सत्यमेव जयते

REPORT OF THE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1993

NO. 3

(CIVIL)

GOVERNMENT OF GUJARAT

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1992-93 together with other points arising from audit of financial transactions of the Government of Gujarat. It also includes certain points of interest arising from the Finance Accounts for the year 1992-93.

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

3 The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 1992-93 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 1992-93 have also been included wherever considered necessary.

OVERVIEW

This Report contains seven Chapters, the first two containing the observations of Audit on the Accounts of State Government for 1992-93 and the other five comprising five reviews and 46 paragraphs, incorporating the results of audit of the Civil Departments, Works Expenditure, Stores and Stock Accounts, Commercial Activities of Government and Financial Assistance to Local Bodies. A synopsis of findings contained in the audit reviews and the more important paragraphs is presented in this overview :

1 Accounts of the State Government

The Budget estimates for the year 1992-93 envisaged a revenue deficit of Rs.362.01 crores which was placed at Rs.244.72 crores in the Revised Estimates. The actual revenue deficit, however, was Rs.299.82 crores.

The revenue receipts of the State Government increased from Rs.3238.14 crores in 1988-89 to Rs.5911.08 crores in 1992-93, an increase of 83 **per cent**.

The aggregate of the amount received by the State Government on account of the State's share of Union Taxes, Duties and Grants-in-aid increased from Rs.791.71 crores in 1988-89 to Rs.1296.56 crores in 1992-93; increase was 64 **per cent**.

The plan revenue expenditure during 1992-93 was Rs.1482.44 crores against the budget estimates of Rs.1561.82 crores (including supplementary) disclosing a shortfall of Rs.79.38 crores. The non plan revenue expenditure during the year was Rs.4728.46 crores against the budget estimates of Rs.4980.00 crores (including supplementary).

Public Debt of the State increased from Rs.4160.61 crores at the end of 1988-89 to Rs.7615.14 crores at the end of 1992-93. The other liabilities also increased from Rs.465.26 crores to Rs.844.75 crores during the same period. The repayment of Central loans and interest thereon was Rs.947.36 crores during 1992-93 which had exceeded the loan received from the Central Government during 1992-93 by Rs.98.39 crores.

Servicing of debt (Rs.928.83 crores) during 1992-93 constituted 14.95 **per cent** *of the revenue expenditure during the year.*

As on 31 March 1993, a total amount of Rs.246.62 crores including interest of Rs.63.85 crores was overdue for recovery against loans advanced to Municipalities, Panchayati Raj Institutions, Other Local Bodies and Public Sector undertakings etc., for which accounts are maintained by the Accountant General (A&E). According to information furnished by 10 out of 84 departmental officers, Rs.24.04 crores, including interest of Rs.15.08 crores, were overdue for recovery in respect of loans and advances for which accounts are maintained by them.

The revenue realised during the year from 5 commercial irrigation projects was a mere 2.69 **per cent** *of the Capital Outlay of Rs.197.09 crores at the end of March 1993 which was not sufficient to cover even the direct working expenses of the project. All these projects were incurring heavy losses every year.*

Investments totalling Rs.1939.13 crores as on 31 March 1993 in various Statutory Corporations, Government Companies, etc., totalling 2077 yielded a dividend of Rs.12.26 crores (less than one **per cent**) *during 1992-93.*

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

The low cash balances, maintained by the State Government with the Reserve Bank of India necessitated taking of Ways and Means Advances on 105 days, the gross amount of the advances being Rs.720.06 crores and of Overdrafts on 110 days, the gross amount of overdrafts being Rs.4812.21 crores during 1992-93. The overdrafts remaining outstanding by the end of the year was Rs.129.58 crores.

(Paragraphs 1.1 to 1.12)

2 Appropriation Audit and Control Over Expenditure

Against the total budget provision of Rs.9415.36 crores, (including supplementary) the actual expenditure was Rs.9133.42 crores. The overall savings of Rs.281.94 crores was the result of saving of Rs.709.09 crores in 98 grants and 34 appropriations and excess of Rs.427.15 crores in 40 grants and 4 appropriations. The excess required regularisation by the Legislature under Article 205 of the Constitution of India.

The supplementary provision of Rs.1465.66 crores obtained during the year constituted 18 **per cent** *of the original budget provision. In 23 cases, the supplementary provision aggregating Rs.17.67 crores obtained during the year was unnecessary.*

In 28 grants, the expenditure fell short by more than Rupees one crore and also by 10 ***per cent*** *of the total provision.*

Out of 268 sanctions involving in Rs.4937.88 lakhs issued during the year, 117 sanctions for advances from the Contingency Fund involving Rs.3537.13 lakhs constituting 72 **per cent** *of the total sanctions issued were not acted upon, implying large amounts being sanctioned without urgent need.*

(Paragraphs 2.1 to 2.6)

3 Vocationalisation of Secondary Education

Vocationalisation of Secondary Education, was introduced from 1988-89 as a Centrally sponsored programme with the objective of diverting atleast 50 **per cent** *of students completing 10 years education to the vocational stream, prepare them for gainful employment, reduce the mis-match between demand and supply of skilled manpower and reduce pressure on universities.*

Against the Central assistance of Rs.3,713.94 lakhs, expenditure of Rs.3,197.58 lakhs (86 **per cent***) was incurred.*

Against the targeted coverage of 10 **per cent** *Higher Secondary students under the vocational courses by 1990, the actual coverage was one to eight* **per cent** *during 1988-93. Out of 6,005 students who completed the vocational courses successfully, only 1,214 were employed.*

Against 27 vocational courses, curricula for 13 courses only, was developed, out of which instructional materials for 3 courses only were forwarded for distribution to schools.

Furniture, fans and consumable items valued at Rs.30.03 lakhs were purchased though the expenditure on these items was not covered under the scheme.

Twelve schools had discontinued the vocational courses. The assets created under the scheme amounting to Rs.23.50 lakhs were not returned to the Government of India.

Avoidable expenditure of Rs.115.32 lakhs was incurred on pay and allowances of teachers and laboratory assistants during the period from 1990-91 to 1992-93 even after discontinuance of vocational courses in 12 schools.

(Paragraph 3.3)

4 Aji – III and Kelia Medium Irrigation Schemes

Aji III Irrigation scheme in Rajkot district with a cultivable command area of 6615 hectares and Kelia irrigation scheme in Valsad district with a cultivable command area of 2486 hectares, classified as Medium Irrigation Schemes were covered under World Bank assistance and were approved in December 1978 for completion by June 1989 and March 1984 respectively. They were still incomplete as of March 1993. Delay in providing gates and non completion of canal and distributary system also delayed the creation of irrigation potential in cases of both the schemes.

The cost of the projects had increased from Rs.488.85 lakhs and Rs.280.14 lakhs in December 1978 to Rs.2826.20 lakhs and Rs.1818.40 lakhs respectively as per the latest revised estimates. This amounts to an increase of 478 **per cent** *and 549* **per cent** *respectively over the original estimates. As of March 1993, an expenditure of Rs. 4431.84 lakhs (Aji-III: Rs.2704.80 lakhs and Kelia: Rs.1727.04 lakhs) was incurred on these two schemes.*

Lack of planning and coordination of execution of Aji-III earthen dam resulted in avoidable expenditure of Rs.22.44 lakhs.

Steel valued at Rs.16.48 lakhs which was procured in 1980 for Kelia Irrigation Scheme and declared surplus in 1986 was lying undisposed (1993) resulting in blocking up of funds for more than 13 years.

Residential quarters constructed at a cost of Rs.15.42 lakhs were lying vacant due to non-completion of the project.

(Paragraph 4.1)

5 State Highways

State Highways are main roads linking district headquarters and other important places within the State and connecting them with the National Highways or State Highways of adjoining States. During 1985-86 to 1992-93, as against the budget allotment of Rs.117.79 crores on works and Rs.378.20 crores on maintenance and repairs, the expenditure was Rs.170.13 crores and Rs.427.81 crores respectively.

Of the 19345 kilometres of State Highways as on 31 March 1993, 882 kilometres were not upto the required standard. Against the envisaged 7219 kilometres, only 2785 kilometres of State Highways had intermediate lane of 5.50 metres width, the shortfall being 61 **per cent**.

Failure to accept the lowest tender within the validity period resulted in additional liability of Rs. 6.58 lakhs.

Wasteful expenditure of Rs.3.84 lakhs in application of tack coat, avoidable expenditure of Rs.9.19 lakhs due to incorrect provision of asphalt and irregular payment of Rs.4.04 lakhs by mis-classification of the base for foundation well were also noticed.

(Paragraph 4.8)

6 Integrated Rural Development Programme

The Integrated Rural Development Programme (IRDP) was launched in 1978-79 with the object of raising the poorest families in the rural areas above the poverty line on a lasting basis by providing them income generating assets and creating substantial opportunities of employment in the rural sector.

Instead of Antyodaya approach of assisting the poorest of the poor first, the coverage of beneficiaries in the annual income group below Rs.2265 was 17 **per cent** *whereas the coverage in the annual income group of Rs.2,266 to 3,500 and Rs.3,501 to Rs.4,800 was 53 and 30* **per cent** *respectively.*

Against a total amount of Rs.17,700.94 lakhs released during 1985-86 to 1992-93 (including an opening balance of Rs.299.49 lakhs), an expenditure of Rs.18,398.92 lakhs was incurred. The excess expenditure of Rs.697.98 lakhs was met by diversion of funds from other programme.

Out of 72,455 and 72,326 families only 8,441 (12 **per cent***) and 6,492 (9* **per cent***) had crossed the poverty line in 1990-91 and 1991-92 respectively.*

Of the 1,06,114 families assisted, only 8,541 families crossed the poverty line during 1985-86 to 1992-93 in Ahmedabad, Junagadh and Kachchh districts due to inadequate per capita investment.

Non-observance of the accounting procedure and deviation from the prescribed rules facilitated the misappropriation of Government money to the extent of Rs.29 lakhs.

Due to non-completion of construction of Milk Collection Centres, infrastructure assistance of Rs.4.33 lakhs paid to 20 societies proved unfruitful.

An amount of Rs.4.78 lakhs was paid to the Gujarat Maritime Board between February 1982 and March 1986 for construction of fisheries infrastructure in Kachchh district. The works were either incomplete or not taken over by the Fisheries Department.

The computers installed at Bhuj and Junagadh at a cost of Rs.4.47 lakhs were not put to use.

The assistance of Rs.94.71 lakhs released to a Training Institute proved largely unfruitful as only 1,065 youths could be trained against the target of 6,020. The institute was eventually closed in September 1990.

(Paragraph 7.2)

7 Nehru Rozgar Yojna

The Nehru Rozgar Yojana (NRY) was launched by the Government of India in October 1989 as a Centrally sponsored scheme with the objective of providing employment to Urban unemployed and under-employed poor. The Scheme was introduced in the State in January 1990.

Against the grants of Rs.2471.38 lakhs released by the Central and the State Governments, expenditure of Rs.1053.92 lakhs (43 **per cent***) was incurred. The shortfall in the release of State Government's share worked out to Rs.339.09 lakhs, Rs.112.41 lakhs and*

Rs.12.77 lakhs at the end of 1989-90, 1990-91 and 1991-92 respectively. The delay in release of Central and the State funds ranged between 9 and 12 months.

Annual targets were not framed and intimated by the Nodal agency to ULBs for effective implementation of the scheme.

Annual Action plan was not prepared by the implementing agencies even though it was incumbent upon them to do so with a view to judge priority of works.

Out of the total subsidy of Rs.249.55 lakhs released to 25 ULBs under SUME, only Rs.62 lakhs were paid to the beneficiaries. The unutilized balance, in 5 ULBs alone was Rs.159.25 lakhs against an amount of Rs.191.92 lakhs released to them.

As against the available funds of Rs.491.15 lakhs for the Scheme of Housing and Shelter Upgradation, expenditure of Rs.11.10 lakhs only was incurred. Six ULBs had diverted NRY funds to the extent of Rs.20.02 lakhs to other activities. As against the prescribed material and labour ratio of 60:40, the labour ratio for 64 works executed by 4 ULBs ranged between 11 and 30 **per cent.**

(Paragraph 7.11)

8 Other points

Cash subsidy given to industrial units is to be recovered from them, if they went out of production within five years of commencement of production. As against Rs.136.93 lakhs recoverable from such units, only an amount of Rs.2.83 lakhs had been recovered.

(Paragraph 3.1)

A High School which was not recognised as a Gujarati medium school with the Gujarat Secondary Education Board, was paid grant of Rs.19.81 lakhs for the Gujarati medium section for the period June 1977 to December 1992 in contravention of Grant-in-aid code.

(Paragraph 3.4)

Non-imparting of training in Civil Defence at Naliya and Vadinar Centres for five years resulted in wasteful expenditure of Rs.9.69 lakhs on pay and allowances of staff remaining idle for five years.

(Paragraph 3.6)

The delay in creating required infrastructure at Community Health Centres resulted in avoidable extra expenditure of Rs.15.28 lakhs in purchase of X-Ray machines.

(Paragraph 3.8)

Water charges of Rs.218.01 lakhs for drawl of water from irrigation dams were yet to be recovered from 5 local bodies.

(Paragraph 4.2)

Holding of negotiation with the lowest bidder contrary to the procedure prescribed by the World Bank for works financed by it resulted in delay in finalisation of the tender and additional liability of Rs.9.56 lakhs on subsequent finalisation.

(Paragraph 4.9)

Seventy three staff quarters constructed between December 1986 and April 1990 at the cost of Rs.71.81 lakhs remained vacant as the allottees refused to accept them since they were constructed at a distance of 5 kilometres away from Surat city.

(Paragraph 4.10)

Delay in levy of fee at revised rate for use of bridge across river Narmada at Zadeshwar resulted in loss of collection charges of Rs.14.23 lakhs.

(Paragraph 4.12)

The injudicious decision of a division of the Gujarat Water Supply and Sewerage Board in relieving the contractor without getting the work completed and recovering only a nominal amount of Rs.0.15 lakh, resulted in extra expenditure of Rs.13.22 lakhs.

(Paragraph 7.4)

Amount of Rs.1,572.30 lakhs payable by 12 Municipalities of Ahmedabad, Mehsana, Rajkot, and Valsad districts to the District Panchayats towards expenditure on Primary Education for the period from 1963 to 1992 was still outstanding.

(Paragraph 7.10)

Non-compliance of Government instructions for keeping the surplus funds in the Personal Ledger Account in the Treasury by the Gujarat Municipal Finance Board between April 1987 and October 1992 resulted in loss of interest to the Board of Rs.320.36 lakhs.

(Paragraph 7.12)

The delay in taking decision on the two works abandoned by the contractors and consequently their non-completion even after six years of stipulated date of completion resulted in idle investment of Rs.27.02 lakhs and delay in providing houses to 336 beneficiaries of weaker/lower sections of the society.

(Paragraph 7.13)

Inspite of a clear directive issued (July 1989) by the Gujarat High Court that the allottees should pay 75 **per cent** *of arrears within four months, the Gujarat Housing Board failed to recover the arrears of instalments amounting to Rs.96.60 lakhs.*

(Paragraph 7.16)

The Gujarat Housing Board in contravention of the provisions of the Gujarat Housing Board Act, 1961 deposited an amount of Rs.one crore in portfolio management scheme in a nationalised bank.

(Paragraph 7.20)

CHAPTER - I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Summarised Financial Position

The financial position of the Government of Gujarat as on 31 March 1993 emerging from the Appropriation Accounts and the Finance Accounts for the year 1992-93 and the abstract of Receipts and Disbursements for the year are given in the Statements I and II appearing at the end of this Chapter. The sources and application of funds are detailed in Statement III.

Based on these Statements and other supporting data, an analysis of the management of the finance of the State Government during 1992-93 relating to the position obtaining in the earlier 4 years is presented in this Chapter.

1.2 Assets and Liabilities of the State

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

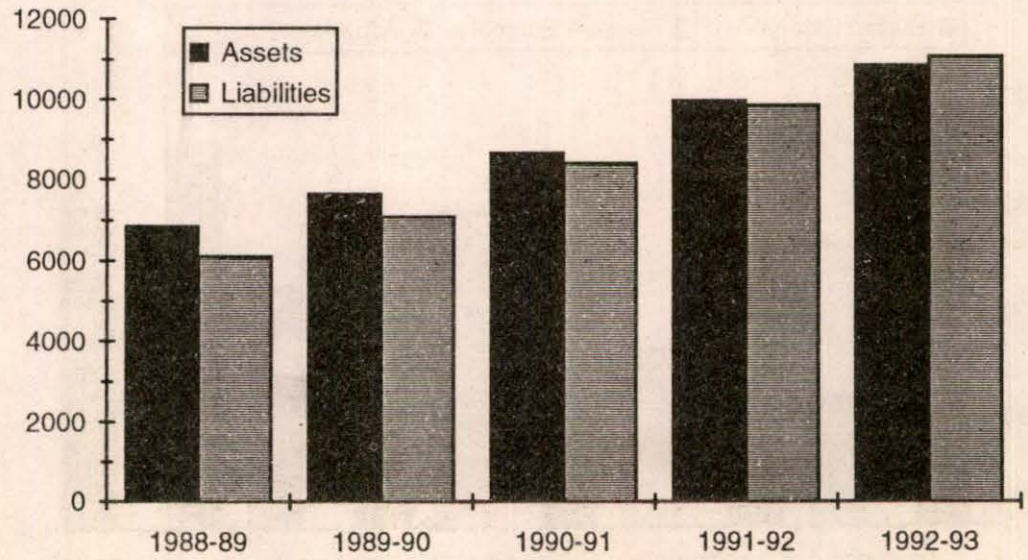
(Rupees in crores)

Year	Assets	Liabilities
1988-89	6853.38	6118.64
1989-90	7642.25	7092.94
1990-91	8676.57	8423.19
1991-92	9985.53	9875.04
1992-93	10872.75	11085.61

While the assets have grown by 78 **per cent** during the five years, the liabilities have grown by 110 **per cent**. The position had not improved and the gap was on account of continuing revenue deficit. A graphical presentation of the assets and liabilities is given below:

ASSETS AND LIABILITIES OF THE STATE

(Rupees in crores)



1.3 Revenue Deficit

The Ninth Finance Commission observed (December 1989) that the revenue deficits on a larger scale year after year, implies an infraction of one of the fundamental principles of sound public finance in an economy. Revenue receipts and expenditure of the State Government have been growing almost parallel during 1988-93 and accounts ended with continued revenue deficit throughout as may be seen from the following table:

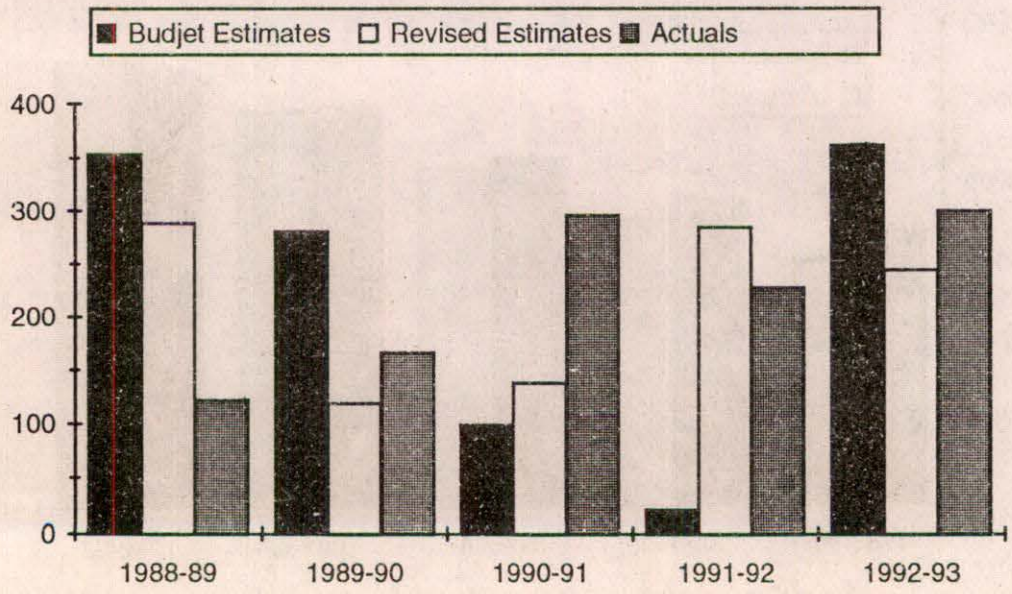
Year	Revenue			Percentage increase over the previous year		Revenue dificit as a percentage of revenue expenditure
	Receipts	Expen-diture	Deficit	Revenue Receipts	Revenue Expenditure	
		(Rupees in crores)				
1988-89	3238.14	3360.28	122.14	15.38	8.65	3.63
1989-90	3537.20	3703.64	166.44	9.24	10.22	4.49
1990-91	4035.22	4331.18	295.96	14.08	16.94	6.83
1991-92	5017.56	5245.32	227.76	24.34	21.11	4.34
1992-93	5911.08	6210.90	299.82	17.81	18.41	4.83

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

Year	Revenue Deficit			Percentage of actual deficit to revenue receipts
	Budget Estimates	Revised Estimates	Actuals	
		(Rupees in crores)		
1988-89	353.68	287.90	122.14	3.77
1989-90	280.66	119.02	166.44	4.71
1990-91	98.96	138.50	295.96	7.33
1991-92	20.61	284.72	227.76	4.53
1992-93	362.01	244.72	299.82	5.07

A graphical expression of it is given below:

REVENUE DEFICIT
(Rupees in crores)



The following conclusions emerge from the table:

i) Compared to previous year where revenue deficit was contained within the revised estimated deficit, it exceeded the revised estimated deficit during current year by Rs.55.10 crores mainly due to revenue expenditure which overshot the revised estimate.

ii) During 1988-93 revenue receipts and revenue expenditure showed an increase of 83 **per cent** and 85 **per cent** respectively.

1.4 Expenditure

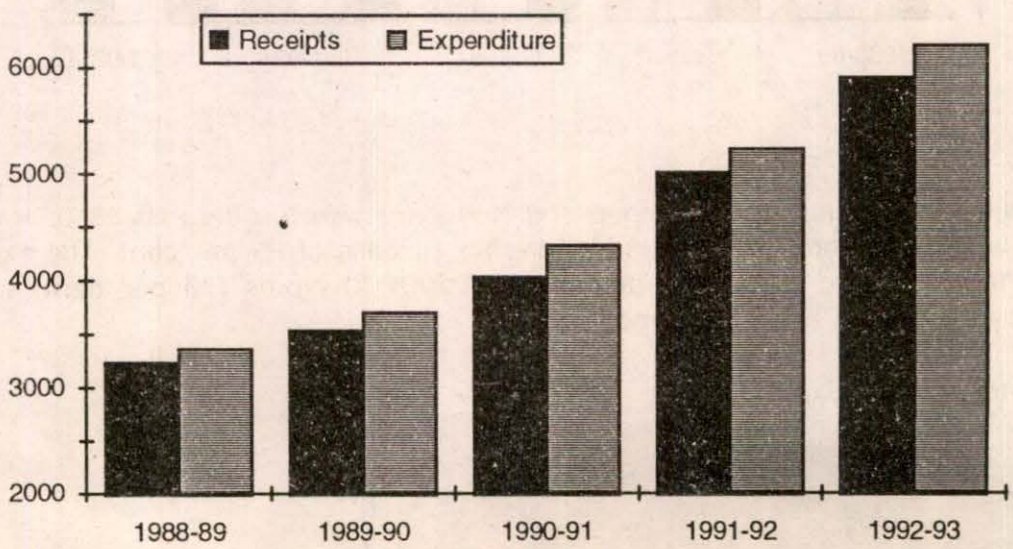
1.4.1 Revenue Expenditure

The revenue expenditure (Plan) during 1992-93 was Rs.1482.44 crores against the budget estimates of Rs.1561.82 crores (including supplementary) disclosing a shortfall of Rs.79.38 crores in expenditure. The Non-plan revenue expenditure during the year was Rs. 4728.46 crores (Rs. 4249.52 crores during the previous year) against the budget estimates of Rs.4980.00 crores (including supplementary) disclosing a shortfall of Rs.251.54 crores in expenditure. The main reasons for shortfall in expenditure are given in Chapter II of this Report. Further details are available in the Appropriation Accounts of the Government of Gujarat for 1992-93.

The revenue expenditure (both Plan and Non-Plan) during 1992-93 was Rs.6210.90 crores as against Rs.5245.32 crores during 1991-92. Revenue expenditure vis-a-vis revenue receipts during 1988-93 are indicated in a graph given below. The broad reasons for variations are given in Statement No.1 of the Finance Accounts of the Government of Gujarat for 1992-93. Substantial increase in revenue expenditure occurred under "Power" (Rs. 425.17 crores); "Interest payments" (Rs.205.16 crores);" General Education" (Rs.57.81 crores); "Roads and Bridges" (Rs.47.71 crores); "Police" (Rs. 37.42 crores); "Road Transport" (Rs. 31.48 crores); "Other Fiscal Services" (Rs.31.28 crores); "Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes" (Rs. 27.91 crores); "Pensions and Other Retirement Benefits" (Rs.27.89 crores); "Housing" (Rs. 27.20 crores) and "Water Supply and Sanitation" (Rs.25.70 crores).

REVENUE RECEIPTS AND EXPENDITURE

(Rupees in crores)



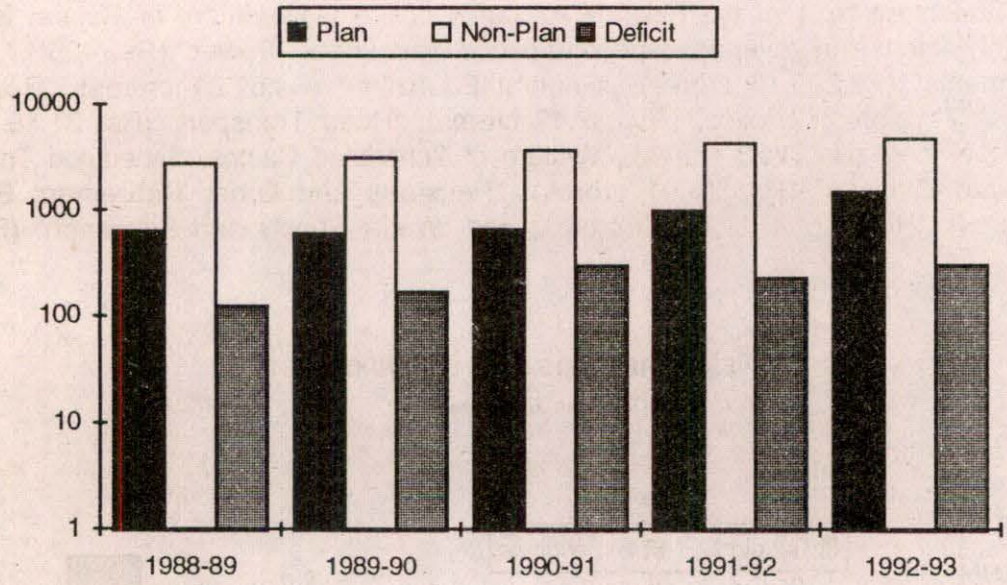
1.4.2 Growth of Revenue Expenditure

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

Year	Revenue Expenditure			Revenue Deficit	Percentage of deficit to Non-Plan expenditure
	Plan	Non-Plan	Total		
	(Rupees in crores)				
1988-89	633.12	2727.16	3360.28	122.14	4.48
1989-90	600.86	3102.78	3703.64	166.44	5.36
1990-91	659.56	3671.62	4331.18	295.96	8.06
1991-92	995.80	4249.52	5245.32	227.76	5.36
1992-93	1482.44	4728.46	6210.90	299.82	6.34

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

GROWTH OF REVENUE EXPENDITURE
(Rupees in crores)



The revenue expenditure (both Plan and Non-Plan) went up from Rs.3360.28 crores in 1988-89 to Rs.6210.90 crores in 1992-93 showing an increase of 85 **per cent**. The expenditure under Non-Plan increased during the period by Rs.2001.30 crores (73 **per cent**) while that under Plan by Rs.849.32 crores (134 **per cent**).

1.4.3 Growth of Plan Expenditure

The actual expenditure on Plan Schemes on all accounts and the net Plan provision during the years 1988-89 to 1992-93 were as under:

Year	Plan Provision	Plan expenditure	Savings (percentage)
	(Rupees in crores)		
1988-89	1417.63	1305.79	111.84 7.89
1989-90	1419.90	1341.44	78.46 5.53
1990-91	1657.69	1587.63	70.06 4.23
1991-92	2651.47	2240.90	410.57 15.48
1992-93	2766.49	2636.07	130.42 4.71

Plan provision and expenditure grew by 95 and 102 **per cent** respectively during 1988-89 to 1992-93. In none of the years the State could utilise complete provision and the savings ranged from 4.23 to 15.48 **per cent**.

1.4.4 Capital Expenditure

The progressive capital expenditure of the State Government increased from Rs.3634.60 crores at the beginning of 1988-89 to Rs.6911.15 crores at the end of 1992-93; increase was 90 **per cent**. Expenditure on capital account was Rs.385.95 crores during 1988-89 which rose to Rs.798.84 crores during 1992-93. Bulk of the capital expenditure on Plan schemes was under Irrigation and Flood Control, Industry and Minerals, Energy, Agriculture and Allied Activities and Water Supply, Sanitation, Housing and Urban Development.

1.5 Receipts

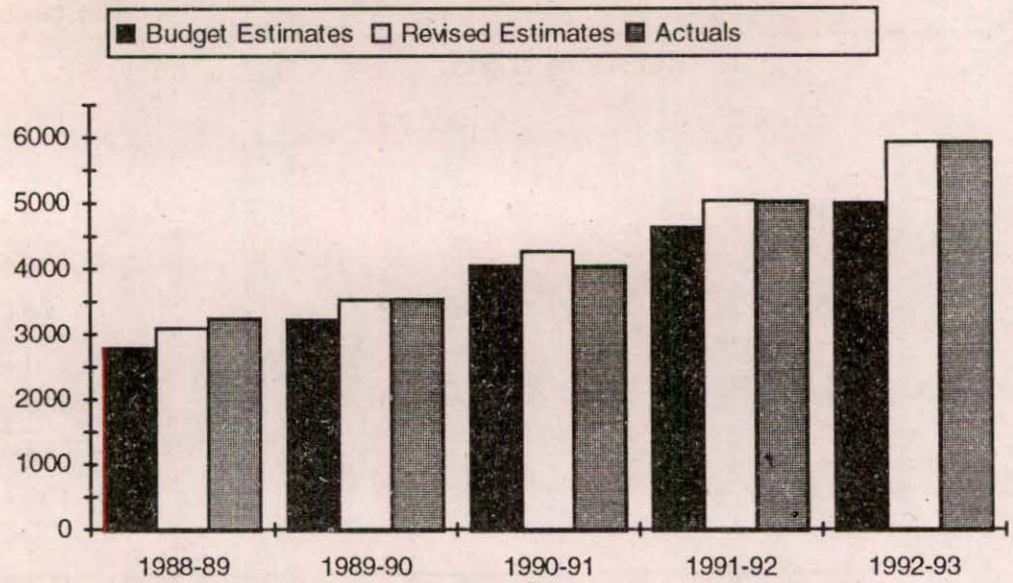
1.5.1 Revenue Receipts

The actual revenue receipts during the years 1988-89 to 1992-93 are given below:

Year	Budget Estimates	Revised Estimates	Actuals	
			Amount	Percentage growth over the previous year
		(Rupees in crores)		
1988-89	2787.54	3086.22	3238.14	15.38
1989-90	3219.09	3520.98	3537.20	9.24
1990-91	4042.80	4258.63	4035.22	14.08
1991-92	4618.94	5023.06	5017.56	24.34
1992-93	4981.17	5915.83	5911.08	17.81

A graphical expression to the above is given below:

REVENUE RECEIPT
(Rupees Crores)



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

		(Rupees in Crores)				
		1988-89	**1989-90**	**1990-91**	**1991-92**	**1992-93**
I	Revenue raised by the State Government					
	a) Tax Revenue	1871.08	2159.72	2399.83	2893.44	3456.55
	b) Non-tax Revenue	575.35	683.39	806.83	1133.85	1157.97
	Total	**2446.43**	**2843.11**	**3206.66**	**4027.29**	**4614.52**
II	Receipts from Government of India					
	a) State's share of:					
	i) Income-Tax etc.	121.22	158.36	144.54	200.46	275.95
	ii) Union Excise Duties	276.52	270.34	312.29	392.73	537.14
	b) Grants-in-aid	393.97	265.39	371.73	397.08	483.47
	Total	**791.71**	**694.09**	**828.56**	**990.27**	**1296.56**
III	**Total receipts of State Government (Revenue Account)**	**3238.14**	**3537.20**	**4035.22**	**5017.56**	**5911.08**
IV	Percentage of revenue raised to total receipts	76	80	79	80	78

1.5.2 Tax Revenue

The growth of Tax Revenue in the last five years was as indicated below:

Year	Tax Revenue (*)	Percentage growth over previous year
	(Rupees in crores)	
1988-89	1871.08	22.62
1989-90	2159.72 *	15.43
1990-91	2399.83	11.12
1991-92	2893.44	20.57
1992-93	3456.55	19.46

Growth of the tax revenue was at 23, 15, 11, 21 and 19 **per cent** of the previous years during 1988-89, 1989-90, 1990-91, 1991-92 and 1992-93 respectively. After showing declining trend during 1989-90 and 1990-91 it registered increased growth.

An analysis of the tax revenue raised by the State Government revealed that Sales Tax constituted 69 (1988-89) and 67 (1992-93) **per cent** of the total collections as indicated below:

	1988-89	1989-90	1990-91	1991-92	1992-93
		(Rupees in crores)			
Sales Tax	1294.62 (69)	1534.57 (71)	1739.98 (73)	2010.53 (69)	2300.58 (67)
Taxes and Duties on Electricity	189.61 (10)	180.97 (9)	187.39 (8)	376.33 (13)	544.19 (16)
Taxes on Goods and Passengers	100.94 (5)	93.35 (4)	105.51 (4)	75.55 (3)	121.56 (3)
Taxes on Vehicles	70.16 (4)	87.09 (4)	95.75 (4)	113.01 (4)	145.02 (4)
Stamps and Registration Fees	86.39 (5)	110.14 (5)	125.26 (5)	166.94 (6)	184.56 (5)
Land Revenue	25.62 (1)	30.62 (1)	34.19 (1)	36.61 (1)	46.00 (2)
Other Taxes on Income and Expenditure	30.43 (2)	44.74 (2)	38.06 (2)	38.93 (1)	40.63 (1)
Other Taxes					
Estate duty and Taxes on Immovable Property other than Agricultural Land	0.24	0.24	0.21	0.28	0.28

* Differs with the figures appearing in the previous year's Reports on account of rearrongment of figures in respect of the Share of net proceeds under 0021- Taxes on Income other than Corporation Tax.

	1988-89	1989-90	1990-91	1991-92	1992-93
State Excise	10.50	13.29	12.00	13.08	14.85
Other Taxes and Duties on Commodities and Services	62.57	64.71	61.48	62.18	58.88
Total Other Taxes	**73.31 (4)**	**78.24 (3)**	**73.69 (3)**	**75.54 (3)**	**74.01 (2)**
Total Collections	**1871.08 (100)**	**2159.72 (100)**	**2399.83 (100)**	**2893.44 (100)**	**3456.55 (100)**

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

1.5.3 Non-tax Revenue

The growth of Non-tax Revenue during the years 1988-89 to 1992-93 is indicated below:

Year	Non-Tax revenue	Percentage growth over the previous year
	(Rupees in crores)	
1988-89	575.35	26.44
1989-90	683.39	18.78
1990-91	806.83	18.06
1991-92	1133.85	40.53
1992-93	1157.97	2.13

Non-tax revenue registered a nominal increase of Rs.24.12 crores over previous year. Increase was mainly under Dividends and Profits (Rs.47.11 crores) and Non-Ferrous Mining and Metallurgical Industries (Rs.58.04 crores) partly offset by decreased receipts under Interest Receipts (Rs.64.12 crores); Medical and Public Health (Rs.10.76 crores) and Other Special Areas Programmes (Rs.8.62 crores), etc.

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

The aggregate of State's share of Taxes, Duties and Grants-in-aid from Central Government during the year 1992-93 was Rs.1296.56 crores representing 22 **per cent** of the revenue receipts and 21 **per cent** of the revenue expenditure of the State Government. This was 24/24 **per cent** during 1988-89. The year-wise details for the five years (1988-89 to 1992-93) are given below:

Year	State's share	Grants	Total	Percentage of total to	
				Revenue Receipts	Revenue Expenditure
		(Rupees in crores)			
1988-89	397.74	393.98	791.72	24	24
1989-90	428.70	265.39	694.09	20	19
1990-91	456.83	371.73	828.56	21	19
1991-92	593.19	397.08	990.27	20	19
1992-93	813.09	483.47	1296.56	22	21

* Differs with the figures appearing in the previous year's Reports on account of rearrongment of figures in respect of the Share of net proceeds under 0021- Taxes on Income other than Corporation Tax.

1.5.5 Arrears of revenue

As at the end of March 1992 arrears of revenue was Rs.507.88 crores in which Sales Tax and Electricity Duty formed major contributors. It was mentioned in the Report for the last year that quantum jump was due to incorrect reporting by the concerned Department in earlier years. Major contributing Departments had not furnished information for the year ended March 1993 and arrears of revenue is, therefore, not known.

1.6 Investments and Returns

Government invested Rs.1939.13 crores (investment received back : Rs.6.54 crores) during 1992-93 in capital contribution, equity, debentures, etc. in Statutory Corporations, Government Companies, etc. It was made up of Rs.50.52 crores in Statutory Corporations, Rs.1878.17 crores in Government Companies and Rs.10.44 crores in Co-operative Societies.

The total investment of the Government in capital contribution, equity and debentures, etc. of different concerns at the end of 1988-89, 1989-90, 1990-91, 1991-92 and 1992-93 were Rs.904.52 crores, Rs.966.54 crores, Rs.1033.33 crores, Rs.1093.53 crores and Rs.3026.12 crores respectively. The dividend and interest received therefrom were Rs.11.00 crores, Rs.5.83 crores, Rs.5.46 crores, Rs.9.65 crores and Rs.12.26 crores which worked out to 1.22 **per cent**, 0.60 **per cent**, 0.53 **per cent**, 0.88 **per cent** and 0.41 **per cent** of the investments in the respective years against the average rate of interest of 11.90 **per cent** for Government borrowings during this period. The return was going down against increased investment each year.

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

Amount of Dividend/Interest
Investments
Number of Institutions

		1988-89	1989-90	1990-91	1991-92	1992-93
1	Statutory Corporations	0.08	0.58	NIL	0.06	NIL
		236.16	280.63	314.90	335.84	386.36
		5	5	5	5	6
2	Government Companies	1.71	0.63	1.50	0.97	8.67
		585.62	599.21	624.10	670.87	2549.04
		34	35	37	38	39
3	Other Joint Stock Companies	7.99	2.40	2.15	0.07	NIL
	and Partnerships	19.61	22.89	23.55	9.35	4.91
		32	31	31	31	28
4	Co-operative institutions	1.22	2.22	1.81	8.55	3.59
	and Local bodies	63.13	63.81	70.78	77.47	85.81
		2003	2004	2004	2004	2004
		11.00	5.83	5.46	9.65	12.26
		904.52	966.54	1033.33	1093.53	3026.12
		2074	2075	2077	2078	2077

Though there was no appreciable increase in the number of institutions in which investment was made, investments increased by 235 **per cent** during 1988-89 to 1992-93. Major share of investment (84 **per cent**) was in Government Companies which contributed 71 **per cent** of total dividend etc. received during 1992-93. Of the total institutions only 11, 8, 9, 10 and 6 declared dividends during 1988-89, 1989-90, 1990-91, 1991-92 and 1992-93 respectively.

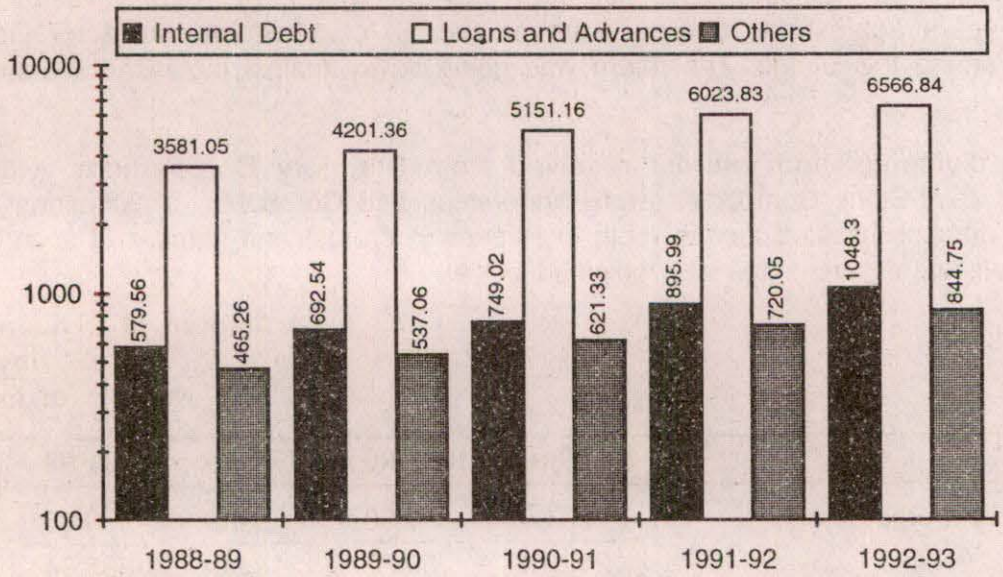
1.7 Public Debt

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

The details of the total liabilities of the State Government during the five years ending March 1993 are given in a graph as well in the table below:

PUBLIC DEBT

(RUPEES IN CRORES)



Year	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other liabilities	Total liabilities
		(Rupees in crores)			
1988-89	579.56	3581.05	4160.61	465.26	4625.87
1989-90	692.54	4201.36	4893.90	537.06	5430.96
1990-91	749.02	5151.16	5900.18	621.33	6521.51
1991-92	895.99	6023.83	6919.82	720.05	7639.87
1992-93	1048.30	6566.84	7615.14	844.75	8459.89

Total liabilities of the Government had increased from Rs.4625.87 crores at the end of 1988-89 to Rs.8459.89 crores at the end of 1992-93 registering an increase of 83 **per cent** over the 1988-89. Loans and advances received from the Central Government represented the single major source contributing to 77 to 79 **per cent** of the total debt of the Government.

The second major source for funding was from market borrowings. The liability on loans raised through market borrowings increased by 109 **per cent** between 1988-89 and 1992-93. Funds raised through market borrowings were Rs.92.43 crores, Rs.99.58 crores, Rs.84.30 crores, Rs.97.73 crores and Rs.131.58 crores during 1988-89, 1989-90, 1990-91, 1991-92 and 1992-93 respectively. The increasing trend in raising funds through market borrowings is indicative of heavier burden on repayment in future years.

1.8 Debt Service

The annual debt service obligation during 1992-93 according to schedule of repayment of principal and payment of interest was Rs.1868.40 crores. The actual discharge was Rs.2067.30 crores compared to Rs.1874.86 crores during 1991-92.

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

The outflow of funds on account of interest payments (gross) has been gradually rising with the interest payment in the last year (1992-93) being 137.09 **per cent** more than the level of outflow in the first year (1988-89). A major portion of the interest paid was on loans and advances received from the Central Government which ranged from 66 **per cent** (1988-89) to 69 **per cent** (1992-93). The position is summarised in the following table:

Year	Revenue expenditure	Interest payment	Interest payment as a percentage of revenue expenditure
	(Rupees in crores)		
1988-89	3360.28	391.76	11.66
1989-90	3703.64	464.21	12.53
1990-91	4331.18	539.33	12.45
1991-92	5245.32	723.67	13.80
1992-93	6210.90	928.83	14.95

Thus outflow of funds for payment of interest increased from 11.66 **per cent** in 1988-89 to 14.95 **per cent** in 1992-93 of the revenue expenditure.

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

Year	Repayments			Loans received during the year	Percentage of repayment to loans received
	Principal	Interest	Total		
	(Rupees in crores)				
1988-89	203.72	258.39	462.11	754.40	61.26
1989-90	180.14	305.69	485.83	800.44	60.70
1990-91	306.90	352.37	659.27	1256.70	52.46
1991-92	219.23	493.85	713.08	1091.90	65.31
1992-93	305.95	641.41	947.36	848.97	111.59

The repayment of Central loans and accrued interest constituted 61 (1988-89) to 112 (1992-93) **per cent** of the loans received from Central Government.

The repayment of Central loans and interest (Rs.947.36 crores) during 1992-93 had exceeded the loans received (Rs.848.97 crores) from Central Government by Rs.98.39 crores.

1.9 Loans and Advances

1.9.1 Loans and advances by State Government

The State Government have been advancing loans to Government Companies, Corporations, Autonomous Bodies, Co-operatives, Non-Government institutions, etc. for developmental and non-developmental activities. The position of such loans for the five years from 1988-89 to 1992-93 is given below:

	1988-89	1989-90	1990-91	1991-92	1992-93
	(Rupees in crores)				
Opening balance	2356.76	2619.61	2918.01	3245.88	3598.77
Amount advanced during the year	396.56	398.84	497.79	448.91	514.96
Amount repaid during the year	133.72	100.44	169.92	96.02	439.97
Closing balance	2619.61	2918.01	3245.88	3598.77	3673.76
Net addition	262.85	298.40	327.87	352.89	74.99
Interest received and credited to revenue	28.50	47.50	65.00	246.29	168.42
Net receipts from the long term borrowings of the State Government	582.00	733.29	1006.28	1019.64	695.32

The net loans and advances disbursed during 1988-89, 1989-90, 1990-91, 1991-92 and 1992-93 constituted 45,41,33,35 and 11 **per cent** respectively of the net receipts from the long term borrowings of the State Government.

1.9.2 Recoveries in arrears

The total amount overdue for recovery against loans advanced to Municipalities, Panchayati Raj Institutions, other Local Bodies, Public Sector Undertakings, etc. as on 31st March 1993, the detailed accounts of which are maintained by the Accountant General (A&E), was Rs.246.62 crores including Rs.63.85 crores on account of interest. This included Rs.43.56 crores (18 **per cent**) pertaining to periods prior to 1989-90. During last 4 years only 60 **per cent** of overdue loan and interest for the period prior to 1989-90 was recovered indicating slow pace of recovery process. In respect of loans granted to others, the detailed accounts were kept by 84 departmental officers.

Information about overdue instalments of principal and interest thereon were not furnished by 65,60,58,69 and 74 departmental officers as at the end of March 1989, 1990, 1991, 1992 and 1993 respectively. Rupees 24.04 crores (Principal: Rs.8.96 crores, Interest: Rs.15.08 crores) have become overdue as on 31 March 1993 as per information furnished by 10 departmental officers.

1.9.3 The terms and conditions in respect of 5 Loans aggregating Rs.166.83 lakhs sanctioned and paid upto the year 1992-93 (Industries, Mines and Energy Department: 2 items: Rs.53.80 lakhs; Panchayats and Rural Housing Department: 1 item: Rs.111.03 lakhs; Revenue Department: 2 items: Rs.2.00 lakhs) have not been prescribed yet (September 1993). Year-wise details are given below:

Year	Number of items	Amount (Rupees in Lakhs)
1988-89	2	53.80
1989-90	1	111.03
1991-92	2	2.00

1.10 Financial results of irrigation works

The financial results of one major irrigation commercial project and four medium irrigation commercial projects with a total capital outlay of Rs.197.09 crores at the end of March 1993 showed that revenue realised from these projects during 1992-93 was only 2.69 **per cent** of the capital outlay. In none of the projects revenue realised was sufficient even to cover the direct working expenses. After meeting the working expenses, both direct and indirect (Rs.13.67 crores), and interest on direct capital outlay (Rs.23.08 crores), the projects suffered a loss of Rs.31.45 crores during 1992-93. All these 5 projects suffered a cumulative loss of Rs.18.65 crores, Rs.24.94 crores, Rs.26.05 crores and Rs.32.58 crores during 1988-89, 1989-90, 1990-91 and 1991-92 respectively.

1.11 Guarantees given by the Government

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

(Rupees in crores)

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding
1989	3790.62	3163.83
1990	3999.82	3373.03
1991	4478.87	3852.15
1992	5139.60	4513.88
1993	5815.18	5189.61

The following comments are offered:

(i) As regards amount outstanding, details of Principal and Interest were not separately available.

(ii) Towards discharge of guarantee liabilities, Government had paid Rs.5.40 crores in respect of 22 cases upto March 1993. No amount was recovered against the discharge during 1992-93.

1.12 Ways and Means Advances and Overdraft

Under an agreement with the Reserve Bank of India, the Government of Gujarat had to maintain with the Bank a minimum cash balance of Rs.70 lakhs on all days during 1992-93. The Bank informs Government daily balance with the Bank at the close of each working day and if the balance falls below the agreed minimum, the deficiency is made good either by discounting Government of India treasury bills held on behalf of the Government of Gujarat or by obtaining ordinary ways and means advances upto a maximum of Rs.39.20 crores. The Bank had also agreed to give special ways and means advances not exceeding Rs.14 crores against the securities of the Government of India held by the Government of Gujarat.

The extent to which the Government maintained the minimum balance with the Bank during 1988-89 to 1992-93 was as under:

		1988-89	1989-90	1990-91	1991-92	1992-93
1	Number of days on which the balance was maintained					
	(a) Without obtaining any advance	86	329	328	127	148
	(b) by obtaining Ways and Means Advances	200	30	26	145	105
2	Number of days on which there was shortfall even after availing of Ways and Means Advances but without taking overdraft	-	-	-	-	2
3	Number of days on which overdrafts were obtained	79	6	11	94	110

(all days inclusive of Sundays and holidays)

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

		1988-89	1989-90	1990-91	1991-92	1992-93
			(Rupees in crores)			
Ways and Means Advances						
(a)	Opening balance	53.20	Nil	28.82	Nil	9.73
(b)	Advances taken during the year	677.53	143.31	214.18	886.82	720.06
(c)	Advances repaid during the year	730.73	114.49	243.00	877.09	676.59
(d)	Advances outstanding at the end of the year	Nil	28.82	Nil	9.73	53.20
(e)	Interest paid	2.46	0.14	0.52	2.55	2.61
Overdrafts						
	(i) Overdraft taken during the year	2067.65	124.43	141.44	2593.67	4812.21
	(ii) Overdraft outstanding at the end of year	80.89	Nil	Nil	Nil	129.58
	(iii) Interest paid	0.62	0.04	0.06	1.20	1.59

STATEMENT-I

Statement of financial position of the Government of Gujarat as on 31st March 1993

LIABILITIES					ASSETS				
Amount as on 31.3.92				Amount as on 31.3.93	Amount as on 31.3.92				Amount as on 31.3.93
896.00	Internal Debt			**1048.30**	**6112.31**	Gross Capital Outlay on Fixed Assets			**6911.15**
	Market Loans bearing interest		874.83		**1093.53**	Investment in Shares of Companies, Corporations etc.		3026.12	
	Market Loans not bearing interest		2.71		**5018.78**	Other Capital Outlays		3885.03	
	Loans from LIC		61.68		**3598.77**	Loans and Advances			**3673.76**
	Loans from other Institutions		55.88		**2497.46**	Loans for Power Projects		2443.02	
	Ways and Means Advances		53.20		**989.69**	Other Development Loans		1104.15	
6023.82	Loans and Advances from Central Government			**6566.84**	**111.62**	Loans to Government Servants and Miscellaneous Loans		126.59	
	814.86	Pre 1984-85 Loans	747.37		**0.16**	Other Advances			**0.29**
	3767.81	Non-Plan Loans	4104.86		**142.72**	Remittance Balances			**166.18**
	1415.40	Loans for State Plan Scheme	1682.14		**131.73**	Cash Balance			**121.37**
	7.53	Loans for Central Plan Schemes	5.65			(-)2.50	Cash in Treasuries and Local Remittances	(-)1.99	
	18.22	Loans for Centrally Sponsored Plan Schemes	26.82			10.77	Departmental Cash Balances including Permanent Advances and investment of earmarked Funds	10.68	
720.05	Small Savings etc.			**844.75**		209.33	Cash Balance Investment	112.68	
1335.88	Deposits			**1712.44**		(-)85.87	Deposits with Reserve Bank of India	NIL	
NIL	Overdrafts from the Reserve Bank of India			**129.58**	**(-)110.49**		Deficit on Government Account		**212.86**
346.89	Reserve Funds			**284.79**		227.76	Current Year's Revenue Deficit	299.82	
513.69	Suspense and Miscellaneous			**453.76**		Nil	Miscellaneous Government Account	46.00	
38.87	Contingency Fund			**45.15**		227.76		345.82	
							Deduct		
							253.38	Surplus on Government Account on 31.3.1992	110.49
							84.87	Other adjustment	22.47
						338.25		132.96	
						(-)110.49		212.86	
9875.20				**11085.61**	**9875.20**				**11085.61**

EXPLANATORY NOTES

1 The summarised financial statements are based on the statements of the Government of Gujarat Finance Accounts and the Appropriation Accounts and are subject to notes and explanations contained therein.

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

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

4 The closing cash balance as per Reserve Bank of India was Rs.123.61 crores against the general cash balance of Rs.129.58 crores shown in accounts. The difference of Rs.5.97 crores under Deposits with Reserve Bank is yet to be reconciled.

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

6 Suspense and Miscellaneous balance includes cheques issued but not paid, payments made on behalf of State and other pending settlement etc. The balance under Suspense and Miscellaneous had decreased from Rs.513.69 crores as on 31st March 1992 to Rs.453.76 crores as on 31st March 1993.

STATEMENT-II

Abstract of Receipt and Disbursements for the year 1992-93

Section-A Revenue *(Rupees in Crores)*

Receipts			Amount	Disbursements				Amounts
I	**Revenue Receipts**		**5911.08**		Non-Plan	Plan	Total	
	(i) Tax Revenue	3456.55		I **Revenue Expenditure** Sector				**6210.90**
	(ii) Non-Tax Revenue	1157.97		(i) General Services	1762.68	4.05	1766.73	
	(iii) State's share of Union Taxes	813.09		(ii) Social Services	1710.06	296.74	2006.80	
	(iv) Non-Plan Grants	38.05		(iii) Agriculture and Allied Activities	213.20	55.86	269.06	
	(v) State Plan Schemes	178.92		(iv) Rural Development	156.06	119.85	275.91	
	(vi) Grants for Centrally Sponsored Plan Schemes	266.50		(v) Special Areas Programmes	15.18	2.56	17.74	
				(vi) Irrigation and Flood Control	427.24	52.60	479.84	
				(vii) Energy	0.03	863.85	863.88	
				(viii) Industry and Minerals	19.92	82.10	102.02	
				(ix) Transport	359.40	1.49	360.89	
				(x) Communications	0.01	NIL	0.01	
				(xi) Science, Technology & Environment	0.09	0.23	0.32	
				(xii) General Economic Services	37.82	3.11	40.93	
				(xiii) Grants-in-aid and Contributions	26.77	NIL	26.77	
					4728.46	1482.44	6210.90	
II	Revenue deficit carried over to Section 'B'		**299.82**	II **Revenue Surplus carried over to Section 'B'**	NIL	NIL	NIL	**NIL**
			6210.90					**6210.90**

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Section-B OTHERS

(Rupees in Crores)

Receipts		Amount	Disbursements		Amounts
III	**Opening Cash Balance including Permanent advances and Cash Balance Investment**	**131.73**	III	**Opening Overdraft from Reserve Bank of India**	**NIL**
IV	**Miscellaneous Capital Receipts**	**22.48**	IV	**Capital Outlay**	**798.85**
				Sector	
			(i)	General Services 15.18	
			(ii)	Social Services 107.04	
			(iii)	Agriculture and Allied Activities 71.48	
			(iv)	Rural Development 0.03	
			(v)	Special Areas Programmes 0.21	
			(vi)	Irrigation and Flood Control 459.29	
			(vii)	Energy 63.11	
			(viii)	Industry and Minerals 53.46	
			(ix)	Transport 26.41	
			(x)	Communications NIL	
			(xi)	Science, Technology and Environment NIL	
			(xii)	General Economic Services 2.64	
V	**Recovery of Loans and Advances**	**439.97**	V	**Loans and Advances Disbursed**	**514.96**
	(i) From Power Projects 409.51			(i) For Power Projects 355.17	
	(ii) From Government Servants 12.30			(ii) To Government Servants 24.92	
	(iii) From Others 18.16			(iii) To Others 134.87	
VI	**Revenue Surplus brought down**	**NIL**	VI	**Revenue Deficit brought down from Section "A"**	**299.82**
VII	**Public Debt Receipts**	**1833.79**	VII	**Repayment of Public Debt**	**1138.47**
	(i) Internal Debt other than Ways & Means Advances 264.76			(i) Internal Debt other than Ways and Means Advances 155.93	
	(ii) Ways and Means Advances 720.06			(ii) Ways & Means Advances 676.59	
	(iii) Loans and Advances from Central Government 848.97			(iii) Repayment of Loans & Advances to Central Government 305.95	
VIII	**Inter-State Settlement Account**	**0.79**	VIII	**Inter-State Settlement Account**	**0.04**

Receipts			Amount	Disbursements			Amounts
IX	**Transfer from Contingency Fund**		**25.00**	IX	**Appropriation to Contingency Fund**		**25.00**
X	**Contingency Fund**		**36.13**	X	**Contingency Fund**		**29.85**
XI	**Public Account Receipts**		**8519.46**	XI	**Public Account Disbursements**		**8210.57**
	(i) Small Savings and Provident Funds	259.82			(i) Small Savings and Provident Funds	135.12	
	(ii) Reserve Funds	160.32			(ii) Reserve Funds	222.42	
	(iii) Suspense and Miscellaneous	2317.66			(iii) Suspense and Miscellaneous	2424.35	
	(iv) Remittances	1637.84			(iv) Remittances	1661.29	
	(v) Deposits and Advances	4143.82			(v) Deposits and Advances	3767.39	
XII	**Closing Overdrafts from the Reserve Bank of India**		**129.58**	XII	**Cash Balance at the end**		**121.37**
					(i) Cash in Treasuries and Local Remittances	(-)1.99	
					(ii) Departmental Cash Balances including Permanent Advances	10.68	
					(iii) Cash Balance Investment	112.68	
					(iv) Deposits with Reserve Bank of India	NIL	
			11,138.93				**11,138.93**

STATEMENT-III

III SOURCES AND APPLICATION OF FUNDS FOR 1992-93

				Amount (Rupees in crores)
I	Sources			
	1	**Revenue Receipts**		**5911.08**
	2	**Recoveries from Loans and Advances**		**439.97**
	3	**Miscellaneous Capital receipts**		**22.48**
	4	**Increase in Public Debt**		**695.32**
	5	**Net receipts from Public Accounts**		**308.89**
		Increase in Small Savings	124.70	
		Increase in Deposits and Advances	376.43	
		Net effect on Reserve Funds	(-) 62.10	
		Effect on Remittance balance	(-) 23.45	
		Increase in Suspense balance	(-)106.69	
	6	**Net contributions from the Contingency Fund**		**6.28**
	7	**Net receipt on account of Inter-State settlement**		**0.75**
	8	**Increase in Overdraft**		**129.58**
	9	**Reduction in closing Cash Balance**		**10.36**
		Net Funds available		**7524.71**
II	APPLICATION			
	1	**Revenue Expenditure**		**6210.90**
	2	**Lending for Development and other purposes**		**514.96**
	3	**Capital Expenditure**		**798.85**
				7524.71

CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

The summarised position of actual expenditure during 1992-93 against grants/ appropriations is as follows:

(Rupees in crores)

		Original grant/ Appropriation	Supple-mentary	Total	Actual expenditure	Variation Saving - Excess +
I	Revenue					
	Voted	4638.93	1172.02	5810.95	5451.34	-359.61
	Charged	925.36	26.63	951.99	946.83	- 5.16
II	Capital					
	Voted	1010.05	123.57	1133.62	1055.04	- 78.58
	Charged	0.05	1.75	1.80	1.70	- 0.10
III	Public Debt Charged	855.15	80.20	935.35	1138.51	+203.16
IV	Loans and Advances					
	Voted	520.03	36.49	556.52	514.88	- 41.64
	Charged	0.12	-	0.12	0.08	- 0.04
V	Others					
	Inter-State Settlement Charged	0.01	-	0.01	0.04	+ 0.03
VI	Contingency Fund Voted	-	25.00	25.00	25.00	-
Grand Total		7949.70	1465.66	9415.36	9133.42	-281.94

2.2 Results of Appropriation Audit

The following results emerge broadly from the Appropriation Audit.

2.2.1 Supplementary provision of Rs.1465.66 crores obtained in March 1993 constituted 18 **per cent** of the original budget provision as against 30 **per cent** in the year preceding.

2.2.2 Unnecessary/excessive/inadequate supplementary provision

(a) The total supplementary provision of Rs.1465.66 crores obtained in March 1993 proved excessive in view of overall saving of Rs.281.94 crores.

(b) Supplementary provision of Rs.17.67 crores (Revenue : Rs.3.27 crores, Capital Rs.14.40 crores) in 23 cases, as detailed in Appendix-I, proved unnecessary.

(c) In 22 more cases, as detailed in Appendix-II, funds required were only Rs.128.54 crores (Revenue : Rs.58.53 crores, Capital : Rs.70.01 crores) against the Supplementary provision of Rs.248.77 crores (Revenue : Rs.143.13 crores, Capital : Rs.105.64 crores) with saving in each case exceeding Rs.20 lakhs.

(d) In 22 cases, as detailed in Appendix-III, Supplementary provision of Rs.340.75

crores (Revenue : Rs.227.98 crores, Capital: Rs.112.77 crores) was inadequate by more than 20 lakhs in each case leaving an aggregate uncovered excess expenditure of Rs.426.37 crores.

2.2.3 Saving/Excess over provision

The overall saving of Rs.281.94 crores was a result of saving of Rs.709.09 crores in 98 grants (Rs.703.40 crores) and 34 appropriations (Rs.5.69 crores) offset by excess of Rs.427.15 crores in 40 grants (Rs.223.59 crores) and 4 appropriations (Rs.203.56 crores) vide Appendix-IV, requiring regularisation under Article 205 of the Constitution.

2.2.4 Unutilised provision

In 28 grants, the expenditure fell short by more than Rs.1 crore and also by 10 **per cent** of the total provision, as detailed in Appendix-V.

2.2.5 Saving under Plan Schemes

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

Sl. No.	Name of the Department Number and name of the Grant	Name of the Scheme	Saving (Rupees in lakhs)	Percentage of saving
1	2	3	4	5
Revenue Section				
	Agriculture, Co.operation and Rural Development			
1	2 - Agriculture	Strengthening of Infrastructure for implementation of Horticulture Development	105.94	66
	Education			
2	9-Education	Food grain for Education	682.00	100
3		Development of Government Polytechnics and Girls Polytechnics	665.46	66
4		Additional Teachers for enrolling additional pupils for primary schools	155.96	100
	Forest and Environment			
5	27 - Environment	Gujarat Pollution Control Board	122.00	84
	Home			
6	44 - Police	State Police Wireless	165.00	100
	Industries and Mines			
7	50 - Industries	Production of controlled Dhoties and Sarees in handloom Sector.	344.96	68

1	2	3	4	5
8		Rehabilitation of closed Textiles Mills Workers for setting up Industries	154.59	92
9		Regional Training Centres in Cottage Industries in Adivasi Area	94.00	100
	Information Broad-casting and Tourism			
10	54 - Information and Publicity	Rural Broad-casting and Establishment of Television Centres	197.08	94
	Labour and Employment			
11	58 - Labour and Employment	Social Security Fund under poverty Alleviation Programme.	135.00	84
12		Welfare activities for Salt Workers under Poverty Alleviation programme	95.00	90
	Revenue			
13	73 - Tax Collection Charges (Revenue Department)	Strengthening of Revenue, Administration and updating of Land Records	112.44	98
	Social Welfare and Tribal Development			
14	92 - Tribal Area Sub-Plan	Food for Education	800.00	100
15		Regional Training Centre in Cottage Industries in Adivasi Area	160.36	94
16		Construction and Deepening of wells and Tanks	82.00	100
	Urban Development and Urban Housing			
17	95-Urban Development	Urban Micro Enterprises	110.00	65
Capital Section				
	Roads and Buildings			
1	82 - Roads and Bridges	Machinery and Equipment for World Bank Aided Rural Road Project	564.52	87
	Urban Development and Urban Housing			
2	94 - Urban Housing	Loans to Economically Weaker Section - Housing Scheme - Gujarat Housing Board (L.I.G. Loans)	372.00	100

2.2.6 Persistent Savings

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

Sl. No.	Name of the Department / Number and name of the Grant/Appropriation	Percentage of saving			
		1989-90	1990-91	1991-92	1992-93
1	2	3	4	5	6
Revenue Section					
	Voted Grants				
	Agriculture, Co-operation and Rural Development				
1	5-Fisheries	9	6	18	14
2	6-Co-operation	5	88	78	10
	Education				
3	10 - Other Expenditure pertaining to Education Department	25	12	6	15
	Food and Civil Supplies				
4	22-Civil Supplies	16	4	17	35
	Health and Family Welfare				
5	42-Other Expenditure pertaining to Health and Family Welfare Department	18	12	27	15
	Information, Broadcasting and Tourism				
6	55-Tourism	23	5	10	68
	Labour and Employment				
7	58-Labour and Employment	8	18	4	14
	Legal				
8	61 - Administration of Justice	4	16	9	15
Capital Section					
	Voted Grants				
	Agriculture, Co-operation and Rural Development				
9	2-Agriculture	60	54	51	47

1	2	3	4	5	(6)
	Education				
10	10 - Other Expenditure pertaining to Education Department	34	9	7	16
	Revenue				
11	75-Relief on account of Natural Calamities	75	4	4	34
	Urban Development and Urban Housing				
12	94-Urban Housing	9	9	17	72
	Charged Appropriation				
	Panchayats and Rural Housing				
13	68-Community Development	23	42	24	37

Reasons attributed by the Departments were as under:

Fisheries

The saving was mainly due to (i) non-sanction of scheme by Government of India/ National Co-operative Development Corporation (ii) less demand from beneficiaries (iii) non-availability of land (iv) reduction of plan outlay and (v) late receipt of sanction for continuing the scheme.

Agriculture

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

Co-operation

The saving was mainly due to (i) non- receipt of sanction/non-release of funds by Government of India/National Bank for Rural Development, (ii) non-contribution to Agricultural Credit Stabilization Fund and (iii) reduction in 'Plan' outlay.

Education

The saving was mainly due to less demands from beneficiaries and non-receipt of administrative approval.

Civil Supplies

The saving was mainly due to (i) less coverage of population under "Food For All" scheme and (ii) less off-take of food grains.

Health and Family Welfare

The saving was mainly due to (i) late sanction of new scheme and non-release of grant to District Panchayats in absence of utilisation certificate (ii) unspent balances lying with District Panchayats and (iii) late sanction of new items.

Tourism

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

Labour and Employment

The saving was attributed to (i) non-sanction/ late sanction of new items (ii) non-finalisation of schemes, (iii) vacant posts (iv) non-purchase/less purchase of machinery and equipments and (v) non-receipt of administrative approval from the department.

2.2.7 Significant cases of excesses

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

Sl. No.	Name of the Department Number and Name of the grant	Amount of Excess (Rupees in crores) (Percentage to total provision)	Main reasons for Excess
1	2	3	4
Revenue Section			
	Voted Grants		
	Finance		
1	18- Pensions and other Retirement Benefits	29.90 (14)	Reasons have not been intimated
	Home		
2	46- Transport	42.82 (35)	—do—
	Industries and Mines		
3	50- Industries mainly	8.00 (11)	The excess was due to clearance of backlog of Bank subsidies and additional requirement of funds to meet the cost of land and building.
	Panchayat and Rural Housing		
4	71- Other expenditure pertaining to Panchayat and Rural Housing	1.20 (16)	Reasons for the excess have not been intimated

1	2	3	4
	Roads and Buildings		
5	80- Non-Residential Buildings	10.03 (11)	Reasons for the excess have not been intimated
6	82- Roads and Bridges	46.17 (24)	—do—
Capital Section			
	(a) Voted Grants		
	Roads and Buildings		
7	81- Residential Buildings	6.30 (47)	—do—
8	82- Roads and Bridges	27.46 (40)	—do—
9	84- Gujarat Capital Construction Scheme	1.34 (16)	—do—
	(b) Charged Appropriation		
	Finance		
10	20- Repayment of debt pertaining to Finance Department and its servicing	203.52 (22)	—do—

2.2.8 Expenditure without provision

It was noticed that in several cases expenditure was incurred without provision being made therefor.

Illustrative cases of expenditure involving Rs.74.34 crores are given below:

Sl. No.	Grant/ Appropriation	Head of Account	Amount (Rupees in crores)
1	2	3	4
1	20	6003- Internal Debt of the State Government (109) Loans for Other Institutions (7) Oil and Natural Gas Commission	50.00
2	20	6003- Internal Debt of the State Government (109) Loans for Other Institutions (8) Gujarat State Investment Ltd.	20.00
3	20	6004- Loans and Advances from the Central Government 03-Loans for Central Plan Schemes (800) Other Loans (3) Area Development.	0.61
4	20	6004- Loans and Advances from the Central Government 03-Loans for Central Plan Schemes (800) Other Loans (4) Mechanisation/Construction of Sailing vessels.	0.59

1	2	3	4
5	20	6004- Loans and Advances from the Central Government 04(800) Other Loans (viii) Soil Conservation and Watershed of River valley	0.36
6	20	6004- Loans and Advances from the Central Government 04(800) Other Loans (v) Roads and Bridges Roads for Inter-State importance	0.20
7	82	3054- Roads and Bridges 80-General (001) Direction and Administration (ii) Administration	0.30
8	91	4225- Capital outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01-Welfare of Scheduled Castes 277- Education (1) BCK-25-Construction of Residential schools	0.27
9	92	2702- Minor Irrigation 01-Surface Water 794 special Central Assistance for Tribal Area Sub-Plan (8) Improvement of Irrigation Wells of Scheduled Tribes farmers	1.58
10	92	2801- Power 06-Rural Electrification 796-Tribal Area Sub-Plan(5) Rural Electrification	0.43

2.2.9 Surrender of savings

(a) As against available saving of Rs.281.94 crores, a sum of Rs.637.79 crores was surrendered in March 1993.

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

Grant No.	Department	Saving available	Amount surrendered (Rupees in lakhs)	Excessive surrender
Revenue Section				
	Voted Grants			
81	Forest and Environment	46.78	100.41	53.63
75	Revenue	6985.54	7037.29	51.75
79	Roads and Buildings	4.17	81.65	77.48
81	— do —	217.43	558.28	340.85
91	Social Welfare and Tribal Development	407.25	899.90	492.65
Capital Section				
	Voted Grant			
26	Forest and Environment	204.55	263.82	59.27

(c) Though the expenditure exceeded the provision, amount exceeding Rs.10 lakhs was surrendered in the following grants:-

Grant No.	Department	Actual excess	Amount surrendered
		(Rupees in lakhs)	
1	2	3	4
Revenue Section			
	Voted Grants		
9	Education	1816.96	14.77
44	Home	1024.59	22.71
45	-do-	84.51	11.23
46	-do-	4282.24	67.00
47	-do-	86.07	51.60
50	Industries and Mines	800.03	302.13
65	Narmada and Water Resources	724.70	254.92
74	Revenue	28.25	62.34
80	Roads and Buildings	1002.90	183.52
82	-do-	4617.49	223.70
85	-do-	51.75	10.08
92	Social Welfare and Tribal Development	843.01	893.88

(d) Significant savings exceeding Rs.20 lakhs in each case remained unsurrendered in the following cases:

Grant No.	Department	Total saving	Amount of surrender	Unsurrendered amount
1	2	3	4	5
			(Rupees in lakhs)	
Revenue Section				
	Voted Grants			
2	Agriculture, Co-operation and Rural Development	4448.25	1518.13	2930.12
4	—do—	56.22	17.20	39.02
6	—do—	195.18	107.93	87.25
10	Education	66.06	34.88	31.18
13	Energy and Petrochemicals	3014.03	556.95	2457.08
17	Finance	55.22	6.22	49.00

1	2	3	4	5
22	Food and Civil Supplies	1029.78	1000.37	29.41
34	General Administration	77.12	34.98	42.14
36	Gujarat Legislative Secretariat	37.98	14.80	23.18
39	Health and Family Welfare	429.30	7.64	421.66
40	—do—	104.44	49.72	54.72
41	—do—	56.38	—	56.38
42	—do—	362.66	340.25	22.41
48	Industries and Mines	40.64	—	40.64
51	—do—	167.46	142.59	24.87
58	Labour and Employment	603.64	431.40	172.24
61	Legal	488.77	412.82	75.95
70	Panchayats and Rural Housing	56.70	—	56.70
73	Revenue	385.81	128.59	257.22
96	Urban Development and Urban Housing	56.33	—	56.33
99	Youth Services and Cultural Activities	175.40	93.86	81.54
	Charged Appropriation			
20	Finance	320.53	—	320.53
Capital Section				
	Voted Grants			
2	Agriculture, Co.operation and Rural Development	1925.00	1730.00	195.00
6	—do—	238.23	46.28	191.95
10	Education	296.55	176.03	120.52
22	Food and Civil Supplies	194.01	131.00	63.01
41	Health and Family Welfare	1138.67	—	1138.67
47	Home	32.68	—	32.68
50	Industries and Mines	823.38	717.33	106.05
65	Narmada and Water Resources	834.15	596.19	237.96
80	Roads and Buildings	143.94	21.40	122.54
91	Social Welfare and Tribal Development	257.77	226.92	30.85
94	Urban Development and Urban Housing	495.01	100.00	395.01
95	—do—	144.62	109.62	35.00

2.3 Expenditure on "New Service/New Instrument of Service"

Provisions in the Gujarat Budget Manual prescribe certain financial limits for different categories of expenditure beyond which the expenditure constitutes "New Service" or "New instrument of Service" and requires prior approval of the Legislature. During test check of the accounts for 1992-93, the following cases in addition to those mentioned in paragraph 2.2.8 above were noticed in which the prescribed limits were exceeded and the expenditure constituted "New Instrument of Service" but, neither an advance from the Contingency Fund was obtained nor prior approval of the Legislature was taken even though Supplementary Demands were obtained in March 1993.

Agriculture, Co-operation and Rural Development Department

a) An expenditure of Rs.7.66 crores was incurred in providing concessions to the farmers on decontrol of fertiliser prices against a provision of Rs.4.89 crores, leaving an uncovered excess of Rs.2.77 crores (Grant No.2).

b) An expenditure of Rs.2.80 crores was incurred on Gober Gas Plant against provision of Rs.2.00 crores. The shortfall was met by reappropriation (Grant No.2).

c) An expenditure of Rs.3.60 crores was incurred on Soil Conservation including contour bunding, Nala Plugging, Terracing, Survey and Maintenance against a provision of Rs.2.65 crores. The additional requirement of Rs.0.95 crore was met by reappropriations (Grant No.3).

Education Department

a) Under Mid-day Meal Scheme for Children in Public Primary Schools, an expenditure of Rs.58.51 crores was incurred against a provision of Rs.28.75 crores. The provision was augmented by Rs.6.82 crores by way of re-appropriation leaving an uncovered excess of Rs.22.94 crores (Grant No.9).

b) An expenditure of Rs.5.02 crores was incurred for Construction of Class rooms for Primary Education against a provision of Rs.2.78 crores. The provision was augmented by re-appropriation of Rs.1.91 crores leaving an uncovered excess of Rs.0.33 crore (Grant No.9).

c) An expenditure of Rs.4.73 crores was incurred under EDN-73 Government Higher Secondary Schools against a provision of Rs.2.55 crores leaving an uncovered excess of Rs.2.18 crores (Grant No.9).

Finance Department

a) Under Incentive prizes for promotion of Small savings, an expenditure of Rs.14.61 crores was incurred against a provision of Rs.9.78 crores. The additional requirement was met by re-appropriation (Grant No.19).

b) An expenditure of Rs.78.38 crores was incurred under 1984-89 State Plan Loans Consolidated in terms of recommendation of 9th Finance Commission without provision therefor. The expenditure was met by re-appropriation of Rs.77.48 crores leaving an uncovered excess of Rs.0.90 crore (Appropriation No.20).

c) For repayment of Ways and Means Advances, an expenditure of Rs.676.59 crores was incurred against a provision of Rs.586.97 crores leaving an uncovered excess of Rs.80.62 crores (Appropriation No.20).

Industries and Mines Department

a) An expenditure of Rs.7.09 crores was incurred under Subsidies/Financial assistance

to individual artisans through Nationalised Banks, against a provision of Rs.2.15 crores. The additional requirement was met by way of re-appropriation (Grant No.50).

b) An expenditure of Rs.4.40 crores was incurred for Tool Room Project against a provision of Rs.0.75 crore. The provision was augmented by Rs.1.74 crores by way of reappropriation, leaving an uncovered excess of Rs.1.91 crores (Grant No.50).

Narmada and Water Resources Department

a) For interest payments on works, an expenditure of Rs.262.25 crores was incurred against a provision of Rs.253.00 crores, leaving an uncovered excess of Rs.9.25 crores (Grant No.65).

b) An expenditure of Rs.3.12 crores was incurred for Workshop Suspense against a provision of Rs.0.96 crore. The provision was augmented by Rs.0.08 crore by way of reappropriation, leaving an uncovered excess of Rs.2.09 crores (Grant No.65).

Roads and Buildings Department

a) An expenditure of Rs.9.96 crores was incurred on General Services Buildings against a provision of Rs.6.10 crores leaving an uncovered excess of Rs.3.86 crores (Grant No.81).

b) An expenditure of Rs.2.49 crores was incurred on Educational Buildings against a provision of Rs.1.42 crores, leaving an uncovered excess of Rs.1.07 crores (Grant No.81).

c) For maintenance and repairs, an expenditure of Rs.164.95 crores was incurred against a provision of Rs.127.08 crores, leaving an uncovered excess of Rs.37.87 crores (Grant No.82).

d) On Original Works of Districts and other Roads, an expenditure of Rs.45.43 crores was incurred against a provision of Rs.34.20 crores. The provision was augmented by Rs.5.62 crores by way of reappropriation leaving an uncovered excess of Rs.5.60 crores (Grant No.82).

e) On Original works of State Highways, an expenditure of Rs.10.94 crores was incurred against a provision of Rs.5.83 crores. The provision was augmented by Rs.1.35 crores by way of re-appropriation, leaving an uncovered excess of Rs.3.76 crores (Grant No.82).

Social Welfare and Tribal Development Department

a) For providing free books and clothes to children of landless labourers (annual income upto Rs.7200) studying in Std. I to XII, an expenditure of Rs.1.98 crores was incurred against a provision of Rs.0.85 crore. The additional requirement was met by re-appropriation (Grant No.88).

b) An expenditure of Rs.29.95 crores was incurred for payment of Subsidy to Gujarat Electricity Board for Horse power Based Tariff on Agriculturists against a provision of Rs.5.00 crores, leaving an uncovered excess of Rs.24.95 crores (Grant No.92).

c) Under Mid-day Meal for Children in Public Schools, an expenditure of Rs.17.15 crores was incurred against a provision of Rs.9.00 crores. The provision was augmented by Rs.8.00 crores by way of re-appropriation, leaving an uncovered excess of Rs.0.15 crore (Grant No.92).

d) An expenditure of Rs.8.20 crores was incurred under BCK-24 Ashram Schools against a provision of Rs.6.33 crores. The provision was augmented by Rs.1.25 crores by re-appropriation, leaving an uncovered excess of Rs.0.62 crore (Grant No.92).

2.4 Trend of recoveries

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

In 5 grants in Revenue Section, the actual recoveries (Rs.65.64 crores) were more than the estimated recoveries (Rs.34.05 crores) by Rs.31.59 crores. On the other hand in 71 grants, the actual recoveries (Rs.57.87 crores) were less than the estimated recoveries (Rs.123.32 crores) by Rs.65.45 crores.

Similarly, in Capital Section, in 12 grants and 1 Appropriation, the actual recoveries (Rs.134.45 crores) were more than the estimated recoveries (Rs.4.71 crores) by Rs.129.74 crores. Further in 5 grants, the actual recoveries (Rs.123.48 crores) were less than the estimated recoveries (Rs.295.01 crores) by Rs.171.53 crores.

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

Detailed reasons for variations have not been intimated (December 1993). Further, details of grant-wise recoveries are given in Appendix-II of the Appropriation Accounts.

2.5 Reasons for excess/savings

Reasons for the excess/savings under various heads have been called for from the Government between July 1993 and December 1993. However, reasons for 104 excess cases involving Rs.583.92 crores and 126 saving cases involving Rs.180.77 crores affecting 39 Grants/Appropriations have not been received from respective Departments (December 1993).

2.6 Advances from Contingency Fund

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

The Fund is in the nature of an imprest and is intended to meet expenditure of urgent nature on items which are unforeseen and unavoidable including expenditure on a New Service pending approval of the Legislature to such items by advancing money from it. The Fund is administered by the Secretary to the Government of Gujarat, Finance Department on behalf of and in the name of the Governor.

The corpus of the Fund is Rs.50 crores. However, it was temporarily increased (December 1992) to Rs.75 crores, upto 31 March 1993. As on 1 April 1992, the balance in the Fund was Rs.38.87 crores. During the year advances totalling Rs.49.38 crores were sanctioned from the Fund and Rs.11.13 crores were recouped leaving an unrecouped balance of Rs.4.85 crores at the end of the year.

According to the provisions of the Gujarat Budget Manual, it is the responsibility of the Administrative Department to watch the progress of expenditure in respect of the advances obtained from the Contingency Fund and wherever necessary, to get the advances cancelled, reduced or increased. Further, the Administrative Department should, after collecting the details of the withdrawals from the Controlling Officers, reconcile the figures of expenditure incurred

from the Fund with those booked in the office of the Accountant General (Accounts and Entitlement). The Budget Manual further lays down that the application for advance should contain a certificate that the amount would be fully utilised before its recoupment.

A review of the operation of the Contingency Fund during the year 1992-93 revealed the following:

1) Out of 268 sanctions involving Rs.4937.88 lakhs issued during the year, 117 sanctions (excluding unrecouped ones) involving Rs.3537.13 lakhs were not operated. There was an increase of 81 **per cent** over the previous year (Rs.1956.42 lakhs) implying large amount being sanctioned without urgent need therefor.

2) In respect of 27 sanctions aggregating Rs.497.37 lakhs, the utilisation was only Rs.247.51 lakhs, which was 50 **per cent** of the sanctioned amount. However, no action was taken by the Administrative Departments to reduce the amount of advance.

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

4) Under the Scheme "Food For All", "Chana dal" was to be procured through the Gujarat State Civil Supplies Corporation Ltd. (GSCSCL) from other States for distribution at reduced rate to the workers of closed Mills of Ahmedabad city, aged persons, pensioners and destitutes. For payment of interest free loan to GSCSCL for purchase of "Chana dal", the Food and Civil Supplies Department obtained an advance of Rs.300 lakhs from the Fund in July 1992. Sanction was not acted upon till the end of the year because on realising heavy unutilised balances of previous years lying with GSCSCL, Government decided on 31 March 1993 to adjust them in account against amount payable. Obtaining sanction from Contingency Fund could have been avoided had the Government ascertained the unutilised balances with GSCSCL in time as there was no urgency.

5) Education Department obtained an advance of Rs.512.41 lakhs from the Fund in January 1993 for purchase of teaching and learning equipments to 7179 primary schools, under "Operation Blackboard Programme". No amount could be utilised before recoupment to the Fund (March 1993).

6) For meeting the expenses on development of the Sardar Vallabhbhai Patel National Memorial, Ahmedabad, the Education Department obtained an advance of Rs.30 lakhs from the Fund in September 1992. However, till the end of the financial year only Rs.15 lakhs were spent. The Department also did not take action to reduce the amount sanctioned from the Fund.

7) With a view to deepening irrigation wells of small and marginal farmers, the Agriculture, Co-operation and Rural Development Department obtained an advance of Rs.25 lakhs from the Fund in January 1993 for purchase of three units of blasting and drilling equipment (Air-compressor Truck for carrying Air-compressor etc.), under D.G. and S.D. rate contract. However, according to rate contract, total cost of equipment worked out to Rs.18.21 lakhs only at Rs.6.07 lakhs per unit. Erroneous estimates, resulted in overdrawal of Rs.6.79 lakhs from the Fund. No expenditure was incurred till recoupment to the fund. The Department also did not take action to reduce the amount sanctioned from the Fund.

8) With a view to providing subsidy to farmers of the State on purchase of decontrolled fertilizers during Rabi Crop season beginning from October 1992, Agriculture, Co-operation and Rural Development Department obtained advance of Rs.100 lakhs in November 1992, which was increased to Rs.489 lakhs in December 1992, from the Fund. No expenditure was incurred till recoupment to the Fund (March 1993).

9) To deal with sensitive situation of law and order in Dangs District, Home Department obtained an advance of Rs.44.20 lakhs from the Fund in June 1992 for establishing an independent office of the District Superintendent of Police and purchase of vehicles, equipments etc. An amount of Rs.1.77 lakhs only was spent till its recoupment to the Fund through Supplementary demands (March 1993). Department did not take any action to reduce the amount sanctioned from the Fund.

10) For meeting expenses on establishment of Oil Palm Nurseries at Paria in Valsad district and Kholwad in Surat district under "Area Expansion Programme in Gujarat State 1992-93", Agriculture, Co-operation and Rural Development Department obtained an advance of Rs.41.36 lakhs from the Fund in August 1992. An amount of Rs.17.50 lakhs only was utilised prior to its recoupment to the Fund (March 1993). The department also did not take action to reduce the amount sanctioned from the Fund.

11) For meeting expenses on increased Police force, Mobile Vans, Jeep etc. for riot affected Surat city. Home Department obtained an advance of Rs.53 lakhs from the Fund in January 1993. An expenditure of Rs.18.83 lakhs only was incurred till its recoupment (March 1993). The department did not take action to reduce the amount sanctioned from the Fund.

2.7 Budgetary procedures

A test check of certain grants for the year revealed that departmental officers did not fully observe the budgetary and expenditure control procedures resulting in large variations in more than 25 **per cent** units of appropriation under the grant as given below:

Number and Name of the Grant	Total Number of units/sub-heads under the grant	Number of units/ sub-heads under which expenditure exceeded the provision by more than 10 per cent	Number of units/sub-heads under which expenditure fell short of provision by more than 10 per cent	Total of (3) and (4) and its percentage to the total number of units/ sub-heads
1	2	3	4	5
75-Relief on account of Natural Calamity	52	5	37	42 (81)
3-Minor Irrigation Soil Conservation and Area Development	20	2	8	10 (50)
27-Environment	1	—	1	1 (100)
94-Urban Housing	16	1	5	6
73-Tax Collection Charges (Revenue Department)	40	2	9	11 (27)
81-Residential Buildings	24	6	2	8 (33)

2) Provision in the budget is required to be made for actual requirement in case of an ongoing scheme and likely expenditure on new schemes.

A test check revealed that large sums were provided in budget against a number of schemes under Grant No.9 operated by Education Department without reasonable assessment of their actual requirements and were subsequently transferred to other schemes at the end of the year. Significant cases of irregular provisions in budget estimates and their subsequent diversions by the Department under this grant are given below:-

i) Under the scheme "EDN-83- Establishment of North Gujarat University (Non-Plan)," a provision of Rs.55 lakhs was made for construction of buildings for North Gujarat University. Entire provision was surrendered (March 1993) as there was no demand for grant by the University. Provision made was thus unwarranted.

ii) For the scheme "Special prize award to 100 **per cent** Literacy Villages (Plan)" under Adult Education Project, a provision of Rs.59.54 lakhs was made. The entire provision remained unutilised as villages eligible for incentives were not identified.

iii) For the scheme "Jan Shikshan Nilayam (Non Plan)" under Adult Education Project, a provision of Rs.161 lakhs was made for opening 2300 Jan Shikshan Nilayams. Provision of Rs.68.15 lakhs only was utilised as expenditure on the scheme was also met from unspent balances with implementing agencies, i.e. District Panchayats. While framing budget estimates, unspent balances of previous years were not taken into account resulting in provision of Rs.92.85 lakhs remaining unutilised.

iv) For the scheme, "EDN-57 Government Secondary Schools (Plan)" a provision of Rs.76 lakhs was made for opening 21 new schools. Seventeen schools could not be opened resulting in non-utilisation of Rs.48 lakhs.

v) Under the scheme "EDN-62 Directorate of Higher Education (Plan)" provision of Rs.70 lakhs was made to meet expenditure on additional posts to strengthen audit, inspection parties, vocational guidance, opening of two new District Education Offices and purchase of Jeeps, etc. An expenditure of Rs.10.58 lakhs only was incurred leaving an unspent balance of Rs.59.42 lakhs.

vi) Under Primary Education Scheme "EDN-1 Additional Teachers for enrolling additional pupils for primary Schools (Plan)" a provision of Rs.155.96 lakhs was made to meet the expenditure on appointment of 1500 teachers. The scheme was not implemented and entire provision was re-appropriated (March 1993) to other schemes.

3) According to the provisions contained in Gujarat Budget Manual, Administrative Departments can obtain funds through supplementary grants after due examination of proposals by the controlling officer and obtaining of explanation as to why the need for the funds was not foreseen at the time when the original estimates were framed. The same grant being augmented by supplementary grants year after year raises doubt whether the proposals for inclusion in original budget of the concerned grant were framed with due care. A few such instances where the supplementary provision was over Rs. one crore noticed by Audit are indicated below:

(Rupees in Crores)

Sl No	Number and Name of the Grant		1990-91	1991-92	1992-93
1	2	2	3	4	5
1	2	Agriculture	41.57 Revenue-voted	9.07 Revenue-voted	44.92 Revenue-voted
2	6	**Co-operation**	1.82 **Capital-voted**	6.12 **Capital-voted**	6.79 **Capital voted**
3	9	Education	24.78 Revenue-voted	120.68 Revenue-voted	95.81 Revenue-voted
4	10	**Other Expenditure pertaining to Education Department**	7.65 **Capital-voted**	5.09 **Capital-voted**	6.17 **Capital voted**
5	14 18	Pension and Other Retirement Benefits	14.13 Revenue-voted	32.77 Revenue-voted	20.05 Revenue-voted
6	35 39	**Medical and Public Health**	18.07 **Revenue-voted**	20.02 **Revenue-voted**	19.33 **Revenue-voted**
7	37 41	Water Supply	1.30 Capital-voted	6.00 Capital-voted	2.40 Capital voted
8	40 44	Police	12.97 Revenue-voted	24.74 Revenue-voted	30.34 Revenue-voted
9	47 50	Industries	14.00 Capital-voted	12.39 Capital-voted	12.65 Capital voted
10	63 65	**Irrigation and Soil Conservation**	3.95 **Revenue-voted**	5.47 **Revenue-voted**	20.54 **Revenue-voted**
11	64 66	Other Expenditure pertaining to Narmada and Water Resources Department	2.05 Revenue-charged	1.93 Revenue-charged	1.05 Revenue-charged
12	73 75	Relief on account of Natural Calamities	4.10 Capital-voted	2.75 Capital-voted	12.00 Capital voted
13	76 78	Other Expenditure pertaining to Revenue Department	3.62 Revenue-voted	1.02 Revenue-voted	26.00 Revenue-voted

1	2		3	4	5
14	80 82	Roads and Bridges	18.35 Revenue- voted 5.40 Capital- voted	9.36 Revenue- voted 15.00 Capital- voted	6.91 Revenue- voted 25.98 Capital voted
15	83 85	Other Expenditure pertaining to roads and Buildings Department	1.30 Revenue- voted	1.08 Revenue- voted	1.00 Revenue- voted
16	86 88	Social Security and Welfare	4.11 Revenue- voted	6.58 Revenue- voted	3.73 Revenue- voted
17	90 92	Tribal Area Sub Plan	2.99 Revenue- voted	6.58 Revenue- voted	12.55 Revenue- voted

CHAPTER III

CIVIL DEPARTMENTS

INDUSTRIES AND MINES DEPARTMENT

3.1 Non-recovery of subsidy

The Scheme of cash subsidy to industrial units set up in developing areas of the State was introduced in November 1977. According to the terms and conditions of grant of subsidy, if the unit went out of production within five years from the date of commencement of production, the amount of subsidy availed of by the industrial unit was to be recovered.

It was noticed during test check (July 1992 and April 1993) that 107 units to whom subsidy (State and Central) of Rs.136.93 lakhs (State-Rs.63.14 lakhs, Central Rs.73.79 lakhs) was paid by the three District Industries Centres at Bhavnagar, Godhra and Nadiad during the years 1977 to 1991 went out of production within five years from the date of commencement of production. As against Rs.136.93 lakhs recoverable, an amount of Rs.2.83 lakhs from nine units had since been recovered.

The matter was referred to Government in August 1992 (Godhra), March 1993 (Bhavnagar) and May 1993 (Nadiad). While no reply was received (October 1993) in respect of Bhavnagar and Nadiad districts, Government stated (December 1992) that recovery proceedings in respect of units in Godhra district were in progress.

3.2 Blocking up of fund

The Government Photo Litho Press, Ahmedabad, was having 72 quarters for its employees since May 1982. In September 1987, Government accorded administrative approval for construction of 18 more quarters, the construction of which was completed by September 1989 at a cost of Rs.16.06 lakhs.

It was noticed in audit (January 1993) that possession of the 18 quarters was not taken by the Press as there was no demand for these quarters from the employees. Government, therefore, decided (May 1992) to transfer the newly constructed quarters to the Jail Authorities who took possession of the same in July 1992.

Thus, non-taking of possession of quarters after its construction resulted in blocking up of Government money to the extent of Rs.16.06 lakhs for nearly three years.

Government stated (August 1993) that due to closure of Lottery Unit of the press in 1987-88, there was no demand for quarters from the staff. The reply is not tenable as the lottery unit was closed in May 1987 and hence the administrative approval accorded in September 1987 could have been avoided.

EDUCATION DEPARTMENT

3.3 Vocationalisation of Secondary Education

3.3.1 Introduction

The Scheme of Vocationalisation of Secondary Education was introduced in 1988-89 as a Centrally Sponsored Scheme as a follow-up to the National policy of education. The broad objectives of the scheme were to :-

(a) divert at least 50 **per cent** students completing 10 years education to the vocational stream.

(b) reduce pressure on universities.

(c) prepare students for gainful employment

(d) reduce the mismatch between demand and supply of skilled man power.

These objectives were to be achieved by preparing students for identified occupations spanning several areas of activity. Various courses were to be provided after the secondary stage in general education institutions with flexible duration ranging from one year to three years.

Twenty Seven vocational courses under four groups viz., Technical, Agricultural, Commerce and Home Science were introduced in 457 secondary schools covering all districts of the State and enrolled 46,076 students during 1988-89 to 1992-93.

3.3.2 Organisational set up

The scheme was implemented by the Commissioner of Higher Education, Gandhinagar who was assisted by the Joint Director of Education (Vocational), Ahmedabad, Zonal District Education Officers (Vocational) and District Education Officers in all the Districts of the State. According to the guidelines issued by the Government of India for implementation of the scheme in the State, the organisational set up was to be as under:

(i) High Level Committee headed by the Chief Secretary,

(ii) State Council of Vocational Education (SCVE),

(iii) Vocational wing in the Directorate of Education,

(iv) Separate wing in State Institute of Vocational Education, (SCERT)

(v) District Vocational Education Committee (DVEC), and

(vi) Vocational wing of the District Education office

Of the above, only vocational wing in the office of Joint Director (Vocational), Ahmedabad and State Institute of Vocational Education were set up in October 1992 and November 1991 respectively. In both the cases, as against 89 posts sanctioned, 52 posts were filled in. Non-filling up of the posts was attributed by the Department to non-availability of persons with prescribed qualifications.

3.3.3 Audit coverage

The implementation of the scheme for the period from 1988-89 to 1992-93 was reviewed in audit between February and July 1993 through test- check of the records of Joint Director of Education (Vocational), Ahmedabad, District Education Officers of three selected districts viz., Ahmedabad, Junagadh and Kheda, through 60 higher secondary schools in these districts, Director, Gujarat State Text Book, Research and Training Centre, Ahmedabad and Director, Gujarat State School Text Book Board, Gandhinagar. The important points noticed are mentioned in the succeeding paragraphs.

3.3.4 Highlights

 # Against the Central assistance of Rs.3713.94 lakhs received, expenditure of Rs.3197.58 lakhs was incurred leaving a shortfall of Rs.516.36 lakhs.

(Paragraph 3.3.5)

 # As against 10 per cent Higher Secondary students to be covered under the schemes by 1990, the coverage ranged between one and eight per cent during 1988-93.

(Paragraph 3.3.6.2)

 # Out of 6,005 students who completed the vocational courses successfully, only 1,214 were employed.

(Paragraph 3.3.6.3)

 # Of the grants of Rs.11.19 lakhs sanctioned to the Gujarat State School Textbooks Board, Gandhinagar and Rs.279.12 lakhs to 60 schools, Rs.8.32 lakhs and Rs.59.71 lakhs respectively were lying unutilised with them.

(Paragraphs 3.3.7.5)

 # Against the 27 vocational courses, curricula for 13 courses only was developed out of which instructional materials for 3 courses only was forwarded for distribution to schools.

(Paragraph 3.3.7.3)

 # Furniture, fans and consumable items valued at Rs.30.03 lakhs were purchased from equipment grant though the expenditure on these items was not covered under the Scheme.

(Paragraph 3.3.7.6)

 # Twelve schools had discontinued vocational courses. The assets created under the scheme amounting to Rs.23.50 lakhs were not returned to the Government of India.

 # Avoidable expenditure of Rs.115.32 lakhs was incurred on pay and allowances of teachers and laboratory assistants, even after discontinuance of vocational courses in 12 schools.

(Paragraph 3.3.7.7)

3.3.5 Funding Pattern

The Central Government provides financial assistance to meet the expenditure on most of the components of the scheme. However, the expenditure on vocational wing of the Directorate of Education, District vocational wing and SCERT is to be shared equally by Central and State Governments. The expenditure on vocational school staff is to be shared in ratio of 75:25 by the Central and State Governments respectively. The State Government bears the expenditure on raw materials, contingency, vocational guidance, and examination/ certification.

The details of budget provision, Central/State assistance and expenditure during 1988-89 to 1992-93 are given below:

Year	Budget provision	State's assistance	Central assistance	Total	Expenditure			(+) Excess (-) Saving
					Central share	State share	Total	
			(Rupees in lakhs)					
1988-89	438.76	2.90	236.64	239.54	154.82	10.51	165.33	(-) 74.21
1989-90	Nil	3.40	1173.31	1176.71	522.13	174.04	696.17	(-)480.54
1990-91	1831.89	3.40	778.00	781.40	725.63	103.60	829.23	(+) 47.83
1991-92	1478.00	3.50	455.25	458.75	806.06	184.44	990.50	(+)531.75
1992-93	1275.00	3.50	1070.74	1074.24	988.94	278.09	1267.03	(-)192.62
Total	**5023.65**	**16.70**	**3713.94**	**3730.64**	**3197.58**	**750.68**	**3948.26**	**(+)217.62**

The Joint Director of Education (VOC), Ahmedabad attributed the savings under Central assistance to the following

(i) Though vocational schools were given sanction for starting different courses in 1988-89, these schools could not start the courses during the first two years. Hence, the posts of teachers also could not be filled up.

(ii) Non-filling up of the posts in office of Joint Director and other offices.

3.3.6 Physical Progress

3.3.6.1 The project report showing details of posts required to be created, number of schools to be covered, equipment required for various vocational courses, development of curricula and resources material, training of teachers, etc., was required to be sent to the Government of India every year. However, this information was not sent with the result that no physical target for various components of the scheme was fixed. Hence, the actual achievement with reference to physical targets could not be ascertained.

3.3.6.2 The target of 10 **per cent** and 25 **per cent** coverage of higher secondary students under the vocational courses was expected to be achieved by 1990 and 1995 respectively. There was considerable shortfall in achieving the above target as is evident from the table given below:

Year	Total number of Students	Number of Students Covered by vocational courses	Percentage
1987-88	123140	1715	1
1988-89	142782	1695	1
1989-90	181979	5918	3
1990-91	189756	13557	7
1991-92	201942	16800	8
1992-93	241809	12373	5

Government stated (December, 1993) that the low coverage was due to non-attractiveness of vocational courses, non-awareness of potential of the course on the part of parents, lack of vertical mobility for vocational students, non-availability of funds or financial assistance for self-employment, non-coverage of vocational courses under Apprenticeship Act, and lack of trained teachers in vocational courses.

3.3.6.3 The main objectives of the scheme were to provide diversified educational opportunities so as to enhance individuals employability and provide an alternative for those pursuing higher education. The details in this regard for entire State were not available with the Department. However, the position in respect of three selected districts was as under:

Districts	Number of successful Students	Students self employed	Students wage employed	Students joined University/ technical courses	Students un-emp-loyed	Percentage of students employed
Ahmedabad	3,788	482	692	531	2083	31
Junagadh	1,084	2	2	354	726	0.37
Kheda	1,133	22	14	150	947	3

Thus, the objective of providing employment to the students who had completed vocational courses was found to have been poorly realised and varied from 0.37 **per cent** in Junagadh district to 31 **per cent** in Ahmedabad district.

Government stated (December, 1993) that remaining students might have set up their own establishment for which data was not available with the Government.

3.3.7 Implementation of the scheme

3.3.7.1 Selection of Institutions

In selecting institutions for the vocational courses, it was to be ensured that the same were well connected with electricity and water supply and reasonably large campus to allow expansion. The institutions were to have sufficient enrollment at the secondary stage to provide the desired intake of students (20 to 25) in each vocational course to fully utilise the facilities created.

It was noticed in the test-checked districts that most of the institutions selected for vocational courses were in private rented buildings. Out of 60 institutions, 30 institutions did not have large campus for expansion, hence the worksheds were constructed on the terraces of rented buildings.

There were 7 schools in Ahmedabad and one in Junagadh where sufficient number of students were not available for enrollment in the vocational courses introduced in the schools. The enrollment varied from 1 to 19 students. The Government attributed the poor enrollment of students to (i) Un-attractive of courses. (ii) Non-awareness. (iii) lack of vertical mobility for vocational students. (iv) Non-availability of funds of financial assistance for self employment. (v) Non-inclusion of vocational courses under Apprenticeship Act.

3.3.7.2 Selection of courses

District vocational surveys were to be carried out for providing necessary data for the selection of institutions and courses after assessment of the man power needs in the area. Neither any survey was conducted nor any norms were fixed for selection of institutions or introduction of vocational courses.

Government stated (December, 1993) that survey for identifying the schools for vocational education was conducted by State Textbook Research and Training Centre. The report has not been submitted by the Centre as yet.

3.3.7.3 Curricula and Instructional materials

The scheme envisages development of well structured curricula for the vocational courses with the assistance of NCERT and SCERT and other expert agencies. After the development of curriculum, the instructional material and text books were to be made available for vocational education. Workshops were to be arranged for these purposes. Grants at different rates was admissible for these purposes under the scheme. In this connection, it was noticed that

a) As against 27 courses introduced, during the period covered by review, curricula for only 13 was developed. Out of the curriculam developed, instructional material was prepared for 6 courses of which 3 courses were forwarded for distribution to Joint Director. However, no records were available regarding the actual distribution of the materials to the vocational schools.

b) No separate textbooks for the vocational courses were prescribed in the State and the textbooks available for general stream were being used for the vocational courses. Hence, no subsidy for prescribed books was passed on to the students as provided in the scheme.

The Government stated (December,1993) that the State has now accepted the curriculua prescribed by NCERT.

3.3.7.4 Raw materials

The supply of raw materials, consumable articles like chemicals and breakable wares are practically important in conducting practical training for vocational courses. Any shortages in this regard, would neutralize other inputs e.g. teachers, workshops etc. thus adversely affecting the acquisition of skills by students. According to the norms prescribed, the expenditure on this account was to range from Rs.250 per student per annum for Home Science course to Rs. 500 per student per annum for Paramedical course. The State Government was expected to shoulder this responsibility and to ensure that the requirement of consumable etc were fully provided to the vocational schools on a continuing basis. It was noticed in the test-checked districts that in 29 out of 60 schools in these districts, raw material was not provided. The expenditure on the raw material in respect of remaining courses (other than Paramedical courses) in 31 schools ranged from Rs. 2 to Rs. 139 per student as indicated in the following table:

Name of District	Number of Schools	Expenditure per student
Ahmedabad	16	Rs. 3 to 96
Junagadh	7	Rs. 3 to139
Kheda	8	Rs. 2 to 45

The Government stated (December 1993) that no specific norms had been fixed for meeting the expenditure on raw material for each course, and the school was to bear the expenditure on raw material from general maintenance grant given to them.

The non-supply/short supply of raw material thus adversely affected the practical training of the students.

3.3.7.5 Blocking of Government funds

(a) Grants of Rs.3.93 lakhs and Rs.7.26 lakhs were sanctioned in 1988-89 and 1989-90 respectively to the Gujarat State Textbook Board, Gandhinagar for development of curriculum, instructional materials, text books, etc under the scheme. The grant was to be

utilised in the same year in which it was given. It was noticed that grant of Rs.2.87 lakhs only was utilised till March 1993 and the balance of Rs.8.32 lakhs was lying unutilised with the Board thus blocking the Government funds unnecessarily.

Government stated (December 1993) that the shortage of man-power/resources of material were the major reasons for delay and the Textbook Board has been requested to speed up the work.

(b) Similarly, it was noticed in the test-checked districts. that the grant for purchase of equipment and construction of worksheds sanctioned to schools was lying unutilised with them. Amount of Rs. 59.71 lakhs out of grant of Rs. 279.12 lakhs allotted to 60 schools was lying unutilised (March 1993) the details of which are given in the following table:

District	Number of schools	Amount sanctioned (Rupees in lakhs)	Amount utilised	Balance
Ahmedabad	35	212.25	169.90	42.35
Junagadh	11	33.00	26.52	6.48
Kheda	14	33.87	22.99	10.88
Total	60	279.12	219.41	59.71

3.3.7.6 Inadmissible Equipment

State Government was required to prescribe norms for providing equipment for the vocational courses and release the Central grants within the ceiling limit of Rs. 0.75 lakh per course. The Department stated (March 1993) that no norms for equipments for each course were prescribed by the State Government and norms prescribed by NCERT were followed in the State.

It was noticed in the test-checked districts that items like furniture, fans, consumable items, etc. which were not approved items of equipment based on the norms fixed by NCERT were also purchased by the schools from the grants received for the purpose. The inadmissible grants worked out to Rs. 30.03 lakhs as indicated below:

Name of District	Number of Schools	Inadmissible amount (Rupees in lakhs)
Ahmedabad	35	20.77
Junagadh	11	4.31
Kheda	13	4.95
		30.03

3.3.7.7 Discontinuation of vocational courses

The equipment grant at the rate of Rs. 0.75 lakh per vocational course was payable to the school according to the scale prescribed in the scheme. Similarly, grant of Rs. 0.75 lakh for construction of a work-shed for vocational course was also payable. The school was required to maintain separate records for the assets created/purchased from the grants. In the event of discontinuance of vocational course, such assets were to be returned to the Government of India.

It was, however, noticed that 12 schools had discontinued the vocational courses after running the same for a period of 2 to 4 years and assets worth Rs. 23.50 lakhs were not recovered from them.

Eventhough the vocational courses in the above 12 schools were discontinued, the vocational teachers and laboratory assistants continued to be employed, which resulted in avoidable expenditure of Rs. 115.32 lakhs for the period from 1990-91 to 1992-93.

Government stated (December 1993) that as per existing policy, service of a teacher could not be terminated on the ground of closure of school or class. They were treated as surplus teachers.

3.3.7.8 Workshed

Under the scheme, maximum grant of Rs. 0.75 lakh was payable for construction of workshed/laboratories required for each vocational course on receipt of the plans and estimates duly sanctioned by the Executive Engineer. It was, however, noticed that:-

1) Rupees 130.12 lakhs for construction of worksheds were paid to 48 schools. Except in one case the plans and estimates for construction of workshed duly approved by competent authority were not produced to Audit.

2) The amount of grant was to be restricted to actual expenditure subject to maximum of Rs.. 0.75 lakh per shed. In case of three schools, nine worksheds were constructed against seven sheds sanctioned for construction as per the prescribed norms, resulting in excess grant of Rs.1.48 lakhs. Further, two schools were sanctioned grant of Rs. 8.25 lakhs for six worksheds against the admissible amount of Rs. 4.5 lakhs which resulted in excess payment of grant of Rs. 3.75 lakhs. Thus, excess grant of Rs. 5.23 lakhs was paid.

3) The entire grant of Rs. 130.12 lakhs was paid for construction of workshed in the rented buildings hence entire grant was irregular.

3.3.7.9 Excess appointment of teachers

According to the staffing pattern prescribed by Government of India, one vocational teacher and one laboratory assistant was required to be provided/sanctioned in the first year of the course, and one full time teacher and a part-time teacher during the 2nd year of the course. However, it was noticed that the State Government did not follow this pattern and had prescribed the norm of two teachers and one laboratory assistant in both the first and second year of the course.

In the 60 schools of three selected districts, it was noticed that 480 teachers and 95 laboratory assistants were appointed in excess of the norms prescribed by Government of India. Computed with reference to the minimum of the pay scales of these posts, this resulted in claiming an excess amount of Rs. 204.41 lakhs, after deducting the admissible expenditure on 297 part-time teachers during the period 1988-89 to 1992-93.

Government stated (December, 1993), that the staffing pattern followed in the vocational school had been as per norms set out in NPE, 1986.

The reply of the Government was not tenable since the recruitment was to be made as per the norms prescribed under the scheme and not as per the norms set out in NPE, 1986.

3.3.7.10 Delay in appointment of teachers

The scheme provided sanctioning and posting of teachers in the vocational institutions, simultaneously with the introduction of vocational courses. It was noticed during the test-check of 60 schools in three selected districts that the teachers were not appointed simultaneously with the introduction of vocational courses as seen from the following table:

	District	Number of posts for which sanction was received late	Period of delay (Man months) in sanctioning	Number of posts which were filled up late	Extent of delay (Man months) in filling posts
1	Ahmedabad	344	1559	270	1253
2	Junagadh	51	655	74	1024
3	Kheda	34	350	31	452

The delay in sanctioning of the post ranged from 9 to 70 months in Kheda district, 6 to 65 months in Junagadh and 1 to 40 months in Ahmedabad district. Similarly, the delay in filling up of the post ranged from 9 to 70 months in Kheda, 9 to 87 months in Junagadh and 1 to 39 months in Ahmedabad districts. The Department stated (December 1993) that the delay was due to the lengthy procedure followed in sanction and recruitment of staff.

3.3.7.11 Vacant posts

It was noticed in the 60 schools in three selected districts that the posts of teachers and Laboratory Assistants had remained vacant as under:

District	Full time teachers				Laboratory Assistant			
	Admi-ssible	Filled up	Short fall	period in man months	Admi-ssible	Filled up	Short fall	Period in man months
Ahmedabad	21	13	8	57	93	46	47	420
Junagadh	71	49	22	138	35	14	21	324
Kheda	45	20	25	189	16	3	13	186

Non-filling of the posts during the above periods adversely affected the teaching to the students of concerned vocational courses.

Government stated (December, 1993) that persons with prescribed qualifications were not available. Hence, the vacant posts could not be filled in.

3.3.7.12 Training of teachers

The scheme provided for pre-service and in service training for vocational teachers. Grant of Rs.8.93 lakhs was paid to Research and Training Centre, Ahmedabad during 1988-89 to 1992-93 for implementation of teachers training programme developing of curriculum, Resource Persons instructional materials, development of text books and survey.

It was, however, seen from the details furnished by vocational wing of the Department that out of 1,571 vocational teachers appointed during the period, none of them had undergone pre-service training and only 363 (23 **per cent**) teachers; were given in-service training. Government stated (December 1993) that vocational courses were being run by private Trust, Institutions and hence pre-service training in respect of teachers appointed afresh was not possible. The in-service training of vocational teachers suffered because private managements refusing to relieve teachers for training.

As against the grant of Rs.8.93 lakhs given to Research and Training Centre, Ahmedabad, expenditure of Rs.1.78 lakhs was incurred on training of teachers of vocational schools and balance amount of Rs.7.15 lakhs was lying unutilised.

The position in respect of three selected districts was as under:

Sl. No.	Name of Districts	Total number of vocational teachers appointed	Teachers undergone pre-service training	Teachers given in-service training
1	Ahmedabad	491	2	30
2	Junagadh	48	-	3
3	Kheda	56	-	7

3.3.7.13 Practical training and apprenticeship

Practical work and training are very important components of vocational education hence sufficient time was required to be allotted in this aspect in the course design. The practical work was to be arranged in institutions like Polytechnics, ITIs, Nursing schools, etc. It was noticed that in all 46,076 students were admitted for vocational courses in the State during 1988-89 to 1992-93. The details of students who had undergone practical training and apprenticeship in the State were not furnished by the Department as the relevant records were stated to have been maintained by the concerned schools. Hence, the District Education Officers of all the districts were requested to collect the required information and furnish the same to Audit but the information was not made available except in respect of three selected districts. As regards the position in the selected districts, no student was given practical training in Junagadh and Kheda districts though 2,106 and 1,984 students respectively were admitted in these districts. In Ahmedabad district, out of 10894 students admitted, only 662 students (6 **per cent**) were given practical training. In the selected districts, no students were sent for apprenticeship out of 1,089 successful students in Junagadh district and only 9 students were sent for apprenticeship out of 1,127 successful students in Kheda district. In Ahmedabad district, 170 students only went for apprenticeship out of 4015 students.

Government stated that this was due to non-inclusion of vocational courses under Apprenticeship Act.

3.3.7.14 Vocational Guidance

The scheme envisages training of one graduate teacher in vocational guidance in each vocational school. The vocational guidance teacher (VGT) was to provide necessary guidance to students, parents and teachers regarding suitable educational and vocational choices, helping in actual administration and smooth functioning of the scheme, help the school trainees in finding on the job training and maintain liaison between pupils, schools and the employment agencies at the district and State level, etc. Further, one trained Counsellor was also required to be appointed at the district level to organise and run the career advice Centre and assist the vocational guidance teacher at school level. According to the information furnished by the Department, neither any V.G.T. nor any Counsellor was appointed in the State during the period covered by review.

3.3.7.15 Modification of recruitment rules

The vocational wing of the director of education was to take up systematic survey of various job requirements in Government and quasi-government offices and public sector undertakings and suggest suitable modifications to enable those who complete vocational training courses could find employment in the offices/undertakings. It was noticed that no such survey was undertaken.

3.3.8 Evaluation

Evaluation of the scheme was to be done by the State Government to assess its success and shortcomings, if any. However, no such evaluation of the scheme was undertaken.

3.3.9 The matter was reported to Government (September 1993); reply was received (December 1993). Further comments/information sought for (February 1994) were awaited (April 1994).

3.4 Irregular payment of grants

The Grant-in-Aid Code, for Secondary Schools provides that a school becomes eligible for Government assistance in the form of grants when it is recognised by the Gujarat Secondary Education Board (GSE Board) according to the procedure prescribed in the Gujarat Secondary Education Regulation, 1974 (Regulations).

In case, a school desires to impart education in a medium other than the one for which it is registered and claims the grant for it, the same procedure as prescribed for initial registration is to be followed for becoming eligible for grant for that medium.

A high School in Wadhwan established in 1972 as an English medium school was permitted by the District Education Officer, Surendranagar, to start Gujarati medium standard VIII to standard X between 1977-78 and 1980-81. The school which had been registered as an English medium school in August 1981 applied for registration of its Gujarati medium section in May 1986 but no decision had been taken on this application by GSE Board (December 1993).

It was noticed during audit (September 1992) that the District Education Officer, Surendranagar had, in addition to the admissible grants for the English section from 1985-86, paid an additional grant of Rs.19.81 lakhs for the period June 1977 to December 1992 for the Gujarati section though a decision for its registration was pending with the GSE Board.

The District Education Officer, Surendranagar stated (December 1992) that hearing for the registration was held on 18th March 1991 but a decision on this account was still awaited. Thus, the sanctioning of Rs.19.81 lakhs for education in Gujarati medium was irregular.

The matter was referred to Government in January 1993; reply has not been received (April 1994).

HOME DEPARTMENT

3.5 Unfruitful expenditure

Government hired 120 quarters of colony 'C' at Naroda, Ahmedabad from the Ahmedabad Municipal Corporation (Corporation) at a monthly rent of Rs.1545.30 from September 1960 for residential purpose of police constables. As Corporation was not maintaining them properly, Government decided in (April 1988) to purchase them at a cost of Rs.30 lakhs as determined by the Corporation. This was valued at Rs.25.42 lakhs at the rate of Rs.500 per sq.mt. for land admeasuring 5085.5 sq.mt. and Rs.4.58 lakhs for the existing structures. Payment was made to the Corporation in November 1989 and possession taken over in November 1989. No agreement was executed between the Government and the Corporation. The Superintending Engineer, City (R&B) Circle, Ahmedabad reported (August 1989) to Government that the structures were in very bad shape endangering the lives of occupants and renovation proposal at a cost of Rs.20 lakhs was not sound and prudent and advised demolition of existing structure and fresh construction. In spite of this, Government purchased land and structures at a cost of Rs.30 lakhs which remained as they were and the quarters were totally vacant from December 1992.

It was seen that:

i) the reasonableness of cost of land demanded by the Corporation was not independently verified; action was initiated in February 1993 on being pointed out by Audit.

ii) the police constables who were allotted these quarters gradually vacated them on the ground of their being unsafe for living.

iii) the purpose of acquisition of the quarters was defeated as they were neither repaired nor any new structures were constructed.

The matter was referred to Government in April 1993; reply has not been received (April 1994).

3.6 Expenditure on idle staff

In September 1982, the Government of India revised the list of Civil Defence towns in the country and Naliya and Vadinar were included in the list. One post of Instructor with four posts of supporting staff were sanctioned for each Centre in May 1983. The target of running three classes for civil defence and two classes for refresher courses per month was prescribed.

It was noticed in audit (April 1991) that in Naliya and Vadinar, no training was imparted for the five years 1985-86 to 1988-89 and 1990-91. Non-imparting of training during these years was attributed by the department to drought condition in the State and lack of response from the people. In 1989-90, only 188 persons at Naliya and 86 persons at Vadinar were trained against the target of 1200 persons at each Centre.

Thus, non-imparting of training for 1985-86 to 1988-89 and 1990-91 resulted in wasteful expenditure of Rs.9.69 lakhs on pay and allowances of staff for these five years besides denial of intended benefits of the civil defence programme.

The matter was referred to Government in July 1992, reply has not been received (April 1994).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.7 Unauthorised payment of nursing allowance

According to the orders issued by the Government in February, 1992, Nursing Allowance at the rate of Rs.150 per month is payable to nurses with retrospective effect from October 1986. This allowance is, however, not admissible to Auxiliary Nurses, Midwives as confirmed by the Government (January 1993).

It was noticed during the audit of accounts/records of General Hospital, Gandhinagar (October 1992) that in violation of Government orders nursing allowance at the rate of Rs.150 per month was paid to 16 Auxiliary Nurses-cum-Midwives during the period October 1986 to August 1992. The irregular payment worked out to Rs.1.70 lakhs.

The matter was referred to Government in March 1993; reply has not been received (April 1994).

3.8 Avoidable extra expenditure

Government decided to set up 35 Community Health Centres (CHCs) during 1988-89. Accordingly, sanction was accorded (November 1988 and February 1989) inter alia to purchase 35 X-Ray machines at a cost of Rs.1.75 lakhs each. The Central Medical Stores Organisation (CMSO) finalised (March 1989) a Rate Contract with a firm to supply the X-Ray machines at Rs.2.21 lakhs per machine. The contract was valid upto March 1990.

It was noticed (February 1993) that as against 35, only six machines were purchased under this rate contract during the period of its validity up to March 1990. Remaining 29 machines could not be purchased as requisite facilities such as dark room, three phase connection, etc. were not available at CHCs within the validity period of rate contract.

Subsequently, 16 machines were purchased (8 each 1991-92 and 1992-93) at the rate of Rs.3.16 lakhs and 3.17 lakhs respectively, after finalising new rate contracts. Two machines were received as donation, and the remaining 11 machines were not purchased as of July 1993.

Thus, delay in creating required infrastructure at CHCs resulted in avoidable extra expenditure of Rs.15.28 lakhs due to cost escalation.

The matter was referred to Government in April 1993; reply has not been received (April 1994).

HEALTH AND FAMILY WELFARE AND HOME DEPARTMENTS

3.9 Outstanding audit observations and Inspection Reports

(a) Inspection Reports

Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit, and not settled on the spot, are communicated to the Heads of offices and to the next higher authorities through audit inspection reports for prompt action. The more important irregularities are also reported to the Heads of Departments and Government for initiating immediate corrective action.

According to Government instructions, (July 1970) first replies to the inspection reports should be sent to the Accountant General within four weeks of their receipt.

A review of the position of outstanding inspection reports in Health and Family Welfare Department and Police, Civil Defence, Social Defence and Regional Transport Offices of Home Department in five districts (Ahmedabad, Baroda, Gandhinagar, Himatnagar and Rajkot) revealed the following:

(i) Out of 771 inspection reports containing 4,303 paragraphs (Health and Family Welfare Department, 684 reports 3,780 paragraphs; Home Department, 87 reports 523 paragraphs) issued upto December 1992, action was pending on 291 inspection reports containing 1,112 paragraphs as of June 1993. The year-wise break-up is given below:

Year	Health and Family Welfare Department		Home Department	
	Reports	Paragraphs	Reports	Paragraphs
Upto 1986-87	74	272	5	32
1987-88	25	62	13	45
1988-89	23	91	10	25
1989-90	35	127	6	19
1990-91	40	125	7	29
1991-92	18	83	11	48
1992-93	16	111	8	43
Total	231	871	60	241

(ii) In spite of instructions of Government for furnishing the first reply within four weeks of receipt of the inspection report by the Department, replies had not been received for 29 inspection reports containing 174 paragraphs; issued between November 1980 and August 1992 (Health and Family Welfare Department 26 reports, 162 paragraphs; Home Department 3 reports, 12 paragraphs) as of August 1993.

Even in cases where first replies were received, there were delays of upto two years in respect of 55 paragraphs, two to five years in respect of 2 paragraphs and more than five years in respect of 2 paragraphs pertaining to Health and Family Welfare Department. Similar delays upto two years in respect of 271 paragraphs, two to five years for 66 paragraphs and more than five years in respect of for 19 paragraphs in Home Department were also noticed.

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

Category	Health and Family Welfare Department		Home Department	
	Number of paragraphs	Amount (Rupees in lakhs)	Number of paragraphs	Amount (Rupees in lakhs)
1 Miscellaneous recoveries/ procedural points	449	148.05	102	3330.41
2 Excess payment of grant/ subsidy compensation	30	33.38	5	214.42
3 Unserviceable articles/idle machinery	95	196.67	30	30.30
4 Over payment of LTC/ Bonus	7	0.04	28	198.29
5 Non-recovery off rent/dues/non production of documents	112	144.16	17	6.76
6 Shortage of stores/substandard medicines	41	141.88	-	-
7 Irregular expenditure/non submission of detailed contingent bills	71	84.48	33	18.28
8 Avoidable expenditure	35	17.92	22	60.27
9 Mis-appropriation	7	13.35	—	— *
10 Blocking of Government money	5	6.19	4	2.77
11 Revenue dues/loss recovery/short recovery of revenue	19	5.93	—	—
Total	**871**	**792.05**	**241**	**3861.50**

(b) Audit Observations

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

An analysis of outstanding audit observations of two departments issued upto December 1992 revealed that 152 items involving Rs.10.58 lakhs and 82 items involving Rs.2.85 lakhs were pending as of June 1993 with Health and Family Welfare Department and Home Department respectively. The year-wise details were as under:

Year	Health and Family Welfare Department		Home Department	
	Item Number	Amount (Rupees in lakhs)	Item Number	Amount (Rupees in Lakhs)
Upto 1986-87	5	0.13	3	0.01
1987-88	10	0.73	6	0.09
1988-89	1	0.03	7	0.35
1989-90	3	0.75	1	0.01
1990-91	16	1.33	4	0.07
1991-92	64	3.84	31	1.42
1992-93	53	3.77	30	0.90
Total	**152**	**10.58**	**82**	**2.85**

(c) The Public Accounts Committee had recommended (November 1977) constitution of Audit Committee in each Department to discuss periodically the audit objections in order to expedite the settlement. No such meeting was held after July 1991 (Health and Family Welfare Department) and January 1992 (Home Department).

The matter was referred to the Government (September 1993); reply has not been received (April 1994).

GENERAL

3.10 Misappropriation, losses, etc.

Finalisation of 189 cases of alleged misappropriation, losses, etc. reported to the Audit upto March 1993 was pending at the end of September 1993 as shown below:-

	Land Revenue Tagavi, dues, etc.		Other cases	
	Number of cases	Amount (Rupees in lakhs)	Number of cases	Amount (Rupees in lakhs)
Cases reported upto the end of March 1992 and pending at the end of September 1992	67	6.56	126	79.26
Cases reported during 1992-93	-	-	10	36.31
Cases closed during October 1992 to September 1993	4	0.09	10	11.03
Cases outstanding at the end of September 1993	63	6.47	126	104.54

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

According to rules, cases of losses, misappropriation etc. are required to be reported immediately to the Accountant General. It was however, noticed that in respect of 27 cases relating to the years 1984-85 to 1989-90 pertaining to the Roads and Buildings Departments (10 cases for Rs.7.79 lakhs) and Water Resources Department (17 cases for Rs. 18.91 lakhs), neither any report was sent to the Accountant General, nor were reasons for not reporting intimated.

CHAPTER IV

WORKS EXPENDITURE

NARMADA AND WATER RESOURCES DEPARTMENT

4.1 Aji-III and Kelia Medium Irrigation Schemes

4.1.1 Introduction

Agriculture, which accounts for about 40 **per cent** of State's income and employs over 65 **per cent** of the labour, is vital for the economy of Gujarat. Since the State has low and erratic rainfall and limited irrigation facilities, it is susceptible to drought and famine, and hence importance is given to the development of irrigation facilities. According to directives issued by the Government of India, Irrigation Schemes are classified in three categories by the Government of Gujarat.

i) Major- Culturable Command Area (CCA) above 10,000 hectares,

ii) Medium-CCA between 2000 and 10,000 hectares, and

iii) Minor- CCA less than 2000 hectares.

Aji-III and Kelia Irrigation Schemes having CCA of 6615 and 2486 hectares respectively are classified as medium irrigation schemes.

The Aji-III Irrigation Scheme is located in Rajkot District and Kelia Irrigation Scheme is located in Valsad District. The Schemes were covered under the World Bank assistance.

4.1.2 Organisational Set up

The Schemes were executed by the Divisional Officers under the supervision of the Superintending Engineers, Irrigation Rajkot Circle, Rajkot and Ukai Civil Circle, Ukai. The implementation of these schemes was monitored by the Narmada and Water Resources Department through the Chief Engineer and Joint Secretary.

4.1.3 Audit Coverage

A review on the execution of the schemes was undertaken between January and April 1993 and the records relating to the two executing divisions, the two Superintending Engineers and the Chief Engineer and Joint Secretary in the Narmada and Water Resources Department were test-checked for the period from December 1978 to 1992-93.

4.1.4 Highlights

 # The original estimates of Rs.488.85 lakhs and Rs.280.14 lakhs of Aji-III and Kelia Irrigation Schemes were revised mainly due to revised hydrological and flood schedules to Rs.2826.20 lakhs (September 1992) and Rs.1818.40 lakhs (September 1991) respectively, sanctions for which were awaited from Government (March 1993).

(Paragraphs 4.1.5(a) and 4.1.6(a))

 # Aji-III and Kelia Irrigation Schemes were scheduled to be completed by June 1989 and March 1984 respectively. These schemes were, however, still in progress (March 1993).

(Paragraphs 4.1.5(b) and 4.1.6(b))

 # Delay in providing gates and non-completion of canal and distributory system delayed creation of irrigation potential in case of both the schemes.

(Paragraphs 4.1.5(d) and 4.1.6(d))

 # Defective preparation of tender papers and splitting of the work resulted in an extra expenditure of Rs.6.85 lakhs.

(Paragraph 4.1.5(f)(ii))

 # Lack of planning and co-ordination of the execution of earthen dam resulted in an avoidable extra expenditure of Rs.. 22.44 lakhs.

(Paragraph 4.1.5(f)(i))

 # Under-utilisation of machineries (Rs.10.19 lakhs) and procurement of surplus steel (Rs.16.48 lakhs) resulted in blocking up of Government money.

(Paragraphs 4.1.5(f)(iii) and 4.1.6(f)(iv))

 # Residential quarters constructed at a cost of Rs.15.42 lakhs remained vacant since their constructions between March 1984 and September 1989 due to non-completion of the project.

(Paragraph 4.1.5(f)(iv))

 # Recovery of Rs.22.19 lakhs from a contractor for the substandard work of manufacture and laying of blocks (Rs.19 lakhs) and advances (Rs.3.19 lakhs) was pending. Cost of materials (Rs.0.65 lakh) from another contractor who had abandoned the work was outstanding.

(Paragraph 4.1.6(f)(ii) and (iii))

4.1.5 Aji-III Irrigation Scheme

The Aji-III Irrigation Scheme, originally approved in December 1978, was cleared and approved for the World Bank assistance by the Appraisal Committee of the Central Water Commission in July 1982. The original Scheme envisaged construction of a storage reservoir across Aji river near village Khajurdi in Padadhari Taluka of Rajkot district and a canal system to irrigate CCA of 6,615 hectares. The scheme comprised a masonry spillway of 271.65 metres in the gorge portion fitted with 18 radial gates flanked by an earthen dam on either side with aggregate length of 6,966 metres. The canal system comprised a fully-lined main canal 15.15 km. long on the left bank to irrigate, an area of 4,432 hectares and 6.6 km. long canal on the right bank to irrigate an area of 2,183 hectares, with an anticipated 85 km. long distribution system.

(a) Estimates and expenditure

The original estimates of Rs.488.85 lakhs approved by the Government in December 1978 were revised by the Appraisal Committee of the Central Water Commission (CWC) to Rs.2011.40 lakhs in March 1982. The escalation of Rs.1522.55 lakhs was due to revision in length, height and free board of earthen dam, increase in number of radial gates and height of the masonry spillway besides provision for fully-lined canal system to conform to the norms prescribed by the World Bank. The estimate of Rs.2011.40 lakhs were finally revised to Rs.2826.20 lakhs in September 1992. The final revised estimate is yet to be sanctioned (April 1993) by the Government. The increase of Rs.815 lakhs, over the estimated cost of March

1982 was due to of revised hydrological studies consequent on the floods in August 1979 in the State and re-revised flood study in 1983. The main components of increased expenditure were:

i) Land compensation (Rs.52.20 lakhs)

ii) Dam (Rs.613.70 lakhs)

iii) Canal System (Rs.311.70 lakhs) and savings in

iv) Other components (Rs. (-) 162.00 lakhs)

(b) Construction schedule and Progress

In the appraisal summary (1982) prepared by the Appraisal Committee to monitor progress of implementation of scheme etc., the storage dam including the extension of earthen dam and spillway was scheduled to be completed by September 1985 and the canal system on each bank of the river by March 1987. The whole project was planned to be completed by June 1989. The construction of earthen dam, spillway and head regulator except spillway bridge and gates taken up in April 1979 through a single agency, to be completed by October 1981, was actually completed in June 1983. The construction of spillway and spillway bridge was completed in May 1985. The work of providing radial gates was completed by April 1988. Though the right bank main canal was ready by August 1986, the work on left bank main canal (Ch.0 to 4020 metres) awarded in June 1983 for completion by March 1988 could be completed only in April 1991. The work in the initial reaches (Ch. 400 to 735 metres) could not be taken up due to resistance from the villagers settled in downstream demanding shifting and resettlement apprehending flooding of their village. As it was the policy of the Department not to shift downstream villages, no decision could be taken. Government after lot of deliberation decided in March 1991 to shift the village extending the application of departmental norms whereafter the work was taken up. The construction of field channels was in progress and the physical achievement was 45 **per cent** (March 1993), the delay in construction of field channels was stated by the Divisional Officer (March 1993) to be due to stoppage of work by Government between July 1990 and August 1991.

Thus, the Scheme envisaged for completion by June 1989, had not been completed as of March 1993 in spite of incurring an expenditure of Rs.2704.80 lakhs (453 **per cent** over the original estimates).

(c) Benefit cost ratio

The Benefit cost ratio of the scheme as according to the appraisal summary (1982) of the CWC was considered to be viable. Based on the revised cost of Rs.2826.20 lakhs, the benefit cost ratio had increased from 1 (1982) to 1.81 (1992). The increase in benefit cost ratio was attributed (February 1993) by the Division to the present value of farm produce.

The cost of the project as a whole worked out to Rs.42724 per hectare based on the latest revised cost as against the original cost of Rs.30407 per hectare (increase of 41 **per cent**) and for the canal system alone the revised cost worked out to Rs.16622 per hectare as against the original cost of Rs.11545 per hectare (increase of 44 **per cent**).

(d) Irrigation potential

The project envisaged creation of CCA of 6,615 hectares on completion. The reservoir was charged for the first time in 1985-86. However, as gates were not installed water was stored upto crest level. Irrigation could be started from 1989-90 through the right bank canal after the gates were installed. Irrigation in the left bank was started in April 1991 after the work

of main canal in reach near Khajurdi (chainage 400 and 735 metres) was completed in April 1991. The irrigation potential created and utilised during the last three years is given in the table below:

Canals	Number of kms. of the canal constructed	Irrigation Potential created			Irrigation Potential utilised		
		1990-91	1991-92	1992-93	1990-91	1991-92	1992-93
		(Year-wise cumulative area in hectares)					
Right bank main canal	7.92	1600	1845	1945	2593	1770	1253
Left bank main canal	16.74	1967	2452	4390	-	3315	3350
TOTAL		**3567**	**4297**	**6335**	**2593**	**5085**	**4603**

While the percentage utilisation of irrigation potential during 1991-92 was 118, the utilisation of irrigation potential during the year 1990-91 and 1992-93 was only 73 **per cent**. The underutilisation of irrigation water was attributed (January 1993) by the Division to sufficient rainfall during these years. The irrigation potential of 1967 hectares created upto 1990-91 at a cost of Rs.15.96 lakhs could not be utilised due to delay in the construction of left bank main canal.

(e) Demand and collection of irrigation revenue

Irrigation revenue of Rs.5.28 lakhs had been recovered till March 1993 against demand of Rs.5.88 lakhs. Due to non-utilisation of irrigation potential created upto 1990-91, the loss of revenue was Rs.4.03 lakhs. Outstanding water charges as on 31 March 1993 were Rs.. 9.03 lakhs (against agriculturists: Rs.0.60 lakh and the Rajkot Municipal Corporation: Rs.8.43 lakhs) for supply of water for drinking purpose. Supply of water from the project for purposes other than irrigation was not originally contemplated in the scheme.

(f) Other topics of interest

(i) Extra expenditure due to non-implementation of the provision of contract

The work of construction of earthen dam, spillway and Head regulator except spillway bridge and gates was taken up for execution in April 1979 to be completed by October 1981. After the commencement of the work (April 1979), revision of hydrology was necessitated due to floods of August 1979, which involved additional work estimated to cost Rs.547.35 lakhs (March 1983). The contractor, however, proceeded with the work according to the original plans and completed it in June 1983 at a cost of Rs.563.25 lakhs.

During execution of additional work, a portion of the already constructed earthen dam had to be dismantled and upstream and downstream pitching removed and provided fresh to the entire earthwork resulting in wasteful expenditure of Rs.22.44 lakhs on (i) pitching work done by the original contractor (Rs.9.92 lakhs), and (ii)demolition, stiping and dismantling of earthen dam pitching work and rock toe work (Rs.12.52 lakhs).

Government while issuing partly revised administrative approval to the additional work had directed (February 1983) the Department to inquire into the reasons for not getting the additional work executed through the same contractor to ensure whether there had been any lack of planning or failure to take decision at appropriate time. No report had been submitted either by the Division or the Circle Office to Government as of March 1993.

(ii) Avoidable expenditure due to defects in preparation of tenders and splitting up of the work

The Draft Tender Papers (DTP) for providing and erecting 12 radial gates (2.497 x 8.23 metres) estimated to cost Rs.84.31 lakhs were submitted to the World Bank (January 1984) for pre-review. The DTP provided 51 **per cent** price adjustment for all the three components of labour, material and P.O.L. The World Bank had modified the DTP to make the total percentage to 100. However, tender copies were issued to the contractors in January 1984 without making any modification in the price adjustment clause at the time of inviting tenders. The tenders received in January 1984 were submitted to Government in May 1984 with recommendations to accept lowest tender which was 11 **per cent** above the estimated cost. On the advice (September 1984) of the World Bank authorities, because of faulty percentage in the price adjustment clause, the tenders were rejected by Government (December 1984). After correcting the mistake fresh tenders were invited in April 1985. The lowest bid, which was 12 **per cent** above the estimated cost, was accepted by Government in August 1985.

The defective preparation of DTP necessitated re-invitation of tender and consequential avoidable extra expenditure of Rs.1.50 lakhs when compared to the lowest offer received at the time of first invitation of tender.

Tenders for providing and erecting the remaining 6 radial gates (estimated cost: Rs.42.04 lakhs) were invited in May 1986. The work was awarded in September 1986 at 25 **per cent** above the estimated cost. The work was completed in January 1988 at a cost of Rs.52.88 lakhs. Due to splitting of work, Government had to incur extra expenditure of Rs.5.35 lakhs when compared to the tendered rate of January 1984. The Divisions attributed (June 1987) the splitting of work to (i) the award of additional work of spillway in June 1983 and consequently the six spans of additional spillway not being ready to receive the radial gates; and (ii) contractors registered under AA class only being entitled to tender for the work of such magnitude. The construction of spillway had been completed in May 1985, when the work on 12 radial gates was still in progress and according to the contract, a repeat order could be placed on the contractor for erecting the remaining 6 radial gates on the same rates, terms and conditions.

(iii) Under utilisation of machinery

With a view to speeding up the work on the canal system by providing machinery on hire to the contractors though there was no demand, road roller, water tanker, trailor, diesel truck, concrete mixture and tractor were purchased at a total cost of Rs.10.19 lakhs between August 1982 and July 1983 through Ukai Mechanical Circle in anticipation of sanction of estimates. As against the expected working hours of 92,400 during 1982-83 to 1988-89, the machinery was utilised for 5,846 hours which was 6 **per cent** of the available actual working hours.

The Superintending Engineer stated (January 1993) that the contractors carried out the work with their own machinery hence the departmental machinery as not utilised on rental basis and remained idle. Procurement of the above machinery without sanction of estimates by Government (April 1993) was also not in conformity with the rules,

(iv) Idle investment

Twenty eight residential quarters for staff were constructed at the dam site and other places between March 1984 and September 1989 at a cost of Rs.15.42 lakhs. These quarters had remained unoccupied as of March 1993 ever since their construction due to non-completion of the project, resultlng in idle investment of Rs.15.42 lakhs for 3 1/2 to 9 years.

4.1.6 Kelia Irrigation Scheme

The scheme, approved by the Government in December 1978, was cleared and approved for the World Bank assistance by the CWC in August 1980. The scheme envisaged construction of a storage reservoir across river Kharera, a tributory of river Ambika, near village Kelia in Valsad district. The scheme comprises, 814 mts. long earthen dam with an ungated 113 mts. long masonry chute spillway on the right flank of the dam and two head regulators on either bank. The canal system consists of a fully-lined main canal 8.8 kms long on the left bank to irrigate 1,312 hectares and 4.8 kms. long canal on the right bank to irrigate an area of 1,174 hectares along with a distributory system of length 62 kilometre.

a) Estimates and expenditure

The original estimates of Rs.280.14 lakhs approved by Government in December 1978 were revised by the Appraisal Committee to Rs.616.60 lakhs in August 1980, conforming to the norms of the World Bank. Revision of hydrology consequent on the floods of 1979 and re-revised flood study of 1983, necessitated additional works costing Rs.111.51 lakhs on earthen dam and spillway. Due to inadequate allotment of funds during scarcity year 1985-86 most of the agencies abandoned the canal works and when tenders for the remaining works were invited in 1989-90 there was cost escalation due to time overrun. Due to extra cost on account of revision of hydrology, high tender percentages and price escalation on completion of abandoned works, the estimates were further revised to Rs.1818.40 lakhs in September 1991; which had not been approved by Government as of March 1993.

The estimated cost of some of the important components in the original estimates and revised estimates and the expenditure incurred up to March 1993 is given in the table below:

Sl. No.	Components	Estimates			Expenditure
		1978	1980	1991	
		(Rupees in lakhs)			
1	Land Acquisition	7.90	17.10	141.20	152.33
2	Dam	189.13	288.40	552.90	564.35
3	Canal System	34.64	119.50	662.90	587.92
4	Other components	48.47	191.60	461.40	422.44
	Total	**280.14**	**616.60**	**1818.40**	**1727.04**

b) Construction schedule and progress

The dam and appurtenant works were planned to be completed by June 1982 and the main canals and distributories by March 1984. The head works were completed in May 1983. The earth work on canals started between 1982-83 and 1983-84 had to be abandoned in June 1984 due to change in allotment procedure and for the remaining works, agencies were fixed on local competitive bidding. This together with other reasons such as additional work due to revision of hydrology resulted in the time over-run. The main canals and distribution system had been completed to the extent of 94 and 85 **per cent** respectively as of March 1993 and lining had been done only to the extent of 54 and 59 **per cent** respectively. Though the construction of field channels was complete, structures in canals and distributory system were completed to the extent of 53 and 83 **per cent** (March 1993).

The project envisaged to be completed by 1983-84 had not been completed in spite of incurring an expenditure of Rs.1727.04 lakhs (516 **per cent** over the original estimate) as of March 1993. The delay in completion of project was attributed by Department to additional

works necessitated due to revision of hydrology and due to abandonment of earth work for various canal works by the contractors.

c) Benefit cost ratio

According to the project report of CWC (1988), benefit cost ratio of the scheme was 1:48 which declined to 1:35 in September 1991 due to cost escalation and was considered economically viable.

The cost of the project as a whole worked out to Rs.73145 per hectare based on the latest revised cost as against the original cost of Rs.24803 (increase of 195 **per cent**) and that for the canal system alone the revised cost worked out to Rs.26665 per hectare as against the original cost of Rs.8507 per hectare (increase of 313 **per cent**).

d) Irrigation potential

The proposed (1982) live storage capacity of the reservoir was 17.35 MCM on completion of the project. The reservoir was first charged in the monsoon of 1983 up to the proposed storage. Due to non-completion of the canal system and distribution system, no irrigation potential could be created till 1986-87. In 1987-88, irrigation potential of 500 hectares was created which increased to 880 hectares in 1992-93. The utilisation during six years from 1987-88 to 1992-93 ranged between 46 hectares to 267 hectares constituting an average of 19 **per cent** of the potential created and only 35 **per cent** of the envisaged potential to be created (2486 hectares) on completion. The shortfall was attributed (March 1993) by the Division to non-completion of structures in canals and distribution system. Reasons for underutilisation of the irrigation potential were stated to be less demand from the farmers who continued the old cropping pattern.

e) Demand and collection of irrigation revenue

Recovery of irrigation revenue upto March 1993 was only Rs.0.01 lakh against the demand of Rs.0.04 lakh. Revenue loss due to underutilisation of the irrigation potential created during the year 1987-88 to 1992-93 at the existing rates prescribed by Government worked out to Rs.3.86 lakhs.

f) Other topics of interest

i) Construction of Head works

The work of construction of earthen dam, chute spillway and head regulator estimated to cost Rs.177 lakhs was awarded to a contractor at the tender cost of Rs.213.41 lakhs in October 1979 for completion by July 1982. The work was completed in May 1983. The delay was due to revision of hydrology necessitating increase in the original estimated quantities by about 45 **per cent**.

The contractor contended that the variation and increase in the quantities were solely due to changed design of the project and demanded extra item rates as per SOR of the respective year plus increased tender percentage. The Divisional Officer made payment between October 1982 and February 1993 at 90 **per cent** of the rates claimed by the contractor instead of 75 **per cent** according to Government orders of July 1969 in anticipation of Government approval which had not been received as of April 1993.

ii) Unfruitful expenditure on substandard blocks and troughs

Work of providing and fixing precast blocks and troughs for lining the distribution system of Kelia Project Right Bank Branch Canal in chainage 1860 Mt. to 7560 Mt. estimated to cost

Rs.33.34 lakhs was entrusted to a contractor in June 1984 at a cost of Rs.45.90 lakhs; the work was to be completed by June 1985. The contractor was paid Rs.19.00 lakhs towards casting 14,662 square metres of blocks and 28,716 Sq.mts troughs (Rs.17.34 lakhs) and fixing of 2151 Sq.mts of blocks and 1295 Sq.mts of troughs (Rs.1.66 lakhs) till March 1987. There was no progress in the work since April 1987. In addition, the agency was paid during July-October 1984 Rs.2.29 lakhs and Rs.4.50 lakhs towards mobilisation and machinery advance respectively.

The Chief Engineer, Quality Control while on inspection in April 1988 noticed that the blocks and troughs available at contractor's factory and of those which had already been fixed in the distributory system were not curved properly and were substandard.

According to Government (January 1991) the entire payment of Rs.19.00 lakhs on substandard blocks and troughs were recoverable from the contractor.

In addition, Rs.5.54 lakhs on account of cost of steel and cement supplied and unadjusted and Rs.6.49 lakhs towards balance of machinery advance and interest thereon till 31st August 1988 were also recoverable from the contractor.

Against Rs.31.03 lakhs recoverable from the contractor, the Division was holding Rs.1.10 lakhs as Security Deposit from the contractor. The amount recoverable would go up if the interest due on outstanding machinery advance from 1st September 1988 was added.

The work of providing and fixing precast blocks and troughs lining of the canal scheduled to be completed by June 1985 was behind schedule by over 5 years and the Department unfruitfully invested Rs.19 lakhs on blocks and troughs of substandard quality. The Department took 3 years to terminate the contract and initiate legal proceedings. Tenders invited for the same work in September 1990 were reported to be under scrutiny.

Government stated in January 1991 that the contractor had obtained (February 1990) temporary stay against recovery of dues.

Meanwhile, the contractor had requested for arbitration to settle his claims of Rs.90.40 lakhs and filed a civil suit (January 1990). The court ordered appointment (April 1992) of an Arbitrator to decide the contractors claims. Counter claims for recovery of Rs.219.15 lakhs including the above dues from the contractor were filed by Government. The award of the Arbitrator was awaited as of March 1993.

iii) Outstanding advances

The work of providing and fixing trough lining to the distributory system of Kelia left bank branch canal from 0 to 8570 mt. and right bank branch canal from 0 to 1860 mt. estimated to cost Rs.26.23 lakhs was entrusted to a contractor in September 1987 at a tendered cost of Rs.38.72 lakhs to be completed by August 1988. The progress of work was slow from the very beginning in spite of repeated reminders by the Department to the contractor to speed up the work. After completing the work of the value of Rs.3.02 lakhs (8 **per cent** of the tendered cost), the agency abandoned it in May 1988. The contract was terminated by the Department in August 1990 after two years. A new agency was fixed in December 1991 for completion of the remaining work at the risk and cost of the original contractor. The work was in progress (March 1993).

The agency was paid Rs.1.93 lakhs and Rs.1.44 lakhs towards mobilisation and machinery advance respectively during October-December 1987. Out of mobilisation advance, Rs.0.18 lakh had been recovered (March 1993) leaving Rs.1.75 lakhs as balance. In addition the contractor had been issued (December 1987) steel (Rs.0.31 lakh) and polythene (Rs.0.34

lakh). According to the Department, the machinery on which advance was paid had been taken away by the contractor. The steel and polythene issued to the contractor had also been removed by the contractor from the site. In both the cases, a complaint had been lodged with the police and investigation was in progress as of February 1992.

Legal action had not been initiated to recover the advances (Rs.3.19 lakhs) besides the interest, cost of the material supplied (Rs.0.65 lakh) and the risk and cost amount.

(iv) Surplus materials

(i) Steel of various sizes weighing 246 tonnes valued at Rs.16.48 lakhs was procured for the project from various Divisions during 1980. Though the steel had been declared surplus in 1986, its disposal had not been made (April 1993) resulting in blocking of Government funds of Rs.16.48 lakhs for more than 13 years.

(ii) The Division had procured cement from various divisions between December 1983 and April 1985, out of which 168.75 tonne valued at Rs.2.07 lakhs was either damaged or had become inferior in quality due to non-utilisation. 94.25 tonnes worth Rs.1.24 lakhs was stated (March 1993) to have been damaged at the time of procurement in December 1983, May 1984 and April 1985 while remaining 74.50 tonnes of cement worth Rs.0.83 lakh was damaged in December 1988 due to cyclone. Survey report prepared in December 1988 was still to be approved by Government (April 1993).

The matter was referred to Government in September 1993; their reply had not been received (April 1994).

4.2 Non realisation of water charges from local bodies

Aji-I Dam, completed in 1956 was originally planned as irrigation scheme. During the course of its construction, it was decided to supply water from the dam to Rajkot city. Accordingly, dam water was exclusively supplied to Rajkot Municipality now Rajkot Municipal Corporation (RMC) to meet drinking water requirement of the city. Water charges payable by RMC was so fixed (December 1958) that 80 **per cent** of estimated expenditure on construction of dam including maintenance and depreciation was recovered in 20 years and an agreement for supply of water was to be made with RMC.

The Rajkot Irrigation Division, which maintained the dam, could not conclude any agreement with RMC owing to disagreement over terms and conditions of the proposed agreement. The RMC stopped payment of water charges from 1982-83 on the ground that Aji dam was meant for supply of drinking water alone to Rajkot city and that cost of construction of dam had already been paid by RMC by way of water charges. The RMC also claimed (1983) transfer of ownership of dam to them.

Although Government had decided in February 1963 that ownership of dam would continue to vest with Government, the RMC did not clear the dues which had accumulated to Rs.118.50 lakhs as of March 1994. It was also noticed in Audit (November 1992) that dues of Rs.19.49 lakhs for supply of water from the Bhadar dam were also not settled by the RMC despite notices issued by Division regularly for clearance of these dues.

In addition Rs.80.02 lakhs were also recoverable from 4 other local bodies (Bhayavadar, Jetpur, Dhoraji, Upleta) for water supplied for non-irrigation purposes from Moj, Bhadar and Phophal Irrigation Schemes by the said Division. Dues were reportedly not settled by these bodies due to their poor financial position.

The matter was referred to Government in March 1993; reply has not been received (April 1994).

4.3 Short recovery of rent for moulds

For Dantiwada Modernisation Project, tenders were finalised during 1982-83 for block lining work including preparation of blocks, curing them and laying on canal slopes and bed. As adequate numbers of moulds for casting blocks were not available with contractors, progress of work was slow. To accelerate progress, 9600 departmental moulds were issued to them on hire basis by the executing Division although, agreements did not provide for issue of plant and machinery on hire basis. Further, although norms for fixing rates of rent for moulds were prescribed by Government in October 1980, the Division's proposal (November 1983) for an ad hoc rent of Rs.0.50 per mould per month considering mould as centering item was approved (December 1983) by the Superintending Engineer (SE) and rent was accordingly recovered from contractors. Non-recovery of rent at the prescribed rate had resulted in short recovery of Rs.6.60 lakhs.

On being pointed out in Audit (July 1985), the SE approved (April 1986) recovery of rent from contractors at prescribed rate of Rs.2.15 per mould per month. This order, however, was not enforced. On a representation by the contractors, Government issued instructions (January 1988) that recovery from those contractors, who had entered into agreements for hire of moulds at the rate of Rs.0.50 may be effected at the same rate. Government also held (December 1989) that it was imprudent to enforce recovery at higher prescribed rate, retrospectively, from those contractors also who were issued moulds without any agreement. Government instead directed (December 1989) the SE to submit a proposal for regularisation of short recovery. Proposals for regularisation of short recovery of Rs.6.60 lakhs submitted (July 1990) was not approved by the Government. Explanations was sought (August 1991) for fixing rent of moulds considering it centering items despite norms having been prescribed in this regard and as this had led to short recovery of rent and how the amount short recovered was proposed to be recovered. Clarifications submitted (May 1992) by the SE did not include any proposal for recovery of rent short recovered. The matter was pending with Government for decision (September 1993).

The matter was referred to Government in January 1993; Government stated (November 1993) that rent of articles issued by the Department were to be assessed as per norms prescribed by Government in October 1980. As there was no specific mention of iron mould in Government Resolution *ibid*, the SE had fixed its rent at Rs.0.50 per mould per month considering it a centering item. It was further stated that circumstances under which the SE had fixed the rent on ad hoc basis was acceptable to Government and it has also been agreed to regularise the loss and that for obtaining concurrence of Finance Department, the matter was under process. Government's reply was not tenable as in the event of doubt about fixation of rent of mould, the SE should have obtained clarifications from Government or ad hoc rent fixed, should have been effected subject to undertakings from contractors for payment of rent as finally fixed.

4.4 Avoidable payment of interest

The Special Land Acquisition Officer, Rajkot (SLAO) issued (September 1978) an award for acquisition of 140 hectares of land at a cost of Rs.16.84 lakhs, for Venu-II Irrigation Scheme. Aggrieved at the award, the land owners filed a reference petition for higher rate of compensation before the said SLAO. The SLAO however, forwarded these petitions to the Assistant Judge, Gondal for decisions. The Court ordered (December 1990) payment of enhanced compensation with interest at 9 **per cent** per annum for one year from the date of taking over possession and at 15 **per cent** thereafter till the entire amount was deposited in the Court. The Court further ordered that the amount of award money be deposited within a period of three months from the date of order (3 December 1990). However, in pursuance of Government approval (September 1992), the Division deposited Rs.47.43 lakhs in October 1992

which included interest of Rs.30.47 lakhs at 15 **per cent** per annum for the period from January 1979 to August 1992.

Though the Court had delivered judgement in December 1990, delay in compliance with the Court order within the scheduled time of three months resulted in payment of interest of Rs.3.35 lakhs computed at 15 **per cent** for the period from March 1991 to August 1992 on Rs.14.88 lakhs.

Government stated (February 1994) that there was a difference of opinion between the Government pleader and SLAO on fitness of the case for filing an appeal against the judgement of the Court, hence the matter was referred to Legal Department in February 1991 for their opinion. Legal Department's opinion, against filing an appeal, was received in June 1992, whereupon, after necessary sanction (September 1992) of Government, decretal amount was deposited (October 1992) in the Court. The reply was not tenable as period of over 18 months in deciding fitness of case for filing an appeal was unreasonable specially when it involved liability of payment of interest.

4.5 Extra Expenditure due to delay in finalisation of tenders

Codal* provisions stipulate that, after due check, decisions on tenders should be taken expeditiously and communicated to the successful bidder within the prescribed validity period.

In respect of two irrigation works, falling under the jurisdiction of the Executive Engineer, Construction Division No.1, Rajkot, Government accepted the lowest tenders after the expiry of validity period including extended period. Consequently, the lowest tenderer did not accept the offers. This resulted in offering the works to second/third lowest tenderes who were prepared to execute the works. Relevant details were as follows:

Name of work	Extended offer valid upto	Date of acceptance by Government	Extent of delay in acceptance in months	Lowest offer	Offer of Second/ third lowest accepted	Difference
				(Rupees in lakhs)		
1 Construction of earthwork from chainage 4980 to 6270 metres of main canal for Banga wadi irrigation Scheme	15th February 1987	24th June 1987	4	2.42	2.84	0.42
2 Drilling and grouting work in cut of trench on various reaches and right bank of Falku Earthen Dam	28th September 1989	17th February 1990	5	12.13	13.61	1.48
					Total	Rs. 1.90

* Paragraph 212-A of Gujarat Public Works Department, Manual Volume-I

Thus delay in finalisation of tenders, within the validity period resulted in extra expenditure of Rs.1.90 lakhs.

The matter was referred to Government (March 1993); reply has not been received (April 1994).

4.6 Avoidable expenditure on pitching work

With a view to providing suitable protective measures to Mukteshwar Reservoir to avoid erosion of top surface upstream side and side slopes and also to reduce seepage and loss of water, the Executive Engineer, Earthen Dam Division, in consultations with the Central Design Organisation decided to provide and lay (rip rap) pitching on the left and right rim of the project. The works estimated to cost Rs.42.25 lakhs included Rs.6.06 lakhs on providing and laying (rip rap) pitching on side slopes.

The work of pitching on side slopes was awarded (August 1990) to a contractor at his tendered cost of Rs.7.87 lakhs for completion by September 1990. However, till the extended period upto January 1991, the contractor had completed work valued at Rs.1.49 lakhs, when Chief Engineer, Irrigation Project observed that the embankment which was made of excavated stuffs had stable side slopes and pitching on side slopes was not necessary. The work was accordingly stopped (January 1991) and contractor relieved. An amount of Rs.1.27 lakhs was paid to the contractor upto December 1990. Payment of balance of Rs.0.22 lakh was under process (May 1993).

Injudicious decision had resulted in avoidable expenditure of Rs.1.27 lakhs and further liability of Rs. 0.22 lakh on pitching work on side slopes.

The matter was referred to the Government in September 1993; reply has not been received (April 1994).

4.7 Unfruitful expenditure on extension of Canal System

According to the Government instructions issued in May 1989, no works should be undertaken for execution unless possession of land required for the purpose was obtained. Contrary to these instructions, the Bhadar Canal Modernisation Division 2, Dhoraji took up the work of "Extension and lining to minor M 3/L of distributory D 3/L from chainage 2926 to 5026 metres" (estimated cost:Rs.3.73 lakhs) for execution in March 1990, without having possession of the entire land required for execution of the project. The work was awarded in March 1990 to a contractor at his tendered cost of Rs.4.83 lakhs. The work was taken up in April 1990 with the schedule for completion by February 1991. The contractor stopped the work in July 1991 without completing it between Ch.3296 and 3456 mts. and Ch.3546 and 4036 mts. where land could not be made available to him by the Division. An amount of Rs.2.97 lakhs was paid (July 1991) to the contractor, but final bill for the work had not been finalised till March 1993.

Thus, the decision of the Division to award the work without possession of entire land not only violated the Government instructions but also resulted in an unfruitful expenditure of Rs.2.97 lakhs since 2 mid sections remained incomplete.

The Division stated (April 1993) that possession of remaining land would be made after completing necessary legal formalities for settling the dispute.

The matter was referred to Government in 1993; their reply had not been received (April 1994).

ROADS AND BUILDINGS DEPARTMENT

4.8 State Highways

4.8.1 Introduction

State Highways (SH) have been defined as main roads, trunk or arterial, of a State linking district headquarters and important cities within the State and connecting them with the National Highway or Highways of the adjoining States.

The State Road Plan for the period (1961-81) envisaged increasing the net work of State Highways from 4,025 kilometres (March 1961) to 6,168 kilometres (March 1981) against which the achievement was 9,158 kilometres.

A second Road Development Plan (1981-2001) for Gujarat published in March 1987, envisaged, increase of the road length of State Highways to 16,834 kilometres by 2001 connecting district headquarters, sub-divisional headquarters, places of commercial interest, places of tourist attraction, major agriculture market centres, ports, etc., by all weather Highways with black topped surface. 25 **per cent** of the new Highways were proposed to have intermediate lane width and remaining 75 pere cent single lane. It was also envisaged to convert 25 **per cent** of the existing length two lane carriageway (7 Metres width) 50 **per cent** to intermediate lane carriageway (5.5 Metres) and the remaining 25 **per cent** to single lane carriageway (3.75 Metres). The estimated requirement (Plan) was of the order of Rs.858.65 crores for improvement of the existing road system and construction of new Highways. The length of roads declared State Highway at the end of March 1993 was 19,345 kilometres.

4.8.2 Organisational set up

The Public Works (Roads and Buildings) Department is in overall charge of the works. The Chief Engineer and Joint Secretary is the head of the Department and is assisted by Superintending Engineers. The primary executing Unit (Division) is headed by an Executive Engineer.

4.8.3 Audit Coverage

A test-check of records for the period from 1985-86 to 1992-93 was conducted between February 1993 and June 1993 in the Office of the Chief Engineer and Joint Secretary and seven Divisions in six districts.

4.8.4 Highlights

 # During 1985-86 to 1992-93, as against the budget allotment of Rs.117.79 crores on works, the expenditure was Rs.170.13 crores. Likewise, as against the budget allotment of Rs.378.20 crores during the same period on maintenance and repairs, the expenditure was Rs.427.81 crores. Due to lack of effective monitoring, the expenditure against the respective allocations had exceeded by 142 and 190 per cent during 1991-92 in two divisions.

(Paragraph 4.8.5)

 # Of the 19,345 kilometres of State Highways as on 31 March 1993, construction of 882 kilometres were not upto the required standard. Yearly targets for construction of additional road length of State Highways had not been fixed.

(Paragraph 4.8.6)

 # Thirty Eight State Highway works in 5 divisions had been completed after a delay of 3 to 120 months, the cost overrun ranging between 25 and 232 per cent of the estimated cost. 120 works in 19 districts were continuing for periods ranging from 2 to over 10 years.

(Paragraph 4.8.7)

 # Financial norms for the maintenance of roads had not been revised since November 1988 even though the Government held that, for effective traffic management and safety, the revision of norms was absolutely necessary.

(Paragraph 4.8.9)

 # Wasteful expenditure of Rs.3.84 lakhs on use of asphalt in 3 divisions during 1990-91 to 1991-92 had been incurred due to application of tack coat, contrary to the instructions of Government.

(Paragraph 4.8.11.1)

 # Avoidable expenditure of Rs.9.19 lakhs was incurred due to incorrect provision of asphalt in work estimates.

(Paragraph 4.8.11.2)

 # Irregular payment of Rs.4.04 lakhs was made due to incorrect classification of the well sinking base.

(Paragraph 4.8.11.3)

 # Delay in repair work to a bridge closed to traffic in August 1990 due to non-fixing of an agency has resulted in diversion of traffic through other routes involving an additional run of more than 12 kilometres.

(Paragraph 4.8.11.4)

 # Rupees 38.87 lakhs in two works could not be recovered from the defaulting agency towards risk and cost dues, in the absence of Government approval to initiate action.

(Paragraph 4.8.11.5)

 # Failure by Government to accept the lowest tender within the validity period, resulted in an additional liability of Rs.6.58 lakhs.

(Paragraph 4.8.11.7)

4.8.5 Financial outlay and expenditure

The year-wise details of budget provision and actual expenditure incurred between 1985-86 and 1992-93 on State Highways are given below:

Year	Original Works			Maintenance and Repairs		
	Budget provision	Expenditure	Excess(+) Saving(-)	Budget provision	Expenditure	Excess(+) Saving(-)
			(Rupees in crores)			
1985-86	10.21	16.17	+ 5.96	30.00	33.54	+ 3.54
1986-87	8.24	12.11	+ 3.87	33.00	27.02	- 5.98
1987-88	12.06	11.30	- 0.76	33.20	30.42	- 2.78
1988-89	10.34	11.79	+ 1.45	38.00	28.07	- 9.93
1989-90	11.42	11.09	- 0.33	47.00	51.73	+ 4.73
1990-91	14.15	15.51	+ 1.36	57.00	65.45	+ 8.45
1991-92	21.67	39.24	+17.57	70.00	113.12	+43.12
1992-93	29.70	52.92	+23.22	70.00	78.46	+ 8.46
Total	**117.79**	**170.13**	**+52.34**	**378.20**	**427.81**	**+49.61**

The R & B Department allocates funds to the various executing divisions and monitors the flow of expenditure. The executing divisions had incurred expenditure far in excess of amounts sanctioned. During 1985-86 to 1992-93, the overall expenditure had exceeded the budget provision by 44 **per cent** in respect of original works and by 13 **per cent** for maintenance. The lack of effective monitoring was further established by the fact that in 1991-92 in Junagadh and Kheda Divisions, the expenditure was Rs.374.04 lakhs and RS.364.05 lakhs against the respective allocations of Rs.154.40 lakhs and Rs.125.70 lakhs, an excess of 142 **per cent** and 190 **per cent** respectively. The excess expenditure was mainly due to escalation in price.

Government stated (June 1993) that excess expenditure was incurred to maintain progress of the works.

The allocation in the plans had, been made by the Department for (a) works with progress of more than 66 **per cent** (b) works with progress between 33 and 66 **per cent** (c) works with progress of less than 33 **per cent** and (d) works sanctioned but not taken up for execution. It was noticed that priority for funding as per the above criterion had not been followed. According to the action plan, the position of funding during 1992-93 was as under:

Category	Number of works	Anticipated cost	Spill over liability as on 1April 1992	Budget provision 1992-93
		(Rupees in lakhs)		
A	62	5010.12	983.35	204.05
B	31	2004.55	1236.11	96.22
C	59	5925.85	5455.35	177.23
D	257	13724.93	12946.04	805.87
	409	**26665.45**	**20620.85**	**1283.37**

It would be seen that the works with progress of more than 66 **per cent** had been allocated 16 **per cent** of the total provision whereas works sanctioned but not taken up had got the maximum of 63 **per cent** of the total provision.

4.8.6 Physical Targets and Achievements

At the end of the Fifth Five Year Plan (March 1980), the total length of Highways was 9,097 kilometres. The length of road declared at the end of the Sixth Five Year Plan (March 1985) was 9,387 kilometres, at the end of Seventh Five Year Plan (March 1990) it was 16,430 kilometres and at the end of March 1993, it was 19,345 kilometres. Of 19.345 kilometres, 882 kilometres were not upto the required standard (436 kilometres having water bound macadam surface (WBM) and 446 kilometres being unsurfaced), the shortfall having increased from 2 **per cent** in March 1987 to 5 **per cent** in March 1993. It was stated by the Government that a road was declared a SH based on the needs to do so and subsequently the standard of that segment was improved and brought on par with the norms of SH. It was further stated that yearly targets for additional road length of SH to be constructed had not been finalised. The increase in road length of SH occurred mainly due to upgradation of Panchayat roads into SH category.

As envisaged in the 1981-2001 Plan, of the total length of 19,345 kilometres (9,533 kilometres as on March 1987 and the additional length of 9,812 kilometres between April 1987 and March 1993) at the end of March 1993, 2,383 kilometres should have double lane, 7,219 kilometres intermediate lane and 9,743 kilometres single lane width. As of 31 March 1993, 5,736 kilometres of SH was double lane and 2,785 kilometres intermediate lane, the shortfall in latter being 61 **per cent**.

4.8.7 Execution of works

4.8.7.1 Thirty eight works in five divisions (details in Appendix-VII) undertaken between February 1977 and April 1991 had been completed at a cost of Rs.1584.90 lakhs against the estimated cost of Rs.884.88 lakhs. There were delays ranging from 3 to 120 months in their completion, the cost overrun ranging between 25 and 232 **per cent** of the estimated cost.

The time and cost over run was attributed by the concerned Executive Engineers to the (i) delay in land acquisition (6) (ii) unrealistic estimates and change in scope of work after the award of work (23) and (iii) non-availability of materials in time (9).

4.8.7.2 In 19 districts, 120 works were undertaken between August 1973 and June 1991. An expenditure of Rs.8625.22 lakhs had already been incurred (March 1993) against the estimated cost of Rs.9194.82 lakhs. The works were continuing for periods ranging from two to over ten years. A further sum of Rs.2097.67 lakhs was required for completion of these works according to departmental records. The details are given in Appendix VIII. On completion of these works, the anticipated overall cost over run would be Rs.1528.03 lakhs.

4.8.8 Missing Links

According to 1981-2001 Plan, there were 996.06 kilometres of missing links in respect of 51 State Highways. With missing links, economic utilisation of roads was not possible. Audit scrutiny revealed that no order of priority was observed for undertaking the work of missing links. 295.29 kilometres of missing links in respect of 15 roads in four districts had not at all been taken up for completion as of March 1993. It was reported by the concerned divisional officers that the same were taken up as and when required and based on availability of funds.

In the absence of covering these missing links, traffic was being diverted through other routes to reach the other end.

4.8.9 Maintenance of State Highways

Life of a road is dependent on its maintenance, which includes periodical renewals and ordinary repairs to preserve it in good condition. Maintenance norms are formulated taking into

consideration of intensity of traffic, type of road surface, prevailing cost of labour and material. A study Group headed by the Chief Engineer and Joint Secretary (Roads and Buildings) to the Government of Gujarat was constituted by the Government of India in May 1988 to review and update the existing financial norms for the maintenance of roads including State Highways. The study Group submitted its report in August 1988 and based on its recommendations the State Government revised the costs of the maintenance of roads in November 1988. Since then there has been no further revision in spite of increase in cost of labour and material.

Government stated (April 1993) that for effective traffic management and safety, the revision of norms was absolutely necessary and that issue would be referred to the Tenth Finance Commission.

The financial requirement, for maintenance of SH, based on the norms of November 1988, worked out to Rs.203.48 crores and Rs.282.35 crores for 1991-92 and 1992-93 respectively. The Department could not furnish the details of requirement of funds for earlier years. Against the requirement of Rs.485.83 lakhs for 1991-92 and 1992-93, allotment was only Rs.70 crores for each year leaving a wide gap between requirement and allotment. The shortfall in provision of funds on maintenance of roads had increased from 66 **per cent** during 1991-92 to 75 **per cent** in 1992-93 affecting maintenance of Highways. It could not be ascertained if the expenditure on maintenance of roads was within the prescribed norms, the majority of maintenance works having been taken up under special repairs without observing any norms.

4.8.10 Quality Control

4.8.10.1 In order to ensure that the work executed and material incorporated in the schedule of contract agreement conform to the standard specification, the Department prescribed (September 1989) quality control tests and their frequency. The tests were conducted by the Quality Control Units and Gujarat Engineering Research Institute (GERI) under overall control of the Chief Engineer, Quality Control. It was noticed that except for forwarding the test/inspection reports of the Quality Control Units to the concerned executing divisions, the Department did not watch the compliance of the observations by the Divisions. In the absence of any compliance report, it could not be ascertained if rectificatory action had been taken on the test/inspection reports.

4.8.10.2 A review (June 1993) of the records of the Executive Engineer, Roads and Buildings Division No.II, Surat revealed that in 13 works (expenditure during 1991-92 and 1992-93; Rs.299.28 lakhs) the number of tests carried out to check aggregate impact value and flankiness index of aggregate, to ensure quality of lean bituminous macadam and seal coating ranged between 3 and 16 as against 10 and 102 specified in the test schedule appended to agreements. Thus, due to shortfall in the number of samples to be tested, it could not be ascertained as to how the Department could ensure the quality of work executed.

4.8.10.3 The Sachin-Palsana SH joining Surat-Navsari road and Sachin-Magdalla road with Ahmedabad-Bombay National Highway No.8 had lost its camber completely on account of heavy traffic and rains during 1990-91. Government approved (January 1991) strengthening of this road at a cost of Rs.75.36 lakhs.

The then existing crust thickness of the road was 420 mm (sand, 150 mm; metal, 250 mm and carpet, 20 mm). Having regard to the condition of the road and projected traffic of 6000 Passenger Car Unit (PCU) against the existing traffic of 3426 PCU, GERI recommended additional crust thickness of 290 mm (WBM, 200 mm. LBM, 75 mm and seal coat 15 mm). Contrary to these recommendations, the work was executed with additional crust thickness of 133 mm only (BSG treatment, 75 mm, LBM 38 mm and carpet 20 mm). Leaving a deficiency in crust thickness of 157 mm. The Executive Engineer stated (April 1992) that the main reasons for deviation from the crust specification for thickness were financial constraints.

Non-observance of recommendations of GERI affected the quality of work to the required standard.

4.8.11 Other topics of interest

4.8.11.1 Avoidable wasteful expenditure

According to the specifications, tack coat was the initial application of liquid asphalt to an existing bituminous surface. Application of tack coat was, however, not necessary when the laying of bituminous course follows another bituminous course. Further, the work was required to be so planned that seal coat/mix seal surfacing was laid directly over just laid carpet/ bituminous macadam course, so that application of tack coat had been eliminated. Contrary to these specifications and instructions of Roads and Buildings Department (June 1991), tack coat was laid soon after laying carpet/bituminous macadam course prior to laying of seal coat/ mix seal surface resulting in wasteful expenditure of Rs.3.84 lakhs on use of asphalt by 3 divisions (Ahmedabad, Godhra and Surat) during 1990-91 and 1991-92.

The Executive Engineers stated that traffic on the just laid carpet/bituminous macadam course could not be restricted and, therefore, the deteriorated surface required application of the tack coat. However, based on General Technical Specifications for road works issued by Roads and Buildings Department in 1990, traffic control during construction was the responsibility of the contractors.

4.8.11.2 Incorrect provision of asphalt for undulation

The work of strengthening Vatermen Bavali Ari (kilometre 69/6 to 137/2) section of Ahmedabad-Bhavnagar Highway (short route) technically sanctioned by the Government in November 1990 was awarded (March 1991) in two parts to a labour Co-operative Society of Ahmedabad at the tendered cost of Rs.304.81 lakhs (Part-A: Rs.116.39 lakhs and Part B: Rs.188.42 lakhs) by the Executive Engineer, District Roads and Buildings Division, Ahmedabad for completion by February 1992. The works were completed in March 1992 (A) and June 1992 (B) at Rs.116.68 lakhs and Rs.188.38 lakhs respectively. Immediately after commencement of works, the Department decided (July 1991) to provide 50 mm thick built-up spray grout (BSG)in certain stretches of 19.1 kilometres length where heavy rains had caused damages. While according to technical sanction in July 1991, the Superintending Engineer (SE) had specifically instructed that in view of provision for bitumen in BSG work, similar provision for undulation in the strengthening works which commenced in March 1991 need not be carried out. Despite these instructions, the Division got executed strengthening work (including undulation) involving an avoidable expenditure of Rs.9.19 lakhs.

When the failure of the Division in not complying with the instructions of the Superintending Engineer was pointed out by Audit in October 1992, the Divisional Officer stated (November 1992) that considering the prevailing conditions of the road, it was not possible to save the quantities for undulation and the Superintending Engineer had approved (March 1992) use of bitumen in both the strengthening and the BSG works. Reply of the Division was not tenable because the proposal in this regard was sent only in February 1992 when the works were about to be completed and if there was real need for making provision for undulation as claimed by the Division, prior sanction should have been obtained. There was nothing on record to indicate that the condition of sites warranted use of bitumen in both the works as claimed by the Division.

4.8.11.3 Irregular payment of Rs.4.04 lakhs

The construction of a highlevel bridge across river Mahim near Kanoda on Ahima-Poiche Highway (estimated cost, Rs.175.18 lakhs) was taken up for execution by the Roads

and Buildings Division II, Baroda in November 1984 at a tendered cost of Rs.274.95 lakhs through the Gujarat State Construction Corporation (GSCC). The work was scheduled for completion by July 1987 but the time limit was extended by Government (August 1990) till June 1991 on account of delay in finalisation of location of abutment and piers; delay in supply of details of RCC footings, foundation well cap, etc; and delay in supply of steel and cement. The work done till March 1992 was only of the value of Rs.85.99 lakhs, when the GSCC were relieved from the work because of slow progress. On the recommendations (December 1989) of the Superintending Engineer, Baroda and the Geologist who had classified the well sinking base as "tuff and hard clay" Extra Item Rate List (EIRL) (at Rs.18055 per running metre) Rs.4.04 lakhs were paid (January 1992) by the Division, being 75 **per cent** of the total amount pending approval from Government. The samples collected during execution were got tested by GERI who classified these as Laterate (clay) only, and according to GERI, no EIRL was warranted. Accordingly, the payment of Rs.4.04 lakhs was irregular. Government had, however, not sanctioned the EIRL as of October 1992. The remaining work including the balance work of superstructure (estimated cost, Rs.63.94 lakhs) was entrusted (January 1992) to another agency at the negotiated cost of Rs.103.75 lakhs for completion by January 1993. However, the agency was not in a position to complete the work within the stipulated time as redesign of foundation piers were approved by Government only in April 1993 with extension of time limit upto June 1994. The work done by the agency till November 1993 was of the value of Rs.59.80 lakhs. The work was in progress. No penal action against GSCC had been initiated (March 1993).

4.8.11.4 Delay in execution of work due to non-fixing of an agency

The construction of bridges on river Mahim near village Agarwala on Balasinor-Lunawada SH in Panchmahal district was commenced in August 1973 at the tendered cost of Rs.62.20 lakhs (estimated cost, Rs.35.36 lakhs) to be completed by February 1977. The work was completed in May 1984 seven years after the targeted date at a cost of Rs.71.53 lakhs i.e. 102 **per cent** more than the estimated cost mainly due to change in design and alignment. The bridge had been extensively damaged due to release of 8 lakhs and 3 lakhs cusecs of water from Kadana and Panam dams on 23 August and 24 August 1990 respectively because of heavy rains. Pier No.6 of the bridge had reportedly been bent towards down stream and earth work of pitching washed away. Consequently, the bridge was closed to traffic (August 1990). The repair work was sanctioned by Government for Rs.28.59 lakhs in December 1990 and in accordance with the instructions of Government, tenders were called for from only 4 selected agencies in January 1991 to expedite repairs. However, only one tender for Rs.450 lakhs which was 15 times more than the estimated cost was received (June 1991). The tender was rejected by Government (July 1991) on the ground of its being very high. Fresh agency had not yet been decided (May 1993). The traffic on the road, was diverted through other roads involving an additional run of more than 12 kilometres.

4.8.11.5 Outstanding Government dues

(a) The work of construction of a bridge across river Dhatarwadi on Alkot-Rajula-Jafrabad highway No.34 estimated to cost Rs.36.74 lakhs was entrusted to an agency in February 1990 at the tendered cost of Rs.52.50 lakhs with stipulated completion by February 1992. The progress of work was slow and despite notices to the agency to accelerate the pace of work, the value of work done upto March 1991 was only Rs.3.98 lakhs (8 **per cent** of the estimated cost). The contract was hence terminated in October 1991 and it was decided to complete the balance work at the risk and cost of agency.

The Division stated (December 1991) that the work was split up into two parts and was approved by the Government in January 1992. While work of excavation, pillars and piers (estimated cost; Rs.12.27 lakhs) was decided to be done departmentally, the work of superstructure (estimated cost; Rs.36.04 lakhs) was decided to be put to tender.

The departmental work was completed at a cost of Rs.9.84 lakhs by August 1992. The tender papers for the second part of the work which was submitted to Government in March 1992 was approved only in December 1992. The work was entrusted to an agency in January 1993 at his tendered cost of Rs.50.83 lakhs. The work was in progress (November 1993).

The bridge scheduled to be completed by February 1992 remained incomplete due to abandonment of work and belated fixing of a fresh agency.

Government approval to the proposal (March 1992) for filing civil suit in court of law for recovery of Rs.29.50 lakhs towards risk and cost dues from the defaulting agency was awaited (November 1993).

(b) The work of widening Ankleshwar-Dediapada-Saghbara SH in Bharuch district to make it two lane was administratively approved for Rs.24.53 lakhs by Government in December 1985. The work was awarded to an agency at its tendered cost of Rs.17.99 lakhs against estimated cost of Rs.21.21 lakhs. The work comprised W.B.M. stage (cost; Rs.11.05 lakhs) and 20 mm open graded premixed carpet (cost; Rs.6.94 lakhs). The contractor abandoned the work in June 1989 after executing work of the value of Rs.7.94 lakhs. The remaining work of W.B.M. stage (cost; Rs.3.11 lakhs) was completed departmentally at a total cost of Rs.7.15 lakhs. The left over work of open graded premixed carpet (cost; Rs.16.94 lakhs) was taken up by the Department during 1992-93 at a cost of Rs.10.38 lakhs and expected to be completed by December 1993.

From the records of the Division, it was noticed that an amount of Rs.9.37 lakhs, (miscellaneous recovery; Rs.1.19 lakhs, extra expenditure for completing the remaining work of WBM; Rs.3.79 lakhs and extra liability for completing open graded carpet; Rs.4.39 lakhs) was recoverable from the defaulting agency. The Divisional Officer stated (June 1993) that the agency had sought for arbitration in this matter which was under consideration of the Government and, therefore, action to recover the dues by filing a Civil Suit in the Court of law was not finalised.

4.8.11.6 Improper Survey/Investigation

The work of providing seal coat on kilometre 4/0 to 11/4 on Kawant kadipat SH in Baroda district estimated to cost Rs.3.43 lakhs was awarded to an agency in January 1990 at their tendered cost of Rs.3.68 lakhs for completion by July 1990. Despite several notices, the agency did not commence the work. The Superintending Engineer, therefore, instructed the Division (April 1991) to take penal action against the agency. The Division had neither initiated any penal action against the agency nor action to get the work executed at its risk and cost by fixing a fresh agency. In the meantime (July 1991), the agency sought to be relieved of the work on the ground that the condition of the road was very bad and merely providing seal coat was not sufficient to make it motorable.

On reconsideration Government approved (February 1993) to undertake the work with revised estimates of Rs.35.74 lakhs as against earlier estimated cost of Rs.3.43 lakhs. The original agency was relieved from the work. Fresh agency was not fixed (November 1993). The improper survey resulted in not only cost escalation but also delay in commencement of the work.

4.8.11.7 Delay in acceptance of tenders

For improvement of the riding surface of Vapi-Motaparda-Dharampur-Vansda SH in Valsad district which had lost its shape and camber because of patches, pot holes and cracks, repair work estimated to cost Rs.23.38 lakhs was approved by Government in February 1989. The estimates, which provided for 80 mm thick built up spray Grout (BSG) and 0.24 cm/10 sq.m seal coat, were technically sanctioned by the Superintending Engineer in February 1989.

Tenders were invited in March 1989 by the Roads and Buildings Division, Navsari. The lowest tender for Rs.25.22 lakhs was recommended for acceptance to Circle Office in June 1989, which was submitted to Government by the Superintending Engineer with his recommendations in August 1989. No decision was taken on the tender by Government till its validity period expired on 21 September 1989. Since the lowest and the second lowest tenderers refused to extend the validity period, the work could not be awarded.

In the meantime, the road suffered further damages necessitating revision of estimates. The revised estimates of Rs.36.34 lakhs which provided for 37.5 mm thick compacted lean bituminous macadam (LBM) with 30 **per cent** camber correction and 0.18 cm/10 sq.m. seal coat by hot mix process were sanctioned by Government in November 1991. The work of providing LBM and Seal Coat (estimated cost; Rs.31.81 lakhs), was awarded to a contractor in December 1991 at the tendered cost of Rs.31.80 lakhs. The BSG patch work (estimated cost; Rs.4.53 lakhs) was taken up for execution departmentally. Both the works were in progress (March 1993).

Due to failure of Government to take decision on the lowest tender within the validity period and delay of over 2 years in awarding the work resulted in an avoidable additional liability of Rs.6.58 lakhs compared to the tendered cost of Rs.25.22 lakhs (March 1989) apart from expenditure on BSG patch work (estimated cost; Rs.4.53 lakhs) being executed departmentally.

4.8.12 Monitoring

Monitoring of various road construction activities in both financial and physical terms was vital for identifying lacunae in execution and taking timely remedial measures.

There was no separate monitoring system at Government level regarding (i) pre-construction activities, (ii) timely finalisation of tenders, (iii) progress of works against targets and (iv) action taken for removing bottlenecks hampering progress etc. Government stated (August 1993) that the overall review of works including SH was undertaken in the meetings for Superintending Engineers held thrice a year and no special cell created for this purpose. The effectiveness of the above general discussion in such meetings held only thrice in a year would not be sufficient for a critical review for cutting delays in completion of works.

4.8.13 The matter was referred to Government in September 1993; their reply had not been received (April 1994).

4.9 Avoidable liability of additional expenditure

Tender procedures prescribed by the World Bank (WB) are required to be followed, in the case of the WB aided projects. Under the Local Competitive Bidding (LCB) procedure, negotiations with bidders on price of their bids are strictly prohibited, after opening of bids.

In accordance with LCB procedure, bids for the work for construction of a hostel building at Farmers Training Centre, Motera, Ahmedabad were invited by the Roads and Buildings (Stores) Division, Ahmedabad in January 1990. The work was to be executed on behalf of Director of Agriculture and covered under WB aided programme. Against the estimated cost of Rs.10.75 lakhs, lowest bid received was for Rs.16.44 lakhs. Contrary to prescribed LCB tender procedure, the Superintending Engineer (SE) negotiated (April 1990) with lowest bidder, who agreed to reduce price of his bid to Rs.15.71 lakhs. Since negotiations with bidder was in deviation from prescribed tender procedure, Government directed (May 1990) the Superintending Engineer, to obtain ex-post-facto approval of WB for deviation in the procedure followed. However, Government also accorded approval (June 1990) to acceptance of negotiated bid subject to approval of WB. As requested by the Superintending Engineer, the

Director of Agriculture, sought (October 1990) ex-post-facto approval which, however, was turned down by WB (October 1990). Consequently, work order issued (August 1990) had to be cancelled (February 1991) without work having been commenced. Tenders were, therefore, re-invited (December 1991) but lowest offer (Rs.27.41 lakhs) was not accepted by Government (February 1992) as the same was considered very high. On second re-invitation (August 1992) lowest bid of Rs.26 lakhs was approved (November 1992) by the Government for acceptance and work order issued (March 1993). Work scheduled for completion by August 1994 was in progress (September 1993).

Deviation from LCB procedure, in holding negotiation by Superintending Engineer, with the contractor had deprived the department of pre-negotiated offer of Rs.16.44 lakhs at first invitation of bids. This resulted in additional liability of Rs.9.56 lakhs computed with reference to tendered cost (Rs.26 lakhs) finally accepted at second re-invitation. In addition, the availability of hostel facilities to students was delayed by two years.

While accepting the facts the Government stated (September 1993) that negotiations were held by Superintending Engineer in the interest of Government. Reply was not tenable as negotiations were not only unwarranted but proved to be detrimental to the interest of Government.

4.10 Idle investment on construction of staff quarters

The staff quarters in Surat city were constructed and maintained by the (Roads and Buildings) Division 1, Surat. The Division was also entrusted with the allotment of quarters to Government employees in Surat city.

Between December 1986 and April 1990, the Roads and Buildings Division-I, Surat constructed 73 quarters at Magdalla (43) and Pandesara (30) in Surat, at a cost of Rs.71.81 lakhs. These quarters were completed in phases; nine in December 1986, 34 in May 1989 and 30 in April 1990. The Division allotted these quarters but the allottees had refused to accept them as they were located at a distance of 5 km away from the city.

Construction of quarters at the sites, away from the city had thus resulted in idle investment of Rs.71.81 lakhs over three years as of March 1993.

The matter was referred to Government in September 1993; reply has not been received (April 1994).

4.11 Delay in construction of girls hostel

Construction of a girls hostel (50 rooms) for L.E.College of Engineering at Morbi (estimated cost Rs.14.06 lakhs) was awarded to a contractor in April 1987 at his tendered cost of Rs.12.99 lakhs by the Executive Engineer, District Roads and Buildings Division, Rajkot. The work was to be completed by April 1989.

The progress of the work was slow right from the beginning and despite issue of 14 notices to the contractor between January 1988 and September 1989 for accelerating the progress of work and levy of compensation at Rs.100 per day from April 1989 to October 1989. The work was abandoned by him in May 1989 after executing work valued Rs.4.39 lakhs (34 **per cent**). The Division, therefore, decided in October 1989 to complete the work through another contractor at the risk and cost of the defaulting contractor. Balance work was awarded to another contractor in October 1990 at his tendered cost of Rs.14.04 lakhs with stipulated date of completion as January 1992. The work was, however, completed in September 1993 but final bill had not been paid.

According to the Division, Rs.6.90 lakhs consisting of Rs.5.70 lakhs being risk and cost amount and balance Rs.1.20 lakhs for material supplied, compensation etc, was recoverable from the defaulting contractor against which Rs.1.38 lakhs payable to him on account of his last bill, material returned by him and security deposit furnished by him was available. Government had not decided (November 1993) over the Law Officers Report which was forwarded by the Division in July 1990 for filing a civil suit against the defaulting contractor.

Due to slow progress and consequent abandonment of work by the original contractor, the work which otherwise was scheduled to be completed in April 1989, could be completed only in September 1993, thus, depriving the students of much needed hostel facilities for a period of over 4 years. Further, an amount of Rs.5.52 lakhs was to be recovered from the defaulting contractor.

Government stated (May 1994) that civil suit would be filed against original contractor immediately after settlement of the final bill of second agency.

4.12 Loss of reimbursement of expenditure towards collection of fees

According to the National Highway (Fees for use of permanent Bridges) Rules 1978 framed under the National Highways, Act 1956, the Government of India levies fees on mechanical vehicles for the use of permanent bridges costing more than Rs.25 lakhs, Rs.50 lakhs and Rs.100 lakhs each and had been completed and opened to traffic on or after 1st April 1976 on the National Highways. These rules were superseded by a new set of rules which came into force from 21st February 1992. According to the new rules, the existing rates ranging from Rs.2 to Rs.10 for bridges constructed at a cost of more than Rs.100 lakhs were revised from Rs.5 to Rs.20. The levy of fees on motor-cycles, scooters and other two wheeled mechanically propelled vehicles was waived which was being recovered at the rate of Rs.0.50 per vehicle earlier. The bridge across the river Narmada on the National Highway No.8 near Zadeshwar falling under the jurisdiction of the Executive Engineer, National Highway Division, Bharuch is one such bridge constructed at a cost of more than Rs.100 lakhs and opened to traffic on 20 April 1977 which attracted payment of prescribed fees.

During audit of the Executive Engineer, National Highway Division, Bharuch (June 1993) it was seen that the Roads and Buildings Department, Government of Gujarat circulated the revised rules to concerned Superintending Engineer, Vadodara on 10 July 1992 who in turn communicated to the concerned Executive Engineers on 23 July 1992. None of the communications contained the effective date for levying revised fees as the revised rates become operational from the date of publication in Official Gazette. The Division implemented the revised rates of fees from 12th October 1992 after protracted correspondence and in the process fees were undercharged to the extent of Rs.1.19 crores during 21 February 1992 to 11 October 1992. Consequently, the Government of Gujarat also lost Rs.14.23 lakhs being 12 **per cent** of the total collection of fees as prescribed in the Rules ibid.

Government in its reply of October 1993 to the Government of India stated that a communication in this regard was received by them at the end of March 1992 but revised rules could not be implemented for want of information about date of publication of revised rules in Official Gazette. Government reply was not tenable as delay of over six months in implementation of revised rules despite communication in March 1992, was unreasonable.

4.13 Blocking up of Government money

The Executive Engineer, Roads and Buildings Division, Kheda advanced Rs.4.15 lakhs (inclusive of freight charges of Rs.0.30 lakh) to a Gujarat based private cement company (company) between October 1988 and February 1989 for supply of 389.50 Tonnes of levy cement. Consequent on lifting of control on cement by the Government of India with effect

from March 1989, cement companies were not under obligation to supply cement under levy quota.

According to the directions issued in April 1989 by the Regional Development Commissioner, Cement Industries, Ahmedabad, cement companies which had completed their overall levy supplies had to refund outstanding advances lying with them latest by 15th April 1989. According to instructions issued earlier (September 1978 and October 1983) by the Cement Controller, Government of India, cement producers were liable to pay interest at 14 **per cent** per annum on the advance in case the delay in supply was more than 30 days.

During audit (November 1992) it was noticed that although the company had informed (May 1989) the Division that the advance together with interest would be refunded shortly. The advance had not, however, been refunded as of October 1993.

The matter was reported to Government by Superintending Engineer (July 1991) for initiating action at the Government level, which had not been initiated (March 1993).

Due to delay in taking action at Government level, the recovery of advance of Rs.4.15 lakhs and interest of Rs.2.32 lakhs for the period from April 1989 to March 1993 computed at 14 **per cent** per annum could not be made.

The matter was referred to Government in September 1993; reply has not been received (April 1994).

4.14 Blocking up of Government money

According to Government instructions issued in December 1988, for works estimated to cost more than Rs.15 lakhs, (Rs.5 lakhs from November 1991), cement and steel were not to be supplied to contractors by the Department. In spite of these instructions, the Drainage Division Nadiad, submitted (July 1991) Draft Tender Papers (DTP) for the work of RCC Box culvert on Pamal Borsad lateral drain to the Government with the condition that steel would be supplied by the department, although work was estimated to cost Rs.50.00 lakhs. In anticipation of approval of tender, the Division procured (February 1992) 156 tonnes steel of various sizes at a cost of Rs.8.99 lakhs for the work. However, the Government while approving tender in February 1992 rejected inclusion of provision for supply of steel, as it was contrary to Government instructions. As there was no possibility of utilisation of steel on the work, the Division declared (March 1993) it surplus for issue to other needy divisions. The steel was, however, lying in stock as of April 1993.

The procurement of steel for the work, by the Division was not only in violation of Government instructions but there was no immediate possibility of its utilisation as funds for execution of work was not allotted by the Government as of November 1993. Injudicious purchase of steel had thus resulted in blocking of Government fund of Rs.8.99 lakhs for over one year.

The Division stated (December 1993) that steel for the work was procured departmentally to avoid hindrance to progress of work, as huge quantity of steel required for the work would not have immediately been available to contractor on commencement of the work.

The matter was referred to Government in September 1993; reply has not been received (April 1994).

4.15 Extra expenditure due to delay in finalisation of tender

Tenders for construction of administrative building for Industrial Training Institute, Baroda (Estimated cost : Rs.8.87 lakhs) were invited by the Executive Engineer, City (Roads and Buildings) Division, Baroda, in November 1989. The lowest offer of Rs.12.55 lakhs at 41.40 **per cent** above the estimated cost valid up to 19 April 1990, was recommended to Government on 3 March 1990 for acceptance.

The tender could not be finalised within the validity period of 90 days due to procedural delay at various levels. On a request from the Department, the lowest tenderer extended (April 1990) the validity of his offer by 45 days subject to grant of 15 **per cent** increase in price. This was not agreed to by Government.

The validity was further extended by the lowest tenderer up to 30 September 1990 subject to three conditions i) Sanctioning 15 **per cent** price increase ii) drawings for work be supplied to him at the time of issue of work order and iii) the materials should be issued as and when demanded. Government finally accepted (September 1990) the lowest tender and work order was issued in December 1990 subject to withdrawal of the three conditions by the contractor.

Although the contractor had paid security deposit of Rs.0.18 lakh (2 **per cent** of estimates) in October 1990 he did not sign the agreement as withdrawal of demand for price increase was not acceptable to him. Government ordered in August 1991 forfeiture of his security deposit, cancel his registration and fix up new contractor at his risk and cost. As the contractor did not sign the agreement, Government reversed its decisions (January 1993) except forfeiture of security deposit (Rs.. 0.18 lakh).

Tenders were re-invited in March 1992 and the lowest offer of Rs.16.06 lakhs at 81 **per cent** above the estimated cost was accepted. So far work valued at Rs.8.23 lakhs had been done (January 1993).

Thus, failure to accept the lowest tender (Rs.12.55 lakhs) within validity period, resulted in time overrun of over 15 months and avoidable extra liability of Rs.3.51 lakhs.

The matter was referred to Government in April 1993; reply has not been received (April 1994).

4.16 Avoidable interest payment

The Executive Engineer, Capital Project Division 2, Gandhinagar awarded three works to a contractor under different agreements, the details of which are given below:-

	Name of the work		
	Construction of a town Hall	**Providing chairs, acoustical treatment in town hall**	**Construction of Assembly building**
	(A)	**(B)**	**(C)**
1 Estimated cost (in lakhs of rupees)	25.44	11.77	190.10
2 Tendered cost (in lakhs of rupees)	31.97	15.15	194.21
3 Date of work order	28 March 1978	21 January 1981	11 May 1978

		(A)	(B)	(C)
4	Stipulated date of completion	27 September 1979	20 July 1981	10 November 1979
5	Actual date of completion	17 February 1983	16 February 1983	10 October 1982
6	Delay in completion (months)	40	18	34
7	Reasons for delay	i) Delay in supply of material, structural designs, architectural details,etc.	i) Late supply of architectural details and drawings	i) Delay in supply of material, structural designs, architectural details, etc.
		ii) change in design during execution	ii) change in design during execution	ii) change in design during execution

During execution of these works the contractor preferred claims for (i) extra items of work as a result of change in design not within the scope of agreement; (ii) cost of additional cement actually consumed by the contractor based on actual specification because of loss of cement supplied by the division in jute bags; (iii) underpayment for some extra items not conforming to the rate analysis, etc.

Because of indecision on the part of the Department to finalise the claims, an arbitrator was appointed in March 1984 ('C') and July 1984 ('A' and 'B') by court on contractor's request. The arbitrator held (October 1991) the Department responsible for undue prolongation of contractual obligations and awarded Rs.54.11 lakhs in favour of the contractor with interest at 13 **per cent** per annum for the pre-suit period and at 15 **per cent** per annum for the post suit period. The rate of interest was, however, uniformly reduced to 9 **per cent** in pursuance of a court decree (July 1992) on the objections filed (December 1991) by the Division. The award was accepted in full (October 1992) by Government and accordingly payment of Rs.54.11 lakhs was made in October 1992 and Rs.10.66 lakhs on account of interest in December 1992.

Thus, the indecision on the part of the Government to finalise the claims led to arbitration proceedings and subsequently payment of Rs.10.66 lakhs as interest.

On this being pointed out, the Divisional Officer admitted (December 1992) that the execution of work was delayed mainly due to the aforesaid reasons, which were beyond the control of the Department. It was further stated that powers to sanction extra items were exercised at various levels which caused delay in settlement of payments for extra items.

The matter was referred to Government in April 1993; reply has not been received (April 1994).

GENERAL

4.17 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to the heads of Office and the next higher departmental authorities through audit Inspection Reports for prompt action. The more important irregularities are also reported to the Heads of Departments and the Government for initiating immediate corrective action. Government had prescribed (July 1970) that the first replies to the Inspection Reports should be sent to the Accountant General within four weeks of their receipt.

However, of the 126 Inspection Reports issued during 1992-93 (upto December 1992) and pending till June 1993, first reply in respect of 64 Inspection Reports had not been received within the prescribed time limit.

Action was pending (June 1993) on 1088 Inspection Reports issued upto December 1992 in respect of 286 Divisions. Of these, 491 Inspection Reports related to 1977-78 to 1987-88. Department-wise details are given in Appendix-IX.

A review of the outstanding Inspection Reports conducted in May-June 1993 in respect of Capital Project Division-III, Gandhinagar and Sipu Project Division, Dantiwada revealed the following:

1) In spite of Government instructions that the first reply to Inspection Reports should be sent to Audit within four weeks of their receipt, there were delays ranging from 1 to 22 months in furnishing reply in respect of 16 Inspection Reports.

2) The prescribed register for watching the compliance of the Inspection Reports had not been maintained by any of the Divisions.

3) The outstanding paragraphs broadly fall under the following categories:-

	Category	Number of Paragraphs	Amount Involved
			(Rupees in lakhs)
1	Recoveries out-standing against contractors/suppliers	19	25.84
2	Extra Expenditure due to work abandoned by contractors	1	0.33
3	Non-invitation of tenders/want of estimates of sanctions	11	42.39
4	Surplus stock/idle machinery	8	84.75
5	Other reasons	35	51.66
		74	204.97

The matter was referred to Government in September 1993; reply has not been received (April 1994).

CHAPTER V

STORES AND STOCK

ROADS AND BUILDINGS DEPARTMENT

5.1 Non-utilisation of steel

Codal provisions* prohibit purchase of materials in advance or in excess of actual requirements. The Executive Engineer, Roads and Buildings Division, Amreli held a stock of 98.79 tonnes of steel of various sizes at the end of 1980-81 and procured 864.58 tonnes between 1981 and 1992 for various works. Of the total quantity of 963.37 tonnes, only 771.67 tonnes could be utilised, leaving an unutilised balance of 191.70 tonnes of steel valued at Rs.24.92 lakhs as of March 1992.

The Division had a stock of 282.75 tonnes at the beginning of April 1987. During 1987-92, it procured 107.91 tonnes and used 198.96 tonnes at the end of 1991-92. Keeping in view the availability of steel at the beginning of April 1987 and usage during 1987-92, further procurement of 107.91 tonnes (Rs.14.03 lakhs) was unnecessary.

The Division attributed (August 1992) the accumulation of steel to lumpsum purchase of steel for different bridge works, difficulties in assessing the exact requirements, revised policy of Government (December 1988) in not providing supply of steel from its sources in respect of works costing more than Rs.15 lakhs and changes in structural designs. The Division further added that approval to a proposal seeking permission either to auction or reroll 126.70 tonnes steel valued at Rs.16.47 lakhs to the circle officer, was awaited. None of the reasons was tenable as the requirement of steel can be estimated with reasonable accuracy and there was no prohibition on utilisation of available steel. Had the Division not gone for further procurement during 1987-92, the stock piling of steel valued at Rs.24.92 lakhs could have been avoided.

The matter was referred to Government in February 1993; reply has not been received (April 1994).

5.2 Excessive purchase of road sign boards

Codal provisions prohibit acquisition of materials much in advance or in excess of actual requirements. The Executive Engineer, Roads and Buildings (Stores) Division, Ahmedabad purchased 1028 road sign boards valued at Rs.7.55 lakhs during the period 1985-87 by placing repeat orders from a supplier whose rates were lowest. There was no immediate requirement as noticed from the balances held since then as given below:

At the end of the year	Value of sign boards held
1987-88	Rs.2.82 lakhs
1988-89	Rs.2.44 lakhs
1989-90	Rs.1.73 lakhs
1990-91	Rs.1.73 lakhs
1991-92	Rs.1.73 lakhs
1992-93	Rs.1.73 lakhs

* Para 418 of Gujarat Public Works Department Manual Volume-I

Excessive purchase of road sign boards by the Division without assessing the requirement with reasonable accuracy resulted in blocking of funds of Rs.1.73 lakhs for over six years.

The Divisional Officer stated (January 1993) that the sign boards were procured without ascertaining the requirements of other Divisions and supplies were made whenever demanded by user divisions. There was no demand during 1990-93.

The matter was referred to Government in April 1993; reply has not been received (April 1994).

CHAPTER VI

COMMERCIAL ACTIVITIES

AGRICULTURE, CO-OPERATION AND RURAL DEVELOPMENT DEPARTMENT

6.1 Departmentally managed commercial undertakings

6.1.1 This chapter deals with the working of Departmentally managed Commercial and *quasi* commercial undertakings which are required to maintain proforma accounts on commercial principles so that their financial viability can be assessed.

6.1.2 There were four departmentally managed commercial and *quasi*-commercial undertakings namely, Cattle Breeding Farms at Bhuj, Bhutvad, Mandvi and Thara in the State as on 31 March 1993, all of them were under the Agriculture, Co-operation and Rural Development Department. The accounts for the year 1992-93 were not received from any of the four undertakings.

In the absence of their accounts, the financial position of these undertakings could not be verified in audit.

6.1.3 Further, the financial result in respect of Cattle Breeding Farm at Thara for the years 1990-91 and 1991-92 could not be worked out as clarification regarding discrepancy in its proforma accounts for the year 1990-91 was awaited from the Department.

The matter was referred to Government in September 1993; reply has not been received (April 1994).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

GENERAL

7.1 Grants and Loans

7.1.1 In 1992-93, grants aggregating Rs. 15828.59 lakhs and loans amounting to Rs.1958.96 lakhs were paid to various bodies and authorities by four out of six Departments from whom information was received. Thirteen Departments did not furnish the required information in spite of repeated reminders. The broad category-wise details of the organisations to whom assistance was paid is shown below:

Organisation	Amount of assistance paid	
	Grants	Loans
	(Rupees in lakhs)	
District Panchayats	9727.28	220.34
Universities and other educational institutions	3.26	-
Municipal Corporations and Municipalities	1101.15	1275.00
Co-operative Societies	855.58	30.62
Statutory bodies, authorities and others	4141.32	433.00
Total	**15,828.59**	**1958.96**

Audit under Section 14 of CAG's (DPC) Act, 1972

7.2 Audit of financial assistance to local bodies and others

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

According to Government instructions issued in May 1975 information regarding grants and/or loans given to various bodies and authorities and the expenditure incurred by the recipient bodies and authorities in the preceding financial year should be furnished to Audit by all Departments by July every year. However, only one department furnished such information for 1992-93. Of the defaulting departments, the following had not furnished similar information for a year or more as indicated below:

	Name of Department	Years for which information had not been furnished
1	Agriculture, Co-operation and Rural Development	1992-93
2	Finance	1990-91 1991-92 1992-93
3	Education	1992-93

	Name of Department	Years for which information had not been furnished
4	Forests and Environment	1992-93
5	Food and Civil Supplies	1992-93
6	General Administration	1992-93
7	Health and Family Welfare	1992-93
8	Home	1992-93
9	Information, Broadcasting and Tourism	1990-91 1992-93
10	Industries, Mines and Energy	1992-93
11	Labour and Employment	1992-93
12	Legal	1992-93
13	Panchayat and Rural Housing	1990-91 1992-93
14	Narmada and Water Resources	1992-93
15	Revenue	1992-93
16	Roads and Buildings	1991-92 1992-93
17	Social Welfare and Tribal Development	1991-92 1992-93
18	Youth Services and Cultural Activity	1991-92 1992-93

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

7.1.3 Statutory audit arrangements

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

Of the 19 District Panchayats, statutory audit of four and 17 District Panchayats was in arrears for 1990-91 and 1991-92 respectively. Out of 62 Municipalities, nine Universities and 182 Taluka Panchayats, the audit of one and 35 Municipalities two and eight Universities and one and 56 Taluka Panchayats was in arrears for the year 1990-91 and 1991-92 respectively.

In terms of Government order of March 1965, the Examiner Local Fund Accounts is required to submit his audit report on the accounts of District Panchayats and Taluka Panchayats annually to the State Legislature. The last such audit report tabled on 1st April 1992 was for the year 1986-87.

7.1.3.2 An analysis of Inspection Reports issued to the 19 District Panchayats upto December 1992 disclosed that action was pending (August 1993) on 587 inspection reports

comprising 1948 paragraphs relating to the period from 1975-76 to 1992-93. Similar analysis in respect of 19 District Rural Development Agencies disclosed that action was pending on 73 inspection reports involving 764 paragraphs relating to the period from 1974-75 to 1992-93.

7.1.4 The matter was referred to Government in October 1993; reply has not been received (April 1994).

AGRICULTURE, CO-OPERATIOIN AND RURAL DEVELOPMENT DEPARTMENT

7.2 Integrated Rural Development Programme

7.2.1 Introduction

The Integrated Rural Development Programme (IRDP) was launched in 1978-79 with the object of raising the poorest families in rural areas above the poverty-line on a lasting basis by providing them income generating assets and creating substantial opportunities of employment in the rural sector. The assets were to be financed by a combination of Government subsidy and credit to be provided by the financial institutions.

In Gujarat, the Programme was launched in August 1978 in 100 blocks and extended to all the 218 blocks from October 1980.

The IRDP is a Centrally sponsored scheme and is funded equally by the Central and State Governments. The object of the programme is to assist selected families below the poverty line in rural areas to enable them to cross the poverty line of Rs.6400/- per annum per family, from 1985-86 and to Rs.11,000/- per annum from 1992-93. The assistance was to be provided to the targeted-group viz.,small farmers, marginal farmers, agricultural labourers, rural artisans and others whose family income was below the cut-off-line of Rs.4800/- upto 1991-92 and Rs.8500/- from 1992-93. The aim is to achieve the stated objective by providing income generating assets including working capital through a package of assistance comprising subsidy and institutional credit.

In order to ensure that the poorest of the poor get the assistance first, the assistance was to be extended first on Antyodaya approach selecting beneficiaries in ascending order of their annual income.

Target Group: The target groups under the Programme consist of Small Farmers (SF), Marginal Farmers (MF), Agricultural Labourers (AL), Rural Artisans (RA) and others whose family income was below the cut-off-line. Special safeguards for certain sections of the targeted families has been provided for in the Programme. At least 30 **per cent** (50 **per cent** from 1991-92) of the assisted families are to be from the Scheduled Castes (SC) and Scheduled Tribes (ST), 30 **per cent** women (40 **per cent** from 1991-92) and 3 **per cent** for physically handicapped persons (from 1991-92).

A uniform target of assisting 3000 families per block at the rate of 600 families per year was set for the Sixth Five Year Plan period. In view of the Inter State variations and disparities in the incidence of poverty, the financial allocations and fixation of targets for assisting the families in the Seventh Five Year Plan period were to be in relation to the incidence of poverty in the State.

7.2.2 Organizational set up

The programme is being implemented by the District Rural Development Agency (DRDA) at the District level and Taluka Development Officer at the block level under the overall control of the Commissioner of Rural Development and Rural Development Department at the State level. The State level Coordination Committee (SLCC) under the Chairmanship

of Secretary, Agriculture and Rural Development was set up for planning, implementation and monitoring of the Programme.

7.2.3 Audit Coverage

The review covering the period from 1985-86 to 1992-93 was conducted between March and August 1993. The Commissioner of Rural Development and five districts viz; Ahmedabad, Sabarkantha, Kachchh, Junagadh and Vadodara and three Talukas from each districts were selected for detailed review. The important points noticed during test-check of records of the selected districts are mentioned in succeeding paragraphs.

7.2.4 Highlights

 # Against the Antyodaya approach of assisting the poorest of the poor first, the coverage of the income group below Rs.2265 was 17 per cent whereas for the income groups of 2266 to 3500 and Rs.3501 to 4800 it was 53 and 30 per cent respectively.

(Paragraph 7.2.5.2(i))

 # Against a total amount of Rs.17700.94 lakhs (including an opening balance of Rs.299.49 lakhs) available during 1985-86 to 1992-93, an expenditure of Rs.18398.92 lakhs was incurred, resulting in an excess expenditure of Rs.697.98 lakhs. Excess was met by diversion of funds

(Paragraph 7.2.6.1)

 # Non-observance of accounting procedure and deviation from the prescribed rules, facilitated the misappropriation of Government money to the extent of RS.29.00 lakhs.

(Paragraph 7.2.6.3)

 # Information regarding the number of families who had crossed the poverty line during 1985-86 to 1989-90 was not available with the Commissioner of Rural Development. In 1990-91 and 1991-92, out of 72,455 and 72,326 families assisted, only 8441 (12 per cent) and 6,492 (9 per cent) respectively had crossed the poverty line.

(Paragraph 7.2.7.1(a))

 # 1.49 lakhs families, who were assisted during the Sixth Plan period and were unable to cross the poverty line, were given supplementary assistance of Rs.1566.27 lakhs during 1985-86 to 1992-93. The details of number of families out of these who crossed the poverty line was not available with the Commissioner of Rural Development.

(Paragraph 7.2.7.3)

 # Of the 1,06,114 families assisted, only 8,541 families could cross the poverty line during 1985-86 to 1992-93 in respect of Junagadh, Ahmedabad and Kachchh districts due to inadequate per capita investment.

(Paragraph 7.2.7.2)

 # Due to non completion of construction of milk collection centres, infrastructural assistance of Rs.4.33 lakhs paid to 20 societies proved unfruitful.

(Paragraph 7.2.9.2(a))

Infrastructural assistance of Rs.1.67 lakhs sanctioned to 16 societies for purchase of milco tester was irregular as the condition about 50 per cent of the beneficiaries to be covered by IRD was not fulfilled. Also assistance of Rs.2.46 lakhs in respect of 27 societies was irregular, since the average collection of milk of these societies was less than 300 litres per day.

(Paragraph 7.2.9.2(b))

As the annual production of fodder was much below the quantity envisaged in the scheme on fodder farm, the assistance of Rs.6.28 lakhs paid to seven societies in Sabarkantha and Rs.3.88 lakhs paid to five cooperative societies of Junagadh districts proved unfruitful.

(Paragraph 7.2.9.3)

Rupees 4.78 lakhs was placed at the disposal of the Gujarat Maritime Board during February 1982 to March 1986 for construction of infrastructure in Kachchh district. The works were either incomplete or were not taken over by the Fisheries Department.

(Paragraph 7.2.9.4)

As the computers installed at Bhuj and Junagadh at a cost of Rs.4.47 lakhs were not put to use, the expenditure remained unfruitful.

(Paragraph 7.2.11.4)

Of 32,288 youth trained under TRYSEM during 1985-86 to 1992-93 in the five district test checked, only 8652 (27 per cent) and 1,739 (5 per cent) have got self employment and wage employment respectively.

(Paragraph 7.2.12.1)

Though tool kits were not received during 1992-93, a grant of Rs.2.58 lakhs was drawn on 31 March 1993 by DRDA, Sabarkantha to avoid lapse of grant.

(Paragraph 7.2.12.2)

The assistance of Rs.94.71 lakhs given to a training institute proved largely unfruitful as only 1,065 youths against a target of 6,020 could be trained. The institute was eventually closed in September 1990.

(Paragraph 7.2.12.4.(a))

Out of 2211 groups formed, 721 groups on which an expenditure of Rs.108.15 lakhs had been incurred, had become defunct.

(Paragraph 7.2.13.1)

7.2.5 Planning

Under the Programme, a block has been accepted as a unit for planning and implementation. The Programme envisaged preparation of a five year development profile (perspective plan) as well as annual action plan. This was to be the responsibility of the Project Director of each DRDA. It was, however, seen that though five year development profiles (perspective plan) were not prepared, annual action plans were being prepared every year by each block and consolidated at the DRDA level before their final approval by the Governing Body of the respective DRDA

7.2.5.1 Selection and sponsoring of beneficiaries

Under the Programme, household surveys for identification of the beneficiaries were to be conducted by the Block Development Officers (BDO) before the preparation of the annual plans for the Blocks. The families thus identified were to be classified in terms of per capita annual income and poorest of the poor were to be selected for assistance under the Programme. On revision of the poverty line to Rs.6400 from 1985-86, the household survey was conducted in 1986-87 and for revised poverty line Rs.11000 from 1992-93, the survey was conducted in 1991-92.

The findings of survey conducted in 1986-87 and 1991-92 for the State as a whole were as under (Seventh plan and Eighth plan periods) :

(a) Survey conducted in 1986-87

Income level	Number of families (Percentage in bracket)
Upto Rs.2265	2,12,255 (19)
2266 to 3500	5,97,274 (52)
3501 to 4800	2,63,752 (23)
4801 to 6400	71,726 (6)
	11,45,007

Out of 10,73,281 families based on the cut off line of Rs.4800, 7,81,392 families were assisted during 1985-86 to 1991-92.

(b) Survey conducted in 1991-92

Income level	Number of families (Percentage in bracket)
Upto Rs.4000	6,26,816 (24)
4001 to 6000	11,69,428 (45)
6001 to 8500	5,73,835 (22)
8501 to 11000	2,48,861 (9)
	26,18,940

Out of 23,70,079 families based on the cut off line of Rs.8500/-, 61,842 (3 **per cent**) families were assisted during 1992-93.

7.2.5.2 According to the survey conducted by DRDA's, in 1986-87, the details of families assisted under the Programme during the period 1987-88 to 1990-1991 in respect of five selected districts were as under:

Income Group	Families surveyed	Name of Districts					
	Families assisted	Kachchh	Junagadh	Sabarkantha	Ahmedabad	Vadodara	Total
Upto	"	8675	10023	9728	12922	13298	54646
2265	"	5990	6982	4307	776	3360	21415
2266 to	"	30731	34250	30107	31096	48912	175096
3500	"	9725	12009	16427	10779	16440	65380
3501 to	"	900	9819	9209	11725	15714	47367
4800	"	1464	4483	5517	5489	19265	36218
4801 to	"	540	3125	549	10097	2248	16559
6400	"	-	-	-	-	-	-

(i) In the five districts out of the total 2,93,668 families surveyed, 1,23,013 families were assisted during the above period. It could further be seen that out of the above assisted families 21,415 (17 **per cent**) families were covered in the lowest income group (i.e. below Rs.2265), whereas 65,380 (53 **per cent**) and 36,218 (30 **per cent**) were covered in the higher income groups (Rs.2266 to 3500) and (Rs.3501 to 4800) respectively.

(ii) In Vadodara and Ahmedabad districts, the percentage coverage of families in the lowest income group was very low and was 5 **per cent** and 9 **per cent** respectively.

iii) In Kachchh and Vadodara districts, the number of families identified in the income group Rs.3501 to Rs.4800 was 900 and 15,714 respectively. Against this, the number of families assisted was much more, being 1464 and 19,265 respectively.

Thus, it could be seen that the Antyodaya principle of coverage of poorest of poor families first was not followed.

The Department stated (December 1993) that the poor coverage in the lowest income group was due to the inadequate capacity of the poor families to repay the loan, and they preferred wage employment schemes such as NREP,RLEGP,NRY etc.

7.2.6 Financial Outlay and expenditure

7.2.6.1 The year-wise grant released by the Central Government/State Government and the expenditure incurred on the Programme by the Commissioner of Rural Development during 1985-86 to 1992-93 were as under:

(Rupees in lakhs)

Year	Approved Outlay	Opening Balance	Grants released		Total	Expenditure incurred	Closing Balance
			Central share	State share			
1985-86	1735.90	299.49	867.95	867.95	2035.39	1511.05	524.34
1986-87	1979.68	524.34	989.74	989.72	2503.80	2324.35	179.45
1987-88	2194.54	179.45	1097.27	1097.27	2373.99	2485.04	(-)111.05
1988-89	2377.34	(-)111.05	1199.09	1201.07	2289.11	2580.56	(-)291.45
1989-90	2398.00	(-)291.45	1132.03	1138.21	1978.79	2643.33	(-)664.54
1990-91	2266.00	(-)664.54	1104.96	1134.57	1574.99	2342.10	(-)767.11
1991-92	2132.10	(-)767.11	1211.25	1184.36	1628.50	2307.99	(-)679.49
1992-93	2010.00	(-)679.49	1087.39	1098.62	1506.52	2204.50	(-)697.98
Total	**17093.56**		**8689.68**	**8711.77**		**18398.92**	

The Commissioner, Rural Development stated (December 1993) that DRDA's implemented more than 5 to 6 programmes, funds for which were kept in common account. At times funds were diverted from one Programme to another.

7.2.6.2 Application of resources

Sector-wise details of expenditure incurred during 1985-86 to 1992-93 were as under:-

	Sector	Expenditure (Rupees in lakhs)
1)	Agriculture	1557.92
2)	Minor Irrigation	1965.61
3)	Animal Husbandry	6349.46
4)	Village and Cottage Industries	771.19
5)	Forest	2.19
6)	Fisheries	145.74
7)	Cooperation	67.87
8)	I.S.B.	3010.30
9)	Infrastructure	1416.50
10)	Administrative Infrastructure	1963.10
11)	TRYSEM	1149.04
		18398.92

As provided in IRDP Manual considering the need to off-load the farm sectors attempt was to be made to diversify into secondary and Tertiary sector activities. It would be seen from the above that the expenditure was approximately fifty **per cent** under Animal Husbandry and Agriculture falling under Primary Sector, where as under the Forest, Fisheries and Cooperation, the expenditure was Rs.203.01 lakhs which was just 0.01 **per cent.**

7.2.6.3 Misappropriation of Fund

The funds received for implementation of various programme were being credited in the accounts of DRDA in various Nationalised Banks. The amounts required were being drawn by cheques as and when required.

(i) The Accounting procedure of DRDA provides that the cheque books and the counterfoils of used cheques should be kept in the custody of the Accounts Officer/Project Director. The procedure provides that the cheques for sums not exceeding Rs.25,000 should be signed by the Project Director and cheques for sums exceeding Rs.25,000 will be signed by the Project Director and the Chairman. The Governing body of DRDA, Junagadh by its resolution of September 1989 amended the relevant rule and empowered the Project Director to sign cheques exceeding Rs.25,000 without any limit. Due to amendment of the Rule, the second check to be exercised by the Chairman was dispensed with.

(ii) Sixteen cheques with counterfoils were stolen from two cheque books by the Accountant of DRDA, Junagadh. Out of the above cheques, 7 cheques aggregating to Rs.29,00,500 were drawn between 24th October and 25th November 1992 by forging the signature of Director, DRDA Junagadh. From the records produced to Audit, it was seen that the cheque books were kept in the custody of Accountant and not with the Accounts Officer/ Project Director.

Three officials including the Project Director were placed under suspension. The matter was reported to police in December 1992 and was under investigation. Till December 1993, Rs. 1.06 lakhs had been recovered from the accountant.

7.2.6.4 Loan

For the State as a whole a sum of Rs.23,339.10 lakhs was released as credit assistance by Banks/Financial institutions, during the years 1985-86 to 1992-93.

In five selected districts, Rs.5911.42 lakhs was released as credit assistance by the Banks/Financial institutions, during the years 1985-86 to 1992-93. However, no details about year-wise outstanding loans, amount of overdue instalments/interest was available with any DRDA. It was stated that the bank authorities were not furnishing such details.

Government of India had introduced loan-waiver scheme some time in 1989-90. The details regarding amount of loan/interest waived and the impact on the repayment of loan instalment was not available with any of the five selected DRDA.

7.2.6.5 Loan Pass Book

The Reserve Bank of India (RBI) had issued instructions to all banks to issue Loan Pass Book to IRDP beneficiaries. This Pass Book should *inter alia* contain details such as the date of sanction of loan, amount of loan sanctioned, subsidy received, rate of interest, amount due under each instalment, due dates of instalments etc. Banks should ensure that the Branch Managers fill in all the columns in the Pass Book as otherwise the purpose of issuing the pass books would be defeated.

In 15 selected Talukas, 581 loan pass books were reviewed. Out of these 581 pass books, in 281 cases, rate of interest was not indicated and in 353 cases number of instalments for repayment of loan was not recorded. In 123 cases, it was noticed that the repayment of loan instalments were stopped by the beneficiaries and no action was taken for recovery of the loan.

7.2.7 Physical progress

7.2.7.1 Targets and Achievements

The details of Targets/Achievements for the State as a whole were as under :

Year	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Target No. of beneficiaries	94,000	1,22,500	1,50,000	1,30,000	93,500	72,030	68,227	56,861
Benefiaries Actually assisted	1,01,275	1,47,527	1,54,124	1,31,244	1,02,431	72,455	72,326	61,842
SC/ST								
Families assisted	37,973	54,001	65,556	66,102	50,460	38,467	38,424	32,215
(Percentage)	(37)	(37)	(43)	(50)	(49)	(53)	(53)	(52)
Women beneficiaries	12,176	30,166	46,977	32,508	36,469	38,315	28,984	24,790
(Percentage)	(12)	(20)	(30)	(25)	(36)	(52)	(40)	(40)
Physically handicapped	NA	NA	NA	74	31	72	38	37
(Percentage)								
No. of families crossing the Poverty Lines								
(Percentage)								
a) above Rs.3500	NA	NA	NA	NA	NA	48,350	50,213	
						(7)	(7)	
b) above Rs.3500	NA	NA	NA	NA	NA	8,441	6,492	
						(12)	(9)	
c) above Rs.11000	-	-	-	-	-	-	-	

NA: Not available

In this connection, the following observations are made.

a) The targets were largely achieved in all the years. The information regarding the number of families who crossed the poverty line during 1985-86 to 1989-90 was not available. In 1990-91 and 1991-92, out of 72,455 and 72,326 families assisted only 8,441 (12 **per cent**) and 6,492 (9 **per cent**) respectively had crossed the poverty line of Rs.6400. Thus, the targets of the Programme were substantially achieved, achievement of the desired results of lifting the families above the poverty line remained substantially unachieved.

b) There was no shortfall in the coverage of SC/ST families. However, in case of women beneficiaries against the target of 30 **per cent** for the period prior to 1990-91, the coverage was 12 **per cent**, 20 **per cent** and 25 **per cent** in the years 1985-86, 1986-87 and 1988-89 respectively.

c) The coverage of physically handicapped was to be 3 **per cent**. Against this, the coverage during the year 1985-86 to 1987-88 was not available and during 1988-89 to 1992-93, the coverage was negligible.

7.2.7.2 Per capita Investment

The aim of the programme was to take-up a package of schemes which would generate enough additional income to enable the beneficiaries to cross the poverty line. Estimates made by experts indicated that a per capita investment (subsidy + credit) of about Rs.7000/- (as per Seventh Plan) and Rs.9000/- (as per Eighth Plan) would be required to generate such additional income to a family. The details regarding amount of investment, number of beneficiaries and per-capita investment for the State as a whole are as follows :

Year	Total amount of investments (Rupees in lakhs)	Number of beneficiary	Per capita investment (Rupees)
1985-86	3151.85	101275	3112
1986-87	4936.81	147527	3346
1987-88	4909.98	154124	3186
1988-89	5009.42	131244	3817
1989-90	5326.14	102431	5200
1990-91	4494.34	72465	6202
1991-92	4830.66	72326	6679
1992-93	4525.43	61842	7318

It would be seen from the above that the per capita investment was very low ranging from Rs.3112 to Rs.5200 during the Seventh Five Year Plan period. The same was ranging between Rs.6202 to Rs.7318 during years 1990-91 to 1992-93.

The Commissioner, Rural Development stated that in the State the per capita cost norms are fixed by District Committee hence per family investment remained low.

It was seen in audit that even in five test-checked districts, during the period 1985-86 to 1992-93 the position of per capita investment were below the prescribed norms as shown below.

Name of districts	Per capita investment (Rupees)
Kachchh	2750 to 6655
Junagadh	2532 to 6993
Sabarkantha	3237 to 6692
Ahmedabad	2750 to 7539
Vadodara	2560 to 8444

Due to low per capita investment, out of 1,06,114 families assisted, only 8541 families could cross poverty line during 1985-86 to 1992-93 in respect of Junagadh, Ahmedabad and Kachchh districts. The information in respect of Sabarkantha and Vadodara districts was not available.

7.2.7.3 Supplementary assistance

Families which had not received adequate assistance during the Sixth Plan period and were not able to cross the poverty line for no fault of their own were to be given supplementary assistance in the Seventh Plan period. For the selection of eligible beneficiaries, a case by case survey was to be conducted. According to the survey 1.77 lakh families were identified for supplementary assistance. Rs.1566.27 lakhs was spent towards supplementary assistance during 1985-86 to 1992-93 for intending benefit to 1.49 lakh families for the State as a whole.

Number of families who had crossed the poverty line after getting supplementary assistance was not available with the Department.

7.2.7.4 In five selected districts, the details of supplementary assistance was as under

	Number of families given supplementary assistance	Amount of supplmentary assistance	Amount of first dose of assistance	Number of families who had crossed poverty line
		(Rupees in lakhs)		
Junagadh	13076	111.90	290.47	4019
Kachchh	2068	22.48	190.56	NA
Vadodara	12204	99.72	NA	NA
Ahmedabad	10546	88.81	NA	NA
Sabarkantha	10084	101.53	NA	NA
Total	**47978**	**424.44**		

In Junagadh district, despite giving Rs.111.90 lakhs as supplementary assistance to 13,076 beneficiary families, only 4,019 (31 **per cent**) families could cross the poverty line.

In respect of the other four districts, details regarding the number of families who had crossed the poverty line was not available.

7.2.8 Administration of subsidy

Up to 1990-91, subsidy was linked with credit/loan obtained from financial institutions and the DRDAs were required to deposit in their subsidy accounts the portion of subsidy as soon as the loan applications were sanctioned by banks. From 1991-92, at least half of the blocks in a district were to be identified for cash disbursement (CD) by the District Level Coordination Committee (DLCC) keeping in mind the location of the block, availability of infrastructure etc. In such cases of cash disbursement, the Branch Managers of Bank/ Financial Institution were to verify actual purchase of assets within one month of disbursement. Out of 218 blocks in the State, 98 blocks were identified for cash disbursement. In the five selected districts, comprising 58 blocks, the position was as follows:

	Total Number of blocks	Number of blocks identified for CD	Number of blocks in which scheme implemented	Number of benefic-iciaries assisted	Amount of assistance (Rupees in lakhs)
Kachchh	8	3	3	774	15.07
Junagadh	14	7	2.50	59	0.95
Sabarkantha	10.50	6.50	1	37	0.66
Ahmedabad	10.25	4.75	0.50	57	2.46
Vadodara	15.25	2.00	Nil	Nil	Nil
Total	**58.00**	**23.25**	**7.00**	927	**19.14**

Fifty **per cent** of the blocks were not identified under CD. Further other than in the 3 blocks of Kachchh District there was a substantial shortfall in cash disbursement in the remaining four districts.

It was noticed during audit that the banks were not submitting reports to the Block Development Officer concerned regarding verification of assets as required under rules, under cash disbursement system.

7.2.9 Infrastructure

7.2.9.1 Administrative Infrastructure

As provided in the IRDP manual, DRDAs having eight and more blocks can utilise 10 **per cent** of allocation of IRDP for the year on administrative infrastructure.

In five selected districts (all having eight or more blocks) the percentage of expenditure incurred by them on administrative infrastructure was as under:

Year	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
			(Percentage of expenditure)					
Kachchh	13	14	16	22	21	21	15	21
Junagadh	12	10	17	20	13	13	14	13
Sabarkantha	7	8	11	12	11	11	10	11
Ahmedabad	10	10	14	19	19	21	15	18
Vadodara	9	7	8	8	10	15	12	11

It would be seen from the above table that in Kachchh, Junagadh and Ahmedabad the expenditure on administrative infrastructure was more than the prescribed norms. Increase in administrative infrastructure in Kachchh, Junagadh and Ahmedabad Districts was attributed by the Department to lesser SC/ST population resulting in less allocation of funds as compared to other districts.

7.2.9.2 Dairy

(a) The Village Milk Co-operative Societies were entitled for 50 **per cent** subsidy for construction of Milk Collection Centres to enable them to provide facilities for hygienic collection, testing, storage and marketing etc. of milk.

It was further provided that Milk Cooperative may be assisted to the maximum extent of 50 **per cent** of the prescribed total cost or actual cost, whichever was less. It was also stipulated that the construction should be completed within a period of six months of receipt of the subsidy.

It was noticed during audit that in Kachchh and Junagadh districts, an amount of Rs.4.33 lakhs was provided to the Dairy Development Department during the period 1985-86 to 1991-92 to be granted as subsidy to 20 cooperatives for the construction of Milk Collection Centres the details of which are given below:

Year of payment of subsidy	District	Number of milk collection Centre	Amount of assistance (Rupees in lakhs)
1985-86	Junagadh	3	0.44
1986-87	Junagadh	4	1.02
1988-89	Junagadh	1	0.28
	Kachchh	1	0.15
1990-91	Kachchh	1	0.14
1991-92	Junagadh	7	1.25
	Kachchh	3	1.05
	Total	**20**	**4.33**

None of the centres had been completed till the dates of audit (April 1993), resulting in delays ranging from 1 year to 8 years. The expenditure of Rs.4.33 lakhs thus proved unfruitful.

(b) Milco-Tester

Village Milk Co-operative societies with an average daily collection of 1000 litres, which was relaxed to 300 litres per day subject to a gradual increase in the collection, were eligible to get a subsidy of Rs.12,000 or 50 **per cent** of the cost of a Milco Tester subject to the condition that a minimum of 50 **per cent** of the members of the society should be IRDP beneficiaries.

In the five test checked districts, 197 Co-operative Milk producing Societies were paid Rs.18.48 lakhs for purchase of milco tester during 1985-86 to 1992-93. In Junagadh District, of the 45 societies assisted, 16 societies did not satisfy this criteria of 50 **per cent** IRDP beneficiaries and hence the subsidy of Rs.1.67 lakhs paid to these 16 societies was irregular. The Director, DRDA, Junagadh stated (June 1993) that the matter had been referred to the Managing Director, District Milk Producer Union, Junagadh for recovery of the amount.

It was also noticed during audit that a subsidy of Rs.2.46 lakhs paid to 27 milk co-operative societies in Junagadh and Vadodara District was irregular since the average collection in each of these societies was less than 300 litres per day.

7.2.9.3 Fodder Farm

(a) In order to supply fodder to the needy milk producers of the village throughout the year on no profit no loss basis, a scheme for establishment of fodder farms in gauchar* land was provided for in the IRD Programme. Assistance in the form of subsidy at the rate of 50 **per cent** of the capital cost subject to a maximum amount of Rs.1.035 lakhs in seven years

* Gauchar land means public land reserved for grazing cattle

(Rs.1 lakh in 1st Year and 0.035 lakh subsequently) was admissible to milk co-operative societies for this purpose. It was envisaged that with proper management of inputs initial production of about 350 tonnes per year would result in about 800-900 tonnes of green fodder per year at the end of sixth year.

In Sabarkantha district, seven societies were sanctioned total subsidy amounting to Rs.7.24 lakhs, against which Rs.6.28 lakhs were paid during April 1983 to November 1992. Out of these seven societies, one society which was paid subsidy of Rs.0.85 lakh (between March 1984 and April 1988) had gone into liquidation in January 1992 and in the other 6 farms, the annual production was much below the quantity envisaged in the scheme as could be seen from the table below :

Farm Number of farms	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
				(Production in tonnes)				
1	10.5	15.0	5.0	9.8	18.7	50.3	18.8	18.7
2	109.8	155.8	13.8	126.0	58.4	129.2	141.1	175.4
3	17.0	26.4	23.3	24.0	23.9	19.9	20.5	22.3
4	-	-	9.0	-	-	23.0	-	-
5	22.0	68.7	82.5	78.8	58.0	71.4	74.0	18.4
6	-	-	-	-	42.5	81.2	122.0	317.7

The Department stated (December 1993) that the poor performance was due to scarcity of water and farmers having their own source of fodder. Since no proper survey about requirement of fodder and availability of water was carried out, the assistance of Rs.6.28 lakhs paid to the seven societies proved unfruitful.

(b) In Junagadh, five milk production cooperative societies were given a subsidy of Rs.3.88 lakhs in March 1987 for setting up of fodder farms.

Of the five societies, only one had started production of green fodder. In this farm also, the annual average production for the 4 years 1989-90 to 1992-93 was 10.3 tonnes which was much below the envisaged production of 350 tonnes per year. The poor production of fodder was attributed by the Department to insufficient water. In two societies, beneficiaries were not interested and in one society, the site was found inconvenient and in one society subsidy was refunded in August,1988 hence, the assistance of Rs.3.88 lakhs paid to the five societies did not fulfil the objectives of the scheme.

7.2.9.4 Fisheries Infrastructure

Between February 1982 and March 1986, DRDA, Kachchh had placed Rs.4.78 lakhs at the disposal of the Superintendent of Fisheries, Kachchh for development of infrastructural facilities such as construction of insulated room for ice storage, fish landing platforms, dry fish godown, etc. The various construction works were to be carried out through the Gujarat Maritime Board (GMB). It was noticed that though the entire amount had been paid to the GMB between February 1982 and March 1986 the works were either incomplete or not taken over by the Fisheries Department. The details of the works were as follows :

	Name of work	Amount (Rupees in lakhs)	Date of sanction	Remarks
1	Construction of insulated room for ice storage at Mandvi	0.33	4th February 1982	Work not completed
2	—do— at Bhadreshwar	1.10	7th March 1983	Due to defective construction the possession has not been taken
3	Construction of fish landing platforms for fish landing Centre at Mandvi	0.44	4th February 1982	Possession not taken for want of inspection by DRDA
4	Construction of dry fish godown at Bhadreshwar	1.91	11th March 1986	The structure was damaged by cyclone in 1986. An inquiry was set up and the Report awaited
5	Construction of fish landing platforms for fish landing Centre and insulated ice room at Zarpade	1.00	13th March 1986	The site selected by the Gujarat Maritime Board was not suitable. The Fishery Department refused to take possession
	Total	**4.78**		

Thus, the purpose for which the amount was spent had not been fulfilled.

7.2.10 Animal Husbandary/Milch Animal Non-provision of assistance for second milch animal

The guidelines issued by the Ministry of Rural Development in November 1981 envisaged that two milch animals should be supplied in succession to the same beneficiary (second animal as soon as the first animal stopped lactating) as otherwise the beneficiary would experience a fall in his income and slip back into poverty. In the five districts, test checked it was seen that during 1985-86 to 1992-93, 87,014 beneficiaries were supplied assistance for purchase of milch animals. However, it was seen that in Vadodara, Sabarkantha, Ahmedabad and Junagadh districts, only 9,429 beneficiaries were provided with a second milch animal. The information in respect of Kachchh district was not available in the records of the DRDA. The Department stated that reasons for not providing the second milch animal were, less demand from beneficiaries due to shortage of fodder, ceiling limit of subsidy, etc.

7.2.11 Other Interesting Points

7.2.11.1 Diversion of Funds

Test check of records of selected districts revealed the discrepancies amounting to Rs.23.85 lakhs with regard to expenditure on inadmissible items, diversion of funds, as well as unproductive investments on infrastructure as detailed below:

Name of DRDA (District)	Year	Amount (Rupees in lakhs)	Items/Schemes on which funds were spent	Remarks
1	2	3	4	5
(1) Sabarkantha	1985-86	5.10	"Special programme	The amount spent on
	1986-87	3.15	Cow and Calf"	"Cattle Development
	1987.88	1.00	Cow and Calf"	scheme" was met by
	1988-89	7.47		diversion of IRDP funds
	1992-93	0.25	Stationery articles	For use of Commissioner's office, Gandhinagar
(2) Ahmedabad	1989-90	1.70	"Special Agriculture programme"	The expenditure was met by diversion of fund from IRDP
		2.00	"Jawahar Rojgar Yojna"	
	1992-93	0.15	Furniture	For use of DDO/Chairman's office
	1990-91	0.34	AC Machine	Installed in the chamber of
	"	0.51	Xerox Machine	DDO/Chairman
	1991-92] 1992-93]	0.20	Construction of false ceiling	Dist.Panchayat Ahmedabad.
(3) Vadodara	1991-92	1.00	Advance paid to Gujarat Gram vikas Nigam, Gandhinagar for the purpose of `Narmada Rehabilitation Area to develop fodder farm to unregistered society.	The expenditure was met by diversion of fund from IRDP.
Vadodara	1988-89	0.48	Purchase of electronic typewriter lying unutilised	The type-writer purchased in October 1988, was declared surplus in June 1992
(4) Gandhinagar	1990-91	0.29	Bilingual electronic typewriter	Transferred to District Panchayat office Gandhinagar
	1991-92	0.21	Furniture was purchased for use of Chairman's office	Utilised by Chairman at his residence.
	Total	**23.85**		

7.2.11.2 Rush of expenditure

Financial rules require Government expenditure to be evenly phased throughout the year. To avoid bunching of activities at the end of a financial year 15 **per cent** allocation is to be utilised during the first quarter (April to June), 25 **per cent** during the second quarter (July to September), 35 **per cent** during the third quarter (October to December) and 25 **per cent** during the fourth quarter (January to March).

In the five test checked districts, the percentage of expenditure incurred in the last quarter (January to March) during the period 1989-90 to 1992-93 was on the higher side in respect of Junagadh (38 **per cent** to 79 **per cent**) and Sabarkantha (30 **per cent** to 49 **per cent**)

7.2.11.3 Non-maintenance of control Register

To watch the limit of maximum subsidy payable to a beneficiary, a control register was required to be maintained both at DRDA as well as Block level. It was noticed that this register was not maintained by any of selected DRDAs. In Kachchh and Junagadh districts, the control Register was not maintained even at the Block level.

7.2.11.4 Computer Centre

(a) For strengthening the monitoring of Centrally sponsored schemes, the Government of India, had sanctioned (October 1987) a mini-computer Centre in each DRDA for development of specific application software.

It was noticed that in DRDA Bhuj a computer costing Rs.1.40 lakhs was purchased in May 1988 but had not been installed as of May 1993, while an expenditure of Rs.0.80 lakh had been incurred on maintenance of computer and training of personnel.

(b) In DRDA Junagadh, a computer costing Rs.1.40 lakhs was purchased in March 1988 and installed in August 1988. Additional expenditure of Rs.0.29 lakh and Rs.0.58 lakh was incurred towards purchase of air conditioner, stabilizer, training and maintenance respectively. The computer had not been utilised as of July 1993.

The Department stated that for want of trained staff, the computer was not put to use.

7.2.12 Trysem

7.2.12.1 The Scheme for Training of Rural Youths for Self-Employment (TRYSEM) was introduced in August 1979 as a part of IRD Programme. The objective of the scheme was to impart training to rural youths to enable them to start their own enterprises and thus earn their livelihood. The objective of TRYSEM had been enlarged to include wage employment. The target group comprises rural youth between the age of 18-35 from families living below the poverty line.

Upto 1990-91, 10 **per cent** of total IRDP funds was to be allocated towards TRYSEM. From 1991-92, the financial provision was delinked from that of IRDP and a separate budget head from within the over-all IRDP budget was provided. Funds for TRYSEM were to be shared by the State/Central Government equally.

Under this scheme, an expenditure of Rs.2121.96 lakhs (Recurring expenditure, Rs.1805.44 lakhs, infrastructure Rs.316.52 lakhs) was incurred during the years 1985-86 to 1992-93. Against the target of 1,13,650 trainees, 1,19,823 candidates were trained. Out of total candidates trained, the percentage coverage of SC/ST was (49 **per cent**) women (40 **per cent**) and physically handicapped (0.1 **per cent**). Out of trained youth, 39,707 (33 **per cent**) had got self employment and 14012 (12 **per cent**) wage employment. Total coverage of self employment was 53719 (45 **per cent**).

In five test-checked districts, against a target of 34,093 youth to be trained, only 32,288 youth had completed the training during the period 1985-86 to 1992-93. Of these, only 8,652 (27 **per cent**) and 1739 (5 **per cent**) had got self employment and wage employment respectively.

7.2.12.2 Supply of Tool-kits

The scheme provided for free supply of tool-kits costing not more than Rs.500/- (Rs.600/- from April 1991) during the course of training itself. The Taluka Development Officer, Bhuj received 96 tool kits in January 1991 for distribution to trainees. Tool-kits worth Rs.0.43 lakh had not been distributed as of May 1993.

A grant of Rs.2.58 lakhs for supply of Tool-kits under TRYSEM was received on 31 March 1993 by the Director, District Rural Development Agency, Sabarkantha. Two cheques for Rs.1.83 lakhs and Rs.0.75 lakh were drawn on the same day by the Director, in favour of the Managing Director, Gujarat Rural Industries Marketing Corporation, Gandhinagar towards the supply of tool-kits. Though the material was not received during 1992-93, the expenditure was debited as final expenditure during 1992-93. Actual date of supply and receipt of tool-kits was not available in the records of the Director, DRDA.

7.2.12.3 Supply of improved Tool-Kits to Rural artisans under IRDP

From 1992-93, Government of India introduced a scheme to provide modern toolkits to village artisans as a part of the IRD Programme. The aim of the scheme was to provide rural artisans with modern tool kits to enable them to earn a higher income in their traditional trades.

According to the guidelines, a toolkit worth about Rs.2000 was to be given to each rural artisan of which 10 **per cent** or about Rs.200 was to be contributed by the artisan himself and the balance was to be provided as a grant. During 1992-93, two districts (Kachchh and Panchmahals) were to be covered and 2000 artisans from each district were to be selected. The Central Government had accordingly released Rs. 36 lakhs for each district.

In Kachchh district, Rs.36 lakhs were received in September 1992 as Central assistance but no expenditure had been incurred as of May 1993. The Director, DRDA, Bhuj stated that the trade wise identification of rural artisans for supply of tool kit had not been finalised (May 1993) by the various Block Development Officers.

7.2.12.4 Training Infrastructure

(a) The Government of India provides Central assistance to training institutes belonging to Central and State Governments and voluntary organisations which provide training under TRYSEM. Central institutions get 100 **per cent** grant while all other institutions require matching assistance from the Central and State Governments.

The Government of India sanctioned financial assistance of Rs. 92.11 lakhs in February 1988 and Rs.11.70 lakhs in February 1989 to the Indian Diamond Institute, Surat for creation of infrastructural facilities such as buildings, machinery and equipment, teaching-aids, etc. The institute was to impart training in diamond cutting and polishing to 6,020 rural youth identified under IRDP (520 in Phase-I and 5500 in Phase-II) and then provide employment to them.

Accordingly, an amount of Rs. 94.71 lakhs was released during March 1988 to October 1989 through DRDA, Surat to the Institution.

Against the target of 6,020 youths to be trained, only 1,065 youths were trained during March 1988 to September 1990. The Institute was closed in September 1990 due to recession in the diamond industry and had not resumed the training as of July 1993. Also, the Institute was not able to provide employment to any trainees.

The Commissioner, Rural Development stated that the fixed assets of the Institute would be put to alternate use. Thus, the entire expenditure of Rs.94.71 lakhs proved unfruitful.

(b) The following institutions were given assistance under the Scheme to conduct training of certain trades but the grant was not fully utilised by them (July 1993). Neither the unspent amount was refunded nor reasons for non-utilisation were given.

	Trade Facility	Grant	Expenditure	Balance
Gujarat State Forest Development Corporation Vadodara	Carpentry	4.16 (1987-88)	3.64	0.52
Gujarat Rural Industries Marketing Corporation Chhotaudepur	Tailoring	1.24 (1987-88)	0.45	0.79

7.2.13 Development of Women and Children in Rural areas

Development of Women and Children in Rural Areas (DWCRA), was introduced in 1982-83 with the primary objective of focusing attention on the women members of rural families below the poverty line with a view to provide them with opportunities of self-employment on a sustained basis. The target group for DWCRA is the same as for IRDP. However, in IRDP a family is a unit of assistance whereas in DWCRA the emphasis is on group strategy. The women members of DWCRA form groups of 10 to 15 members, each for taking up economic activity suited to their skill, aptitude and local condition. In addition to the benefits of loan subsidy of IRDP to individual members, each group of women is entitled to a lumpsum grant of Rs.15000 as Revolving Fund (RF). The expenditure is to be shared equally by the Government of India, State Government and UNICEF. The RF amount is meant for use of prescribed group activities.

In Gujarat, DWCRA programme was introduced in two districts in 1983-84 and slowly extended to other eleven districts by end of 1992-93.

7.2.13.1 Target and achievement

During the period 1985-86 to 1992-93, funds aggregating to Rs.364.85 lakhs were released for DWCRA (Rs.16.83 lakhs Opening Balance + Rs.116.69 lakhs central + 116.61 lakhs UNICEF + 114.72 lakhs State share). Out of this amount an expenditure of Rs.312.29 lakhs was incurred on the programme leaving a balance of Rs.52.56 lakhs.

Against a target of 2,438 groups, 2,211 groups were formed under the programme covering 30,423 beneficiaries. Out of 2,211 groups formed, 1,490 groups had started income generating activities and 721 groups on which an expenditure of Rs.108.15 lakhs had been incurred had become defunct. The department stated that the reasons for the groups becoming defunct were lack of marketing network, lack of raw-materials, lack of interest among beneficiaries, etc. It was also stated by the Commissioner (December 1993) that for revival of defunct groups of DWCRA, numerous meetings to sort out the problems were held at Government level as a result of these meetings, 136 defuncts DWCRA groups could be revived.

7.2.13.2 (i) In the DRDAs of the five test checked districts, the details of groups formed, and the number of defunct groups were as under.

District (Year of commencement of programme)	Number of group formed	Number of active group	Number of group defunct
Kachchh (89-90)	149	71	78
Junagadh (83-84)	456	291	165
Ahmedabad (83-84)	292	212	80
Sabarkantha (92-93)	50	—	50
Vadodara (92-93)	33	—	33
	980	**574**	**406**

In Sabarkantha and Vadodara, the programme was introduced only in 1992-93, and none of the groups (83) had started any income generating activities.

(ii) In November 1991, Government of India, had issued instructions for initiating action for reviving defunct groups and laid down a time bound action plan for the same. According to the instructions, if the defunct groups could not be revived by May 1992, action was to be taken for recovery of revolving fund lying partly or fully unutilised with the group.

It was noticed that in Kachchh, Junagadh and Ahmedabad districts, the DRDAs had not initiated action for recovery of revolving fund amounting to Rs.48.45 lakhs in respect of any of the 323 defunct groups which could not be revived by the prescribed date.

(iii) In order to accelerate the activities of 169 groups, the Gujarat Mahila Arthik Vikas Nigam, Gandhinagar had, in January 1991 sanctioned Rs.4.25 lakhs to DRDA Junagadh as margin money. However, the amount had not been distributed to any of the 169 groups and was lying unutilised with the agency (March 1993).

The Director stated that as the groups had not started any activity, the margin money was not disbursed and the amount would be refunded to the Nigam along with interest.

7.2.13.3 Staff

In every block covered under DWCRA, one post of Gram Sevika and one post of 'Assistant Project Officer' (APO) at District level was sanctioned for implementing and monitoring the programme. The DWCRA Programme was introduced in Ahmedabad and Junagadh in 1983-84 and in Bhuj in 1989-90. However, the post of APO (DWCRA) in Ahmedabad was filled only in 1990-91 whereas in Kachchh the post was filled in March 1992. The post of APO, Junagadh was vacant. The post of 'Gram-Sevika' at block level was vacant in all the 15 test checked blocks. The Department stated that the posts were vacant due to non-availability of lady officer (Class-II) and abolition of post of "Gram sevika" in Panchayat cadre.

7.2.13.4 Vehicles

The UNICEF provides one vehicle for use of APO at District level. The vehicle was to be utilised exclusively for the DWCRA Programme. In Kachchh, a vehicle was provided in November 1992, and out of a total mileage of 14,013 KM upto March 1993, only 1,614 km (12 **per cent**) was for DWCRA activities.

Similarly, in Junagadh a vehicle was received in December 1983 and out of a total mileage of 1,31,732 KM only 8,318 KM (6 **per cent**) was for DWCRA activities. The vehicle remained out of order since May 1991.

Reasons for use of vehicles for other than DWCRA Programme was not specifically clarified by the Project Directors, Junagadh and Kachchh.

7.2.14 Monitoring

7.2.14.1 To ensure that IRDP beneficiaries cross the poverty line, it was not sufficient to provide him assets through subsidy and loan. The progress of management of his assets for generation of incremental income had to be continuously followed up, monitored and evaluated.

The follow-up on the Projects given to the beneficiaries was to be done by the District Rural Development Agency, Block Officials and Bankers to see that the beneficiary was properly managing his assets and was able to generate sufficient incremental income. Every

IRDP beneficiary should be given *"VIKAS PATRIKA"* in revised format (during Sixth Plan *KUTUMB POTHY*). Two copies of this document were to be prepared of which one copy was to be given to the beneficiary family and the other to be kept at Block Head quarters. Both the copies were to be continuously updated with regard to the status of the project. An annual physical verification of assets was also to be undertaken at the end of each year and the results of such verification incorporated in the Annual plan for the next year.

A test-check of 15 blocks of 5 districts revealed the following:

(a) In Sabarkantha and Vadodara Districts, only one copy of *Vikas Patrika* was maintained. This was with the beneficiaries.

(b) 6,126 *Vikas Patrika* remained to be issued to the beneficiaries during the years 1990-91 (773), in 1991-92 (3,077) and in 1992-93 (2,276)

(c) Of the 704 *Vikas Patrikas* reviewed, it was noticed that only the name of the beneficiary and the amount given to him was mentioned. There was no mention about visits by field level workers or any follow up action taken to evaluate the impact of the scheme on the beneficiary in any of the cases.

7.2.14.2 Assets verification

An important component of the programme was the verification of assets acquired by the beneficiaries to ensure proper utilisation of the assistance. The details of number of beneficiaries to whom assets were given and number of assets verified for years 1985-86 to 1992-93 for five selected districts were as under:

	Number of assets required to be verified	Number of assets verified by village level workers	Number of cases of misutilisation of assets
Kachchh	29130	26934	Not available
Junagadh	9396	* 9396	104
Sabarkantha	49943	**93252	1254
Ahmedabad	7800	***4955	70
Vadodara	69764	69764	Not available

(* Verification of assets conducted in 1986-87 only)
(** From the inception of programme)
(*** Verification of assets was not conducted upto 1987-88)

In test-checked blocks (3 blocks from each district) 270 cases of misutilisation of assets were noticed, involving an amount of Rs.13.53 lakhs (Loan Rs. 9.07 lakhs and subsidy Rs.4.46 lakhs). No action for recovery had been initiated as of (December 1993)

7.2.14.3 Internal Audit Cell

An internal audit cell at the State Headquarter was to be set up for the purpose of making periodic visits to check irregularities in coverage of ineligible beneficiaries, treating advances as expenditure, non-adjustment of subsidy in time, release of excess subsidy, etc.

No such Internal Audit Cell was set-up. The Commissioner of Rural Development stated that a proposal to set-up a Internal Audit Cell was turned down by the Government on account of economy measures.

7.2.14.4 Consultative arrangements

For effective implementation and Monitoring of the programme, various committees are provided at the State level, District level and Block level. The details regarding the number of meetings actually held by these committees during the period 1985-86 to 1992-93 were as under:

Name of committee	Number of meetings required to be held	Number of meetings actually held	Shortfall
(i) State Level Coordination Committee (SLOUCH)	32	11	21
(ii) State Level Bankers Committee (SLBC)	Not prescribed	15	For the period from 1985-86 to 1989-90. No information was available with commissioner.
(iii) Dist. level Coordination Committee			
(Five selected DRDAs)			
Kachchh	32	28	4
Junagadh	32	26	6
Sabarkantha	32	22	10
Ahmedabad	32	32	—
Vadodara	32	—	32
(iv) Block Level Coordination Committee (BLCC) (15 selected Blocks) 1 monthly	1440	1052	388
(v) Block level Beneficiaries advisory Committee (BLBAC)	480	72	408
(15 Selected Blocks) Quarterly (4 x 15= 60 x 8 years)			

7.2.14.5 Monitoring

In order to develop a consistent system of monitoring and implementation of IRDP at Block/DRDA level, field visits and physical verification of assets by various level of officers are provided. As against the schedule of visit provided in Manual, the details about such field visits and inspections at various level conducted during the period 1985-86 to 1992-93 are given below in respect of selected DRDA.

		Chairman	PD	APO	BDO	EO
1	Monthly	10	20	40	20	10 (each)
2	Total for years 1985-86 to 1992-93	960	1920	3840	1920	960(each)
3	Number of post	1	1	34	54	191
	Visit					
	Kachchh	18	537	961	958	not given
	Junagadh	09	1060	4563	2769	40068
	Sabarkantha	02	336	3376	2269	23257
	Ahmedabad	09	64	424	116	N.A.
	Vadodara	29	453	1746	1567	18048

It would be seen from the table above that generally there was shortfall in field visit by all categories of officers. Thus very purpose of monitoring could not be fulfilled.

7.2.15 Evaluation

The scheme provided for evaluation studies to be conducted through reputed institutions/ organisations to judge the success/failure of the Programme and to streamline its future implementation.

The evaluation works had been entrusted to the Institute of Rural Management, Anand (IRMA) by Government of India. Three concurrent evaluations were conducted during October 1985 to March 1986, January 1987 to December 1987 and January 1989 to September 1989.

The main findings of the last evaluation conducted between January and September 1989 were as under:-

As many as 11 **per cent** of the beneficiaries assisted under IRDP belong to ineligible families (i.e. having annual income more than Rs.4800)

Assistance provided was insufficient in 38 **per cent** cases.

Increase in family income was more than cent **per cent** in only 2 **per cent** of cases.

Income from assets was more than Rs.2000 in 39 **per cent** cases.

Persons crossing the poverty line of Rs.6400/- was only 16 **per cent.**

Assets were insured in 37 **per cent** cases.

Repayment period of loan was less than 3 years in all cases.

Working capital was provided in 19 **per cent** cases where as it was not provided in 41 **per cent** cases.

In January 1991, the Government had issued instructions to all DRDAs in the State to take suitable remedial action in this regard. In the 5 test checked DRDAs, the DRDAs were not able to furnish details about such remedial action taken to over come shortfalls.

7.2.16 The matter was referred to Government (October 1993); reply is awaited (December 1993).

7.3 Unfruitful investment

The National Cooperative Development Corporation (NCDC) approved (January 1982) the setting up of a straw board manufacturing unit by the Anaval Vibhag Sahakari Straw Board and Paper Mills Ltd. Anaval (unit) at a block cost of Rs.86 lakhs. Due to increase in the cost of plant and machinery, building and other civil works of the unit, the cost was revised to Rs.135 lakhs and was approved by the NCDC in October 1984. As the unit was to be located in tribal area, it was eligible for financial assistance at 95 **per cent** of total block cost in the form of loan (55 **per cent**) share capital (20 **per cent**) and subsidy (20 **per cent**). The remaining 5 **per cent** was to be provided by unit. Accordingly, Government released Rs.81.70 lakhs in March 1982 and November 1983 and Rs.46.55 lakhs in January 1985 (Loan Rs.74.25 lakhs, share capital Rs.27 lakhs and subsidy Rs.27 lakhs). In addition, Government guaranteed (July 1985) repayment of loan of Rs.60 lakhs and interest thereon by unit to the Gujarat State Cooperative Bank Ltd. Ahmedabad. The unit had drawn Rs.26 lakhs against this loan.

Due to increase in project cost, Government sanctioned additional assistance of Rs.65 lakhs (Loan Rs.45 lakhs, share capital Rs.20 lakhs) between October 1986 and August 1987. The Project was commissioned in November 1987.

It was noticed during audit (August 1991) that the unit could not achieve a production level of even 30 **per cent** of its installed capacity, was finally closed in June 1991 and was handed over to liquidator in July 1992. The overdue amount of Rs.19.58 lakhs towards principal and Rs.6.53 lakhs interest thereon was not paid to the Co-operative Bank.

Thus entire investment of Rs.193.25 lakhs for establishment of unit remained blocked besides creating a liability of Rs.26.21 lakhs for the Government as guarantor.

The matter was referred to Government in October 1992; reply has not been received (April 1994).

HEALTH AND FAMILY WELFARE DEPARTMENT

7.4 Abandoned work

The work of laying of sewers in Zone 12 A. under the Rajkot Drainage project was awarded in July 1988 at a tendered cost of Rs. 32.41 lakhs to a contractor by the Executive Engineer, PH World Bank Division, Rajkot of the Gujarat Water Supply and Sewerage Board. The work was to be completed by July 1989. Though the time limit to complete the work was further extended upto July 1990, the agency could not complete the work and finally abandoned the remaining work of the value of Rs.7.61 lakhs.

It was noticed during audit (October 1992) that though the contract agreement contained a provision to get the remaining work executed at risk and cost of defaulting contractor he was relieved of the contractual obligation only after imposing a lump-sum compensation of Rs.0.15 lakh. The remaining work was retendered and got executed through second agency at the cost of Rs.13.37 lakhs.

Thus, the injudicious decision to relieve the contractor by merely charging a nominal amount of Rs.0.15 lakh knowing fully well the additional liability on account of getting the abandoned work completed through another agency without risk and cost to the original contractor tantamount to undue favour to the contractor. Government stated (January 1994) that it was the suggestion of the World Bank not to include the risk and cost clause in World Bank aided projects. The reply is not tenable as the risk and cost clause already existed in the agreement of this work.

NARMADA AND WATER RESOURCES DEPARTMENT

7.5 Unfruitful expenditure

With a view to providing irrigation facilities to 593 hectares of land in Vadodara District the Jamli Minor Irrigation Project was sanctioned by the State Government. The Headworks was completed in 1979 at a cost of Rs.20.50 lakhs and the construction of main canal (8.130 Kms) and minor canal (5.46 Kms) was sanctioned in July 1982 and was taken up in December 1983. Till November 1987 and August 1988, length of 7.493 Kms of the Main canal and 4.19 Kms of the Minor canal was constructed at an expenditure of Rs.19.11 lakhs. The main canal in reaches between Ch 0 to 175, 800 to 874, 5340 to 5720 and 5810 to 5910 was falling in forest land hence construction work could not be carried out in absence of permission of Government of India under Forest (Conservation) Act, 1980.

The Division had taken up the issue of permission with the Revenue and Forest Departments in October 1983. Following protracted inter departmental correspondence, the State Government took up the matter with the Government of India for granting permission for use of forest land in April 1989, which was returned for further compliance and the matter is still pending with the forest department of State Government.

Thus taking up of the construction in intermediate reaches of the main canal and minor canal although the work in first reach of the main canal could not be taken up, resulted in the entire expenditure of Rs.39.61 lakhs remaining unfruitful so far.

Government stated in December 1993 that the matter for acquiring of forest land was still pending with the Forest and Environment Department.

7.6 Unfruitful Expenditure

The Executive Engineer, Panchayat Irrigation Division, Vadodara entrusted (March 1983), the work of construction of main canal of Zar Irrigation Tank, Chhotaudepur to a contractor at his tendered cost of Rs.13.27 lakhs. The work was to be completed by March 1984. The contractor after executing the work of the value of Rs.5.39 lakhs abandoned the work in August 1985. The remaining work was reawarded at its tendered cost of Rs.12.75 lakhs in November 1988. Till April 1993, the work valued at Rs.7.76 lakhs only had been executed.

The following points were noticed in audit (September 1992).

(i) According to the Government instruction of 1980, immediate legal action was required to be taken to enforce recovery of Rs.6.52 lakhs on account of extra expenditure and other amounts recoverable from original contractor. However, except for issuing a letter in January 1989 asking the contractor to refund the amount, no action was taken by the Department.

(ii) It was observed that though the Head works of the Zar Irrigation Tank, was completed in March 1979 at a cost of Rs.10.83 lakhs thereby creating an irrigation potential of 650 hectares per year, this potential could not be fully utilised due to non-completion of canal works and only 121 hectares of land could be irrigated between 1988 and 1993.

The matter was referred to Government (November 1992); reply has not been received (April 1994).

7.7 Avoidable expenditure

The tenders for construction of a canal and Cross Drainage works to Minor Irrigation tank at Mota Kantharia estimated to cost Rs.9.58 lakhs were invited by the Executive

Engineer, Irrigation Division, District Panchayat, Sabarkantha in 1988-89. The lowest offer at 121.70 **per cent** above the estimated cost was rejected in July 1989 by the Government with the instruction to execute the work departmentally. The work, however, could not be executed departmentally, due to non-availability of labourers and machineries. The work was finally awarded in December 1990 after third call to a contractor at 182.5 **per cent** above the estimated cost.

Thus, rejection of lowest tender on first invitation by Government without assessing properly the capacity of Department to get the work executed departmentally resulted in avoidable expenditure of Rs.5.82 lakhs.

Government stated (October 1993) that the rates received in the first two invitations were on higher side and admitted that the rejection of the first offer had resulted in unavoidable excess expenditure.

7.8 Non-recovery of Government dues

Construction of a Minor Irrigation Tank at Bhanmer estimated to cost Rs.6.98 lakhs was entrusted (May 1980) to a contractor at his tendered cost of Rs.6.06 lakhs (below 13.21 **per cent**) by the Executive Engineer, Irrigation Division, District Panchayat, Sabarkantha. The work was stipulated to be completed by 4 November 1981. The contractor executed the work of the value of Rs.2.87 lakhs upto February 1984 and thereafter abandoned the same. The remaining work was awarded (December 1984) to second contractor at his tendered cost of Rs.7.12 lakhs (84 **per cent** above estimate) and it was completed in March 1987. An amount of Rs.4.84 lakhs (risk and cost amount Rs.4.49 lakhs, cost of material supplied Rs.0.09 lakh miscellaneous recovery Rs.0.22 lakh and penalty Rs.0.04 lakh) was thus recoverable from original contractor.

It was noticed during audit (July 1992) that concrete steps were not taken to recover the above amount despite Government instructions (December 1980) to file civil suit immediately on fixing another agency for recovery. Though the second contract was awarded in December 1984, the Division wrote four letters to the contractor between February 1985 and June 1989 and approached the Revenue Department in August 1988 to effect the recovery of the Government dues as arrears of land revenue and filed civil suit only in 1993.

Thus, Rs.4.84 lakhs remained unrecovered from defaulting agency even after ten years.

The matter was reported to Government in April 1993; reply has not been received (April 1994).

ROADS AND BUILDINGS DEPARTMENT

7.9 Extra liability in finalisation of tenders

(a) Tenders for the work of Thoriyali-Bangawadi Road estimated to cost Rs.14.93 lakhs were invited by the Executive Engineer, Panchayat Roads and Buildings Division No.2, Rajkot in November 1990 with validity upto 28th February 1991. The lowest tender for Rs.14.89 lakhs was accepted (January 1991) and the tenderer was asked to pay security deposit within 10 days. Since the lowest tenderer did not deposit security deposit within the stipulated time limit the Department instead of accepting second lowest tender for Rs.14.93 lakhs re-invited the tenders (July 1991) and accepted the lowest tender for Rs.16.42 lakhs resulting in excess liability of Rs.1.49 lakhs.

(b) Tenders for the work of providing and laying 20 mm thick asphalt carpet and seal coat to Mahendranagar-Derada Road KM 0/0 to 6/0 estimated to Rs.5.62 lakhs were invited in

March 1989 by the Executive Engineer, Panchayat Roads and Buildings Division No.2, Rajkot. The lowest offer for Rs.6.42 lakhs was considered high, and was rejected in July 1989. However, the lowest tender of the same firm for Rs.7.30 lakhs received on re-invitation (October 1989) was accepted in January 1990, resulting in excess expenditure of Rs.0.88 lakh.

Government stated (August 1993) that in the first case the tenderer did not pay the security deposit despite issue of notices and grant of extension for the same whereas in the second case the rates were higher compared to the rates received at the same time for three other works.

The reply is not tenable as the grant of extension of time limit up to last date of validity period of the tender was not proper and rejection of tender in the second case on the ground that the lowest offer was considered on the higher side was injudicious.

Audit Under Section 15 of CAG's (DPC) Act, 1971

Section 15 of the CAG's (DPC) Act, 1971 requires that when any grant or loan is given for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General of India shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grant or loan is given.

EDUCATION DEPARTMENT

7.10 Non-recovery of contributions from Municipalities for primary education

According to the Bombay Education Act, 1947 as applicable to Gujarat, a Municipality which is not authorised by the Government to control approved schools within its area is called "Non-authorised Municipality". Every such municipality is required to pay annually a sum fixed by the Government to the District Panchayat concerned, towards meeting the expenditure on primary education. The respective District Panchayat were entrusted the work of effecting recovery from municipalities.

It was noticed during audit (November 1991 to March 1993) that Rs. 1572.30 lakhs pertaining to the period from 1963 to 1992 was recoverable by four District Panchayats from 12 municipalities (Rajkot (4) Rs.1194.91 lakhs from 1988-89; Mehsana (4) Rs.220.59 lakhs from 1963; Ahmedabad (2) Rs.84.18 lakhs from 1963 and Valsad (2) Rs.72.62 lakhs from 1981) on account of contribution towards meeting the expenditure on primary education.

The District Panchayats stated during the course of audit that the Municipalities were not paying the amount due to their weak financial position.

The matter was referred to Government in April 1993; their reply has not been received (April 1994).

Entrusted Audits under Section 19(3) and 20(1) of CAG's (DPC) Act, 1971

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

The reports on the accounts of an autonomous body or authority, the audit of which has been entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act, are required to be submitted to the State Government for laying before the Legislature of the State. The State Government prescribed a schedule in December 1985, according to which the organisations were required to submit the accounts to Audit within three months after closure of the financial year (i.e. by 30th June). Out of three autonomous

bodies, the audit of which was entrusted to the Comptroller and Auditor General of India under Section 19(3), the accounts for the year 1992-93 were not received from the Gujarat Rural Housing Board and Gujarat Slum Clearance board.

Out of the 13 other autonomous bodies, the audit of which was entrusted to the Comptroller and Auditor General of India under Section 20(1) of the Act ibid, three bodies had not submitted the accounts (November 1993).

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

7.11 Nehru Rozgar Yojana

7.11.1 Introduction

The Nehru Rozgar Yojana (NRY) was launched by the Government of India in October 1989 as a Centrally sponsored scheme with the objective of providing employment to the urban unemployed and under-employed poor. It contemplated two types of employments, one relating to the setting up of self employment ventures and the other relating to provision of wage employment through the creation of socially and economically useful assets in the urban local bodies (ULBs).

The NRY consists of three schemes:-

(i) Scheme for setting up micro enterprises (SUME) and providing training and infrastructure support for urban poor beneficiaries.

(ii) Scheme for urban wage employment (SUWE) through creation of socially and economically useful assets.

(iii) Scheme of employment through housing and shelter upgradation (SHASU) in low income neighbourhoods mainly for the urban poor and economically weaker sections and training and infrastructure support for promotion of construction skills among beneficiaries.

In Gujarat, the scheme was introduced in January 1990.

7.11.2 Organizational set up

In Gujarat, NRY was implemented by the Urban Development and Urban Housing Department (UD&UHD) through the Gujarat Municipal Finance Board (GMFB), Ahmedabad which is the nodal agency for the scheme. At the District level, the scheme is implemented by the District Planning Officers (DPOs) and Commissioners of Municipal Corporations. The monitoring/supervisory work of ULBs rests with the District/Municipal Corporation NRY Committees.

7.11.3 Audit Coverage

Records relating to the implementation of NRY for the period from 1989-90 to 1992-93 were test checked between February 1993 and July 1993 in the UH & UHD, GMFB, Housing Urban Development Corporation(HUDCO), Ahmedabad, 5 Municipal Corporations, 6 DPOs and 21 Municipalities. Important points are brought out in succeeding paragraphs:-

7.11.4 Highlights

 # Against the grants of Rs.2471.38 lakhs released by the Central and State Governments, under NRY Rs.1417.46 lakhs remained unutilised. Thus expenditure under NRY worked out to 43 per cent against the funds released.

(Paragraph 7.11.5.1)

The share of State Government less released worked out to Rs.339.09 lakhs, Rs.112.41 lakhs and Rs.12.77 lakhs at the end of the year 1989-90, 1990-91 and 1991-92 respectively. The department attributed the short release of funds to Central Government not intimating allocations in time.

(Paragraph 7.11. 5.2)

Delay in release of funds by the Central and State Governments ranged between 9 and 12 months.

(Paragraph 7.11 5.2)

Utilisation certificates were not furnished to Government of India annually.

(Paragraph 7.11.6.4)

Test-check of records of 26 ULBs revealed that 18 ULBs had not conducted prescribed survey and identified beneficiaries.

(Paragraph 7.11.7)

Annual targets were not framed and intimated by Nodal agency to ULBs for effective implementation of NRY. Overall financial achievements against funds released during the period 1989-90 to 1992-93 worked out to 43 per cent with very poor achievements of 2 per cent and 27 per cent under SHASU and SUME respectively.

(Paragraph 7.11.8)

NRY though applicable to urban settlements with population below 20,000 was not implemented in 187 urban settlements with population below 20,000 in each settlement, resulting in not covering population of 22 lakhs.

(Paragraph 7.11.9)

Annual Action Plans were not prepared by the implementing agencies eventhough it was incumbent upon them with a view to judge the priorities of works.

(Paragraph 7.11.10)

Out of the total subsidy of Rs.249.55 lakhs released to 25 ULBs under SUME, only Rs.62 lakhs were paid to the beneficiaries. The unutilised balance in 5 ULBs alone aggregated to Rs.159.25 lakhs against an amount of Rs.191.92 lakhs released to them.

(Paragraph 7.11.12.1)

6 ULBs had diverted NRY funds of Rs.20.02 lakhs for other activities of the ULBs.

(Paragraph 7.11.12.2)

SHASU could not be successfully implemented by Government. As against the available funds of Rs.491.15 lakhs during 1989-90 to 1992-93 expenditure incurred worked out to Rs.11.10 lakhs only.

(Paragraph 7.11.14)

 # As against the prescribed material and labour ratio of 60:40, the labour ratio for 64 works executed by 4 ULBs ranged between 11 and 30 per cent.

(Paragraph 7.11.15.2)

 # 6 ULBs had not recorded measurements of works valued at Rs.99.37 lakhs executed by them.

(Paragraph 7.11.15.3)

 # Unfruitful expenditure on work executed worked out to Rs.3.02 lakhs.

(Paragraph 7.11.15.4)

 # Important records for works executed such as daily muster rolls etc. were not maintained by ULB.

(Paragraph 7.11.15.5)

 # No effective steps were taken to monitor the scheme.

(Paragraph 7.11.16)

 # The Scheme had not been evaluated as of June 1993.

(Paragraph 7.11.17)

7.11.5 Funding pattern

7.11.5.1 The details of grants released by the Central and State Governments with expenditure incurred thereagainst and the grants remaining unutilised are given below:

(Rupees in lakhs)

Grants released	1989-90	1990-91	1991-92	1992-93	Total
Central	886.86	378.97	291.15	198.45	1755.43
State	Nil	341.95	200.00	174.00	715.95
Total	**886.86**	**720.92**	**491.15**	**372.45**	**2471.38**
Expenditure	Nil		829.09*	224.83	1053.92
Unutilised grant	886.86		382.98	147.62	1417.46

* Rs.829.09 represents the expenditure for 1990-91 and 1991-92. Year-wise details for these 2 years are not available separately.

7.11.5.2 According to guidelines, Central and State shares of assistance were to be released in the following ratios:

				Assistance	
				Central	State
(i)	SUME	(i)	Subsidy	50	50
		(ii)	Training and infrastructure Component	100	—
(ii)	SUWE	(i)	Urban settlements below 20000 population	80	20
		(ii)	Urban settlement between 20000 and one lakh population including industrial towns.	60	40
(iii)	SHASU	(i)	Subsidy	80	20 (inclusive of share of local body)
		(ii)	Training and infrastructure support	100	—

After release of Central assistance by Government of India, proportionate amount of State share was required to be released within 3 weeks of receipt of Central assistance. The amount to be released by the State Government and the amount actually released by them were as under:

	1989-90	1990-91	1991-92	1992-93
			(Rupees in lakhs)	
1) Amount to be released	339.09	454.36	212.77	145.07
ii) Amount actually released	—	341.95	200.00	174.00
Short/excess released at the close of the year	(-)339.09	(-)112.41	(-) 12.77	(+)28.93

(Scheme-wise details given in Appendix-X).

Against the State share of Rs.339.09 lakhs, Rs.454.36 lakhs, Rs.212.77 lakhs, the State had short released their share, which worked out to Rs.339.09 lakhs, Rs.112.41 lakhs and Rs.12.77 lakhs as at the end of the years 1989-90, 1990-91 and 1991-92 respectively. The State Government stated (October 1993) that since the decision to implement NRY in the State was taken in January 1990, the State share for 1989-90 was provided in 1990-91. Further the State Government stated that the short release of their share in 1990-91 and 1991-92 was due to the Central Government not intimating allocations in time. There was a delay of 9 to 12 months in release of NRY funds by the Central and State Governments as would be seen from Appendix-XI.

7.11.5.3 GMFB deposited NRY funds received from Government of India and the Government of Gujarat in different accounts with the Banks, Personal Ledger Account with the Treasury and in short term deposits. GMFB had not reconciled and worked out NRY balances with interest annually. The reconciliation of balances was necessary in terms of codal provisions as huge amounts were provided to GMFB and were held by them in different interest bearing/non interest bearing accounts, along with unutilised balances with ULBs. It was stated by GMFB that grants released to ULBs and expenditure incurred by

them were shown in ULB reports as such reconciliation was automatic. The contention of the department was not tenable since reconciliation was not automatic and the department had issued instructions to District Planning Officers to submit their reports quarterly.

While furnishing the reasons for not maintaining separate accounts for NRY funds, GMFB stated that there were no Government orders for keeping separate accounts, as such accounts were maintained keeping the GMFB interest in view. This stand is not tenable, since Government of India guidelines provided for separate accounts at ULB level, on the same analogy, separate NRY accounts should have been maintained by the GMFB for proper accountal of NRY funds.

7.11.6 Administration of NRY funds

7.11.6.1 The Central and State NRY funds were initially placed at the disposal of GMFB for releasing the same to the concerned ULBs. Funds received by GMFB were kept by the GMFB in their regular accounts in the form of Entertainment grants and other activities for which they were having Bank Accounts, PLA with Treasury and term deposit accounts with banks and other institutions.

7.11.6.2 The Government of India guidelines did not provide for investment of NRY funds in term deposits as these funds were exclusively to be utilised in time bound scheme for the benefit of socially and economically backward classes. In contravention of these guidelines, the GMFB had invested NRY funds in term deposits during the period March 1991 to March 1993 and earned interest of Rs.49.46 lakhs on term deposits totalling Rs.1109.44 lakhs. The GMFB stated that the term deposits had been made in the interest of the Board.

7.11.6.3 Due to maintenance of combined accounts for NRY and GMFB activities, GMFB could not state whether amount of Rs.3.00 crores invested in January 1993 at the rate of 16 **per cent** interest with the Gujarat Communication and Electronics Ltd., Baroda was from surplus funds of NRY or from their own funds.

7.11.6.4 According to the Government of India guidelines, utilisation certificates for previous years grants are required to be furnished by the Government of Gujarat to the Government of India. It was noticed that for the NRY funds, State Government did not submit utilisation certificates annually/regularly except consolidated utilisation certificate submitted by them to the Government of India for the period ending June 1992 (i.e. for 1989-90 to June 1992). The requirement was noted by the Government of Gujarat.

7.11.6.5 There was no system to conduct departmental, physical and financial inspections. Thus, the correctness of the execution of the schemes with expenditure incurred thereon by ULBs remained unchecked.

7.11.7 Survey and identification of beneficiaries

Urban Local Bodies were required to identify beneficiaries under NRY by conducting household surveys. For this purpose, they could seek the assistance of neighbourhood committees, urban basic service units wherever they existed, and non-government organisations. After completion of this process, they were required to give adequate publicity to the lists prepared.

Test check of the records of 26 ULBs revealed that 18 ULBs had not conducted the prescribed survey and 8 ULBs had conducted very limited survey and identified 32,993 beneficiaries. Further, the list of beneficiaries identified by the 8 ULBs were not updated in terms of revision of family income applicable for 1991-92 and 1992-93. No attempt was also made by ULBs to obtain support of non-government organisations and Social Service units.

The 18 ULBs, which did not conduct any survey stated that they identified the beneficiaries by calling for applications, by issuing notices in their notice boards and by calling applications through the elected members of ULBs etc.

7.11.8 Targets

For effective implementation of the scheme, physical and financial targets should have been framed but this aspect was not given adequate attention and no targets were framed by the GMFB till July 1991. GMFB framed consolidated targets for 1989-90 to 1991-92 late in August 1991 and intimated the same to the ULBs. Targets framed were in respect of two schemes only i.e. for SUME and SUWE and for the third scheme SHASU targets were not framed at all. Targets framed did not separately cover the SC/ST and women beneficiaries. Further, it was noticed that no targets were framed for 1992-93. As a result, the performance under NRY in the State in terms of the amounts released and expenditure incurred during the period 1989-90 to 1992-93 was poor as could be seen from the table below:

Name of Scheme	Total amount released	Total Expenditure	Percentage of expenditure
		(Rupees in lakhs)	
SUME	654.71	173.81	27
SUWE	1106.43	743.42	67
SHASU	491.15	11.10	2
Administrative Operational expenses	219.09	125.59	57
Overall	2471.38	1053.92	43

7.11.9 Uncovered population

The three schemes under NRY were to be implemented in urban settlements of various categories as under.

(a) SUME	All urban settlements
(b) SUWE	(i) Urban settlements below 20,000 population (ii) Urban settlements between 20,000 and one lakh population in new industrial towns
(c) SHASU	Urban settlements between one lakh and 20 lakhs (later revised to settlements with population below one lakh)

From the above, it could be seen though NRY was applicable to urban settlements with population below 20,000, scrutiny of the records maintained by GMFB revealed that it was implemented only in urban Local Bodies i.e. Municipal Corporations and Municipalities each having population above 20,000. This had resulted in covering population of 84 lakhs of 68 urban settlements based on 1981 population census, as against the total urban population of 106 lakhs of 255 urban settlements, thus leaving 187 small urban settlements with a total population of 22 lakhs uncovered.

The GMFB stated (March 1993) that according to the Gujarat Municipal Finance Board Act, 1979 it could deal with only municipalities and municipal corporations and hence these small urban settlements were beyond its jurisdiction.

7.11.10 Annual Action Plan

In terms of Government of India guidelines, State Government was required to prepare Annual Action Plan for submission to Government of India. The Annual Action Plan was to be prepared by the State Government with reference to compilation by GMFB of the annual plans received from DPOs and ULBs. Annual Action Plan was required to be prepared before the start of the year with a view to judge the priorities of work, plug the loopholes in implementation and watch the planned progress of the scheme.

Test-check of the records revealed that no action plans were prepared except for one year viz. 1992-93. No annual action plans were submitted to the Government of India by the State Government.

The State Government stated that there was no need to prepare annual action plans as funds were allocated by Government of India on population basis. The reply of the State Government was not in conformity with guiding principles governing the scheme.

7.11.11 Non maintenance of records

Out of 68 numbers of ULBs executing the programme, test check of records of 26 ULBs revealed the following:

i) 19 ULBs had not maintained separate cash books for accounting of NRY funds.

ii) 4 ULBs had not opened separate bank accounts.

iii) 10 ULBs had not worked out NRY balances separately and reconciled with banks.

iv) 11 ULBs had not opened and kept separate grant Registers.

v) No Action Plan was prepared by any of the ULBs.

vi) 22 ULBs had not kept any records of assets created out of NRY funds.

vii) 23 ULBs had not kept any records to ascertain the fruitfulness of the training imparted to the beneficiaries.

7.11.12 SUME

7.11.12.1 Loan subsidy

Information in respect of subsidy and loan under SUME were called for from 26 ULBs. From the information received from 25 ULBs, it was seen that an amount of Rs.249.55 lakhs was released as subsidy during 1989-90 to 1992-93. Of this, only an amount of Rs.62 lakhs (i.e. 25 **per cent**) was paid to the beneficiaries till the end of 1992-93. Further, it was seen that out of the total subsidy of Rs.249.55 lakhs, Rs.191.92 lakhs was released to only 5 municipal corporations and the amount paid to the beneficiaries in these 5 Municipal Corporations was only Rs.32.67 lakhs leaving unutilised balance of Rs.159.25 lakhs. ULBs attributed the reasons for poor disbursements mainly to non-cooperation of banks and incomplete information furnished by beneficiaries in application forms. However, it was seen that proper identification of beneficiaries and adequate monitoring of the scheme would have helped in achieving better results.

7.11.12.2 Out of the Central and State assistance (Rs.101 lakhs) released to 6 ULBs towards SUME during 1990-91 to 1992-93, 4 ULBs had utilised Rs.17.58 lakhs towards salary of the staff and sweepers and 2 ULBs had utilised Rs.2.44 lakhs towards activities not falling

under NRY. The diversion of funds was confirmed by ULBs and five of them had assured for recoupment/adjustment and one ULB suggested to allow amount of Rs.3.88 lakhs to be adjusted against excess expenditure incurred/to be incurred for SUWE works. The argument put forth by the ULB was not in conformity with the standing instructions.

7.11.12.3 The Amreli Nagarpalika had withdrawn in January 1993 Rs.0.60 lakh from saving bank account of Punjab National Bank for 'SUME'. The amount was deposited with the same bank in term deposit of six months at the rate of 11.5 **per cent** interest. Withdrawal by ULB was not supported by any authority as the 'SUME' grants were to be utilised for subsidy payments under 'SUME'. The ULB stated that necessary adjustment would be carried out in due course.

7.11.12.4 Irregular purchases to the tune of Rs.9.60 lakhs were made by ULBs from NRY funds, the details of which are given below:

Sl No	Name of ULB/ Government/ Board	Items purchased	Rupees in lakhs	Month of of purchase
i)	Government	Car	1.51	February 1991
ii)	GMFB	Car	2.42	January 1993
iii)	Una N.P.	Pump set (not put to use)	0.51	February 1992
iv)	Mangrol N.P.	Duplicating machine	0.26	December 1991
v)	Rajkot Municipal Corporation	Computer	0.66	March 1993
vi)	Palanpur N.P.	i) Water cooler	0.21	June 1992
		ii) 100 chairs 12 tables	0.40	January 1993
vii)	Patan N.P.	Tractor with trolley	1.97	March 1991
viii)	Sidhpur N.P.	Tractor	1.54	March 1991
ix)	D.P.O. Junagadh	Water cooler	0.12	March 1991
		Total	**9.60**	

The above Purchases were not permissible and covered under any Government orders. The ULBs admitted having made irregular purchases and agreed to look into the same.

7.11.13 Targets and achievements under SUWE

7.11.13.1 According to Government of India guidelines, women beneficiaries and beneficiaries belonging to SC/ST were to constitute a special target group. However, it was noticed that fixing of annual targets and achievements in terms of mandays for works under SUWE was not given importance by nodal agency. Out of 21 ULBs where SUWE was applicable it was noticed that 12 ULBs were not intimated even consolidated targets in terms of mandays upto 1992-93 by DPOs. Out of 9 ULBs where consolidated targets were given consolidated achievement figures in respect of 8 ULBs ranged between 19 **per cent** and 95 **per cent**, and for the 9th ULB, no achievements were reported.

Information regarding women participation in terms of mandays was available from 10 ULBs. Of these, it was seen that the achievement in 5 ULBs was not satisfactory which ranged between 2 and 16 **per cent**

7.11.13.2 According to the guidelines issued by the Government of India unfinished works were to be given priority. It was noticed that 5 ULBs had taken-up the works of subsequent years from the grants of 1990-91 and 1991-92 under SUWE, eventhough 10 works pertaining to the year from 1989-90 had remained incomplete. Resuming the works of subsequent years before completion of works of earlier years was not permissible. ULBs noted the requirement and stated that incomplete works would be completed soon. GMFB i.e. nodal agency stated (October 1993) that action is being taken against the ULBs to get the old works completed.

7.11.14 Poor implementation under Scheme of Employment through Housing and Shelter upgradation

For implementation of the scheme, Central subsidy was placed at the disposal of HUDCO, New Delhi and the State share was provided to GMFB by the State Government. The details of subsidy released by the Central and State Governments were as under:

Scheme	1989-90		1990-91		1991-92		1992-93		Total	
	Central	State	Central	State	Central	State	Central	State	Central	State
					(Rupees in lakhs)					
i) SHASU subsidy	105.45	—	110.90	26.36	47.50	25.00	45.00	50.00	308.85	101.36
ii) training and infrastructure support	21.09	—	39.05	—	11.20	—	9.60	-	80.94	-
Total	**126.54**	—	**149.95**	**26.36**	**58.70**	**25.00**	**54.60**	**50.00**	**389.79**	**101.36**

As against the total amount of Rs.491.15 lakhs made available to HUDCO during 1989-90 to 1992-93, an expenditure of Rs.11.10 lakhs only had been incurred till the end of 1992-93. The break up of expenditure towards upgradation of houses and training subsidy were not compiled separately. Thus, it could be seen that the scheme could not be successfully implemented and had deprived targeted urban poor and unemployed of their due benefits. The State Government attributed the poor performance to the followings:

(i) The procedure prescribed by HUDCO for submission of proposals seems to be clumsy. The application forms were in English and lengthy and hence it was difficult for the municipal staff to understand and fill the same properly.

(ii) It was difficult to locate beneficiaries whose annual house hold income was less than Rs.11850 and who also possessed their own land and premises.

(iii) The HUDCO had prescribed that guarantees be obtained from municipalities for recovery of dues from the beneficiaries and municipalities concerned were not agreeable to shoulder this responsibility.

The reasons advanced by the State Government for poor performance are not convincing as these could have been easily overcome.

7.11.15 Other points

7.11.15.1 Government of India guidelines prohibit entrustment of works under SUWE to private agencies. It was noticed that Sidhpur Municipality had entrusted two road works from 1989-90 grants and one road work from 1990-91 grants in March 1991 and May 1993 at the cost of Rs.5.32 lakhs and Rs.2.32 lakhs respectively, to private contractors. Two works

from 1989-90 grants were taken up in March 1991 and abandoned after incurring an expenditure of Rs. 6.54 lakhs. The work from 1990-91 grants had not been started (June 1993). When irregular entrustment of works to private contractors was pointed out to municipality, it was stated by them that the works being of urgent nature were entrusted to private contractors and in future entrustment of works to private contractors would be avoided (May 1993).

7.11.15.2 4 ULBs executed the works as under, under 'SUWE'. The requirement of guidelines regarding material and labour ratio of 60:40 was not kept in view while executing the works.

Sl No	Name of ULB	Year to which grant related	Number of works executed	Material cost	Labour cost	Total	Material labour ratio
				(Rupees in lakhs)			
1	Dehgam	1989-90	8	4.63	0.55	5.18	89:11
2	Keshod	1991-92	4	2.76	0.66	3.42	81:19
3	Khambhat	1989-90	10 works under progress out of 65 works sanctioned	11.32	2.24	13.56	83:17
4	Valsad	1989-90 and 1990-91	42	13.18	5.63	18.81	70:30

Non maintenance of labour ratio in execution of works deprived the beneficiaries partially of the due benefits. The 4 ULBs noted the audit observation and stated that the material costs had increased to some extent which resulted in non maintenance of ratio.

7.11.15.3 During test check of the records of 26 ULBs, it was noticed that 6 ULBs had not recorded the measurements of works executed in the measurement books to the extent of Rs.99.37 lakhs during 1990-91 to 1992-93. In the absence of proper authenticated records, Audit could not satisfy itself about the correctness of measurements of works executed and the expenditure incurred thereon. The ULBs stated that the proper records of measurements books would be kept henceforth.

7.11.15.4 The Palanpur Municipality had taken up departmentally, construction of a *nala* (320 running metres length) in April 1991 at an estimated cost of Rs.12.07 lakhs. After executing middle portion of work of the value of Rs.3.02 lakhs, the work was abandoned in April 1992. The expenditure incurred on middle portion of *nala* work was hardly of any utility. The Municipality had approached GMFB in January 1993 for change of work, since it would not be possible to maintain material/labour ratio of 60:40. The reasons furnished by the municipality were not convincing, since the excess cost of material required to be borne by them ought to have been looked into before finalisation of work. Thus, expenditure of Rs. 3.02 lakhs on construction of *nala* was unfruitful.

7.11.15.5 The GMFB had sanctioned Rs.19.29 lakhs from 1989-90 grants for four works and Rs.4.46 lakhs for one work in May 1991, to the Gondal Municipality. Till end of May 1993, the Gondal municipality had incurred an expenditure of Rs.27.30 lakhs but the works remained incomplete. As regards inordinate delay in completion of works GMFB stated (October 1993) that Gondal Municipality had been directed to get the works completed expeditiously.

It was noticed that there were serious irregularities in execution of the works referred to above such as administrative approval and technical sanction were not obtained, the estimates framed for 2 works were silent about the detailed specification of works, daily measurements of the works were not recorded in measurement books and daily muster rolls for labour payments were not maintained.

7.11.16 Monitoring

7.11.16.1 A State level Co-ordination Committee consisting of 14 members was formed in December 1991 with Additional Chief Secretary, U.D. and U.H.D. as Chairman and Chief Executive Officer, GMFB, Ahmedabad as Member Secretary. The Committee was required to meet once in a quarter or as and when necessary to review the progress of the scheme "Urban Micro Enterprises" a component of NRY, exchange mutual views, co-ordinate and make necessary recommendations for improvement and effective implementation. It was, however, observed that no meetings were conducted between 1989-90 and December 1991 due to non formation of the Committee. Thereafter, 3 meetings were conducted in 2 months period on 7th January 1992, 31st January 1992 and 18th February 1992, and no meetings were conducted during 1992-93. In this connection, GMFB stated that due to administrative difficulties meetings could not be conducted regularly and these would be conducted regularly hereafter.

7.11.16.2 From the information collected from five Municipal Corporations and six DPOs it was noticed that they had conducted 122 monthly meetings to review the working of ULBs during 1990-91 to 1992-93 as against the total number of 396 monthly meetings to be conducted by them. It was stated by them that regularity would be maintained thereafter. Further, the nodal agency stated (October 1993) that necessary instructions were being issued to the concerned DPOs and Corporations to conduct meetings regularly.

7.11.17 Evaluation

The NRY, though implemented during the period 1989-90 to 1992-93 in the State, had not been evaluated as of June 1993.

7.11.18 The matter was referred to Government (September 1993); reply has not been received (April 1994).

GUJARAT MUNICIPAL FINANCE BOARD

7.12 Loss of interest

Unless otherwise directed by the State Government, the Gujarat Municipal Finance Board (Board) was required to keep its surplus funds in term deposits with commercial or co-operative banks. In April 1986, Government directed the Board to deposit the grants received from the Government in a non-interest bearing Personal Ledger Account (PLA). As regards the interest earned by the Board on the amount deposited in the banks the Board was permitted to deposit the same in interest bearing PLA in the Treasury. In November 1991 Government modified these orders according to which the Board was required to deposit all its surplus funds in interest bearing PLA on which interest at half **per cent** above the bank rate was payable.

Scrutiny of records revealed (October 1992 and April 1994) that the Board continued to retain the amounts of interest already earned as well as the surplus funds in non-interest bearing accounts till October 1992. This resulted in loss of interest of Rs.320.36 lakhs between April 1987 and October 1992.

The matter was referred to Government in November 1992, reply has not been received (April 1994).

GUJARAT SLUM CLEARANCE BOARD

7.13 Idle investment and unfruitful expenditure on construction of houses

With a view to reducing the slums in the urban area, the Gujarat Slum Clearance Board (Board) entrusted construction of 816 tenements at Sayajipura, Baroda comprising 408 houses each for economically weaker sections (EWS) and lower income group (LIG) of society to five different contractors at the total tendered cost of Rs.85.88 lakhs

i) Two contracts for construction of 336 houses which were awarded at a tendered cost of Rs.41.50 lakhs with the stipulated date of completion as December 1987, were abandoned by the contractors after executing work of the value of Rs.27.02 lakhs upto May 1988. In one contract the remaining work was awarded (March 1991) to another contractor at the risk and cost of the original contractor, but he did not commence the work and the Board finally terminated the contract in May 1992. A fresh contract was finalised and work order was issued in January 1993. The work was completed in April 1994. In respect of the second contract, fresh tenders were reinvited only in February 1993 and work order issued in July 1993 for completion of work in four months. The work was in progress (April 1994). Thus, the construction of 336 houses which was to be completed by December 1987 had not been completed even after six years of its stipulated date of completion, resulting in an idle investment of Rs.27.02 lakhs and non-achievement of the purpose for which the scheme was undertaken.

ii) The construction of 480 houses under the EWS (408) and LIG (72) scheme at Sayajipura were taken up in three remaining contracts in April 1987 despite the geohydrologist's opinion (December 1986) that no potable water was available in Sayajipura (Taluka Vadodara) and completed between April 1988 and November 1989 at a total cost of Rs.45.97 lakhs. These could not be allotted since essential facilities like drinking water, electricity and approach roads had not been provided as of March 1993 rendering the expenditure of Rs.45.97 lakhs unfruitful.

Though the Baroda Municipal Corporation agreed (July 1991) to meet the demand of drinking water partially, a proposal of the Divisional Officer (July 1991) involving additional expenditure of Rs.10.33 lakhs was approved by the Board only in April 1992. The work of water supply was however still in progress (April 1994). The contract for internal electrification was finalised in July 1992, but the work was still not completed. The work of providing approach roads could not be taken up by the Board as of April 1994 as it involved fresh land acquisition which was still under process.

The matter was referred to Government (January 1993), reply has not been received (April 1994).

AHMEDABAD URBAN DEVELOPMENT AUTHORITY

7.14 Blocking up of funds

The Ahmedabad Urban Development Authority (AUDA) purchased (July 1980) 27600 square metres of land valued at Rs.1.79 lakhs (Rs.6.50 per square metre) for allotment of plots under site and service scheme for backward and economically backward classes at Sardarnagar township. The AUDA developed 496 plots of 21.70 square metres each after incurring an expenditure of Rs.3.43 lakhs. While launching the scheme in 1980, the cost per plot was fixed at Rs.2000 in response to which 450 persons had applied by depositing Rs.2000 each.

The AUDA, however, increased the cost to Rs.4500 per plot in April 1984. As a result, 336 applicants backed out and only 114 persons were allotted the plots of which 79 took the

possession. In addition 110 plots were allotted to the *Mahila Seva Sangh.* Remaining 307 plots were lying unallotted, which resulted in blocking up of funds to the extent of Rs.2.55 lakhs besides loss of interest on blocked funds.

The matter was referred to Government in January 1993; their reply has not been received (April 1994).

BARODA MUNICIPAL CORPORATION

7.15 Delay in finalisation of tenders

The Baroda Municipal Corporation invited tenders in December 1990 for the construction of Storm Water Drain estimated to cost Rs.4.25 lakhs under the World Bank Aided Project.

Three valid tenders were received on 16th January 1991. The validity period of these tenders was 200 days from the date of its receipt i.e. up to 3 August 1991. When the tender was finally accepted on 6th September 1991, the lowest tenderer withdrew his offer of Rs.5.56 lakhs. The negotiated offer of the second lowest tenderer was accepted for Rs.6.61 lakhs (January 1992) with stipulation to complete the same by 13th August 1992, which was actually completed in December 1992.

The delay at various levels in finalising the tenders within its validity period resulted in avoidable expenditure of Rs.1.05 lakhs.

Government stated (December 1992) that the elected body did not finalise the offer within the stipulated time limit and that the officers could not force them for taking action in time.

This is not tenable since delays of 60 days had occurred at Municipal Commissioner level; 96 days at PWD committee level and 78 days at the Board level.

GUJARAT HOUSING BOARD

7.16 Non-recovery of hire purchase instalments

The Gujarat Housing Board constructed 600 tenements for Middle Income Group (360) and for Low Income Group (240) at a total cost of Rs.138.64 lakhs at Bulsar. The tenements were allotted in May 1987. The hire purchase cost of each tenement under the MIG and LIG category was fixed at Rs.65,600 and Rs.28,500 respectively payable by the allottees in monthly instalments. The instalments were not,however, paid by the allottees alleging inferior quality of work and the condition of tenements. Instead, they filed a writ petition in May 1989 in the High Court. The Honourable High Court directed in July 1989 that the petitioners should pay 50 **per cent** of the arrears of instalments within two months from 4 July, 1989 and further 25 **per cent** in another two months thereafter. The Gujarat Housing Board was directed that after 75 **per cent** of arrears were paid by all the allottees, the buildings be repaired. The remaining 25 **per cent** of the arrears were payable by allottees after repairing work was completed by the Board. In case of failure to pay 75 **per cent** of arrears within 4 months from 4 July, 1989, the Board was at liberty to proceed with the action under the Public Premises Act.

However, it was noticed from the monthly statement of arrears of instalments for the month of December 1992 that Rs.78.80 lakhs in respect of 302 MIG and Rs.17.80 lakhs in respect of 240 LIG tenements were outstanding as on 30th November 1992.

The Board stated (February 1993) that 302 allottees of MIG had not paid 75 **per cent** of the arrears and action under the Public Premises Act could not be taken since the tenements were not repaired. 240 allottees of LIG were not paying the instalments.

The Estate Manager stated (February 1993) that the action under Public Premises Act could not be taken for want of repairs to the tenements. The contention was not tenable as the repairs had to be done only after payment of 75 **per cent** arrears. Though nearly three years had passed after the issue of directions by the Honourable Court. The Board could not recover the arrears of instalments amounting to Rs.96.60 lakhs.

Matter was referred to Government in September 1993, reply has not been received (April 1994).

7.17 Short recovery of service charges

During test-check of records (August 1992) of the Estate Manager (EM), Gujarat Housing Board, Surat for the year 1991-92, it was noticed that the Estate Manager was paying water charges to the Gujarat Industrial Development Corporation (GIDC), Vapi since 1989-90 for water supplied to the colony constructed under the scheme of 288 S.I.H.S at Vapi and was recovering water charges at a flat rate of Rs.28 per month from each tenant along with monthly instalment of hire purchase and other service charges. While comparing the amount of payments made to the Gujarat Industrial Development Corporation (GIDC) and recovery of water charges from the beneficiaries, it was seen that there was wide variation between payment made by the Board to GIDC and recovery effected from the beneficiaries during 1989-92 as indicated below:

Year	Amount of water charges paid to GIDC Vapi	Amount of service charges recovered from the tenants	Difference being short recovery of charges
			(Rupees in lakhs)
1989-90	2.20	0.97	1.23
1990-91	2.53	0.97	1.56
1991-92	2.60	0.97	1.63
Total	**7.33**	**2.91**	**4.42**

Thus, there was short recovery of water charges to the extent of Rs.4.42 lakhs from the beneficiaries during 1989-90 to 1991-92.

By merely collecting the water charges from the beneficiaries and depositing the same to GIDC, the Board incurred loss of Rs.4.42 lakhs during 1989-90 to 1991-92.

The Estate Manager stated that it was under consideration of the Board to stop the present arrangement and transfer the work relating to recovery of water charges to the Panchayat, Vapi, as it had already handed over the tenements to the beneficiaries.

The matter was referred to Government (January 1993); reply has not been received (April 1994).

7.18 Retention of money outside Government Account

According to the instructions of Government issued in 1991, the Gujarat Housing Board was required to deposit its surplus funds in the Treasury in a Personal Ledger Account

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It was noticed (September 1992) during audit that in disregard of Government instructions the Housing Commissioner ordered in June 1992 to keep Rs.30.00 lakhs for one year in a Scheduled Bank as fixed deposit at 13 **per cent** interest. Accordingly, the amount

was kept in a Scheduled Bank in June 1992 which was contrary to the instructions issued by Government.

The Housing Commissioner stated (March 1993) that the State Government instructions were not applicable in the instant case as investment was made not from Government funds but from its own funds.

The reply of the Board is not tenable as the funds of Board *inter alia* consisted of grants, subventions, donations, gifts from the Central or State Government, and its own receipts. Thus, the funds invested were not distinguishable, whether these were Government or Board's funds.

The matter was referred to Government in January 1993; reply has not been received (April 1994).

7.19 Excess payment due to incorrect computation

The Gujarat Housing Board acquired a piece of land measuring 8.16 hectares for construction of residential complex at Ankleshwar in July 1985, through the Land Acquisition Officer, Bharuch (LAO). The land owners having been dissatisfied with the award, represented to the LAO to refer the matter to the Court under Section 18 of the Land Acquisition Act, 1894 (Act). Accordingly, the matter was referred to the District Judge, Bharuch and according to the judgement delivered in December 1990, a sum of Rs.257.30 lakhs was payable to the land owners.

The Board, however, preferred an appeal (August 1991) in the High Court and interim relief was granted in September 1991 staying the operation of the judgement of the lower court subject to the condition that 50 **per cent** of the amount awarded was to be deposited in the lower court within four weeks. Though according to the Court's order, the Board was to deposit Rs.128.65 lakhs the Board had deposited Rs. 133.75 lakhs. The error had occurred due to a faulty calculation on the part of the Board who had calculated interest of 12 **per cent** on Rs.109.04 lakhs instead of Rs.91.86 lakhs. (Additional amount at 12 **per cent** per annum on the market value of land from 18th August 1980 to 31st July 1985).

When this mistake was pointed out to the Board by Audit (December 1992), the Housing Commissioner accepted the objection and stated (June 1993) that the excess amount was deposited through oversight and legal action had been initiated to recover the same. Further progress in the matter was awaited (November 1993).

The matter was referred to Government in December 1992; reply has not been received (April 1994).

7.20 Irregular investment of funds

Except as otherwise directed by the State Government, all moneys and receipts of the Gujarat Housing Board (Board) are required to be deposited in the Reserve Bank of India or in any Scheduled bank or invested in such securities as may be approved by the State Government as per Section 61 (4) of the Gujarat Housing Board Act, 1961 (Act).

With a view to evolving a satisfactory system of management of surplus funds lying with the Boards/Corporations and their utilisation in productive activities, the Government issued instructions on 20th November 1991 according to which the Board was required to deposit its surplus funds in the Personal Ledger Account in the Treasury.

It was noticed during audit (September 1992) that the Board had invested (May 1992) Rs.1.00 crore in portfolio Management Scheme with the Syndicate Bank, Bombay for one year with a rate of interest of 16 **per cent** per annum. The investment by the Board was in contravention of the provisions of the Act as the scheme was not approved as security by the State Government. It was also contrary to the instructions issued by the Government in November 1991.

The amount invested and interest thereon due for payment in May 1993 on maturity was paid by the Bank on 30th August with 12 **per cent** interest against assured indicative yield of 16 **per cent**.

The matter was referred to the Government in December 1992, reply has not been received (April 1994).

PANCHAYAT AND RURAL HOUSING DEPARTMENT

GUJARAT RURAL HOUSING BOARD

7.21 Blocking up of capital

With a view to overcoming the shortage of houses in rural areas, the Gujarat Housing Board undertook (January 1984) a scheme for construction of tenements. A demand survey to assess the requirement of tenements was undertaken between February 1982 and March 1983. According to survey report, 206 tenements were required to be constructed under the project.

The Board, however, constructed 412 tenements, which was double the assessed requirement. The construction was completed in April 1986 at Dudheraj in Surendranagar district. Of the 412 tenements (cost: Rs.44.50 lakhs), 228 were allotted and the remaining 184 valued at Rs.20.74 lakhs remained unallotted as of September 1993.

Government stated in September 1993 that as against the registration of 203 tenements, construction of 412 houses was undertaken on the presumption that more demand would be there after the construction was completed. But due to non-availability of adequate supply of water and the site being away from the village, there was no additional demand.

Thus, construction of houses in excess of the demand resulted in 184 tenements remaining unallotted since April 1986 besides blocking the amount of Rs.20.74 lakhs (April 1994) invested on them.

(RAJIB SHARMA)
Accountant General (Audit) II Gujarat

Rajkot
The 4 JUL 1994

Countersigned

(C. G. SOMIAH)
Comptroller and Auditor General of India

New Delhi
The 8 JUL 1994

APPENDICES

APPENDIX-I

Statement showing cases where Supplementary provision was unnecessary
(Reference : Paragraph 2.2.2(b) at Page 21)

Grant No.	Department	Original Grant	Supplementary	Expenditure	Saving
1	2	3	4	5	6
		(Rupees in lakhs)			
Revenue Section					
(a)	**Voted Grants**				
10	Education	409.05	46.42	389.41	66.06
17	Finance	1603.36	36.11	1584.25	55.22
21	Food and Civil Supplies	253.25	12.54	252.73	13.06
26	Forest and Environment	3712.37	37.25	3702.84	46.78
34	General Administration	406.52	51.74	381.14	77.12
42	Health and Family Welfare	2472.03	1.51	2110.88	362.66
48	Industries and Mines	115.60	33.90	108.86	40.64
54	Information, Broadcasting and Tourism	1438.35	14.43	1144.45	308.33
62	Legal	114.87	1.21	113.08	3.00
81	Roads and Buildings	4312.97	22.50	4118.04	217.43
99	Youth Services and Cultural Activities	779.35	66.01	669.96	175.40
	Total	**15617.72**	**323.62**	**14575.64**	**1365.70**
(b)	**Charged Appropriations**				
36	Gujarat Legislature Secretariat	2.40	0.40	2.26	0.54
39	Health and Family Welfare	—	2.80	—	2.80
42	—do—	—	0.43	—	0.43
	Total	**2.40**	**3.63**	**2.26**	**3.77**
Capital Section					
(a)	**Voted Grants**				
2	Agriculture, Co-operation and Rural Development	3005.00	1080.00	2160.00	1925.00
26	Forest and Environment	4383.61	21.68	4200.74	204.55
28	—do—	44.92	5.00	43.30	6.62
41	Health and Family Welfare	5548.10	240.00	4649.43	1138.67

1	2	3	4	5	6
47	Home	798.41	15.00	780.73	32.68
88	Social Welfare and Tribal Development	202.60	7.95	191.43	19.12
91	—do—	865.89	40.63	648.75	257.77
94	Urban Development and Urban Housing	658.00	27.01	190.00	495.01
	Total	**15506.53**	**1437.27**	**12864.38**	**4079.42**
(b)	**Charged Appropriation**				
80	Roads and Building	—	2.27	—	2.27
	Total	**—**	**2.27**	**—**	**2.27**
	Grand Total	**31126.65**	**1766.79**	**27442.28**	**5451.16**

APPENDIX-II

Statement showing cases where Supplementary provision was made in excess of actual requirement

(Reference: Para 2.2.2 (c) at page 21)

Grant No. 1	Department 2	Original Provision 3	Expenditure 4	Additional requirement 5	Supplementary provision 6
		(Rupees in lakhs)			
Revenue Section					
(a)	**Voted Grants**				
2	Agriculture, Co-operation and Rural Development	21408.51	21452.76	44.25	4492.50
4	—do—	2534.28	2574.57	40.29	96.51
36	General Administration	272.10	298.11	26.01	63.99
39	Health and Family Welfare	23208.57	24712.47	1503.90	1933.20
40	—do—	4567.95	4904.88	336.93	441.37
58	Labour and Employment	3409.66	3753.71	344.05	947.69
68	Panchayat and Rural Housing	7244.90	7675.76	430.86	885.68
69	—do—	3528.29	3620.45	92.16	118.60
70	—do—	1430.16	1906.78	476.62	533.32
78	Revenue	44.55	1181.62	1137.07	2600.44
91	Social Welfare and Tribal Development	9245.45	9804.71	559.26	962.51
	Total	**76894.42**	**81885.82**	**4991.40**	**13075.81**
(b)	**Charged Appropriations**				
9	Education	2512.00	2977.00	465.00	520.00
20	Finance	84018.70	84415.74	397.04	717.57
	Total	**86530.70**	**87392.74**	**862.04**	**1237.57**
Capital Section					
	Voted Grants				
6	Agriculture, Co-operation and Rural Development	791.36	1232.51	441.15	679.38
10	Education	1271.00	1591.10	320.10	616.65
23	Food and Civil Supplies	15.00	207.59	192.59	255.00
50	Industries and Mines	8010.16	8451.71	441.55	1264.93
65	Narmada and Water Resources	11972.10	15725.59	3753.49	4587.64
75	Revenue	225.00	935.86	710.86	1200.00
80	Roads and Buildings	3111.38	3593.40	482.02	625.96
92	Social Welfare and Tribal Development	7587.37	7791.12	203.75	734.34
95	Urban Development and Urban Housing	1045.00	1500.38	455.38	600.00
	Total	**34028.37**	**41029.26**	**7000.89**	**10563.90**
	Grand Total	**197453.49**	**210307.82**	**12854.33**	**24877.28**

APPENDIX-III

Statement showing cases where Supplementary provision was inadequate
(Reference : Para 2.2.2(d) at Page 21)

Grant No. 1	Department 2	Original Provision 3	Supplementary provision 4	Expenditure 5	Excess 6
		(Rupees in lakhs)			
Revenue Section					
	Voted Grants				
9	Education	10,48,47.12	95,81.14	11,62,45.22	18,16.96
18	Finance	1,88,21.90	20,05.00	2,38,16.61	29,89.71
44	Home	2,41,43.92	30,33.93	2,82,02.44	10,24.59
45	—do—	7,28.62	1,34.53	9,47.66	84.51
46	—do—	92,66.33	28,59.08	1,64,07.65	42,82.24
47	—do—	1,638.35	1,15.52	18,39.94	86.07
49	Industries and Mines	23,23.00	13.16	24,90.23	1,54.07
50	—do—	71,36.20	21.91	79,58.14	8,00.03
65	Narmada and Water Resources	4,00,87.42	20,53.57	4,28,65.69	7,24.70
71	Panchayats and Rural Housing	6,78.10	89.60	8,87.96	1,20.26
74	Revenue	24,02.28	79.65	25,10.18	28.25
76	—do—	11,28.43	1,59.90	13,34.41	46.08
80	Roads and Buildings	87,02.08	1,99.48	99,04.46	10,02.90
82	—do—	1,89,55.89	6,90.65	2,42,64.03	46,17.49
84	—do—	1,94.44	32.38	2,61.75	34.93
85	—do—	5,41.30	1,00.00	6,93.04	51.74
88	Social Welfare and Tribal Development	59,18.91	3,73.38	63,60.26	67.97
92	—do—	2,27,25.96	12,55.40	2,48,24.37	8,43.01
	Total	**27,02,40.25**	**2,27,98.28**	**31,18,14.04**	**1,87,75.51**
Capital Section					
(a)	**Voted Grants**				
81	Roads and Buildings	7,16.78	6,29.33	19,75.73	6,29.62
82	—do—	42,51.00	25,97.78	95,94.79	27,46.01
84	—do—	8,05.00	30.00	9,69.16	1,34.16
	Total	**57,72.78**	**32,57.11**	**1,25,39.68**	**35,09.79**
(b)	**Charged Appropriation**				
20	Finance	8,54,67.82	80,19.99	11,38,39.53	2,03,51.72
	Total	**8,54,67.82**	**80,19.99**	**11,38,39.53**	**2,03,51.72**
	Grand Total	**36,14,80.85**	**3,40,75.38**	**43,81,93.25**	**4,26,37.02**

APPENDIX-IV

Statement showing the excess over Grant/Appropriation requiring regularisation

(Reference : Para 2.2.3 at Page 22)

Sl. No.	Number and Name of the Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess
1	2	3	4	5
(a)	**Voted Grants**	Rs.	Rs.	Rs.
	Revenue Section			
(1)	8-Education Department	1,07,00,000	1,11,97,558	4,97,558
(2)	9-Education	11,44,28,26,000	11,62,45,21,983	18,16,95,983
(3)	18-Pensions and Other Retirement benefits	2,08,26,90,000	2,38,16,60,646	29,89,70,646
(4)	23-Food	5,54,77,000	5,64,87,061	10,10,061
(5)	31-Elections	4,70,86,000	4,72,64,796	1,78,796
(6)	32-Public Service Commission	30,90,000	32,35,855	1,45,855
(7)	38-Health and Family Welfare Department	1,82,93,000	1,84,54,604	1,61,604
(8)	43-Home Department	1,56,60,000	1,73,71,110	17,11,110
(9)	44-Police	2,71,77,85,000	2,82,02,43,597	10,24,58,597
(10)	43-Jails	8,63,15,000	9,47,65,797	84,50,797
(11)	46-Transport	1,21,25,41,000	1,64,07,65,490	42,82,24,490
(12)	47-Other Expenditure pertaining to Home Department	17,53,87,000	18,39,94,434	86,07,434
(13)	49-Stationery and Printing	23,36,16,000	24,90,22,752	1,54,06,752
(14)	50-Industries	71,58,11,000	79,58,13,681	8,00,02,681
(15)	57-Labour and Employment	67,00,000	68,39,678	1,39,678
(16)	65-Irrigation and Soil Conservation	4,21,40,99,000	4,28,65,69,212	7,24,70,212
(17)	66-Other Expenditure pertaining to Narmada and Water Resources Department	14,35,000	15,24,870	89,870
(18)	71-Other Expenditure pertaining to Panchayats and Rural Housing Department	7,67,70,000	8,87,96,387	1,20,26,387
(19)	72-Revenue Department	2,60,50,000	2,64,24,840	3,74,840
(20)	74-District Administration	24,81,93,000	25,10,18,399	28,25,399
(21)	76-Dangs District	12,88,33,000	13,34,41,470	46,08,470
(22)	80-Non-Residential Buildings	89,01,56,000	99,04,46,236	10,02,90,236
(23)	82-Roads and Bridges	1,96,46,54,000	2,42,64,02,595	46,17,48,595
(24)	84-Gujarat Capital Construction Scheme	2,26,82,000	2,61,74,999	34,92,999
(25)	85-Other Expenditure pertaining to Roads and Buildings Department	6,41,30,000	6,93,04,514	51,74,514
(26)	86-Social Welfare and Tribal Development Department	87,78,000	88,80,600	1,02,600
(27)	87-State Excise	1,94,21,000	1,99,96,220	5,75,220
(28)	88-Social Security and Welfare	62,92,29,000	63,60,25,570	67,96,570
(29)	92-Tribal Area Sub-Plan	2,39,81,36,000	2,48,24,36,975	8,43,00,975
(30)	93-Urban Development and Urban Housing Department	60,00,000	61,21,072	1,21,072
	Total	**29,52,25,43,000**	**31,40,52,03,001**	**1,88,26,60,001**

1	2	3	4	5
	Capital Section			
(1)	4- Animal Husbandry and Dairy Development	40,50,000	45,00,000	4,50,000
(2)	5-Fisheries	1,71,25,000	1,82,70,895	11,45,895
(3)	24-Other Expenditure pertaining to Food and Civil Supplies Department	33,05,000	35,28,056	2,03,056
(4)	42-Other Expenditure pertaining to Health and Family Welfare Department	4,21,35,000	4,21,57,655	22,655
(5)	52-Other Expenditure pertaining to Industries and Mines Department	1,02,40,000	1,04,36,258	1,96,258
(6)	71-Other Expenditure pertaining to Panchayats and Rural Housing Department	5,21,86,000	5,22,80,625	94,625
(7)	81-Residential Buildings	13,46,11,000	19,75,72,968	6,29,61,968
(8)	82-Roads and Bridges	68,48,78,000	95,94,79,496	27,46,01,496
(9)	84-Gujarat Capital Construction Scheme	8,35,00,000	9,69,16,134	1,34,16,134
(10)	90-Other Expenditure pertaining to Social Welfare and Tribal Development Department	40,06,000	41,03,655	97,655
	Total	**1,03,60,36,000**	**1,38,92,45,742**	**35,32,09,742**
(b)	**Charged Appropriations**			
	Revenue Section			
(1)	32-Public Service Commission	1,19,00,000	1,19,61,192	61,192
(2)	61-Administration of Justice	3,93,16,000	3,93,96,453	80,453
	Total	**5,12,16,000**	**5,13,57,645**	**1,41,645**
	Capital Section			
(1)	19-Other Expenditure pertaining to Finance Department	1,00,000	3,58,616	2,58,616
(2)	20-Repayment of Debt pertaining to Finance Department and its servicing	9,34,87,81,000	11,38,39,53,071	2,03,51,72,071
	Total	**9,34,88,81,000**	**11,38,43,11,687**	**2,03,54,30,687**

APPENDIX-V

Statement showing cases where expenditure fell short by Rs. 1 crore and by 10 per cent of the provision

(Reference : Paragraph 2.2.4 at page 22)

Sl. No.	Number and name of the Grant	Amount of saving (Rupees in crores) (percentage to total provision)	Main reasons for saving
1	2	3	4
Revenue Section			
Agriculture, Co-operation and Rural Development Department			
(1)	2-Agriculture	44.48 (17)	The Saving was due mainly to (i) Less release of Fund by Government of India (ii) Economy in expenditure, (iii) Vacant posts and (iv) Late receipt of sanction.
2)	3-Minor Irrigation, Soil Conservation and Area Development	15.97 (44)	The saving was due mainly to i) non-sanction of the Scheme ii) revised financial and physical phasing for the year and iii) economy measures
3)	5-Fisheries	1.71 (14)	The saving was mainly due to late receipt of sanction for continuing the scheme.
4)	6-Co-operation	1.95 (10)	The reasons not intimated
Finance Department			
5)	16-Tax Collection Charges (Finance Department)	95.36 (79)	The saving was due mainly to deletion of clause 4-A from the Gujarat Sales Tax Act, 1969 from 1.4.92.
6)	19-Other Expenditure pertaining to Finance Department	206.45 (83)	The saving was due mainly to meeting with necessary expenditure from the sanctioned grants under respective major heads.
Food and Civil Supplies Department			
7)	22-Civil Supplies	10.30 (35)	The saving was due mainly to introduction of Revamped in Public Distribution System.
Forest and Environment Department			
8)	27-Environment	1.55 (60)	The saving was due mainly to cut imposed by Government as economy measures.
Health and Family Welfare Department			
9)	42-Other Expenditure pertaining to Health and Family Welfare Department	3.63 (15)	The saving was due mainly to late sanction of new items.

1	2	3	4
Industries and Mines Department			
10)	51-Mines and Minerals	1.67 (23)	The saving was due mainly to non-receipt of administrative approval and non-filling of the posts.
Information, Broadcasting and Tourism Department			
11)	54-Information and publicity	3.08 (21)	The saving was due mainly to non-receipt of Administrative sanction to purchase vehicles and non-finalisation of agency and vacant posts.
12)	55-Tourism	1.85 (69)	The saving was due mainly to non-sanction of proposals and non-finalisation of application for district level Tourist centres.
Labour and Employment Department			
13)	58-Labour and Employment	6.04 (14)	The saving was due mainly to vacant posts, non-purchase of vehicles and equipments.
Legal Department			
14)	61-Administration of Justice	4.89 (15)	The saving was due mainly to vacant posts.
Revenue Department			
15)	73-Tax Collection Charges (Revenue Department)	3.86 (15)	The saving was due mainly to vacant posts and less demands of advances from employees.
16)	75-Relief on Account of Natural Calamities	69.86 (47)	The saving was mainly due to stopping of scarcity works due to sufficient rainfall.
17)	78-Other Expenditure pertaining to Revenue Department	14.63 (55)	The reasons for the savings not intimated.
Urban Development and Urban Housing Department			
18)	95-Urban Development	5.01 (13)	The saving was mainly due to non-acceptance of pay scales by municipalities, vacant posts and adjustment of last years unspent balances.
Youth Services and Cultural Activities Department			
19)	99-Youth Services and Cultural Activities	1.75 (21)	The saving was due mainly to non-finalisation of Administrative approval.
Capital Section			
Agriculture,Co-operation and Rural Development Department			
1)	2-Agriculture	19.25 (47)	The saving was due mainly to non-receipt of sanction.

1	2	3	4
2)	6-Co-operation	2.38 (16)	The reasons for saving not intimated
Education Department			
3)	10-Other Expenditure pertaining to Education Department	2.97 (16)	The savings was due mainly to less demands from employees.
Food and Civil Supplies Department			
4)	22-Civil Supplies	1.94 (39)	The saving was due mainly to transfer of Sugar Price Equilisation Funds to GSCSC Ltd., Gandhinagar.
Health and Family Welfare Department			
5)	41-Water Supply	11.39 (20)	The reasons for the savings have not been intimated.
Narmada and Water Resources Department			
6)	64-Narmada Development Scheme	75.06 (15)	The saving was due mainly to non-receipt of the required share from the other beneficiary States.
Revenue Department			
7)	75-Relief on account of Natural Calamities	4.89 (34)	The saving was due mainly to less expenditure than anticipated.
Social Welfare and Tribal Development Department			
8)	91-Special Component Plan for Scheduled Caste	2.58 (28)	The reasons for the saving have not been intimated.
Urban Development and Urban Housing Department			
9)	94-Urban Housing	4.95 (72)	The saving was due mainly to shifting of provision at the disposal of Gujarat Slum Clearance Board and non-implementation of the Scheme.

APPENDIX-VI

Year-wise cases of Misappropriation, losses etc. (reported upto 31.3.1993 and outstanding at the end of 30.9.1993)
(Reference : Paragraph 3.10 at Page 53)

Sl. No.	Name of the Department	Upto 1984-85		1985-86		1986-87		1987-88	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	Food and Civil Supply	3	0.69	-	-	-	-	-	-
2	Agriculture, Co-operation and Rural Development	-	-	-	-	-	-	-	-
3	Agriculture, Co-operation and Rural Development (Fisheries)	1	0.60	-	-	-	-	-	-
4.	Forest and Environment	4	1.43	-	-	-	-	-	-
5	Home	4	0.72	-	-	-	-	-	-
6	Home(Transport)	1	2.18	-	-	-	-	-	-
7	Finance	1	2.47	-	-	-	-	1	0.15
8	Gujarat Legislature Secretariat	1	0.41	-	-	-	-	-	-
9	Health and Family Welfare	14	13.17	-	-	-	-	2	0.33
10	Labour and Employment	-	-	-	-	-	-	-	-
11	Roads and Buildings	7	0.42	1	0.02	-	-	-	-
12	Narmada and Water Resources	27	10.20	1	0.62	-	-	-	-
13	Narmada and water Resources (Narmada)	-	-	-	-	1	0.45	1	0.92
14	Legal	-	-	-	-	-	-	1	0.16
15	Revenue								
	Land Revenue	39	4.63	-	-	3	0.72	1	0.03
	Other than Land Revenue	15	2.69	-	-	-	-	-	-
	Total	**117**	**39.61**	**2**	**0.64**	**4**	**1.17**	**6**	**1.59**

(*) The figures have been rounded in thousand, hence the amount of misappropriation of

(Rupees in lakhs)

1988-89		1989-90		1990-91		1991-92		1992-93		Total	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
-	-	-	-	-	-	-	-	-	-	3	0.69
-	-	1	0.75	1	1.92	-	-	1	29.01	3	31.68
-	-	-	-	-	-	-	-	-	-	1	0.60
-	-	-	-	4	2.84	-	-	-	-	8	4.27
-	-	1	0.06	1	(*)	6	5.93	-	-	12	6.71
-	-	-	-	-	-	-	-	-	-	1	2.18
-	-	-	-	1	3.00	-	-	-	-	3	5.62
-	-	-	-	-	-	-	-	-	-	1	0.41
1	0.58	1	0.50	3	2.48	2	3.36	-	-	23	20.42
-	-	-	-	-	-	-	-	1	0.04	1	0.04
-	-	1	0.89	2	3.86	1	1.11	2	1.83	14	8.13
-	-	2	0.62	1	2.33	2	0.61	3	0.90	36	15.28
-	-	-	-	-	-	-	-	-	-	2	1.37
-	-	-	-	-	-	-	-	1	0.85	2	1.01
15	0.76	2	0.06	2	0.07	1	0.20	-	-	63	6.47
-	-	-	-	-	-	-	-	1	3.44	16	6.13
16	**1.34**	**8**	**2.88**	**15**	**16.50**	**12**	**11.21**	**9**	**36.07**	**189**	**111.01**

Rs.394 being less than Rs.500 not included.

APPENDIX-VII

Cost and Time Over-run (Completed works)
(Reference : Paragraph 4.8.7.1 at page 69)

Sl. No.	Name of Work	Estimated Cost	Tendererd Cost	Date of commencement of work
1	2	3	4	5
Bharuch District				
1	Construction of a bridge across river Dhadhar on Broach Jambusar road	40.71	66.33	8.2.1983
2	S.R. to Jalva Pakhajan Road KM 6/0 to 12/8	4.16	4.74	5.7.1989
3	Widening of Ankleshwar Hansot road KM 69/2 to 71/6	4.36	5.45	12.10.1989
4	SR to Ankleshwar Hansot road KM 33/2 to 4/8 & 50/8 to 72/6	11.33	13.57	11/89
5	SR to Gowali Gumandev road KM 0/0 to 5/0	2.68	2.95	2.3.1990
6	SR to Navra Rajpara Kandroj Nikoli Road KM 0/0 to 5/2	2.80	3.25	2.3.1990
7	SR to Broach Dahej Road KM 23/10 to 24/8 & 33/6 to 35/0	13.04	14.87	20.3.1990
8	SR to Derol Wagara Gadhar road KM 0/0 to 6/0	5.80	6.52	3.5.1990
9	SR to Wahiyar Bava Karwada road KM 0/0 to 6/4	7.27	8.55	7.6.1990
10	Construction of a minor submersible bridge across Amla Khadi on Ankleshwar Bansot road KM 66/0 to 67/0	7.55	11.63	1.10.1990
11	SR to Broach Jambusar Road KM 77/4 to 84/8	11.09	13.03	16.10.1990
12	SR to Amod Rosa Tankarea Mutter Dahal road KM 14/0 to 17/0	3.78	4.44	16.10.1990
13	FDR to Jambusar Tankari Dewda Road KM 6/0 to 10/0	4.10	5.37	25.2.1991
14	FDR to Broach Tankariya Palej road KM 1/0 to 29/2	21.85	29.75	8.3.1991
15	SR to Broach Bye pass-road KM 6/8 to 9/2	2.81	3.52	8.3.1991
16	Arterial road to Amod Rosa Talaroua road KM 3/4 to 14/0	18.76	25.33	6.4.1991
17	SR to Nahiyer Bava Khawada road KM 6/4 to 12/4	12.29	16.80	25.6.1991
18	SR to Vadia Talv Valugan Road	4.22	5.70	4.10.1990
19	Strengthening Watman Bavalia Section of Ahmedabad Bhavnagar short route	236.40	188.42	26.3.1991

(Rupees in lakhs)

Targetted date of completion	Actual date of completion	Actual Expenditure	Excess Over Administrative approval	Percentage of excess over estimated cost	Delay in completion of work
6	7	8	9	10	11
					Months
7. 2.86	24. 6.86	101.19	60.48	149	4
4. 9.89	7. 4.91	5.99	1.83	44	17
11. 1.90	12. 1.90	5.64	1.28	29	-
30. 1.90	29. 4.90	27.92	26.59	232	3
1. 4.90	6. 3.90	3.95	1.27	47	-
1. 4.90	27. 3.90	3.76	0.96	34	-
19. 7.90	12. 6.90	18.36	5.32	41	-
2. 8.90	3. 1.91	7.29	1.49	26	3
6. 9.90	19. 6.90	8.08	1.171	25	-
31. 8.91	10. 3.92	14.21	6.66	88	5
15. 1.91	15. 1.91	14.48	3.39	32	-
15. 1.91	7. 1.91	4.99	1.21	32	-
24. 8.91	7. 3.91	5.39	1.29	31	-
7. 9.91	1. 6.91	31.05	9.20	42	-
15. 3.91	9. 3.91	3.50	0.69	25	-
5. 1.92	17. 5.92	25.11	6.35	35	4
24.12.91	21.11.91	16.60	4.31	35	-
3. 4.92	3. 1.92	6.27	2.05	49	-
25. 7.92	28. 6.92	342.61	106.21	45	-

1	2	3	4	5
Surendranagar District				
20	Construction of Bridge with approaches on river Bhogavo in place of existing weak diversion outside Surendranagar	18.83	24.37	26.1.1980
21	Construction of approaches of bridge across river Bhagavo on Surendranagar diversion on Viramgam-Surendranagar Dalia Road	4.02	3.63	26.2.1982
Godhra District				
22	Construction of bridge across Anas river on Limbdi Thandla Palelward Road	11.10	15.75	24.5.1974
23	Construction of road over bridge in replacement of existing crossing level No.45 on Baroda Ratlam(BG) Rly Line	37.81	54.13	15.3.1980
24	Construction of bridge with approaches near village Kediya Morai in Lunawada on Balasinor Vispur Godhra Road	8.78	15.21	1.7.1982
25	Construction of a bridge with approaches on river Nashri on Derol Sansoli Kalyana Road	15.86	2.40	1.7.1982
26	Construction of a bridge on river Goma on Derol Kandaca Road near village Derol	58.52	49.25	1.7.1982
27	Construction of a bridge with approaches on river Kum Vagenpar Kakanpur Nadisar Road	17.34	31.68	1.7.1982
28	Construction of a bridge on river Mahi, near village Agarwada on Balasinor Lunawada Road	35.36	62.20	4.8.1973
29	Construction of Mining Major bridge with approaches on Dhanpur Limbdia Kanteta Road	8.66	17.91	1.7.1982
30	Construction of Major bridge across river Ujjal on Barmoli Nalkanta Road	28.00	36.72	1.7.1982
31	Construction of Malar bridge with approaches on river Bhadar near Ditiwas Bachkaria Panchwada Road	8.36	15.37	1.7.1982
32	Construction of missing bridge with approaches on river Ukhredi on Santrampur Fatepura Road	12.00	20.16	1.7.1982
33	Construction of Santrampur Kadana Dangerpur Road	41.54	40.99	5.3.1983
34	Construction of eastern State Highway passing to Pms. Distt. 77/2 to 120/6 Kms.	57.70	62.70	18.11.1982
35	Construction of bridge across river Dahudhmate on AGD I Road	16.22	22.54	26.2.1986
36	Widening to 2 lane Limkheda Limdi Mahakali Road	45.28	38.68	20.1.1988
Bhavnagar District				
37	Improvement and bringing the State Highway Standard Vallabhipur Panchajam Ratanpur Road	25.75	35.81	5.9.1979
38	Construction of bridge with approaches on Padalio river on Dhass-Gadhada Botad Road	17.87	24.07	15.2.1991
	Total	**884.38**	**1007.67**	

6	7	8	9	10	11
26.12.81	30.10.86	39.08	20.25	108	56
25. 8.83	30.10.86	4.57	0.55	14	56
23. 5.77	20. 2.85	43.89	32.79	295	66
14. 9.82	31.12.86	46.39	8.58	23	51
30. 6.85	14. 7.87	23.56	14.78	168	24
30. 6.82	10. 7.88	43.87	28.13	177	48
30. 6.85	2. 7.89	76.28	17.76	65	48
30. 6.87	2. 7.89	65.54	48.20	278	24
3. 2.77	29. 2.84	171.53 136.17	485	120	
30. 6.85	16. 5.91	29.06	20.40	236	68
30. 6.85	10. 5.91	53.89	24.89	86	68
30. 6.85	21. 2.87	22.37	14.01	158	17
30. 6.85	25. 1.87	28.59	16.59	138	16
4. 9.84	20. 2.86	41.69	0.15	-	16
17.11.83	20. 2.86	66.21	8.51	-	26
25. 8.87	15. 2.88	21.54	5.32	33	5
10. 7.89	31. 5.90	77.80	32.52	72	10
4. 9.81	31. 5.91	33.50	7.75	30	115
14. 5.92	13.10.92	38.15	20.28	113	4
		1584.90	**701.01**		

APPENDIX-VIII

Details of incomplete work as on April 1993

(Reference : Paragraph 4.8 7.2 Page 69)

(Rupees in lakhs)

Sl.No.	District	No of works	Estimated cost	Actual requirements of funds for completion	Expenditure upto March 1993	Spill over liability as on April 1993
1	2	3	4	5	6	7
1	Ahmedabad	6	709.81	801.66	707.27	94.39
2	Kheda	12	858.52	1137.08	909.18	227.90
3	Sabarkantha	7	481.45	638.36	464.28	94.08
4	Mehsana	8	476	424.57	254.55	170.02
5	Banaskantha	3	237.69	242.22	195.54	46.68
6	Kachchh	4	215.55	245.05	231.05	14.00
7	Vadodara	8	639.16	643.78	439.17	203.61
8	Panchamahals	13	683.85	704.39	598.22	106.17
9	Surat	7	1807.56	2430.40	1994.41	435.99
10	Broach	3	259.12	347.63	275.88	71.75
11	Valsad	3	244.45	270.22	697.32	73.90
12	Dangs	1	70.56	70.56	66.02	4.54
13	Rajkot	7	427.08	346.69	258.24	88.45
14	Jamnagar	2	227.45	239.60	182.52	57.08
15	Surendranagar	6	363.56	318.82	264.21	54.61
16	Amreli	7	310.90	409.86	317.54	92.32
17	Junagadh	16	839.77	1113.65	923.63	190.02
18	Bhavnagar	6	292.26	337.35	291.11	46.24
19	Gandhinagar	1	60.00	92.00	65.08	26.92
		120	**9194.82**	**10722.89**	**8625.22**	**2097.67**

APPENDIX-IX

Year-wise details of outstanding Inspection Reports
(Reference : Paragraph 4.17 at Page 80)

Year	Roads and Buildings Department		Narmada and Water Resources Department		Total	
	Inspection Reports	Paragraph (in numbers)	Inspection Reports	Paragraph (in numbers)	Inspection Reports	Paragraph (in numbers)
Upto 1987-88	144	291	347	942	491	1233
1988-89	27	62	61	187	88	249
1989-90	43	135	60	148	103	283
1990-91	45	120	87	302	132	422
1991-92	59	214	89	339	148	553
1992-93	44	213	82	319	126	532
Total	**362**	**1035**	**726**	**2237**	**1088**	**3272**

APPENDIX-X

Statement showing release of Central and State shares

(Reference : Paragraph 7.11.5.2 Page 115)

Abbreviation
CY = Current year
PY = Previous year
C = Cummulative

Sl. No.	Year	Amount of Central assistance	Amount of State Share To be provided	Provided	Name of the Scheme
1	2	3	4	5	6
					(Rupees in lakhs)
1	1989-90	194.63	160.28	-	Setting up of Urban Micro Enterprises and Training and Infrastructure support.
		528.92	132.23	-	Urban wage employment through Public assets creation.
		126.54	26.36	-	Employment through Housing and Shelter upgradation.
		36.77	20.22	—	Administrative and operational expenses.
	Total	**886.86**	**339.69**	**Nil**	
		Short provision at the end of 1989-90 Rs.339.69 lakhs.			
2	1990-91	52.46	38.96(cy) 160.28(py)	38.96(cy) 124.66(py)	Setting up of Urban Micro Enterprises and Training and Infrastructure support
		150.08	37.52(cy) 132.23(py)	— 132.23(py)	Urban wage employment through public assets creation
		149.95	27.73(cy) 26.36(py)	— 26.36(py)	Employment through Housing and Shelter upgradation
		26.48	11.06(cy) 20.22(py)	— 19.74(c)	Administrative and operational expenses
	Total	**378.97**	**454.36**	**341.95**	
		Cummulative short provision Rs.112.41 lakhs.			
		O.N.:- Actually provided Rs.385.0 lakhs out of which Rs.6.28 lakhs+ Rs.36.77 lakhs = Rs.43.05 lakhs relates to 1989-90 Central grant which were wrongly credited in State a/c instead in Central a/c.			
3	1991-92	68.55	45.35(cy) 35.62(py)	75.00(c)	Setting up of urban Micro Enterprises and Training and Infrastructure support
		108.40	27.10(cy) 37.52(py)	80.00	Wage employment through public assets creation
		58.70	11.88(cy) 27.73(py)	25.00(c)	Employment through Housing and Shelter upgradation
		55.50	16.03(cy) 11.54(py)	20.00(c)	Administrative and operational expenses.
	Total	**291.15**	**212.77**	**200.00**	
		Cummulative short provision Rs.12.77 lakhs.			

1	2	3	4	5	6
4	1992-93	40.45	26.96(cy) 5.97	60.00(c)	Setting up of Urban Micro Enterprises and Training and Infrastructure support.
		72.80	48.54(cy) (-)15.38(c)	34.00	Wage employment through public assets creation Pr.years Excess provision
		54.60	36.40(cy) 14.61(py)	50.00(c)	Employment through Housing and Shelter upgradation
		30.60	20.40(cy) 7.57(py-c)	30.00(c)	Administrative and operational expenses.
	Total	**198.45**	**145.07**	**174.00**	
		Cummulative excess provision Rs.28.93 lakhs.			

APPENDIX-XI

Statement showing delay in release of Central and State Shares

(Reference : Paragraph 7.11.5.2 Page 115)

Sl. No.	Name of scheme scheme	Year	Central Government GOI Released Date	Amount	Delay
A 1	SUME	1989-90	March 90 (DRDA)	194.63	Scheme late started
2	SUWE	"	"	528.92	—
3	SHASU	"	"	126.54	—
4	A&OE	"	"	36.77	—
			Total Rs.	886.86	
B 1	SUME	1990-91	Between 20.12.92 & 30.3.91	52.46	More than 9 months
2	SUWE	"	"	150.08	"
3	SHASU	"	"	149.95	"
4	A&OE	"	"	26.48	"
			Total Rs.	378.97	
C 1	SUME	1991-92	Between 18.3.92 to 6.5.92	68.55	12 Months
2	SUWE	"	"	108.40	"
3	SHASU	"	"	58.70	"
4	A&OE	"	"	55.50	"
			Total Rs.	291.15	
D 1	SUME	1992-93	13.4.93	40.45	12 Months
2	SUWE	"	"	72.80	"
3	SHASU	"	"	54.60	"
4	A&OE	"	"	30.60	"
			Total	**198.45**	

(Rupees in lakhs)

Sl. No.	Year	State Government GOG Released Date	Amount	Delay
A 1	1989-90	—	—	—
2	"	"	"	"
3	"	"	"	"
4	"	"	"	"
			Nil	
B 1	1990-91	13.3.91	163.62	12 Months
2	"	"	132.23	"
3	"	"	26.36	"
4	"	March 91	19.74	"
			341.95	
C 1	1991-92	Between 18.10.91 to 31.3.92	75.00	More than 12 months
2	"	"	80.00	"
3	"	"	25.00	"
4	"	"	20.00	"
			200.00	
D 1	1992-93	31.3.93	60.00	12 Months
2	"	"	34.00	"
3	"	"	50.00	"
4	"	"	30.00	"
			174.00	

APPENDIX-XII

Glossary of Abbreviations

AL	Agriculture Labourers
APO	Assistant Project Officer
AUDA	Ahmedabad Urban Development Authority
BDO	Block Development Officer
BLBAC	Block Level Beneficiaries Advisory Committee
BLCC	Block Level Coordination Committee
BPL	Below Poverty Line
BSG	Built-up Spray Grant
CCA	Culturable Command Area
CHCs	Community Health Centres
CMSO	Central Medical Stores Organisation
CRD	Commissioner of Rural Development
CWC	Central Water Commission
D/S	Down Stream
DDO	District Development Officer
DPO	District Planning Officer
DRDA	District Rural Development Agency
DTP	Draft Tender Papers
DVEC	District Vocational Education Committee
DWCRA	Development of Women and Children in Rural Area
EIRL	Extra Item Rate List
EM	Estate Manager
EWS	Economically Weaker Sections
GERI	Gujarat Engineering Research Institute
GIDC	Gujarat Industrial Development Corporation
GMB	Gujarat Maritime Board
GMFB	Gujarat Municipal Finance Board
GRHB	Gujarat Rural Housing Board
GSCC	Gujarat State Construction Corporation
GSE-BOARD	Gujarat Secondary Education Board
HUDCO	Housing and Urban Development Corporation
IRDP	Integrated Rural Development Programme
IRMA	Institute of Rural Management, Anand
ITIs	Industrial Training Institutes

LAO	Land Acquisition Officer
LBM	Lean Bituminous Macadum
LCB	Local Competitive Bidding
MF	Marginal farmers
NCDC	National Co-operative Development Corporation
NCERT	National Council of Educational Research and Training
NPE	National Policy on Education
NRY	Nehru Rozgar Yojana
PCU	Passenger Car Unit
PLA	Personal Ledger Account
RA	Rural Artisans
RF	Revolving Fund
RMC	Rajkot Municipal Corporation
SACFA	Standing Advisory Committee on Frequency Allocation
SC	Schedule Caste
SCERT	State Institute of Vocational Education
SCVE	State Council for Vocational Education
SE	Superintending Engineer
SF	Small Farmers
SH	State Highway
SHASU	Scheme for employment through Housing and Shelter Upgradation
SLAO	Special Land Acquisition Officer
SLCC	State Level Coordination Committee
ST	Schedule Tribe
SUME	Scheme for setting up Micro Enterprises
SUWE	Scheme for Urban Wage Employment
TRYSEM	Training of Rural Youths for Self Employment
U/S	Up Stream
UD & UHD	Urban Development and Urban Housing Department
ULB	Urban Local Body
VGT	Vocational Guidance Teacher
VOC	Vocational
WB	World Bank
WBM	Water Bound Macadum

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ERRATA

Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 No. 3 (Civil)-Government of Gujarat.

Page No.	Reference toline and/or Para/Column	For	Read
(ii)	7th	Expennditure	Expenditure
(iv)	15th	Yojna	Yojana
(xii)	8th from bottom		
(x)	18th	involving in	involving
(xiii)	2nd	an	and
(xiii)	3rd from bottom	drawl	drawal
2	Graph	Bidjet	Budget
5	Last line	Delete "below"	Insert "on Page 6"
7	4th line	Tax Revenue (*)	Tax Revenue
7&8	Foot note	rearrongment	rearrangement
8	Table under para 1.5.4		Please insert (*) in column 2 against the years 1988-89 to 1991-92
10	21st from bottom	1988-89.	1988-89 level.
26	Col. No. 2	Retirement been	Retirement
26	Col. No. 4	not	not been
26	Sl. No. 3 of Table Col. No. 2	Delete the word "mainly"	Insert the same in Col. No. 4 after the word "was"
35	14th	city.	city,
41	14th	Paragraphs	Paragraph
44	9th	curriculam	curricula
44	17th	curriculua	curricula
52	5th	for 19	19
56	18th	of revised	revised
56	20th from bottom	fiejd	field
84		7.2	7.1.2
88	21str from bottom	district	districts
92	2nd	programme	programmes
93	16th from bottom	Rs. 3500	Rs. 6400
95	14th Col. No. 4	supplmentary	supplementary
100	9th line	"Cow and Calf"	Delete
105	8th from bottom	(December 1993)	December 1993
106	13th	SLOUCH	SLCC
112	8th from bottom	UH&UHD	UD&UHD
136	Col. No. 5	2,03,056	2,23,056
139	Col. No. 4 6th line	savings	saving
149	Col. No. 6 7th line	public assets	creation of public assets
149	Col. No. 6 8th line	creation Pr. years	Py.
150	Col. No. 2	scheme scheme	scheme