



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

FOR THE YEAR ENDED 31 MARCH 2003

**(CIVIL)
GOVERNMENT OF GUJARAT**



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TABLE OF CONTENTS

	Paragraph	Page
Preface		IX
Overview		XI
CHAPTER – I		
FINANCES OF THE STATE GOVERNMENT		
Introduction	1.1	2
Trend of Finances with reference to previous year	1.2	3
Summary of Receipts and Disbursement for the year	1.3	3
Audit Methodology	1.4	4
Resources by volumes and sources	1.5	5
Application of resources	1.6	8
Expenditure by allocative priorities	1.7	12
Assets and Liabilities	1.8	15
Management of deficits	1.9	20
Fiscal Ratios	1.10	21
CHAPTER – II		
ALLOCATIVE PRIORITIES AND APPROPRIATION		
Introduction	2.1	23
Summary of Appropriation Accounts	2.2	23
Fulfilment of Allocative Priorities	2.3	24
Unreconciled Expenditure	2.4	29
Defective Re-appropriation	2.5	29
Rush of Expenditure	2.6	29
Budgetary Control	2.7	30
Personal Ledger Accounts/Personal Deposit Accounts	2.8	30
Audit of Abstract and Detailed Contingent Bills	2.9	30
CHAPTER-III		
PERFORMANCE REVIEWS		
HEALTH AND FAMILY WELFARE DEPARTMENT		
Implementation of Drugs and Cosmetics Act	3.1	33
NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT		
Accelerated Irrigation Benefit Programme	3.2	43

	Paragraph	Page
Saurashtra Pipe Line Project (Mahi Based Water Supply Scheme)	3.3	48
HOME DEPARTMENT		
Computerisation Programme in Motor Vehicle Department	3.4	54
CHAPTER-IV		
AUDIT OF TRANSACTION		
4.1 Fraudulent drawal/Misappropriation/Embezzlement/ Losses		
PORTS AND FISHERIES DEPARTMENT		
Loss of Government Money	4.1.1	61
ROADS AND BUILDINGS DEPARTMENT		
Loss of Rs.1.16 crore	4.1.2	62
4.2 Infructuous/Wasteful expenditure and over payment		
ROADS AND BUILDINGS DEPARTMENT		
Infructuous expenditure of Rs.65.14 lakh	4.2.1	63
Wasteful expenditure of Rs.32.56 lakh	4.2.2	64
4.3 Violation of Contractual obligation/Undue favour to contractors		
INDUSTRIES AND MINES DEPARTMENT		
Loss of Rs.201 crore	4.3.1	65
NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT		
Undue favour to a private party	4.3.2	66
4.4 Avoidable/Excess/Unfruitful expenditure		
NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT		
Unfruitful expenditure on incomplete work	4.4.1	67
Unfruitful expenditure of Rs.11.92 crore	4.4.2	69
Excess execution of work of Rs.1.43 crore	4.4.3	71
INDUSTRIES AND MINES DEPARTMENT		
Avoidable expenditure	4.4.4	72
4.5 Idle investment/Idle establishment/Blockage of funds		
ROADS AND BUILDINGS DEPARTMENT		
Unfruitful Expenditure	4.5.1	73
Blocking of funds	4.5.2	74

	Paragraph	Page
Blocking of funds	4.5.3	75
Idle investment on construction of a bridge	4.5.4	76
PANCHAYATS, RURAL HOUSING AND RURAL DEVELOPMENT DEPARTMENT		
Blocking of funds	4.5.5	77
NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT		
Idle Investment	4.5.6	77
LABOUR AND EMPLOYMENT AND SPORTS, YOUTH SERVICES AND CULTURAL ACTIVITIES DEPARTMENTS		
Idle investment on construction of Hostels	4.5.7	78
URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT		
Blocking of Rs.57.64 lakh on unsold property	4.5.8	79
4.6 Regulatory issues and other points		
EDUCATION DEPARTMENT		
Computerisation in Education Department	4.6.1	80
Irregularities in construction of prefabricated class rooms	4.6.2	84
NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT		
Blocking of funds	4.6.3	86
PORTS AND FISHERIES DEPARTMENT		
Non recovery of minimum LDT charges of Rs.6.99 crore	4.6.4	87
Loss due to unauthorised investment	4.6.5	88
Unfruitful expenditure and lack of safety arrangement	4.6.6	89
SOCIAL JUSTICE AND EMPOWERMENT DEPARTMENT		
Irregularities in purchase of fabric for uniform	4.6.7	91
HOME DEPARTMENT		
Lack of response to Audit findings	4.6.8	93
CHAPTER-V		
INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENT		
ROADS AND BUILDINGS DEPARTMENT		
Evaluation of Internal Audit System in Roads and Buildings Department	5.1	95

APPENDICES		Reference to paragraph	Page
I	Summarised financial position of the Government of Gujarat as on 31 March 2003	1.4	99
II	Abstract of Receipts and Disbursements for the year 2002-03	1.4	100
III	Sources and Application of Funds	1.4	103
IV	Time series data on State Government Finances	1.4	104
V	List of Indices/ratio and basis for their calculation Part A - Government Accounts Part B - List of term used in Chapter I and basis for their calculation	1.4	105
VI	Details with status of accounts submitted by Autonomous bodies to State Legislature	1.7.1(b)	107
VII	Department-wise/year-wise break-up of the cases of misappropriation, defalcation etc. on which final action was pending at the end of September 2003	1.7.2	108
VIII	Department-wise details in respect of cases of loss to Government due to theft, misappropriation/loss to Government material and fire/accident at the end of September 2003	1.7.2	109
IX	Details of Statutory Corporations and Government companies with Government investment which are in loss	1.8.2	110
X	Substantial Savings in Grants/Appropriations	2.3.1 (ii)	111
XI	Statement showing cases where savings remained un- surrendered	2.3.1(iv)	121
XII	Anticipated savings not surrendered	2.3.1(iv)	122
XIII	Statement showing the excess over Grant/Appropriation requiring regularisation	2.3.3	123
XIV	Cases of unnecessary Supplementary Grants/Appropriations	2.3.5	124
XV	Excessive Supplementary Grants	2.3.5	125

APPENDICES		Reference to paragraph	Page
XVI	Statement showing cases where supplementary provision was inadequate	2.3.5	126
XVII	Cases of re-appropriation under which the expenditure finally showed excess over the balance provision	2.3.7	127
XVIII	Significant cases of major re-appropriation which were injudicious on account of non-utilisation	2.3.7	128
XIX	Amount surrendered during March 2003	2.3.8	129
XX	Statement showing flow of expenditure during the four quarters of 2002-2003	2.6	134
XXI	Unusual Excess over Budget Grant	2.7	136
XXII	Expenditure without Budget Provisions	2.7	144
XXIII	Statement showing the details of delay in submission of DC bills	2.9	146
XXIV	Statement showing the details of Relief Camp/Trusts	2.9	147
XXV	Details of number of samples received, analysed, samples found as not of standard quality (NSQ) and pending at the laboratory	3.1.5	148
XXVI	Details of Not of Standard Quality Drugs with reference to Gujarat based manufacturers and other States based manufacturers	3.1.5	148
XXVII	Infrastructure created at various Check posts	3.4.3	149
XXVIII	Status of receipt of data from various check posts at Central Monitoring Centre	3.4.3	149
XXIX	Status of equipment at check posts	3.4.3	150
XXX	Statement showing DEO-wise hardware/software deficiency in number of schools	4.6.1(A)	151
XXXI	List of schools which obtained grant for computers from the district planning officers under MPLAD scheme	4.6.1(A)	152
XXXII	Details of short recovery of the Material Testing Charges from the contractors	5.1.5	153
XXXIII	Details of pendency of Internal Audit	5.1.5	154

APPENDICES		Reference to paragraph	Page
XXXIV	Cases of Internal Audit conducted for two or more years simultaneously	5.1.5	154
XXXV	Statement showing the details of audit conducted leaving audit for earlier years	5.1.5	155

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters 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 Year ended 31 March 2003.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock and audit of Autonomous Bodies.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2002-2003 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 2002-2003 have also been included wherever necessary.

PREFACE

1. The Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report respectively contain a brief statement on the progress of the work of the Commission of Enquiry and a preliminary account of the State Government for the year ending 31 March 2007.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments, including the Public Works and Irrigation Department, audit of stores and stocks and audit of Government Bodies.

4. The Report contains the observations arising out of audit of Ministry, Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.

5. The cases mentioned in the Report are those which have been taken up during the course of post-audit of accounts during the year 2006-07 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 2006-07 have also been included wherever necessary.

OVERVIEW

This Report contains two chapters on observations of Audit on the State's Finance and Appropriation Accounts for the year 2002-03 and three other chapters containing one review and 30 paragraphs based on the Audit of certain selected programmes, activities and transactions of the Government. A synopsis of findings contained in the Report is presented in this overview.

1. An overview of the finances of the Government of Gujarat

- The revenue deficit of the State increased from Rs.2863 crore in 1998-99 to Rs.3565 crore in 2002-03. The fiscal deficit also increased from Rs.5618 crore in 1998-99 to * in 2002-03. As proportion to GSDP, revenue deficit decreased to 2.67 per cent in 2002-03 and fiscal deficit decreased to 4.56 per cent.
- Revenue receipts of the State increased from Rs.12743 crore in 1998-99 to Rs.17875 crore in 2002-03 at an average trend rate of 9.48 per cent per annum. There were, however, significant inter year variations in the growth rates. While on an average around 76 per cent of the revenue had come from the State's own resources, Central Tax transfers and Grants-in-aid from Central Government together continued to contribute nearly 24 per cent of the total revenue during 2002-03.
- The moderate growth in revenue receipts during 2002-03 was mainly due to doubling of the Central Grants-in-aid from Rs.1490 crore in 2001-02 to Rs.2996 crore in 2002-03. Incidentally, the State's share in the Union, Taxes and Duties was only 45 per cent of the Central Grants-in-aid received during the year.
- 95 per cent of the Interest receipts (Rs.1603 crore) was notional in nature having arisen out of book adjustments.
- The current levels of cost recovery in supply of merit goods and services by Government are 0.22 per cent for secondary education, 0.14 per cent for university and higher education, 0.03 per cent for technical education, 0.99 per cent in health and family welfare, 0.30 per cent in water supply and sanitation, 6.69 per cent in major and medium irrigation and 0.12 per cent in minor irrigation.
- The marginal decline in the revenue expenditure during 2002-03 was due to un-surrendered saving of Rs.3860.85 crore mainly on account of non-release of Rs. 2084 crore to Gujarat Electricity Board.

*Rs.6081 crore

- The total expenditure of the State increased from Rs.18628 crore in 1998-99 to Rs.24127 crore in 2002-2003 at an average trend rate of 10.95 *per cent* per annum. The decline in expenditure in the current year was primarily due to compression of expenditure on Social and Economic Services. Expenditure on General Services, considered as non-developmental, accounted for nearly 35 *per cent* of total expenditure in 2002-03 as compared to around 26 *per cent* in 1998-99.
- The overall fiscal liabilities of the State more than doubled from Rs.24757 crore in 1998-99 to Rs.52572 crore in 2002-03 at an average growth rate of 21.61 *per cent*. In addition, Government had guaranteed loans of its various Corporations and others, which in 2002-03 stood at Rs.18866 crore. The net funds available on account of the internal debt and loans and advances from Government of India after providing for interest and repayments declined from 17 *per cent* to 7 *per cent* during 1998 to 2003.

(Paragraphs 1.1 to 1.10)

2. Allocative Priorities and Appropriation

Against the total budget provision of Rs.52913 crore, actual expenditure was Rs.42864 crore. Overall saving of Rs.10049 crore was the result of excess of Rs.114 crore in 17 cases of grants and appropriations and saving of Rs.10163 crore in 160 cases of grants and appropriations. The excess expenditure of Rs.114 crore required regularisation by the Legislature under Article 205 of the Constitution of India.

- In 16 cases, supplementary provision of Rs.1727.19 crore proved unnecessary.
- In 100 cases, the expenditure fell short by more than Rs.5 crore and also by more than 10 *per cent* of total provision.
- In 15 cases, expenditure of Rs.24.22 crore was incurred without budget provision.
- In 3 cases, savings of Rs.182.45 crore had not been surrendered. In 21 other cases, even after partial surrender, savings of Rupees one crore and above in each case aggregating Rs.2916.32 crore remained unsurrendered.
- In 97 cases, Rs.9163.24 crore were surrendered in March 2003 indicating inadequate financial control over expenditure.
- Six Drawing and Disbursing Officers had drawn Rs.23.73 crore between March 1999 and March 2002. Out of this, Rs.16.59 crore were lying unutilised in their respective Personal Ledger Accounts.

(Paragraphs 2.1 to 2.9)

3. Implementation of Drugs and Cosmetics Act

- **Drugs Control Administration regulated the import, manufacturing, distribution and sale of drugs through the Drugs and Cosmetics Act, 1940.**
- **Inadequate strength of technical staff weakened the enforcement of the Administration and diluted regulatory functions. Sale of drugs without complying with the conditions of licences and sharp increase in pendency of prosecution cases were noticed.**
- **Lacuna in the Act led to marketing of Drugs Not of Standard Quality.**
- **There was no co-ordination between State and Central authorities over price control.**

(Paragraph 3.1)

4. Accelerated Irrigation Benefit Programme

Accelerated Irrigation Benefit Programme with Central Loan Assistance (CLA) was launched in 1996-97 to increase irrigation potential of 22 major(9) and medium (13) irrigation projects in two years' time. 25,172 hectare of irrigation potential was created as against the target of 68,359 hectare on completion of nine projects. Inadequate release of State share led to non-release of CLA of Rs.14.35 crore which adversely affected completion of two projects of water starved Saurashtra region. The object of creating quick irrigation benefit was defeated in respect of Karjan, Sipu and Deo projects as potential created was less than 50/51 per cent despite completion of projects in all respect.

(Paragraph 3.2)

5. Saurashtra Pipe Line Project (Mahi Based Water Supply Scheme)

Saurashtra Pipe Line Project was sanctioned for catering to the drinking water needs of 3.44 million people of 1860 villages/towns in three districts. However, benefit reached only to 543 villages upto March 2003 covering 1.51 million people. Even after two years of execution of the augmentation project costing Rs.464.71 crore, benefit could be derived only by 44 per cent of the envisaged population. Of the 1.51 million beneficiaries covered, 94 per cent were supplied with water unsuitable for human consumption.

(Paragraph 3.3)

6. Computerisation Programme in Motor Vehicle Department

Home Department implemented an Integrated Management Information System in the Transport wing. Twenty two Weigh Bridges were installed in excess, blocking up Rs.7.20 crore on their cost and Rs.1.83 crore on maintenance for 3 years. Equipment worth Rs.14.00 crore remained idle. Failure in creation of environment for use of smart card based driving licence resulted in unfruitful expenditure of Rs.12.10 crore.

(Paragraph 3.4)

7. Other points of interest

(i) Fraudulent drawal/Misappropriation/Embezzlement/Losses

Keeping government funds in a known financially unsound bank resulted in loss of Rs.3.54 crore.

(Paragraph 4.1.1)

Delay in disposal of material resulted in loss of Rs.1.16 crore.

(Paragraph 4.1.2)

(ii) Infructuous/Wasteful expenditure

Execution of items not approved by Ministry of Road Transport and Highways resulted in infructuous expenditure of Rs.0.65 crore.

(Paragraph 4.2.1)

(iii) Undue favour

Non-issuance of orders for recovery of deferred electricity charges from power loom operators resulted in non-recovery of Rs.201 crore.

(Paragraph 4.3.1)

Injudicious payment of interest free advance led to loss of Rs.6.97 crore and undue favour to a private firm.

(Paragraph 4.3.2)

(iv) Avoidable/Excess/Unfruitful expenditure

Expenditure of Rs.176.16 crore on twelve irrigation projects proved unfruitful due to non-synchronisation of works.

(Paragraph 4.4.1)

Delay in deciding the design of canal crossing resulted in unfruitful expenditure of Rs.11.92 crore.

(Paragraph 4.4.2)

Faulty estimate resulted in excess/extra execution of work to the tune of Rs.1.43 crore.

(Paragraph 4.4.3)

Failure to place repeat order resulted in avoidable expenditure of Rs.1.06 crore on purchase of ladies' bicycles.

(Paragraph 4.4.4)

(v) Idle Investment/Idle establishment/Blocking of funds

Commencement of work on construction of a bridge without sufficient allotment of funds resulted in blocking of Rs.27.20 crore.

(Paragraph 4.5.1)

Commencement of work without ensuring availability of funds led to abandonment of partly completed work worth Rs.5.77 crore.

(Paragraph 4.5.2)

A circuit house constructed at a cost of Rs.1.32 crore remained idle.

(Paragraph 4.5.3)

Bridge constructed at a cost of Rs.1.04 crore could not be put to use due to non-construction of approaches.

(Paragraph 4.5.4)

Injudicious release of grant under Sardar Awas Yojana without assessing requirement resulted in blocking of Rs.8.05 crore.

(Paragraph 4.5.5)

Indecision in selection of sites for installation of fuse gates resulted in blocking of Rs.2.33 crore.

(Paragraph 4.5.6)

(vi) Regulatory issues and other points

Non-observance of conditions laid down by Government for purchase of computers raised doubts on genuineness of purchase worth Rs.26.25 crore.

(Paragraph 4.6.1)

Poor quality of construction and avoidable expenditure of Rs.4.02 crore were noticed in construction of class rooms.

(Paragraph 4.6.2)

Injudicious diversion of borrowed funds led to non completion of an Irrigation Project and blocking of Rs.23.10 crore.

(Paragraph 4.6.3)

Light Displacement Tonnage charges of Rs.6.99 crore were not recovered from plot holders at Alang ship breaking yard.

(Paragraph 4.6.4)

Investment in equity in violation of the provisions of Gujarat Maritime Board Act led to loss of Rs.2.34 crore.

((Paragraph 4.6.5)

Non observance of safety norms at Alang ship breaking yard caused frequent accidents and loss of human life.

(Paragraph 4.6.6)

Delay in finalisation of purchase of clothes for uniforms to ST / OBC students, favour shown to supplier and supply of sub-standard cloth resulted in a loss of Rs.1.63 crore.

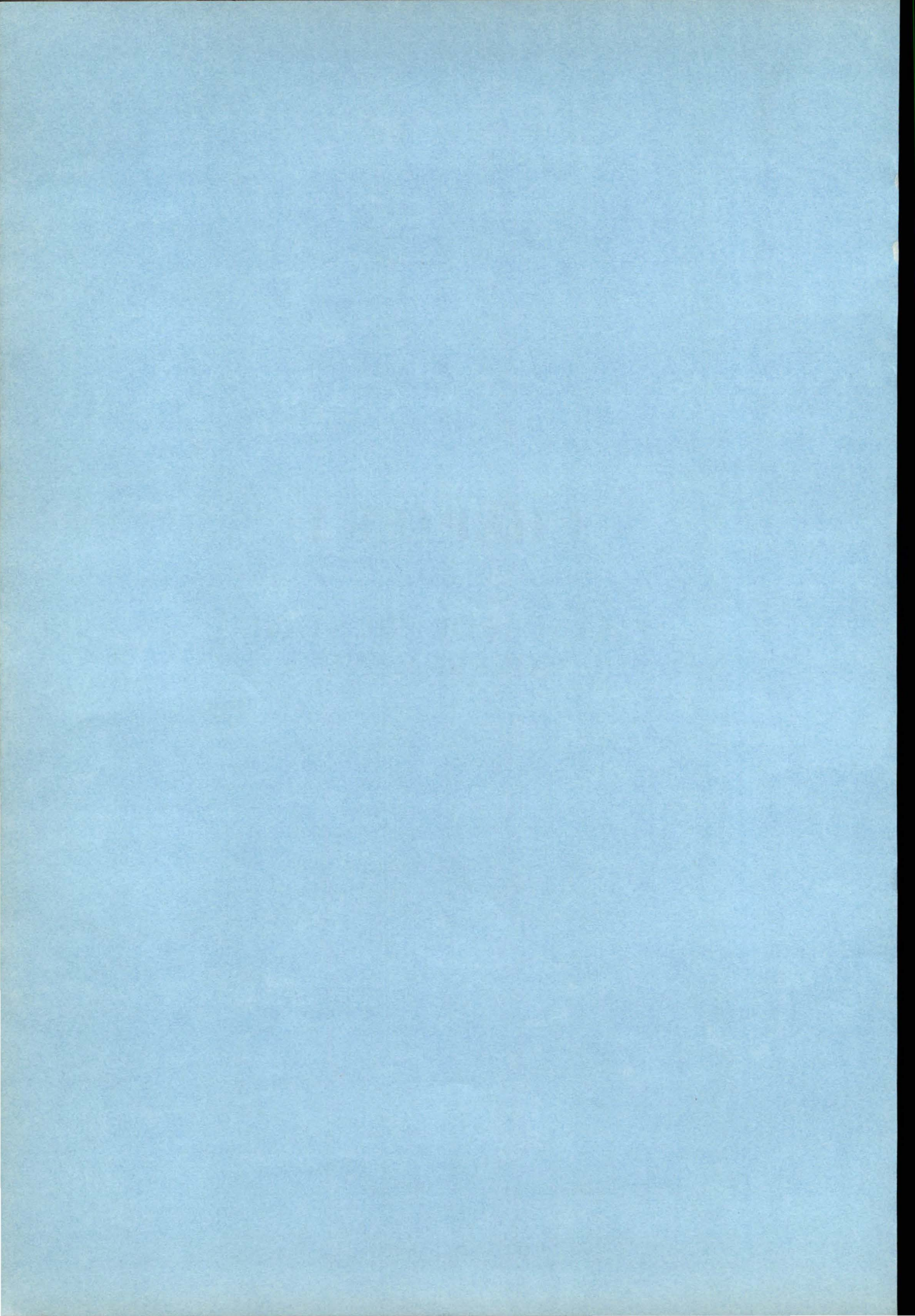
(Paragraph 4.6.7)

No internal audit system existed in any of the government departments excepting the Roads & Buildings and Narmada Water Resources & Water Supply Departments. Even in these departments the system was not functioning satisfactorily.

(Paragraph 5.1)

CHAPTER I

FINANCES OF THE STATE GOVERNMENT



CHAPTER I

Finances of the State Government

In summary

The financial year 2002-03 was comparatively comfortable year for the state with moderate growth in revenue receipts and no growth in revenue expenditure. As a result, all deficit indicators have improved during the year. The revenue deficit has shown drastic improvements from Rs 6732 crore in 2001-02 to Rs 3565 crore in 2002-03 primarily due to un-surrendered savings of Rs.3860.85 crore. A large portion of un-surrendered saving was due to non-release of Rs.2084 crore to GEB as envisaged in the Budgetary estimates. The fiscal deficit has also reduced from Rs 6511 crore in 2001-02 to Rs 6081 crore in 2002-03. The Government has however released Rs.3044 crore to the GEB during 2003-04 (December 2003).

Revenue receipts of the State increased from Rs. 12743 Crore in 1998-1999 to Rs 17,875 crore in 2002-2003 at an average trend of rate of growth of 9.48 *per cent* per annum. The moderate growth in 2002-03 was however attained primarily due to 101 *per cent* jump in the Central Grants-in-aid during the year, which incidentally happened to be an election year in the State. During the year, central grants-in-aid exceeded the state's share of union taxes and duties by more than 120 *per cent*.

The increase in the tax revenue during the year 2002-2003 was mainly on Sales Tax (Rs 395 crore), Taxes on vehicles (Rs 131 crore) and Stamps and Registration fees (Rs.111 crore) etc. Of non-tax revenue sources, interest receipts (42 *per cent*) and non-ferrous mining and metallurgical industries receipts (27 *per cent*) were principal contributors. However, 95 *per cent* of interest receipts (Rs.1603 crore) was notional in nature, having arisen out of book adjustments.

The total expenditure of the State increased from Rs 18628 crore in 1998-1999 to Rs.24127 crore in 2002-2003 at an average trend rate of 10.95 *per cent* per annum. Revenue expenditure of the State increased from Rs 15606 crore in 1998-1999 to Rs 21440 crore in 2002-2003 at an average trend rate of 12.75 *per cent* per annum. However, there was a decrease in the revenue expenditure during the year mainly due to un-surrendered saving of Rs1332 crore on lesser assistance to Gujarat Electricity Board and less expenditure on relief on account of natural calamities (Rs.2184.58 crore) in comparison to previous year. Salaries, interest payments, and Pensions together consumed 49 *per cent* of total revenue receipts of the State during the year

The over all fiscal liabilities of the State increased from Rs.24757 crore in 1998-1999 to Rs.52572 crore in 2002-2003 at average growth rate of 21.61 *per cent*. Although it is not uncommon for a State to borrow for increasing its social and economic infrastructure and for creating additional income generating assets, an increasing ratio of fiscal liabilities to Gross State Domestic Product (GSDP) and revenue receipts together with a low or negligible return on investments are cause for concern. Ever increasing guarantees for Government Corporations and Companies also need to be discouraged.

Only through hard measures like reduction of revenue deficit/fiscal deficit by compressing non-developmental revenue expenditure and enhanced additional resource mobilization through prudent tax reforms and periodic revision of user charges for increased cost recoveries for Government services, Prudent debt management and greater fiscal transparency in medium term framework, the State Government can achieve long term fiscal stability. Hence, the state should enter into Memorandum of Understanding with the Government of India for medium term fiscal reforms programme and announce their goals through appropriate legislation on the pattern of Central Government and many other progressive state Governments.

1.1 Introduction

The Finance Accounts of the Government of Gujarat are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State Government. The layout of the Finance Accounts is depicted in the Box 1.

Box 1

Lay out of Finance Accounts

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 the Public Accounts of the State.

Statement No 2 contains the summarised statement of Capital Outlay showing progressive expenditure to the end of 2002-03.

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 Corporations, 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 Accounts as on 31 March 2003.

Statement No.9 shows the Revenue and Expenditure under different heads for the year 2002-03 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 non-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 2002-03.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, co-operative banks and societies etc. up to the end of 2002-03.

Statement No.15 depicts the capital and other expenditure to the end of 2002-03 and the principal sources from which the funds were provided for that expenditure.

Statement No.16 gives the detailed account of receipts, disbursements and balances under the heads of account relating to debt, Contingency Fund and Public Accounts.

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

Statement No.18 provides the detailed account of loans and advances given by the Government of Gujarat, the amount of loan repaid during the year, the balance as on 31 March 2003, 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

Finances of State Government during the current year compared to previous year were as under: (Rupees in crore)

2001-02	Sl. No	Major Aggregates	2002-03
15986	1.	Revenue Receipts (2+3+4)	17875
9247	2.	Tax Revenue	9521
3761	3.	Non-Tax Revenue	3995
2978	4.	Other Receipts	4359
2207	5.	Non-Debt Capital Receipts (6)	171
2207	6.	<i>Of which</i> Recovery of Loans	171
18193	7.	Total Receipts (1+5)	18046
21243	8.	Non-Plan Expenditure (9+11+12)	19676
20897	9.	On Revenue Account	19373
4206	10.	Of which, interest payments	4949
133	11.	On Capital Account	131
213	12.	Of which Loans disbursed	172
3461	13.	Plan Expenditure (14+15+16)	4451
1821	14.	On Revenue Account	2067
1624	15.	On Capital Account	2210
16	16.	Of which Loans disbursed	174
24704	17.	Total Expenditure (8+13)	24127
6732	18.	Revenue Deficit (9+14-1)	3565
6511	19.	Fiscal Deficit (17-7)	6081
2305		Primary Deficit (18-10)	1132

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Gujarat for the year 2002-03 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and Public Accounts 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 2002-2003

(Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
					Non-Plan	Plan	Total
15986.06	I Revenue receipts	17875.33	22717.60	I. Revenue expenditure	19373.37	2066.76	21440.13
9246.57	Tax revenue	9520.66	7165.08	General Services	8228.24	74.26	8302.50
3760.94	Non-tax revenue	3995.58	7722.20	Social Services	5444.23	1094.99	6539.22
1488.29	Share of Union Taxes/Duties	1363.22	7774.34	Economic Services	5596.76	897.51	6494.27
1490.26	Grants from Govt. of India	2995.87	55.98	Grants-in-aid / Contributions	104.14	-	104.14
Section-B: Capital							
1.50	II Misc. Capital Receipts	52.00	1756.87	II Capital Outlay	131.09	2210.21	2341.30
2206.66	III Recoveries of Loans and Advances	171.45	229.04	III Loans and Advances disbursed	171.99	173.67	345.66
8158.32	IV Public debt receipts*	9683.67	1383.95	IV Repayment of Public Debt	3203.31 [#]		3203.31
23702.55	V Public accounts receipts	20665.87	24603.34	V Public accounts disbursements	20064.80 [#]		20064.80
966.25	Opening Balance	580.14	580.14	Closing Balance			1483.20
51021.34	Total	49028.46	51270.94	Total	42944.56	4450.64	48878.40

Note : *- Includes net ways and means advances and over draft also

#- Bifurcation of plan and non- plan not available

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2002-03 and wherever necessary, show these in the light of time series data (**Appendix I to IV**) and periodic comparisons.

The key indicators adopted for the purpose are (i) Resources by volumes 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
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 have been used.
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
For most series a trend growth during 1998-2003 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in Appendix- V .

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 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 entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.</p>	<p>Contingency Fund Contingency Fund of 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>
<p>Public Account</p> <p>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 disbursement are made from it.</p>	

State Finances by key Indicators

1.5 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consists 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 of 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 as well as accruals from Public Accounts.

Table 2 shows that the total receipts of the State Government for the year 2002-03 was Rs 48,448 crore. Of these, the revenue receipts of the State Government was Rs 17,875 crore only, constituting 37 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2: Resources of Gujarat

		(Rupees in crore)
I Revenue Receipts		17,875
II Capital Receipts		9,907
a	Miscellaneous Receipts	52
b	Recovery of Loans and Advances	171
c	Public Debt Receipts	9,684
III Public Account Receipts		20,666
a	Small Savings, Provident Fund, etc.	842.13
b	Reserve Fund	878.65
c	Deposits and Advances	9,277.37
d	Suspense and Miscellaneous	6,705.45
e	Remittances	2,962.27
Total Receipts		48,448

1.5.1 Revenue receipts

Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy is indicated in Table 3.

Table 3: Revenue Receipts – Basic Parameters

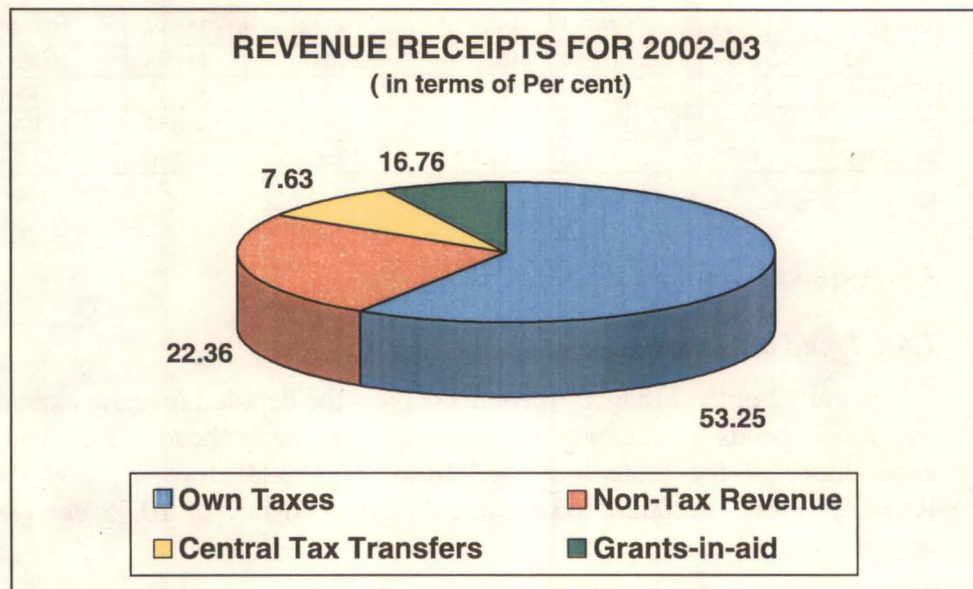
(Value: Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Receipts	12743.000	13971.000	15739.000	15986.000	17875.000	15263.000
Own Taxes	59.760	58.420	57.480	57.840	53.250	57.360
Non-Tax Revenue	21.710	21.400	21.280	23.530	22.360	22.050
Central tax Transfers	12.890	11.920	10.000	9.310	7.630	10.350
Grants-in aid	5.640	8.260	11.240	9.320	16.760	10.240
Rate of Growth	14.540	9.640	12.650	1.570	11.820	9.480
Revenue Receipt/GSDP	12.100	12.980	14.250	12.800	13.410	13.120
Revenue Buoyancy	0.939	4.387	4.811	0.120	1.751	1.314
GSDP Growth	15.480	2.200	2.630	13.090	6.750	7.210

Note:-Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1998-2002) have undergone change from last Audit Report.

Revenue receipts of the State increased from Rs. 12743 Crore in 1998-1999 to Rs 17875 crore in 2002-2003 at an average trend of rate of growth of 9.48 per cent per annum. There were, however, significant inter year variations in the growth rates with the growth dipping from 12.65 per cent in 2000-01 to 1.57 per cent in 2001-02 and again reached at 11.82 per cent in 2002-03. The moderate growth in 2002-03 was however attained primarily due to 101 per cent jump in the central grants-in-aid during the year, which incidentally happens to be an election year.

The increase in the tax revenue during the year 2002-2003 was mainly on Sales Tax (Rs 395 crore), Taxes on vehicles (Rs 131 crore) and Stamps and Registration fees (Rs.111 crore) etc. The contribution of own tax revenue to the revenue receipts has however shown significant steady decline from 59.76



per cent in 1998-99 to 53.25 per cent in 2002-03. While on an average around 22 per cent of the revenue receipts had come from the non-tax revenue during 1998-2003, central tax transfers have declined sharply over the years from 12.89 per cent in 1998-99 to 7.63 per cent in 2002-03. Central grants-in-aid has however suddenly jumped from 9.32 per cent in 2001-02 to 16.76 per cent in 2002-03.

Sales tax was the major source of State's own tax revenue having contributed 66 per cent of the tax revenue followed by taxes and duties on electricity (15 per cent), taxes on Vehicles (8 per cent) etc.

Of non-tax revenue sources, interest receipts (42 per cent) and non ferrous mining and metallurgical industries receipts (27 per cent) were principal contributors. However, 95 per cent of interest receipts (Rs.1603 crore) was notional in nature, having arisen out of book adjustments. The current levels of cost recovery in supply of merit goods and services by Government are 0.22 per cent for secondary education, 0.14 per cent for university and higher education, 0.03 per cent for technical education, 0.99 per cent in health and family welfare, 0.30 per cent in water supply and sanitation, 6.69 per cent in major and medium irrigation and 0.12 per cent in minor irrigation.

Besides, the arrears of revenues increased by 290 per cent from Rs.1686 crore in 1998-99 to Rs.6575 crore at the end of 2002-03. Of these, Rs 6085 crore were outstanding for a period of more than 5 years. Arrears were mainly in respect of Taxes on Sales, Trade, etc. (Rs 6085 crore). The deterioration in the position of arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

The source of receipts under different heads and GSDP during 1998-2003 is indicated in Table 4.

Table 4: Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1998-99	12743	267	3563	19344	35917	105305
1999-00	13971	146	4623	22453	41193	107618
2000-01	15739	2227	7686	25129	50781	110449
2001-02	15986	2207	8158	23703	50054	124905
2002-03	17875	171	9684	20666	48396	133334

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major head wise. The total expenditure of the State increased from Rs 18628 crore in 1998-1999 to Rs.24127 crore in 2002-2003 at an average trend rate of 10.95 per cent per annum.

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

Table 5: Total Expenditure – Basic Parameters

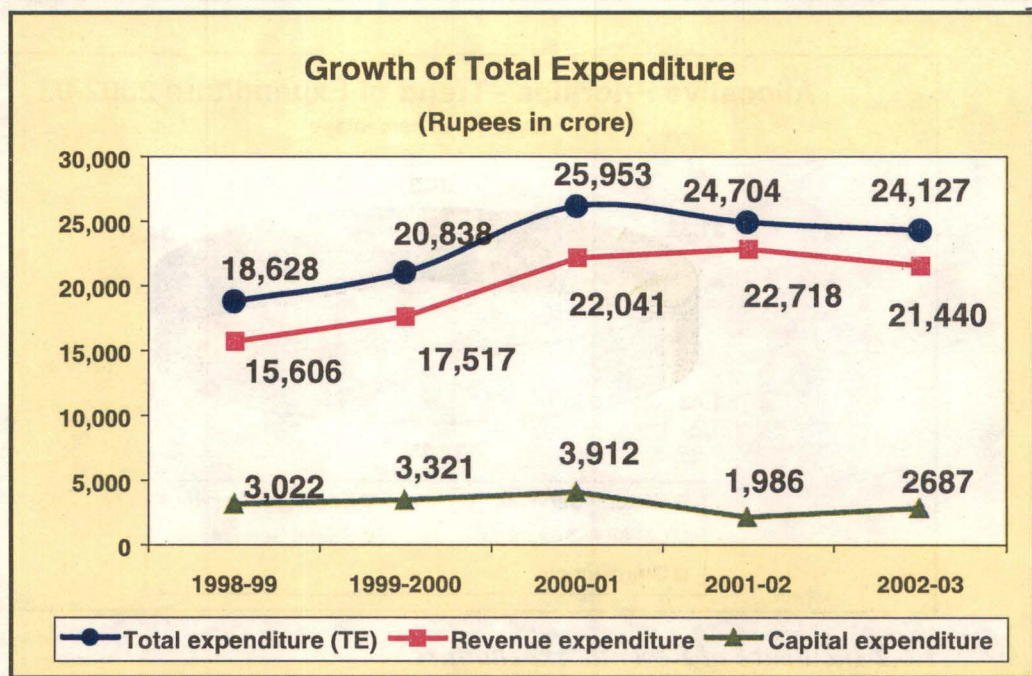
(Value: Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-2001	2001-02	2002-03	Average
Total Expenditure	18628.000	20838.000	25953.000	24704.000	24127.000	22850.000
Rate of Growth	29.110	11.860	24.550	-4.810	-2.340	10.950**
TE/GSDP	17.690	19.360	23.500	19.780	18.100	19.640
Revenue Receipt /TE Ratio	68.410	67.050	60.640	64.710	74.090	66.980
Buoyancy of Total Expenditure with						
GSDP	1.880	5.401	9.331	Negative	Negative	1.518
Revenue Receipts	2.002	1.231	1.940	Negative	Negative	1.155

** Average trend of rate of growth.

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1998-2002) have undergone change from last Audit Report)

The slight decline in expenditure in the current year was primarily due mainly to compression of expenditure on Social and Economic services. There was upward trend in the ratio of revenue receipts to total expenditure from 68.41 per cent in 1998-1999 to 74.09 per cent in 2002-2003, indicating that 74 per cent of the State's total expenditure was met from its revenue receipts, leaving the balance to be met from borrowings.

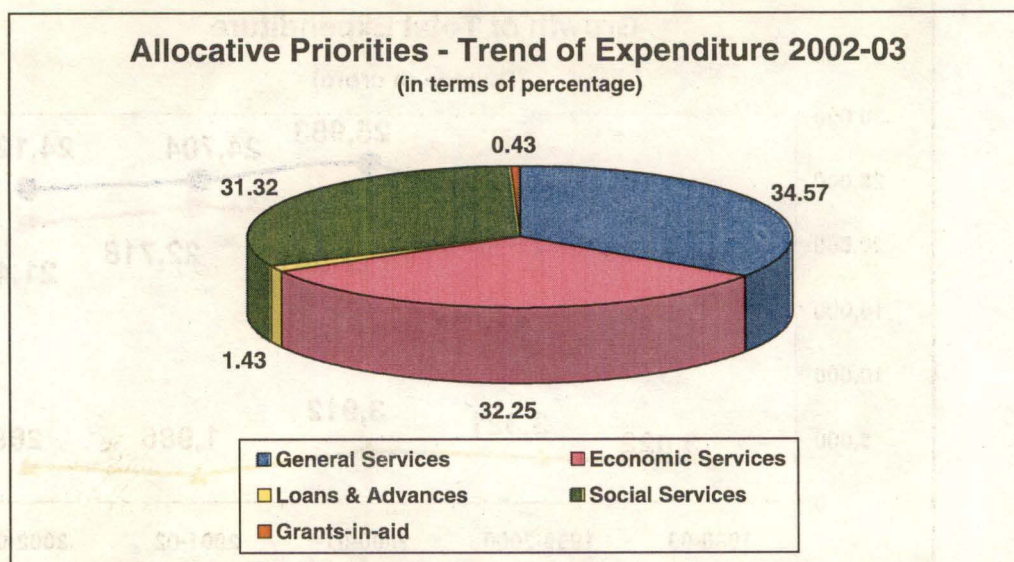


In terms of activities, total expenditure comprised of expenditure on General Services including interest payments, social and economic services and Loans and Advances. The relative share of these components in total expenditure is indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
General Services	25.76	27.76	23.83	29.12	34.57	28.20
Social Services	31.60	32.92	33.78	34.74	31.32	32.87
Economic Services	38.43	36.08	38.67	34.99	32.25	36.08
Grants-in-aid and contributions	0.28	0.24	0.19	0.22	0.43	0.26
Loans & Advances	3.93	3.00	3.53	0.93	1.43	2.57

The movement of relative share of these components indicate that while the share of Economic Services in total expenditure declined sharply from 38.43 per cent in 1998-99 to 32.25 per cent in 2002-2003; the relative share of General Services considered as non-developmental, increased from 25.76 per cent in 1998-99 to 34.57 per cent in 2002-2003. The share of Social Services however remained almost steady.



1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in the total expenditure of the state. Revenue expenditure is usually incurred to maintain the current level of assets and services. Revenue expenditure of the State increased from Rs 15606 crore in 1998-1999 to Rs 21440 crore in 2002-2003 at an average trend rate of 12.75 per cent per annum. However, there was a decrease in the revenue expenditure during the year mainly due to un-surrendered saving of Rs1332 crore on lesser assistance to Gujarat Electricity Board and less expenditure on relief on account of natural calamities (Rs.2184.58 crore) in comparison to previous year.

Over all 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

(Value: Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Expenditure	15606.000	17517.000	22041.000	22718.000	21440.000	19864.400
Rate of Growth	28.520	12.250	25.830	3.070	-5.630	12.750*
RE/GSDP	14.820	16.280	19.960	18.190	16.080	17.080
RE as per cent of TE	83.780	84.060	84.930	91.960	88.860	86.930
RE as per cent to Revenue Receipt	122.470	125.380	140.040	142.110	119.940	130.150
Buoyancy of Revenue Expenditure with						
GSDP	1.842	5.575	9.818	0.235	Negative	1.767
Revenue Receipts	1.961	1.271	2.041	1.957	Negative	1.344

* Average trend rate of growth.

Note-Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1998-2002) have undergone change from last Audit Report.

Revenue expenditure accounted for 86 per cent of total funds available during 2002-2003. This was higher than the share of revenue receipts (71 per cent in total receipts) of the State Government, which has led to revenue deficit. Though the ratio of revenue expenditure to revenue receipts declined from 122.47 per cent in 1998-99 to 119.94 per cent in 2002-03, dependence of the

State on borrowings, for meeting its current expenditure continues primarily due to the fact that Salaries (Rs.2247 crore), interest payments (Rs.4949 crore), and Pensions (Rs.1588 crore) alone consumed 49 *per cent* of total revenue receipts of the State during the year.

• *Huge expenditure on pension payments*

Pension payments have increased by 28.39 *per cent* from Rs.1237.10 crore in 1998-99 to Rs.1588.33 crore in 2002-03. Year-wise break-up of expenditure incurred on pension payments during the years 1998-99 to 2002-2003 was as under:

Table 8

Year	Expenditure Rupees in crore	Percentage to total revenue
1998-1999	1237.10	10
1999-2000	1506.51	11
2000-2001	1438.60	9
2001-2002	1502.17	9
2002-2003	1588.33	9

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired state employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

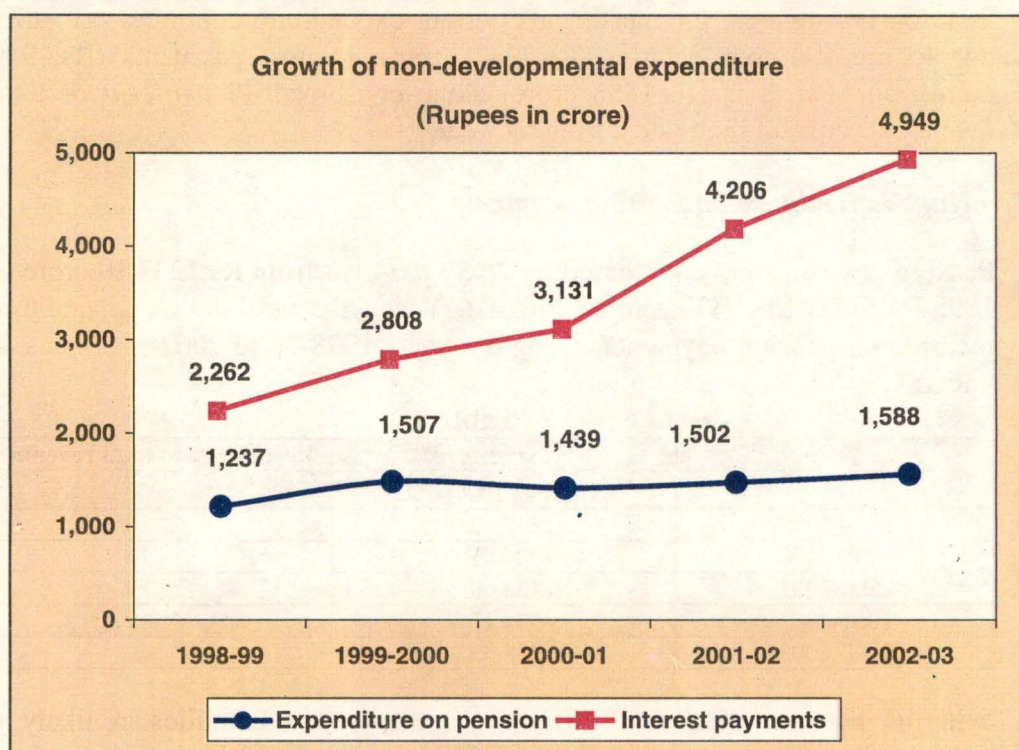
• *Interest payments*

The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, States should endeavour to keep interest payment as a ratio to revenue receipts to 18 *per cent*. It was however observed that interest payments as percentage of revenue receipts has reached the all time high of 28 *per cent* during the year 2002-03.

Table 9

Year	Interest payment (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1998-1999	2262	18	14
1999-2000	2808	20	16
2000-2001	3131	20	14
2001-2002	4206	26	19
2002-2003	4949	28	23

In absolute terms, interest payments increased steadily by 119 *per cent* from Rs.2262 crore in 1998-99 to Rs.4949 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit. The increase in interest payments was mainly due to increased Interest on Internal Debt (Rs.546 crore), and Loans received from Central Government (Rs.178 crore). The growth of non-developmental expenditure i.e. Pension and interest payments for the years 1998-2003 are depicted in the table below:



• **Subsidies by the Government**

Though the finances of the State are under strain, State Government has been paying subsidies to the various Nigams, Corporations, etc. During the last two years, State Government paid the subsidies under various schemes as under:

Table 10 (Rupees in crore)

Sr. No	Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1	Gujarat Electricity Board (GEB)	1673.17 [#]	1329.87 [#]	2021.26 [#]	3359.93	1858.75
2	Others	N.A	N.A	N.A	715.92	191.41
	Total	1673.17	1329.87	2021.26	4075.85	2050.16
1	Percentage of subsidy with total expenditure*	9.35	6.58	8.07	16.65	8.62

* Total Expenditure excludes Loans and Advances; N.A: information not furnished by the concerned department

Figures adopted from AR(Commercial)

Incidentally, the sharp reduction in the subsidy to Gujarat Electricity Board (GEB) during 2002-03 was due to un-surrendered saving of Rs.2084 crore under grant number 12 on account of subsidy for compensation for Gujarat Electricity Regulatory Commission Agricultural Tariff (Rs.479.22 crore), loan for Central Public Sector Undertakings Bonds as one time settlement of GEB's dues (Rs.1411.49 crore) and due to non-release of second tranche of loan by Asian Development Bank (Rs.113.74 crore).

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 reflect the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure.

Table 11 below gives the percentage share of these components of expenditure in State's total expenditure*.

Table 11: Quality of expenditure (per cent to total expenditure*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan Expenditure	24.39	26.44	23.42	14.08	17.98	20.91
Capital Expenditure	12.79	13.33	11.96	7.18	9.84	10.84
Development Expenditure	72.90	71.14	75.10	70.38	64.49	70.73

* Total expenditure exclude expenditure on loans and advances.

An increase in the expenditure on the pre-occupied sector of Administrative expenditure (General Services) resulted in contraction of expenditure under all the three components of expenditure. The relative shares of this components declined during 1998-2003. Plan Expenditure declined from 24.39 per cent of total expenditure in 1998-99 to 17.98 per cent in 2002-2003. Similarly, Capital Expenditure also declined from 12.79 to 9.84 per cent. There was also a decline in the share of Development Expenditure from 72.90 per cent in 1998-99 to 64.49 per cent in 2002-2003.

Out of the Development Expenditure (Rs.15,337 crore), Social Services (Rs.7557 crore) accounted for 49 per cent of the Development Expenditure during the year. General Education, Health and Family Welfare, Water Supply, Sanitation, Housing and Urban development consumed 75 per cent of the expenditure on social sector.

Table 12: Social Sector Expenditure

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
General Education	3141 (2.98)*	3412 (3.17)	3685 (3.34)	3264 (2.61)	3634 (2.73)
Health & Family Welfare	877 (0.83)	951 (0.88)	919 (0.83)	729 (0.58)	864 (0.65)
Water Supply, Sanitation, Housing and Urban Development	857 (0.81)	1189 (1.10)	1701 (1.54)	796 (0.64)	1142 (0.86)
Total	4875	5552	6305	4789	5640

* the expenditure as percentage of GSDP in brackets

Similarly, the expenditure on Economic Services (Rs.7,780 crore) accounted for 51 per cent of the Developmental Expenditure. Of which Energy (Rs.2133 crore), Irrigation and Flood Control (Rs.2787 core) and Transport (Rs.1086 crore) accounted for 77 per cent of the expenditure on Economic sector.

Table 13: Economic Sector Expenditure

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Energy	1583	1392	3578	3503	2133
Irrigation and flood control	2898	3200	3101	2335	2787
Transport	850	924	1006	838	1086
Total	5331	5516	7685	6676	6006

1.7.1 Financial assistance to Local bodies and other institutions

(a) Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from 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 Government. The quantum of assistance provided to different Bodies etc., during the period of five years ending 2002-2003 was as follows:

Table 14

(Rupees in crore)

Sr. No	Bodies/authorities, etc.	1998-99	1999-2000	2000-2001	2001-2002	2002-03
1.	Universities and Educational Institutions	*N.A.	1066.00	*N.A.	100.63	95.45
2.	Municipal Corporations and Municipalities	152.89	311.22	331.72	208.89	222.71
3.	Zilla Parishads and Panchayati Raj Institutions	343.28	694.21	288.83	1470.91	1637.43
4.	Other Institutions (including statutory bodies)	332.62	491.87	213.32	1191.95	1011.97
	Total	828.79	2563.30	833.87	2972.38	2967.56
	Percentage increase (+) / decrease (-) over previous year	(-)/70	209	(-)/67	256	negligible
	Assistance as a percentage of revenue receipts	7	18	5	19	17

* N.A.: information not furnished by the concerned department

(b) Delay in submission of accounts by Autonomous Bodies

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of September 2003 is given in **Appendix VI**.

1.7.2 Misappropriations, defalcations, etc.

The State Government reported that 175 cases involving Rs 3.05 crore on account of misappropriations, defalcations etc. of Government money, pertaining to the period from 1952-53 to the end of March 2003 was pending at the end of September 2003. The department-wise/year-wise and category-wise break-up of pending cases is given in **Appendix-VII and VIII** respectively.

1.7.3 Write off of losses, etc.

During 2002-2003, Rs.5.62 lakh representing losses due to theft, fire and irrecoverable revenue etc. were written off in 14 cases by competent authorities as reported to audit. The relevant details were as under:

Table 15

Sr. No.	Department	Number of cases	Amount (Rs. in lakh)
1.	Agriculture & Co-operation	1	0.07
2.	Information & Publicity	3	0.36
3.	Labour & Employment	3	0.43
4.	Industries, Mines & Power	1	0.07
5.	Home	3	4.06
6.	Food & Civil Supplies	2	0.58
7.	Revenue	1	0.05
	TOTAL	14	5.62

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-I presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. 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 Accounts and Reserve Funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The liabilities of Government of Gujarat depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comforts issued by the State Government. Appendix - IV depicts the Time Series Data on State Government Finances for the period 1998-2003.

1.8.1 Financial results of irrigation works

The financial results of one major and four medium irrigation projects[®] with capital expenditure of Rs.228.57 crore showed that revenue realized during 2002-2003 (Rs.63.98 crore) was only 27.99 *per cent* of the capital expenditure. After meeting the working and maintenance expenditure (Rs.15.13 crore) and interest charges (Rs.33.94 crore), the net profit was Rs.14.91 crore.

As per information received from the State Government, as of 31 March 2003, there were 70 incomplete projects in which Rs.315 crore were blocked.

1.8.2 Investments and returns

As on 31 March 2003, Government had invested Rs 5014 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was not only meagre (less than one *per cent*) and it was also on a continuous decline till 2001-02 as indicated in Table 16 below.

Table 16: Return on Investment

Year	Investment at the end of the year [*]	Return [*]	Percentage of Return	(Rupees in crore)
				Average Rate of Interest paid by the State
1998-1999	3662	22.37	0.61	12.33
1999-2000	3772	27.03	0.72	12.20
2000-2001	4707	26.07	0.55	12.05
2001-2002	4978	27.52	0.55	9.34
2002-2003	5014	42.02	0.84	7.57

Of these, 4 Statutory Corporations and 28 Government Companies with an aggregate investment of Rs.1007 crore upto 2002-2003 were incurring losses

[®] The details of other irrigation projects could not be compiled for want of proforma accounts from the State Government.

^{*} Figures adopted from Finance Accounts.

and their accumulated losses amounted to Rs.9197 crore as per the accounts furnished by these companies (Appendix-IX).

1.8.3 Loans and Advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs.2942 crore as on 31 March 2003 (Table 17). Overall, interest received against these advances declined to 2.87 per cent during 2002-2003. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 17: Average Interest Received on Loans Advanced by the State Government

	(Rupees in crore)				
	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening Balance	5107.00	5574.00	6054.00	4744.00	2767.00
Amount advanced during the year	733.00	626.00	917.00	229.00	346.00
Amount repaid during the year	266.00	146.00	2227.00	2206.00	171.00
Closing Balance	5574.00	6054.00	4744.00	2767.00	2942.00
Net addition	467.00	480.00	-1310.00	-1977.00	175.00
Interest Received	368.00	347.00	371.00	67.00	82.00
Interest received as percent to Loans advanced	6.89	5.97	6.87	1.78	2.87
Average rate of interest paid by the State	12.33	12.20	12.05	9.34	7.57
Difference between interest paid and received	-5.44	-6.23	-5.18	-7.56	-4.70

1.8.4 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Gujarat had the WMA limit of Rs 445 crore from April 1 2002 and Rs 485 crore from March 3 2003. During the year, the State has used this mechanism for 219 days as against 307 days last year although it raised borrowings of Rs 2537 crore from the market on eight occasions. Resort to Overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the OD facilities for 47 days on 13 occasions during the year as against for 72 days on 11 occasions last year.

Table 18: Ways and Means and Overdrafts of the State and Interest paid thereon

	(Rupees in crore)					
	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Ways and Means Advances						
Taken in the Year	84.25	1311.69	1371.57	7059.00	5092.13	2983.73
Outstanding	Nil	227.05	888.89	452.20	42.44	--
Interest Paid	0.06	1.36	7.32	21.78	12.28	8.56
Overdraft						
Taken in the Year	Nil	20.44	3259.90	10212.54	9624.93	4623.56
Outstanding	Nil	Nil	Nil	145.05	Nil	--
Interest Paid	Nil	0.01	0.82	1.54	3.00	1.07
Number of Days State was in Overdraft	Nil	1	45	72	47	33

1.8.5 Undischarged Liabilities

• Fiscal liabilities – public debt and guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed by the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the over all fiscal liabilities of the State increased from Rs.24757 crore in 1998-1999 to Rs.52572 crore in 2002-2003 at an average growth rate of 21.61 *per cent*. These liabilities as ratio to GSDP increased from 23.50 *per cent* in 1998-1999 to 39.40 *per cent* in 2002-2003 and stood at 2.94 times of its revenue receipts and 3.89 times of its own resources comprising its own tax and non-tax revenue.

Table 19 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 19: Fiscal Imbalances–Basic Parameters

(Rupees in crore and Ratios in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Fiscal Liabilities	24757.000	31561.000	40007.000	45301.000	52572.000	38840.000
Rate of Growth	22.930	27.480	26.760	13.230	16.050	21.610
Ratio of Fiscal Liabilities to						
GSDP	23.500	29.300	36.200	36.300	39.400	33.400
Revenue Receipt	194.300	225.900	254.200	283.400	294.100	244.700
Own Resources	238.500	283.000	322.700	348.300	389.000	307.400
Buoyancy of Fiscal Liabilities to						
GSDP	1.481	12.512	10.173	1.011	2.378	2.996
Revenue Receipt	1.577	2.852	2.115	8.432	1.358	2.279
Own resources	1.287	3.706	2.399	2.680	4.110	2.045

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1998-2002) have undergone change from last Audit Report)

On average for each one *per cent* increase in GSDP, the direct fiscal liabilities of the State have gone up by 2.045 *per cent*.

• Guarantees

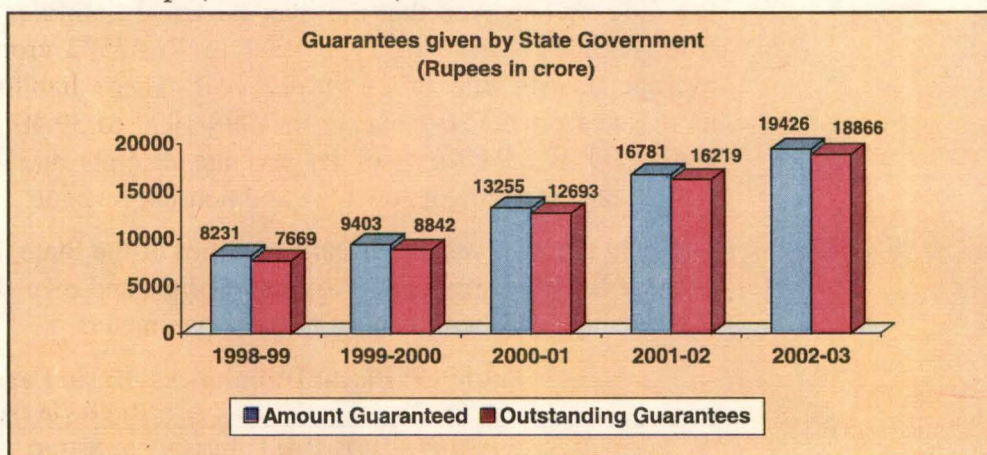
In addition to the above liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-2003 stood at Rs 18,866 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there exist an obligation on the State to honour these commitments. The State has been resorting to guarantees for raising the resources in a big way during last five years. The year-wise position of maximum amount for which guarantee given by the State Government to the end of March 2003 was as under:

Table-20: Guarantees given by the Government of Gujarat

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding ^A amount of guarantees	Percentage to total revenue
1998-1999	8231	7669	65
1999-2000	9403	8842	67
2000-2001	13255	12693	84
2001-2002	16781	16219	105
2002-2003	19426	18866	109

The outstanding guarantees (Rs.18866 crore) amounted to 109 per cent of the revenue receipt (Rs.17875crore) of the State Government.



Out of the total outstanding guarantee of Rs.18866 crore almost 70 per cent was towards Sardar Sarovar Narmada Nigam Limited(SSNNL) and Gujarat Electricity Board(GEB). SSNNL was formed in March 1988 with the objective to construct a dam over river Narmada in the State for irrigation and generating hydel power. The share capital of the company of Rs.8970 crore (as on 31 March 2003) was fully subscribed by the Government of Gujarat. Out of which investment of Rs.928 crore was made during the year.

The Government further extended guarantees to them for the loans/bonds amounting to Rs.950 crore raised during 2002-03. The total guarantees given by the Government to SSNNL were Rs.6210 crore, but the total loans availed by the Nigam totalled Rs.8644 crore which included secured loan of Rs.5774[▼] crore in form of deep discount bond/non-convertible bonds and unsecured loan of Rs.2870 crore. Therefore Government's liability remains extended on the differential amount of Rs.2434 crore too. The maximum outstanding guarantees as on March 2003 were Rs.18866 crore and with this additional sum of Rs.2434 crore the amount crossed the limit of Rs.20000 crore laid down under Article 293 passed by the State Legislature within which Government may give guarantees on the security of the Consolidated Fund of the State.

Despite infusing funds of this magnitude the project remained non-remunerative even after fourteen years of its inception. The entire expenditure on the project was being capitalised since its inception leading to huge excess capitalization. During the year, against the total receipt of Rs.14 crore, the interest expenses itself was of Rs.714 crore. Thus the entire borrowing of SSNNL along with interest was likely to be met from Government funding.

^A As per Finance Accounts of respective years

[▼] out of which 50 per cent of loan amount carried interest rate of above 12 per cent

Currently, the fiscal liabilities including the contingent liabilities exceed four times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP.

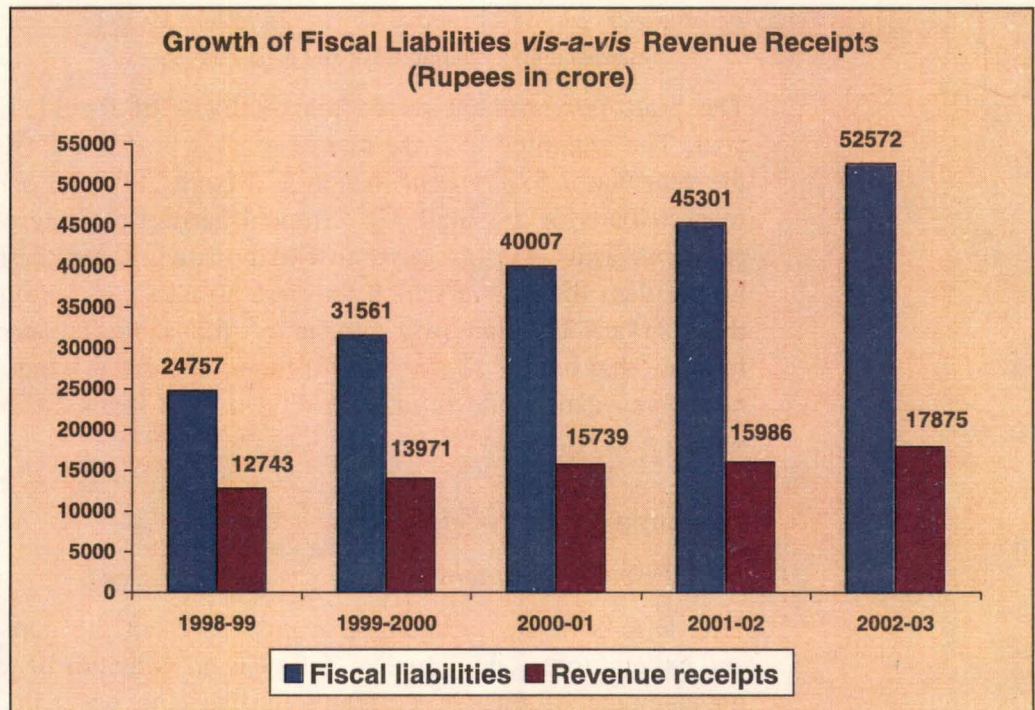
Increasing liabilities had raised the issue of sustainability of State Government's finances. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 21.

Table 21: Debt Sustainability—Interest Rate and GSDP Growth (in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Weighted Interest Rate	10.08	9.97	8.75	9.86	10.11	9.75
GSDP Growth	15.48	2.20	2.63	13.09	6.75	7.21
Interest spread	5.40	-7.78	-6.12	3.23	-3.36	-2.54

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1998-2002) have undergone change from last Audit Report)



Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 22 below gives the position of the receipts and repayments of internal debt over the last 5 years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 17 per cent to 7 per cent during 1998 to 2003.

Table 22: Net Availability of Borrowed Funds

(Rupees in crore)						
	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Internal Debt *						
Receipt	807	2126	11753	23198	23082	12193
Repayment(Principal + Interest)	511	1636	4641	19278	17611	8735
Loans and Advances from GOI						
Receipt	2842	3581	-98	2231	1318	1975
Repayment(Principal + Interest)	1940	2397	3060	2834	4780	3002
Other Liabilities						
Receipt	10620	12704	15259	10759	10898	12048
Repayment(Principal + Interest)	9454	10374	13898	12989	10470	11437
Total Liabilities						
Receipt	14269	18411	26914	36188	35298	26216
Repayment(Principal + Interest)	11905	14407	21599	35101	32861	23174
Net Fund Available	2364	4004	5315	1087	2437	3042
Net Fund Available (<i>per cent</i>)	16.57	21.75	19.75	3.00	6.90	11.60

* Internal debt including ways and means advances

The State Government raised market loans of Rs 2537.46 crore during the year. The weighted average rate of market borrowing (Rs.2537 crore) during the year was 7.57 per cent. As on 31 March 2003, 53 per cent of the existing market loans of the State Government carried the interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that barely 18 per cent of the total market loans are repayable within next five years while remaining 82 per cent loans are required to be repaid within 5 to 10 years.

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 are applied are important pointers to the fiscal health.

During the year, all deficit indicators have improved. The revenue deficit has shown drastic improvements from Rs 6732 crore in 2001-02 to Rs 3565 crore in 2002-03 primarily due to un-surrendered savings of Rs3860.85 crore. The fiscal deficit has also reduced from Rs 6511 crore in 2001-02 to Rs 6081 crore in 2002-03. A large portion of un-surrendered saving was due to non-release of Rs.2084 crore to GEB as envisaged in the Budgetary estimates (original as well as supplementary). The Government has however released Rs.3044[▼] crore to the GEB during 2003-04 (December 2003).

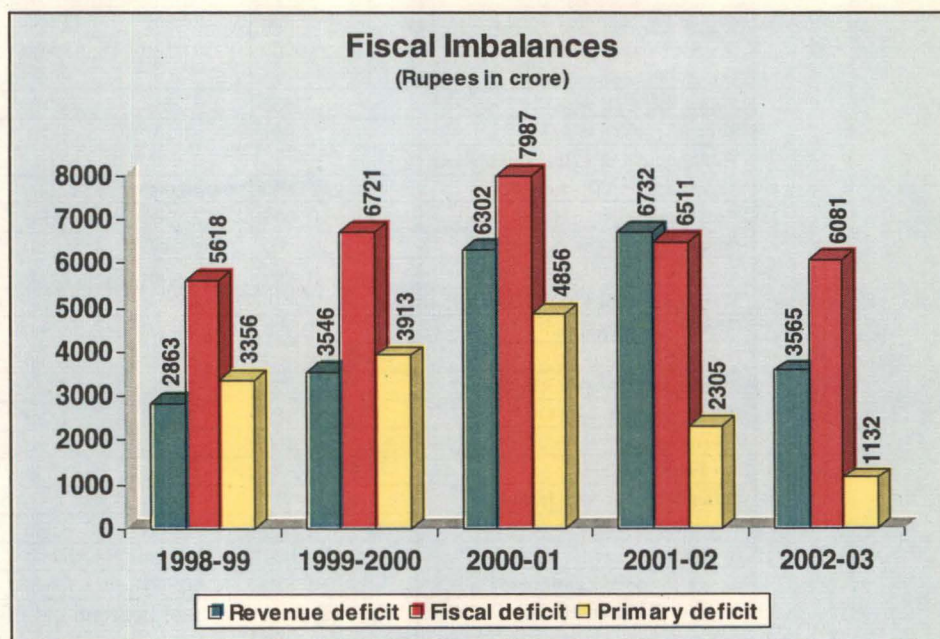
▼ Includes Subsidy Rs.1380 crore and Loans and Advances Rs.1664 crore

Table 23: Fiscal Imbalances – Basic Parameters

(Value: Rupees in crore and Ratios in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue deficit	2863	3546	6302	6732	3565	4602
Fiscal deficit	5618	6721	7987	6511	6081	6584
Primary Deficit	3356	3913	4856	2305	1132	3112
RD/GSDP	2.72	3.29	5.71	5.39	2.67	3.96
FD/GSDP	5.33	6.25	7.23	5.21	4.56	5.66
PD/GSDP	3.19	3.64	4.40	1.85	0.85	2.68
RD/FD	50.96	52.76	78.90	103.39	58.63	69.89

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1998-2002) have undergone change from the Audit Report for 2001-02)



As proportion to GSDP also, revenue deficit had decreased to 2.67 per cent in 2002-2003 and fiscal deficit to 4.56 per cent.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 24 below presents a summarised position of Government finances over a period 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and captures its important facets.

The ratio of revenue receipt and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipt indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource

mobilisation. The ratio of revenue expenditure to total expenditure has shown continuous increase till 2001-02 with a nominal decrease in 2002-03 (88.86 per cent). The capital expenditure as well as development expenditure in terms of percentage of total expenditure had declined. All these indicate State's dependency on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 24: Indicators of Fiscal Health (in per cent)

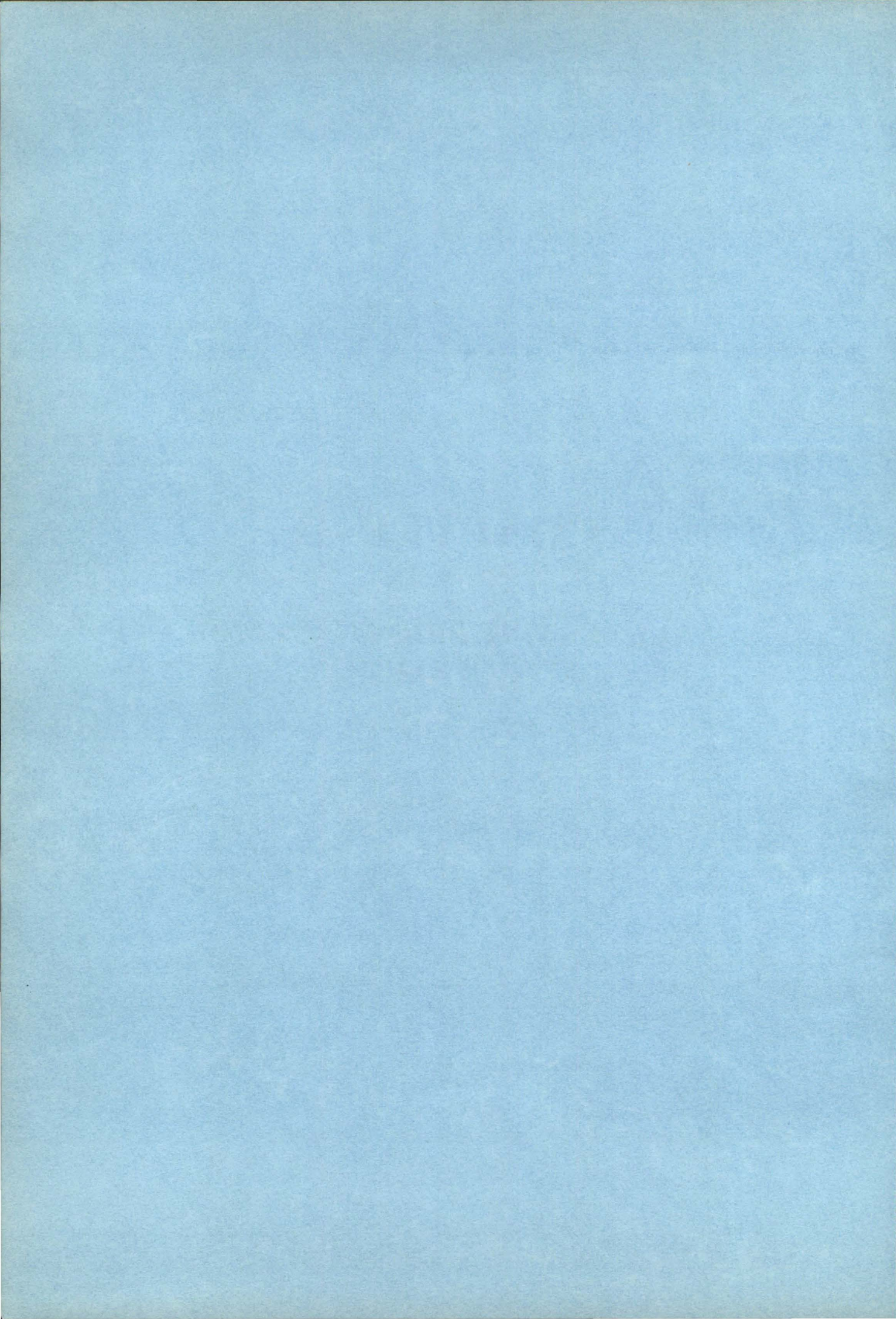
Fiscal ratio	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Resource Mobilisation						
Revenue Receipt/GSDP	12.100	12.980	14.250	12.800	13.410	13.120
Revenue Buoyancy	0.939	4.387	4.811	0.120	1.751	1.314
Own tax/GSDP	7.230	7.580	8.190	7.400	7.140	7.510
Expenditure Management						
Total Expenditure/GSDP	17.690	19.360	23.500	19.780	18.100	19.640
Revenue Receipts / Total Expenditure	68.410	67.050	60.640	64.710	74.090	67.070
Revenue Expenditure/ Total Expenditure	83.780	84.060	84.930	91.960	88.860	86.930
Capital Expenditure / Total Expenditure	12.790	13.330	11.960	7.180	9.840	10.840
Development Expenditure/ Total Expenditure (RE + CE)	72.900	71.140	75.100	70.380	64.490	70.730
Buoyancy of TE with RR	2.002	1.231	1.940	-3.067	-0.198	1.155
Buoyancy of RE with RR	1.961	1.271	2.041	1.957	-0.476	1.344
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	2863.000	3546.000	6302.000	6732.000	3565.000	4602.000
Fiscal deficit (Rs in crore)	5618.000	6721.000	7987.000	6511.000	6081.000	6584.000
Primary Deficit (Rs in crore)	3356.000	3913.000	4856.000	2305.000	1132.000	3112.000
Revenue Deficit/Fiscal Deficit	50.960	52.760	78.900	103.390	58.630	69.890
Management of Fiscal Liabilities (FL)						
Fiscal Liabilities/GSDP	23.500	29.300	36.200	36.300	39.400	33.400
Fiscal Liabilities/RR	194.300	225.900	254.200	283.400	294.100	244.700
Buoyancy of FL with RR	1.577	2.852	2.115	8.432	1.358	2.278
Buoyancy of FL with OR	1.287	3.706	2.399	2.680	4.110	2.045
Interest spread	5.400	-7.780	-6.120	3.230	-3.360	-2.540
Net Fund Available	16.570	21.750	19.750	3.000	6.900	11.600
Other Fiscal Health Indicators						
Return on Investment	0.610	0.720	0.550	0.550	0.840	0.560
BCR (Rs in crore)	-1221.000	-1759.000	-4246.000	-6048.000	-2370.000	-3129.000
Financial Assets/Liabilities	0.830	0.760	0.650	0.560	0.550	0.670

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1998-2002) have undergone change from last Audit Report)

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large revenue and fiscal deficits year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt with regard to its revenue receipts indicate its increasing unsustainability. The State's continuous declining low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. Investments in loss making companies are not sustainable. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without an asset back-up. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance of current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION



CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and 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 is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-2003 against Grants/Appropriation was as follows:

(Rupees in crore)						
	Nature of expenditure	Original Grants/ Appropriation	Supplementary Grants/ Appropriation	Total	Actual expenditure	Saving
Voted	I. Revenue	19,604.22	902.91	20,507.13	16,866.48	3,640.65
	II. Capital	3,889.65	286.30	4,175.95	2,587.17	1,588.78
	III. Loans & Advances	521.92	1,423.59	1,945.51	345.66	1,599.85
Total Voted		24,015.79	2,612.80	26,628.59	19,799.31	6,829.28
Charged	IV. Revenue	4,944.67	272.01	5,216.68	4,996.48	220.20
	V. Capital	0.01	2.43	2.44	2.20	0.24
	VI. Public Debt	1,483.01	19,581.94	21,064.95	18,065.42	2,999.53
	VII. Inter State Settlement	0.01	NIL	0.01	NIL	0.01
Total Charged		6,427.70	19,856.38	26,284.08	23,064.10	3,219.98
Grand Total		30,443.49	22,469.18	52,912.67	42,863.41	10,049.26

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 422.83 crore and capital expenditure Rs 248.07 crore.

The overall savings of Rs.10049.26 crore as mentioned above was the net result of savings of Rs.10163.44 crore in 160 cases of grants and appropriations offset by excess of Rs.114.18 crore in 17 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations; explanations were not received.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

(i) Analysis of savings with reference to allocative priorities brought out the following:

Grant No. 19 – Repayment of Debt pertaining to Finance Department and its servicing

(Rupees in crore)

Capital (Charged)		Total grant	Actual Expenditure	Saving
Original:	1482.99			
Supplementary:	19581.94	21064.93	18065.42	2999.51

Saving occurred mainly under 6003-Internal Debt of the State Government – Ways and Means Advances from the Reserve Bank of India – Repayment of Ways and Means Advances (Rs.4728.13 crore) in the Non-Plan side.

Grant No. 34 – Other Expenditure pertaining to General Administration Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1894.50			
Supplementary:	22.50	1917.00	286.27	1630.73

Saving occurred mainly under 2245-Relief on account of Natural Calamities - General Management of Natural Disasters, Contingency Plans in disaster prone areas – Assistance to Disaster Management Authority (Rs.1610 crore) due to slow progress of works and non-finalisation of Town Planning Scheme (Rs.942.03 crore), in the Non-Plan side. Reasons for final saving were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	1325.13			
Supplementary:	-	1325.13	547.68	777.45

Saving occurred mainly under 4250-Capital Outlay on Other Social Services – Natural Calamities – Assistance to Disaster Management Authority (Rs.776.06 crore) in the Plan side due to non – commencement of works by the concerned departments as planned. Reasons for final saving were not intimated.

Grant No. 12 – Energy Projects

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	2149.31			
Supplementary:	571.93	2721.24	2176.24	545.00

Saving occurred mainly under 2801 – Power – General – Other Expenditure – Subsidy to Gujarat Electricity Board for compensation in Gujarat Electricity Regulatory Commission Agricultural Tariff (Rs.479.22 crore) in the Non-Plan side. Reasons for the saving were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	333.36			
Supplementary:	1411.49	1744.85	206.07	1538.78

Savings occurred mainly under 6801 – Loans for Power Projects – Other Loans to Electricity Boards – Loan to Gujarat Electricity Board for Central Public Sector Undertakings Bonds as one time Settlement of GEB's dues (Rs.1411.49 crore) and Thermal Power Generation – Loans to Gujarat Electricity Board for Gujarat Power Sector Development Programme (Rs.165 crore) due to non release of second tranche of loan by Asian Development Bank (Rs.113.74 crore), in the Non-Plan side. Reasons for final savings were not intimated.

Grant No. 65 – Narmada Development Scheme

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	720.26			
Supplementary:	273.00	993.26	687.25	306.01

Savings occurred mainly under 4801- Capital Outlay on Power Project – Hydel Generation – Investments in Public Sector and Other Undertakings – Share Capital Contribution to Sardar Sarovar Narmada Nigam Ltd. (Rs.142.50 crore) due to non-receipt of the Share from the beneficiary States, 4701 – Capital Outlay on Major and Medium Irrigation – General – Investments in Public Sector and Other Undertakings – Share Capital Contribution to Sardar Sarovar Narmada Nigam Ltd, Other Government (Rs.118.12 crore) for which reasons were not intimated and 4701 – Share Capital Contribution to Sardar Sarovar Narmada Nigam Ltd.(Rs.47.54 crore) due to non receipt of the share from the beneficiary States, in the Plan side.

Grant No.49 -Industries

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	481.42			
Supplementary:	--	481.42	226.37	255.05

Savings occurred mainly under 2852-Industries – General - Other Expenditure – Relief to Small, Medium and Large Sector affected by earthquake (Rs.178.13 crore) in the Non-Plan side due to non-carrying out of rehabilitation work by affected units, Development of Textile Industry (Rs.50.79 crore) due to non-finalisation of New Items, Development of Infrastructure facilities (Rs.32.06 crore) due to non-receipt of administrative approval in the Plan side.

Grant No.2 – Agriculture

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	469.94			
Supplementary:	--	469.94	292.21	177.73

Savings occurred mainly under 2401-Crop Husbandry – Crop Insurance – Implementation of National Agricultural Insurance Scheme (Rs.119.74 crore), Agricultural Farms – Integrated Farming under Agro Vision (Rs. 22.79 crore), in the Plan side and Other Expenditure – Assistance to the earthquake affected farmers (Rs.20 crore) in the Non-Plan side due to less assessment of damage of irrigation equipments. Reasons for final saving were not intimated.

Grant No. 94 – Tribal Area Sub-Plan

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	884.08			
Supplementary:	--	884.08	625.84	258.24

Savings occurred mainly under 2702-Minor Irrigation – General - Tribal Area Sub-Plan-Special Provision for Minor Irrigation under Tribal Sub-Plan (Rs.32.39 crore), 2801-Power – Rural Electrification – Tribal Area Sub-Plan – Subsidy to Gujarat Electricity Board for electrification of wells and pumps (Rs.19.62 crore), 2216 – Housing – Rural Housing – Tribal Area Sub-Plan – Rural Housing Construction under Poverty Alleviation Programme – Sardar Patel Awas Yojana (Rs.18.18 crore) and 2215 – Water Supply and Sanitation – Sewerage and Sanitation – Tribal Area Sub-Plan – Special Provision for Water Supply and Sanitation under Tribal Sub-Plan (Rs.12.17 crore), in the Plan side. Reasons for the final savings were not intimated.

(ii) In 100 cases, savings exceeding Rs.5 crore in each case and also by more than 10 per cent of total provision amounted to Rs.6747.29 crore as indicated in **Appendix X**. In 14[^] of these, the entire provision totaling Rs.1901.80 crore was not utilised.

(iii) Of the excess of Rs 114.18 crore under 17 cases of grants and appropriations requiring regularisation by the Legislature, the excess under Grant No.73 – Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department and Grant No.86 – Roads and Bridges amounted to Rs.80.07 crore.

(iv) Out of 24 cases, in three cases entire saving of above Rs. One crore remained un-surrendered amounting to Rs.182.45 crore (**Appendix XI**), whereas in 21 cases even after partial surrender, savings of Rupees above one crore amounting to Rs.2916.32 crore (**Appendix XII**) remained un-surrendered.

2.3.2 Persistent savings

In 5 cases, involving 2 grants, there were persistent savings of more than Rs. 100 crore in each case and 20 per cent or more of provision. Details are given below:

[^] 3,6,8 to 11,33,34,43,57,73,94,96 and 98

Statement of various Grants/Appropriations indicating Major Head-wise/Scheme wise cases of persistent saving in excess of Rupees 100 crore each and 20 per cent or more of the provisions

(Rupees in Crore)

Grant number & Major Head	Sub-Head	2000-2001	2001-2002	2002-2003
		Saving (Percentage of provision)	Saving (Percentage of provision)	Saving (Percentage of provision)
	Revenue (Voted)			
18 MH 2075	Miscellaneous General Services Liability on account of increase in rates of Dearness Allowance	120.00 (100)	120.00 (100)	60.00 (100)
18- MH 2075	Miscellaneous General Services Liability on account of payment of arrears arising from implementation of the Recommendations of New Pay Commission	130.00 (100)	100.00 (100)	100.00 (100)
	Capital (Voted)			
65- Narmada Develop-ment Scheme MH 4701	Capital Outlay on Major and Medium Irrigation Share Capital contribution to Sardar Sarovar Narmada Nigam Limited, other Government (Plan)	147.81 (53.84)	123.03 (54.19)	118.12 (51.47)
65- Narmada Development Scheme MH 4701	Capital Outlay on Major and Medium Irrigation Share Capital contribution to Sardar Sarovar Narmada Nigam Limited(Plan)	56.96 (27.90)	122.46 (100)	47.54 (82.14)
65- Narmada Development Scheme MH 4801	Capital Outlay on Power Projects. Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited(Plan)	398.72 (96.37)	214.67 (100)	142.50 (94.40)
	Total	853.49	680.16	468.16

2.3.3 Excess requiring regularisation

• Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.8076.53 crore for the years 1993-94 to 2001-02 had not been regularised so far (January 2004). This was breach of Legislative control over appropriations.

(Rupees in crore)				
Year	No. of Grants/ Appropriation	Grants/Appropriation No(s)	Amount of excess	Whether reasons submitted to PAC
1993-94	27	4,6,9,13,18,20,31,32,39,43,44,45,47,52,61,65,66,71,80,81,82,84,85,86,97,98,100	574.79	Submitted
1994-95	38	4,6,10,13,15,19,21,24,26,30,39,42,43,45,46,49,50,52,53,57,61,63,65,67,68,73,77,78,79,82,83,84,86,87,92,94,95,98	372.75	Submitted
1995-96	45	1,3,4,5,8,9,10,12,20,22,24,37,38,40,42,43,44,47,48,49,55,56,58,59,60,61,64,66,67,72,73,78,80,81,83,84,85,86,87,88,89,90,91,101,102	564.16	Submitted
1996-97	40	4,5,6,8,10,14,17,19,23,25,29,38,42,43,44,46,48,55,56,59,60,64,66,68,72,74,79,81,83,84,85,86,87,89,90,92,94,95,100,102	534.27	Not Submitted (127.24)
1997-98	38	4,5,7,8,9,10,15,17,22,23,24,25,28,29,34,37,40,47,52,55,59,60,64,66,68,69,72,76,82,83,84,85,86,87,88,91,98,102	733.90	Not Submitted (731.27)
1998-99	21	7,8,10,12,19,24,25,35,44,47,51,55,66,73,74,80,82,83,84,86,88	981.27	Not Submitted
1999-2000	31	4,7,8,9,10,17,18,19,22,23,42,51,55,56,60,66,67,68,74,77,78,79,80,81,82,84,86,87,88,90,94	1295.41	Not Submitted
2000-2001	21	6,7,8,9,12,21,23,25,35,38,42,46,66,67,74,77,80,81,86,88,94	379.62	Not Submitted
2001-2002	13	7,8,12,19,34,36,61,66,73,75,82,86,102	2640.36	Not Submitted
Total	274		8076.53	

• *Excess over provisions during 2002-03 requiring regularisation*

The excess of Rs.114.18 crore under 17 cases of grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given in **Appendix XIII**.

Reasons for the excesses had not been furnished by the Government as of August 2003.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs.22469.18 crore) made during this year constituted 74 per cent of the original provision (Rs.30443.49 crore) as against 35 per cent in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.1727.19 crore made in 16 cases during the year proved unnecessary in view of aggregate saving of Rs.3608.11 crore as detailed in **Appendix XIV**.

In 17 cases, against additional requirement of only Rs.16845.37 crore, supplementary grants and appropriations of Rs.20657.04 crore were obtained, resulting in savings aggregating Rs.3811.67 crore. Details of these cases are given in **Appendix XV**.

In 8 cases supplementary provision of Rs.76.18 crore proved insufficient leaving an uncovered excess expenditure of Rs.68.34 crore. Details of these cases are given in **Appendix XVI**.

2.3.6 Persistent excesses

Significant excesses were persistent in 2 cases involving two grant as detailed below. Persistent excess requires investigation by the Government.

Statement showing Head and Sub-Head- wise cases of significant and persistent excess over Grants/Appropriations

(Rupees in crore)

Grant Number & Major Head	Sub-Head	Year								
		2000-2001			2001-2002			2002-2003		
		Provi- sion	Expen- diture	Excess (Percen- tage)	Provi- sion	Expen- diture	Excess (Percen- tage)	Provi- sion	Expen- -diture	Excess (Percen- -tage)
Revenue (Voted)										
18- Other expenditure pertaining to Finance Department 2075	Miscellaneous General Services. (797)(01)(1) Gujarat State Guarantee Redemption Fund	45.00	141.16	96.16 (213.69)	85.00	123.59	38.59 (45.40)	110.00	206.80	96.80 (88)
79-Relief on account of Natural Calamities 2245	-Relief on account of Natural Calamities. (01) (800) (13) (13) Employment Generation in only to meet additional requirements after taking into account of funds available under Plan Scheme viz., JRY, IJRY and EAS etc.	186.26	254.84	68.58 (36.82)	244.10	334.62	90.52 (37.08)	39.00	81.85	42.85 (109.87)
	Total	231.26	396.00	164.74	329.10	458.21	129.11	149.00	288.65	139.65

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. Cases where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in **Appendix XVII and XVIII** respectively.

2.3.8 Delayed surrender

Besides, in 97 cases, Rs.9163.24 crore were surrendered in March 2003 indicating inadequate financial control over expenditure. Details are given in **Appendix XIX**.

2.4 Unreconciled Expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts & Entitlements) every month. The reconciliation had, however, remained in arrears in several departments. 18 Controlling Officers did not reconcile their figures and the amounts involved was Rs.208.13 crore as of December 2003.

2.5 Defective Re-appropriation

During 2002-2003, 115 re-appropriation orders of Rs.988.65 crore were issued. Of which, 90 orders aggregating Rs.887.22 crore were issued on 31st March 2003 the last day of the financial year.

2.6 Rush of Expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of

expenditure (Revenue and Capital) for the 4 quarters and also for the month of March 2003 is depicted in **Appendix XX** which shows that the expenditure incurred in March 2003 in 24 cases ranged between 31 and 100 *per cent* of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

2.7 Budgetary Control

In 72 cases, expenditure aggregating Rs.2599.09 crore exceeded the approved provisions by Rs. one crore or more in each case and also by more than 10 *per cent* of the total provisions. Details are given in **Appendix XXI**.

As envisaged in Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs.24.12 crore (Voted) and Rs.0.10 crore (Charged) was incurred in 14 and 1 cases respectively as detailed in **Appendix XXII** without any provision in original estimates/supplementary demand and without any re-appropriation orders to this effect.

2.8 Personal Ledger Accounts/Personal Deposit Accounts

Bombay Treasury Rules(BTR) as adopted by Government of Gujarat provide that moneys tendered by the Government officers acting in their official or other capacity and funds of non-government, quasi-public institutions may not be accepted as Personal Deposit at a treasury without permission of competent authority for opening of a banking account with that treasury. PLAs opened by debit to the Consolidated Fund were to be closed at the end of financial year. Withdrawal of funds from treasuries to avoid lapse of budget and keeping them in Bank/Personal Ledger Account is prohibited. As of March 2003, Rs.2794.40 crore were lying in PLAs under Major Heads 8443-Civil Deposit (Rs.169.05 crore), 8448-Deposits of Local Funds (Rs.1184.25 crore) and 8449-Other Deposits (Rs.1441.10 crore).

Six Drawing and Disbursing Officers (DDOs) drew Rs.23.73* crore between March 1999 and March 2002 from Consolidated Fund and deposited into the PLAs. Out of this Rs.16.59 crore was lying unutilised (May 2003).

2.9 Audit of Abstract and Detailed Contingent Bills

As per provision of BTR, amount on abstract bill is required to be drawn for incurring inevitable contingent expenditure except contingent charges requiring countersignature before payment.

As per codal provisions and instructions issued by the State Government, DC Bills should be sent to Accountant General(Accounts and Entitlement) Gujarat, Rajkot by drawing and disbursing officers within three months from the date of drawal of AC Bill.

The amount drawn on AC Bill should be utilised by the drawing and disbursing officer for the purpose of drawal only. Test check of abstract contingent (AC) Bills and detailed contingent (DC) Bills in Departments revealed the following:

-
- * (i) District Planning Officer, Ahmedabad;Rs.4.75 crore (unutilised amount Rs.4.75 crore)
 - (ii) Director of Municipalities, Gandhinagar Rs.6.51 crore (unutilised amount Rs.6.51 crore)
 - (iii) Principal, Government Girls Polytechnic, Ahmedabad Rs.0.17 crore (unutilised amount Rs.0.17 crore)
 - (iv) Director of Social Defence, Ahmedabad Rs.3.54 crore (unutilised amount Rs.3.39 crore)
 - (v) District Primary Education Officer, District Panchayat, Rajkot Rs.4.06 crore (unutilised amount Rs.0.91 crore)
 - (vi) District Primary Education Officer, District Panchayat, Kheda Rs.4.70 crore (unutilised amount Rs.0.86 crore)

• *Delay in submission of DC Bills*

Rupees 27.86 crore were drawn on 110 AC bills between March 2001 and March 2003 as shown in **Appendix XXIII**. Delay in submission of DC bills ranged between 1 to 13 months.

• *Diversion of Funds*

Four drawing and disbursing officers drew Rs.4.47[♥] crore on AC bills between March 2001 and March 2003 for purchase of ration items and providing relief/assistance to people affected by earthquake and riots. Out of this, Rs.1.47 crore was utilised for other purpose such as office expenses etc.

• *Excess drawal/unutilised*

Five^{*} DDOs drew Rs.1.34 crore between 1998-99 and 2002-03. The unutilised balance of Rs.0.30 crore was credited back after delay of one to nineteen months and in one case Rs.0.06 crore was not credited back to Government account (November 2003).

• *Irregular Drawal of fund*

According to BTR 279, the Contingencies mean all incidental and other expenses incurred for the management of an office or for the technical working of a department and not for Capital expenditure.

It was noticed that Superintending Engineer, National Highway, Vadodara had drawn Rs.1.00 crore on Abstract Contingent Bill in December 2000, for "Deposit Work" of construction of Road Transport Office Check Post. The above expenditure was classified under Capital Head of RTO i.e. for creation of Capital assets. Therefore, the money drawn on Abstract Contingent Bill was irregular.

• *Irregular payment*

As per the conditions of Revenue Department order No.RHL/232002/513/(3)S-4 dated 6.3.2002, payments to relief camps should be made only if they are registered or specifically permitted by Collector. If not, the beneficiary camps should get registered subsequently.

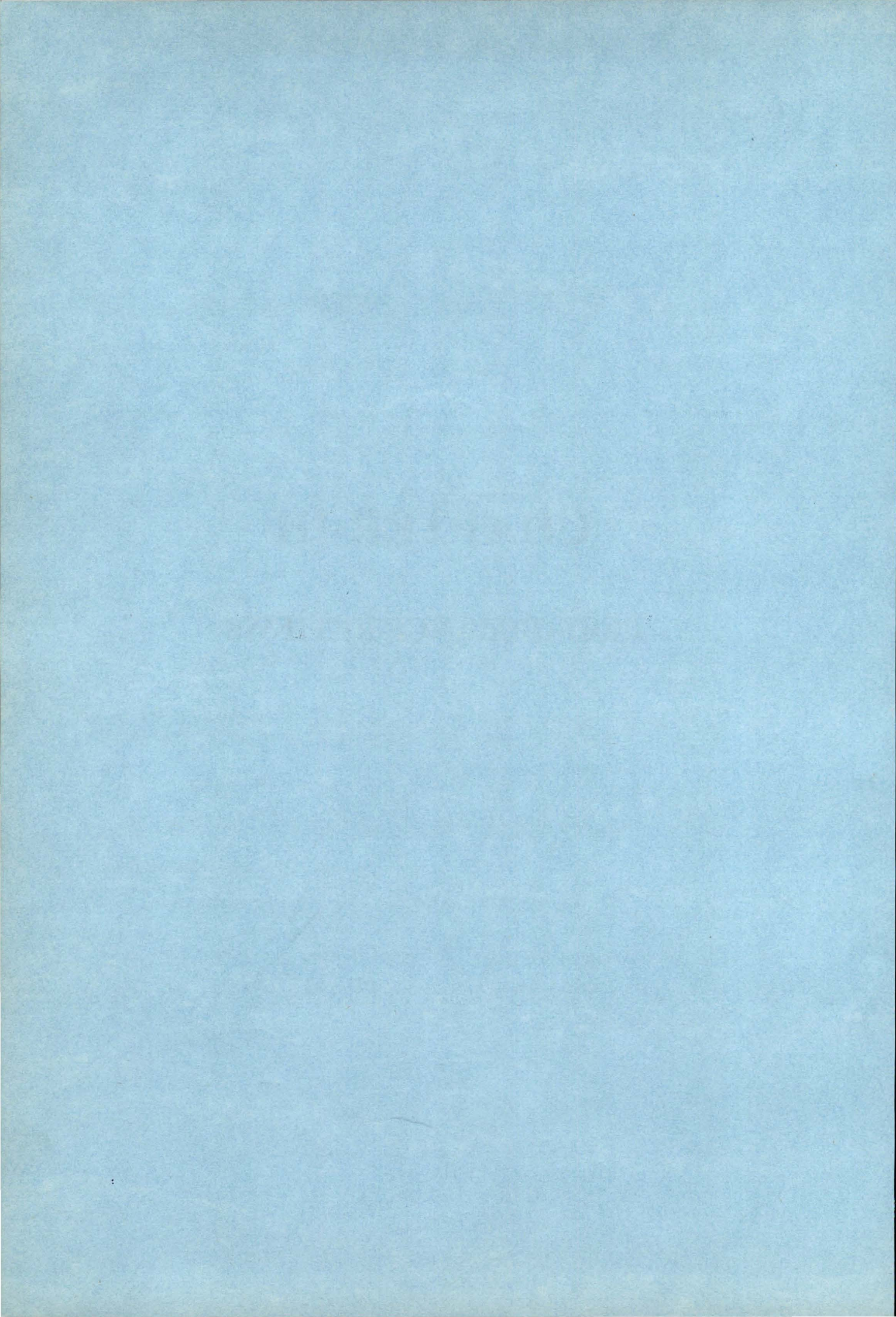
The Additional Chitnis to Collector, Ahmedabad had drawn funds through AC bills during April 2002 to October 2002 for payment of relief to Camps/Trusts providing help to people affected in riots. On scrutiny of DC bill, it was noticed that an amount of Rs.1.64 crore was paid to 20 beneficiary camps (**Appendix XXIV**) but there was no registration certificate found attached nor indicated in their stamped receipts resulting in irregular payment.

[♥] (i) Superintendent, Central Prison, Ahmedabad Rs.2.23 crore in 2002-03
(ii) Mamlatdar (City), Ahmedabad Rs.0.75 crore in 9/2002
(iii) Superintendent, District Jail, Rajkot Rs.0.51 crore in 2002-2003.
(iv) Mamlatdar, Disaster Management Cell, Rajkot Rs.0.98 crore in 3/2001 and 5/2001

^{*} 1) Dy. Collector, Mid-day meal, Anand Rs.1.06 crore
2) Mamlatdar(City), Surat Rs.0.04 crore
3) Superintendent, District Jail, Rajkot Rs.0.13 crore
4) Additional Chitnis to Collector, Ahmedabad Rs.0.06 crore
5) Mamlatdar (City), Surat Rs.0.05 crore

CHAPTER-III

PERFORMANCE REVIEWS



CHAPTER-III PERFORMANCE REVIEWS

This chapter contains one Performance review and three long paragraphs. The Performance review is on (3.1) Implementation of Drugs and Cosmetics Act and long paragraphs are on (3.2) Accelerated Irrigation Benefit Programme, (3.3) Saurashtra Pipe Line Project (Mahi Based Water Supply Scheme) and (3.4) Computerisation Programme in Motor Vehicle Department.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Implementation of Drugs and Cosmetics Act

The Drugs and Cosmetics Act 1940 (Act) is a Central Act to be implemented by all the States. The Act along with the other associated Acts and the rules made thereunder regulate the import, manufacture, distribution, sale and clinical research of drugs and cosmetics. In Gujarat, huge shortage of Drug Inspectors adversely affected the functioning of the Drugs and Cosmetics Act and the menace of spurious drugs continued to prevail. No follow-up action was taken to withdraw the drugs declared as not of standard quality from the market. The licensing system was ineffective and the DCA did not maintain proper record. Monitoring at State level was poor. Thus the objective of prevention of the menace of spurious drugs to eliminate the danger to human life had not been achieved.

Highlights

Inadequate strength of technical staff weakened the enforcement of the Administration and diluted regulatory functions.

(Paragraph 3.1.3)

There was sharp increase in pendency in the cases of prosecution.

(Paragraph 3.1.4)

Sales of drugs without complying with the conditions of licences were noticed. 105 sales licences were issued to pharmacies without registered pharmacists to supervise sales in contravention of the provisions of the Act.

Shortfall in inspections ranging from 54 to 69 per cent (manufacturing units) and from 63 to 77 per cent (selling units) was noticed.

Two Blood banks with serious deficiencies collected 5948 units of blood.

Real magnitude of spurious/Not of Standard Quality drugs sold in the market could not be assessed due to inadequate sampling.

Under-utilisation of capacity of the laboratory resulted in delay in testing and follow up action. Inordinate delay in **despatch** of the drug samples to the testing laboratory resulted in delayed declaration of NSQ drugs.

Delayed declaration of NSQ drugs resulted in selling of NSQ drugs before they could be withdrawn.

(Paragraph 3.1.5)

Sub-standard drugs worth Rs.68 lakh purchased by CMSO and ESIS were not replaced.

(Paragraph 3.1.7)

3.1.1 Introduction

• Background

At the beginning of the twentieth century, pharmaceuticals were being imported from abroad. After the First World War manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these products were of inferior quality and harmful. Government, therefore, decided to introduce legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of drugs as well as of import and finally the Drugs and Cosmetics Act¹ was enacted on 10 April 1940.

At present, the Acts and Rules, apart from the Drugs and Cosmetics Act, 1940, which govern the manufacture, sale, import, export and clinical research of drugs and cosmetics in India are : The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotics Drugs and Psychotropic Substances Act, 1985; The Medicinal and Toilet Preparations (Excise Duties) Act, 1956; The Drugs (Prices Control) Order 1995 (Under the Essential Commodities Act). However, 'The Drugs and Cosmetics Act, 1940' continues to be the main Act.

• Main features of the Act

To ensure standards of Drugs and Cosmetics, Diagnostics and Devices.

To monitor the quality of drugs and medicines imported, manufactured, distributed and sold.

To take punitive measures for violations of provisions of the Act.

To regulate clinical research and publication of Indian Pharmacopoeia.

¹ Drugs and Cosmetics Act, 1940 was amended in December 1961 to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics.

• Statutory Functions

This is a Central Act and is applicable to all the States. Central Government lays down the regulatory measures and the standards of drugs, cosmetics and diagnostics, and makes amendments to Acts and Rules. It regulates market authorisation of new drugs and standards of imported drugs. It is the Central Licence Approving Authority for Blood Banks, Large Volume Parenterals and Vaccines and Sera. Drugs Technical Advisory Board (DTAB), Drugs Consultative Committee (DCC) and Central Drugs Laboratories are under the control of the Central Government.

The main functions of the State Government are (a) licensing of drug manufacturing and sales units, (b) licensing of drug testing laboratories, (c) approval of drug formulations for manufacture, (d) monitoring of quality of Drugs and Cosmetics manufactured, (e) investigation and prosecution in respect of contravention of legal provisions, (f) regulation of the standards of imported drugs, (g) inspection and (h) recall of sub-standard drugs.

3.1.2 Audit coverage

Records maintained at Commissioner, Food and Drugs Control Administration Office, 8 circle offices[⊕] and a drug laboratory (Vadodara) for the period from 1997-98 to 2002-03 were test checked (December 2002 to March 2003) and important points observed therein are presented in succeeding paragraphs.

3.1.3 Implementing Agencies: Implementation arrangement

• Organisational Set-Up

The Act is implemented by Commissioner, Food and Drugs Control Administration[♥]. 3 Joint Commissioners, 3 Deputy Commissioners at Gandhinagar and 18 Assistant Commissioners at district level (circle offices) assist him with 47 inspectors* (19 Sr. Drug Inspectors (SDIs) and 28 Drug Inspectors (DIs)) under them.

• Staff shortage in key posts

As of March 2003, the shortage against the sanctioned posts in DI/SDI posts was 56 and 49 per cent respectively. Moreover, only 48 (14.37 per cent) DI/SDIs were in position against the required strength of 334 DI/SDIs as per recommendation of the Task Force Committee (TFC) accepted by the Central Government. It was noticed that this shortfall of 286 persons (85.63 per cent) adversely affected the implementation of the various regulatory functions[⌋] as discussed in subsequent paras.

Shortage of staff diluted the regulatory functions

[⊕] Ahmedabad(City), Ahmedabad(Rural), Rajkot, Bhavnagar, Bharuch, Surat, Vadodara and Valsad.

[♥] Administration

* In Gujarat SDIs are entrusted with the work relating to manufacturing units and DIs with the work relating to sales units.

[⌋] Regulatory functions performed by DI/SDIs : Inspection of premises, verification of compliance furnished by the manufacturer/seller, sampling, effective control over production of safe/standard drugs, detection of spurious drugs, prevention of circulation of NSQ/spurious drugs, withdrawal/seizure/destruction of stock of such drugs, launching prosecution

As against the proposal (June 1998) for recruitment of 66 DIs submitted to Government, only 13 persons were recruited as of March 2002. Though six posts of Assistant Commissioners and two DIs were sanctioned (October 2000) in respect of six new revenue districts formed (1998), these posts were not filled up due to the failure of Government to notify the vacancies to the Gujarat Public Service Commission.

The Parliamentary standing committee on HRD has taken a serious note (May 2001) of the vacancies in the posts of DI in states while reviewing the status of the quality of drugs in the country.

• *Improper deployment of technical staff*

It was observed that during 2001-2002, in seven Circles^Π having more than 900 sales units, only one DI was deployed against sanctioned posts ranging from 2 to 4, whereas in Surendranagar (298) and Godhra (534) with less number of units, two DI's were deployed and in Rajkot with 1279 units, three DI's were deployed.

• *Financial Outlay and Expenditure*

There was no separate budgetary allotment for drug administration as it was combined with food administration. Grants allotted, expenditure incurred and receipts during 1997-2003 were as under:

(Rupees in lakh)

YEAR	Grants allotted			Expenditure			Receipt [£] (D & C Act)
	Non-plan	Plan	Total	Non-plan	Plan	Total	
1997-98	739.74	66.20	805.94	746.63	66.82	813.45	32.37
1998-99	1104.56	200.00	1304.56	1019.46	196.53	1215.99	37.79
1999-00	978.56	212.82	1191.38	991.11	121.37	1112.48	34.00
2000-01	1035.29	146.84	1182.13	1014.60	119.27	1133.87	113.57
2001-02	1074.18	94.35	1168.53	1018.34	76.83	1095.17	510.87
2002-03	916.70	112.50	1029.20	987.26	105.72	1092.98	646.62
Total	5849.03	832.71	6681.74	5777.40	686.54	6463.94	1375.22

3.1.4 Poor progress in prosecution

Sharp increase in pendency of prosecution cases

As per the Act, manufacturing/selling of NSQ, misbranded, adulterated, fake and spurious drugs/cosmetics was not a cognizable offence. In order to penalize persons involved in such activities, the Administration had to depend on police.

^Π Ahmedabad(1922), Nadiad(1153), Bharuch(979), Valsad(1002), Bhavnagar(907), Mehsana(1471) and Junagadh(912).

[£] Receipt includes fees for granting various types of licences and renewals thereof, GMP/WHO GMP certificates, product permissions, testing fees etc.

The details of the prosecutions launched, decided, convicted and pending with the court during 1997-98 to 2002-03 were as under:

Year	Pending (OB)	Additions	Total	Disposed		Pending at the end of the year
				Convicted	Acquitted	
1997-98	208	21	229	04	03	222
1998-99	222	22	244	02	03	239
1999-00	239	16	255	12	06	237
2000-01	237	29	266	06	05	255
2001-02	255	27	282	02	06	274
2002-03	274	11	285	00	01	284
Total		126		26	24	

• Out of 284 pending cases, as at March 2003, 177 pertained to the period prior to 1997-98, and the balance^Ψ cases pertain to the years 1998-2003.

• During last six years 126 cases were added and only 50 cases were disposed of.

• Out of 24 acquitted cases, only 12 cases (50 per cent) were found fit for appeal and referred to the Legal Department. Of which, appeal was filed in eight cases only as directed by the Legal Department. Even though the major reason for acquittal was the “witnesses turning hostile” (in all 24 cases), several deficiencies on the part of the Administration were noticed. These deficiencies were: (i) counterpart sealed samples were not sent to the court (2 cases), (ii) improper sampling/panchnama made (1 case), (iii) charge-sheet filed after lapse of one year from the date of seizure of drugs in question (1 case) and (iv) F.I.R. lodged very late (1 case).

• Out of 26 convicted cases, sentence for imprisonment ranging from one day to two years with a fine ranging from Rs.600 to Rs.7000 was imposed in 13 cases, whereas, fine ranging from Rs.50 to Rs.25000 was imposed in other 13 cases. Though the Administration referred three cases to Legal Department for filing appeal for enhancement of punishment, consent was received in respect of one case only. Reasons for non-consent for two cases were not available.

3.1.5 Implementation of the Act:

• Issue / renewal of Licences

Sales without complying with conditions of licences

In test checked 8 circle[Ⓝ] offices 17833 and 6271 licences were renewed and cancelled (1997 to 2002) respectively. The test check of 1292 cases revealed that there was delay ranging from 03 to 102 months in 520 renewal cases (40.25 per cent) and 02 to 23 months in 29 cancellation cases.

Thus, delay in cancellation allowed 29 licensees to run their activities without complying with conditions of licence.

^Ψ 1997-98 13 cases, 1998-99 16 cases, 1999-2000 16 cases, 2000-01 27 cases, 2001-02 29 cases and 2002-03 (upto December 2002) 6 cases

[Ⓝ] Ahmedabad (city), Ahmedabad (rural), Rajkot, Bhavnagar, Bharuch, Surat, Vadodara and Valsad.

Improper issue of sales licences to Pharmacies

Licence for sale of drugs was issued to pharmacies which did not have registered pharmacists

As per provisions of the Rules, retailers were required to sell drugs under supervision of a "Registered Pharmacist" with a diploma/degree in pharmacy and due registration with the Registrar of the Gujarat State Pharmacy Council under Pharmacy Act, 1948. However, 105[∇] sales licences were issued between September 2002 and March 2003 to pharmacies which had no registered pharmacists to supervise the sales.

The licensing authorities stated that this was based on the directions of the Commissioner in December 1998. The directions of the Commissioner and issue of such licences were irregular.

• **Adequacy of sampling and inspection**

Inspection

The Act stipulates inspection of each licensed establishment once in a year (twice up to September 2001). In respect of manufacturing units this was done by SDI and in respect of sales and distribution by the DI. As per norms fixed (February 1999) by Government each SDI was to inspect 120 (96 up to 1998-99) manufacturing units and each DI to inspect 540 (420 up to 1998-99) sales units within his jurisdiction each year.

Inspection of manufacturing units by SDI

Shortfall in inspection

Year	No.of units	No.of inspections to be carried out as per		Actual inspection	Shortfall (percentage) as per	
		Act	Norms		Act	Norms
1997-98	2897	5794	2880	2031	65	29
1998-99	3018	6028	2784	1858	54	33
1999-00	3048	6096	3480	1915	69	45
2000-01	3220	6440	2520	2364	67	06
2001-02	3253	6506	2280	2226	66	02

Inspection of selling units by DI

Year	No.of units	No.of inspections to be carried out as per		Actual inspection	Shortfall (percentage) as per	
		Act	Norms		Act	Norms
1997-98	16086	32172	14280	11998	62.71	15.98
1998-99	17170	34340	13860	12484	63.64	9.93
1999-00	18116	36232	17820	12126	65.53	31.95
2000-01	19645	39290	13500	9847	74.94	27.05
2001-02	20412	40824	12420	9210	77.44	25.82

The shortfall in inspections as per provisions of Act ranged between 54 and 69 per cent in respect of manufacturing units and between 63 and 77 per cent in respect of sales units. Shortfall in inspection as per norms ranged between 02 and 45 per cent in respect of manufacturing units and between 10 and 32 per cent in respect of sales units.

∇ In test checked circles: Vadodara(92) and Surat(13).

Blood banks

Act permitted the blood banks to run their activities without complying with conditions of the licences

Central Licence Approving Authority (CLAA) grants licences to blood banks for five years at a time. The CLAA and State Authorities conduct joint inspection to grant/renew licences. The Act permitted the blood banks to carry on activities till renewal even after expiry of licence. This lacuna in the Act permitted two blood banks with serious deficiencies whose licences were subsequently cancelled to function for a period upto 37 months.

Name of Blood bank	Date of expiry of licence	Date of joint inspection	Date of closure of licences	No. of blood units collected during the period
Dr. Jivraj Mehta Smarak Blood Bank, Ahmedabad	31.12.1999	21.12.2002	05.02.2003	3576
Gujarat Blood Bank (Voluntary) Pathology Laboratory and R.I.A., Paldi, Ahmedabad	31.12.2001	21.12.2002	05.02.2003	2372
Total:				5948

The following were some of the serious deficiencies noticed during the joint inspections of these two blood banks forcing the CLAA to close them:-

- (i) Serious defects in ELISA testing of collected blood for screening for serious diseases like Hepatitis B, Hepatitis C and HIV(AIDS).
- (ii) Thermographs to monitor the temperature level of the refrigerators to store tested/untested blood bags were not working.
- (iii) Blood bank activity was intertwined with pathology laboratory activity by sharing the same equipment, premises and infrastructure in contravention of the provisions of the Act.
- (iv) Anti-sera for blood grouping which expired 3 to 36 months ago were stored in the refrigerator (in case of Gujarat Blood Bank).
- (v) No registered nurse was available (in case of Gujarat Blood Bank).
- (vi) Stored blood bags were found to be haemalysed and clumps (in case of Dr. Jivraj Mehta Smarak Blood Bank).

These blood banks had collected 5948 units of blood from donors for supplying to various patients during this period. As the effectiveness of the screening tests were doubtful, the transfusion of these blood units might have led to many health hazards. This requires urgent follow up of the recipients of these blood units by the health authorities to assess the extent of damage caused.

As of March 2003, out of 162 blood banks in the State, 50 blood banks whose licences expired on 31.12.2002 were carrying on their activities unhindered. 26 out of these 50 blood banks had collected 51349 units of blood between January and June 2003. Deficiencies, if any in these cases similar to the above two blood banks would be known only at the time of joint inspection.

Sampling

Ineffective sampling

Real magnitude of Spurious/NSQ drugs sold in the market could not be assessed due to ineffective sampling

Even though the number of manufacturing and sales units increased by 25 per cent from 18983(1997-98) to 23665(2001-2002), number of samples drawn for test/analysis increased by 8 per cent only from 3335(1997-98) to 3613(2001-02). Compared to the magnitude of the increase in the manufacturing/sales unit, the drawing of samples was inadequate. Due to the inadequacy, the manufacture/sales of spurious/NSQ drugs would remain undetected.

• Working of Drug Testing Laboratory

Under-utilisation of testing capacity of laboratory

Drugs testing laboratory was not functioning as per capacity

As against the installed capacity for testing 57024 samples and targeted capacity of 34138 samples, only 21392 samples were tested during 1997-2003 and 1704 samples were pending as of March 2003. It was observed that the time taken for testing ranged between 3 to 4 months. The department stated that as the testing process of drugs at the laboratory involved 3 to 4 stages, a long period was required. Besides, inadequate fund for maintenance and replacement of equipment, insufficient purchase of chemicals and reagents etc were the reasons attributed for inordinate delay. However, audit found that (i) as against 72 sanctioned posts of Junior Scientific Assistant, the actual men-in-position during 1997-2003 ranged between 44 and 53 affecting the function of the laboratory. (ii) Further, out of the Central assistance of Rs.128 lakh released (1999-2001) for strengthening the State drug laboratories, Rs.99.56 lakh only was utilised besides advance payment of Rs.7.96 lakh (January 2003) for renovation of laboratory building leaving unspent balance of Rs.20.48 lakh. Hence the contention of the department was not tenable.

Testing of samples medicines and drugs – time taken for reporting and the adverse impact on reporting delays

Delays in sending drugs for testing

It was seen that 46 drug samples drawn by DI/SDIs were dispatched to the laboratory for testing and analysis after a delay ranging from 13 days to 67 days. The laboratory took time ranging from 24 days to 154 days to analyse them, out of which 8 were declared as NSQ.

Further, it was also found that another 46 samples received at laboratory were either in damaged conditions or in insufficient quantities; which further hampered the detection of NSQ drugs. Besides, the department had not fixed a time limit to declare the results. This gave ample scope to the unscrupulous manufacturers to retain NSQ drugs in the market without any hindrance.

Follow up action on samples found sub-standard or spurious

Detection of NSQ drugs

Sale of NSQ drugs was not checked

Out of total 28251 samples available for analysis during 1997-2003, results for 21392 *samples (Appendix-XXV) were given. Of which, 3131[±](14.63 per cent) samples were declared as "Not of Standard Quality"(NSQ). Of these

* Gujarat based 13367, Other State based 8025 (Appendix XXVI)

[±] Gujarat based 2012 (64 per cent) and Other State based 1119 (36 per cent) (Appendix XXVI)

NSQ samples, 126 (4.03 per cent) contained no active ingredients or wrong ingredients, 889 (28.4 per cent) had low content of active ingredients and 2116 (67.57 per cent) were of poor quality.

As soon as a drug is declared as NSQ, the administration was to initiate urgent action through the manufacturers/distributors to withdraw the particular batch of the drug from the market to prevent its use by the public. However due to the protracted procedures to be completed before declaring a drug as NSQ; a large quantity of the NSQ drugs used to be consumed by the public making disease control ineffective and injuring their health.

To assess the quantum of NSQ drugs consumed by the general public, audit test checked 107 out of 3131 NSQ cases. It was observed that in all the 107 cases the entire batch of NSQ drugs comprising of 26.22 crore tablets, 26.12 lakh capsules, 15056 litres of liquid drugs and 2534 kilograms of other items/drugs were sold to the public. The drugs included life saving drugs like dexamethazone, anti TB drugs like ethambutol, antibiotics like erythromycin, Roxythromycin, Gentamycin, Ciproflaxocin etc.

Similarly, NSQ drugs worth Rs.3.13 crore (578 batches) were purchased by Central Medical Stores Organisation (CMSO) and Employees State Insurance Scheme (ESIS) for distribution in the various Government hospitals. The consumption of NSQ drugs by the patients may have resulted in many health hazards.

Out of the 3131 NSQ drugs detected, 1119 (36 per cent) pertained to manufacturers in other States (**Appendix-XXVI**). The Administration informed the concerned State Drug Controller telegraphically for immediate action. However, in 433 cases (39 per cent), details of action taken were awaited. This indicated poor co-ordination between various State authorities in taking action. Further, 1229[®] NSQ drugs manufactured in the State were detected by other States, which indicated that the authority had failed to ensure the quality of drugs manufactured in the State.

3.1.6 Lack of effective interaction between State and Central Authority

Poor Co-ordination
between State and
Central authorities

State Administration was to submit (August 2000) quarterly information in respect of the retail prices of a basket of 214 drugs to National Pharmacy Pricing Authority (NPPA) to facilitate the monitoring of retail price of drugs. However, the State Administration submitted only one return (June 2002) as against five returns due upto June 2002. Thus, there was no proper co-ordination between Central and State Authorities for price fixing/price control under the Drug (Price Control) Order, 1995.

3.1.7 Other points of interest

• Non-replacement of substandard drugs worth Rs.68 lakh purchased by the CMSO and ESIS

NSQ drugs
worth Rs.68
lakh were not
replaced by the
manufacturers

In respect of Government sector in Gujarat, drugs are purchased centrally by CMSO and ESIS. As and when samples drawn from these purchase were found substandard/NSQ, the Government Analyst (GA) would send a copy of the Test-Report (TR) to the CMSO/ESIS for replacement of drugs or for effecting recovery from suppliers of NSQ drugs as per terms of contract.

[®] Year-wise break-up of 1229:1997(139), 1998(144), 1999(200), 2000(227), 2001(245), and 2002 (274)

Details of samples found as substandard / NSQ drawn from Government organisations (CMSO, ESIS) was as under.

Year	Total NSQ	NSQ among		Total	Percentage of NSQ in ESIS & CMSO against total NSQ
		ESIS	CMSO		
1997-98	425	46	155	201	47
1998-99	590	45	216	261	45
1999-00	631	33	166	199	31
2000-01	446	16	157	173	39
2001-02	544	19	214	233	43
2002-03	495	27	202	229	46
Total	3131	186	1110	1296	41

The percentage of substandard/NSQ samples pertaining to ESIS and CMSO ranged between 31 and 47 *per cent*. Substandard drugs worth Rs. 68 lakh-Rs.55.70 lakh- (1995-96 to December 2002) CMSO and Rs. 12.30 lakh- (1980-81 to July 2002) ESIS were neither replaced by the supplier nor the cost recovered.

3.1.8 Monitoring

The various regulatory functions require close monitoring to ensure that the objectives are achieved efficiently. However, it was observed that database of manufacturers/licences developed by authority was not sufficient as detailed unit-wise information was not available. A plan for countrywide computerisation of all drug control offices including drug testing laboratory has been undertaken by the Director of Health Services, New Delhi. The work was in progress (April 2003).

3.1.9 State Drugs Advisory Board

With a view to advise the State Government on technical matters arising out of the administration of the Drugs and Cosmetics Act, 1940 and carry out other functions assigned, a State Drugs Advisory Board (Board) was constituted in April 1991 and was in force up to April 1993 and reconstituted in October 2002. No meeting was held since then; thus defeating the very purpose of its reconstitution.

3.1.10 Evaluation

The State Government (General Administration Department) selects certain programmes/schemes/activities/departments for evaluation. No such evaluation of Food and Drugs Control Administration has been undertaken so far.

3.1.11 Conclusions

As a result of shortage of manpower and loop holes in and improper application of the provisions of the Act, manufacture/supply of safe and standard drugs could not be ensured. The Administration also failed to gauge the real magnitude of the problem of NSQ drugs causing health hazards to the public. Moreover, the standard of activities carried out by the blood banks in

the State could not be ensured due to delayed regulatory functions by drug authorities.

3.1.12 Recommendations

- Appointment of sufficient technical staff, as per the recommendations of Task Force Committee, should be made.
- Database of licences of manufacturers/sellers along with Management Information System and monitoring system modules should be developed to have close monitoring of various regulatory functions.
- Proper mechanism should be evolved for timely renewal of manufacture/sales licences. Licensees should not be permitted to carry on the activities merely on the ground of application for renewal of licences particularly in case of manufacturing and blood bank activities. Time limit should be fixed for processing such applications by concerned authorities.
- There should be a provision for compounding of offences to minimize the number of litigants. Offences attracting imprisonment of more than three years only are treated as cognizable offence. There is a need to amend the Act to make all the offences under it as cognizable.
- Deterrent penalty should be imposed for manufacture or sale of adulterated/ spurious or misbranded drugs irrespective of their intensity.

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

3.2 Accelerated Irrigation Benefit Programme

3.2.1 Introduction

A large number of River Valley Projects, both multipurpose and irrigation, spilled over from plan to plan mainly because of financial constraints faced by the State Governments. At the end of VIII Plan (1996-97) there were nine major and thirteen medium ongoing irrigation projects in Gujarat State, on which Rs.5346.38 crore were spent, in various stages of completion. With a view to realising the irrigation potential (IP) of such projects over the next four working seasons, i.e. in two years period, "Accelerated Irrigation Benefit Programme" (AIBP) was launched in 1996-97.

Under the Programme, Central Loan Assistance (CLA) is provided to the State Governments. For the purpose of assistance, projects were classified in two categories (i) multipurpose projects each costing more than Rs.500 crore where substantial progress has been made and (ii) major and medium irrigation projects excluding the above which were at an advanced stage of

completion where, with just a little amount of resources, the project could be completed and farmers could get the benefits of assured water supply.

In Gujarat State during 1996-97 to 2002-03 a total of fourteen category (ii) projects with total CLA of Rs.75.813 crore were covered under AIBP.

3.2.2 Planning

Four projects remained incomplete due to lack of initiative on the part of Department

At the time of launching AIBP the Planning Commission had identified nine major and thirteen medium irrigation projects in Gujarat. Of these, five major and five medium projects with a plan to create additional potential of 49028 ha were selected for CLA* in 1996-97. On completion of six projects in 1999-2000, three more projects (Aji-IV, Ozat-II and Brahamni-II) with a plan to create IP of 10761 ha were proposed and covered under AIBP during 2000-01 and one project i.e. Bhadar-II with a plan to create 8570 ha potential was proposed and covered under AIBP during 2002-03. In all nine projects were completed, creating 25172 ha of IP as against the target of 68359 ha. Thus, injudicious selection of additional projects without ensuring completion of earlier projects led to creation of only 37 per cent of the targetted potential.

3.2.3 Financial Management

CLA under AIBP was released on matching (1:1) basis (Central: State) till 1998-99 which was enhanced to 2:1 from 1999-2000 onward excluding establishment cost. From February 2002, quantum of CLA was further enhanced to 4:1 for reforming States* and 100 per cent to "Fast Track" projects* including 15 per cent on account of establishment cost from states share, subject to executing MOU between the State Government and Government of India, Ministry of Water Resources.

• Inadequate release of State's share

Inadequate release of state's share affected completion of projects

It was observed that during the year 1997-98, the State Government released only Rs.17.49 crore as its share against Rs.19.90 crore required to be released as per the Central State ratio of 1:1. Even out of the released amount of Rs.17.49 crore, the expenditure incurred was Rs.15.79 crore. Likewise during the year 2000-01, the State Government was required to release, as its share, Rs.10.90 crore (against the CLA of Rs.21.85 crore-ratio being 2:1). It, however, released Rs.4.34 crore only. While Aji-IV and Brahmni-II projects did not receive any allotment during this year, the allotment on Mukteshwar project was less by Rs.0.33 crore as per the ratio. Owing to inadequate release of funds, the completion of these projects was adversely affected. Aji-IV and Mukteshwar projects scheduled to be completed during 2000-2001 are now rescheduled for completion by March 2004. It is feared that it may not be possible for the government to adhere to the revised schedule owing to delay

* 5	1996-97
5	1997-98
3	2000-01
1	2002-03

* State which agreed to introduce reforms in irrigation sector and rationalise their water rates to recover full O & M cost of irrigation projects in five years.

* Projects which could be completed within one year.

in acquisition of land, rehabilitation of affected persons and finalisation of distribution system etc. Even after inclusion of these projects under AIBP, these could not achieve the envisaged benefits.

• *Inadequate provision of funds*

From 1999-2000 onwards CLA was payable in the ratio of 2:1 (Central : State). It was obligatory on the part of State Government to make budget provision to the extent of 1.5 times of the CLA on receipt thereof. It was, however, found that during the period 2000-01 to 2002-03 neither was the CLA released to the extent of sanctioned amount nor did the State Government make the required budget provision as indicated below:

State Government failed in its obligation to provide matching grant

(Rupees in crore)

Year	Projects	CLA sanctioned	CLA actually released	States share	Budget provision to be made	Actual provision made by Government	Fund actually released
2000-01	Aji IV	20.70	10.35	10.35	31.05	11.38	10.25
	Ozat II	5.50	5.50	2.75	8.25	5.498	5.65
	Brahmani- II	8.00	4.00	4.0	12.00	2.00	1.80
2001-02	Aji IV	9.13	--	4.70	13.83	6.38	4.58
	Ozat II	7.87	5.16	3.93	11.80	7.87	7.72
	Brahmani- II	8.30	--	4.15	12.45	1.50	0.31
2002-03	Aji IV	14.52	0.665	7.48	22.20	2.0	2.95
	Ozat II	13.27	1.115	6.63	19.90	1.36	1.90
	Brahmani- II	12.50	--	6.23	18.73	2.50	0.79
Total			26.84				35.95

This hampered the completion of the project and denied quick benefits.

• *Diversion of funds to other purpose*

According to Government instructions, the CLA was to be spent only on such approved items of the project which were remaining incomplete. It was, however, noticed that Executive Engineer Project Construction Division-I Rajkot and Junagadh Irrigation Project Division utilised the central assistance of Rs.8.04* crore during 2000-01 to 2002-03 on items not covered under the programme i.e. for making payments to contractors on components of works already completed.

• *Outstanding utilisation certificates (UCs)*

State Government availing of CLA under AIBP was required to submit audited statement of expenditure (SOE) on the projects together with UC within nine months of completion of financial year. It was seen that Government did not furnish any of the SOE and UCs for Rs.75.81 crore in respect of any of the projects since 1996-97 to 2002-03.

* Executive Engineer PCD-I Rs.5.42 in 2000-01 and Rs.1.22 crore 2001-02, Executive Engineer JIPD Rs.1.4 crore in 2002-03

Funds diverted for liquidating past liabilities

3.2.4 Physical performance

Only 55.76 per cent of potential created was utilised

It was observed that out of 14 projects covered under AIBP, nine projects have been completed as of March 31, 2003. Out of the remaining five projects, three projects have not been commissioned because of problem of rehabilitation and resettlement of affected people, land acquisition (Aji IV, Bhadar II) and for want of Spill way gates (Ozat II). The fourth project (Mukteshwar), owing to non-completion of distributaries, supplies water to 100 ha only against the potential to irrigate 6186 ha. Work on Brahmani II, the fifth one, has been stopped (September 2001) due to shale problem in foundation which has not been solved so far (March 2003). Out of the completed Projects, IP of 22080[♥] ha of Sipu reservoir could not be utilised due to agitation of the downstream farmers who were likely to be affected due to non availability of water in the river once it is released in to the canal.

Against 63727 ha IP planned to be created under AIBP within two years, potential of only 29482 ha i.e. 46 per cent was created as of March 2003 after completion of seven years. Further the utilisation of potential was 16601 ha i.e. 55.76 per cent of the IP created. Department attributed creation of less potential to financial constraints, land acquisition problems, delay in finalisation of tenders, etc. The contention of the department was not tenable since these aspects could have been considered at project formulation level itself and ensured that adequate steps were taken to overcome the problems.

• *Projects completed without creation of required potential*

In Karjan, Sipu & Deo projects, the potential planned to be created under AIBP was 14650 ha, 2420 ha and 1335 ha respectively. The potential actually created was, however, 5990 ha, 1020 ha and 322 ha respectively i.e. less than even 50 per cent. In respect of another project namely, Umaria the potential created was 162 ha against planned potential of 316 ha i.e. just above 50 per cent. The creation of such lower potential, despite the fact that projects have been completed in all respects, defeated the envisaged purpose.

• *Non creation of potential*

No potential could be created due to shale problem

Brahmani-II project was proposed for CLA since 2000-01. However, no IP has been created at the end of March 2003 as the work has been stopped since September 2001. The Executive Engineer stated (April 2003) that during the excavation of foundation of Spill way, shale layer was found which resulted in temporary hold up of construction activity. The reply is not tenable as the work on project has not re-commenced even after lapse of 24 months since the stoppage despite submission of report of Expert Committee and Central Design Organization.

• *Users Associations*

In Sukhi project 23 water users associations (WUA) have been formed for 3468 ha. Out of which, 1031 ha were handed over to WUA. Similarly in Deo

[♥] Total potential of the project including AIBP

project, 7 WUA were formed for 476 ha and only 92 ha were handed over to WUA. In remaining seven projects, formation of WUA was under process. Non-creation of sufficient WUA would affect the effective water management.

• *Public Participation for AIBP*

Public participation should have been the cardinal principle for the successful implementation of the whole programme. It was, therefore, very essential to have public involvement right from the planning stage of the programme to their operation and maintenance. Involvement of Non Government Organisation and private agencies including national and international companies, if any, was to be explored and given due importance by State Government/executing agencies. Government neither examined nor implemented or even explored possibility of this kind of participation.

• *Mass awareness programme*

The AIBP was launched for accelerated completion of ongoing projects and thereby increasing productivity and agricultural production with the help of farmers. No action was taken by Central Water Commission to create awareness amongst the project implementing authorities for accelerating completion of projects so that it may start generating revenue and encourage greater utilisation of potential. No separate account for assets created under AIBP were maintained.

• *Monitoring*

The Projects covered under AIBP were required to be monitored through State Level and Project Level Monitoring Committees. It was seen that these committees have not been formed by the Government. The projects under AIBP were monitored only through routine monthly and quarterly progress report.

No system for monitoring and evaluation of projects was evolved

3.2.5 *Impact Assessment*

Impact assessment carried out in five projects i.e. Jhuj, Karjan, Ozat-II Umaria, and Watrak revealed that 5420 number of farmers were benefitted under AIBP. Impact of crop assessment carried out in Umaria and Watrak project revealed that against the expected increase of 10244 MTs in crops production the actual increase was a meager of 3284 MTs (32.05 per cent).

3.2.6 *Conclusions*

Against the targeted Irrigation Potential of 63727 ha^{*}, the potential created by these projects was only 29482 ha (46 per cent). Even of the potential created, only 16601 ha was put to use. Audit observed that five of the fourteen projects, though required to be completed within two years from the availability of Central Loan Assistance, were incomplete. Against the expected potential of 24922 ha to be created on these five projects, the creation was very poor (4300 ha). Of this, the utilisation was significantly less

^{*} from 14 major irrigation projects

The project, estimated to cost Rs.409 crore was executed by Gujarat Water Supply and Sewerage Board (GWSSB). The work of SPP started in July 1999 and water supply commenced in December 2000. Certain ancillary works which remained incomplete were completed in April 2002. The total expenditure incurred on the project as at the end of March 2003 was Rs.464.17 crore.

• **Strengthening of tanks and improvement to canals**

Works of strengthening of Pariej and Kanewal tanks and improvement of canals estimated to cost Rs.14.09 crore were entrusted (November 1998) to Nadiad and Petlad Irrigation Divisions as Deposit works. Against the deposit of Rs.12.50 crore made (November 1998), works (excepting pitching of Pariej tank) were completed (December 2001) at a cost of Rs.10.75 crore. Irrigation Department neither refunded the balance of Rs.1.75 crore nor carried out the pitching work (January 2003).

Irrigation Department did not carry out the pitching work on the ground that the water supply was to be commenced on emergency basis. Taking up of the work during lean period of 2002-03 (winter) also did not materialise. The Government stated (July 2003) that taking up the work would be considered in October 2003 depending upon the final water scenario.

• **Wasteful expenditure on pumping of Narmada water**

After the Supreme Court vacated the stay (February 1999) on construction of Sardar Sarovar Dam, Sardar Sarovar Narmada Nigam Limited (SSNNL) constructed a bye pass tunnel (February 2001) at the head works for flow of water into the main canal by gravity. The SPP was to be dovetailed with NCBDWSP from Vallabhipur branch canal at Navda and Vallabhipur. But this could not be done as lining of Narmada canal was not done and linked with Navda/Vallabhipur sumps of SPP.

During August-October 2002, the Board pumped 63.56 MCM of water from Narmada canal into the Vallabhipur branch canal at a cost of Rs.19.63 lakh even though the GWSSB was aware that there was no link established between the Narmada canal and Navda/Vallabhipur sumps of SPP. The entire expenditure proved wasteful.

The reply of the Government (July 2003) that water was lifted to Vallabhipur Branch canal on request from SSNNL for its testing is not acceptable as the Vallabhipur canal works was itself not complete. Further, pumping operation for three long months for testing was incomprehensible particularly when the State was reeling under severe draught condition due to scanty rain.

3.3.3 Benefits derived

The gross average daily intake from Pariej/Kanewal during the two years of its operation (December 2000 to November 2002) was 119.18 MLD (42 per cent of capacity utilisation) only. Of the envisaged coverage of 1860 villages/ towns (3.44 million population), benefit reached only to 543 villages covering 1.51 million people (March 2003).

Irrigation Department did not complete pitching work despite availability of funds

Water pumped at the cost of Rs.19.63 lakh proved wasteful

No prospects of optimum utilisation of the installed capacity due to non-execution of distribution network

Water Supply Schemes (WSSs) for another 348 villages/towns with a population of 1.34 million were sanctioned recently only (March 2003) with targeted date of completion in March 2004. The Government is yet to sanction WSSs for the remaining 969 villages/ towns envisaged catering to 0.62 million population.

With the projected requirement of 211 MLD in 2021 and large number of unexecuted distribution networks, there was no prospects of optimum utilisation of the capacity of 287 MLD created in foreseeable future.

Thus, even after two years of execution of an augmentation project (Rs.464.17 crore), benefits could be derived to the extent of 44 *per cent* of the envisaged population only.

Government stated (July 2003) that network systems were lengthy and it would take more time to implement.

94 per cent of beneficiaries were supplied with raw water unsuitable for human consumption

Further, of the 1.51 million beneficiaries, 1.42 million population (94 *per cent*), in 503 villages/towns was supplied with raw water as there was no filtration arrangement at the headworks exposing them to risk of contacting water borne diseases. Government stated (July 2003) that funds had to be mobilised for creating filtration facilities and these works were in progress.

3.3.4 Emergency water supply for SPP

The year 2000-2001 witnessed an unprecedented drought in the State. Even proven sources in the State had dried-up and the people of Saurashtra region were in acute need of water and had to consume raw and unpotable water. Government, therefore, decided (January 2001) to lift available water from the Sardar Sarovar dam and supply to Pariej and Kanewal tanks through MCS. The scheme estimated to cost Rs.40.10 crore was executed in January-February 2001 at a cost of Rs.48.15 crore. This included Rs.18.33 crore spent by Gujarat Electricity Board (GEB) for providing infrastructural facilities and energy charges. During February-June 2001, 258.59 MCM water was lifted from Sardar Sarovar, of which only 52.20 MCM water was supplied to the SPP through Mahi canal. The remaining (206.39 MCM) was supplied for Thermal Power Plant of GEB at Wanakbori, Vadodara Municipal Corporation and Industries situated in the Municipal Corporations of Vadodara and Ahmedabad districts, contrary to the stipulation of Government orders in January 2001.

Rs.48.15 crore spent for lifting water from Sardar Sarovar was injudicious

Though SPP utilised only 20.18 *per cent* of water, entire expenditure of Rs.48.15 crore was borne by the Board. No recovery for the water charges has been effected from the concerned corporations and industries.

(i) Of the 87 pumps installed to lift water from Sardar Sarovar, 8 pump sets were installed at a cost of Rs.1.00 crore during the period April-May 2001 and were utilised for 17 days to 37 days only and not put to use since then. The reply (July 2003) of Government that pumps were installed on need basis is not acceptable as only a fraction of water pumped was utilised for SPP.

(ii) The turn-key work order provided for, besides other things, supply of cables for the pump sets. Of the cables worth Rs.2.15 crore procured

(December 2000), cables worth Rs.0.95 crore (44 per cent) only were utilised ending May 2001 and remaining were rendered surplus. Thus, the wrong estimation resulted in avoidable expenditure of Rs.1.20 crore. The Government stated (July 2003) that savings in cables were due to change in location of electrical installations.

3.3.5 Avoidable liability

Demand of Rs.13.36 crore raised for Irrigation Department was not met

Government reserved 250 MLD water (February 1999) from Mahi Project on payment of such charges as may be fixed by Government from time to time. The GWSSB did not pay water charges to the Government though a demand of Rs.13.36 crore was raised (October 2002). As a result, avoidable liability of Rs.4.86 crore was created towards interest/ penalty (December 2002) to Government of Gujarat.

Non-payment of GEB dues resulted in avoidable liability of Rs.1.48 crore

Out of the demand of Rs.18.33 crore raised by Gujarat Electricity Board towards the infrastructure provided at Sardar Sarovar dam site and energy supplied, Gujarat Water Supply and Sewerage Board paid Rs.10.00 crore (March 2003). Non payment of remaining amount has resulted in creating an avoidable liability of Rs.1.48 crore towards interest. Government stated (July 2003) that non-payment was due to giving priority to expenditure related to water supply.

3.3.6 Undue favour to contractors

Excess expenditure of Rs.19.22 crore in not awarding works to lowest tenderer

The work of SPP was divided into four packages viz SPP1 to SPP4. Agency 'A' who stood lowest in three packages was however awarded SPP1 alone on the ground that no agency was prequalified for more than one package. SPP2 and SPP3 were awarded to second lowest agencies 'B' and 'C' respectively. As for SPP4, the quotation of lowest agency 'D' was rejected after reworking 'net present cost'. This package was awarded to Agency 'C' violating earlier decision (not to award more than one package to same agency). Award of SPP2 to SPP4 to the respective second lowest agencies resulted in excess expenditure of Rs.19.22 crore as shown below:

Package	(Rupees in crore)		
	L1 (Rates quoted by lowest agency)	L2 (Rates quoted/negotiated by second lowest agency to whom work was awarded)	Excess expenditure incurred
SPP1	106.68	122.53	--
SPP2	79.02	89.00	9.98
SPP3	48.53	57.00	8.47
SPP4	51.93	52.70	0.77
Total			19.22

Unintended financial aid and delayed completion of works

The turn-key contract provided for payment of rates for completed items. It also provided for release of funds at a prescribed percentage on the value of work reaching the stages specified. On a request for more funds from the agency entrusted with SPP1 to speed up the work, GWSSB allowed (June 2000) upward revision[♥] of percentage value for the initial stages. This revision without rescheduling the time limit facilitated the agency to receive more

[♥] Rates for supply of pipes 55 per cent of contract value (45 per cent for barepipe and 10 per cent for guniting) were revised to 65 per cent (60 per cent for barepipe and 5 per cent for guniting) of contract value.

funds in advance than what was provided in the agreement. This resulted in unintended financial aid ranging from Rs.2.89 crore (February 2000) to Rs.12.88 crore (July 2000). Moreover, the agency completed the work in April 2001 taking 83 *per cent* extra time beyond the stipulated date of completion (June 2000).

Further due to slow progress of work, the agency could not execute (December 2000) internal lining of MS pipeline (for preventing damages due to friction/corrosion) before the project was opened for water supply. This resulted in shutting down of the project for three months (October to December 2001) for completing the lining works and thereby denied benefits of the project to the worst affected people during the period.

3.3.7 Recovery of revenue

Against demand of
Rs.5.38 crore
recovery was
Rs.6.52 lakh

As against water charges of Rs.34.99 crore (February 2001 to June 2002) realisable from various local bodies (December 2002), GWSSB raised demands for Rs.5.38 crore and realised a negligible amount of Rs.6.52 lakh only (March 2003). Out of 694 local bodies benefited (including 151 local bodies outside the project area) demands were raised on 305 local bodies only. Further, out of 305 local bodies on whom demands were raised only one local body made the payment. Government stated (July 2003) that action is being taken to gear up recovery.

3.3.8 Conclusions

As against the envisaged coverage of 1860 villages only 543 villages were covered and 56 *per cent* of the population was deprived of the benefits from the project. Raw water was supplied to 503 villages, out of 543 villages covered and 94 *per cent* of the beneficiaries got water unsuitable for human consumption. Due to non-execution of distribution canal works and pitching work at Pariej, the passing of benefits to the beneficiaries got delayed.

Recovery of Rs.34.92 crore from various local bodies for water supplied was not made, eroding the financial position of the Gujarat Water Supply and Sewerage Board. Besides, due to non-payment of demand of Rs.31.66 crore from Gujarat Electricity Board and State Irrigation Department, avoidable liability of Rs.6.34 crore on account of interest/penalty was created.

3.3.9 Recommendations

- Expeditious steps may be made for recovery of Rs.34.92 crore realisable from various local bodies on account of water supplied.
- The demand of Rs.31.66 crore by Gujarat Electricity Board and State Irrigation Department be cleared to avoid further liability of interest penalty
- Water treatment arrangement may be made in 503 villages where raw water is being supplied in order to avoid risks of water borne diseases.
- Urgent steps be taken to cover 1317 villages as envisaged in the programme.

HOME DEPARTMENT (MOTOR VEHICLES)

3.4 Computerisation Programme in Motor Vehicle Department

3.4.1. Introduction

In tune with the policy of Government to make extensive use of Information Technology (IT), Motor Vehicles Department[♥], took up various projects in order to make governance more people oriented. Accordingly, Commissioner of Transport (COT) prepared a blue print of Integrated Management Information System (MIS) for its effective and speedier functioning. The projects implemented to achieve the objective were Automation of Inter State Check Posts (AISCP) by introduction of computerised weigh bridges and related systems, Smart Card Based Driving Licence System (SCBDL), Smart Card Based Registration of Vehicle (SCBRV) and development of MIS including installation of Local Area Network (LAN) and Wide Area Network (WAN) systems. Important points noticed during test check of records of COT, Ahmedabad, three RTOs,^{*} three check posts^α and Central Monitoring Centre (CMC), Ahmedabad for the period 1998-99 to 2002-2003 are shown in the succeeding paragraphs.

3.4.2. Finance

Out of total project costs of Rs.27.40 crore (AISCP, SCBDL, and MIS) expenditure of Rs.26.40 crore was incurred by COT during 1998-99 to 2002-03. In addition Roads and Buildings Department incurred an expenditure of Rs.44 crore on widening of Roads at the check posts. Moreover, SCBRV being a project executed on build, own, operate and transfer (BOOT) basis, expenditure (Rs.173.97 crore) was to be incurred by the contractor and in turn recovered from the vehicle owners. Shortfall in the implementation of each project is reflected in the following Audit findings:

3.4.3. Automation of Inter-State Check Posts

To facilitate checking of motor vehicles under Motor Vehicles Act 1989, computerised check posts (10) were created with the objectives of increasing government revenues by improving efficiency of check post operation. In the computerised process all the check posts were to be monitored at a central location using video cameras installed at every check post cabin. An electronic weighbridge captures the weight and the computer issues a demand note automatically for fine, if any for overweight. Drivers can use a stored value card for payment.

The COT awarded (October 1999) the contract for the project to Design Solutions Ltd. (DSL) on turnkey basis at a cost of Rs.18.98 crore to be completed by March 2000. The DSL was required to operate the system with their staff, for one year from the date of completion of installation.

[♥] Headed by Commissioner of Transport, Ahmedabad (COT) and functioning under the Administrative control of Home Department

^{*} Ahmedabad, Rajkot and Vadodara

^α Bhilad, Shamakhali and Shamlaji

• *Excess infrastructure created*

Twenty two WBs were installed in excess of requirement

In 10 check posts 58[⊗] Weigh Bridges (WB) and related equipment costing Rs.18.98 crore were installed. No norms were adopted by COT for assessing the requirement of WBs. Hence, Audit considered Amirgadh check post where four WBs[#] were able to perform all the required functions relating to 2200 vehicles a day as a benchmark for assessing the requirement. Considering this, one WB could serve 550 vehicles on an average per day. Based on this standard of 550 vehicles, total requirement of 60 MT WBs was only 16 as against 38 installed (**Appendix XXVII**). Thus infrastructure for 22 WBs (Rs.7.20 crore) was created in excess of requirement, which also led to avoidable payment of maintenance charges of Rs.1.83 crore (for three years).

28 WBs (Rs.9.16 crore) were lying idle during the operational period.

During the operational period (July 2000 to August 2002) DSL operated only 30 WBs deploying 90 operators, as against 174 operators (three persons per WB for 8 hours each) required to operate all the WBs. Thus 28 WBs costing Rs.9.16 crore were lying idle or under-utilised. The COT attributed (October 2003) installation of more WBs to extreme growth of vehicles in the State. This was not tenable as more WBs could be added to the system subsequently as and when required instead of keeping the WBs unutilised/underutilised.

• *Non-installation of card readers*

In order to avoid manual intervention in the payment process at check posts electronic payment system, where the drivers could use a stored value card for payment of penalty, was to be introduced in the check posts. Accordingly, installation of 58 Card Readers costing Rs.18.27 lakh was provided in the contract. However, the DSL did not install them. COT stated that it was not a feasible solution due to constraints viz. procedure for issuing payment card, method of refund (if any) and unwillingness of Banks. It indicates that the COT has not made sincere effort to implement a foolproof system for collection of amount payable by the truck drivers.

• *Connectivity*

The contract originally provided for connectivity of Central Monitoring Centre with the check posts through Very Small Aperture Terminal (VSAT), which provides faster response time and higher quality service than leased or dial-up lines. But DSL with concurrence (February 2000) of COT provided dial up linkage system (leased line) through Department of Telecommunications (DOT) and saving of Rs.33 lakh on this account was utilised for construction of Central Monitoring Centre. COT stated (October 2003) that due to high recurring cost, Government has decided to go for leased line in place of VSAT. The reply was not tenable as the action was against the original agreement. Moreover, the dial up line being a cable operating system, any fault in cable would affect the monitoring and due to slow speed of data and video communication, timely reporting would not be possible.

⊗ 100 MT-20 and 60 MT-38

Two 100 MT and Two 60 MT

• *Idle equipment*

Equipment worth Rs.60 lakh were lying idle at CMC since August 2002

Central Monitoring Centre (CMC) at HQ (Ahmedabad) set up for monitoring of online data and video from all the check posts started functioning from 5th March 2001. Video system and computers costing Rs.59.78 lakh were installed for this purpose. Though the CMC was required to monitor all the check posts simultaneously round the clock, no data was received from Ambaji, Shamakhyali and Zalod check posts.

Moreover, at no point of time, data from all the 10 check posts was received (**Appendix XXVIII**). From 28th August 2002 onwards, no data was received from any of the check posts. In the absence of on line connectivity, monitoring of the check posts at CMC was not possible.

Thus, the very purpose of setting up of CMC was defeated besides equipment costing Rs.59.78 lakh were lying idle since August 2002. COT stated (October 2003) that all check posts were connected with CMC by leased line and the monitoring process is in working condition. The reply was not tenable, as no monitoring has been carried out from the CMC since August 2002. In the absence of monitoring, pilferage of revenue could not be prevented.

Equipment worth Rs.13.88 crore was lying idle for want of repairs

According to the agreement, DSL was to maintain the WBs and related installations for a period of 15 years after one year of operation (August 2001). However, annual maintenance contract was entered into only in February 2003 only due to vague clause in the original agreement, which did not stipulate the rate of maintenance contract.

Thus, implementation of the project without adequate provision for maintenance and operation resulted in equipment worth Rs.13.88 crore lying idle (including 28 WBs went out of order) since August 2002. COT stated (October 2003) that as per AT the rate of AMC was to be decided by Government after warranty but DSL did not agree for that rate. Hence Government has decided to float new tender.

As against 250 computers purchased for installation, COT purchased (November 2001 to June 2002) 500 computer-tables and chairs costing Rs.25 lakh and distributed to various offices. This resulted in avoidable expenditure of Rs.12.50 lakh being the cost of excess 250 computer tables and chairs.

• *Wasteful expenditure*

Though DSL was required to provide connectivity, COT paid (April 2000) Rs.35.93 lakh as advance rent for one year (2000-01) to DOT for leased line connectivity to 24 RTOs and 10 check posts which was outside the scope of agreement. However, the connectivity was not established with any of the RTOs during 2000-01 and utilisation at check posts was negligible i.e. 25 days in one check post (Shamlaji). Thus the expenditure of Rs.35.93 lakh was rendered wasteful. This amount remained to be recovered from DSL. COT stated (October 2003) that 10 check posts have been provided with 64 Kbps lease circuit and connectivity between RTO offices and Ahmedabad has been cancelled and BSNL was being approached for refund.

• *Status of equipment at check-posts*

Equipment at check posts were operational for only one year. Only WBs were used regularly.

Most of the equipment installed at Bhilad (Rs.3.92crore) and Shamlajee (Rs.3.92 crore) check posts were used for only one year and the remaining were either not operational or not installed at all. In Shamakhiyali (Rs.1.96 crore) check post, all the equipment were either not installed or not used at all as weighbridges were damaged during earthquake. The status as of February 2003 was as shown in **Appendix XXIX**. In other check posts only weighbridges were used regularly.

• *Evaluation*

While revenue⁰ from check posts has increased compared to previous year by 78 per cent in 2000-01 and 43 per cent in 2001-02, the increase in 2002-03 was only two per cent. In two³ check posts revenue went down by 10 to 23 per cent during 2002-03. This indicates that the objectives of the system, i.e. to check cent per cent vehicles, stricter compliance with rules, elimination of corruption and overall efficiency and economy were not fully achieved. This was also evident from the report of a survey carried out by Centre for Electronic Governance, Indian Institute of Management, Ahmedabad in November 2002 which pointed out many malpractices in the check posts.

3.4.4 Smart Card Based Driving Licence (SCBDL)

To curb the evils⁰ of paper based driving licences, COT introduced Smart Card Based Driving Licences (SCBDL).

The Smart Chip Limited (SCL) was awarded (January 1999) contract for supply and installation of SCBDL system at a total cost of Rs.2.60 crore (Rs.7.82 lakh per system) in all the 25 RTOs in the State along with 200 Hand Held Terminals (HHT) (Rs.0.32 lakh each) for on-line monitoring of smart cards by traffic inspectors by April 1999. Out of 25, only 19 RTOs were covered under the project (March 2003).

HHT worth Rs.61.43 lakh was lying idle for want of operational environment

Out of 200 HHTs required to be supplied, 192 (cost Rs.61.43 lakh) were supplied (May 1999). Since paper-based driving licence was prevalent at the time of purchase, there was no immediate requirement of HHT. Moreover, even after four years and issue of 21 lakh Cards, the equipment could not be utilised for want of environment. COT stated (October 2003) that purchase of HHT was planned with the original tender of SCBDL and could not be utilized as the Central Server was not ready.

⁰ 1999-2000:Rs.93.10 crore, 2000-01: Rs.165.68 crore, 2001-02:Rs.236.34 crore, 2002-03: Rs.240.76crore

³ Amirgardh and Shamakhiyali

⁰ traffic offences not recorded, errant drivers go unpunished, fake licences replace cancelled licences, fake entries recorded to make fraudulent insurance claims.

Failure of COT to create the environment for operation led to unfruitful expenditure of Rs.12.10 crore

Thus, failure on the part of COT to implement the SCBDL project without creating the environment for its utilisation resulted in unfruitful expenditure of Rs.12.10 crore (Rs.1.60 crore on systems and Rs.10.50 crore on cards) besides defeating the purpose of computerisation.

3.4.5. Smart Card Based Registration of Vehicles (SCBRV)

To arrest the malpractices in the existing system of paper based Registration Certificate (RC) Books, and to enable stricter and efficient enforcement of traffic regulations, COT introduced SCBRV with the exclusive security system covering vehicle details, tax payments, penalties paid, insurance details etc. M/s. Shonk Technologies Ltd. (STL) was awarded the contract for issue of SCBRV on BOOT basis, which included conversion of old paper based RC books. Tenure of the project was 15 years commencing from 1 September 2001 or on completion of 60 lakh SCBRVs whichever was earlier. The company was to levy Rs.200 for two wheelers, Rs.400 for four wheelers and Rs.600 for commercial vehicles per smart card.

• Selection of Total Solution Provider

Out of ten offers received (30th July 1999) the Secretaries' Purchase Committee (Committee) qualified two agencies viz. M/s. Intellicon Pvt. Ltd. and the STL. The first agency, however, withdrew its offer before finalisation of the tender. The Committee, instead of re-tendering, considered the offer of the other agency on the plea that withdrawal of one qualified agency does not disqualify the other. Thus the element of competition in the tender was lost.

• Avoidable liability on vehicles owners

The cost of 1.5 MB Optical card with 1 KB Memory Chip Card was fixed at Rs.289.95, which included cost of card Rs.273, cost of hardware Rs.6.95 and cost of implementation Rs.10. The Committee accepted this offer on the plea that Government fund was not involved.

Additional burden of Rs.133.80 crore was imposed on vehicle owners due to selection of high capacity Optical Fibre Card for SCBRV

The optical card stores information of about 1200 pages. According to a study conducted by Smart Chip Ltd. with respect to activities regarding vehicles, a card of 1 KB was sufficient to meet the requirement of driving licences, registration certificates and permits, even in case of commercial vehicles where the card is frequently used for updating of road tax payments, permits etc. Since 1 KB card costing Rs.50, being used for driving licence, the same capacity was sufficient to meet the requirement of registration certificate also, selection of 1.5 MB card costing Rs.273 was exorbitant, as only 0.07 per cent of the capacity of the card would be used for this purpose. Hence, there was no justification in issuing such costly cards. For 60 lakh cards additional liability on vehicle owners would be of the order of Rs.133.80 crore. COT stated (October 2003) that 1KB chip was not sufficient to store complete vehicle registration data. Hence the Committee recommended 1.5 MB chip. This was not tenable, in view of what is stated above.

• *Penalties for delay in implementation and operational deficiencies*

Penalty of Rs.90.89 lakh was recoverable for delay in implementation and operational deficiencies

As against 21 RTOs to be covered by September 2002, only seven RTOs were covered under the project upto March 2003: There was delay ranging from two to fourteen months (as of March 2003) in commencement of the project. As against 4 lakh cards to be issued, only 1.15 lakh cards were issued. Thus, STL was liable to penalty^α of Rs.82.63 lakh for delay in implementation and Rs.8.26 lakh for operational deficiencies^β for which no action has been initiated so far (November 2003). COT stated (October 2003) that no target was fixed for issue of cards by the contractor. This was not tenable as the agreement provided for the above penalties.

3.4.6. Management Information System (MIS)

Delay in developing in MIS led to underutilization of computers worth Rs.5.40 crore besides defeating the computerisation process

The MIS was to be developed by Magnum Fincap Ltd (MFL) (cost Rs.42 lakh) and installed at various offices under COT within 15 months commencing from June 1999. Computers and peripherals worth Rs.5.40 crore were purchased for this purpose in November 2001. An amount of Rs.31.50 lakh was paid to MFL during 2001-02. However, as of March 2003, MFL could not complete the MIS as per requirement of the department. Thus, the project, planned to complete by August 2000 remained incomplete even after two and half years from the stipulated date of completion. This, besides defeating the computerisation process in Transport Department led to underutilisation of computers costing Rs.5.40 crore in addition to unfruitful expenditure of Rs.31.50 lakh. COT stated (October 2003) that department was planning to initiate legal action against the vendor and a new software was being developed by National Informatic Centre, Delhi.

3.4.7 Conclusions

Technology developed for check posts was not fully utilised and the equipment were lying idle for want of operation and maintenance affecting the revenue collection. Smart Card Based Driving Licencees were issued without creating environment for its usage. Instead of developing operational skill internally, department continued to depend on external agencies. Central Server of sufficient capacity with relevant database was not installed. Computers and peripherals were lying idle or under-utilised as MIS could not be developed. Thus, in short, the implementation of information technology in the important Government Department failed to deliver the intended benefits to the public despite huge expenditure.

^α 10 per cent of the value of smart card planned for preparation during the delayed period (cost of Rs.289.95 card, 2.85 lakh cards)

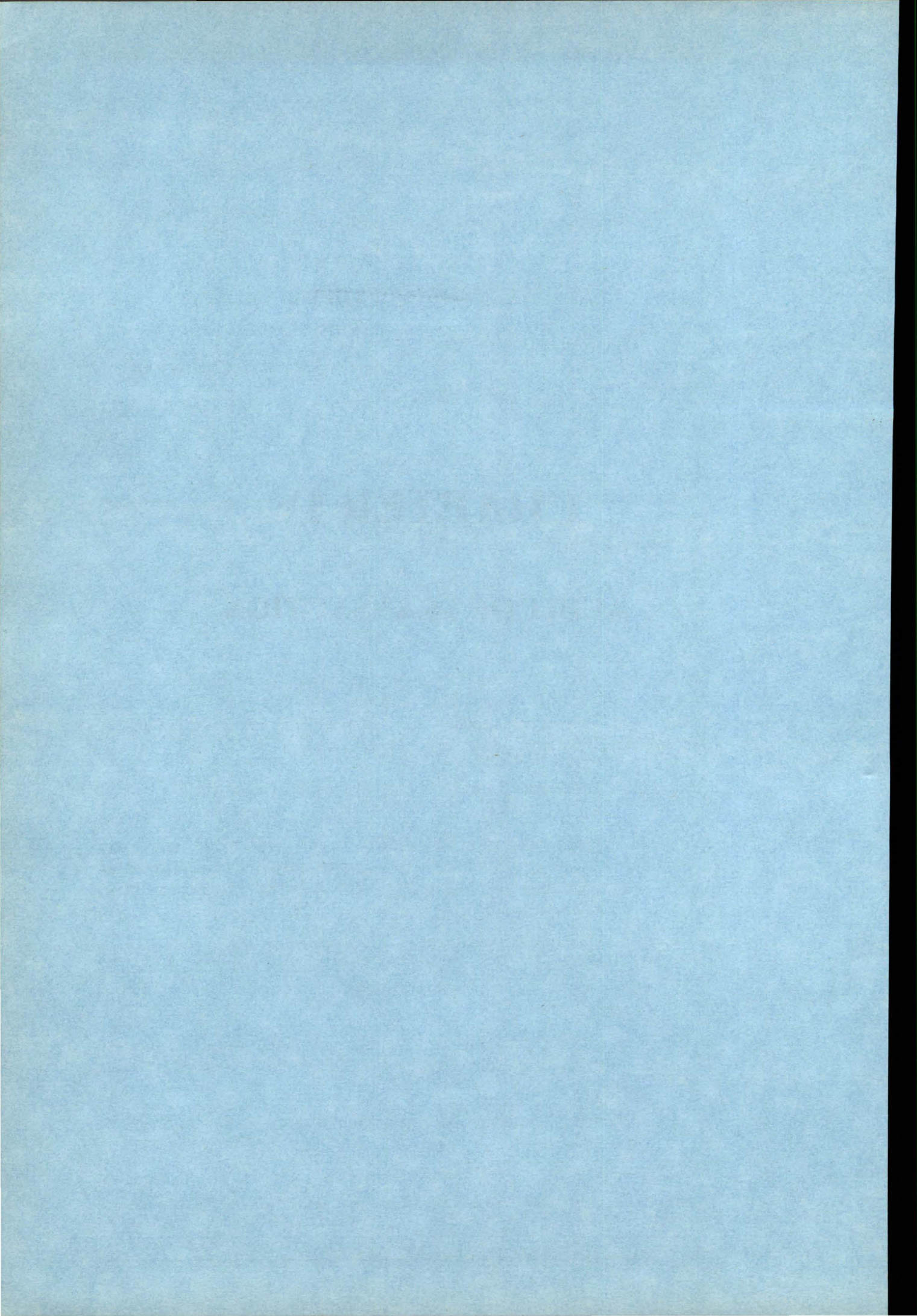
^β 1 per cent of value of smart card not issued out of quantum specified for every six months.

3.4.8 Recommendations

- Government should monitor the working of the project closely and ensure optimum utilization of the infrastructure created in order to plug loopholes in collection of revenue.
- The equipment lying uninstalled and non operational should be put to use to ensure envisaged benefits.
- Smart card based Driving Licence ; and Registration of Vehicles already issued should be put to use by proper installation/creation of infrastructure.
- The connectivity of the check posts with the Central Monitoring Centre should be ensured and effective monitoring should be made to avoid pilferage of revenue at check posts.

CHAPTER IV

AUDIT OF TRANSACTION



CHAPTER IV

AUDIT OF TRANSACTION

4.1 Fraudulent drawal/Mis-appropriation / Embezzlement/Losses

PORTS AND FISHERIES DEPARTMENT

4.1.1 Loss of Government Money

Keeping government funds in a financially weak bank resulted in a loss of Rs. 3.54 crore

The Commissioner of Fisheries (Commissioner) released Rs.8.28 crore between 1996-97 to 1998-99 to 21 Fisheries Co-operative Societies of Veraval under the scheme of financial assistance for construction of fishing boats, fish farms etc. sponsored through National Co-operative Development Corporation (NCDC). The amount of assistance was deposited in Veraval Ratnakar Co-operative Bank Limited (bank) in saving bank account in the joint names of Assistant Director of Fisheries (Assistant Director) and respective co-operative societies. Of this, Rs. 6.46 crore was withdrawn up to December 1998 by the societies leaving a balance of Rs. 2.36 crore including interest earned. The cheques presented in the month of December 1998 (Rs.12.25 lakh) were dishonored by the bank due to its weak financial position. In addition Rs.1.18 crore[@] pertaining to government assistance to 6 co-operative societies and Veraval Nagarpalika remained with the bank. The banking license of the bank was cancelled in January 2000 by the Reserve Bank of India (RBI) and the bank went into liquidation (April 2000).

Records of the Assistant Director of fisheries, Veraval revealed (May 2002) that

- the financial position of the bank was weak right from 1983 and it was placed under rehabilitation with reference to its financial position of December 1986. The bank had failed to show any improvement in its working thereafter.
- As per inspection carried out by RBI in December 1987, the erosion in the value of bank's assets was of Rs.3.79 crore and it had not only eroded the entire share capital and reserves, but also affected part of its deposits.
- In spite of the weak financial position, the amount of assistance given by commissioner was deposited (1996-98) in Co-operative Bank account .
- Incidentally, looking to the deteriorating financial position of the bank, the Commissioner had issued (June 1998) direction for withdrawal of

[@] Jafrabad : One - Rs.15.72 lakh, Porbandar : four - Rs.84.95 lakh, Veraval : one - Rs.7.73 lakh and Veraval Nagarpalika - Rs.10 lakh

the fund from the bank and to transfer the same to local branch of State Bank of India or to district co-operative bank.

- Assistant Director however, continued to maintain account with the bank ignoring specific direction of Commissioner, which ultimately resulted in loss of Rs.3.54 crore as the bank went under liquidation (April 2000).
- Commissioner too did not initiate any action against Assistant Director for retention of funds in the bank despite specific instructions.

Thus, parking of huge funds in a known financially unsound bank disregarding instructions of the Commissioner by the Assistant Director resulted in a loss of Rs.3.54 crore.

The matter was reported to Government in February 2003. Government admitted the facts but stated (October 2003) that as the amount was deposited in joint accounts with the societies, it required consent from them, but not a single society was prepared to divert the amount from the bank and that action against the concerned officers was initiated and the result thereon would be intimated in due course. The funds should not have been kept *ab initio* in such financially weak bank and even if it was deposited, it should have been transferred immediately after the receipt of first signals of the bankruptcy of the bank. Thus, the Commissioner had not taken effective action to persuade/force the societies to withdraw the amount to safeguard the interest of Government, which ultimately led to loss of Rs.3.54 crore.

ROADS AND BUILDINGS DEPARTMENT

4.1.2 Loss of Rs.1.16 crore

Delay in disposal of material resulted in loss of Rs.1.16 crore

The Executive Engineer (EE), Expressway Division No.1, Ahmedabad terminated (1994) the contract for the work of Ahmedabad- Vadodara Expressway between Km 0/0 and 59/0 because of slow progress in execution of the work by the contractor. The material at site, 1.35 lakh cum stone metals (Rs.1.27 crore), 2832.50 RM RCC Pipes (Rs.0.18 crore) and 4632 RM PVC Pipes (Rs.0.05 crore) of aggregate cost of Rs.1.50 crore was taken over (December 1994) by the division. The division did not use the materials on its works till September 1998, when the site/balance work was handed over to National Highway Authority of India (NHAI). Based on the report of the NHAI (August 2000) that the quality of the material which was lying for the last seven years has deteriorated and was unfit for use and recommendation for its disposal, the State Government issued orders for its disposal on "as is where is" basis (September 2000).

The Division fixed (August 2001) the upset price at Rs.0.52 crore. However, auction was conducted between October 2001 and February 2003, and an amount of Rs.0.34 crore only was realised resulting in a loss of Rs.1.16 crore.

The EE stated (January 2003) that as it was decided to issue the material to the new agency, the division had not taken any action to remove the material at site and that after fixation of upset prices, auction was carried out and materials sold to the highest bidder.

The reply was not tenable as division did not shift or sell the materials at site between 1994 and 1998. Even after handing over the site to NHAI in September 1998, division had not taken any action for its disposal. Further, the materials at site worth Rs.1.50 crore included the stone metal materials of various size amounting to Rs.1.27 crore. As the stone metal material was not so susceptible to deterioration by passage of time, the contention of the division regarding the deterioration in quality required thorough investigation.

The matter was reported to the Government in February 2003; reply has not been received (December 2003).

4.2 Infructuous/Wasteful expenditure and overpayment

ROADS AND BUILDINGS DEPARTMENT

4.2.1 Infructuous expenditure of Rs.65.14 lakh

Execution of item of work not approved by MORTH resulted in infructuous expenditure of Rs.65.14 lakh

Government accorded (September 1998) administrative approval of Rs.118.49 crore for "Phase-1 of widening to four lanes of Ahmedabad-Rajkot National Highway No.8-A."

The work on the National Highway (NH) between km 61/4 and 72/4 on Ahmedabad-Bhayala-Bagodara section was allotted (March 1999) to a contractor at his tendered cost of Rs.13.30 crore (estimated cost Rs.14.29 crore) by the Executive Engineer (EE), NH Division, Ahmedabad for completion by March 2001. It was actually completed in September 2001 at a total cost of Rs.15.45 crore.

According to NH Rules 1957, if the estimated cost of any original work on NH exceeds Rs.10.00 lakh, the detailed estimates are to be sent to the Ministry of Road Transport and Highways (MORTH) for according technical approval and financial sanction. No original work on NH is to be undertaken until these are accorded by the Central Government.

Audit scrutiny revealed (February 2002) that the State Government sent the technical proposal to MORTH in April 1998 and before the receipt of approval (February 1999), accorded technical sanction and finalised Draft Tender Papers (DTP) in October 1998. This was contrary to the NH Rules 1957. While according technical approval the MORTH specifically deleted the item of work of 70 MM Bituminous Macadam (BM) from the estimates. However, the work was got executed including the deleted item of work viz.70 MM BM (Rs.65.14 lakh) through the contractor.

The EE stated (February 2002 and April 2002) that the work was executed on the basis of revised estimates sanctioned (October 1999) by Government prepared on the basis of technical approval of MORTH and which contained the 70 MM BM. He also stated that execution of 70 MM BM was technically required.

The reply of the EE was not acceptable as even after the deletion of 70 MM BM by MORTH in February 1999, it was not deleted from the work allotted to the contractor (March 1999). Instead it was included in the revised TS accorded (October 1999) by the State Government *suo-motto* without prior approval of MORTH. This led to infructuous expenditure of Rs.65.14 lakh. Further, Government's action to finalise DTP before receiving technical approval from MORTH was not justifiable.

The matter was reported to the Government in January 2003, reply has not been received (December 2003).

4.2.2 Wasteful expenditure of Rs.32.56 lakh

As a road was not allowed to pass through a reserved forest the expenditure of Rs.32.56 lakh incurred on it proved wasteful

With a view to shorten the distance between village Palaswa (Kachchh district) and Tikar (Surendranagar district) and also to provide transportation facilities from Halvad, Dhrangadhra, Morbi and Malia to Rapar through a short route, the Executive Engineer, Roads and Buildings Division (Division), Bhuj proposed (January 1997) to take up the construction of a new road from Palaswa to Tikar from Km 30/0 to Km 42/150. According to Gujarat Public Works Manual (para 159) before taking up the work of construction of a new road, a detailed survey must be carried out to have a clear site for taking up the work. The estimates were technically sanctioned (January 1997) by Government for Rs.1.04 crore. Out of which Rs.94.19 lakh was for contract work. The work was allotted (March 1997) to a contractor for completion by March 1998.

Audit scrutiny of records of Division revealed (January 2003) that the alignment of the road was passing through small Rann of Kachchh, the reserved forest area. However, necessary permission for acquisition of required land was not obtained from the Forest Department before entrusting the work. Forest Department instructed (March 1998) the Division to stop any further work within the reserved forest area. The contractor stopped (June 1998) the work* after executing the work worth Rs.32.56 lakh.

In September 2000, the contractor was relieved of execution of the work. Thus, execution of work without acquiring Forest land resulted in wasteful expenditure of Rs.32.56 lakh, besides the denial of intended benefit to the public.

* Payment made in August 1998.

The Executive Engineer (EE) stated (January 2003) that the survey number of the road alignment passing through the village Palasawa was not included in the Gazette Notification of January 1973 of Agriculture, Forest and Co-operation Department and as it did not pass through the Wild Life Sanctuary no permission was needed and also the fact of passing through the Sanctuary was told only when the execution of work was in progress (March 1998). However, the Superintendent of Wild Ass Sanctuary, Dhrangadhra stated (July 1999) that in the gazette the area of Small Rann of Kachchh and waste land adjoining the villages including village Palaswa were declared as the area coming under Wild Ass Sanctuary though the survey number and area was not shown therein.

Thus, taking up the work without proper survey and non-co-ordination between the departments resulted in wasteful expenditure of Rs.32.56 lakh. The EE also accepted (January 2003) audit contention that there was every possibility of damage and deterioration of the work done due to passage of time, but no responsibility for the same was fixed.

Matter was referred to Government (May 2003) reply was awaited (December 2003).

4.3 Violation of Contractual obligation / Undue favour to contractors

INDUSTRIES AND MINES DEPARTMENT

4.3.1 Loss of Rs.201 crore

Non-issue of orders for recovery of deferred electricity charges from power loom operators resulted in non-recovery of Rs.201 crore and loss of interest of Rs.32.89 crore

In view of agitation of power loom owners of Surat and surrounding areas against the high tariff since August 2000, Government decided (August 2000) to defer payment of 30 *per cent* of total electricity bill by power loom owners as an interim relief to the power loom sector. Consequently, the power companies in the State suffered heavy losses. On the basis of representation from them for compensating the losses, Government paid, between March 2001 and March 2002, Rs.201 crore to three power companies (Ahmedabad Electricity Company Rs.7.54 crore, Gujarat Electricity Board Rs.91.47 crore and Surat Electricity Company Rs.101.89 crore) as compensation. The relief to power loom sector was to be revised after receipt of the recommendations of the Gujarat Electricity Regulatory Commission (GERC).

Records of the Industries Commissioner revealed (April 2002) that GERC had fixed revised tariff from December 2001. However, Government did not issue any order for recovery of amount so deferred from power loom operators. This resulted in unintended financial benefit to the power loom sector, at the cost of heavy financial burden to State exchequer and resulted in non-recovery of Rs.201 crore besides a loss of interest of Rs.32.89[▼] crore upto 31 December 2003.

The matter was reported to Government in April 2003, the reply has not been received (December 2003).

[▼] At the borrowing rate of Government

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

4.3.2 Undue favour to a private party

Injudicious payment of interest free advance led to loss of Rs 6.97 crore and undue favour to a private party

As a part of its Cement manufacturing project, Sanghi Industries Ltd. (SIL) decided to set-up a Captive Water Desalination plant (WDP) in Kachchh district. For installation and commissioning of the plant, SIL requested (December 1999) the Government for an advance payment of Rs.15 crore against supply of 2 Million litres of Water per Day (MLD) to Gujarat Water Supply and Sewerage Board (GWSSB) at the rate of Rs.30 per 1000 liters (1M³). Government while accepting the offer decided (November 2000) to grant interest free advance (IFA) adjustable against quantity of water supplied to GWSSB subject to terms and conditions as decided between SIL and GWSSB. The payment of advance was made in March 2001.

Scrutiny of records of Government and GWSSB revealed (August 2002) that:

- Against payment of IFA, SIL had offered (December 1999) a corporate guarantee of Rs.15 crore and Fixed Deposit Receipt (FDR) having maturity value of Rs.15 crore after 15 years. Finance Department (FD) while rejecting the offer observed (October 2000) that the proposal was not sound considering interest of Rs.24.90 lakh per month on the advance at the prevailing rate of 15 *per cent* against water charges of Rs.15 lakh payable in a month for 60 MLD.
- FD, therefore, proposed for arrangement of loan from Gujarat Industrial Investment Corporation at the prevailing rate of interest, with monthly repayment of loan by GWSSB against purchase of water and balance by SIL.
- This proposal though based on sound financial principles, was turned down (November 2000) by the then minister in charge of Kachchh district who expressed displeasure on evaluation of SIL's proposal on commercial angle. The Chief Minister, therefore, directed (November 2000) for payment of IFA.
- Before payment of IFA, an agreement was executed between SIL and GWSSB in February 2001 in which no condition safeguarding Government interest was incorporated either for guarantee or for pledging the property of SIL/Guarantor till FDR was furnished. As a result, SIL did not furnish FDR as of October 2003.
- The advance was released in March 2001 by operating Contingency Fund in contravention of Rule 2(i) of Gujarat Contingency Fund Rules 1960.

- The agreement also provided for recovery by GWSSB of Rs.15 crore with interest at the rate of 18 *per cent* in the event of SIL's failure in tendering the FDR within one month of the payment of advance. Despite several notices, SIL did not tender FDR. However, no action to recover Rs.15 crore and interest of Rs 6.97 crore was initiated till September 2003.
- As against providing 2 MLD water within four months (2 July 2001) from the date of payment of advance, the actual water supply was commenced on 14 May 2002 and as such delayed by ten months. Further, as against assured supply of 60/62 ML water during the month, the actual supply of water between May 2002 and December 2002 ranged between 8.7 ML and 26.3 ML leading to less receipt of 355 ML water.

Thus, payment of IFA of Rs.15 crore to SIL without taking adequate safeguard and fixation of rate of water without proper financial evaluation, resulted in undue favour to a private party. The company did neither supply assured quantity of water nor furnished FDR and also did not pay interest of Rs 6.97 crore for the failure. The entire case requires a thorough inquiry so as to prevent recurrence of such cases in future.

Government while justifying the payment of IFA stated (June 2003) that as against the production cost of desalinated water at Rs.44 per M³ the water was purchased at Rs.30 per M³ and that the cost of water was kept constant for 10 years despite probable inflation in the future. This was not acceptable as SIL was to supply only the surplus water not required by it immediately for captive consumption in the cement plant. Further, no evaluation of SIL's offer of supply of water at Rs.30 per M³ was done with reference to interest element of advance and the IFA was given against the objection of Finance Department which in fact led to annual loss of Rs.2.70* crore towards interest on IFA of Rs.15 crore, apart from loss of interest of Rs.6.97 crore due to non-tendering of FDR.

4.4 Avoidable/Excess/Unfruitful expenditure

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

4.4.1 Unfruitful expenditure on incomplete work

Expenditure of Rs.176.16 crore on twelve irrigation projects proved unfruitful due to non-synchronisation of works

Canal works not taken up after completion of headworks

With a view to provide irrigation facility in Culturable Command Area (CCA) of 17423 Hectare (Ha), Government accorded (October 1994 to January 1998)

* at the rate of 18 *per cent* as suggested by Finance Department

administrative approval of Rs.204.90 crore for the construction of eight* Irrigation Projects. Overall technical sanction for headworks i.e. construction of earthen dam, masonry dam, spillway, spillway bridge, head regulator etc. was issued (January 1995 to July 1999) for Rs.111.22 crore. The works, which commenced between September 1996 and April 1999, were completed at total cost of Rs.130.27 crore between July 1997 and July 2000.

Scrutiny of records (January/March 2003) of Irrigation Project Divisions Amreli, Bhavnagar and Rajkot revealed that the land acquisition process for the canal works was not initiated simultaneously with construction of headworks leading to non-availability of land for canal construction even after a lapse of three to five years since completion of the headworks. Resultantly, the canal works had not commenced (June 2003) as the required land was not acquired. Even the command area for providing irrigation facility in respect of three projects (Demi III, Dondi and Survo) had not yet been finalised (May 2003) though headworks* were completed.

National Bank of Agriculture and Rural Development (NABARD) had provided (April 1996 to March 2003) a loan of Rs 57.86 crore for four out of the eight projects. Non- execution of canal works simultaneously alongwith headworks defeated the objective of borrowing and increase in financial burden of Rs 19.82 crore up to March 2003 towards interest on borrowed funds besides blocking an amount of Rs.130.27 crore.

The Executive Engineers of the respective divisions attributed the reasons for non taking up the canal works simultaneously with the headworks to possibilities of cropping up of unforeseen reasons at the time of execution of headworks, non fixation of location of the canal head regulator at the time of commencement of headworks for the masonry dam (Bhavnagar Irrigation Division, Rajkot Irrigation Division) and non approval of the detailed technical estimates for the canal works (Amreli Irrigation Division). The reasons advanced were not tenable as all works were to be taken-up for execution only after approval of detailed plans and estimates including the location of each structure i.e. masonry dam, canal head regulator etc.

In a similar case, it was observed that administrative approval for Rs.64.63 crore for the construction of four* irrigation projects was accorded between November 1989 and November 1996. The construction of headworks commenced between June 1991 and May 1997 and were completed between February 1993 and June 2000 at a total cost of Rs.45.89 crore. The canal works taken up thereafter were not completed upto May 2003 due to non availability of land as the land acquisition process was not initiated in time. Thus, against the total projected CCA of 11003 Ha, CCA of 2310 Ha only could be created and marginal benefits could be availed as shown below.

* Bhadar-II, Demi-III, Dondi, Hanol, Sodvadar, Survo, Utavali and Vadi Water Resources Projects (WRP).

* Demi III, Hanol, Survo and Utavali

* Bantwa -Kharo, Limbadi-Bhogavo-II, Phopal II and Und II Water Resources Project

Sr. No.	Name of the Scheme	AA Accorded in	Headworks completed in	Total expenditure on headworks Rs. in crore	Projected CCA (Ha)	Actual CCA created (Ha)
1	Limbadi Bhogavo II Water Resources Project	November 1989	June 1997	18.90	3605	400
2	Und II Water Resources Project	May 1990	February 1993	14.68	5313	800
3	Phopal II Water Resources Project	November 1996	June 2000	4.22	1410	650
4	Bantwa-Kharo Water Resources Project	December 1994	November 1998	8.09	675	460
				45.89	11003	2310

NABARD had provided (April 1995 to June 2002) a loan of Rs.43.83 crore for these projects. An expenditure of Rs.9.31 crore towards payment of interest up to March 2003 on loan proved wasteful as the purpose of providing irrigation was defeated due to delay in completion of the projects.

The Executive Engineers of the respective divisions attributed the reasons for part completion of canal works to non execution of detailed survey and non finalisation of design of canals, shortage of staff and non completion of land acquisition process.

Thus, injudicious commencement of all 12 projects without detailed survey, investigation and without initiating Land Acquisition process for canal works, resulted in unfruitful expenditure of Rs.176.16 crore apart from payment of interest of Rs.29.12 crore (March 2003).

The matter has been reported to the Government (July 2003); reply is awaited (December 2003).

4.4.2 Unfruitful expenditure of Rs.11.92 crore

Delay in deciding the design of canal crossing resulted in unfruitful expenditure of Rs.11.92 crore

Fulzar (Kotada Bavishi) Water Resources Project in Jamnagar district was administratively approved for Rs 18.95 crore in January 1992 and technical sanction (Rs.13.76 crore) for irrigating CCA of 1322 Hectare (Ha) of land was accorded in January 1994. The construction of headworks i.e. earthen dam, head regulator etc. commenced in February 1995 was completed in January 1998 at a cost of Rs. 10.19 crore. The project envisaged construction of 22 km long canals (8.20 km Right Bank Main Canal (RBMC), 9.30 km Left Bank Main Canal (LBMC) and 4.50 km minor canal). The work of construction of LBMC, commenced in October 2000, was completed in July 2001 at a cost of Rs 0.48 crore. The work of RBMC awarded in November 1999 to a contractor at tendered cost of Rs.1.71 crore was in progress and expenditure of Rs. 1.25 crore was booked till May 2003.

Scrutiny of the records of Und Canal Division, Jamnagar (Division) revealed (January 2003) that the main canals were to pass under the railway lines in the

However, in his letter to the Superintending Engineer, Bhuj (January 2002), among other reasons, he had admitted that investigation of the scheme was completed 3 to 4 years earlier and due to deposition of silt during last 3 to 4 years, actual ground level has increased than considered in the estimate. Since most of the length of crest was coming under the ground profile, its level had to be increased and hence, the design of waste weir was required to be revised.

Thus, the work commenced on the outdated estimate based on obsolete survey report without relevance to the actual site conditions, resulting in excess/extra expenditure of Rs.1.43 crore.

The matter was reported to Government (June 2003); the reply is awaited (December 2003).

INDUSTRIES AND MINES DEPARTMENT

4.4.4 Avoidable Expenditure

Avoidable expenditure of Rs.1.06 crore due to failure to place order in time

The Central Stores Purchase Organisation (CSPO) is a central agency for finalising purchase of stores economically and efficiently for different departments of the State. On the basis of indent placed (1999-2000) by three[#] indenting officers for purchase of cycles for distribution to tribal and other backward class girl students of standard VIII, under Saraswati Sadhana Yojana^{\$}, tenders were floated by CSPO in July 1999. Offers of the four suppliers were accepted and orders for supply of 130806 cycles were placed in May-July 2000 at the rate of Rs.1112/- per cycle. The supply order also provided for placement of repeat order against the original order within a period of six months.

The three indenting officers forwarded another set of indents to CSPO between 12 June 2000 and 29 June 2000 for purchase of additional quantity of 123233 cycles. In the Stores Purchase Committee meeting held on 27 June 2000 it was decided to place repeat order for 28333 cycles in respect of one indenting[♥] officer only. The other two[▲] indents were returned for compliance of some queries. These two indents for 94900 cycles were also received back after due compliance on 18 July 2000 and 26 July 2000 respectively. However, CSPO, instead of placing repeat orders for 123233 cycles, issued the repeat orders for 28333 cycles in September 2000 (18888) and February 2001 (9445) at the original rate of Rs.1112/-. In the meanwhile CSPO floated (August 2000) another tender enquiry and finalised (August 2001) a fresh contract for purchase of 96516 cycles at the rate of Rs.1224 per cycle including 94900 the indents for which were received in July 2000 itself. The cycles purchased through fresh contract were supplied between September 2001 and September 2002.

[#] Director Schedule Cast Welfare, Commissioner Backward Class Development, Director Developing Cast Welfare.

^{\$} A State Plan Scheme

[♥] Commissioner, Backward class development

[▲] Director Schedule Caste Welfare, Director Developing Caste Welfare

Thus, non-issue of repeat order within validity period ultimately resulted in avoidable extra expenditure of Rs.1.06 crore for 94900 cycles besides delay in distribution of cycles for a period of one year.

The CSPO stated (January 2003) that 28333 cycles were purchased from three suppliers by repeat orders and remaining quantity could not be purchased through second repeat orders as there was no provision in the contract for second repeat orders. Government while justifying the action of CSPO stated (August 2003) that fresh tender enquiry was floated as indents for repeat orders were not received in time. The replies of the CSPO and Government were not tenable. By the time of placement of repeat order in September 2000 (18888 cycles), the indents (94900 cycles) from other two indenting officers had already been received (July 2000). Further repeat order for 9445 cycles was issued in February 2001 only at the original rate even when the validity period had already expired. Hence repeat orders for 94900 cycles could have been issued in September 2000 itself. Failure to do so resulted in avoidable expenditure of Rs.1.06 crore.

4.5 Idle investment/ Idle establishment /Blockage of funds

ROADS AND BUILDINGS DEPARTMENT

4.5.1 Unfruitful Expenditure

Commencement of work without sufficient allotment of funds resulted in blocking of funds of Rs.27.20 crore without deriving benefits therefrom

A bridge across river Narmada between village Chandod and Poicha was constructed (September 2001) at a total cost of Rs.25.96 crore. The work, which had commenced in 1993, was completed in a long period of eight years.

Audit scrutiny revealed (April 2003) that the Executive Engineer (Narmada), Bridge Construction Division[▼], Vadodara invited tenders for the work of approaches in October 2000. The work was awarded to a contractor in June 2001 at his tendered cost of Rs.6.93 crore. The work, commenced in August 2001, was scheduled to be completed in February 2003.

The contractor has carried out the work upto June 2002 amounting to Rs.1.84 crore. A staggered payment of Rs.1.24 crore was made between May 2002 and February 2003 leaving a balance of Rs.0.60 crore. Due to non-payment of bills the contractor abandoned (June 2002) the work and requested (December 2002) the Division to relieve him from the above work. However, the contractor was not relieved as the work had not reached the safe stage. As no further work on approaches was executed after June 2002, the bridge could not be utilised.

Executive Engineer stated (May 2003) that due to non-allotment of fund by the Government, payment could not be made to the contractor.

[▼] Division

Thus, due to non-allotment of sufficient funds, expenditure of Rs.27.20 crore incurred on the construction of bridge and its approaches proved unfruitful. Further, the incomplete work on approaches that was not brought to safe stage was susceptible to damage.

The matter was reported to Government in July 2003, the reply was awaited (December 2003).

4.5.2 Blocking of funds

Commencement of a work without ensuring availability of funds in violation of codal provisions led to abandonment of partly completed work worth Rs.5.77 crore

With a view to develop Dholavira*, Government decided to undertake the work of widening and improvement of Chitrod-Rapar-Dholavira road (km. 0/0 to 109/0) in January 1999. Administrative approval and technical sanction were accorded in July 1999 for Rs.15.52 crore. The work was split up in three parts for early completion.

Audit scrutiny at Roads and Buildings Division, Bhuj revealed (January 2003) that

- tenders were invited (April 1999) and the works awarded (February 2000) at a total cost of Rs.13.26 crore. The work orders for all the three works were issued in March 2000.
- During 2000-01, the contractors executed the work worth Rs.4.38 crore and were paid accordingly.
- As against the requirement of Rs.8.88 crore during 2001-02, only Rs.0.28 crore was released for these works. Of the total work done for Rs.1.39 crore during 2001-02, payment of Rs.0.28 crore only was made leaving a balance of Rs.1.11 crore.
- The balance amount was cleared only by September 2002. The contractors stopped the work (June 2001) after executing the work valued Rs.5.77 crore due to inability of the Government to make timely payments and requested the Government (June and September 2001) to relieve them from the work.
- No decision was taken (August 2003) by Government and the works remained abandoned since then.

Thus, lack of proper planning and execution of works without sufficient funds resulted in blocking of funds of Rs.5.77 crore besides defeating the purpose for which the project of widening the road was undertaken.

The matter was reported to Government in February 2003; reply has not been received (December 2003).

* Dholavira is a place of archaeological and historical importance in Kachchh district.

4.5.3 Blocking of funds

Construction of new circuit house without assessing actual requirement resulted in idle investment of Rs 1.32 crore

On the basis of revised Administrative approval of Rs.94.58 lakh issued (February 1998) for construction of a new circuit house at Surendranagar, the work was awarded (February 1999) to a contractor at tendered cost of Rs.66.00 lakh for completion by August 2000. The work started in February 1999 and was completed in August 2000 at a cost of Rs.67.78 lakh. An expenditure of Rs.64.55 lakh was incurred on furniture and electrification[♦] etc. and on construction of staff quarters[♥] upto October 2002.

Scrutiny of the records (May 2003) of Roads and Buildings division, Surendranagar revealed that on the basis of allotment of funds in the budget for 1994-95, the Executive Engineer (EE) submitted a proposal for construction of a new circuit house and Government accorded (November 1997) administrative approval to it. As the occupancy in the existing Circuit House at Surendranagar ranged between 51 *per cent* to 62 *per cent* during 1996-97 to 1999-2000, there was no requirement for a new circuit house in the same location.

Further, the new circuit house was not put to use (May 2003) after its completion in August 2000 as no staff was deployed.

Thus, construction of new circuit house without assessing actual requirement resulted in idle investment of Rs.1.32 crore.

The EE replied (July 2003) that though there was no suggestion on record for construction of new circuit house at Surendranagar, as the existing circuit house was an upgraded rest house and it being a District Head Quarter a circuit house was considered necessary and that due to shortage of staff the circuit house was not put to use.

The reply was not tenable as the existing circuit house itself was never fully occupied from 1996-97 to July 2003. As a result thereof, the new circuit house was not at all put to use (May 2003) even after three years of construction. Consequently, the expenditure of Rs.1.32 crore was largely unfruitful till now (December 2003).

The matter was reported to Government in May 2003; reply was awaited (December 2003).

[♦] Rs.57.86 lakh

[♥] Rs.6.69 lakh

4.5.4 Idle investment on construction of a bridge

Bridge constructed at a cost of Rs.1.04 crore could not be put to use for more than four years due to lack of co-ordination with Land Acquisition authorities

The work of construction of a bridge across river Meshwo in place of existing dip on Lunavada-Modasa-Shamlaji road at Km.500/0 to 501/0 was administratively approved (January 1996) and technically sanctioned (February 1996) for Rs.1.15 crore by the Government. The work was awarded to a contractor (July 1996) at tendered cost of Rs.1.16 crore and work order issued (August 1996) by the Executive Engineer (EE), Roads and Buildings Division (Division), Himatnagar for completion by February 1999. The work was completed in January 1999 at a total cost of Rs.1.04 crore.

Test check of records (April 2002) of the Division revealed that the Division had sent (September 1997) the primary proposal for acquisition of 22110 sq. m. of private land required for the work of approaches to the Collector, Himatnagar. Notification under Land Acquisition Act was issued between September 1999 to March 2000 and the award declared by the Land Acquisition Officer in February 2002.

The Division requested the Government (April 2002) for allotment of Rs.2.20 lakh, the award amount. However, no fund was allotted and payment was not made to the land owners (July 2003). Consequently, the work of approaches could not be taken up.

The EE stated (April 2002) that during the execution of bridge it was assumed that the required land for approaches would be obtained but due to lengthy procedure of Land Acquisition, non-cooperation of Land Acquisition office and non allotment of fund, the work of approaches was delayed.

The reply is not tenable as it took two years to initiate land acquisition process and further more than two years for declaration of awards. Even after declaration of awards, the Division was not able to get allotment of a meagre amount of Rs.2.20 lakh and the bridge constructed at a cost of Rs.1.04 crore remained idle till date (July 2003).

The matter was reported to the Government in April 2003; their reply is awaited (December 2003).



MESHWO BRIDGE MODASA APPROACH



MESHWO BRIDGE SHAMLAJI APPROACH

**PANCHAYATS, RURAL HOUSING AND RURAL
DEVELOPMENT DEPARTMENT**

4.5.5 Blocking of funds

Injudicious release of grants under Sardar Awas Yojana without assessing requirement resulted in blocking of funds of Rs. 8.05 crore

Rule 145(5) of Gujarat Financial Rules 1971 provide that every grant made for specific purpose should be utilised within a reasonable time and the portion of the amount which could not be utilised for the said purpose is required to be surrendered to Government.

Records of District Panchayat, Mehsana, Surat and Surendranagar (Panchayat) revealed (June 2002-2003) that under state sponsored scheme of Sardar Awas Yojana (SAY) financial assistance was payable to rural poor for construction of houses. However, parallel scheme of Indira Awas Yojana (IAY) implemented by Government of India through District Rural Development Agency was more beneficial compared to state sponsored SAY*. As a result, physical performance under SAY against target during 1999-2000 and 2001-02 remained between 10 per cent and 65 per cent. Despite low achievement of targets Government continued to release funds according to the targets fixed without ascertaining from the Panchayats the actual expenditure. This resulted in accumulation of unspent balance of Rs.8.05 crore with the Panchayats by end of March 2003.

When this was pointed out by audit, Panchayats stated (June 2003) that the funds were released by the Government without any demand and that the targets for construction of houses under SAY fixed by Government were on higher side which could not be achieved on account of popularity of IAY.

Thus, injudicious release of grant without any demand resulted in blocking of Rs.8.05 crore besides imposing financial burden on state budget.

The matter was reported to Government in June 2003; reply was awaited (December 2003).

**NARMADA, WATER RESOURCES AND WATER SUPPLY
DEPARTMENT**

4.5.6 Idle Investment

Indecision in selection of site for installation of fuse gates resulted in blocking up of Rs.2.33 crore and recurring liability of interest on borrowed funds

To increase the storage capacity of irrigation dam using HYDROPLUS fuse gates system, an agreement was entered into (December 1998) between Government of Gujarat and "Hydroplus International", of France for installation of fuse gates in eight dams at a total cost of Rs.39.80 crore. Out of

* Under SAY the construction of houses should be done by various agencies and assistance paid to the agencies only, thereby the quality of construction suffered. Under IAY the beneficiaries were themselves allowed to construct the house and assistance was paid direct to them.

this, a credit of Rs.25.92 crore towards the cost of the project was to be provided by the Hydroplus International under protocol agreement as loan bearing interest at 4.94 per cent per annum. Total gates to be installed were 546 in number.

The installation of 470* fuse gates on seven dams was completed between October 2000 and April 2001[^]. The 76 gates purchased between May 1999 and February 2001 for Rs.2.33 crore for Patadungri dam and 3 gates (spare) supplied free of cost could not be installed because of opposition from local bodies.

Therefore, Government decided (January 2001) to install these gates in Veradi-I dam in Jamnagar District. Accordingly, a fresh agreement was entered (January 2001) into with Hydroplus International to install 97 fuse gates including additional 18 gates which were to be supplied free of cost, at Veradi-I, to be completed before monsoon of 2001. However based on the Report (October 2001) of the Superintending Engineer, Rajkot Irrigation Circle regarding damage suffered by farmers due to fusing away of fuse gates at Sorathi and Sonmati dams and opposition from local Kisan Sangh and people apprehending submergence of agriculture land, Government issued instructions (October 2001) to postpone installations.

A proposal for installation of these fuse gates at yet another dam i.e. Sankroli in Amerli District was considered (April 2003) but was dropped in June 2003. The 79 gates (76+3) therefore, remained uninstalled so far (July 2003).

Thus, lack of proper survey before purchase of gates resulted in idle investment of Rs.2.33 crore besides the liability of Rs.0.31 crore on interest due on borrowed funds.

The Division stated (April 2003) that change of site etc. was decided by Government and the division was acting as nodal agency. The fact however, remained that the equipment valuing Rs.2.33 crore remained idle since 1999-2000 due to indecision of Government.

The matter was reported to the Government in June 2003; the reply was not received (December 2003).

LABOUR & EMPLOYMENT AND SPORTS, YOUTH SERVICES & CULTURAL ACTIVITIES DEPARTMENTS

4.5.7 Idle investment on construction of Hostels

Hostels constructed at a cost of Rs.1.13 crore remained idle

Youth Services and Cultural Activities Department and Labour & Employment Department accorded administrative approval of Rs.0.47 crore (February 1992) and Rs.0.37 crore (August 1992) for construction of hostels

* plus 25 fuse gates supplied free of cost

[^] Total No. of gates for which payment was made	546
No. of gates supplied free of cost	28
No. of gates installed	470

for accommodating 65 sportsmen at Limbdi (district Surendranagar) and 80 students of Industrial Training Institute, (ITI) Manpur (district Navsari) respectively. The construction of the hostels was completed in July 1998 (cost Rs.74 lakh) and January 2000 (cost Rs.39 lakh).

Audit scrutiny of the records of Sports Coaching Centre, Limbdi revealed (January 2001) that the possession of hostel was taken over in July 1998 but no sportsman was admitted till now (December 2003). Staff required for running the hostel was not appointed as the Government had not sanctioned any post.

Similarly, ITI hostel building remained unutilised from date of taking over possession (8 May 2000) till August 2003 as only 12 students were admitted in the academic year 2003. The Principal ITI stated (April 2003) that the ITI was situated in tribal area and the hostel was constructed to provide accommodation to the students coming from interior part. However, the fact remained that no trainee sought admission in the hostel till 2003 and the hostel premises were utilised to dump the stores and for providing shelter to the police for fifteen days in December 2002.

The Government stated (September 2002) that due to economy measures and ban on creation of new posts from September 1998, Finance Department (FD) did not sanction the requisite staff for sports hostel. The contention of the Government was not tenable as the department should have got the staff sanctioned along with the administrative approval of the hostel building in 1992 itself as the ban for new recruitment was imposed only from September 1998. For non-utilisation of ITI hostel Government attributed (July 2003) reasons to low turnout of trainees from other districts due to increase in number of ITIs in the districts. The reply was not tenable as Government failed to consider the increasing number of ITIs in the district before construction of hostel at Manpur.

Thus, non-sanctioning the staff required for running of sports hostel and construction of hostel for ITI students without assessing the actual requirement resulted in idle investment of Rs.1.13 crore.

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

4.5.8 Blocking of Rs.57.64 lakh on unsold property

Non-occupation of residential flats by the officers and subsequent failure in its disposal resulted in blocking of Rs.57.64 lakh

In October 1997, Vadodara Urban Development Authority (VUDA) decided to construct commercial shop- cum- residential complex (Complex) on the plot measuring 703 sq. mt. at Gorva allotted (November 1995) by Government. Accordingly, complex having total built-up area of 1242.18 sq.mt consisting of 8 shops, 2 office premises and 4 flats for executives was constructed in January 2000 at a cost of Rs.92.64 lakh.

Of these, shops (built up area 237.30 sq mt.) were sold (October 2000-November 2002) for Rs.31.48 lakh and office premises area (341.84 sq mt.), with up-set value of Rs.30 lakh were retained for housing its town planning office. The four residential flats (built up area 663.04 sq.mt.) remained unoccupied as the executives were not willing to occupy the flats. VUDA therefore decided (April 2000) to dispose of the flats at the up-set price fixed by the registered valuer.

The records of VUDA revealed (February 2002) that against the cost price of Rs.57.64 lakh of the flats, (including the cost of land at prevailing market rate of Rs.350 per sq mt.) the valuer fixed (March 2001) the up-set price at Rs.54.77 lakh. Since the property could not be sold at that price, it was revalued (November 2001) to Rs.44.82 lakh. As there was no demand for the flats even at the reduced price, VUDA resolved (October 2002) to dispose of the property at Rs.39.04 lakh at the demand price assessed privately. However, the flats remained unsold.

VUDA stated (June 2003) that its executives serving there on deputation were being transferred frequently and with a view to provide them residential accommodation, it was decided to construct the flats. However, due to unwillingness of the executives to reside in the flats a decision was taken to dispose of the property.

Construction of flats without ascertaining the requirements, non-occupation of accommodation by the executives and its non-disposal in three years thus resulted in blocking of Rs.57.64 lakh and recurring liabilities towards its maintenance.

The matter was reported to Government in February 2002, the reply was awaited (December 2003).

4.6 Regulatory issues and other points

EDUCATION DEPARTMENT

4.6.1 Computerisation in Education Department

(A) Supply of sub-standard Computers to Grant-in-aid Schools

Non-observance of conditions laid down by Government for purchase of computers raised doubts about genuineness of purchase valued at Rs.26.25 crore

With a view to train students in Information Technology, Government introduced computer education as an optional subject in High Schools from 1998-99. To equip the aided high schools (schools) with necessary infrastructure, Government decided (November 1998) to reimburse upto 50 per cent of the expenditure incurred on purchase of computers as a one time grant (grant) subject to a ceiling of Rs.3.00 lakh per school.

Government prescribed (November 1998) the configuration of computer systems, education software, furniture, power systems etc. A Technical Agency was to inspect and certify the systems; and a specified cell of Dr. Vikram Sarabhai Community Science Centre, Ahmedabad (VSCSC) was to certify the education software before payment.

Based on the specific recommendations (November 1998) of the District Education Officers (DEOs), the Commissioner of Mid-day-Meal and Schools (Commissioner) sanctioned Rs.26.25 crore for the scheme. DEOs disbursed this amount to 875 schools during the period 1998-2002 (4 years). Government discontinued the scheme with effect from 2002-03.

Test check by audit of records in 8 selected DEOs^ψ covering 545 schools (62 per cent) conducted between October 2001 and January 2003 revealed the following:-

• **Uneven coverage of the scheme**

- The target set for first year (1998-99) was to support minimum 10 schools in each district. No targets were fixed for the next 3 years.
- Out of the total 875 schools covered, 125 schools were selected from 13 districts (ranging from 1 to 26 school's per district) and 750 schools from 10 districts (ranging from 40 to 164 schools per district).
- No computers were provided to any of the schools in Dangs and Narmada districts.
- Schools at Ahmedabad and Mehsana accounted for 38 per cent (Rs.9.99 crore 333 schools) of the benefits. Except Sabarkantha (95 schools, Rs.2.85 crore) all rural centres lagged behind with a coverage between 1 and 52 schools.
- Out of twenty five districts, two* were yet to implement the scheme whereas in 6 other districts less than 5 schools could only be covered.

• **Purchase of sub standard system**

As the Commissioner failed to appoint a Technical Agency to certify the Systems as stipulated, Education Inspector (EI) and Assistant Education Inspector (AEI) with no technical knowledge inspected the systems and certified the eligibility for reimbursement. The Commissioner failed to involve the VSCSC to certify the software. Thus, grants were paid to schools which purchased substandard systems as mentioned below:

- Specifications provided for purchase of Pentium computers from ISO-9002 companies. But 543 schools (out of 545) purchased 'Assembled Systems' wherein lower configuration (286, 386, 486) was noticed.
- As the prescribed softwares viz. Windows 95 and MS Office could not be operated on 286 models, students were not trained on those Systems in 29 schools covering the grant of Rs.87 lakh (**Appendix-XXX**).

^ψ Ahmedabad (City), Ahmedabad (Rural), Junagadh, Kheda, Mehsana, Rajkot, Sabarkantha and Vadodara.

* Dangs and Narmada

- In 10 schools of 4 districts (grant Rs.30 lakh) the details of purchase of essential components like RAM and/or Monitor were absent. The functioning of the systems without these components was not possible. The EI/AEI with no technical knowledge failed to understand the technical aspects and certified such systems as eligible for grant.
- There were no records to prove that 414 schools had purchased operating systems and 390 schools had purchased educational software. In the absence of operating system and educational software and the involvement of VSCSC the education imparted was questionable.
- One school had purchased four copies of accountancy software for business purposes of the Trust, - instead of educational software, which was also reimbursed (Rs.0.68 lakh).

• ***Irregularities in payment***

Purchase from ingenuine firms

Cross check of the Bills/Invoices for Computer Hardware/Software with Sales Tax authorities, revealed that :

- 73 suppliers to 125 schools were not genuine. The records of Sales Tax Authorities verified by audit raised doubt on genuineness of purchase from these suppliers; as addresses of the suppliers mentioned in the bills/invoices, Sales Tax Registration numbers etc. were found incorrect.
- despite their knowledge of local areas, DEOs failed to verify the genuineness of the purchases from such suppliers and released the grant of Rs.3.75 crore.

Multiple financial aid

Computer grant was not admissible to schools which obtained financial assistance from any other Government source. However, 14 schools were paid Rs.42 lakh over and above the financial assistance of Rs.39 lakh from Member of Parliament Local Area Development Scheme (MPLADS) (**Appendix XXXI**).

DEOs being the recommending/disbursing authorities in both the cases have unduly favoured these schools by providing multiple assistance.

Failure to restrict grant

In 22 cases, the DEOs failed to exclude the ineligible items like maintenance, repairing, stationery, assembling, installation charges etc. valuing Rs.7.42 lakh claimed by the schools.

Irregular payment without purchase of computer

- Two schools[♥], provided computer education to the students at the computer institutes of their Trust and did not purchase any computer for their schools. But the DEOs irregularly disbursed Rs.6 lakh based on their application without any supporting documents.
- DEOs released grant (Rs.15 lakh) to five schools for upgrading existing computer system and to one school (Rs.3 lakh) which had hired computer for training, violating the directions of Government.

(B) Providing computers in Government Schools**Non-observance of procedure for purchase of computers resulted in irregular expenditure of Rs.2.05 crore besides blocking of Rs.23.79 lakh**

The Member of Parliament (MP) of Rajkot district recommended providing of computers and other accessories to the schools of the district out of fund placed at his disposal under Member of Parliament Local Area Development Scheme (MPLADS). Accordingly the Collector Rajkot sanctioned Rs.2.09 crore between April 2000 and March 2002 and placed the fund at the disposal of District Education Officer, Rajkot (DEO) for providing computers to all non-government schools/colleges of the district.

DEO purchased between November 2001 and March 2002, 358 computers and distributed to 185 schools and one college. Scrutiny of records maintained by DEO relating to purchase of computers and its distribution revealed (November 2002) as under:

As per policy guidelines of Government* (December 1999) read with the provisions of resolution of September 1997 all purchases exceeding Rs.2 lakh were required to be made after inviting open tenders through news papers. In disregard to the provisions of the resolution, DEO invited price quotation from three local assemblers and purchased 358 computers from two assemblers without assessing the competitive rates through invitation of open tenders from established manufacturers.

Audit therefore, conducted (May 2003) physical verification of twelve schools in presence of respective Headmasters/ headmistresses of the district to assess the actual utilisation of the computers. It was revealed that:

- A charitable trust of Mumbai donated (September 2001) one assembled computer to a girl's high school at Virpur. The computer had the same configuration and capacity as was supplied by DEO out of MP grants. But the price of the donated computer was Rs.28880 against Rs.39000 paid by DEO. Non-assessment of competitive rates by DEO thus resulted in undue favours to private vendors and avoidable excess expenditure of Rs.38.41 lakhs in respect of 308 computers purchased from the local assemblers out of Rs.1.88 crore provided by one MP.

[♥] 1 Shri Jai Somanth High School, Khokhara, Ahmedabad and Shri H.L. Gandhi Vidya Vihar High School, Rajkot.

* in General Administration Department (Information Technology Division) resolution

- 51 computers were distributed to the middle schools (44) and primary schools (7) in violation of the guidelines of MPLADS.
- Two out of 24 computers supplied to 12 test checked schools could not be put to use as there was no electricity in the village and eight computers were lying unutilised due to non-installation by suppliers even after 17 months of supply. Thus, fund of Rs.23.79 lakh remained blocked since March 2002.
- The teachers of the schools were imparted training for computer operation for three days only and hence there was little possibility of utilisation of the computer either for computer education to the students or for administrative work.

The DEO while remaining silent on distribution of computers to middle and primary schools against the guidelines of MPLADS and non-observance of government instructions of September 1997, advanced reasons (January 2003) for purchase of assembled computers to heavy cost of branded computers. This was not tenable as no attempt was made to assess the competitive rates of branded items for purchase of computers in bulk. Further, there was huge difference between the price paid by DEO and the assembled computer of similar capacity available in the open market. Hence the entire issue calls for investigation at the highest level.

The matter was reported to Government (June 2003), it was stated (December 2003) that departmental level inquiry was set up to investigate the issue and necessary action would be taken as soon as possible.

4.6.2 Irregularities in construction of prefabricated class rooms

Poor quality of construction of classrooms led to avoidable expenditure of Rs.4.02 crore

Government of Gujarat in their resolution (December 1998) stated that there was large shortage of classrooms in primary schools. Since conventional method of construction of rooms through Public Works Department was not found suitable to fulfill the demand for good quality of rooms in a very short time and also to avoid huge expenditure on repairs and maintenance, State Government decided to adopt prefabrication (prefab) technology and accordingly, invited (December 1998) proposals for construction of prefabricated rooms as per prescribed specifications.

Fourteen companies participated in the tender. After scrutiny by a Technical Committee and evaluation of the offers by Financial Committee, offer of M/s Larsen and Toubro (L&T) at unit cost of Rs.1,59,750 for first 6000 rooms and Rs.1,55,000 for 10,000[▼] rooms subject to placing of order for subsequent 4000 rooms over the first 6000 within 3 months from issue of initial order was considered to be the lowest. Accordingly, L&T was awarded (May 1999) the work for construction of 6000 classrooms at the sites selected by the Department.

[▼] including first 6000 rooms

Scrutiny of records of the Department and the spot verification by audit of class rooms of 10 districts revealed as under:

- L&T had offered the concession of Rs.4750 per room upto 10000 rooms provided repeat order for additional 4000 rooms was given within 90 days of issue of work order for 6000 rooms, or on construction of at least 500 rooms whichever was later.
- However, Department issued repeat order for additional 5700 rooms only in October 2000 after delay of 16 months. This led to deprivation of benefit of concessional rate which ultimately resulted in avoidable payment of Rs.2.88 crore in respect of 6070 rooms constructed upto February 2001.
- The contract agreement stipulated a seismic stability of the structure for earthquake zone 5 and 4 capable of withstanding the quake of higher intensity. But prefabricated rooms constructed by L&T were heavily damaged in the earthquake of January 2001. Therefore, Education Minister ordered (February 2001) suspension of further work.
- However, advance of Rs.4.53 crore for construction of additional 5700 rooms was paid to the agency in March 2001 disregarding the instructions of the minister.
- Despite directives for stoppage of work, the agency constructed 100 more rooms (cost Rs.1.59 crore) and retained the advance till September 2002. Retention of advance by the agency after stoppage of work led to loss of interest of Rs.0.86 crore at the rate of 12 per cent per annum.
- The agreement (September 1999) provided for an additional payment of Rs.7000 per room for strengthening of soil base in the area where black cotton soil was noticed in the foundation. There was, however, no clause in the agreement regarding testing of soil in an approved laboratory. As a result, Department accepted the additional claims of Rs.1.14 crore for 1626 rooms without technical verification through officers of State Public Works Department.
- Cross check of approved design of rooms by audit with the earth quake expert^Y revealed that the design was only an architectural drawing showing specifications with no relation to seismic stability.
- No supervision of the fabrication at work site was done by any technical person or an engineer. The Head masters of the schools, though non-technical persons, were authorised to issue certificate for satisfactory completion of work.
- Verification of 347 class rooms in 150 schools in ten districts by audit (May-July 2003) revealed that 257 class rooms had suffered extensive damage compared to conventional construction of classrooms^V in the quake of January 2001. Since the structure was guaranteed for three years the repairs were carried out free of cost. However, the rooms were not used due to poor repairing.
- Head masters of the test checked schools stated (June 2003) that remaining 90 rooms too had limited use because of inhospitable conditions due to extreme heat, poor ventilation, etc.

^Y Professor Emeritus, Department of earth quake Engineering, IIT Roorkee

^V Damage to prefabricated class rooms in Valsad and Bhavnagar districts was 52% and 98% respectively compared to damages to class rooms constructed by conventional method which was 8.16% and 60% respectively



DAMAGED CLASS ROOMS

Thus, adoption of prefabrication technology without ensuring safety against earth quake in the earthquake prone State and delay in execution of the work, defeated the very purpose of providing class rooms for the needy students and resulted in avoidable/irregular payments of Rs.4.02 crore besides loss of interest of Rs.0.86 crore due to retention of advance by the agency despite stoppage of work. Further in view of large scale irregularity and failure of prefabrication technology adopted, the entire issue calls for investigation at the highest level.

The matter was reported to Government in July 2003; the reply was awaited (December 2003).

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

4.6.3 Blocking of funds

Injudicious diversion of Rs.3.62 crore from the borrowed funds and blocking of Rs.23.10 crore

Administrative Approval for construction of Ozat II Water Resources Project accorded (January 1990) for Rs.45.96 crore was revised to Rs.43.04 crore (March 1992). The work of construction of spillway, masonry dam, head regulator and spillway bridge (Civil work) was awarded (September 1995) to a contractor at a total cost of Rs.11.32 crore. The work was completed in December 2001 at a total cost of Rs.16.90 crore. For execution of the project, NABARD provided (1995-2001) financial assistance of Rs.17.14 crore.

Audit scrutiny (September 2001) of records of the Executive Engineer, Junagadh Irrigation Project Division revealed that the division deposited Rs.9.82 crore with Executive Engineer, Irrigation Mechanical Division No.VII, Ahmedabad during 1996-98 for manufacturing radial gates for the project. The latter incurred (1997-2002) an expenditure of Rs.6.20 crore and diverted Rs.3.62 crore to other projects upto August 2002 without approval of the project authorities. This led to non-completion of radial gates due to shortage of funds though the Civil works were completed by December 2001 at a cost of Rs.16.90 crore. As a result water could not be stored in the reservoir above crest level and spilled away during monsoon of 2002 and 2003.

The GWSSB had developed a group water supply scheme for supply of drinking water to Keshod city and 56 villages of Junagadh district from this reservoir at a cost of Rs.32.86 crore. Against net requirement of 6.06 m³ of water for this purpose, only a marginal quantity of water could be provided as large quantity of water was spilled away as detailed below:

Year	Inflow of water	Water utilised for		Water spilled away
		Irrigation	Drinking	
2001-02	69.50 MCM	1.00 MCM	1.00 MCM	67.00 MCM
2002-03	23.46 MCM	Nil	2.11 MCM	20.46 MCM
2003-04	5.80 MCM	Nil	0.0144 MCM	2.60 MCM

Thus, intended benefits could not be provided to the people.

The Superintending Engineer, Mechanical circle replied (May 2002) that as project authorities did not ask for refund of unspent balance of the deposit, the Executive Engineer utilised it for other Government works in bonafide public interest.

Reply was not tenable as the question of refund did not arise as the amount was meant to meet the specific requirement of the work, which was not executed. The diversion of borrowed funds meant for a specific project was also against the terms and conditions of the agreement with NABARD, which ultimately led to non-completion of the project and consequential deprivation of intended benefits to the people.

The matter was reported to the Government in January 2002; reply has not been received (December 2003).

PORTS AND FISHERIES DEPARTMENT

4.6.4 Non-recovery of minimum LDT charges of Rs.6.99 crore

Plot charges of Rs.6.99 crore was not recovered by Gujarat Maritime Board from defaulting ship breakers

Alang port managed by Gujarat Maritime Board (GMB) is a ship breaking yard. Plots are allotted to ship breakers on tender-cum-auction basis and on payment of a non-refundable premium at the rate of Rs.2700 per sq. m. The permission for utilization of plot is given for ten years and is subject to payment of (i) plot charges at the rate of Rs.600 per ten sq. m. per annum (ii) Rs.12 per Light Displacement Tones (LDT¹) of the ship brought for breaking, (iii) payment of Landing Shipping fee (L&S) at Rs.70 per LDT and (iv) all port charges as revised from time to time.

As per terms of GMB (conditions and procedures for granting permission for utilising ship breaking plots), Regulations 1994, each plot holder was required to bring ships of minimum 60,000 LDT in a block of six years. In the event of shortfall, the plot holder are to pay all the port charges and the LDT charges for a minimum of 60,000 LDT. On failure of payment of minimum plot charges within one month from the date of expiry of last year of the block, the permission to utilize the plot shall come to an end.

¹ LDT means weight of ship without cargo.

Records of port officer, Alang, revealed (December 2002) that:

- As against requirement of handling of minimum 13.20 lakh LDT by 22 plot holders in the block years of 1994-2000, the actual LDT handled by them was only 4.54 lakh tonne.
- Consequently, Rs.6.99 crore became recoverable till December 2000 from the plot holders towards differential minimum plot charges for 8.66 lakh LDT at the rate of Rs.12 per LDT and L&S at Rs.70 per LDT.
- The plot holders did not pay the differential amount despite notices and GMB too did not take any action to recover the amount except withdrawal of permission.

The GMB stated (September 2003) that in case of 13 plot holders who failed to pay the differential amount of Rs.4.18 crore, the possession of plots was taken over. Further, remaining 9 plot holders against whom minimum plot charges of Rs.4.48 crore was outstanding, were of reserved categories (SC/ST) and necessary action against them would be taken on hearing from high power committee yet to be set up by the Government for considering certain relaxation to them. However, the fact remained that Rs.6.99 crore remained unrecovered from the defaulting plot holders.

The matter was reported to Government in June 2003; the reply has not been received (December 2003).

4.6.5 Loss due to unauthorised investment

Gujarat Maritime Board unauthorisedly invested Rs.2.62 crore in violation of provisions of the Act leading to unfruitful investment and loss of Rs.2.34 crore

Section 74(2) (b) of GMB Act, 1981 (Act) provides that surplus funds should be deposited with Nationalised Bank or in such Public Securities controlled by the State Government as may be determined by the Board. Further as per Government Resolution of July 1995 surplus funds should be required to be invested as inter corporate deposits in either of the Government owned companies *viz.* Gujarat Industrial Investment Corporation, Gujarat State Financial services etc. wherein interest was paid one *per cent* higher than the maximum approved by Reserve bank of India for term deposit. The Act did not permit GMB to invest its surplus funds in equities, which is subject to market fluctuations.

Test check of records of GMB revealed (August 2000) that in contravention of the provision of the Act and Government instructions, GMB invested (March 1997) surplus funds amounting to Rs.2.62 crore in 5 lakh equity shares of Gujarat Lease Finance Limited (GLFL) at a premium of Rs.42.50 against face value of Rs.10/- per share. The market value of investment in equity share had fallen to Rs.0.28* crore as of 16 January 2004 as against investment of Rs.2.62 crore after holding the same for more than four years. No dividend was declared by the company since purchase of the shares.

* Value as per Bombay Stock Exchange in respect of GLFL was Rs.5.60 per share as on 16.01.2004

GMB stated that the investment was made as per the orders passed in the meeting of Secretaries of Ports and Fisheries and Finance Department. This was not tenable in view of the fact that the decision of Secretaries was not prudent and was subject to specific approval of the Government for such investment.

Thus, injudicious decision by GMB to invest Rs.2.62 crore in Gujarat Lease Finance Limited in violation of GMB Act and Government Resolution of July 1995 resulted in unfruitful investment of public funds for more than five years and consequential loss of Rs.2.34 core as of 16 January 2004.

The matter was reported to Government in March 2003, the reply was awaited (December 2003).

4.6.6 Unfruitful expenditure and lack of safety arrangement

Non-observance of safety norms in the yard caused frequent accidents and loss of human life

GMB has the responsibility to ensure observance by the ship breakers of all the safety rules and regulations framed by the State and Central Governments from time to time. Beaching permission for breaking of vessel at the seacoast was subject to assurance from ship breakers to observe full safety conditions. Due to frequent occurrence of accidents and fire, causing death of the workers at ship breaking yards of Alang and Sosiya, Audit conducted (June 2003) a review on implementation of safety norms by GMB.

Records of GMB, Port Officer, Alang and other[▼] agencies responsible for implementation of safety regulations revealed (June 2003) as under:

- GMB had entered (June 1997) into a Memorandum Of Understanding (MOU) with Gujarat Ship Breakers Association (GSBA) and Sosiya Ship Breakers Association (SSBA) which contemplated study of various statutes[▲] by an expert committee consisting of officials from GMB, Controller of Explosives, Chief Inspector of Factories, Labour Commissioner, District Magistrate and representatives of GSBA etc. to provide general guidelines to the ship breakers and GMB for effective implementation of safety conditions. However, no committee was formed and no report on safety measures was made.
- Cutting operations was required to be carried out under the technical supervision of qualified supervisors to be engaged by the ship breakers. However, safety officer was not employed by any of the plot holders and on 50 per cent plots, no supervisor existed.
- Sixteen out of 43 supervisors appointed on 86 plots between April 1999 and May 2003 were untrained. As a result 434 fire and other accidents occurred between April 1996 and May 2003 causing 209 deaths.

[▼] Sr.Factory Inspector, Asstt. Labour Commissioner, Police Sub-Inspector, Alang, Notified Area officer

[▲] Explosives Act 1984, Petroleum Storage Act, Factory Act 1949, Gas Cylinder Rules, Pressure Vessel Rules, etc.

- GMB incurred an expenditure of Rs.32.32 lakh between November 1997 and January 2000 on preparation and issue of 29708 barcoded Identity Cards (ID cards) to the workers employed by ship breakers. Ship breakers were to install electronic card decoder machine on their plots for these cards, but this was not mentioned in the MOU. Consequently, ship breakers did not install the card decoder machine and the ID cards purchased at a high cost could not be put to use.
- The Government while justifying the expenditure stated (October 2002) that the ID cards were provided as per the directives of High Court. This was not tenable as the High Court had only directed the GMB to ensure issue of identity cards to the workers. Basically the workers are the employees of the shipbreakers and it was their responsibility for providing ID cards and maintenance of proper records. Instead of ensuring the issue of ID cards by the shipbreakers, the GMB had undertaken to issue the ID cards. Further the ship breakers had failed to install the card decoder machine also. This was also not insisted on by GMB by denial of beaching permission of the vessel.
- Fire brigade station under the control of Notified Area Officer, Alang, was constrained by shortage of staff and unfit fire equipments. Fire fighters (two), water tankers (two) and fire pump (one) were out of order for more than two years (May 2003). There were thirteen vehicles of which eleven had no fitness certificate from RTO. As against requirement of 36 pump operators-cum-drivers, 12 jamadars and 90 firemen, only one operator, three jamadars and 17 firemen were available, one fourth of whom were unqualified.
- The port area lacked sanitation and drainage facilities.
- Unauthorised electric connections and electric short-circuit caused fire accidents leading to loss of life and property.
- A special court was set-up for immediate disposal of the criminal cases lodged for breach of Factory Act. However, cases involving heavy compensation have to be filed in the higher courts since the special court has the power to dispose of cases involving compensation upto Rs.5000/- only.
- Consequently, 418 cases preferred in higher court were pending disposal for one to fifteen years. Similarly, 59 police complaints involving death of 89 workers were pending in the higher courts from one to five years.

Thus, besides irregular expenditure of Rs.32.32 lakh, there was laxity in ensuring implementation of safety norms and provisions of safety regulations by GMB, being the authority empowered to make regulations on various matters envisaged under Section 110 of the GMB Act 1981, which includes ensuring the safe, efficient and convenient use of the port property etc.

SOCIAL JUSTICE AND EMPOWERMENT DEPARTMENT

4.6.7 Irregularities in purchase of fabric for uniform

Delay in finalisation of tender, undue favour in selection of supplier, sub-standard supplies of clothes and non-distribution defeated the very purpose of supplying uniforms to the students besides loss of Rs.1.63 crore

In order to bridge the gap of literacy level among Schedule Tribe (ST), minority and nomadic tribe and other backward community (OBC), Government in Social Justice and Empowerment Department (SJ & ED) was providing, two pairs of readymade uniforms to the primary school students of ST/OBC communities from 1997-98. The Department decided (September 2000) to provide cloth for two pairs of uniform valued at Rs.110 and cash amount of Rs.40 towards stitching charges in lieu of readymade uniform from the academic year 2000-01. The purchase of fabric was to be made through Central Stores Purchase Organisation (CSPO). Principal Secretary, Tribal Development Department was the head of Secretaries Purchase Committee (SPC) constituted for the purpose.

Based on indents received (December 2000) from two[♥] indenting officers for supply of cloth for uniforms to 37.75 lakh students, CSPO floated (January 2001) tender enquiry for purchase of cloth for shirting and suiting and finalised (October 2001), after a delay of 10 months, contracts with six manufacturers/suppliers for supply of 67.14 lakh metre fabric for shirting @ Rs.24.30 per metre and 41.57 lakh metre fabric for suiting @ Rs.54.08 per metre.

Scrutiny of records of CSPO revealed (May 2002) that:

- As per the conditions of tender, the turnover of textile manufacturer offering fabric in any one year during last two years should not be less than the offered value of stores under tender enquiry. M/s Rainbow Texturiser Ltd., who had commenced production only in September 2000, having turnover of Rs.4.87 crore during first four months, was awarded (December 2001) contract for supply of shirting valued at Rs.8.87 crore *in violation of terms of tender*.
- The firm did not supply fabric by stipulated date of 12th March 2002 despite reminders. Consequently, when action for forfeiting security deposit (SD) was initiated (May 2002), it was found that the SD of Rs.48.80 lakh furnished in the form of bank guarantee (November 2001) from a nationalised bank was bogus.
- A police complaint was lodged (July 2002) against the supplier for tendering bogus guarantee. Non-confirmation of bank guarantee before issue of supply order thus resulted in loss of Rs.48.80 lakh.

[♥] Commissioner, Tribal Development Gandhinagar, and Director, Development and Tribal Welfare Department, Gandhinagar.

- Out of remaining five suppliers, two[#] suppliers could supply only 48-50 per cent of quantity of fabrics ordered* till December 2002, against stipulated date of 13/ 24 March 2002. Against which Rs.2.06 crore was paid to the suppliers[^] till December 2002.
- After the matter was entrusted to CBI, based on complaints, it was revealed in their report (August 2002) that the fabric supplied was sub-standard and not conforming to the specification. The suppliers had entered into sub-contract with other parties against the terms of contract agreement and distributed the cloth in lumps instead of cut pieces as required and without any identification marks of the manufacturer.
- SPC in its meeting of September 2002 directed the indenting officers not to accept any further stores from these suppliers and to withhold payment of Rs.3.14 crore.
- As per the terms of contract, liquidated damages (LD) at the rate of 1/2 per cent per week subject to maximum 5 per cent of value of stores ordered was leviable for quantity short supplied. Four[@] suppliers had supplied stores late by 39 to 40 weeks for which LD of Rs.1.14 crore was not recovered.
- Due to non-receipt of indented quantity of fabric in respect of Tribal Development Department, the distribution of uniform could not be done. However, the Department paid Rs.59.60 lakh as stitching charge to 1.35 lakh students of eight districts.
- Out of the total shirting (32.72 lakh metre) and suiting (35.27 lakh metre) cloth received, 50073 metre valued at Rs.17.90 lakh remained to be distributed as on March 2003. The Department decided to pay Rs.150 in cash to each student in lieu of uniforms from academic year 2001-02. As such there was no possibility of distribution of above materials.

Thus, due to intrasparent tendering procedure, lack of adequate monitoring mechanism and absence of internal control systems, the very purpose of the scheme of providing uniforms to ST/OBC students was defeated. Further, there was loss of Rs.48.80 lakh due to forged bank guarantee.

The matter was reported to Government in April 2003; reply was awaited (December 2003).

[#] M/s Vishal Fabrics (P) Ltd. Ahmedabad, M/s Mafatlal Industries Mumbai.

^{*} Vishal trading 5.66 lakh metre suiting valued at Rs.3.06 crore, Mafatlal Industries 8.82 lakh metre shirting valued at Rs.2.14 crore.

[^] Vishal fabric Rs.84.06 lakh, Mafatlal Industries Rs.122.29 lakh

[@] M/s Mangal Textiles, Ahmedabad, M/s Jagdamba Textiles, Ahmedabad, M/s Vishal Fabrics and M/s Mafatlal Industries

HOME DEPARTMENT

4.6.8 Lack of response to Audit findings

Lack of response to audit findings facilitated defaulting officer in continuation of serious financial irregularities

Accountant General (Audit) – (AG (Audit)) conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Following these inspections, Inspection Reports (IRs) are issued to the Heads of departments with a copy to the offices inspected. Government rules provide for prompt response to ensure corrective action and accountability. Serious irregularities are also brought to the notice of the Heads of the Departments by the Office of the AG (Audit). A half-yearly report is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring.

Inspection Reports issued upto March 2003 pertaining to the Home Department disclosed that 1179 paragraphs relating to 338 IRs remained outstanding at the end of September 2003. Year-wise position is as given below:

Year	Inspection Reports	Paras
Upto 1998-1999	202	548
1999-2000	37	136
2000-2001	27	123
2001-2002	39	198
2002-2003	33	174
Total	338	1179

Of these, 33 IRs containing 66 paragraphs had not been settled for more than 10 years.

Even the initial replies, which were required to be received within four weeks from the date of issue of IRs, were not received in respect of 96 IRs. Following categories of serious irregularities involving money value of Rs.1145.47 crore commented upon in these IRs had not been settled as of September 2003.

(Rupees in crore)

Sr.No	Nature of irregularities	Number of paragraphs	Amount
1	Short recovery / Outstanding dues	116	835.84
2	Idle equipment/ Machinery	146	3.47
3	Irregular/Excess expenditure	157	226.16
4	Blockage of Government money	16	24.80
5	Non recovery	102	3.42
6	Diversion of Funds/Avoidable expenditure	21	21.00
7	Miscellaneous	621	30.78
	Total :	1179	1145.47

Lack of proper action against the defaulting officers facilitated the continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

It is recommended that Government should review the matter so that executive responsiveness to audit observations and findings at higher level is prompt. Government should also ensure that procedure exists to take (a) action against the officials who failed to send replies to IRs/Paras as per the prescribed time schedule and (b) follow up action to recover loss/outstanding advances/overpayments in a time bound manner.

The matter was reported to Government in November 2003; reply has not been received (December 2003).

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CHAPTER V

INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENT

CHAPTER V

INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENT

ROADS AND BUILDINGS DEPARTMENT

5.1 Evaluation of Internal Audit System in Roads and Buildings Department

5.1.1 Introduction

Internal control is a process established by the management to provide reasonable assurance regarding the achievements of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable rules and regulations. The components of internal control include risk assessments, accounting information, control activities and monitoring.

Internal audit and internal control mechanism are integral parts of the administration that carries out the basic internal auditorial functions for the management. Unlike statutory audit, it is not independent of the management control and hence debilities in the internal audit system would have to be seen as debilities in the administrative accountability structure. Greater effectiveness of internal audit, by implication would ensure greater efficiency of administration and consequently would attract lesser criticism from statutory audit systems and procedures would be corrected on an ongoing basis, providing a concurrent support system to administration.

Government stated (October 2003) that no internal audit system exists in the Government departments or the Heads of Department (HODs) and internal control with regard to financial matters of the State Government is governed by Rules/procedures framed under the provisions of various Manuals/Rules*.

Although no specific system of internal controls is evolved by the government, periodical departmental inspections are conducted by the administrative departments and HODs for ensuring safeguard against errors and irregularities in operational and financial matters.

The Internal Control System followed as per various Manuals/Rules framed by the Government was evaluated in Roads and Buildings Department with regard to its implementation, adequacy and effectiveness. The audit observations are as under:

5.1.2 Organisational Set-up

The Roads and Buildings Department is headed by Secretary (Roads and Buildings). The activities of the department are carried out by the Executive Engineers, being the divisional in charge, under the overall supervision of Superintending Engineers and the Chief Engineers.

The Divisional Accountant (DA) acts as an Internal Auditor in R&B Divisions. According to codal provisions, a Divisional Accountant is required to exercise checks on internal accounts/vouchers besides advising Divisional officer on all matters relating to accounts. He is also entrusted with the responsibility of periodical inspection of the accounting records of the sub-divisional offices. He also checks a percentage of the initial accounts.

* Budget Manual, General Financial Rules, Treasury Rules, Contingent Expenditure Rules, Delegation of Financial Powers and Defining power for officers at different levels under Rules of Business.

5.1.3 Audit Coverage

The functioning of the Internal Audit System of 12 R&B Divisions of the State in ten Districts* and the records of the R&B Department was test checked (September-October 2003) covering the period from 1998-99 to 2002-03.

5.1.4 Absence of auditing standards/guidelines

It was observed during review that no auditing standards have been laid down by Government for internal audit in Roads and Buildings Department and Narmada, Water Resources and Water Supply department. No training on internal audit was provided to the staff engaged on this work and also the staff engaged in administrative inspection. In the absence of well defined system, neither quality checks are being exercised nor corrective actions taken.

5.1.5 Non-achievement of the purpose of Internal Audit

The DA as an internal auditor in a PW Division is required to check the payments to Contractors/Suppliers and to ensure that these are being made correctly according to the financial rules, conditions of agreement, etc.

Short recovery: Instances were noticed where recoveries were made incorrectly due to failure in applying the checks or applying these incorrectly. In thirteen illustrative cases as shown in **Appendix XXXII**, there were short recoveries of Rs. 4.87 lakh towards Material Testing Charges from the contractors due to application of incorrect method of recovery.

In similar three cases in two Districts*, short recovery of material testing charges of Rs. 0.34 lakh were recovered from Contractors at the instance of this review.

Arrears in audit: The DAs are required to carry out periodical inspections of the accounts records of the sub-divisional officers under the division. Test check of Divisional records revealed that in respect of 13 sub-divisions of five divisions* no inspection was conducted for varying periods from 1998-99 to 2001-02 as detailed in **Appendix XXXIII**. In other 18 sub-divisions of five divisions* inspection was conducted simultaneously for two to three years and that too within a period of two days only as detailed in **Appendix XXXIV**.

Audit conducted without clearing arrears of earlier years: Scrutiny revealed that in seven sub-divisions of three divisions,‡ though the inspections of earlier years were in arrears, the audits were conducted for the subsequent years without clearing the arrears of earlier years. As a result the audit of the earlier years remained in arrears. The details are given in **Appendix XXXV**.

Non-maintenance of Objection Book: Out of 12 Divisions test checked, four Divisions[¶] did not maintain any objection book, seven Divisions[¶] did not record any objection and no major objection was recorded in the remaining one Division[¶] during 1998-2002.

* Anand, Bharuch, Bhuj, Gandhinagar, Godhra, Palanpur, Rajpipla, Surat, Vadodara and Valsad.

† Anand and Rajpipla

‡ Bharuch, Godhra, Palanpur, Surat-I and Vadodara City.

§ Anand, Gandhinagar, Palanpur, Surat-II and Vadodara City.

¥ Bharuch, Godhra and Vadodara City.

¶ Godhra (PMs), Surat-I, Vadodara City and Valsad

⊙ Anand, Bharuch, Bhuj (Kutchh), Gandhinagar, Palanpur, Surat-II and Vadodara District

⊙ Rajpipla

No auditing standards were laid down

Material testing charge of Rs.4.87 lakh short recovered

The internal audit of 13 Sub-Divisions not carried out

Audit of earlier years left in arrears

No objections were recorded in objection books

Inspection Reports
were not produced to
audit

Non-production of Inspection Report: The reports of inspections conducted were not produced to audit either due to the Inspection Reports not being drawn up or the report did not contain any observations/comments.

5.1.6 Conclusions

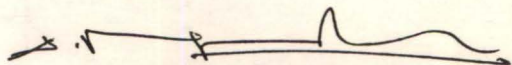
As observed by audit and also stated by Government that no separate Internal Audit System exists in the Government Departments. However the system is not effective in the department where it exists.

Based on a recommendation from the Comptroller & Auditor General of India in August 1992, several State Governments introduced Internal Audit Systems in their States by entrusting the Internal Audit functions also to the State Accounts Department/Examiner of Local Funds Accounts. However, no action has been taken by the Government in this regard.

5.1.7 Recommendations

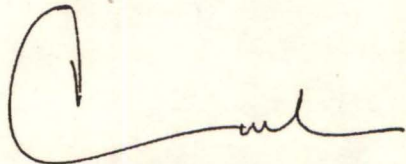
- Government should immediately implement the recommendations of the Comptroller and Auditor General of India and create a separate audit wing in the State with a view to ensure greater efficiency and proper accountability of various departments.
- Strengthen the Internal Audit system in the Departments wherever it exists. All internal audit personnel should be imparted training on modern audit methodologies.

Rajkot
The 122 MAY 2004


(D.MAIYALAGAN)
Accountant General (Audit)-II, Gujarat

Countersigned

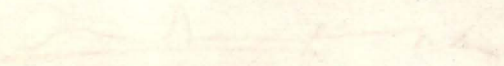
New Delhi
The 7 JUN 2004


(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

Non-production of Inspection Report: The reports of inspections conducted were not produced to audit either due to the Inspection Report not being drawn up or the report did not contain any observations.

2.1.6. *Inspection Report*
As observed by audit and also stated by Government, there is no separate Internal Audit System in the Government Department. However, the system is not effective in the department where it exists.
Based on a recommendation of the Comptroller & Auditor General of India in August 1997, several State Government departments (Internal Audit Systems) in their States by entrusting the Internal Audit functions also to the State Accounts Department/Committee of Local Funds/Accounts. However, no action has been taken by the Government in this regard.

2.1.7. *Recommendations*
The Government should immediately implement the recommendation of the Comptroller and Auditor General of India and create a separate audit wing in the State with a view to strengthening internal audit and proper accountability of various departments.
The Government should ensure the Internal Audit System in the Department wherever it exists. All internal audit personnel should be subjected to regular audit and training.


(D. MAITYAL)
Accountant General (Audit), Gujarat

Report of
22 MAY 2004

Continued


(V. J. JINDAL)
Comptroller and Auditor General of India

New Delhi
17 JULY 2004

APPENDICES

APPENDIX - I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
GUJARAT AS ON 31 MARCH 2003

(Reference: Paragraph 1.4; Page 4)

(Rupees in crore)

As on 31.03.2002	Liabilities	As on 31.03.2003
17099.31	Internal Debt	24626.07
5113.83	Market Loans bearing interest	7513.62
84.63	Market Loans not bearing interest	164.84
212.94	Loans from LIC	199.66
1274.21	Loans from other Institutions	1230.98
452.20	Ways and Means Advances	42.44
145.05	<i>Overdrafts from Reserve Bank of India</i>	Nil
9816.45	<i>Special securities issued to NSS Fund of Central Government.</i>	15474.53
17359.76	Loans and Advances from Central Government	16168.32
220.10	Pre 1984-85 Loans	176.47
9100.88	Non-Plan Loans	7026.96
7915.76	Loans for State Plan Schemes	8846.76
65.61	Loans for Central Plan Schemes	60.84
57.41	Loans for Centrally Sponsored Plan Schemes	57.29
--	Loans for Special Schemes	--
193.30	Contingency Fund	188.29
3107.20	Small Savings, Provident Funds, etc.	3357.93
7087.97	Deposits	7274.60
--	Cash in treasuries and local remittances	
--	Deposits with Reserve Bank	
656.56	Reserve Funds	1270.41
1742.04	Suspense and Miscellaneous	1080.45
--	Remittance Balances	149.47
47246.14		54115.54
As on 31.03.2002	Assets	As on 31.3.2003
22837.43	Gross Capital Outlay on Fixed Assets	25178.72
4978.48	Investments in shares of Companies, Corporations, etc.	5013.53
17858.95	Other Capital Outlay	20165.19
2767.36	Loans and Advances	2941.57
476.29	Loans for Power Projects	669.26
1866.51	Other Development Loans	1858.60
424.56	Loans to Government servants and Miscellaneous loans	413.71
62.25	Remittance Balances	
00.68	Advances	0.76
580.14	Cash -	1483.20
71.17	Deposit with Reserve Bank	53.10
1.12	Cash in treasuries and local remittances	10.35
128.84	Departmental Cash Balances including Permanent Advances and investment of earmarked Funds	243.89
379.01	Cash Balance Investments	1175.86
20998.28	Deficit on Government Accounts	24511.29
6731.54	(i) Revenue Deficit of the Current Year	3564.80
(-)2.00	(ii) Miscellaneous Government Account	0.21
14270.24	Add :	20998.28
	Deficit on Government Account as on 31 March 2002	
(-)1.50	Other Adjustments	(-)52.00
47246.14	Total	54115.54

APENDIX - II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR 2002-2003

(Reference: Paragraph 1.4; Page 4)

(Rupees in crore)

Receipts		Disbursements							
2001-2002		2002-2003	2001-2002	Non-Plan	Plan	Total	2002-2003		
Section-A: Revenue									
15986.06	I Revenue receipts		17875.33	22717.60	I Revenue expenditure-	19373.37	2066.76	21440.13	21440.13
9246.57	Tax revenue	9520.66		7165.08	<u>General services</u>	8228.24	74.26	8302.50	
				7722.20	<u>Social Services-</u>	5444.23	1094.99	6539.22	
3760.94	Non-tax revenue	3995.58		3258.15	Education, Sports, Art and Culture	3445.79	178.20	3623.99	
				715.48	Health and Family Welfare	718.46	128.41	846.87	
1488.29	State's share of Union Taxes	1363.22		507.50	Water Supply, sanitation Housing and Urban Development	413.02	286.54	699.56	
				19.89	Information and Broadcasting	16.04	5.77	21.81	
351.02	Non-Plan grants	2123.49		344.84	Welfare of Scheduled Castes, Scheduled tribes and Other Backward Classes	162.19	235.62	397.81	
				100.55	Labour and labour Welfare	82.36	40.32	122.68	
753.72	Grants for State Plan Scheme	550.86		2757.51	Social Welfare and Nutrition	587.33	219.54	806.87	
				18.28	Others	19.04	0.59	19.63	
385.52	Grants for Central and Centrally sponsored Plan Schemes	321.52		7774.34	<u>Economic Services-</u>	5596.76	897.51	6494.27	
				895.88	Agriculture and Allied Activities	438.49	192.04	630.53	
				379.15	Rural Development	248.97	329.94	578.91	
				24.13	Special Areas Programmes	22.69	2.54	25.23	
				1805.52	Irrigation and Flood control	1864.12	75.37	1939.49	
				3551.10	Energy	2167.89	51.46	2219.35	
				365.24	Industry and Minerals	123.94	142.78	266.72	
				591.36	Transport	574.16	84.16	658.32	
				0.01	Communications	0.01	--	0.01	
				3.30	Science, Technology and Environment	0.20	3.50	3.70	
				158.65	General Economic Services	156.29	15.72	172.01	
				55.98	<u>Grants-in-aid and Contributions</u>	104.14	--	104.14	
6731.54	II Revenue deficit carried over to Section B		3564.80						
22717.60			21440.13	22717.60	Total				21440.13

Receipts		Disbursements							
2001-2002		2002-2003	2001-2002		Non-Plan	Plan	Total	2002-2003	
Section B									
966.25	III Opening Cash balance including Permanent Advances and Cash Balance Investment		580.14					145.05	145.05
1.50	IV Miscellaneous Capital receipts		52.00	1756.87	131.09	2210.21	2341.30	2341.30	2341.30
			28.12		14.25	23.57	37.82		
			859.75		51.72	965.81	1017.53		
			5.41		1.13	9.26	10.39		
			13.28		0.63	16.05	16.68		
			288.46		49.85	392.31	442.16		
			0.01			0.35	0.35		
			2.16		0.05	3.69	3.74		
			0.49		0.06	0.56	0.62		
			549.94		--	543.59	543.59		
			869.00		65.12	1220.83	1285.95		
			128.01		4.44	81.50	85.94		
			--		--	--	--		
			0.44		--	0.31	0.31		
			529.77		0.04	847.88	847.92		
			(-) 48.43		--	(-)86.06	(-)86.06		
			11.19		--	9.85	9.85		
			247.02		60.64	366.85	427.49		
			--		--	0.50	0.50		
			--		--	--	--		
			1.00		--	* --	--		
2206.66	V Recoveries of Loans and Advances- From Power Projects	13.09	171.45	229.04					345.66
99.31	From Government Servants and Miscellaneous Loans	127.34		121.17				116.49	
58.88	From others	31.02		35.83				23.11	
NIL	VI Revenue surplus brought down			6731.54				3564.80	3564.80

Audit Report (Civil) for the year ended 31 March 2003

Receipts		Disbursements							
2001-2002		2002-2003	2001-2002		Non-Plan	Plan	Total	2002-2003	
8158.32	VII Public debt receipts-		1383.95	VII Repayment of Public Debt-					3203.31
5926.95	Internal debt other than ways and means Advances and Overdraft	8365.24	205.02	Internal debt other than Ways and Means Advances and Overdraft			283.68		
--	Net transaction under Ways and Means Advances including over draft	--	436.69	Net transaction under Ways and Means Advances including over draft.			* 409.76		
2231.37	Loans and Advances from Central Government	1318.43	742.24	Repayment of Loans and Advances to Central Government			2509.87		
2.00	VIII Inter State Settlement	--	--	VIII Inter State Settlement	--	--	---	---	---
NIL	IX Appropriation to Contingency Fund	--	NIL	IX Appropriation to Contingency Fund			---	---	---
109.24	X Amount transferred to Contingency Fund	6.70	6.70	X Expenditure from Contingency Fund			11.71	11.71	
23702.55	XI Public Account receipts-	20665.87	24603.34	XI Public Account disbursements-				20064.80	
802.44	Small Savings and Provident funds	842.13	568.95	Small Savings and Provident Funds			591.40		
334.15	Reserve funds	878.65	194.11	Reserve Funds			264.78		
10465.62	Suspense and Miscellaneous	6705.45	9548.68	Suspense and Miscellaneous			7367.25		
2338.73	Remittance	2962.27	2529.93	Remittances			2750.55		
9761.61	Deposits and Advances	9277.37	11761.66	Deposits and Advances			9090.82		
145.05	Closing overdraft from Reserve Banks of India.		580.14	XII Cash Balance at end-Cash in Treasuries and Local Remittances			10.35	1483.20	
			1.12						
			71.17	Deposits with Reserve Bank			53.10		
			128.84	Departmental Cash Balance Including permanent Advances			243.89		
			379.01	Cash Balance Investment			1175.86		
35291.57	Total	31159.83	35291.57	Total			31159.83	31159.83	

* Represents receipts Rs.5092.13 crore and disbursement Rs.5501.89 crore.

APPENDIX - III
SOURCES AND APPLICATION OF FUNDS

(Reference: Paragraph 1.4; Page 4)

		(Rupees in crore)	
2001-02		Sources	2002-2003
15986.06	1	Revenue receipts	17875.33
2206.66	2	Recoveries of Loans and Advances	171.45
1.50	3	Miscellaneous Capital Receipts	52.00
6919.43	4	Increase in Public debt other than overdraft	6335.31
(-) 900.79	5	Net receipts from Public account	601.07
233.49		Increase in Small Savings	250.73
(-) 2000.05		Increase in Deposits and Advances	186.55
140.03		Increase in Reserve Funds	613.87
916.94		Net effect of suspense and Miscellaneous transactions	(-)661.80
(-) 191.20		Net effect of Remittance transactions	211.72
102.54	6	Net effect of Contingency Fund transactions	(-) 5.01
2.00	7	Net effect of inter State settlement	
386.11	8	Decrease in closing Cash balance	-
24703.51		Total	25030.15
		Application	
22717.60	1	Revenue expenditure	21440.13
229.04	2	Lending for development and other purposes	345.66
1756.87	3	Capital expenditure	2341.30
	4	Increase in closing Cash balance	903.06
24703.51		Total	25030.15

Explanatory Notes for Statements I, II and III

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 Statement-I, 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 other pending settlement etc.
4. There was a difference of Rs 9.36 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (June 2003).

APPENDIX - IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Reference: Paragraph 1.4; Page 4)

(Rupees in crore)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
Part A. Receipts					
1. Revenue Receipts	12743	13971	15739	15986	17875
(i) Tax Revenue	7616 (60)	8162 (59)	9047 (58)	9247 (58)	9521 (53)
Sales Tax	4796 (63)	5134 (63)	5943 (66)	5857 (63)	6252 (66)
Taxes and duties on Electricity	1447 (19)	1402 (17)	1521 (17)	1657 (18)	1384 (15)
State Excise	27	32	40	47	47
Taxes on vehicles	460 (6)	602 (7)	627 (7)	677 (7)	808 (8)
Stamps and Registration fees	507 (7)	522 (6)	537 (6)	539 (6)	650 (7)
Land Revenue	72 (1)	117 (1)	82 (1)	87 (1)	95 (1)
Taxes on goods and passengers	62 (1)	89 (1)	26	99 (1)	11
Other Taxes	245	264	271	284	273
(ii) Non Tax Revenue	2766 (21)	2990 (21)	3349 (21)	3761 (24)	3995 (22)
(iii) State's share in Union taxes and duties	1642 (13)	1665 (12)	1574 (10)	1488 (9)	1363 (8)
(iv) Grants in aid from GOI	719 (6)	1154 (8)	1769 (11)	1490 (9)	2996 (17)
2. Misc Capital Receipts	1	16	22	2	52
3. Total revenue and Non debt capital receipts (1+2)	12744	13987	15761	15988	17927
4. Recoveries of Loans and Advances	267	146	2227	2207	171
5. Public Debt Receipts	3563	4623	7686	8158	9684
6. Total receipts in the consolidated Fund (3+4+5)	16574	18756	25674	26353	27782
7. Contingency Fund Receipts	58	21	14	109	7
8. Public Accounts receipts	19344	22453	25129	23703	20666
9. Total receipts of the State (6+7+8)	35976	41230	50817	50165	48455
Part B. Expenditure /Disbursement	17895	20212	25036	24475	23781
10. Revenue Expenditure	15606 (87)	17517 (87)	22041 (88)	22718 (93)	21440 (90)
Plan	2150 (14)	2680 (15)	3001 (14)	1821 (8)	2067 (10)
Non Plan	13456 (86)	14837 (85)	19040 (86)	20897 (92)	19373 (90)
General Services (incl. Interests payments)	4769 (31)	5753 (33)	6145 (28)	7165 (32)	8303 (39)
Social Services	5437 (35)	6229 (36)	7716 (35)	7722 (34)	6539 (31)
Economic Services	5349 (34)	5485 (31)	8130 (37)	7775 (34)	6494 (30)
Grants in aid and contributions	51	50	50	56	104
11. Capital Expenditure	2289 (13)	2695 (13)	2995 (12)	1757 (7)	2341 (10)
Plan	2214 (97)	2664 (99)	2862 (96)	1624 (92)	2210 (94)
Non Plan	75 (3)	31 (1)	133 (4)	133 (8)	131 (6)
General Services	29 (1)	30 (1)	40 (1)	28 (2)	38 (2)
Social services	450 (20)	631 (24)	1050 (35)	860 (49)	1017 (43)
Economic Services	1810 (79)	2034 (75)	1905 (64)	869 (49)	1286 (55)
12. Disbursement of Loans and Advances	733	626	917	229	346
13. Total (10+11+12)	18628	20838	25953	24704	24127
14. Repayment of Public Debt	544	628	1222	1239	3204
Internal Debt (excluding Ways & Means Advances and Overdrafts)	97	125	136	205	284
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	NIL	292	410
Loans and Advances from Government of India*	447	503	1086	742	2510
15. Appropriation to Contingency Fund	NIL	NIL	NIL	NIL	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	19172	21466	27175	25943	27331
17. Contingency Fund disbursements	21	14	109	7	12
18. Public Account disbursements	17001	19703	23126	24603	20065
19. Total disbursement by the State (16+17+18)	36194	41183	50410	50553	47408
Part C. Deficits					
20. Revenue Deficit (1-10)	2863	3546	6302	6732	3565
21. Fiscal Deficit	5618	6721	7987	6511	6081
22. Primary Deficit	3356	3913	4856	2305	1132
Part D. Other data					
23. Interest Payments (Included in revenue exp.)	2262	2808	3131	4206	4949
24. Arrears of Revenue (Percentage of Tax & non-tax Revenue Receipts)	1686 (16)	4130 (37)	5663 (36)	7680 (48)	6575 (37)
25. Financial Assistance to local bodies etc.	829	2563	834	2972	2968
26. Ways and Means Advances/Overdraft availed (days)	6	69/1	173/45	235/72	250/47
27. Interest on WMA/overdraft	0.06	1.36	8.16	23.35	15.32
28. Gross State Domestic Product (GSDP)	105305 **	107618 **	110449 **	124905 **	133334 ***
29. Outstanding Debt (year end)	24757	31561	40007	45301	52572
30. Outstanding guarantees (year end)	7669	8842	12693	16219	18866
31. Maximum Amount Guaranteed (Year end)	8231	9403	13255	16781	19426
32. Number of incomplete projects	11	26	65	67	70
33. Capital blocked in incomplete projects	53.96	107.86	310.22	319.47	314.56 #

Note : Figures in brackets represent percentages (rounded) to total of each sub heading

* Includes ways and means advances from GOI,** figures adopted as per information furnished by department, *** figures of GSDP for 2002-03 has been worked out based on average growth during 1997-98 to 2001-02, # This amount does not include investment of Rs.8970 crore in Narmada Project which is being funded through Sardar Sarovar Narmada Nigam Limited, a State Government Public Sector Undertaking vide comments in Para 1.8.2

APPENDIX – V**List of Indices/Ratio and basis for their calculation****(Reference: Paragraph 1.4; Page 4)****Part A – Government Accounts****1. Structure:**

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

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorization from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.200 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-à-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B – List of terms used in the Chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
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 (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
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts - all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt

APPENDIX - VI

Details with status of accounts submitted by Autonomous bodies to State Legislature

(Reference: Paragraph 1.7.1(b); Page 14)

Name of the Body	Period of entrustment of audit of Accounts to CAG	Year for which accounts Due	Year upto which accounts submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non finalisation of Audit Reports
1	2	3	4	5	6	7
Gujarat Municipal Finance Board	2003-04	2002-03	2001-02	2001-02	Pending	Accounts were pending
Gujarat Maritime Board, Gandhinagar	2002-03	2002-03	2001-02	2001-02	2001-02	--do--
Gujarat Housing Board, Ahmedabad	--	2002-03	2001-02	2000-01	2000-01	--do--
Gujarat Slum Clearance Board	--	2002-03	2001-02	2000-01	Pending	--do--
Gujarat Rural Housing Board	--	2002-03	2002-03	2001-02	Pending	Delay in submission of accounts
Gujarat State Legal Authority	--	1999-2000 onwards	--	--	--	Accounts from 99-2000 onwards awaited

APPENDIX - VII

Department-wise/year-wise break-up of the cases of misappropriation, defalcations etc. on which final action was pending at the end of September-2003

(Reference: Paragraph 1.7.2; Page 14)

Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	Total
Agriculture, Co-operation & Rural Development	3 (29.39)	3 (2.91)	1 (1.92)	---	1 (0.75)	---	8 (34.97)
Education	6 (4.63)	1 (1.90)	---	---	---	---	7 (6.53)
Finance	---	---	1 (3.00)	1 (2.47)	---	---	2 (5.47)
Forests & Environment	2 (3.50)	3 (1.10)	1 (0.49)	3 (2.25)	1 (0.60)	---	10 (7.94)
Food & Civil Supply	1 (0.49)	---	---	---	---	---	1 (0.49)
Health & Family Welfare	3 (2.55)	4 (2.28)	1 (0.12)	3 (0.50)	1 (11.44)	4 (0.70)	16 (17.59)
Home	1 (0.01)	5 (2.27)	7 (8.94)	---	---	---	13 (11.22)
Industries, Mines & Power	2 (0.53)	1 (0.69)	---	---	---	---	3 (1.22)
Information & Publicity	2 (14.75)	---	---	---	---	---	2 (14.75)
Labour & Employment	5 (0.68)	---	---	---	---	---	5 (0.68)
Land Revenue	1 (0.03)	8 (0.73)	5 (0.45)	4 (1.47)	6 (0.70)	12 (1.08)	36 (4.46)
Legal	---	3 (3.34)	1 (0.86)	1 (0.16)	---	---	5 (4.36)
Narmada, Water Resources and Water Supply	2 (1.79)	1 (0.77)	7 (4.45)	5 (3.89)	8 (5.28)	12 (2.29)	35 (18.47)
Port, Fisheries & Transport	3 (4.03)	---	---	---	---	1 (2.56)	4 (6.59)
Revenue	---	1 (5.86)	1 (3.44)	1 (0.15)	2 (0.77)	11 (1.71)	16 (11.93)
Roads & Buildings	Nil	2 (1.63)	5 (8.36)	---	---	1 (0.19)	8 (10.18)
Sports, Youth Services & Culture Activities	1 (4.47)	---	---	---	---	---	1 (4.47)
Tribal Development	1 (134.98)	---	---	---	---	---	1 (134.98)
Urban Development & Urban Housing	2 (9.13)	---	---	---	---	---	2 (9.13)
TOTAL	35 (210.96)	32 (23.48)	30 (32.03)	18 (10.89)	19 (19.54)	41 (8.53)	175 (305.43)

(Figures in bracket indicate Rupees in lakh)

APPENDIX - VIII

Department wise details in respect of cases of loss to Government due to theft, mis-appropriations / loss of Government material and fire/accident at the end of September-2003

(Reference: Paragraph 1.7.2 ; Page 14)

Name of Department	Theft Cases		Misappropriation/ Loss to Government Material		Fire/Accident	
	Number of Cases	Amount (Rs. in lakh)	Number of Cases	Amount (Rs. in lakh)	Number of Cases	Amount (Rs. in lakh)
Agriculture, Co-operation & Rural Development	2	1.25	6	33.73	---	---
Education	5	3.64	2	2.91	---	---
Finance	---	---	02	5.47	---	---
Forests & Environment	---	---	10	7.94	---	---
Food & Civil Supply	---	---	01	0.49	---	---
Health & Family Welfare	2	2.47	14	15.12	---	---
Home Department	---	---	13	11.22	---	---
Industries, Mines & Power	2	0.54	01	0.69	---	---
Information & Publicity	2	14.75	---	---	---	---
Labour & Employment	5	0.68	---	---	---	---
Land Revenue	--	---	36	4.46	---	---
Legal	1	0.05	4	4.31	---	---
Narmada, Water Resources and Water Supply	14	5.73	21	12.70	---	---
Port, Fisheries & Transport	2	3.53	2	3.06	---	---
Revenue	---	---	16	11.93	---	---
Roads and Buildings	3	1.57	05	8.60	---	---
Sports, Youth Services & Cultural Activities	---	---	01	4.47	---	---
Tribal Development	---	---	01	134.98	---	---
Urban Development and Urban Housing	---	---	02	9.14	---	---
TOTAL	38	34.21	137	271.22	---	---

APPENDIX - IX

Details of Statutory Corporations and Government companies with Government investments which are in loss

(Reference: Paragraph 1.8.2 ; Page 6)

(Rupees in crore)

Name of Undertaking	Investment upto 2002-03	Accumulated losses	Year of Account
Gujarat Agro Industries Corporation Ltd.	7.04	14.49	2001-2002
Gujarat Sheep and Wool Development Corporation Ltd.	2.28	0.12	2002-2003
Gujarat State Land Development Corporation Ltd.	5.86	72.28	1999-2000
Gujarat State Handicrafts and Hand-loom Development Corporation Ltd.	10.22	18.54	1999-2000
Gujarat State Petronet Ltd.	--	6.36	2001-2002
Gujarat State Road Development Corporation Ltd	5.00	2.77	2001-2002
Gujarat State Rural Development Corporation Ltd	0.58	0.32	2001-2002
Gujarat Safai Kamdar Vikas Nigam Ltd	Negligible	Negligible	2001-2002
Gujarat State Civil Supplies Corporation Ltd.	10.00	3.26	2001-2002
Tourism Corporation of Gujarat Ltd.	17.20	17.33	2001-2002
Gujarat Water Resources Development Corporation Ltd	31.49	27.23	2002-2003
Gujarat Water infrastructure Ltd	37.60	11.94	2002-2003
Gujarat Industrial Investment Corporation Ltd.	256.98	112.12	2001-2002
Gujarat Rural Industries Marketing Corporation Ltd.	9.05	0.83	2001-2002
The Film Development Corporation of Gujarat Ltd.	0.82	0.39	2001-2002
Gujarat Informatics Ltd.	17.06	1.41	2001-2002
Gujarat Electricity Board	--	4951.41	2001-2002
Gujarat State Road Transport Corporation	464.57	2160.26	2002-2003
Gujarat State Financial Corporation	49.09	527.51	2002-2003
Gujarat State Warehousing Corporation	2.00	3.35	2001-2002
Gujarat Fisheries Development Corporation Ltd.	1.94	4.01	1998-1999
Gujarat Dairy Development Corporation Ltd	10.46	147.80	2002-2003
Gujarat Small Industries Corporation Ltd	3.79	55.68	2001-2002
Gujarat Communication and Electronics Ltd.	12.45	104.74	2001-2002
Gujarat Trans-Receivers Ltd	--	5.70	2002-2003
Gujarat State Textile Corporation Ltd.	3.93	908.55	1996-97
	42.54		
Gujarat Siltex Ltd	--	--	1994-1995
Gujarat Fintex Ltd	--	--	1994-1995
Gujarat Texfab Ltd	--	--	1994-1995
Gujarat State Construction Corporation Ltd	5.00	29.17	2002-2003
Gujarat State Machine Tools Ltd	--	2.75	2002-2003
Gujarat Leather Industries Ltd.	--	6.66	2001-2002
Total:	1006.95	9196.98	

APPENDIX-X
Substantial Savings in Grants/Appropriations

(Reference: Paragraph 2.3.1(ii); Page 26)

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
-Agriculture			
Revenue Plan State			
2401-Crop Husbandry (104)(10)(10) Integrated Farming under Agro Vision-2010 (Voted)	2500.00	2279.11 (91.16)	Receipt of less demand from farmers.
(110)(05)(4) Implementation of National Agricultural Insurance Scheme (Voted)	17232.70	11974.48 (69.49)	Reduction imposed by the Finance Department.
Revenue Non-Plan State			
2401-Crop Husbandry 800(12)(12)-Assistance to the earthquake affected farmers (Voted)	2000.00	2000.00 (100)	Less assessment of damage of irrigation equipments.
Revenue Non-Plan P.C.S.S.			
2401-Crop Husbandry 800(11)(11) Supplementation/Compliments- State's efforts through work plan (Macro Management) (Voted)	2235.40	595.38 (26.63)	Non-receipt of sanction from the Government of India.
9-Other expenditure pertaining to Education Department			
Capital Non-Plan State			
7615-Loans to Government Servants, etc. (200)(10)(3)- Festival Advance (Voted)	1400.00	818.93 (58.50)	Receipt of less demand.
(200)(12)(4)(b)-Advance for purchase of Food grain (Voted)	2100.00	2100.00 (100)	Non-receipt of any demand.
12- Energy Projects			
Revenue Non-Plan State			
2801-Power (80)(800)(14)(15)- Subsidy to Gujarat Electricity Board for Compensation in GERC Agricultural Tariff (Voted)	73122.00	47922.00 (65.54)	Reasons were not intimated.
Capital Non-Plan State			
6801-Loans for Power Projects (202)(52)(3)-Loans to Gujarat Electricity Board for Gujarat Power Sector Development Programme (Voted)	16500.00	16500.00 (100)	Non-release of second tranche of loan by Asian Development Bank.
(800)(01)-Loan to Gujarat Electricity Board for Central Public Sector undertakings' Bonds on one time settlement of GEB's dues (Voted)	141149.00	141149.00 (100)	Reasons were not intimated.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
18-Other expenditure pertaining to Finance Department			
Revenue Non-Plan State			
2075-Miscellaneous General Services (800)(01)(1)-Liability on account of increase in the rates of Dearness Allowance (Voted)	6000.00	6000.00 (100)	Provision of necessary fund under respective Departments while framing revised estimates.
(800)(02)(2)-Liability on account of arrears arising from implementation of the Recommendation of new Pay Commission. (Voted)	10000.00	10000.00 (100)	Provision of necessary fund under respective Departments while framing revised estimates.
(800)(04)(4)- State Renewal Fund (Voted)	1500.00	1249.99 (83.33)	Receipt of less claim than anticipated.
19-Repayment of debt pertaining to Finance Department and its serving			
Capital Non-Plan State			
6003- Internal debt of the State Government (101)(04)(1)- Repayment of Gujarat State Development Old Loan (Charged)	6792.91	1047.32 (15.42)	Less deposit claimed from the depositors.
25-Forests			
Capital Plan State			
4406-Capital Outlay on Forestry and Wild Life (01)(101)(01)(1)-Scheme for Soil and Moisture Conservation and Afforestation in denuded area (Voted)	1823.80	728.51 (39.94)	Reasons were not intimated.
(01)(101)(17)(10)-Gujarat Community Forestry Project (Voted)	1672.46	603.19 (36.07)	Reasons were not intimated.
(01)(101)(29)(15)-Integrated Forestry Development Project financed by OECF, Japan (Voted)	2656.16	929.04 (34.98)	Reasons were not intimated.
30-Elections.			
Revenue Non-Plan State			
2015-Elections (108)(04)(1)-Issue of Identity Cards to Voters (Voted)	2500.00	1117.51 (44.70)	Non-completion of work of issue of Photo-Identity Cards to voters.
32-General Administration Department			
Revenue Plan State			
2052-Secretariat - General Services (090)(18)(4)-Information Technology Division (Voted)	4354.00	1137.97 (26.14)	Less amount of grant released by the Finance Department.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
34-Other expenditure pertaining to General Administrative Department			
Revenue Non-Plan State			
2245- Relief on account of Natural Calamities (80)(102)(01)(1)- Assistance to Disaster Management Authority (Voted)	173000.00	161000.00 (93.06)	Slow progress of works and non-finalisation of Town Planning Scheme.
Revenue Plan State			
2515- Other Rural Development Programmes (102)(12)(1)- 15% discretionary outlay for balanced development of Districts (Voted)	7995.00	3451.73 (43.17)	Reasons were not intimated.
Capital Plan State			
4250- Capital Outlay on Other Social Services (101)(01)(1)- Associate to Disaster Management Authority (Voted)	131737.00	77606.42 (58.91)	Non-commencement of works by the concerned Departments.
42- Police			
Revenue Non-Plan P.C.S.S.			
2055-Police (115)(01)(1)-Police proper (Voted)	2750.00	772.76 (28.10)	Less requirement than anticipated.
44- Transport			
Capital Plan State			
5055-Capital Outlay on Road Transport (190)(01)(1)- Capital contribution to Gujarat State Road Transport Corporation (Voted)	2011.00	606.26 (30.15)	Reduction in revised estimates.
46- Other expenditure pertaining to Home Department			
Capital Plan State			
4055- Capital Outlay on Police (211)(01)(1)-Police Building (Voted)	1186.93	742.93 (62.59)	Cut imposed in Plan ceiling.
4216-Capital Outlay on Housing (80)(201)(02)(2)- Financial Assistance against work to Gujarat State Police Housing Corporation (Voted)	4000.00	2898.86 (72.47)	Reasons were not intimated.
Capital Non-Plan State			
4055-Capital Outlay on Police (211)(01)(1)- Police Building (Voted)	1136.00	539.05 (47.45)	Less requirement towards purchase than anticipated.
4216-Capital Outlay on Housing (80)(201)(02)(2)- Financial Assistance against work to Gujarat State Police Housing Corporation Limited (Voted)	4000.00	1904.62 (47.62)	Reasons were not intimated.
(80)(201)(03)(3)- Repairing and maintenance of Residential Quarters for Police Department (Voted)	2350.00	996.78 (42.42)	Reasons were not intimated.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
49- Industries			
Revenue Non-Plan State			
2852- Industries (80)(800)(21)(17)- Relief to Small, Medium and Large Sector affected by earthquake (Voted)	22500.00	17812.62 (79.17)	Non-carrying out of rehabilitation work by affected Units.
Revenue Plan State			
2852-Industries (80)(800)(25)(22)- Development of Infrastructure facilities (Voted)	4100.00	3206.09 (78.20)	Non-receipt of administrative approval.
(28)(800)(27)(24)-Promotional Efforts Industries Development (Voted)	1090.00	918.73 (84.29)	Non-receipt of administrative approval.
(28)(800)(29)(26)- Development of Textile Industry (Voted)	6778.00	5078.80 (74.93)	Non-finalisation of New Item.
Capital Plan State			
4855- Capital Outlay on Industries and Minerals (01)(190)(02)(2)- Share contribution to Gujarat State Financial Corporation (Voted)	1000.00	1000.00 (100)	Reasons were not intimated.
(01)(191)(09)(5)- Investment for Gujarat Infrastructure Fund-Equity Fund (Voted)	3500.00	3500.00 (100)	Reasons were not intimated.
51- Tourism			
Revenue Non-Plan State			
3452-Tourism (80)(800)(03)(3)- Earthquake Rehabilitation Scheme for Tourism Sector (Voted)	1000.00	550.00 (55)	Non-completion of rehabilitation work by the beneficiaries.
57-Labour and Employment			
Revenue Plan State			
2230-Labour and Employment (02)(800)(07)(4)- To provide employment opportunities (Voted)	6000.00	5891.02 (98.18)	Stay imposed on recruitment and non-allotment of Scheme.
60-Administration of Justice			
Revenue Non-Plan State			
2014-Administration of Justice (105)(01)(1)-District and Sessions Judges (Voted)	3644.25	974.67 (26.75)	Vacant posts.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
65- Narmada Development Scheme			
Capital Plan State			
4701-Capital Outlay on Major and Medium Irrigation (80)(190)(11)-Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited, Other Government (Voted)	22948.46	11812.46 (51.47)	Reasons were not intimated.
(80)(190)(21)- Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Voted)	5786.59	4753.67 (82.15)	Non- receipt of the Share from the beneficiary State.
4801- Capital Outlay on Power Projects (01)(190)(31)-Share capital contribution to Sardar Sarovar Narmada Nigam Limited (Voted)	15095.38	14250.38 (94.40)	Non -receipt of the Share from the beneficiary State.
66-Irrigation and Soil Conservation			
Capital Plan State			
4701-Capital Outlay on Major and Medium Irrigation (01)(526)(80)- Other expenditure (Voted)	1269.70	601.11 (47.34)	Reasons were not intimated.
(03)(696)(80)- Other expenditure (Voted)	7500.00	3282.60 (43.77)	Cut imposed in Plan ceiling.
(03)(711)(80)-Other expenditure (Voted)	800.00	800.00 (100)	Cut imposed in Plan ceiling.
67-Water Supply			
Capital Plan State			
4215-Capital Outlay on Water Supply and Sanitation (01)(102)(01)(1)-Rehabilitation of Rural Water Supply Scheme (Voted)	1400.00	586.07 (41.86)	Reasons were not imposed.
(01)(102)(03)(3)-Rural Piped Water Supply Schemes (Voted)	10705.00	2020.74 (18.88)	Reasons were not intimated.
(01)(102)(7)(7)-Installation of defluoridation plants in fluoride affected villages (Voted)	1400.00	650.00 (46.43)	Reasons were not intimated.
(01)(102)(10)(10)- Implementation of Water Supply Scheme for Saurashtra, Kutch, North Gujarat and Panchmahal based on Sardar Sarovar Canal (Voted)	27770.00	5830.68 (21)	Non -release of grant by the Finance Department.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
70- Community Development			
Revenue Plan State			
2515- Other Rural Development Programmes (101)(12)(9)- Strengthening of the Block Level Agencies (Voted)	1100.00	998.62 (90.78)	Cut imposed in Plan ceiling and less release of grant by the Government.
(800)(20)(11)- Payment of Central Assistance for strengthening of Panchayati Raj Institutions on the recommendation of the Eleventh Finance Commission (Voted)	4900.00	1307.99 (26.69)	Reasons were not intimated.
(800)(23)(10)-Grani-in-aid to Gram Panchayats for providing internal roads and drinking water facilities (Voted)	710.00	693.22 (97.64)	Cut imposed in Plan ceiling and non release of grant by the Government.
71- Rural Housing and Rural Development			
Revenue Plan State			
2216-Housing (03)(102)(16)(4)- Assistance for the construction of houses on the house sites allotted-Sardar Patel Awas Yojona under Ponerty Aileriation Programme (Voted)	13630.00	8072.29 (59.22)	Cut imposed in Plan ceiling and non-release of grant by the Government.
(03)(800)(05)(1)-Indira Awas Yojona (Voted)	3730.00	2867.00 (76.86)	Release of less amount of fund from the Government of India and cut imposed in Plan ceiling.
2501-Special Programmes for Rural Development (06)(800)(02)(2) Gokul Gram Yojona (Voted)	2920.00	615.88 (21.09)	Cut imposed in Plan ceiling.
Revenue Non-Plan State			
2501-Special Programmes for Rural Development (06)(101)(04)(5) Livelyhood Security Project for Earthquake affected Rural Household in Gujarat (Voted)	1000.00	950.00 (95)	Less demand from the concerned Project Offices.
Revenue Non-Plan C.S.C.			
2502-Rural Development (60)(800)(02)(2)-Pradhanmantri Gram Sadak Yojona (Voted)	5981.00	2905.00 (48.57)	Release of Central assistance directly to the R&B Department by the Government of India.
73-Other expenditure pertaining to Panchayats, Rural Housing and Rural Development Department			
Capital Non-Plan State			
7615-Miscellaneous Loans (200)(06)(5)-Purchase of Food grains (Voted)	650.00	554.70 (85.34)	Receipt of less demand from District Panchayats.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
(Rupees in lakh)			
79- Relief on account of Natural Calamities			
Revenue Non-Plan State			
2245-Relief on account of Natural Calamities (02)(800)(02)(2) Repairs / Restoration to other public properties (Voted)	1950.00	1950.00 (100)	Non-occurrence of any expenditure during the year owing to uncertainty of nature of expenditure.
(02)(800)(06)(6) assistance to small farmers/marginal farmers (Voted)	562.00	561.94 (99.99)	Non-occurrence of any expenditure during the year owing to uncertainty of nature of expenditure.
(06)(282)(02)(2) Cleaning of Mud and Debris (Voted)	1500.00	1402.85 (93.52)	Less expenditure than anticipated owing to uncertainty of nature of expenditure.
(806)(001)(02)(2) Relief Establishment(Drought) (Voted)	800.00	622.35 (77.79)	Less expenditure than anticipated owing to uncertainty of nature of expenditure.
82- Other expenditure pertaining to Revenue Department			
Revenue Non-Plan State			
2235-Social Security and Welfare (60)(200)(10)(2) Relief to persons affected by riots (Voted)	10570.00	1488.98 (14.09)	Non-finalisation of assistance to the riots affected people owing to some technical reasons.
84-Non Residential Buildings			
Revenue Non-Plan State			
2059-Public Works (01)(053)(12) Other maintenance expenditure (Voted)	4975.00	4973.81 (99.98)	Reduction imposed in revised estimates, less requirement from Field Offices.
(01)(101)(42) Minor Original Works (Voted)	1223.09	534.04 (43.66)	Reduction imposed in revised estimates, less requirement from Field Offices.
Capital Plan State			
4059-Capital Outlay on Public Works (01)(101)(42) Buildings (Voted)	2854.59	1273.08 (44.60)	Reduction in revised estimates and less requirement from Field Offices.
4250- Capital Outlay on Other Social Services 203(42) Buildings (Voted)	1046.81	836.02 (79.86)	Reduction in revised estimates and receipt of less requirement from Field Offices.
Capital Non-Plan State			
4059-Capital Outlay on Public Works (01)(101)(42) Buildings (Voted)	1014.88	658.64 (64.90)	Reduction in revised estimates, receipt of less requirement from Field Offices.
85- Residential Buildings			
Revenue Non-Plan State			
2216- Housing (80)(800)(84)(1) Maintenance and Repairs (Voted)	5080.00	801.55 (15.78)	Reduction imposed in revised estimates, receipt of less requirement from Field Offices.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
Capital Plan State			
4216-Capital Outlay on Housing (01)(106)(11)(2) Construction (Voted)	1388.29	673.72 (48.53)	Reduction imposed in revised estimates, receipt of less requirement form Field Offices.
86- Roads and Bridges			
Revenue Non-Plan State			
3054-Roads and Bridges (80)(800)(84) Maintenance and Repairs (Voted)	28578.38	13454.77 (47.08)	Reduction imposed in revised estimates, receipt of less requirement form Field Offices.
Capital Plan State			
5054-Capital Outlay on Roads and Bridges (03)(337)(11) Original Works (Voted)	47436.31	12935.22 (27.27)	Reasons were not intimated.
87-Gujarat Capital Construction Scheme			
Capital Plan State			
4217-Capital Outlay on Urban Housing (01)(800)(42) Buildings (Voted)	1498.55	946.70 (63.17)	Reasons were not intimated.
90-Social Security and Welfare			
Revenue Plan State			
2225-Welfare of Schedules Castes, Scheduled Tribes and Other Backward Classes (03)(277)(08)(7) Free Books and Clothes to children studying in Std. I to VII (Voted)	1450.75	736.62 (50.78)	Cut imposed in Plan ceiling, non-release of fund by the Finance Department and Non-finalisation of purchase procedure.
93-Special Component Plan for Scheduled Castes			
Revenue Plan State			
2202-General Education (01)(800)(07)(2) Special Component Plan for Scheduleds Castes-Construction of class rooms for Primary Education (Voted)	800.00	800.00 (100)	Non-receipt of administrative approval.
2215-Water Supply and Sanitation (01)(102)(03)(1) Rural Water Supply Scheme (Voted)	1000.00	550.00 (55)	Non-release of grant by the Finance Department.
2216-Housing (03)(800)(14)(1) Assistance for construction of houses in the house sites allotted for Poverty Alleviation Programme (Sardar Patel Awas Yojona) (Voted)	1910.00	1079.00 (56.49)	Cut imposed in Plan ceiling and non-release of grant by the Government.
2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (01)(102)(28)(11) Financial Assistance for rehabilitation of scavengers and their dependents (Voted)	1450.00	1363.00 (94)	Cut imposed in Plan ceiling and less allotment of fund by the Finance Department.
(01)(277)(43)(30) Free Bicycles to Girls Students under the Scheme "Saraswati Sadhana Scheme" (Voted)	1208.05	510.33 (42.24)	Cut imposed in Plan ceiling and less allotment of fund by the Finance Department.

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
94- Tribal Area Sub-Plan			
Revenue Plan State			
2202-General Education (01)(796)(04)(4) Implementation of physical facility in Primary Schools (Voted)	925.50	557.50 (60.24)	Partially dropping up of the Scheme and non-receipt of administrative approval.
(01)(796)(20)(17) Construction of class rooms (Voted)	1600.00	668.46 (41.78)	Reasons were not intimated.
(80)(796)(03)(3) Special Provision for General Education for Tribal Sub-Plan (Voted)	1596.00	823.82 (51.62)	Reasons were not intimated.
2215-Water Supply and Sanitation (02)(796)(03)(3) Special provision for Water Supply and Sanitation under Tribal Sub-Plan (Voted)	2376.00	1217.09 (51.22)	Less release of grant by the Finance Department.
2216-Housing (03)(796)(11)(12) Rural Housing Construction under Poverty Alleviation Programme- Sardar Patel Awas Yojona (Voted)	2560.00	1818.40 (71.03)	Cut imposed in Plan ceiling and non-release of grant by the Government.
(03)(796)(14)(15) Special Provision for Hosing under Tribal Sub-Plan (Voted)	1200.00	618.59 (51.55)	Less release of grant by the Finance Department.
2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (02)(796)(14)(14) Primitive Groups Development Scheme (Voted)	1065.00	993.93 (93.33)	Less release of grant by the Finance Department.
2236-Nutrition (02)(796)(02)(2) Introduction of Integrated Child Development Services Scheme (Voted)	1050.00	505.79 (48.17)	Implementation of economy measures and administrative reasons.
2402-Soil and Water Conservation (796)(12)10) Special Provision for Soil and Water Conservation under Tribal Sub-Plan (Voted)	1026.30	528.58 (51.50)	Less release of grant by the Finance Department.
2501-Special Programme for Rural Development (06)(796)(17)(1) Gokul Gram Yojona (Voted)	1430.00	775.68 (54.24)	Non-release of grant by the Tribal Development Department and reduction imposed in revised estimates.
2702-Minor Irrigation (80)(796)(08)(10) Special Provision for Minor Irrigation under Tribal Sub-Plan (Voted)	5916.46	3239.11 (54.75)	Less release of grant by the Finance Department.
2801-Power (06)(796)(07)(7) Subsidy to Gujarat Electricity Board for Electrification of Wells and Pumps under Tribal Area Sub-Plan (Voted)	4350.00	1961.57 (45.09)	Financial crunch and non- disbursement of grant.
(06)(796)(08)(8) Subsidy to Gujarat Electricity Board for erection of Sub-station and transmission lines in Tribal Areas (Voted)	1670.00	860.41 (51.52)	Less incurrence of expenditure by the Gujarat Electricity Board.

Audit Report (Civil) for the year ended 31 March 2003

Grants/Head of Account	Provision	Saving (Per cent)	Contributing reasons as stated by Government/ Department
	(Rupees in lakh)		
(06)(796)(10)(10) Special Provision for Power under Tribal Sub-Plan (Voted)	1284.00	685.39 (53.38)	Less release of grant by the Finance Department.
3054-Roads and Bridges (80)(796)(02)(2) Special Provision for Roads and Bridges under Tribal Area Sub-Plan (Voted)	1436.20	750.37 (52.25)	Less release of grant by the Finance Department.
Revenue Non-Plan State			
2202-General Education (01)(796)(33)(31) Construction of class room in Tribal Area (Voted)	935.00	683.41 (73.09)	Reasons were not intimated.
2236-Nutrition (02)(796)(07)(7) Pradhanmantri Gramoday Yojana (Voted)	981.46	981.46 (100)	Implementation of economy measures and administrative reasons.
Capital Plan State			
4406-Capital Outlay on Forestry and Wild Life (01)(796)(01)(1) Soil and Moisture Conservation and Afforestation in Degraded Areas (Voted)	1616.89	881.87 (54.54)	Cut imposed in Plan ceiling.
99-Urban Housing			
Revenue Plan State			
2216-Housing (02)(191)(04)(4) Under the 15 Point Programme of Chief Minister and auspices of 50 th Golden Jubilee Year of Independence, Government have planned to implement as Scheme to provide plots/houses for E.W.S. of Society (Voted)	1000.00	1000.00 (100)	Unspent balance of previous year.
100-Urban Development			
Revenue Plan state			
2217-Urban Development (03)(191)(27)(28) Vajpai Town Development Scheme (Voted)	2459.89	2056.04 (83.58)	Cut imposed in Plan ceiling.
(80)(800)(15)(11) Grant-in-aid to Urban Local Bodies for Professional Tax (Voted)	2400.00	2400.00 (100)	Reasons were not intimated.
104-Other expenditure pertaining to Women and Child Development Department (Voted)			
Revenue Plan State			
2236-Nutrition (02)(800)(01)(2) Integrated Child Development Scheme (Voted)	3366.00	884.51 (26.28)	Cut imposed in Plan ceiling.
Revenue Non-Plan State			
2236-Nutrition (02)(800)(02)(4) Integrated Child Development Scheme Training Programme (UDISHA Project)(WB Assisted) (Voted)	693.35	528.17 (76.18)	Vacant posts.
Grand Total		674728.95	

APPENDIX - XI

Statement showing cases where savings remained un-surrendered

(Reference: Paragraph 2.3.1(iv); Page 26)

(Rupees in crore)

Grant/ Appropriation	Saving	Amount surrendered
Revenue (Voted)		
48- Stationery and Printing	1.38	--
Revenue (Charged)		
19- Repayment of debt pertaining to Finance Department and its servicing	179.95	--
66- Irrigation and Soil Conservation	1.12	--
Total	182.45	

APPENDIX – XII

Anticipated savings not surrendered

(Reference: Paragraph 2.3.1(iv); Page 26)

(Rupees in crore)

Grant/Appropriation	Amount of saving	Amount surrendered	Amount not surrendered	Percentage not surrendered
Revenue (Voted)				
12- Energy Projects	545.00	66.14	478.86	88
17- Pensions and other Retirement Benefits	54.44	40.06	14.38	26
21- Civil Supplies	12.34	4.44	7.90	64
25-Forests	13.80	6.32	7.48	54
32- General Administration Department	23.31	19.15	4.16	18
34- Other expenditure pertaining to General Administration Department	1630.73	943.44	687.29	42
44- Transport	13.93	0.25	13.68	98
50- Mines and Minerals	5.43	4.17	1.26	23
66- Irrigation and Soil Conservation	39.21	21.44	17.77	45
72- Compensation and Assignments	2.16	0.69	1.47	68
76- Revenue Department	1.60	0.55	1.05	66
81- Compensation and Assignments (Revenue Department)	2.21	0.03	2.18	99
85- Residential Buildings	14.50	1.96	12.54	86
101- Compensation, Assignments and Tax Collection Charges	4.17	1.70	2.47	59
Capital (Voted)				
12- Energy Projects	1538.78	113.74	1425.04	93
25- Forests	39.95	14.76	25.19	63
34- Other expenditure pertaining to General Administration Department	777.45	681.01	96.44	12
44- Transport	6.06	3.47	2.59	43
46- Other expenditure pertaining to Home Department	72.15	52.91	19.24	27
67- Water Supply	92.99	1.04	91.95	99
93- Special Component Plan for Scheduled Castes	8.42	5.04	3.38	40
Grand Total	4898.63	1982.31	2916.32	

APPENDIX - XIII

Statement showing the excess over Grant/Appropriation requiring regularisation

(Reference: Paragraph 2.3.3; Page 28)

(In Rupees)

No. and Name of Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess
Revenue (Voted)			
30-Elections	71,83,27,000	77,27,43,895	5,44,16,895
40-Other expenditure pertaining to Health and Family Welfare Department	13,50,000	17,35,128	3,85,128
42-Police	7,83,09,66,000	7,92,96,52,462	9,86,86,462
46-Other expenditure pertaining to Home Department	58,85,64,000	59,23,04,224	37,40,224
61-Other expenditure pertaining to Legal Department	4,87,65,000	5,15,37,870	27,72,870
69-Panchayats, Rural Housing and Rural Development Department	2,73,40,000	2,84,21,913	10,81,913
73-Other expenditure pertaining to Panchayats, Rural Housing and Rural Development Department	62,19,30,000	1,01,23,86,957	39,04,56,957
78-District Administration	68,72,00,000	74,36,69,808	5,64,69,808
80-Dangs District	18,93,75,000	19,23,53,781	29,78,781
86-Roads and Bridges	4,80,26,73,000	5,21,29,33,451	41,02,60,451
104-Other expenditure pertaining to Women and Child Development Department	1,59,35,63,000	1,69,53,46,941	10,17,83,941
Revenue (Charged)			
35-State Legislature	10,34,000	17,09,607	6,75,607
60-Administration of Justice	14,68,52,000	15,54,61,935	86,09,935
68-Other expenditure pertaining to Narmada, Water Resources and Water Supply Department	2,40,81,000	2,83,83,283	43,02,283
84-Non-Residential Buildings	15,85,000	40,84,584	24,99,584
88-Other expenditure pertaining to Roads and Buildings Department	1,04,07,000	1,10,77,043	6,70,043
104-Other expenditure pertaining to Women and Child Development Department	30,00,000	50,00,000	20,00,000
Total	17,29,70,12,000	18,43,88,02,882	1,14,17,90,882

APPENDIX – XIV

Cases of unnecessary Supplementary Grants/Appropriations

(Reference: Paragraph 2.3.5; Page 28)

(Rupees in crore)

Grant/Appropriation	Original Grant	Supplementary Grant	Expenditure	Saving
Revenue (Voted)				
25-Forests	116.02	0.17	102.39	13.80
34-Other expenditure pertaining to General Administration Department	1894.50	22.50	286.27	1630.73
76-Revenue Department	7.29	1.01	6.70	1.60
77-Tax Collection Charges (Revenue Department)	54.57	0.20	52.60	2.17
96-Youth Services and Cultural Activities	26.57	1.09	23.08	4.58
103-Women and Child Development Department	0.65	0.11	0.60	0.16
Revenue (Charged)				
2-Agriculture	--	0.01	--	0.01
42-Police	--	0.01	--	0.01
81-Compensation and Assignments	0.13	0.01	0.03	0.11
85 -Residential Buildings	--	0.01	--	0.01
Capital (Voted)				
5-Co-operation	13.00	4.27	10.70	6.57
12-Energy Projects	333.35	1411.49	206.06	1538.78
65-Narmada Development Scheme	720.26	273.00	687.25	306.01
67- Water Supply	450.11	8.27	365.39	92.99
87-Gujarat Capital Constructions Scheme	17.23	5.03	11.72	10.54
Capital (Charged)				
81-Compensation and Assignments	0.03	0.01	--	0.04
Total	3633.71	1727.19	1752.79	3608.11

APPENDIX -XV

Excessive Supplementary Grants

(Reference: Paragraph 2.3.5; Page 28)

(Rupees in crore)

Grant/Appropriation	Original Provision	Supplementary provision	Total Provision	Expenditure	Saving
Revenue (Voted)					
3-Minor Irrigation, Soil Conservation and Area Development	29.13	4.11	33.24	29.26	3.98
4-Animal Husbandry and Dairy Development	64.27	2.40	66.67	65.44	1.23
12-Energy Projects	2149.32	571.93	2721.25	2176.24	545.01
15-Tax Collection Charges (Finance Department)	66.06	2.26	68.32	67.90	0.42
17-Pensions and other Retirement Benefits	1205.71	97.87	1303.58	1249.14	54.44
55-Other expenditure pertaining to Information and Broadcasting Department	2.53	0.27	2.80	2.57	0.23
67-Water Supply	146.62	12.12	158.74	151.65	7.09
72-Compensation and Assignments	76.46	8.94	85.40	83.24	2.16
75- Other expenditure pertaining to Ports and Fisheries Department	0.84	0.05	0.89	0.86	0.03
82- Other expenditure pertaining to Revenue Department	0.39	105.63	106.02	91.14	14.88
88- Other expenditure pertaining to Roads and Buildings Department	10.99	1.26	12.25	11.74	0.51
Revenue (Charged)					
19-Repayment of debt pertaining to Finance Department and its servicing	4522.99	263.02	4786.01	4606.06	179.95
66-Irrigation and Soil Conservation	--	2.74	2.74	1.62	1.12
86-Roads and Bridges	--	0.26	0.26	0.08	0.18
94-Tribal Area Sub-Plan	--	0.74	0.74	0.01	0.73
Capital (Charged)					
19-Repayment of debt pertaining to Finance Department and its servicing	1482.99	19581.94	21064.93	18065.42	2999.51
66-Irrigation and Soil Conservation	--	1.50	1.50	1.30	0.20
Total	9758.30	20657.04	30415.34	26603.67	3811.67

APPENDIX – XVI

Statement showing cases where supplementary provision was inadequate

(Reference: Paragraph 2.3.5; Page 28)

(Rupees in crore)

Grant/Appropriation	Original provision	Supplementary provision	Total Grant/Appropriation	Expenditure	Excess
Revenue (Voted)					
42-Police	737.28	45.82	783.10	792.97	9.87
78-District Administration	68.70	0.02	68.72	74.37	5.65
86-Roads and Bridges	462.05	18.21	480.26	521.29	41.03
104-Other expenditure pertaining to Women and Child Development Department	152.42	6.93	159.35	169.53	10.18
Revenue(Charged)					
60-Administration of Justice	13.00	1.69	14.69	15.55	0.86
68- Other expenditure pertaining to Narmada, Water Resources and Water Supply Department	--	2.41	2.41	2.84	0.43
84- Non-Residential Buildings	0.10	0.06	0.16	0.41	0.25
88- Other expenditure pertaining to Roads and Buildings Department	--	1.04	1.04	1.11	0.07
Total	1433.55	76.18	1509.73	1578.07	68.34

APPENDIX – XVII

Cases of re-appropriation under which the expenditure finally showed excess over the balance provision

(Reference: Paragraph 2.3.7 ; Page 29)

(Rupees in crore)

Grant number	Head of Account	Provision (Original plus Supplementary)	Reappropriation	Final Grant/ Appropriation	Actual expenditure	Excess
Revenue						
2	2401(00)(800) (06) (4) Plan	2.50	-2.50	--	2.00	2.00
2	2401(00)(800) (11) (11)	22.35	-12.61	9.74	16.40	6.66
2	2401(00)(104) (06) (3) Plan	12.25	-4.22	8.03	15.57	7.54
21	3456 (00)(001) (02) (2)	2.68	-0.05	2.63	4.36	1.73
42	2055 (00)(109) (02) (2)	135.36	-1.65	133.71	140.89	7.18
49	2852 (80)(800) (21) (17)	225.00	-215.00	10.00	46.87	36.87
60	2014 (00)(105) (01) (1)	36.44	-11.01	25.43	26.70	1.27
78	2053 (00)(093) (08) (7)	2.45	-0.20	2.25	7.07	4.82
78	2053 (00)(094) (01) (1)	40.41	-3.37	37.04	42.86	5.82
86	3054 (80)(001) (05)	38.77	-1.30	37.47	71.26	33.79
86	3054 (80)(800) (11)	1.90	-0.51	1.39	95.92	94.53
93	2210 (06)(101) (08) (1) Plan	3.30	-2.30	1.00	3.65	2.65
94	2235 (02)(796) (06) (6) Plan	4.92	-3.41	1.51	2.54	1.03
Capital						
19	6003(00)(110) (01) (1)	20000.00	-4873.18	15126.82	15271.87	145.05
46	4216 (80)(201) (02) (2)	40.00	-20.44	19.56	20.95	1.39
66	4702 (00)(102) (01) Plan	7.55	-5.70	1.85	3.38	1.53
66	4701 (80)(001) (78) Plan	26.83	-0.11	26.72	29.95	3.23
84	4210 (03)(101) (42) Plan	0.75	-0.62	0.13	1.43	1.30
94	4701 (80)(796) (01) Plan	2.92	-1.29	1.63	3.26	1.63
94	4701 (80)(796) (02) Plan	24.45	-10.58	13.87	27.22	13.35

APPENDIX – XVIII

Significant cases of major re-appropriation which were injudicious on account of non-utilisation

(Reference: Paragraph 2.3.7; Page 29)

(Rupees in crore)

Grant number	Head of Account	Provision (Original plus Supplementary)	Reappropriation	Final Grant/ Appropriation	Actual expenditure	Saving
Revenue						
2	2401(00)(108) (06) (2) Plan	1.24	+ 0.23	1.47	--	1.47
42	2055 (00)(115) (02) (2) Plan	2.30	+2.25	4.55	1.11	3.44
42	2055 (00)(115) (02) (2)	2.30	+2.25	4.55	0.72	3.83
85	2216 (80)(800) (84) (1)	50.80	+2.26	53.06	42.79	10.27
Capital						
67	4215 (01)(102) (03) (3) Plan	107.05	+13.36	120.41	86.84	33.57

APPENDIX XIX

Amount surrendered during March 2003

(Reference: Paragraph 2.3.8; Page 29)

(Rupees in crore)

Grant No and Name	Grant/ Appropriation	Amount surrendered
1-Agriculture and Co-operation Department	Revenue (Voted)	1.02
2-Agriculture	Revenue (Voted)	180.92
	Capital (Voted)	0.05
3-Minor Irrigation, Soil Conservation and Area Development	Revenue (Voted)	4.11
4-Animal Husbandry and Dairy Development	Revenue (Voted)	0.96
5- Co-operation	Revenue (Voted)	1.29
	Capital (Voted)	5.81
6- Other expenditure pertaining to Agriculture and Co-operation Department	Capital (Voted)	0.85
8-Education	Revenue (Voted)	154.64
	Revenue (Charged)	16.31
9- Other expenditure pertaining to Education Department	Revenue (Voted)	0.87
	Capital (Voted)	32.41
10- Energy and Petro-Chemicals Department	Revenue (Voted)	0.63
11- Tax Collection Charges (Energy and Petro-Chemicals Department)	Revenue (Voted)	0.90
12- Energy Projects	Revenue (Voted)	66.14
	Revenue (Charged)	1.13
	Capital (Voted)	113.74
13- Other expenditure pertaining to Energy and Petro-Chemicals Department	Revenue (Voted)	0.03
	Capital (Voted)	0.48
14- Finance Department	Revenue (Voted)	0.92
	Capital (Voted)	0.02
15- Tax Collection Charges (Finance Department)	Revenue (Voted)	0.28
16- Treasury and Accounts Administration	Revenue (Voted)	0.88
17- Pensions and Other Retirement Benefits	Revenue (Voted)	40.06
18- Other expenditure pertaining to Finance Department	Revenue (Voted)	23.09
	Capital (Voted)	1.25
	Capital (Charged)	0.01
19- Repayment of debt pertaining to Finance Department and its servicing	Capital (Charged)	4881.27

Grant No and Name	Grant/ Appropriation	Amount surrendered
20- Food, Civil Supplies and Consumer Affairs Department	Revenue (Voted)	0.56
21- Civil Supplies	Revenue (Voted)	4.44
22- Food	Revenue (Voted)	0.39
	Capital (Voted)	0.06
23- Other expenditure pertaining to Food, Civil Supplies and Consumer Affairs Department	Capital (Voted)	0.16
24- Forests and Environment Department	Revenue (Voted)	0.18
25- Forests	Revenue (Voted)	6.32
	Capital (Voted)	14.76
26- Environment	Revenue (Voted)	3.35
28- Governor	Revenue (Charged)	0.32
29- Council of Ministers	Revenue (Voted)	1.66
31- Public Service Commission	Revenue (Voted)	0.12
	Revenue (Charged)	0.25
32- General Administration Department	Revenue (Voted)	19.15
33- Economic Advice and Statistics	Revenue (Voted)	0.42
34- Other expenditure pertaining to General Administration Department	Revenue (Voted)	943.44
	Capital (Voted)	681.01
35- State Legislature	Revenue (Voted)	3.22
	Revenue (Charged)	0.02
36- Loans and Advances to Government Servants in Gujarat Legislature Secretariat	Capital (Voted)	0.07
37- Health and Family Welfare Department	Revenue (Voted)	0.23
38- Medical and Public Health	Revenue (Voted)	44.22
39- Family Welfare	Revenue (Voted)	18.50
40- Other expenditure pertaining to Health and Family Welfare Department	Capital (Voted)	1.35
41- Home Department	Revenue (Voted)	0.23
42- Police	Revenue (Voted)	0.96
43- Jails	Revenue (Voted)	1.03
44- Transport	Revenue (Voted)	0.25
	Capital (Voted)	3.47
45- State Excise	Revenue (Voted)	0.04
46- Other expenditure pertaining to Home Department	Revenue (Voted)	2.04
	Revenue (Charged)	0.03
	Capital (Voted)	52.91

Grant No and Name	Grant/ Appropriation	Amount surrendered
47- Industries and Mines Department	Revenue (Voted)	1.18
49- Industries	Revenue (Voted)	302.15
	Capital (Voted)	45.36
50- Mines and Minerals	Revenue (Voted)	4.17
51- Tourism	Revenue (Voted)	10.55
	Capital (Voted)	0.10
52- Other expenditure pertaining to Industries and Mines Department	Revenue (Voted)	1.58
	Capital (Voted)	3.94
53- Information and Broadcasting Department	Revenue (Voted)	0.17
54- Information and Publicity	Revenue (Voted)	5.24
55- Other expenditure pertaining to Information and Broadcasting Department	Revenue (Voted)	0.33
	Capital (Voted)	0.04
56- Labour and Employment Department	Revenue (Voted)	0.41
57- Labour and Employment	Revenue (Voted)	59.05
58- Other expenditure pertaining to Labour and Employment Department	Capital (Voted)	0.41
59- Legal Department	Revenue (Voted)	0.19
60- Administration of Justice	Revenue (Voted)	7.22
61- Other expenditure pertaining to Legal Department	Capital (Voted)	0.56
62- Legislative and Parliament Affairs Department	Revenue (Voted)	0.30
63- Other expenditure pertaining to Legislative and Parliamentary Affairs Department	Capital (Voted)	0.04
64- Narmada, Water Resources and Water Supply Department	Revenue (Voted)	1.01
65- Narmada Development Scheme	Capital (Voted)	306.94
66- Irrigation and Soil Conservation	Revenue (Voted)	21.44
	Capital (Voted)	57.84
67- Water Supply	Revenue (Voted)	7.09
	Capital (Voted)	1.04
68- Other expenditure pertaining to Narmada, Water Resources and Water Supply Department	Capital (Voted)	2.25
70- Community Development	Revenue (Voted)	23.79
71- Rural Housing and Rural Development	Revenue (Voted)	154.84
	Revenue (Charged)	13.56
	Capital (Voted)	0.23

Grant No and Name	Grant/ Appropriation	Amount surrendered
72- Compensation and Assignments	Revenue (Voted)	0.69
73- Other expenditure pertaining to Panchayats, Rural Housing and Rural Development Department	Revenue (Voted)	0.69
	Capital (Voted)	6.01
74- Fisheries	Revenue (Voted)	0.41
	Capital (Voted)	2.69
75- Other expenditure pertaining to Ports and Fisheries Department	Capital (Voted)	0.02
76- Revenue Department	Revenue (Voted)	0.55
77- Tax Collection Charges (Revenue Department)	Revenue (Voted)	3.94
78- District Administration	Revenue (Voted)	5.70
79- Relief on account of Natural Calamities	Revenue (Voted)	26.87
81- Compensation and Assignments	Revenue (Voted)	0.03
	Revenue (Charged)	0.08
	Capital (Voted)	0.01
	Capital (Charged)	0.03
82- Other expenditure pertaining to Revenue Department	Revenue (Voted)	15.11
	Capital (Voted)	1.61
83- Roads and Buildings Department	Revenue (Voted)	0.79
84- Non-Residential Buildings	Revenue (Voted)	14.62
	Capital (Voted)	35.27
85- Residential Buildings	Revenue (Voted)	1.96
	Capital (Voted)	9.51
86- Roads and Bridges	Revenue (Voted)	43.40
	Capital (Voted)	88.16
87- Gujarat Capital construction Scheme	Revenue (Voted)	0.79
	Capital (Voted)	10.79
88- Other expenditure pertaining to Roads and Buildings Department	Revenue (Voted)	0.94
	Capital (Voted)	0.36
89- Social Justice and Empowerment Department	Revenue (Voted)	0.33
90- Social Security and Welfare	Revenue (Voted)	40.07
	Capital (Voted)	0.98

Grant No and Name	Grant/ Appropriation	Amount surrendered
91- Welfare of Scheduled Tribes	Revenue (Voted)	10.87
	Capital (Voted)	0.55
92- Other expenditure pertaining to Social Justice and Empowerment Department	Capital (Voted)	0.35
93- Special Component Plan for Scheduled Castes	Revenue (Voted)	85.84
	Capital (Voted)	3.28
94- Tribal Area Sub-Plan	Revenue (Voted)	256.89
	Capital (Voted)	44.81
95- Sports, Youth and Cultural Activities Department	Revenue (Voted)	0.02
96- Youth Services and Cultural Activities	Revenue (Voted)	4.67
97- Other expenditure pertaining to Sports, Youth and Cultural Activities Department	Capital (Voted)	0.03
98- Urban Development and Urban Housing Department	Revenue (Voted)	0.05
99- Urban Housing	Revenue (Voted)	11.00
	Revenue (Charged)	8.00
100- Urban Development	Revenue (Voted)	53.21
	Capital (Voted)	1.01
101-Compensation, Assignments and Tax Collection Charges	Revenue (Voted)	1.70
102- Other expenditure pertaining to Urban Development and Urban Housing Department	Capital (Voted)	0.14
103- Women and Child Development Department	Revenue (Voted)	0.16
Grand Total		9163.24

APPENDIX - XX

Statement showing flow of expenditure during the four quarters of 2002-2003

(Reference: Paragraph 2.6; Page 30)

(Rupees in crore)

Head of Account	1st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March 2003	Percentage as expenditure in March 2003 to total expenditure of 2002-03
Revenue							
2211-Family Welfare	9.69	36.23	26.37	55.26	127.55	51.01	40%
2236- Nutrition	22.95	46.79	54.46	108.88	233.08	72.68	31%
2245- Relief on account of Natural Calamities	7.19	128.37	8.35	353.29	497.20	316.37	64%
2401- Crop Husbandry	15.24	31.43	24.10	143.99	214.76	73.20	34%
2402- Soil and Water Conservation	1.98	2.84	4.19	31.32	40.33	24.98	62%
2404- Dairy Development	0.09	0.06	0.08	0.71	0.94	0.65	69%
2405- Fisheries	2.30	3.79	3.42	8.42	17.93	5.56	31%
2515- Other Rural Development Programmes	20.63	101.31	99.83	193.83	415.60	144.00	35%
2852- Industries	2.84	18.03	25.66	77.01	123.54	67.25	54%
2853- Non-ferous Mining and Metallurgical Industries	1.68	2.22	2.86	10.42	17.18	8.05	47%
3054- Roads and Bridges	66.87	91.01	93.19	193.04	444.11	140.08	32%
3425- Other Scientific Research	0.32	0.04	0.04	2.75	3.15	1.40	44%
3435- Ecology & Environment	--	--	--	0.55	0.55	0.36	65%
3452- Tourism	0.38	2.63	1.00	11.07	15.08	5.63	37%

(Rupees in crore)

Head of Account	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March 2003	Percentage as expenditure in March 2003 to total expenditure of 2002-03
Capital							
4055- Capital Outlay on Police	--	--	--	10.19	10.19	10.19	100%
4202- Capital Outlay on Education, Sports, Art and Culture	1.54	1.94	2.34	4.57	10.39	3.18	31%
4210- Capital Outlay on Medical and Public Health	2.20	4.61	2.88	6.36	16.05	4.94	31%
4216- Capital Outlay on Housing	2.91	4.81	9.43	41.88	59.03	39.84	67%
4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.21	0.75	0.12	2.66	3.74	1.33	36%
4405- Capital Outlay on Fisheries	--	0.07	--	0.72	0.79	0.54	68%
4851- Capital Outlay on Village and Small Industries	0.07	0.10	0.03	0.54	0.74	0.49	66%
4856- Capital Outlay on Petro-Chemical Industries	--	--	--	10.39	10.39	10.39	100%
5051- Capital Outlay on Ports and Light House	--	--	0.20	0.70	0.90	0.69	77%
5053- Capital Outlay on Civil Activation	--	--	0.04	1.83	1.87	1.46	78%
Total	159.09	477.03	358.59	1270.38	2265.09	984.27	

APPENDIX XXI

Unusual Excess over Budget Grant

(Reference: Paragraph 2.7; Page 30)

(Rupees in crore)

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
2-Agriculture and Co-operation Department			
Revenue Plan State			
2401-Crop Husbandry (104)(06)(03)- Subsidy to cultivators on Drip Irrigation in Gujarat State (Voted)	8.03	3.32 (41.34)	Reasons were not intimated.
Revenue Non-Plan State			
2401-Crop Husbandry (108)(05)(1)- AGR-42(1) Cotton Production (Voted)	2.36	1.21 (51.27)	Reasons were not intimated.
5-Co-operation			
Capital Non-Plan State			
N.C.D.C. Sponsored Scheme			
6425-Loans for Co-operation (108)(26)(26)-Loans to Sugar Co-operative Societies (Voted)	6.91	4.05 (58.61)	Due to sanction of loan to Shri Maroli Vibhag Khand Udyog Sahakari Mandli Ltd.
12-Energy Projects			
Revenue Non-Plan State			
2801-Power (80)(101)(03)(2)-Subsidy to Ahmedabad Electricity Company Ltd. for horse power based tariff on agriculturists (Voted)	7.67	3.67 (47.85)	To clear outstanding dues to Ahmedabad Electricity Company.
(80)(101)(10)(5)-Subsidy to Ahmedabad Electricity company on account of free electricity to Water Works of village Panchayats/Voluntary Organisations (Voted)	9.60	7.10 (73.96)	To make payment to Ahmedabad Electricity Company on adhoc basis to clear outstanding dues.
Capital Non-Plan C.S.S.			
6801-Loans for Power Projects (202)(53)(4) Loans to Gujarat Electricity Board under Accelerated Power Programme (Voted)	37.71	37.71 (100)	To make payment on adhoc basis to Gujarat Electricity Board in view of receipt of Central assistance from the Government of India

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
18-Other expenditure pertaining to Finance Department			
Revenue Non-Plan State			
2075-Miscellaneous General Services (797)(01)(1)-Gujarat State Guarantee Redemption Fund (Voted)	206.80	96.80 (46.81)	Due to transfer of receipt of Guarantee fees to the General Reserve Fund.
(800)(06)-Relief on account of Guarantee invoked-Guarantee Redemption Fund (Voted)	52.36	52.36 (100)	Due to payment on account of Guarantee extended by the State Government on behalf of Calico Mills and the Visnagar Co-operative Spinning Mills.
19-Repayment of debt pertaining to Finance Department and its servicing			
Capital Non-Plan State			
6044-Loans and Advances from the Central Government (01)(102) Share of Small Savings Collection (Charged)	350.89	1745.11 (497.34)	Due to pre-payment of highest debt.
21-Civil Supplies			
Revenue Non-Plan State			
3456-Civil Supplies (001)(02)(2)-Implementation of Price Control Order (Voted)	2.63	1.68 (63.88)	Reasons were not intimated.
30-Elections			
Revenue Non-Plan State			
2015-Elections (103)(02)(2)-Intensive Revision of Electoral Rolls (Voted)	5.26	5.26 (100)	Due to extension of work and clearance of pending claim.
(103)(03)(3)-Summary Revision of Electoral Rolls (Voted)	5.95	7.56 (127.06)	Due to special revision of electoral rolls in view of the electors displaced due to disturbances.
(104)(01)(1)-Charges for conduct of election for Parliament and State Legislative Assembly when held simultaneously (Voted)	1.35	1.21 (89.63)	Due to bye-election of Mehsana Parliamentary and Assembly Constituencies.
34-Other expenditure pertaining to General Administration Department			
Revenue Plan State			
2515-Other Rural Development Programmes (102)(13)(2)-Community Works of Local Importance (Voted)	104.15	27.04 (25.96)	Due to raising the limit of grant allocation to the MLAs for the works of local importance.

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
42-Police			
Revenue Non-Plan State			
2055-Police (101)(01)(1)-Criminal Investigation Department (Voted)	12.68	1.65 (13.01)	Due to requirement of more fund than anticipated.
49-Industries			
Revenue Non-Plan State			
2851-Village and Small Industries (800)(21)(12)-Relief to Cottage Industries affected by earthquake (Voted)	1.00	8.99 (899)	Reasons were not intimated.
2852-Industries (80)(800)(20)(16)-Relief to Trade, Commerce and Service Sector affected by earthquake (Voted)	24.39	24.40 (100.04)	To disburse financial assistance to Trade, Commerce and Service Establishment affected by earthquake.
57-Labour and Employment			
Revenue Plan State			
2230-Labour and Employment (03)(003)(07)(5)-Industrial Training Centres (Voted)	5.22	3.05 (58.43)	Due to payment of arrears on account of Revision of Pay.
Revenue Non-Plan State			
2230-Labour and Employment (03)(003)(07)(5)-Industrial Training Centres (Voted)	7.08	3.14 (44.35)	Due to payment of arrears on account of Revision of Pay.
60-Administration of Justice			
Revenue Non-Plan State			
2014-Administration of Justice (114)(01)(1)-Law Officers (Voted)	9.20	2.01 (21.85)	Due to more expenditure towards professional service fees.
66-Irrigation and Soil Conservation			
Capital Plan State			
4701-Capital Outlay on Major and Medium Irrigation (03)(656)(41)-Dam and Appurtenant works (Voted)	1.37	1.40 (102.19)	Due to good progress of works and payment to work-charged establishment.
(03)(657)(51)-Dam and Appurtenant works (Voted)	1.00	1.28 (128)	Due to good progress of works and payment to work-charged establishment.
(03)(683)(80)-Other expenditure (Voted)	4.65	1.46 (31.40)	Reasons were not intimated.
(80)(001)(78)-Administration (Voted)	26.72	3.12 (11.68)	Reasons were not intimated.
4711-Capital Outlay on Flood Control Projects (03)(103)(01)-Drainage Works (Voted)	2.26	1.89 (83.63)	Due to payment for ongoing works.

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
67-Water Supply			
Capital Non-Plan State			
4215-Capital Outlay on Water Supply and Sanitation (01)(101)(02)(2)-Accelerated Urban Water Supply Scheme (Voted)	8.28	4.47 (53.99)	Reasons were not intimated.
70-Community Development			
Revenue Non-Plan State			
2515- Other Rural Development Programmes (800)(01)(1)-Panchayats Election (Voted)	8.61	12.83 (149.01)	Due to Gram/Taluka/District Panchayats Elections and increase in centive Grants to SAMRAS Gram Panchayats.
(800)(02)(2)-Additional Establishment for Audit Work for Gram Panchayats (Voted)	0.18	8.38 (4655.56)	Reasons were not intimated.
71-Rural Housing and Rural Development			
Revenue Plan State			
2216-Housing (03)(800)(06)(2)-State Government Supplement to Indira Awas Yojana (Voted)	24.55	12.85 (52.34)	Reasons were not intimated.
(03)(800)(08)(4)-Assistance to B.P.L. families of the Earthquake affected Rural Area for Indira Awas Yojana under Pradhan Mantri Gramodaya Yojana (Voted)	--	10.00	Reasons were not intimated.
Revenue Plan C.S.S.			
2505-Rural Employment (01)(702)(03)(3)-Sampurna Gramin Rojgar Yojana (Voted)	13.38	1.88 (14.05)	Due to release of more assistance by the Government of India.
73-Other expenditure pertaining to Panchayats, Rural Housing and Rural Development Department			
Revenue Non-Plan State			
2071-Pensions and Other Retirement Benefits (01)(101)(05)(1)-Superannuation and retirement allowance to Panchayats Employees (Voted)	39.00	20.03 (51.36)	Reasons were not intimated.
(01)(104)(02)(1)-Gratuities to Panchayats Employees (Voted)	15.88	14.28 (89.92)	Reasons were not intimated.
(01)(105)(02)(1)-Family Pensions to Panchayats Employees (Voted)	5.57	5.41 (97.13)	Reasons were not intimated.

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
78-District Administration			
Revenue Plan C.S.S.			
2053-District Administration (093)(08)(7)-Computerisation of Land Record of District Establishment (Voted)	2.25	4.62 (205.33)	Reasons were not intimated.
79-Relief on account of Natural Calamities			
Revenue Non-Plan State			
2245-Relief on account of Natural Calamities (01)(104)(01)(1)-Purchase of grass concentrates, cattle feed and transport labour charges (Voted)	33.46	18.45 (55.14)	Due to acute scarcity in large area of the State.
(01)(104)(02)(2)-Subsidy to Panjarapole Gaushalas (Voted)	14.81	5.81 (39.23)	Due to acute scarcity in large area of the State.
(01)(104)(07)(7)-For provision of Fodder, Veterinary Care and Fodder Concentrate (Voted)	1.55	1.25 (80.65)	Due to acute scarcity in large area of the State.
(01)(800)(13)(13)-Employment Generation in only to meet additional requirements after taking into account of funds available under Plan Scheme viz. JRY, IJRY, EAS etc. (Voted)	81.85	42.85 (52.35)	Due to acute scarcity in large area of the State.
(06)(112)(01)(1)-Transport Charges on account of Rescue Operation (Voted)	2.76	1.76 (63.77)	Due to acute scarcity in large area of the State.
(06)(112)(03)(3)-Provision of temporary accommodation, food, clothing, medical care etc. to people affected/evacuated. (Voted)	13.02	6.02 (46.24)	Due to occurrence of more expenditure owing to uncertainty of nature of expenditure.
84-Non Residential Buildings			
Revenue Non-Plan State			
2059-Public Works (01)(053)(11)(1)-Work charged establishment (salary)(Repairs to non-residential buildings) (Voted)	19.10	51.15 (267.80)	Due to increase in revised estimates and receipt of more requirement from Field Offices.
2215-Water Supply and Sanitation (01)(101)(11)-Gandhinagar Water Supply Scheme (Voted)	8.95	2.06 (23.02)	Due to increase in revised estimates and receipt of more requirement from Field Offices.
86-Roads and Bridges			
Revenue Non-Plan State			
3054-Roads and Bridges (04)(337)(11)-Roads and Bridges (Voted)	13.63	9.99 (73.29)	Due to receipt of more requirement from Field Offices.
(80)(011)(05)-Expenditure Transferred on Prorata basis from Major Head-2059 (Voted)	37.47	32.48 (86.68)	Reasons for the excess were not intimated.

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
(80)(797)(11)-Transfer to Deposit Account of Central Road Fund Allocation (Voted)	23.36	40.40 (172.95)	Reasons for the excess were not intimated.
(80)(800)(11)-Roads and Bridges (Voted)	1.39	94.03 (6764.75)	Reasons for the excess were not intimated.
(80)(799)(22)-Stock (Voted)	2.90	10.32 (355.86)	Reasons for the excess were not intimated.
Capital Plan State			
5054-Capital Outlay on Roads and Bridges (01)(337)(11)-Original Works (Voted)	28.06	17.05 (60.76)	Reasons for the excess were not intimated.
Capital Non-Plan State			
5054-Capital Outlay on Roads and Bridges (03)(190)-Investment in Public Sector and Other Undertakings (Voted)	16.51	15.76 (95.46)	Reasons for the excess were not intimated.
(03)(337)(11)-Original Works (Voted)	60.45	8.11 (13.42)	Reasons for the excess were not intimated.
90-Social Security and Welfare			
Revenue Plan State			
2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (03)(277)(12)(11)-Grant-in-aid to Backward Class Hostels (Voted)	7.08	1.57 (22.18)	Due to payment of arrears to voluntary institutions.
(03)(277)(18)(14)-Ashram School-B.C. Boys Hostels for Building (Voted)	6.86	1.59 (23.18)	Due to payment of arrears to voluntary institutions.
93-Special Component Plan for Scheduled Castes			
Revenue Plan State			
2202-General Education (01)(108)(01)(1)-Special Component Plan for Scheduled Castes students of Primary Schools-Free text books for Scheduled Castes Students (Voted)	4.96	1.23 (24.80)	To clear the pending bills.
Revenue Plan C.S.S.			
2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (01)(277)(34)(3)-Special Component Plan for Scheduled Castes-State Scholarship for Pre S.S.C. Children whose parents are engaged in un-cleaned profession (Voted)	9.98	1.97 (19.74)	To clear the pending bills.

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
Revenue Non-Plan State			
2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (01)(793)(01)(1)-Special Component Plan for Scheduled Castes-Financial Assistance for Cottage Industries and Self employment for Bankable Schemes. (Voted)	6.43	1.48 (23.02)	Due to additional grant released by the Government of India.
2425-Co-operation (793)(04)(3)-Financial Assistance to Co-Operative Package Scheme (Voted)	0.90	3.21 (356.67)	Reasons were not intimated.
94-Tribal Area Sub-Plan			
Revenue Plan State			
2202-General Education (01)(796)(21)(18)-Provision for free text books to the Students of Primary Schools (Voted)	10.32	2.34 (22.67)	To clear the pending bills of the previous years.
2236-Nutrition (02)(796)(03)(3)-Mid-day-meal scheme for Children in Public Schools (Voted)	13.30	2.78 (20.90)	To clear the outstanding payment to Gujarat State Civil Supply Corporation.
(02)(796)(06)(6)-Special provision for Nutrition under Tribal Area Sub-Plan (Voted)	20.00	14.80 (74)	Due to receipt of more demand from District Offices.
(02)(796)(07)(7)-Pradhanmantri Gramoday Yojana (Voted)	6.62	6.62 (100)	Due to Government's decision to book the expenditure under Plan Scheme.
Revenue Non-Plan State.			
2702-Minor Irrigation (01)(794)(01)(2)-Construction and Deepening of Wells and Tanks (Voted)	1.20	2.41 (200.83)	To clear the pending liabilities.
2202-General Education (02)(796)(03)(3)-Opening of New Higher Secondary Schools (Voted)	1.38	1.17 (84.78)	Due to increase in rate of Dearness Allowance and payment of Bonus.
3054-Roads and Bridges (04)(796)(01)-District and Other Roads (Voted)	5.70	10.44 (183.16)	Reasons were not intimated.
Capital Plan State.			
4701-Capital Outlay on Major and Medium Irrigation (80)(796)(02) Administration (Voted)	13.87	2.76 (19.90)	Reasons were not intimated.
5054-Capital Outlay on Roads and Bridges (03)(796)(01)(1)-State Highway (Voted)	8.95	3.28 (36.65)	Reasons were not intimated.

Name of Grant/Head of Account	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department
100-Urban Development			
Revenue Plan Central Assisted Scheme			
2217-Urban Development (80)(191)(02)(2) Upgradation of Standards of administration recommended by the Eleventh Finance Commission (Voted)	30.00	10.00 (33.33)	Due to release of more fund by the Government of India.
Revenue Non-Plan State			
2217-Urban Development (80)(800)(12)(8) Grant-in-aid to Local Bodies for Election Expenditure (Voted)	2.98	2.84 (95.30)	Due to General Election of the Municipalities
104-Other expenditure pertaining to Women and Child Development Department			
Revenue Non-Plan State			
2235-Security and Welfare (02)(102)(10)(1)-Juvenile Branch (Voted)	2.90	2.05 (70.69)	Reasons were not intimated
Revenue Plan State			
2235-Security and Welfare (02)(103)(10)(4)-Grant for Financial Assistance to destitute widows for their rehabilitation (Voted)	37.18	22.15 (59.58)	Due to more number of beneficiaries than anticipated
Revenue Non-Plan C.S.S.			
2236-Nutrition (02)(800)(07)(7)-Balika Samridhi Yojana (Voted)	3.15	2.77 (87.94)	Reasons were not intimated
(02)(800)(08)(8)-National Nutrition Mission (Voted)	--	2.92	Reasons were not intimated
Grand Total		2599.09	

APPENDIX-XXII

Expenditure without Budget Provision

(Reference: Paragraph 2.7; Page 30)

(Rupees in crore)

Grant/Head of Account	Expenditure without Budget Provision	Contributory reasons as stated by Department
2-Agriculture		
Revenue Non-Plan State		
2401-Crop Husbandry (114)(01)(1)-Agricultural Oil Seeds Development (Voted)	2.72	Reasons were not intimated.
42-Police		
Revenue Plan C.S.S		
2055-Police (115)(02)(2)-Forensic Science Laboratory (Voted)	1.95	Reasons were not intimated.
Revenue Non-Plan C.S.S.		
2055-Police (115)(02)(2)-Forensic Science Laboratory (Voted)	2.28	Reasons were not intimated.
47-Industries and Mines Department		
Revenue Plan State		
3451-Secretariat-Economic Services (090)(16)(1)-Industries and Mines Department (Voted)	0.10	Reasons were not intimated.
66-Irrigation and Soil Conservation		
Capital Plan State		
4701-Capital Outlay on Major and Medium Irrigation (03)(539)(46)-Distributaries and Water Courses (Voted)	0.60	Reasons were not intimated.
(03)(548)(80)-Other Expenditure (Voted)	0.34	Reasons were not intimated.
67-Water Supply		
Capital Plan State		
4215-Capital Outlay on Water Supply and Sanitation (01)(102)(05)(5)-Water Supply Scheme for Border Area (Voted)	1.75	Reasons were not intimated.

Grant/Head of Account	Expenditure without Budget Provision	Contributory reasons as stated by Department
Capital Non-Plan State		
4215-Capital Outlay on Water Supply and Sanitation (01)(102)(05)(5)-Water Supply Scheme for Border Area (Voted)	2.00	Reasons were not intimated.
88-Other expenditure pertaining to Roads and Buildings Department		
Revenue Non-Plan State		
2070-Other Administrative Services (115)(11)(11)-Expenditure of State Guest Houses (Charged)	0.10	Reasons were not intimated.
93-Special component Plan for Scheduled Castes		
Capital Plan State		
6225-Loans for Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (01)(800)(01)(1)-Special Component Plan for Scheduled Castes-Financial Assistance to small entrepreneurs in Urban areas (Voted)	0.45	Due to erroneous Budget provision made under the unauthorised Minor Head-102 instead of Minor Head-800.
94-Tribal Area Sub-Plan		
Revenue Plan State		
2202-General Education (01)(796)(03)(3)-Conversion of single teacher school into two teachers school (Voted)	0.71	Reasons were not intimated.
Revenue Non-Plan State		
2202-General Education (01)(796)(20)(17)-Construction of class rooms (Voted)	0.47	Reasons were not intimated.
Revenue Plan C.S.S.		
2505-Rural Employment (01)(796)(07)(5)-Sampoorna Grameen Rozgar Yojana (Voted)	10.00	Reasons were not intimated.
Capital Plan State		
4701-Capital Outlay on Major and Medium Irrigation (03)(796)(33)-Vankal Irrigation Scheme (Voted)	0.61	Reasons were not intimated.
95-Sports, Youth and Cultural Activities Department		
Revenue Plan State		
2251-Secretariat-Social Services (090)(15)(1)-Sports, Youth and Cultural Activities Department (Voted)	0.14	Reasons were not intimated.
Total(Voted)	24.12	
Total(Charged)	0.10	
Grand Total	24.22	

APPENDIX- XXIII

Statement showing the details of delay in submission of DC bills

(Reference: Paragraph 2.9; Page 31)

Name of Drawing Officer	Total No. of AC bill	Amount (Rupees in lakh)	Period of Drawal	Delayed period (Month)
Mamlatdar, Vadodara	11	215.00	3/02 to 6/02	4 to 6
Mamlatdar, MDM, Choriyasi, Surat	06	011.75	8/02 to 12/02	2 to 8
Mamlatdar City, Surat	01	014.30	3/02	5
Collector, Ahmedabad	67	409.28	3/02 to 3/03	1 to 13
Mamlatdar City, Ahmedabad	23	2037.60	3/02 to 3/03	4 to 12
Mamlatdar, Diaster Management Cell, Rajkot	02	98.00	3/01 to 5/01	4 to 5
Total	110	2785.93		

APPENDIX- XXIV

Statement showing the details of Relief Camp/Trusts

(Reference: Paragraph 2.9; Page 31)

Name of Camp/Trusts	Amount paid (Rupees in lakh)	Remarks
Juhapura Relief Committee	33.91	
Dariya Khan Ghumat Rahat Camp	29.00	
Citizen Relief Service	52.02	
Vatva Muslim Youth Federation	3.41	
Etehad Yuva Mandal	6.67	
Mushilm Ghanchi Teili Samaj	0.92	
Mushlim Gunch	0.33	
Gunch-E-Adad	16.41	
Jamiya Fezal Kuran	1.68	
Bavahir Hall	2.18	
Rahat Camp Seva Samiti	1.50	
Gujarat Solvant Dealers	4.50	
United Cultural Committee	0.24	
Sarvajanik Rahat Chhavani	0.88	
Honest Seva Samiti	1.47	
Jahangir Nagar Young Committee	2.01	
Idegah Hall	0.54	
Allahikhan Khidmat Committee	0.51	
Hazarat Pir Mohamadshah Roza Relief Samiti	1.02	
Shah Alam Citizen Relief Camp	5.16	
Total	164.36	

APPENDIX - XXV

Details of Number of samples received, analysed, samples found as not of standard quality (NSQ) and pending at the laboratory

(Reference: Paragraph 3.1.5; Page 40)

Year	Previous pending	Received	Rejected*	Total available for analysis	Total Results given	No. of samples found NSQ	Pending at last of year	Percentage of Pendency
1997-1998	873	3335	09	4199	2952	425	1247	29.70
1998-1999	1247	3485	08	4724	3364	590	1360	28.79
1999-2000	1360	3562	04	4918	3866	631	1052	21.40
2000-2001	1052	3879	06	4925	4083	446	842	17.10
2001-2002	842	3613	15	4440	3786	544	654	14.73
2002-2003	654	4395	04	5045	3341	495	1704	33.78
TOTAL	6028	22269	46	28251	21392	3131		

*Samples received in laboratory in damaged condition

APPENDIX - XXVI

Detail of Not of Standard Quality Drugs with reference to Gujarat based manufacturers and other States based manufacturers

(Reference: Paragraph 3.1.5; Page 41)

YEAR	Samples Tested			Not of Standard Quality Drugs		
	Manu- factured in Gujarat	Manu- factured in other States	TOTAL	Manu- factured in Gujarat	Manu- factured in other States	Total
1997-98	1913	1039	2952	278	147	425
1998-99	2215	1149	3364	427	163	590
1999-00	2541	1325	3866	424	207	631
2000-01	2536	1547	4083	269	177	446
2001-02	2211	1575	3786	320	224	544
2002-03	1951	1390	3341	294	201	495
TOTAL	13367	8025	21392	2012	1119	3131
Percentage				64.26	35.74	14.64

APPENDIX-XXVII

Infrastructure created at various Check posts

(Reference: Paragraph 3.4.3; Page 55)

Location	Average Vehicles per day	No. 100 MT WB installed	No. 60 MT WB required	No. 60 MT WB installed	Excess
Ambaji	50	2	0	0	0
Amirgadh	2200	2	2	2	0
Bhilad	3500	2	4	10	6
Dahod	1000	2	0	4	4
Deesa	1800	2	2	4	2
Shamakhiali	2300	2	2	4	2
Shamlaji	3500	2	4	10	6
Songadh	2200	2	2	4	2
Tharad	350	2	0	0	0
Zalod	100	2	0	0	0
Total		20	16	38	22

APPENDIX-XXVIII

Status of receipt of data from various check posts at Central Monitoring Centre

(Reference: Paragraph 3.4.3; Page 56)

Name of Check Posts	Period during which data received at CMC
Ambaji	Not received
Amirgadh	01.06.01 to 21.04.02 22.06.02 to 31.07.02
Bhilad	01.01.02 to 21.04.02 07.07.02 to 31.07.02
Dahod	01.06.01 to 21.04.02 07.07.02 to 31.07.02 24.08.02 to 27.08.02
Deesa	01.01.02 to 21.04.02 22.6.02 to 31.07.02
Shamakhiali	Not received
Shamlaji	05.03.01 to 21.04.02 07.07.02 to 31.07.02 24.08.02 to 27.08.02
Songadh	01.06.01 to 21.04.02
Tharad	01.06.01 to 21.04.02
Zalod	Not received

APPENDIX-XXIX

Status of equipments at check posts

(Reference: Paragraph: 3.4.3; Page 57)

Name of equipment	Purpose	Status at check posts		
		Bhilad	Shamlajee	Shamakhiyali
Video Camera, Video Server, Licence Plate Tracking System	Capturing images of lanes, licence plates Transmit to control room	Used for one year. Currently not in use	Used for one year. Currently not in use.	Equipments not physically seen
Central Database server and database (located at Central Monitoring Centre)	Retrieve vehicle details from database using the licence number	Used initially for monitoring lanes and creating databases of vehicles. All operations at the CMC have been shut down since August 2002/	Used initially for monitoring lanes and creating databases of vehicles. All operations at the CMC have been shut down since August 2002/	Not implemented
Electronic Display panel	Displays the permissible weight, overload and penalty amount for drivers' convenience	Used for one year. Currently usage is seldom	Used for one year. Currently not in use.	Physically present but not operational.
Electronic Weighbridge	Weights the vehicle standing atop	Installed and used regularly	Installed and used regularly	Installed and used initially. Badly damaged during earthquake and not used.
Computers and Printers	Receives the vehicle details from central server, weight from weighbridge and computes penalty, if any. Penalty receipt is prepared and printed at the end of processing.	Installed and operational. Used for one year. Used sparingly now.	Installed and operational. Used for one year. Not used currently	All computers are stored in a room. Not used at all.
Sensor controller barriers	Allows exit of vehicle after completion of check post transaction	Installed but never used	Installed but never used	Not installed.

APPENDIX - XXX

Statement showing DEO-wise hardware/software deficiency in number of schools

(Reference: Paragraph: 4.6.1(A); Page 81)

D.E.O.	Number of schools													
	Grant files furnished/ out of Total grant files	Purchased inferior CPU- i.e. 286, 386, 486	Lesser number of HDD	No Sound Card	Lesser number of RAM	No CD-ROM	No FDD	Lesser number of Colour Monitor	No Printer	No MM KIT	No Power Protection System	No Operating System	No Software	LAN
Ahmedabad (City)	* 121 / 131	8	6	67	14	55	17	21	33	37	57	111	107	23
Ahmedabad (Rural)	*77 / 78	6	9	28	13	22	13	26	14	19	22	62	63	9
Himatnagar (S.K.)	90 / 93	3	1	15	10	10	3	14	8	15	11	74	65	4
Junagadh	32 / 37	3	7	15	14	13	7	14	10	11	10	27	24	6
Mehsana	77 / 79	4	-	22	4	25	5	9	2	13	5	39	48	6
Nadiad (Kheda)	32 / 41	-	5	12	4	8	12	6	16	11	5	28	29	5
Rajkot	28 / 28	1	3	14	3	10	5	12	7	12	10	23	25	2
Vadodara	55 / 58	4	6	22	15	21	2	13	11	15	8	50	29	17
Total	512/ 545	29	37	195	77	164	64	115	101	133	128	414	390	72
Total deficiency in percentage		6	7	38	15	32	13	22	20	26	25	81	76	14

* One school had refunded the grant.

APPENDIX - XXXI

List of schools which obtained grant for computers from the district planning officers under MPLAD scheme

(Reference: Paragraph: 4.6.1 (A); Page 82)

(Rupees in lakh)

Name and Address of the School	Details of Computer Grant Paid			
	By Commissioner of Schools/DEO		By District Planning Officers under MPLAD Scheme	
	Year	Amount	Year	Amount
Laxman Gyanpith School. At:Godhavi Taluka: Sanand District: Ahmedabad	1998-99	2.91	2000-01	5.00
Babubhai Purshotam Davada Saraswati Vidyalaya, At/Taluka: Dholka District: Ahmedabad	1999-00	3.00	1999-00	2.01
Laloda Swaninarayan High School, At: Laloda, Taluka: Idar District: Himatnagar(SK)	2000-01	3.00	1997-98	1.10
Madni High School, At/Taluka: Modasa District: Himatnagar(SK)	1999-00	3.00	1998-99	1.50
Makdum High School, At/Taluka: Modasa District: Himatnagar (SK)	1999-00	3.00	1999-00	1.50
Sir Pratap High School At/Taluka : Idar District: Himatnagar (SK)	1999-00	3.00	2001-02	3.50
Asha Secondary School, At/Taluka: Vijapur District: Mehsana	1998-99	3.00	1998-99	5.00
Lakhvad Yuvak Mandal Sanchalit Adarsh Vidyalaya At: Lakhvad, Tal/District: Mehsana	2000-01	3.00	1999-00	1.75
D.M.Patel High School At: Ladol, Taluka : Vijapur District: Mehsana	2000-01	3.00	1999-00	3.00
B.S.Patel Kanya Vidyalaya At: Ladol, Taluka: Vijapur District: Mehsana	2000-01	3.00	1999-00	3.00
Mira Datar Sarvodaya Vidyalaya At: Unava, Taluka: Unjha District: Mehsana	2000-01	3.00	2000-01	0.76
The Elite High School At: Sejakuva, Taluka: Padra District: Vadodara	2000-01	3.00	1999-00	0.40
R.G.Pandya High School At/Taluka: Dabhoi District: Vadodara	1999-00	3.00	1998-99	0.90
N.K.Modi High School At/Taluka: Dabhoi District: Vadodara	2000-01	3.00	2000-01	10.00
Total		41.91		39.42

APPENDIX-XXXII

Details of short recovery of the Material Testing Charges from the contractors
(Reference: Para 5.1.5; Page 96)

Name of the Divisions	Tender Agreement No/Year	Amount of the short recovery (in Rupees)
Executive Engineer, Panchayat R&B Dn. Bhuj (Kachchh)	B.2/14 2002-03	201790
-do-	B.2/13 2002-03	109535
Executive Engineer, Panchayat R&B Division-,Palanpur	B.2/65 2001-02	10078
Executive Engineer, Panchayat R&B Dn., Godhra (PMS)	B.2/66 2000-01	16512
-do-	B.2/55 2001-02	29054
-do-	B.2/53 2001-02	9995
Executive Engineer, R&B Dn. Bharuch	B.2/126 2001-02	28004
Executive Engineer, Panchayat R&B Dn. Bharuch	B.2/99 1999-2000	10000
Executive Engineer, Panchayat R&B Dn. Rajpipla	B.2/37 2001-02	9775
Executive Engineer, Panchayat R&B Dn. Anand	B.1/42 2000-01	4608
Executive Engineer, R&B Dn. Rajpipla	B.2/03 2001-02	11780
Executive Engineer, R&B Panchayat Dn. Gandhinagar	B.2/01 2000-01	20988
-do-	B2/09 2001-02	24954
Total ...		487073

APPENDIX -XXXIII

Details of pendency of Internal Audit

(Reference: Para 5.1.5; Page 96)

Division	Sub-Division	Pendency
R & B Division Bharuch	(i) Ankleshwar (ii) City Sub-Division Bharuch (iii) DBT Sub-Division Bharuch	1998-2002 1998-2002 1998-2002
R & B Division Godhra	(i) Godhra (iii) Halol (ii) Lunawada	1998-2001 1998-2001 1998-2000
R & B Division Palanpur	(i) Deodar (ii) Tharad	2000-2002 2000-2002
R & B Division I Surat	(i) Medical College Sub-Division (ii) Surat (R&B) Sub-Divison-1 (iii) Surat (R&B) Sub-Divison-2 (iv) SVRE college Sub-Division	1999-2001 1999-2001 1999-2001 1999-2001
City R & B Division Vadodara	Police Sub-division, Vadodara	1998-2000

APPENDIX -XXXIV

Cases of Internal Audit conducted for two or more years simultaneously

(Reference: Para 5.1.5; Page 96)

Division	Sub-divisions	Years
R & B Division Anand	(i) Anand (R&B) (ii) Khambhat (R&B)	1998-2000 1998-2000
C.P. Division No.1 Gandhinagar	(i) C.P. Sub-Division-1 (ii) C.P. Sub-Division-2 (iii) C.P. Sub-Division-3 (iv) C.P. Sub-Division-20 (v) C.P. Sub-Division-24 (vi) C.P. Sub-Division-26	1999-2001 1999-2001 1999-2001 1999-2001 1999-2001 1999-2001
R & B Division, Palanpur	(i) Palanpur	1998-2000
R & B Division No.2 Surat	(i) Bardoli (R&B) (ii) Mandvi (R&B) (iii) Surat (R&B) Sub-Division-3 (iv) Surat (R&B) Sub-Division-4 (v) Uchhal (R&B) Sub-Division (vi) Vyara (R&B) Sub-Division	1998-2002 1998-2002 1998-2002 1998-2002 1998-2002 1998-2002
City R & B Division, Vadodara	(i) City Sub-Division (ii) Medical Sub-Division (iii) Police Sub-Division	1998-2002 1998-2002 1998-2002

APPENDIX -XXXV

Statement showing the details of audit conducted leaving audit for
earlier years

(Reference Para 5.1.5; Page 96)

Name of Division	Name of Sub-Divisions	Period for which audit completed	Period for which audit outstanding
R&B Bharuch			
	Ankleshwar	2000-2001	1998-1999 to 1999-2000
	Bharuch	2000-2001	1998-1999 to 1999-2000
R & B Godhra			
	Godhra	2001-2002	1998-1999 to 2000-2001
	Halol	2001-2002	1998-1999 to 2000-2001
	Lunawada	2000-2001 2001-2002	1998-1999 to 1999-2000
R&B Vadodara			
	Medical Sub Dn, Vadodara	2000-2001 to 2002-2003	1998-1999 to 1999-2000
	Police Sub Dn, Vadodara	2000-2001 to 2002-2003	1998-1999 to 1999-2000

APPENDIX - XXV

Statement showing the details of work completed during the year

1953-54

(Reference Part 2.1.2, Page 50)

Name of District	Name of Officer	Period for which work completed	Period for which work is pending
B. V. District	Mr. A. S. Desai	1953-54	1953-54
	Mr. B. C. Desai	1953-54	1953-54
C. V. District	Mr. C. D. Desai	1953-54	1953-54
	Mr. E. F. Desai	1953-54	1953-54
D. V. District	Mr. G. H. Desai	1953-54	1953-54
	Mr. I. J. Desai	1953-54	1953-54
E. V. District	Mr. K. L. Desai	1953-54	1953-54
	Mr. M. N. Desai	1953-54	1953-54
F. V. District	Mr. O. P. Desai	1953-54	1953-54
	Mr. Q. R. Desai	1953-54	1953-54