48	800	996.19	196.19
	Misc. PWA	300	537.02	237.02	250	1005.57	755.57
67/2316	Ordinary Repair	400	614.99	214.99			
42/5854	(P) (2) (6589)				2050	2964.39	914.39
		8217.80	10660.58	2442.78(A)	14800	19464.32	4664.32(B)
						Total (A + B)	71.07 crore

Appendix 5.2
(As referred to paragraph 5.1.5)
Statement showing non-reconciliation as on 1 December 2004

(Rupees in crore)

Grant	2001-02			2002-03			2003-04		
	Departmental figure	AGs figure	Difference	Departmental figure	AGs figure	Difference	Departmental figure	AGs figure	Difference
24	143.91	173.28	29.37	253.33	255.94	2.61	276.66	298.19	21.53
42	18.06	40.38	22.32	117.11	119.65	2.54	175.71	177.97	2.26
67	46.96	100.53	53.57	82.64	120.48	37.84	71.92	118.21	46.29
68	7.05	7.22	0.17	12.25	13.10	0.85	18.78	22.20	3.42
	215.98	321.41	105.43	465.33	509.17	43.84	543.07	616.57	73.50
Total difference = Rs. 222.77 crore									

Appendix 5.3
(As referred into para 5.1.5)

(Statement showing the details of amount kept under Civil-deposit during the year)

Year	Grant No.		Major Head	(Rupees in lakh)	Total
2001-02	42	Public Works TSP Road Bridges	5054-04-796-800-0802-4871 Construction of road & bridges (article 975 [i])	1974.77	
	67	Public Works Building	(i) 2059-01-051-3643 (Governor House)	33.88	
			(ii) 2059-01-051-3692 (State Legislature)	15.86	
			(iii) 2202-03-103-3645 (Maintenance of GHSS/College Building)	2.66	
			(iv) 4059-01-051-0701-2450 (Admn. of Justice)	163.78	
			(v) 4059-01-051-0701-4485 (GAD)	107.81	
			(vi) 4059-01-051-0701-5049 (State Legislature)	17.09	
			(vii) 4216-01-106-0701-6222 (Administration of Justice Construction of Staff Quarters)	41.54	
			(viii) 4216-800-0101-5918 (Governor House)	802.46	3159.85
2002-03	67	Public Works Building	(i) 4059-01-051-0701-2450 (Judicial admn)	100	
			(ii) 4059-01-051-0101-5374 (Computerisation of transportation check post)	538.21	
			(iii) 4216-01-106-0701-622 (Judicial adm [Construction of Staff Quarters])	114.00	
			(iv.) 4216-01-106-0101-2450 (Judicial Admn)	91.75	
			(v.) 4216-01-800-0101-5918 (GAD)	580	1423.96
					45.84 crore

APPENDIX 6.1

(Referred to in paragraphs 6.1.3, 6.1.4 and 6.1.5)

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 2004 in respect of Government companies and Statutory corporations

(Figures in column 3(a) to 4(f) are Rupees in lakh)

Sl. No.	Sector and name of the Company/ Corporation.	Paid-up capital at the end of the current year					Equity/loans received out of Budget during the year		Other loans received during the year@	Loans** outstanding at the close of 2003-04			Debt equity ratio for 2003-04 (Previous year) 4f/3e
		State Government	Central Government	Holding Company	Others	Total	Equity	Loans		Govt.	Others	Total	
1.	2.	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
A.	Working Government companies												
	Industries												
1.	Chhattisgarh State Beverages Corporation Limited	14.54	--	--	--	14.54	--	--	--	--	--	--	--
	Total (a)	14.54	--	--	--	14.54	--	--	--	--	--	--	--
(b)	Forest												
2.	Chhattisgarh Rajya Van Vikas Nigam Limited	562.09	92.40	--	--	654.49	--	--	--	--	574.78	574.78	0.88:1 (0.88:1)
	Total(b)	562.09	92.40	--	--	654.49	--	--	--	--	574.78	574.78	0.88:1 (0.88:1)
(c)	Mining												
3	Chhattisgarh Mineral Development Corporation Limited	100.00				100.00	45.00	--	--	--	--	--	--
	Total (c)	100.00				100.00	45.00						

(d) Public distribution													
1.	2.	3 (a)	3 (b)	3 (c)	3 (d)	3 (e)	4 (a)	4 (b)	4 (c)	4 (d)	4 (e)	4 (f)	5
4.	Chhattisgarh State Civil Supplies Corporation Limited	90.00	--	--	0.07	90.07	--	--	--	100.00	--	100.00	1.11:1 (1.11:1)
	Total (d)	90.00	--	--	0.07	90.07	--	--	--	100.00	--	100.00	1.11:1 (1.11:1)
(e) Finance													
5.	Chhattisgarh Infrastructure Development Corporation Ltd.	320.00	--	--	--	320.00	200.00	--		2700.00	--	2700.00	8.44:1 (22.5:1)
6.	Chhattisgarh state Industrial Development Corporation Ltd.	160.00	--	--	--	160.00	--	--	--	--	--	--	--
	Total (e)	480.00	--	--	--	480.00	200.00	---	--	2700.00	--	2700.00	5.63:1 (9.64:1)
	Total (A)	1246.63	92.40	--	0.07	1339.10	245.00	---	--	2800.00	574.78	3374.78	2.52:1 (3.08:1)
B Statutory corporations													
1.	Chhattisgarh State Electrical Board.	6153.00 ^{\$}	--	--	--	6153.00	--	--	--	--	--	--	--
2.	Chhattisgarh State Warehousing Corporation	50.00	50.00	--	--	100.00	--	84.95	303.00	68.54	303.00	371.54	3.72:1 (1.64:1)
	Total (B)	6203.00	50.00	--	--	6253.00	--	84.95	303.00	68.54	303.00	371.54	5.94:1 (1.64:1)
	GRAND TOTAL (A+B)	7449.63	142.40	--	0.07	7592.10	245.00	84.95	303.00	2868.54	877.78	3746.32	0.49:1 (3.02:1)

Note: figures are provisional and as forwarded by the Companies/Corporations.

** Loans outstanding at the close of 2003-04 represents long-term loans only.

@ Includes bonds, debentures, inter-corporate deposits etc.

\$ Provisionally apportioned.

APPENDIX 6.2

(Referred to in paragraph 6.1.6. and 6.1.7)

Summarised Financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Figures in columns 7 to 12 & 15 are Rupees in Lakh)

Sl. No.	Sector and Name of Company	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net Profit (+)/ Loss (-)	Net Impact of audit comments	Paid-up Capital	Accumulated Profit (+) /Loss(-)	Capital employed (A)	Total return on capital employed (B)	Percentage of total return on capital employed	Arrears in accounts in terms of years	Turn-over	Manpower
1.	2.	3.	4.	5.	6.	7.	8.	9.	10	11	12	13.	14.	15	16
A.	Government Companies														
	Working														
(a)	Industries														
1	Chhattisgarh State Beverages Corporation Limited	Excise	7.11.2001	2002-03	2004-05	114.57	--	14.54	(+)8.83	20.30	114.57	564.38	1	1092.46	32
	Total (a)	--	--	--	--	114.57	--	14.54	(+)8.83	20.30	114.57	564.38	1	1092.46	32
(b)	Forest														
2	Chhattisgarh Rajya Van Vikas Nigam Limited	Forest	22.5.2001	2001-02	2004-05	167.00	--	654.49	(+)167.00	4526.02	167.00	3.69	2	1509.80	644
	Total(b)	--	--	--	--	167.00	--	654.49	(+)167.00	4526.02	167.00	3.69	2	1509.80	644
(c)	Mining														
3	Chhattisgarh Mineral Development Corporation Limited	Geology and Mining	7.6.2001	2001-02	2004-05	79.23	--	55.00	(+)79.23	130.42	79.23	60.75	2	403.13	246
	Total (c)	--	--	--	--	79.23	--	55.00	(+)79.23	130.42	79.23	60.75	2	403.13	246
(d)	Public distribution														
4	Chhattisgarh State Civil Supplies Corporation	Food, Civil Supplies and Consumer Protection	13.3. 2001	--	--	--	--	90.00	--	--	--	--	3	--	270
	Total (d)	--	--	--	--	--	--	90.00	--	--	--	--	3	--	270

1.	2.	3.	4.	5.	6.	7.	8.	9.	10	11	12	13.	14.	15	16
(e)	Finance														
5	Chhattisgarh Infrastructure Development Corporation Ltd.	Finance	26.2.2001	2002-03	2004-05	(-)16.18	--	120.00	(-)27.22	- 41.26	(-)16.18	--	1	35.88	924
6.	Chhattisgarh State Industrial Development Corporation Ltd.	Commerce & Industries	16.11.1981	2000-01	2001-02	35.85	--	160.00	(+)220.25	362.81	35.85	9.88	3	153.95	155
	Total (e)		--	--	--	19.67	--	280.00	(+)193.03	404.07	19.67	4.87	4	189.83	1079
	Total (A)					380.47		1094.03	(+)448.09	5080.81	380.47	7.49	12	3195.22	2271
B	Statutory Corporation														
1.	Chhattisgarh State Electrical Board.	Energy	15.11.2000	--	--	--	--	6153.00	--	--	--	--	3	--	17569
2.	Chhattisgarh State Warehousing Corporation	Food	2.5.2002	--	--	--	--	50.00	--	--	--	--	2	--	478
	Total (B)		--	--	--	--	--	6203.00	--	--	--	--	5	--	18047
	Grand Total (A+B)					380.47		7297.03	(+)448.09	5080.81	380.47	7.49	17	3195.22	20318

(A) Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as the mean of aggregate of the opening and closing balance of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance)

(B) Return on capital employed represents net surplus plus or net loss minus interest on borrowed funds charged to Profit and Loss Accounts.

APPENDIX 6.3

(Referred to in Paragraph 6.1.5)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2004

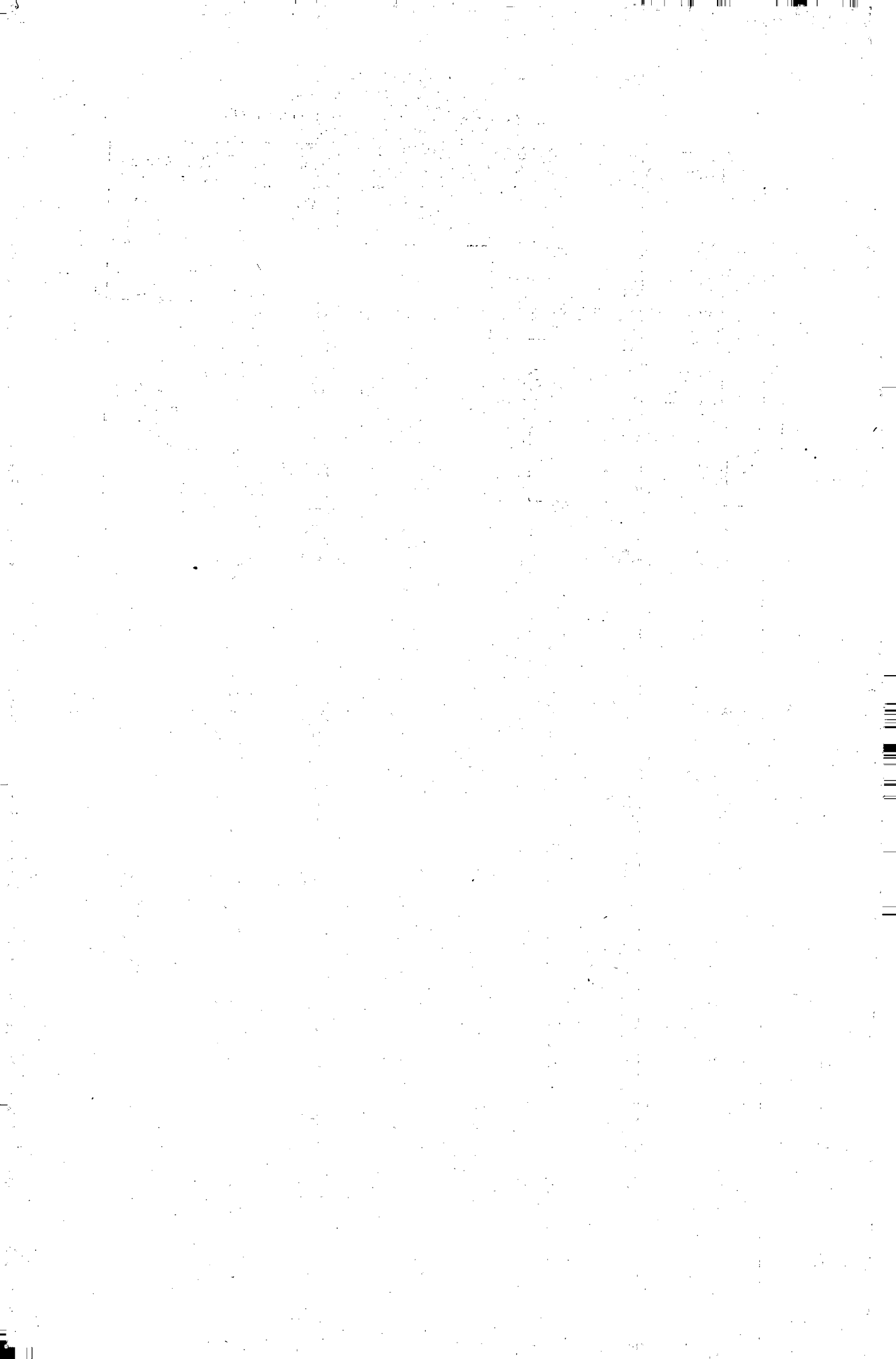
(Figures in columns 3(a) to 7 are in Rupees in lakh)

Sl No.	Name of the public Sector undertaking	Subsidy and grants received during the year *				Guarantees received during the year and outstanding at the end of the year*					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash Credit from Banks	Loans from other sources	Letter of Credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contractors	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
A.	Working Government Companies															
a.	Public Distribution															
1.	Chhattisgarh State Civil supplies Corporation	--	14853.00	--	14853.00											
	Total (a)	--	14853.00	--	14853.00											
b.	Finance															
2	Chhattisgarh State Industrial Development Corporation	507.00	512.71	--	1019.71											
	Total (b)	507.00	512.71	--	1019.71											
	Total A	507.00	15365.71	--	15872.71											
B.	Statutory Corporation															
1.	Chhattisgarh State Electricity Board	3231.68	7726.53	--	10958.51		42930.00		42930.00							
		(2153.50)	(123.00)		(2276.50)		(42930.00)		(42930.00)							
2.	Chhattisgarh State Warehousing Corporation	--	84.95	--	84.95		--		--							
		--	(--)		(--)		(--)		(--)							
	Total (B)	3231.68	7811.48	--	11043.16		42930.00		42930.00							
		(2153.50)	(123.00)		(2276.50)		(42930.00)		(42930.00)							
	Total (A+B)	3738.68	23177.19	--	26915.87		42930.00		42930.00							
		(2153.50)	(123.00)		(2276.50)		(42930.00)		(42930.00)							

* Figures in brackets under columns 3(a) to 3(d) represents grants and those under columns 4(a) to 4(e) represent guarantees outstanding at the end of the year.

APPENDIX 6.4*(Referred to in paragraph 6.1.8)***Statement showing the department-wise outstanding
Inspection Reports (IRs)**

Sl. No.	Name of Department	Number of PSUs	Number of outstanding IRs	Number of outstanding paragraphs	Years from which paragraphs outstanding
1.	Energy	1	514	1278	1985-86
2.	Industries & Commerce	1	7	23	1994-95
3.	Forest	1	3	12	2001-02
4.	Food & Civil Supplies	2	4	48	2001-02
5.	Finance	1	2	6	2002-03
6.	Geology & Mining	1	3	18	2001-02
7.	Excise	1	2	14	2002-03
	Total	8	535	1399	



ERRATA

Sr. No.	Para/Page No.	Particulars	For	Read as
1.	Table of contents Appendix 2.1 Page VI	Appendix No.2.1	Page 162	Page 161
2.	page No.XV/6	1st para sixth line	1995-97	1995-96
3.	3.2.11/page 57	Sl.No.2 and column "Men in position (August 2004)"	22 ¹²	22 ³⁰
4.	3.3.5/ table/ page-62	Third Column last row	3.04 ¹⁴	3.04 ³²
5.	3.4/page-70	1st para sixth line	1995-97	1995-96
6.	4.2.3/page 85	2nd para 2nd line from below	"of the"	Deleted
7.	6.1.1/page 100	Table last row	2.00 ³	2.00 ⁶⁴
			37.46 ³	37.46 ⁶⁴
			113.38 ³	113.38 ⁶⁴
8.	6.2.8/page 110	2nd para 1st line	"that both the head office"	"that both head office"
9.	7.1/page 115	<u>Table Column</u> 2003-04 Row I (a)	Light print figure	2588.25
		<u>Table Column</u> 2001-02 Row II (a)	1175.80 ¹	1175.80 ⁷⁷
		Row II(b)	484.39 ¹	484.39 ⁷⁷
		Row Total	1660.19 ¹	1660.19 ⁷⁷
		Row III	4375.70 ¹	4375.70 ⁷⁷
10.	7.33/page 148	2nd para 2nd line	"and 2001-02, in 37 cases"	"and 2001-02 in 37 cases"
11	Appendix 1.2/page 153	7th and 8th row	Captions "Receipts", "Disbursements", "2002-03" and "2003-04"	Deleted
12.	Appendix 1.5/page 158	4th row from below	"Revenue Receipt"	"Revenue Receipts"

