



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

**FOR THE YEAR ENDED 31 MARCH 2004
(CIVIL)**

GOVERNMENT OF MADHYA PRADESH

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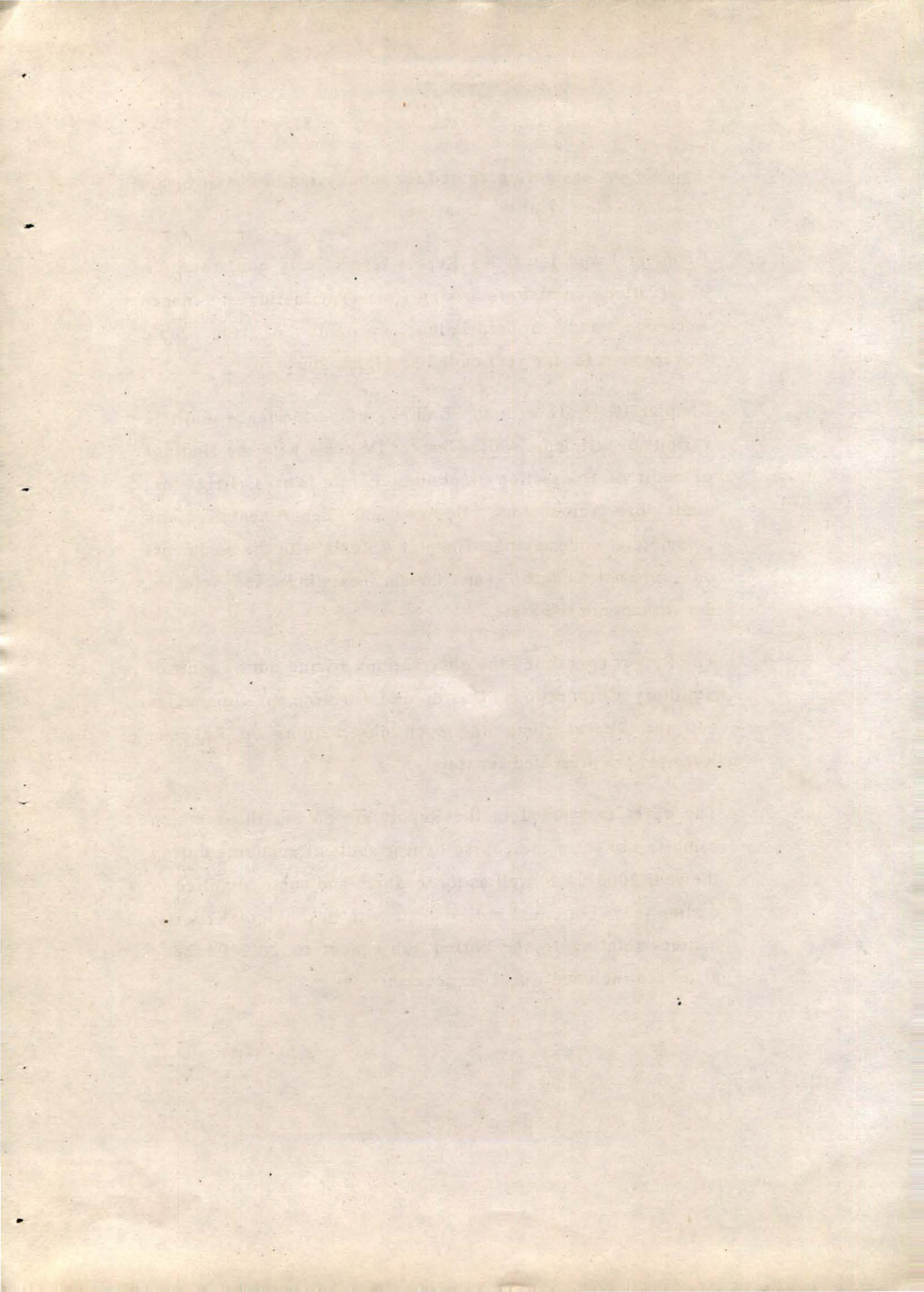
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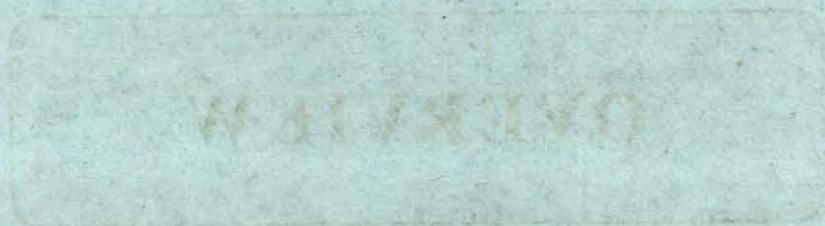
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Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2004.
3. Chapter III deals with the findings of performance audit in various departments while Chapter IV deals with the findings of audit of transactions including Public Works, Irrigation, audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with the comments on internal control mechanism existing in selected departments in the State.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2003-04 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2003-04 have also been included wherever necessary.



OVERVIEW



Overview

This Report contains **15** Audit Paragraphs (including one general paragraph) and six performance reviews/apart from comments on the Finance and Appropriation Accounts. As per the existing arrangement, copies of the draft Audit paragraphs and draft Audit Reviews are sent to the concerned Secretary to the State Government by the Principal Accountant General (Civil and Commercial Audit) and Accountant General (Works and Receipt Audit) demi-officially with a request to furnish replies within six weeks. The Secretaries are also reminded demi-officially by the Principal Accountant General (Civil and Commercial Audit) and Accountant General (Works and Receipts Audit) for replies. A Meeting was conveyed on 2 March 2005 by the Principal Accountant General (Civil and Commercial Audit) and the Accountant General (Works and Receipt Audit) with the Chief Secretary and the Principal Secretaries and Secretaries of various departments to expedite response to audit. Despite such efforts, in respect of 11 Audit Paragraphs and five Reviews included in this Report no response was received from the concerned Secretary to the State Government.

1. Finances of the State Government

The revenue receipts of the Government increased from Rs.13391 crore in 2002-03 to Rs.14289 crore in 2003-04. The rate of growth which was 19.45 per cent during 2002-03, decreased to 6.7 per cent during 2003-04.

The revenue expenditure increased from Rs.14560 crore in 2002-03 to Rs.18765 crore in 2003-04. The rate of growth which was 1.33 per cent during 2002-03, increased to 28.88 per cent during 2003-04. The revenue expenditure (Rs.18765 crore) during the year exceeded the revenue receipts (Rs.14289 crore) resulting in a revenue deficit of Rs.4476 crore. The revenue deficit increased from Rs.1169 crore in 2002-03 to Rs.4476 crore in 2003-04 registered a growth of 283 per cent.

Fiscal Deficit increased from Rs.4062 crore in 2002-03 to Rs.7323 crore in 2003-04, an increase of 80 per cent.

The revenue receipts as percentage of GSDP decreased from 16.13 per cent in 2002-03 to 14.14 per cent in 2003-04. The revenue expenditure as percentage of GSDP increased to an all time high of 18.57 per cent in 2003-04.

Salaries (Rs.5312 crore), interest payment (Rs.3206 crore) and Pensions (Rs.1197 crore) together consumed 68 per cent of the total revenue receipts of the State during the year.

The share of Social Services and General Services declined from 33.26 per cent and 31.33 per cent in 2002-03 to 27.05 per cent and 30.53 per cent respectively in 2003-04, while the share of Economic Services increased from 30.34 per cent in 2002-03 to 38.74 in 2003-04.

Return on capital investments in various government companies and corporations was insignificant. On an investment (including loan) of Rs.1737.29 crore at the end of 2003-04, the Government received dividend/interest of Rs.8.42 crore which was less than even one per cent (0.48 per cent). Three statutory corporations and 14 Government Companies with an aggregate investment of Rs.529 crore upto 2003-04 were incurring losses and their accumulated losses amounted to Rs.3886 crore as per the accounts furnished by these companies upto 2003-04.

Out of the Financial Assistance to Local Bodies and other institutions provided by the Government, Rs.121.17 crore were drawn and deposited in Civil Deposit by the Commissioner, Urban Administration (Rs.84.70 crore) and the Chief Engineer, Public Health Engineering, Bhopal (Rs.36.47 crore).

(Paragraph 1.1 to 1.10)

2. Allocative Priorities and Appropriation

As against the revised appropriation of Rs.36467.80 crore, the actual expenditure during 2003-04 was Rs.30345.27 crore resulting in saving of Rs.6122.53 crore. The expenditure of the Government exceeded the budget provision during the year in 7 grants/appropriations, by Rs.2.54 crore. Such excesses aggregating to Rs.5569.04 crore pertaining to the years 1990-91 to 2002-03 had not been regularised (October 2004). The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.1151.54 crore obtained in 54 cases during the year proved unnecessary.

In 49 cases, the entire budget provision of Rupees one crore and above in each case aggregating to Rs.416.58 crore provided under various Central schemes remained unutilised. In 59 schemes, there were substantial savings of Rupees five crore or more and also over 80 per cent of the provision in each case, totalling Rs.2437.29 crore.

In 144 cases of grants/appropriations, savings of Rs.4231.10 crore were not surrendered and were allowed to lapse. This included Rs.4164.14 crore in 50 cases where savings exceeded Rupees five crore in each case were not surrendered.

In 126 cases, Rs.1936.82 crore were surrendered during the year. Of these Rs.1833.51 crore (94.7 per cent) were surrendered on the last day of the financial year.

In 16 cases, the surrendered amount of Rs.619.31 crore was in excess of the available savings of Rs.576.67 crore resulting in excess surrender of Rs.42.64 crore which indicated inefficient budgetary control.

No reconciliation of expenditure figure was carried out by the DDOs under 12 Major Heads involving expenditure of Rs.3386.15 crore, representing 11 per cent of the total expenditure during the year.

During 2003-04, Rs.115.45 crore were drawn and exhibited as final expenditure under various heads (Schemes) after transferring to Major Head 8443-Civil Deposits-800 Other Deposits. Similarly, Rs.139.14 crore were drawn and added to the balance under Major Head 8443-Civil Deposits-106-Personal Deposits in respect of Government Institutions.

Expenditure of Rs.71.88 lakh was incurred in 5 cases without budget provision.

Provision of Rs.25 crore and expenditure of Rs.22.39 crore being grants-in-aid to Local Bodies/Institutions were incorrectly classified and accounted for under Capital section of Account instead of Revenue section.

Rs.55.25 crore were reappropriated/surrendered in violation of instructions of State Government and the Financial Rules.

(Paragraph 2.1 to 2.7)

3 Implementation of Child labour (Prohibition and Regulation) Act, 1986

The Child Labour (Prohibition & Regulation) Act, 1986 (Act) bans employment of children in hazardous occupations and regulates the condition of work where the children are not prohibited from working. The Supreme Court issued directives in 1996 regarding identification of children working in hazardous employment, their withdrawal and rehabilitation. Government of India launched the National Child Labour Project (NCLP) for

rehabilitation of children so withdrawn from work. But the districts with higher incidence of child labour like Damoh, Raisen, Sagar and Tikamgarh were not selected for inclusion in the action plan of implementation of NCLP special schools. Action plan for eradication of child labour by 2005 was not implemented by State Government.

Shortfall in inspection of industrial premises ranged from 87 to 94 per cent.

Most of the cases of prosecution ended in acquittal due to improper documentation regarding proof of age, witnesses and panchnama which showed the weakness of the enforcement machinery.

Against Rs.17.65 crore due from offending employers on account of compensation, only Rs.3.75 lakh could be recovered.

Major deviations were noticed in observing GOI guidelines issued by the project societies in running of NCLP Schools.

Job to one adult member of the families of 7752 child labourers withdrawn from hazardous work was not provided.

(Paragraph 3.1)

4 Indian System of Medicines and Homoeopathy

The Director of Indian System of Medicines and Homoeopathy was to implement various programmes and schemes of delivery of health services, imparting education, production of medicines etc. in the systems of Ayurveda, Homoeopathy & Unani with the assistance of District Ayurveda Officers, Principals of colleges and Superintendents of pharmacies in the State.

The performance of hospitals and dispensaries in delivering health services to the patients was affected by non-availability of doctors in dispensaries, inadequacy of medicines, lack of indoor facilities and diet etc. The shortage of teaching staff in colleges had adverse impact on teaching and short supply of raw material brought down the production of medicines in the pharmacies.

The expenditure on medicines, machinery and equipment was only one to three per cent of total expenditure under the Grant "Expenditure Pertaining To Medical Education Department" during 1999-2004.

Indoor facilities were not commissioned in Ayurveda hospital, Baihar (Balaghat) even after 12 years of sanction and were

closed down in Tamia (Chhindwara), Damoh, Hoshangabad, Jhabua and Khargone.

Sanctioned bed strength was not provided ranging between 17 to 50 per cent in five and 67 to 100 per cent in eight hospitals.

Four dispensaries had not started functioning and 18 dispensaries were running without the supporting staff. In 193 (36 per cent) dispensaries treatment was given to 22.83 lakh patients during 1999-2004 by compounders and class IV staff in absence of doctors.

Inadequate teaching staff adversely affected quality of teaching in colleges and affiliated hospitals were not up to CCIM/CCH norms.

The production of medicines was very low in the pharmacies. No production was done in Unani Pharmacy during 2003-04.

Department failed to ensure quality control in purchase of medicines worth Rs.5.10 crore.

(Paragraph 3.2)

5. Health Care, Drinking Water Supply and Employment Generation Scheme in Betul District

Betul district, situated in the central southern part of the state covered an area of 10043 sq. km. of which more than 53 per cent was arable land. Of 13.95 lakh population, more than 81 per cent was rural and 50 per cent belonged to SC and ST. Most of the villages in the district did not have easy access to medical facilities. Shortage of doctors and paramedical staff further added to already insufficient medical facilities available in district. Supply of potable drinking water remained a dream to the inhabitants of 665 villages of the district as these villages were not covered under any of the drinking water supply schemes launched by the Government of India and the State Government. Government could not provide the minimum employment of 100 mandays per year per family as envisaged under any of the Employment Generation Programmes.

There was shortage of 90 Health Centres in the District. Even the existing Health Centres were functioning with inadequate infrastructure like buildings and equipment etc. Some centres did not have even the basic necessities like water and electricity.

About 37 per cent of posts of specialist / clinical specialists and PGMOs were vacant which affected normal functioning of health centres.

Potable drinking water was not available in 665 villages / habitations, while availability in all five towns and 757 villages / habitations was less than the norms. Due to non-closure of 1256 water sources having unsafe water, 1.88 lakh people were allowed to consume contaminated water.

Spray of ineffective pesticides could not control spread of malaria which claimed 30 lives and rendered expenditure of Rs.3.49 crore incurred on spray unfruitful.

In spite of spending of Rs.99.85 crore during 1999-2004, average employment generated was merely 17 days against the target of 100 days per BPL family per year.

Irregular expenditure of Rs.1.11 crore was incurred on repairs of dwelling units, wells and construction of drains under Sampoorna Gramin Rozgar Yojana.

Eight watershed projects (cost:Rs.1.27 crore) under the Draught Prone Area Programme remained incomplete even after five years.

(Paragraph 3.3)

6. Pradhan Mantri Gram Sadak Yojana

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by Government of India (GOI) on the 25th December 2000 with the object of providing connectivity by way of all weather roads (AWRs) to unconnected rural habitations with a population of 1000 persons or more and between 500 and 999 persons by the end of March 2003 and 2007 respectively. For implementation of the scheme in the State, the Government of Madhya Pradesh (GOMP) established (23 December 2000) Madhya Pradesh Rural Road Development Authority (MPRRDA). GOI released Rs.1206.93 crore during March 2001 to March 2003 against the sanctioned amount of Rs.2065.38 crore to provide connectivity for 3367 unconnected habitations. After a period of more than four and half years the MPRRDA could provide new connectivity to 1159 habitations only by incurring expenditure of Rs.1088.31 crore as of July 2004. The dismal performance was mainly due to poor planning & implementation, incorrect selection of roads and ineffective monitoring.

MPRRDA received only Rs.1206.93 crore as against sanctioned Additional Central Assistance (ACA) of Rs.2065.38 crore due to short fall in expenditure (Rs.531.15 crore) during 2001-03.

An expenditure of Rs.143.39 crore was incurred on the works under 33 packages as against sanctioned amount of Rs.125.27 crore resulting in unauthorised expenditure of Rs.18.12 crore.

Payment of advances without any provision in agreements constituted undue financial aid to contractors worth Rs.9.36 crore.

Incorrect selection of roads for construction/upgradation under phases I & II against the criteria of the guidelines resulted in diversion of ACA for Rs.200.48 crore and blocking of funds of Rs.9.36 crore.

Execution of extra thickness of crust due to adoption of incorrect design criteria for rural roads resulted in avoidable cost of Rs.2.56 crore.

Extra cost of Rs.22.24 crore due to execution of primer coat without assessing its requirement and adoption of higher specification for tack coat and CD work.

Extra cost of Rs.2.70 crore was incurred due to unauthorised execution of costlier earth work.

Excess/inadmissible payment of Rs.3.46 crore was made and undue financial aid of Rs.2.69 crore was extended to contractors due to incorrect computation, incorrect application of rates and award of additional work at higher rates.

(Paragraph 3.4)

7. Simhashta Mela 2004

Simhashta Mela at Ujjain, held on the banks of river Kshipra every twelfth year when the 'Brahspati' enters the 'Singh' Rashi (Leo sign of the Zodiac), is the one of the largest spiritual gathering known to humanity. On this occasion pilgrims congregate in lakhs to Ujjain to have a holy dip in the sacred river Kshipra. The last Simhashta was held during April-May 2004 and was attended by nearly 2.75 crore people.

In order to provide the best of amenities to the pilgrims during the Simhashta Mela 2004, Government of M.P sanctioned action plan amounting to Rs.265.28 crore for different activities like maintenance of law and order, construction of roads, bridges,

stop dams, ghats etc and for development of facilities related to accommodation, public health, electricity, drinking water, sanitation etc. An expenditure of Rs.239.54 crore was incurred till June 2004.

Unauthorised expenditure of Rs.26.50 crore was incurred on 114 works without sanction of Ministerial sub committee.

An amount of Rs.2.76 crore was drawn in March 2004 of which only an amount of Rs.54 lakh was utilised by the time of completion of Simhastha Mela and the balance of Rs.2.22 crore has not been returned back to the Government.

Executing the pumping main with costlier DI Pipe instead of PSC pipe resulted in enhancement of capital cost by Rs.8.48 crore.

Extra expenditure of Rs.3.62 crore due to allotment of work at higher rates.

Unfruitful investment of Rs.26.22 crore in construction of 8 roads owing to inadequate quality surveillance.

Failure of Unhel-Ujjain (26.6 km) road constructed at a cost of Rs. 4.05 crore between June 2002 and April 2004 to last its designed life due to inadequate quality control and lack of supervision.

Due to non adherence to the specification extra expenditure of Rs.1.04 crore was incurred.

Undue financial aid of Rs.3.10 crore to contractors on account of payment of secured advances on maxphalt and down graded metal without provision in agreements.

(Paragraph 3.5)

8. Internal Control on Education Department

Internal Control system safeguards against errors and irregularities in operational and financial matters. It examines and evaluates the level of compliance of the departmental rules and procedures. It also assures senior management on the adequacy of risk management and internal control framework in the department. Review of the internal control mechanism (ICM) in school education department revealed that ICM in the department was not functioning properly. Cases of over payment of pay and allowances to teachers appointed under 'Operation Blackboard Scheme' and irregular payment of grants-in-aid to Government aided educational institutions were noticed. Bank

accounts were opened by Drawing and Disbursing Officers (DDOs) in 8 test checked districts without obtaining sanction from competent authority. There was gross deficiency in conducting departmental inspections of offices of District Education Officer (DEO) and Block Education Officer (BEO) and schools.

Irregular payment of Rs.1.24 crore was made from the block grants paid to Government aided educational institutions during 2000-04 towards teachers' contributory provident fund.

Over payment of Rs.70.97 lakh was made to teachers appointed under Centrally Sponsored Scheme 'Operation Blackboard' in Morena district by raising their pay from Rs.1200 to Rs.4000 without any orders issued by the Government.

DDOs (9) had opened bank accounts without obtaining sanction from competent authority and deposited Government funds worth Rs.54.82 lakh in these accounts as of March 2004.

Inspection of schools and offices were not conducted by departmental authority according to prescribed roster.

Shortage of staff in internal audit wing led to deficiency in system of internal audit.

(Paragraph 5.1)

9. Other Points as a Audit of Transactions

Fraudulent drawal/losses

Failure to observe the codal provisions facilitated embezzlement of Government money to the tune of Rs.21.70 lakh.

(Paragraph 4.1.1)

There was fictitious and doubtful payment of Rs.15.78 crore on the works pertaining to rehabilitation and resettlement of the Sardar Sarovar Project affected families and in works pertaining to Rani Awanti Bai Lodhi Sagar Project due to eneffective financial control on the work of survey, site clearance, maintenance of canal and purchase of stationary etc.

(Paragraph 4.1.2)

Infructuous/Wasteful expenditure and overpayment

Excess payment of Rs.5.50 crore due to incorrect calculation of escalation besides short recovery of Rs.11.39 lakh on account of hard rock issued to the contractor.

(Paragraph 4.2.1)

Payment for trench excavation at the rate of Rs.86 per cum resulted in excess payment of Rs.37.89 lakh.

(Paragraph 4.2.2)

Non-adjustment of rates on account of use of RCC hume pipes IS-458-1988 in place of IS-458-1971 resulted in an excess payment of Rs.55.56 lakh to contractors.

(Paragraph 4.2.3)

Inflated measurement relating to various items of works including dry and wet excavation resulted in overpayment of Rs.4.08 crore to the contractor; besides that, award of work without ascertaining the contractor's resources also resulted in extra cost of Rs.22.17 crore.

(Paragraph 4.2.4)

Excess/ avoidable expenditure of Rs.55.27 lakh due to incorrect application/ fixation of job rates in DFO (G) Shivpuri, Field Director Pench Tiger Reserve and CF Seoni in respect of felling of Khair trees & construction of boulders check dam.

(Paragraph 4.2.5)

Pay and allowances to the tune of Rs.1.19 crore were paid to kitchen staff while no cooked diet had been provided to the indoor patients.

(Paragraph 4.2.6)

Avoidable/Excess/Unfruitful expenditure

Execution of Kalmoda Irrigation tank without approval from Forest Department and Government of India rendered expenditure of Rs.75.10 lakh unfruitful.

(Paragraph 4.3.1)

Execution of tack coat using paving bitumen instead of bituminous emulsion was contrary to the specifications leading to extra cost of Rs.2.25 crore.

(Paragraph 4.3.2)

Execution of single coat surface dressing prior to laying of Open Graded Premix Carpet with Seal Coat was superfluous and resulted in extra cost of Rs.47.62 lakh.

(Paragraph 4.3.3)

Inadequate Survey and Investigation led to variation in quantities and extra cost of Rs.49.41 lakh.

(Paragraph 4.3.4)

Expenditure on development of plots without assessing market demand resulted in blocking of funds to the tune of Rs.1.44 crore.

(Paragraph 4.3.5)

Regulatory issues and other points

Centrally sponsored scheme for strengthening of revenue administration and updating of land records was not executed as envisaged, resulting in non-utilisation of Central assistance of Rs.5.01 crore.

(Paragraph 4.4.1)

CHAPTER I

Finances of the State Government

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Finance of the State
Government

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Finances of the State Government

In Summary

The revenue deficit increased from Rs.1169 crore in 2002-03 to Rs.4476 crore in 2003-04 due to 28.88 per cent growth in the revenue expenditure in comparison of the growth of revenue receipt which was just 6.7 per cent. Capital expenditure also increased by 9.12 per cent from Rs.2455 crore in 2002-03 to Rs.2679 crore in 2003-04, leading to growth in fiscal deficit from Rs.3645 crore in 2001-02 to Rs.7323 crore in 2003-04.

The growth in revenue receipts during the year was due to increase of 10.12 per cent in tax revenue and 13.89 per cent in central tax devolution. Sales tax was the major source of State's own tax revenue having contributed 49 per cent followed by State Excise (16 per cent), and Stamp duty and Registration fees (9 per cent). Non tax revenue has decreased from Rs.1635 crore in 2002-03 to Rs.1480 crore in 2003-04. The current levels of cost recovery in supply of merit goods and services by Government are 0.36 per cent for secondary education, 0.30 per cent for university and higher education, 0.59 per cent for technical education, 1.59 per cent in health and family welfare, 7.94 per cent in water supply and sanitation and 16.87 per cent in major and medium irrigation.

Overall expenditure of the State drastically increased from Rs.17496 crore in 2002-03 to Rs.21648 crore in 2003-04. Revenue expenditure, which constituted 86.68 per cent of total expenditure, grew at the rate of 28.88 per cent in 2003-04. This was on account of increased expenditure on power (Rs.2975 crore) for the purpose of assistance to State Electricity Board.

Salaries (Rs.5312 crore), Interest payments (Rs.3206 crore), and Pensions (Rs.1197 crore) alone consumed 68 per cent of total revenue receipts of the State during the year. The overall fiscal liabilities of the State increased from Rs.26487 crore in 2001-2002 to Rs.37525 crore in 2003-2004. These liabilities as ratio to GSDP increased from 32.58 per cent in 2001-2002 to 37.14 per cent in 2003-2004 and stood at 2.64 times its revenue receipts.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, the use of high cost borrowing for investments, with low yields, is not sustainable. Hence, the state should try to eliminate revenue deficit and reduce fiscal deficit to a reasonable level over a medium term framework.

1.1 Introduction

This Chapter discusses the financial position of the Government of Madhya Pradesh based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in receipts and expenditure, the quality of expenditure and the financial management of the State Government. Some of the terms used in this Chapter are explained in **Appendix-I**.

In terms of the Madhya Pradesh Re-organisation Act 2000 (No.28 of 2000) 16* districts of the erstwhile State of Madhya Pradesh were formed the new State of Chhattisgarh on 1 November 2000, 'the appointed day'. The apportionment of assets and liabilities of the composite State of M.P. immediately prior to the appointed day as also the other financial adjustments are being carried out in each case in accordance with the provisions of the Act *ibid*. The actual progress achieved in this direction is indicated in **Appendix-II**.

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

Box 1

Layout of Finance Accounts

Statement No.1 presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the consolidated fund, contingency fund and public account of the state.

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

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

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

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

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

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

Statement No.8 depicts the summary of balances under consolidated fund, contingency fund and public account as on 31 March 2004.

Statement No.9 shows the revenue and expenditure under different heads for the year 2002-2003 as a percentage of total revenue/expenditure.

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

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

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

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2003-2004.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2003-04.

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

Statement No.16 gives the detailed account of receipts, disbursements and balances under heads of account relating to debt, contingency fund and public account.

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

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

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

1.2 Trend of Finances with reference to previous year

Finances of State Government during the current year compared to that of the previous year were as under:

(Rupees in crore)			
2002-03	Sl. No	Major Aggregates	2003-04
13391	1.	Revenue Receipts (2+3+4)	14289
6165	2.	Tax Revenue	6789
1635	3.	Non-Tax Revenue	1480
5591	4.	Other Receipts	6020
43	5.	Non-Debt Capital Receipts	36
43	6.	Of which Recovery of Loans	36
13434	7.	Total Receipts (1+5)	14325
11062	8.	Non-Plan Expenditure (9+11)	15963
11040	9.	On Revenue Account	15949
2502	10.	Of which, Interest Payments	3206
22	11.	On Capital Account	14
16	12.	Of which Loans disbursed	8
6434	13.	Plan Expenditure (14+15)	5685
3520	14.	On Revenue Account	2816
2914	15.	On Capital Account	2869
465	16.	Of which Loans disbursed	196
	17.	Inter-State settlement	-
17496	18.	Total Expenditure (8+13+17)	21648
4062	19.	Fiscal Deficit (18-1-5)	7323
1169	20.	Revenue Deficit (9+14-1)	4476
1560	21.	Primary Deficit (+)/surplus (-) (19-10)	4117

1.3 Summary of Receipts and Disbursements for the year

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

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-2004 (Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
Section-A: Revenue							
					Non-Plan	Plan	Total
13390.40	I. Revenue receipts	14288.96	14559.80	I. Revenue expenditure	15948.59	2816.13	18764.72
6164.55	Tax revenue	6788.86	5444.68	General services	6536.49	37.09	6573.58
1635.48	Non-tax revenue	1479.82	5284.26	Social Services	3785.13	1536.52	5321.65
3728.73	Share of Union Taxes/Duties	4247.14	3424.70	Economic Services	5036.06	1242.52	6278.58
1861.64	Grants from Govt. of India	1773.14	406.16	Grants-in-aid / Contributions	590.91	--	590.91
Section-B: Capital							
-	II Misc. Capital Receipts	-	2454.90	II Capital Outlay	5.99	2672.65	2678.64
42.71	III. Recoveries of Loans and Advances	35.84	480.70	III Loans and Advances disbursed	8.42	195.94	204.36
4949.30	IV Public debt receipts*	9938.42	1493.61	IV Repayment of Public # Debt	2275.08	--	2275.08
20119.55	V Public account receipts	22285.06	19935.23	V Public account # disbursements	22439.02	--	22439.02
--	VI Inter State Settlement	--	--	VI Inter State Settlement	--	--	--
--	VII Amount transferred to Contingency Fund	.05	0.05	VII Expenditure from Contingency Fund	1.00	--	1.00
331.03	Opening Balance	-91.30	-91.30	Closing Balance	94.21	--	94.21
38832.99	Total	46457.03	38832.99	Total	40772.31	5684.72	46457.03

* Excluding ways and means advances and over draft.

Bifurcation of plan and non- plan not available

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure from the statements of the Finance Accounts for the year 2003-04 and wherever necessary, show these in the light of time series data (**Appendix III to VI**) and periodic comparisons.

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

The reporting parameters are depicted in Box 1.2

Box 1.2 Reporting Parameters
<p>Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The New GSDP series with 1993-94 as base as published by the Bureau of Economics and Statistics Department of the State Government have been used.</p>
<p>For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.</p>
<p>For most series a trend growth during 1999-2004 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in Appendix- I.</p>

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

Box 1.3 State Government Funds and the Public Account	
<p>Consolidated Fund</p> <p>All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled the Consolidated Fund of the State established under Article 266(1) of the Constitution of India.</p>	<p>Contingency Fund</p> <p>Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.</p>
<p>Public Account</p> <p>Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursement are made from it.</p>	

1.5 State Finances by key Indicators

1.5.1 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consists of tax revenues, non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts are comprised of miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/ commercial banks etc and loans and advances from Government of India as well as accruals from the Public account.

Table 2 shows that the total receipts of the State Government for the year 2003-04 were Rs.46548 crore. Of these, the revenue receipts of the State Government were Rs.14289 crore only, constituting 31 per cent of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Madhya Pradesh

		(Rupees in crore)
I Revenue Receipts		14289
II Capital Receipts		9974
a	Miscellaneous Receipts	—
b	Recovery of Loans and Advances	36
c	Public Debt Receipts	9938
III Public Account Receipts		22285
a	Small Savings, Provident Fund, etc.	1200
b	Reserve Fund	367
c	Deposits and Advances	4126
d	Suspense and Miscellaneous	12156
e	Remittances	4436
Total Receipts		46548

1.5.2 Revenue receipts

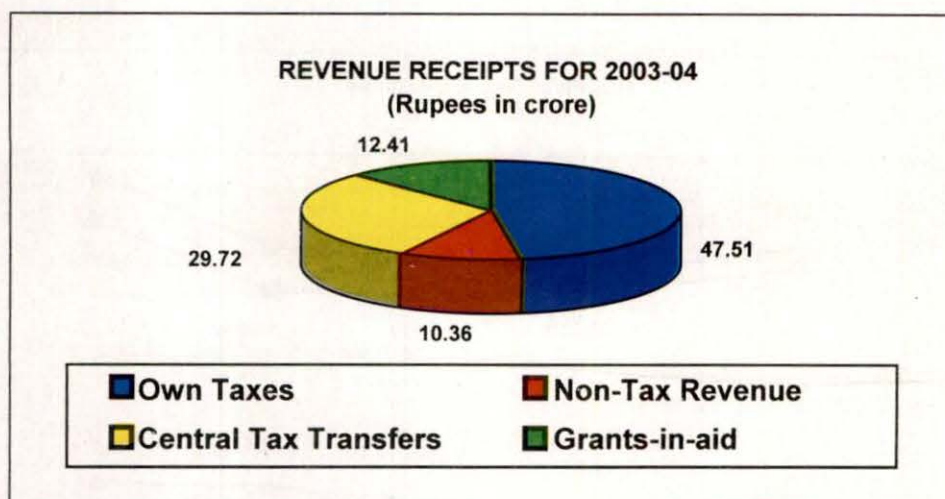
Statement-11 of the Finance Accounts details Revenue Receipts of the Government. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) are indicated in Table 3.

Table 3: Revenue Receipts – Basic Parameters (Values in Rupees in crore and others in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Receipts	13204	12839	11211	13391	14289
Own taxes	43.89	43.93	41.74	46.04	47.51
Non-Tax Revenue	18.70	13.43	14.29	12.21	10.36
Central Tax Transfers	24.70	30.80	30.68	27.85	29.72
Grants-in-aid	12.71	11.84	13.30	13.90	12.41
Rate of Growth	16.38	Neg	Neg	19.45	6.70
Revenue Receipts/GSDP	13.37	14.52	13.79	16.13	14.14
Percentage growth of GSDP	8.851	Neg.	Neg.	2.122	21.703
Revenue Buoyancy	1.851	Neg.	Neg.	9.166	0.309

Rate of growth of revenue receipts, which was 19.45 per cent during 2002-2003 decreased to 6.7 per cent during the year 2003-04. While the receipts from state's own taxes and its assessment of central taxes increased by 10.12 and 13.89 per cent respectively, non-tax receipts and grants-in-aid witnessed a decline.

On an average around 58 per cent of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 42 per cent of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 49 per cent of the tax revenue followed by State Excise (16 per cent), taxes on Stamps and Registration (9 per cent) etc. Of non-tax revenue sources, Non-Ferrous Mining and Metallurgical Industries mainly the royalty from minerals (43 per cent) and Forestry and Wild life (33 per cent) were the principal contributors. Non-tax revenue decreased from Rs.1635 crore in 2002-03 to Rs.1480 crore in 2003-04. The current levels of cost recovery in supply of merit goods and services by Government are 0.36 per cent for secondary education, 0.30 per cent for university and higher education, 0.59 per cent for technical education, 1.59 per cent in health and family welfare, 7.94 per cent in water supply and sanitation and 16.87 per cent in major and medium irrigation.



1.6 Application of resources

The sources of receipts under different heads/sections of Government Account and GSDP during 1999-2004 are indicated in Table 4.

Table 4 – Sources of Receipts: Trends

Year	Revenue Receipts	Capital Receipts			Total Receipts	(Rupees in crore) Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1999-00	13204	314	3462	17170	34150	98768
2000-01	12839	13	3101	16520	32480	88445
2001-02	11211	1588	3281	15013	31093	81286
2002-03	13391	43	4949	20120	38503	83011
2003-04	14289	36	9938	22285	46548	101027

1.6.1 Trend of growth

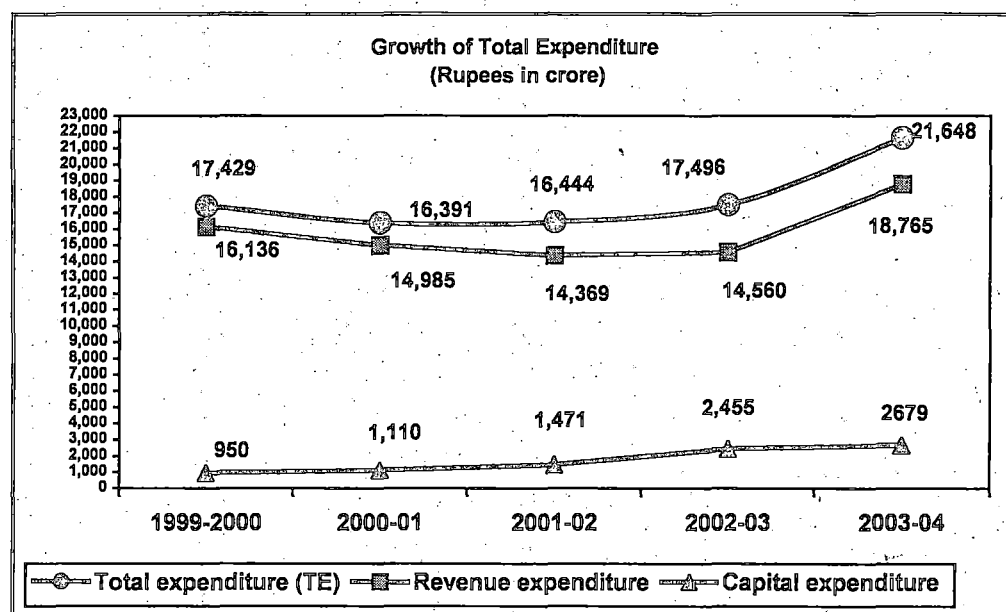
Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State increased by 24 per cent during the year.

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

Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Total Expenditure	17429	16391	16444	17496	21648
Rate of Growth	12.23	—	—	6.40	23.73
TE/GSDP	17.65	18.53	20.23	21.08	21.43
Revenue Receipts/TE	75.76	78.33	68.18	76.54	66.00

The increase in total expenditure in the current year was primarily due to increase of Rs.4205 crore under Revenue section. The ratio of revenue receipts to total expenditure decreased from 68.18 per cent in 2001-02 to 66 per cent in 2003-04 indicating that only 66 per cent of the State's total expenditure was met from its current revenue and the balance of 34 per cent was financed from borrowings.

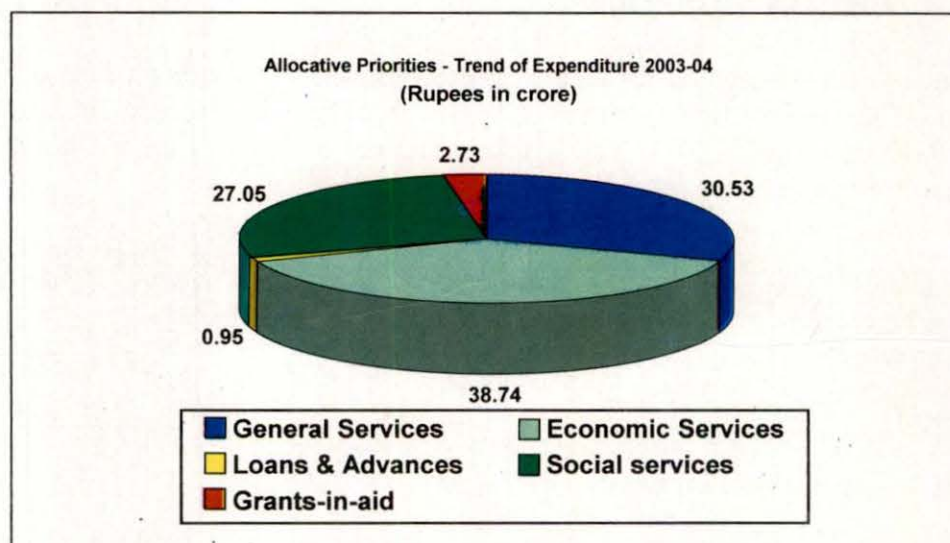


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Services	30.18	32.57	30.80	31.33	30.53
Social Services	36.75	36.43	28.92	33.26	27.05
Economic Services	27.38	25.97	34.30	30.34	38.74
Grants-in-aid	3.72	3.22	2.27	2.32	2.73
Loans and advances	1.97	1.81	3.64	2.75	0.95

The movement of the relative shares of these components of expenditure indicated that while the share of social services in total expenditure declined from 33.26 per cent in 2002-03 to 27.05 per cent in 2003-2004, the relative share of economic services increased from 30.34 per cent in 2002-03 to 38.74 per cent in 2003-04, indicating a step up in expenditure on economic infrastructure.



1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GDP and revenue receipts is indicated in Table 7 below:

Table 7: Revenue Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Expenditure	16136	14985	14369	14560	18765
Rate of Growth	13.49	Neg.	Neg.	1.33	28.88
RE/ GDP	16.34	16.94	17.68	17.54	18.57
RE as <i>per cent</i> of TE	92.58	91.42	87.38	83.22	86.68
RE as <i>per cent</i> to Revenue Receipts	122	117	128	109	131

Revenue expenditure of the state increased from 14560 crore in 2002-03 to 18765 crore in 2003-04. The increase in the revenue expenditure was mainly due to more expenditure on power (2975 crore) on interest payment (Rs.704 crore), pension and other retirement benefits (Rs.114 crore), general education (Rs.68 crore) in comparison to previous year. The increase in expenditure on 'Power' (Rs.2975 crore) was due to more expenditure on assistance to State Electricity Board.

Revenue expenditure constituted 87 per cent of total expenditure during the year 2003-04 and was higher than the share of revenue receipts of the State Government, which led to revenue deficit. The ratio of revenue expenditure to

revenue receipts increased from 109 per cent in 2002-03 to 131 per cent in 2003-04. Dependence of the State on borrowings continued for meeting its current expenditure primarily due to the fact that salaries (Rs.5312 crore), interest payments (Rs.3206 crore), and pension (Rs.1197 crore) together consumed 68 per cent of total revenue receipts of the State during the year.

(a) High salary expenditure

Salaries alone accounted for nearly 37 per cent of the revenue receipts of the State. The expenditure on salaries increased from Rs.5258 crore in 2002-03 to Rs.5312 crore in 2003-04. Yearwise expenditure on salaries for the last five years is given in Table 8:

Table 8

(Rupees in crore)

Heads	1999-2000	2000-01	2001-02	2002-03	2003-04
Salary expenditure	6662	5715	4669	5258	5312 [¶]
As percentage of GSDP	6.75	6.46	5.74	6.33	5.26
As percentage of Revenue Receipts	50.45	44.51	41.65	39.27	37.17

(b) Expenditure on pension payments

Pension payments have increased by 10.58 per cent from Rs.1083 crore in 2002-03 to Rs.1197 crore in 2003-04 mainly due to more expenditure on superannuation and retirement allowances and leave encashment benefits.

Year-wise breakup of expenditure incurred on pension payments during the years 1999-2000 to 2003-2004 was as under:

Table 9

Year	Expenditure	Percentage to total revenue Receipt
	Rupees in crore	
1999-2000	1195.74	9
2000-2001	962.65	7
2001-2002	1010.76	9
2002-2003	1082.68	8
2003-2004	1197.27	8

With the increase in the number of retirees from 2000-01, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

(c) Interest payments

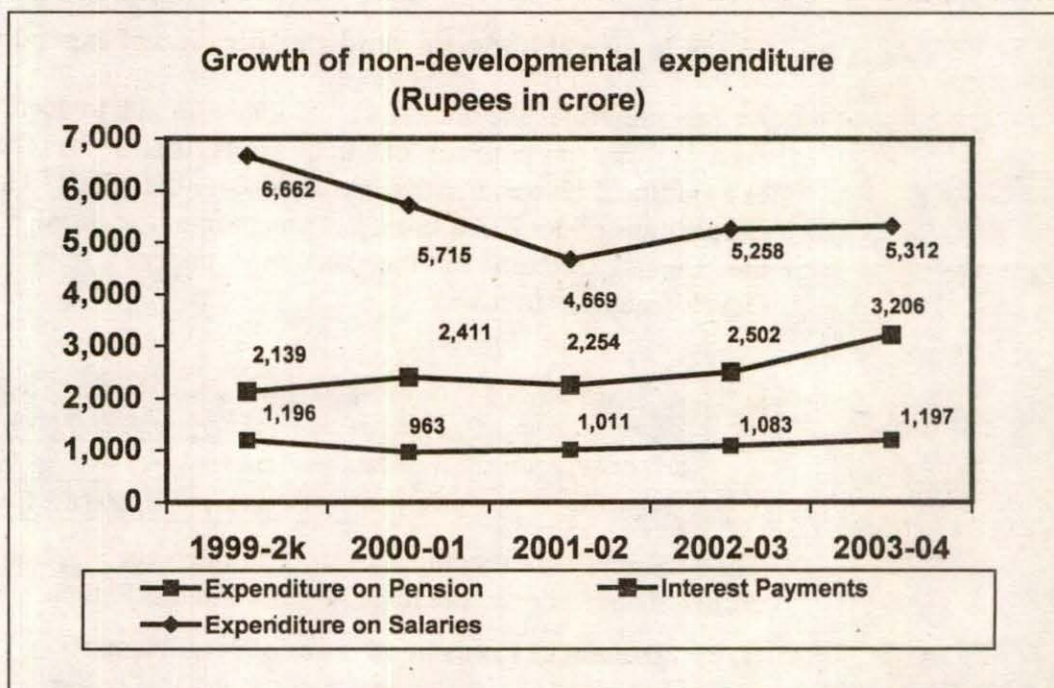
The Eleventh Finance Commission (August 2000) had recommended that as a medium term objective, the States should endeavour to keep interest payment as a ratio to revenue receipts pegged to 18 per cent. It was observed, however,

[¶] Source: details supplied by Finance Department

that interest payment as percentage of revenue receipts during the year 2003-04 was 22 per cent.

Table 10

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1999-2000	2139	16.20	13.26
2000-2001	2411	18.78	16.09
2001-2002	2254	20.11	15.69
2002-2003	2502	18.68	17.18
2003-2004	3206	22.43	17.08



The rate of growth of interest payments which was 11 per cent during 2002-03 increased to 28 per cent in 2003-04. Large interest payments, year after year, crowd out the expenditure on primary education, health and social welfare schemes.

(d) Subsidies by the Government

Though the finances of the state were under strain, State Government continued to pay subsidies to its Electricity Board and Road Transport Corporation. During the last five years, State Government paid subsidies under various schemes as under.

(Rupees in crore)						
Sl. No.	Particulars	1999-2000	2000-01	2001-02	2002-03	2003-04
1	Madhya Pradesh State Electricity Board	1170.79	410.33	2037.08	938.88	3924.78
2	Madhya Pradesh State Road Transport Corporation	1.20	1.20	1.08	0.00	2.00
	Total	1171.99	411.53	2038.16	938.88	3926.78
3	Percentage increase (+)/decrease(-) over previous year	(+)168.87	(-)64.89	(+)395.26	(-)53.93	(+) 318.24
4	Percentage of subsidy with total expenditure	6.72	2.51	12.40	5.37	18.14

The sharp fluctuation in subsidies to MPSEB during the year 2003-04 was mainly due to assistance to MPSEB for payment of liabilities to Central Public Sector Undertakings according to Ahluwalia Committee recommendations.

Note:- Details of subsidies paid to the other Corporations and Nigams are not readily available with the Finance Department

Incidentally, the State Government has increased the assistance/subsidy to the SEB to Rs.3924.78 crore in 2003-04.

(e) Incorrect budgeting and classification of expenditure

As per the Rules^s, expenditure on grants-in-aid to local bodies/institutions even for the purpose of creating assets has to be classified as revenue expenditure. However, during 2003-04, the State Government booked expenditure of Rs.22.38 crore on grants-in-aid to local bodies/institutions in the Capital section of the accounts under Capital Outlay on Urban Development, as follows:

(Rupees in crore)

Sl. No.	Major/Minor Heads	Grants-in-aid to/for	Budget provision	Expenditure
2	4217-01-191-1201-8294	Bhoj Wet Land Conservations	25.00	22.38
		Total	25.00	22.38

The incorrect classification not only inflated the Capital outlay by Rs.22.38 crore but also reduced the revenue deficit to that extent.

(f) Drawal of funds in advance of requirement

Financial Rules stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time. Any unspent balance is required to be refunded promptly to the treasury. The Drawing and Disbursing officers are not authorised by general or specific rules to deposit unutilised funds in bank or post offices.

Test-check of the accounts of four DDOs of the Scheduled Tribes and Scheduled Castes Welfare department revealed (February 2003 to June 2004) that funds amounting to Rs.14.03 crore were drawn for various schemes/development works. Of this, Rs.10.53 crore (78.50 per cent) were lying unutilised in banks and post offices, as per details given in **Appendix VII**.

1.7 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of

^s Rules 30 and 31 of Government Accounting Rules, 1990

expenditure. Table 12 below gives the percentage share of these components of expenditure in the State's total expenditure.

Table 12: Quality of expenditure (per cent to total expenditure)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Plan Expenditure	22.92	24.79	26.22	36.77	26.26
Capital Expenditure	5.45	6.77	8.95	14.03	12.38
Developmental Expenditure	64.13	62.40	63.22	63.60	65.79

The plan expenditure which constituted 36.77 per cent of total expenditure during 2002-03 declined to 26.26 per cent during the year. Though capital expenditure increased by Rs.224 crore, its share in the total expenditure declined by two per cent.

Social services (Rs.5857 crore) accounted for 41 per cent of the developmental expenditure (Rs.14243 crore) during the year. Out of the expenditure on Social services, 41 per cent was spent on General Education, 17 per cent on Welfare of Schedule Caste/Schedule Tribe/Other Backward Classes, 14 per cent on Social Welfare and Nutrition, 14 per cent on Water and Sanitation and 14 per cent on Health and Family Welfare.

**Table 13
Social Sector Expenditure**

Major Head	(Rupees in crore)				
	1999-2000	2000-01	2001-02	2002-03	2003-04
General Education	3059 (3.10)	2763 (3.12)	2126 (2.62)	2312 (2.84)	2376 (2.35)
Medical and Public Health	881 (0.89)	862 (0.97)	688 (0.85)	779 (0.90)	799 (0.79)
Water Supply and Sanitation	715 (0.72)	701 (0.79)	608 (0.75)	792 (0.97)	820 (0.81)
Welfare of SC/ST/OBC	1121 (1.13)	1007 (1.14)	753 (0.93)	937 (1.15)	979 (0.97)
Social Welfare and Nutrition	534 (0.54)	547 (0.62)	501 (0.62)	911 (1.12)	794 (0.79)
Total	6310	5880	4676	5731	5768

percentage of GSDP in brackets

Similarly, the expenditure on Economic Services (Rs.8386 crore) accounted for 59 per cent of the developmental expenditure, of which, Power consumed 51 per cent (largely in the nature of assistance/ subsidy to the State Electricity Board), Agriculture and Allied Activities 14 per cent and Rural Development 10 per cent.

**Table 14
Economic Sector Expenditure**

Major Head	(Rupees in crore)				
	1999-2000	2000-01	2001-02	2002-03	2003-04
Agriculture and Allied Activities	1424	1258	1131	1259	1198
Rural Development	788	970	768	855	833
Power	1326	649	2210	1327	4283
Total	3538	2877	4109	3441	6314

1.7.1 Financial assistance to local bodies and other institutions

➤ Financial assistance to local bodies and other institutions

Autonomous bodies and authorities including local bodies are set up to discharge generally non-commercial functions of public utility services. These bodies and authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act 1960 and the Companies Act 1956 etc., to implement various programmes of the Government. The grants are given by Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

The quantum of assistance provided to different bodies etc. by the departments test checked during the period of last five years ending 2003-2004 was as follows:

(Rupees in crore)

Sl. No.	Name of bodies authorities etc.	1999-2000	2000-2001	2001-2002	2002-2003	2003-04
1.	Educational institutions	132.43	156.20	154.80	134.56	173.96
2.	Municipal Corporations and Municipalities	105.02	190.72	430.72	506.00	557.35
3.	Panchayati Raj Institutions	238.52	218.89	431.90	526.29	524.58
4.	Development Agencies	1.63	9.08	153.05	253.29	21.30
5.	Hospitals and other Medical institutions	0.17	18.90	4.60	7.08	13.71
6.	Other institutions	1027.23	170.36	29.65	121.22	136.10 [†]
	Total	1505.00	764.15	1204.72	1548.44	1427.00
	Percentage increase (+) decrease (-) over previous year	31 (+)	Not possible [*]	Not possible [@]	29 (+)	8 (-)
	Assistance as a percentage of revenue receipt	11	Not possible [*]	11	12	10
	Percentage of assistance to revenue expenditure	9	Not possible [*]	8	11	8

➤ Delay in furnishing utilisation certificate

Financial rules require that certificates of utilisation are to be obtained by the department officers from the grantees and after verification, these should be forwarded to Accountant General (A&E) upto 30 September of the subsequent financial year.

2271 utilisation certificates for Rs.3901.09crore for the period from 1997-98 to 2003-04 were not received from 23 institutions under six departments as under:-

† Includes Rs.22.38 crore shown in para 1.6.2 (e)
 * Due to re-organisation of State
 @ Being first complete financial year after Reorganisation of State

Sl. No.	Name of deptt.	No. of institutions	1997-98 to 1999-2000		2000-2001		2001-2002		2002-03		2003-04		Total	
			No	Amt	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
1.	Education	05				--	70	139.98	59	70.05	134	92.11	263	302.14
2.	Municipal Corporation	01				--	321	430.42	305	504.03	336	557.33	962	1491.78
3.	Panchayatiraj	04				--	90	422.80	152	524.23	127	523.75	369	1470.78
4.	Development Agencies	02				--	92	152.27	89	249.91	32	21.30	213	423.48
5.	Medical	01				--	--	--	--	--	04	13.71	04	13.71
6.	Other departments	10	31	40.77	9	2.09	37	3.87	89	66.15	294	86.32	460	199.20
		23	31	40.77	9	2.09	610	1149.34	694	1414.37	927	1294.52	2271	3901.09

➤ **Delay in submission of accounts by autonomous bodies**

The status of submission of accounts by the autonomous bodies as of October 2004 was as under:

Sl. No.	Name of Bodies	Submission of Accounts	Present Position
1.	Madhya Pradesh Housing Board, Bhopal	1998-99	Accounts for the period 1999-2000 to 2003-04 not received
2.	Madhya Pradesh Khadi and Gramodyog Board, Bhopal	2001-2002	Accounts for 2002-2003 to 2003-04 not received
3.	Madhya Pradesh Human Rights Commission, Bhopal	2002-2003	Accounts for 2003-04 not received

➤ **Audit arrangement**

The audit of Local Bodies (Nagar Palika, Town Area/Notified Area Committees) some Educational Institutions, some Panchayati Raj Institutions etc. was conducted by the Director of Local Audit Fund, Madhya Pradesh, Gwalior. Audit of Co-operative Societies is conducted by the Registrar, Co-operative Societies Madhya Pradesh, Bhopal.

➤ **Unutilised grants**

During 2003-2004 Rs.121.17 crore were drawn and deposited in Civil Deposit instead of providing grants to the concerned institutions by the Commissioner Urban Administration (Rs.84.70 crore), and the Chief Engineer, Public Health Engineering, Bhopal (Rs.36.47 crore).

1.7.2 Misappropriation, defalcations, etc.

State Government reported 858 cases involving Rs.4.88 crore on account of misappropriation, defalcations etc. of Government money. These cases pertained to the period from 1965-66 to the end of March, 2004 on which final action was pending at the end of June 2004. The department-wise/year-wise and category-wise break-up of pending cases is given in **Appendix-VIII and IX** respectively.

1.7.3 Write off of losses, etc.

During 2003-2004, Rs.12.87 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 74 cases by competent authorities as reported to audit. The relevant details are shown in **Appendix-X**.

1.8 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. **Appendix-III** presents an abstract of such liabilities and the assets as on 31 March 2004, compared with the corresponding position on 31 March 2003. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure, loans and advances given by the State Government and the cash balances.

The liabilities of the Government of Madhya Pradesh, which increased by 24 per cent during the year, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comfort issued by the State Government. **Appendix-VI** depicts the Time Series Data on State Government Finances for the period from April 1999 to 31 October 2000 of the composite State of Madhya Pradesh and from November 2000 to 31 March 2004 of the successor State of Madhya Pradesh.

1.8.1 Financial results of irrigation works

The financial results of 13 major and medium irrigation projects with revenue expenditure of Rs.270.13 crore during the year showed that revenue realised (Rs.45.02 crore) from these projects during 2003-04 was 16.66 per cent of revenue expenditure which was far from sufficient to meet even the expenditure on maintenance.

1.8.2 Incomplete projects

As on 31 March 2004, there were 453 incomplete projects with a cumulative investment of Rs.7447 crore. This showed that the Government was spreading its resources thinly, which failed to yield any return.

1.8.3 Investments and returns

Government as on 31 March 2004, had invested Rs.1737.29 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. However, Government's return on this investment was meagre (less than one per cent) as indicated in Table 17 below. Of these, 3 statutory corporation and 14 government companies with an aggregate investment of Rs.529 crore upto 2003-2004 were incurring losses and their accumulated losses amounted to Rs.3886 crore as per the accounts furnished by these companies upto 2003-04 (Appendix-XI).

Thus, Government needs not only to invest the high cost borrowings more judiciously to get better returns, but also address to the losses on account of sick units by disinvestment of such units. During 1996-98, Rs.710 crore were invested in Madhya Pradesh State Electricity Board which was restructured (November 2000) into Chhattisgarh and Madhya Pradesh States but its assets and liabilities were yet to be redistributed.

Out of the total investment of Rs.1737.29 crore at the end of March 2004, Rs.1619.56 crore pertained to the composite State of Madhya Pradesh but retained in M.P. pending allocation between M.P and Chhattisgarh State (Statutory Corporations (Rs.935.57 crore) Government Companies (Rs.199.54 crore), Co-operative Banks and Societies (Rs.482.91 crore) and Joint-Stock Companies (Rs.1.54 crore).

Table 17: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return
1999-2000	1637.94	1.81	0.11
2000-2001	1679.09	0.31	0.02
2001-2002	1687.08	1.64	0.10
2002-2003	1702.39	4.09	0.24
2003-2004	1737.29	8.42	0.48

1.8.4 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many local bodies and non-government institutions. Total outstanding balance of the loans advanced was Rs.2608 crore as on 31 March 2004 (Table 18). Overall, interest received against these advances declined sharply from 11.84 in 2001-02 per cent to 0.42 per cent during 2003-2004 primarily due to less receipts from State Public Sector undertakings. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Audit Report (Civil) for the year ended 31 March 2004

Table 18: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Opening Balance	2816	2845	2991	2002	2440
Amount advanced during the year	343	295	599	481	204
Amount repaid during the year	314	13	1588	43	36
Closing Balance	2845	2991* [@]	2002	2440	2608
Net Addition (+) / Reduction (-)	29	146	(-)989	438	168
Interest Received (Rupees in crore)	247	157	237	24	11
Interest received as per cent to outstanding Loans and advances	8.68	5.25	11.84	0.98	0.42
Average rate of interest paid by the State	8.24	10.69	8.51	8.25	8.54
Difference between interest paid and received	0.44	(-)5.44	3.33	(-)7.27	(-)8.12

* Differs by Rs.136 crore allocated to Chhattisgarh State.

@ Includes Rs.2191 crore retained in Madhya Pradesh pending further apportionment between the successor States.

Repayments, except for the year 2001-02, have constituted only a very small percentage of loans advanced during the period 2000-2004. The interest received on these loans has also been meagre indicating not only injudicious but also poor loan administration.

1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Madhya Pradesh had the WMA limit of Rs.275 crore from 1st April 2002 and Rs.345 crore from 3rd March 2003. During the year, the State has used this mechanism for 200 days only as against 251 days last year although it raised borrowings of Rs.2406 crore from the market on eight occasions. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the OD facilities for 60 days on 35 occasions during the year as against 176 days at 22 occasions last year. In a nutshell, the Governments' dependence on over draft from RBI for financing its day to day expenditure has been increasing.

Table 20: Ways and Means and Overdrafts of the State and Interest paid thereon (Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Ways and Means Advances					
Taken in the Year	2926.03	2246.46	2491.64	2306.65	5330.26
Outstanding	171.62	--	--	--	266.78
Interest Paid	10.06	8.22	10.51	11.55	14.06
Number of days state was in W.M.A	165	165	117	103	200
Overdraft					
Taken in the Year	2273.74	1220.14	3722.79	4140.40	1083.54
Outstanding	--	--	--	--	--
Interest Paid	2.47	2.79	5.08	6.69	3.41
Number of Days State was in Overdraft	100	47	172	176	60

1.8.6 Undischarged Liabilities

Fiscal liabilities – public debt and guarantees

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

It would be observed that the overall fiscal liabilities of the State increased from Rs.26487 crore in 2001-02 to Rs.37785 crore in 2003-2004. These liabilities as ratio to GSDP increased from 32.58 per cent in 2001-2002 to 37.40 per cent in 2003-2004 and stood at 2.64 times of its revenue receipts and 4.56 times of its own resources comprising its own tax and non-tax revenue. Table 21 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources.

Table 21: Fiscal Imbalances–Basic Parameters (Rupees in crore and Ratios in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Fiscal Liabilities *	25948	22548	26487	30340	37525
Rate of growth	18.17			14.55	23.68
Ratio of Fiscal Liabilities to					
GSDP	26.27	25.49	32.58	36.55	37.14
Revenue Receipts	196.52	175.62	236.26	226.57	262.61
Own Resources	313.99	306.19	421.70	388.97	453.80

* Fiscal liabilities- Public debt and other liabilities like small savings, reserve funds and deposits etc.

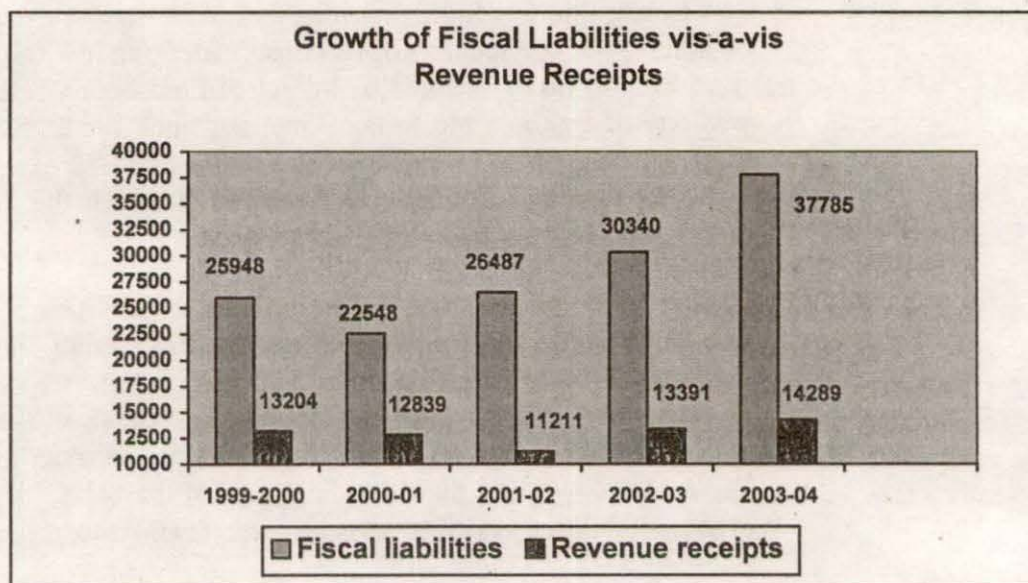
In addition to these liabilities, Government had guaranteed loans raised by various Corporations and others, which in 2003-2004 stood at Rs.12131 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP.

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

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 22.

Table 22: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Weighted Interest Rate	8.93	9.94	9.19	8.81	9.41	9.26
GSDP Growth	8.85	(-)10.45	(-)8.09	2.12	21.70	2.83
Interest spread	(-)0.08	(-)20.39	(-)17.29	(-)6.68	12.29	(-)6.43



Another important indication of debt sustainability is the net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 23 below gives the position of the receipts and repayments of internal debt over the last 5 years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments increased from 31 per cent to 51 per cent during 2001-2004.

Table 23: Net Availability of Borrowed Funds (Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Internal Debt*					
Receipts	2104	1876	1830	3169	7949
Repayments (Principal + Interest)	692	843	906	1105	1857
Net Funds Available	1412	1033	924	2064	6092
Net Funds Available (per cent)	67	55	50	65	77
Loans and Advances from Government of India					
Receipts	1358	994	1451	1780	1723
Repayments (Principal + Interest)	1527	1494	1368	2468	3158
Net Funds Available	(-)169	(-)500	83	(-)688	(-)1435
Net Funds Available (per cent)	(-)12	(-)50	6	(-)39	(-)83
Total Public Debt					
Receipts	3462	2870	3281	4949	9672
Repayments (Principal + Interest)	2219	2337	2274	3573	5015
Net Funds Available	1243	533	1007	1376	4657
Net Funds Available (per cent)	36	19	31	28	48

* Internal debt excluding ways and means advances

The State Government raised market loans of Rs.2405.82 crore during the year. The average interest rate on borrowing during the year was 6.11 per cent whereas the State Government borrowed Rs.2429.04 crore from National Small Saving Fund at the rate of 9.5 per cent per annum and Rs.1723 crore at the rate of 10.5 per cent per annum from Government of India. The State Government did not use the option of raising the market borrowing at competitive rates through auctions. As on 31 March 2004, 56 per cent of the existing market loans of the State Government carried an interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which Government is able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly one- third of the total market loans are repayable within next five years while remaining two third loans are required to be repaid within 5 to 10 years.

1.8.7 Suppression of internal debt and fiscal deficit

Loans of Rs.379.95 crore raised through M.P Adho Sanrachana Board during 2001-02 and 2002-03 were not accounted for under "Internal debt" resulting in suppression of internal debt and fiscal deficit to that extent.

The Madhya Pradesh Infrastructure Investment Fund Scheme, 2001 for raising loan for infrastructure Project was notified by the Government in April 2001. The loans were to be raised through the M.P Adho Sanrachana Board (Board). The loans were to be guaranteed by the Government. The government was to provide in the annual budget sufficient funds for timely repayment of principal and interest to the investors of loans.

Test-check (October 2004) of the records of Commissioner, Institutional Finance revealed that loans of Rs. 379.95 crore were raised during 2001-02 and 2002-03 by issuing Bonds (Rs.79.95 crore) and from Housing and Urban Development Corporation (HUDCO) (Rs.300 crore) respectively by the Board. Rupees 79.95 crore raised by floating Bonds were deposited in a bank account of the Board and Rs.300 crore raised from HUDCO were deposited in a Personal Deposit Account to be operated by the Commissioner Institutional Finance (Fund Manager). The loans of Rs.79.95 crore raised by floating Bonds and Rs.151.09 crore out of the loan of Rs.300 crore raised from HUDCO have been disbursed to M.P Setu Nigam. The repayment of the loan amounts raised through bonds and HUDCO is being made by the Government regularly. In this regard the following observations are made:-

- Since the repayment of the loans were to be made by the Government, the depositing of the loan amount in Bank Account/ P.D. Account and not accounting in the Government account under the head '6003 – Internal Debt' of the State Government, has resulted in hiding the Internal Debt of the Government, and thereby suppressing the Fiscal Deficit of the State Government, to the extent in the respective years.
- The deposit of Rs.79.95 crore raised through Bonds in a bank account instead of in the proper head of Government account has deprived the

State Government, in easing the ways & means position of the State Government for the respective years. The interest payment on ways and means advances/over draft would have been avoided to that extent.

- It was noticed that the procedure for obtaining the consent of Government of India was bypassed before raising the loans.
- Amount of Rs.58.88 crore on account of repayment of Bonds/loans and interest thereon was deposited in the bank account (in March 2002 Rs.10.20 crore, March 2003:Rs.21.04 crore and March 2004:Rs.27.63 crore). It was seen that these amounts were drawn from the treasury more than one month in advance of payment to the Bond holders/HUDCO. The amount of Rs.21.04 crore drawn on 31 March 2004 is still lying in the bank account of the Board in the shape of FDR. The drawal of Rs.58.88 crore from the treasury much in advance from the date due for repayment had resulted in avoidable loss of interest of Rs.1.87 crore upto September 2004.

The matter was referred to the Government in October 2004; final reply had not been received.

1.9 Management of deficits

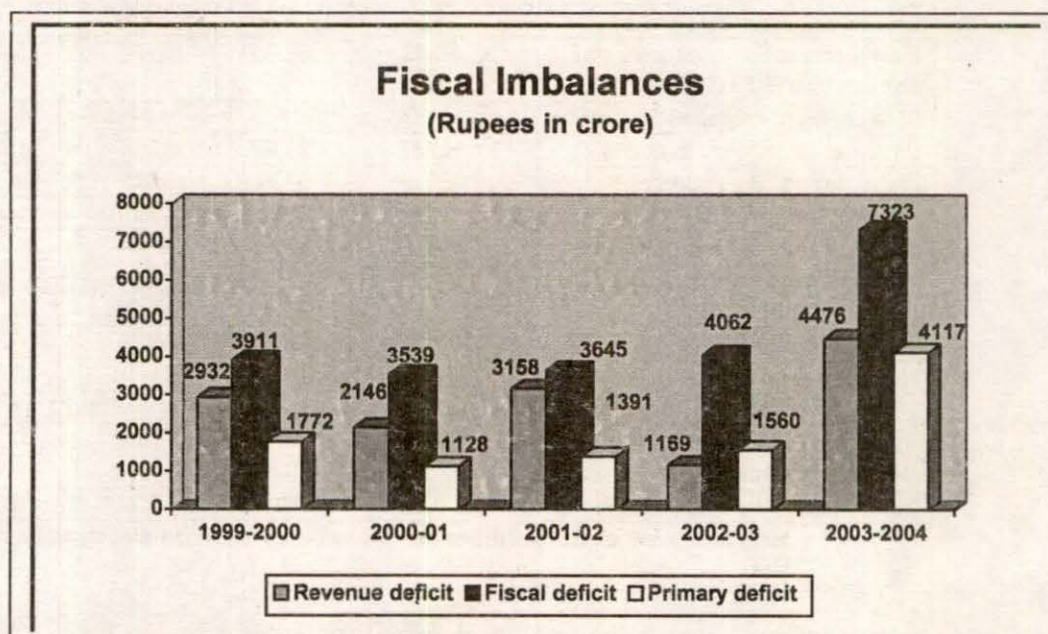
1.9.1 Fiscal imbalances

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

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs.3158 crore in 2001-02 to Rs.4476 crore in 2003-2004. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also increased from Rs.3645 crore in 2001-02 to Rs.7323 crore in 2003-2004. State also had a primary deficit increasing from Rs.1391 crore in 2001-02 to Rs.4117 crore in 2003-04 as indicated in Table 24.

Table 24: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue deficit	2932	2146	3158	1169	4476
Fiscal deficit	3911	3539	3645	4062	7323
Primary Deficit	1772	1128	1391	1560	4117
RD/GSDP	2.97	2.43	3.89	1.41	4.43
FD/GSDP	3.96	4.00	4.48	4.89	7.25
PD/GSDP	1.79	1.28	1.71	1.88	4.08
RD/FD	74.97	60.64	86.64	28.78	61.12



The revenue deficit as percentage of fiscal deficit has decreased from 87 per cent in 2001-2002 to 61 per cent in 2003-2004. As percentage of GSDP, revenue deficit had increased to 4.43 per cent, fiscal deficit to 7.25 per cent and primary deficit to 4.08 per cent in 2003-04.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 25 below presents a summarized position of Government Finances over 1999-2004, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. These ratios, show a continuous improvement during 1999-2004 indicating mobilization of resources and its sustainability.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilization. While the development expenditure has remained around two-third of the total expenditure during 1999-2004, the capital expenditure as

percentage to total expenditure has increased from 6 per cent in 1999-2000 to 12 per cent in 2003-2004.

Table 25: Ratios of Fiscal Efficiency (in per cent)

Fiscal Ratios	1999-2000	2000-01	2001-02	2002-03	2003-04
Resources Mobilization					
Revenue Receipts/GSDP	13.37	14.52	13.79	16.13	14.14
Own Tax/GSDP	5.867	6.377	5.756	7.427	6.720
Expenditure Management					
Total Expenditure/GSDP	17.65	18.53	20.23	21.08	21.43
Revenue Receipts/ Total Expenditure	75.76	78.33	68.18	76.54	66.00
Revenue Expenditure/Total Exp.	92.58	91.42	87.38	83.22	86.68
Capital Expenditure/Total Exp.	5.56	6.90	9.29	14.43	12.49
Development Expenditure/Total Expenditure (RE+CE)	65.42	63.55	65.63	65.40	66.41
Management of Fiscal Imbalances					
Revenue deficit (Rs. in crore)	2932	2146	3158	1169	4476
Fiscal deficit (Rs. in crore)	3911	3539	3645	4062	7323
Primary Deficit (Rs. in crore)	1772	1128	1391	1560	4117
Revenue Deficit/Fiscal Deficit	74.97	60.64	86.64	28.78	61.12
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	26.27	25.49	32.58	36.55	37.14
Fiscal Liabilities/RR	196.52	175.62	236.26	226.57	262.61
Net Fund Available	36	19	31	28	48
Other Fiscal Health Indicators					
Return on Investment	0.06	0.11	0.02	0.39	0.48
BCR (Rs. in crore)	(-)1556	(-)793	(-)1811	791	(-)3057
Financial Assets/Liabilities	0.73	0.80*	0.71*	0.71*	0.65 *

* Assets and some of the liabilities are yet to be apportioned and transferred to Chhattisgarh State.

Increasing revenue and fiscal deficit indicates growing fiscal imbalances of the State. Similarly increase in the ratio of revenue deficit and fiscal deficit indicates that the application of borrowed funds has largely been to meet current consumption. All the indicators of fiscal imbalances show continuous deterioration over time indicting increasing unsustainability and vulnerability of State finances.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing revenue deficit, indicate that the State is gradually getting into a debt trap. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. The State's low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without an asset back up. This indicates that either the State has to generate more revenue from out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

CHAPTER II
Allocative Priorities and
Appropriation

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts are prepared annually to indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act(s) in respect of both charged and voted items of budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act(s) and whether the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-2004 against 96 grants/ appropriation was as follows:

(Rupees in crore)						
	Nature of expenditure	Original grants/ appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving(-)
Voted	I. Revenue	13661.00	4522.40	18183.40	15375.59	-2807.81
	II. Capital	3623.13	723.68	4346.81*	2812.34*	-1534.47
	III. Loans & Advances	745.75	69.19	814.94	204.36	-610.58
Total Voted		18029.88	5315.27	23345.15	18392.29	-4952.86
Charged	IV. Revenue	3288.98	496.91	3785.89	3530.02	-255.87
	V. Capital	1.12	-----	1.12	0.87	-0.25
	VI. Public Debt	6158.09	3177.55	9335.64	8422.09	-913.55
Total Charged		9448.19	3674.46	13122.65	11952.98	-1169.67
Grand Total		27478.07	8989.73	36467.80	30345.27	-6122.53

* Includes provision of Rs.25 crore and expenditure of Rs.22.39 crore being grants-in-aid to Local Bodies/ Institutions classified and accounted for under Capital section instead of Revenue section.

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs.140.90 crore and capital expenditure: Rs.134.57 crore.

The overall savings of Rs.6122.53 crore was the net result of savings of Rs.6125.07 crore in 185 cases under different grants and appropriations offset by excess of Rs.2.54 crore in 7 cases.

Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in paragraph 2.7.

Scrutiny of the Appropriation Accounts revealed the following points:

The expenditure was overstated:

- by Rs.115.45 crore (Revenue section: Rs.111.44 crore and Capital section: Rs.4.01 crore) on account of unspent amounts transferred to Major Head 8443-Civil Deposit 800- Other Deposit, through nil payment vouchers.
- by Rs.139.14 crore (Deposits: Rs.545.59 crore less disbursements : Rs. 406.45 crore) to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account, in respect of government institutions. Out of Rs.545.59 crore deposited during the year, Rs.143.82 crore were credited through nil payment vouchers.

Genuineness of expenditure of Rs.20 lakh drawn on Abstract Contingent bills could not be vouched as Detailed Contingent bills were not submitted.

The overstatement of total expenditure was partly offset by its understatement:

- to the extent of Rs.18.09 crore spent under various heads for which vouchers were not received from the treasuries during the year; the amount accordingly remained unaccounted for and was kept under objection in the books of the Accountant General (A&E)-I.
- by rupees one crore drawn from the contingency fund during the year and remained unrecovered at the close of the year under Major Head 2217-Urban Development in Grant no. 94.

The savings/ excesses (Detailed Appropriation Accounts) were intimated to the controlling officers requiring them to explain the significant variations. Out of 983 sub-heads commented upon in the Appropriation Accounts, explanations for savings/ excesses in respect of 857 sub-heads (87.2 per cent) were either not received or not to the point.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

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

Grant No. 6-Expenditure pertaining to Finance Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1476.24			
Supplementary:	212.50	1688.74	1249.91	438.83

Savings occurred mainly under 2070-Other Administrative Services- Administrative arrangements due to formation of new districts (Rs.30 crore), Lump-sum provision for voluntary retirement (Rs.10 crore), Other Expenditure (Rs.97.56 crore), Recommendation of Brahma Swarup

Committee (Rs.75 crore), Relief on Pension (Rs.33.28 crore), and 2071-Pensions and other Retirement Benefits- Payable to Retired Salaried Persons (Rs.37.03 crore), Payment of Commuted Value of Pensions in India (Rs.117.90 crore), Service and Death- cum Retirement Gratuity (Rs.10.81 crore), and Family Pension (Rs.11.98 crore). Reasons for savings have not been intimated (October 2004).

Grant No.12- Expenditure pertaining to Energy Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	616.00			
Supplementary:	120.00	736.00	102.81	633.19

Though there were savings of more than 83 per cent of the original provision, yet supplementary grant of Rs.120 crore was taken. Savings occurred mainly under 4801-Capital Outlay on Power Project- Externally aided projects (Normal)- Payment of grant's portion in the form of share capital in project loans received from Asian Development Bank (Rs.120 crore) and 6801-Loans for Power Projects- State Plan Schemes (Normal) Other Loans to Electricity Boards (Rs.512.19 crore). Reasons for savings have not been intimated (October 2004).

Grant No. 24- Public Works- Roads and Bridges

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	422.34			
Supplementary:	54.00	476.34	297.53	178.81

Savings were mainly under 5054- Capital outlay on Roads and Bridges- State Plan Scheme (Normal)- Construction of Major Bridges under NABARD Loan Assistance (Rs.9.42 crore), Construction of Rural Roads under NABARD Loan Assistance (Rs.10.21 crore), Repayment of Bond amount (Rs.11.25 crore), Upgradation, Bitumenisation and Renovation (Rs.62.02 crore), Central Sector Scheme Normal- Central Road Fund (Rs.43.72 crore) and Centrally Sponsored Scheme Normal- Road Construction Works (A.D.B.) (Rs.40 crore). Reasons for saving have not been intimated (October 2004).

Grant No. 30- Expenditure pertaining to Panchayat and Rural Development Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	310.20			
Supplementary:	---	310.20	59.29	250.91

Savings were mainly under 4515- Capital Outlay on Other Rural Development Programmes- Centrally Sponsored Schemes Normal- Grant to Madhya

Pradesh Rural Road Development Authority (Rs.250.90 crore). Reasons for this has not been intimated (October 2004).

Grant No. 39- Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	234.47			
Supplementary:	Token	234.47	63.30	171.17

Savings occurred mainly under 2408- Food, Storage and Warehousing- Central Sector Schemes Normal- Grant from Central Government under Decentralised Procurement Scheme (Rs.150 crore) and State Plan Schemes (Normal)- Recoupment of loss to Co-operative Societies for sale of food grain under Public Distribution System (Rs.13.09 crore). Savings of Rs.150 crore were attributed to release of assistance directly to the Madhya Pradesh Civil Supplies Corporation by Government of India, while part of savings of Rs.13.09 crore was due to compulsory economy cut and non operation of new budget system properly (Rs.11.05 crore).

Grant No. 41- Tribal areas sub plan

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	545.61			
Supplementary:	100.91	646.52	378.11	268.41

Savings occurred mainly under 2029-Land Revenue- Scheme for purchase of private land and giving on lease to landless (Rs.14.23 crore); 2202-General Education- Centrally Sponsored Schemes-T.S.P- Sarva Shiksha Abhiyan (Education for all) (Rs.90.55 crore); 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes- Scheme financed out of additive funds from Government of India for TSP- Assistance to Tribal people for restoration of Agricultural land (Rs.12.24 crore), Check Dam, Wells, Tube wells, Diversion Channels, Water harvesting structure etc. for Tribal Community (Rs.11.49 crore), Assistance to Tribal beneficiaries for Wells, Tube wells, Irrigation Pumps and Agriculture Ponds (Rs.10.10 crore), Plantation of grain and fruits species as a measures of Soil Conservation on the land of Tribals (Rs.10.90 crore), Plantation of Minor Forest Produce and collection of roots and herbs in Tribal Areas (Rs.8.09 crore), 2401-Crop Husbandry- Centrally Sponsored Schemes T.S.P.-Agriculture programme (Macro Management) (Rs.17.65 crore). Saving of Rs.90.55 crore under Sarva Shiksha Abhiyan was due to release of central share directly to the mission by G.O.I. and release of 25 percent matching state's share in the ratio of the available central amount. Saving of Rs.17.65 crore under Agriculture programme (Macro Management) was partly due to providing of funds for payment of crop insurance claims of Kharif 2000 (Rs.6 crore). Reasons for other savings have not been intimated (October 2004).

Grant No.48 -Narmada Valley Development*(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	986.19			
Supplementary:	287.09	1273.28	765.96	507.32

Substantial savings of Rs.25.34 crore, Rs.87.85 crore, Rs.100.93 crore and Rs.11.97 crore under the four schemes* were mainly due to non-finalisation of construction agencies. Saving of Rs 40.87 crore under Sardar Sarovar Project was partly due to cut in allotment (Rs.7.00 crore), while saving of Rs.166.56 crore was mainly due to slow progress of work under the State Plan Schemes - land acquisition and rehabilitation work in submerged area of Sardar Sarovar (Major Head 4801). Reasons for other saving/ excess have not been intimated (October 2004).

In many other heads also, savings / excesses occurred as follows:-

- In other 89 cases of grants/ appropriations, savings exceeding Rupees one crore in each case and also by more than 10 per cent of total provision were Rs.2092.88 crore as indicated in **Appendix XII**. In 4 of these (Serial numbers 38, 43, 50 and 66), the entire provision aggregating to Rs. 50.90 crore were not utilised.
- In 49 cases, the entire budget provision of rupees one crore and more in each case totaling Rs.416.58 crore, provided under various Central schemes remained unutilised, as detailed in **Appendix XIII**.
- In 12 schemes, expenditure in each case exceeded the approved provisions by Rs. 5 crore or more and also by more than 100 per cent of the total provision, aggregating to Rs.595.46 crore. Details are given in **Appendix XIV**.
- In 59 schemes, substantial savings of Rs. 5 crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs.2437.29 crore was noticed. In 38 of these schemes, the entire provision remained unutilised. The details are given in **Appendix XV**.

2.3.2 Persistent savings

In 37 cases of grants/ appropriations, there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of provision. Persistent savings indicate budgeting on inappropriate assumptions. Details are given in **Appendix XVI**.

State Plan schemes- Bargi Canal Diversion Project, Dam and Appurtenant work, Indira Sagar Project Unit-I (Major Head 4701), Indira Sagar Canal-Bed Power House (Major Head 4801)

2.3.3 Excess requiring regularisation

(i) Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/ appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.5569.04 crore during the years 1990-91 to 2002-03 had not been regularised so far (October 2004). This was breach of Legislative control over appropriations. The details are as follows:

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1990-91	22	119.51	Furnished
1991-92	16	258.58	Furnished
1992-93	21	189.32	Furnished
1993-94	21	258.11	2.05
1994-95	15	407.46	0.39
1995-96	21	251.59	Furnished
1996-97	18	224.17	Furnished
1997-98	13	302.79	0.97
1998-99	17	1276.45	1.84
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	265.07
2001-2002	03	6.26	6.26
2002-2003	08	424.79	424.79
Total		5569.04	701.37

(ii) Excess over provisions during 2003-04 requiring regularisation

The excess of Rs.2.54 crore under 7 grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below :

(In Rupees)				
Sr.No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess (Percentage of Excess)
Amount in Rupees				
A-Revenue (Voted)				
1.	68-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Panchayat and Rural Development	54,27,75,000	55,51,41,250	1,23,66,250 (2.3)
2.	84-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	5,16,000	9,88,538	4,72,538 (91.6)
	Total-(A)	54,32,91,000	55,61,29,788	1,28,38,788
B-Revenue (Charged)				
3.	20-Public Health Engineering	20,00,000	20,26,547	26,547 (1.3)
4.	67-Public Works-Buildings	10,00,000	14,64,171	4,64,171 (46.4)
	Total-(B)	30,00,000	34,90,718	4,90,718
C-Capital-(Voted)				
5	35-Rehabilitation	21,95,000	23,17,639	1,22,639 (5.6)
6	94-Expenditure pertaining to Simhashta Mela, 2004	1,04,98,88,000	1,06,15,93,217	1,17,05,217 (1.1)
	Total- (C)	1,05,20,83,000	1,06,39,10,856	1,18,27,856
D-Capital (Charged)				
7	23-Water Resources Department	40,00,000	42,28,894	2,28,894 (5.7)
	Total- (D)	40,00,000	42,28,894	2,28,894
	Total-(A+C) Voted	1,59,53,74,000	1,62,00,40,644	2,46,66,644
	Total-(B+D) Charged	70,00,000	77,19,612	7,19,612
	TOTAL (A+B+C+D)	1,60,23,74,000	1,62,77,60,256	2,53,86,256

Reasons for the excesses had not been furnished by the Government as of October 2004.

2.3.4 Original budget and supplementary provision

Supplementary provision (Rs.8989.73 crore) made during this year constituted 32.72 per cent of the original provision (Rs.27478.07 crore) as against 26.75 per cent in the previous year.

2.3.5 Unnecessary/ excessive/ inadequate supplementary provisions

Supplementary provision of Rs.1151.54 crore made in 54 cases during the year proved unnecessary in view of aggregate saving of Rs.3575.81 crore (saving in each case exceeding Rs. 10 lakh), as detailed in **Appendix XVII**.

In 16 cases, against additional requirement of only Rs.6060.87 crore, supplementary grants and appropriations of Rs.7771.33 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.1710.46 crore. Details of these cases are given in **Appendix XVIII**.

In 4 cases, supplementary provision of Rs.17.85 crore proved insufficient leaving an uncovered excess expenditure of Rs.2.46 crore. Details are given in **Appendix XIX**.

2.3.6 Persistent excesses

Significant excess was persistent in one appropriation as detailed below :-

Description of Appropriation	Amount of excess (in Rupees) and percentage in bracket		
	2001-02	2002-03	2003-04
Capital (Charged)			
23-Water Resources Department	5,73,333 (28.7)	80,985 (4)	2,28,894 (5.7)

Persistent excess needs investigation.

2.3.7 Excessive/ unnecessary re-appropriations/ surrender of funds

Re-appropriation is a transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriations/ surrender of funds of more than rupees one crore in each case proved injudicious due to (a) withdrawal of funds from heads where excess expenditure had already occurred, (b) withdrawal of funds in excess of available saving, (c) unnecessary augmentation of funds despite saving, and (d) augmentation of funds by more than the amount required to cover the excess, (given in **Appendix XX**) indicate poor financial management.

2.3.8 Anticipated savings not surrendered

According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2003-04, there were 144 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.4231.10 crore. Out of these, in 50 cases, significant amounts of available savings (of Rs.5 crore and above in each case), aggregating to Rs.4164.14 crore, were not surrendered, as per details given in **Appendix XXI**.

Besides, in 126 cases, Rs.1833.51 crore (94.7 per cent) were surrendered on the last day of March 2004, out of total surrender of Rs.1936.82 crore, indicating inadequate financial control over expenditure.

2.3.9 Injudicious surrender of funds

In 16 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. As against the total available savings of Rs.576.67 crore, the amount surrendered was Rs.619.31 crore, resulting in excess surrender of Rs.42.64 crore. Details are given in **Appendix XXII**.

In 3 cases, Rs.21 lakh were surrendered though there was excess expenditure of Rs.2.42 crore. Details are given in **Appendix XXIII**.

2.3.10 Expenditure without Budget Provision

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that expenditure of Rs.71.88 lakh was incurred in 5 cases without the provision having been made in the original estimates/ supplementary demands as per details given in **Appendix XXIV**.

2.4 Unreconciled expenditure

Financial rules require Departmental Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.3386.15 crore in respect of 12 major heads involving 33 grants, representing 11.2 per cent of the total expenditure during the year, had however, remained in arrears in several departments. Details are given in **Appendix XXV**.

2.5 Defective sanctions for re-appropriations/surrenders

As per instructions (August 1996) of State Government and financial rules, (i) all sanctions for re-appropriations / surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E) office well in time for incorporation in the Accounts, (ii) budget provision under the head "office expenses" should not be increased by re-appropriation in any circumstances, (iii) no amount can be re-appropriated from Charged to Voted and Revenue to Capital and vice versa, (iv) re-appropriations are not permissible from "Salary and wages" head to other heads and vice versa, (v) budget provision should be available under the head from which re-appropriations / surrenders are sanctioned, (vi) proper details of schemes should be furnished from which surrenders/ re-appropriations are sanctioned and total of both sides of re-appropriation sanction should tally etc. Rs.55.25 crore were re-appropriated/ surrendered during the year in violation of these instructions. Details are given in **Appendix XXVI**.

2.6 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure for the four quarters and also for the month of March 2004 is depicted in **Appendix XXVII** which shows that the expenditure incurred in March 2004 in 7 cases ranged between 45 and 100 per cent of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

2.7 Budgetary Control

A review of budgetary procedure and control over expenditure and test check of records in case of 8 grants* revealed the following:

Non maintenance of expenditure control registers

Monthly statement of expenditure were not received or called for regularly by the Controlling Officers of Grants number 2,23,36,45,59,86,92 and 94 from their subordinate units. Expenditure control registers were also not maintained in any of these offices. Thus the upto date progressive totals of expenditure monthwise could not be worked out by the controlling officers. This was indicative of absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, (b) inadequate/ unnecessary/ excessive supplementary provisions, and (c) irregular re-appropriations and non-surrender of funds thereof, as discussed earlier. The department of grants no.36,59 and 92 accepted and stated that expenditure control register would be maintained in future.

Defective preparation of budget estimates

The procedure followed in eight test-checked grants mentioned above and the Appropriation Accounts, 2003-04 revealed that demands for budget estimates were prepared on ad hoc basis. The poor quality of budget preparation and budgetary operations led to:

Excessive provisions ranging from Rs.1.31 crore to Rs.20.88 crore in four grants (2, 36, 45 and 92) under Revenue voted section and in Capital voted section also, ranged from Rs.1.10 crore to Rs.84.01 crore in four grants (23, 45, 59 and 86). Further in Capital voted section of grant no. 94, there was inadequate budget provision of Rs.1.17 crore. The department (Grant no. 59) stated that provision remained unutilized due mainly to slow progress of work. Substantial savings of Rs. 2 crore or more and also more than 20 per cent of the provision in each case aggregating to Rs.168.07 crore under 13 schemes of test checked grants during 2003-04 (in 11 schemes persistent saving had occurred) as per details given in **Appendix XXVIII**. While under 7 schemes, substantial excess of more than Rupees one crore in each case, totaling Rs.16.66 crore during 2003-04 (in 2 schemes persistent excess had occurred) were noticed as per details given in **Appendix XXIX**.

* 2- Other expenditure pertaining to General Administration Department (Revenue-Voted), 23- Water Resources Department (Capital- Voted), 36- Transport (Revenue-Voted), 45- Minor Irrigation Works (Revenue and Capital- Voted), 59- Externally Aided Projects pertaining to Rural Development Department (Capital-Voted), 86-Upgradation of standards of Administration recommended by the Eleventh Finance Commission- Jail (Capital Voted), 92- Upgradation of standards of Administration recommended by the Eleventh Finance Commission-Culture (Revenue-Voted) and 94-Expenditure pertaining to Simhashtha Mela, 2004 (Capital-Voted).

Unnecessary/excessive/inadequate supplementary provisions

In 3 schemes of test checked grants supplementary provisions totaling Rs.6.96 crore remained unutilised and proved unnecessary, in 3 schemes supplementary provisions were excessive by Rs.34.71 crore and in 2 schemes supplementary provision of Rs.29.75 crore proved inadequate in view of excess of Rs.5.59 crore. Details are given in **Appendix XXX**.

Transfer of Funds to Deposit head on the last day of financial year

Rs.2.42 crore was drawn on last day of financial year under the scheme- 2205-800-1301-5062- Upgradation of Museums under Eleventh Finance Commission in grant no. 92 and credited to Major Head 8443-Civil Deposits-800 Other Deposits on 31 March 2004 after exhibiting as expenditure in accounts to avoid lapse of budgetary provision. This also resulted in undue inflation of expenditure to that extent.

Blocking of funds in bank account

The amount of Rs.51 lakh was drawn on 31 March 2004 under the scheme - State Plan Scheme (Normal)- Arrangement for Simhastha Mela, 2004 in grant no. 94 and credited to Bank Account after showing as expenditure in the Accounts. This incorrect depiction of expenditure in the Accounts was done only to avoid to the lapse of budget grant. The department stated that amount was kept in Bank Account for payment of expenditure incurred during Mela period. The reply is not tenable as Financial rules prohibit drawal of funds in anticipation of requirement.

Non-reconciliation of expenditure

Reconciliation of Departmental expenditure figures for the year 2003-04 with the figures of Accountant General (A&E) M.P. Gwalior, were not carried out by the controlling officers of grants no. 2,23,36,45,59,86,92 and 94 resulting in ineffective control over expenditure. The controlling officers accepted the fact and stated that reconciliation of expenditure will be done/being done.

Rush of expenditure in March

The percentage of expenditure during March 2004, under various schemes of grants no. 23 and 45 was as under :

Grant No.	Major Head/ Scheme	Percentage of expenditure
23	4701-01-202-3264-Circle Establishment.	39
23	4701-03-209-0101-823-Kalia Sot	44.3
23	4701-80-005-0101-3363-Survey of Medium projects.	79.3
23	4711-01-103-0101-6358-Prevention from erosion of Pench River of Newton Chichili Village.	68.8
45	4702-800-0101-3803-Minor and Micro Minor Irrigation Scheme.	34.6
45	2702-80-800-7051-Dam Safety	34.2

Department stated that rush of expenditure in March was due to the fact that the funds provided by the Government as in supplementary grant was in March only. The reply is not tenable as no supplementary budget was provided under these schemes, the expenditure in March 2004 was not justified. Non compliance of prescribed procedure can not be ruled out.

Issue of re-allotment orders for the items of revenue nature from capital head

Financial rules prohibit the expenditure on items of revenue nature out of capital head and vice-versa. Test check (August 2004) of re-allotment orders, issued by the Mela Officer, Ujjain from the Capital head 4217 Arrangement for Simhastha Mela, 2004, under grant no. 94, revealed that contrary to above prohibitions, re-allotment orders amounting to Rs.5.63 crore were issued irregularly for the items of revenue nature such as; arrangement for food, breakfast, dress to volunteers, electricity, tent, medicines, telephone, furniture, stationary, T.A., Misc. expenditure etc, to the various Drawing and Disbursing officers.

Issue of re-allotment orders in excess of the budget provision, under grant no. 94.

Financial rules provide that the allotment order should not be more than the available budget provision. Scrutiny of re-allotment orders to various D.D.Os. issued by the Mela Officer, Ujjain revealed (August 2004) that as against the budget provision of Rs.104.99 crore, re-allotment orders amounting to Rs.106.24 crore were issued resulting in excess allotment of Rs.1.25 crore.

CHAPTER III

Performance Reviews

CHAPTER III Performance Reviews

This Chapter includes 5 performance reviews viz 3.1 Implementation of Child Labour (Prohibition and Regulation) Act, 1986, 3.2 Indian System of Medicines and Homoeopathy, 3.3 Health Care, Drinking Water Supply and Employment Generation Scheme in Betul District, 3.4 Pradhan Mantri Gram Sadak Yozna and 3.5 Simhastha Mela 2004.

Labour Department

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

Highlights

The Child Labour (Prohibition & Regulation) Act, 1986 (Act) bans employment of children in hazardous occupations and regulates the condition of work where the children are not prohibited from working. The Supreme Court issued directives in 1996 regarding identification of children working in hazardous employment, their withdrawal and rehabilitation. Government of India launched the National Child Labour Project (NCLP) for rehabilitation of children so withdrawn from work. But the districts with higher incidence of child labour like Damoh, Raisen, Sagar and Tikamgarh were not selected for inclusion in the action plan of implementation of NCLP special schools. Action plan for eradication of child labour by 2005 was not implemented by State Government.

Shortfall in inspection of industrial premises ranged from 87 to 94 per cent.

(Paragraph 3.1.8)

Most of the cases of prosecution ended in acquittal due to improper documentation regarding proof of age, witnesses and panchnama which showed the weakness of the enforcement machinery.

(Paragraph 3.1.9))

Against Rs.17.65 crore due from offending employers on account of compensation, only Rs.3.75 lakh could be recovered.

(Paragraph 3.1.7)

Major deviations were noticed in observing GOI guidelines issued by the project societies in running of NCLP Schools.

(Paragraph 3.1.11)

Job to one adult member of the families of 7752 child labourers withdrawn from hazardous work was not provided.

(Paragraph 3.1.7)

3.1.1 Introduction

Extreme poverty, lack of opportunity for gainful employment, intermittency of income and low standards of living are the main reasons for the wide prevalence of child labour. Elimination of child labour and compulsory primary education are among the main concerns of the whole nation. Accordingly the Child Labour (Prohibition & Regulation) Act 1986 (Act) was enacted. To rehabilitate the child labour three NCLPs were started in Gwalior, Ujjain, and Mandsaur districts of Madhya Pradesh. A survey to identify the child labour in hazardous processes and industries was conducted in 1997.

3.1.2. Organisational set up

The Labour Department of Government of Madhya Pradesh headed by the Principal Secretary in the State and the Labour Commissioner (LC) assisted by Assistant Labour Commissioners (ALC) and Labour Officers (LO) in the districts were primarily responsible for implementation of the Act. The field staff comprised of labour inspectors.

3.1.3 Audit objectives

The audit objectives were:

- to check progress of implementation of the Supreme Court Directive
- to examine the enforcement of the regulatory and prohibitory functions under the Act
- to examine the rehabilitation measures undertaken in various projects and
- to examine the adequacy of monitoring and evaluation mechanism

3.1.4 Audit coverage

The review covers the implementation of the Act during the period 1999-2004, based on test check of the records of Labour Commissioner, Indore and Assistant Labour Commissioners and Labour Officers in fifteen* out of 45 districts and three Project Directors of National Child Labour Projects (NCLP) during February to September 2004.

3.1.5 Financial management

The NCLP Scheme for rehabilitation of children was entirely funded by Government of India. The grant aggregating to Rs.4.55 crore was released by

Bhopal, Chhindwara, Damoh, Gwalior, Indore, Jabalpur, Katni, Mandsaur, Raisen, Satna, Shahdol, Sagar, Tikamgarh, Ujjain and Vidisha.

GOI to three NCLPs (Gwalior, Ujjain and Mandsaur), run by Non-Government Organisations (NGO) during the period (1999-2004) and expenditure out of that was to the tune of Rs.4.45 crore:

Programme management

3.1.6 Inconsistency between the State and Central Acts

Inconsistency in Central Act and State Act.

The Madhya Pradesh Shops and Establishment Act 1958 totally bans employment of children below the age of 14 years while the Child Labour Act 1986, provides that children under the age of 14 years could be engaged in non-hazardous establishment. Thus there was inconsistency between the Central and State Acts, which sometimes made it difficult to enforce them. Of more direct implication is the difficulty that children working with their families are not covered in the Act. This made it difficult to establish violation of the Act in many cases. Many prosecution cases failed because of failure of the prosecution to produce any definitive proof of age of the children. The Act does not have any specific provision in this regard.

3.1.7 Compliance with the Directives of Supreme Court

The Honourable Supreme Court of India in its judgement in December 1996 had given some directions regarding the manner in which the children working in hazardous occupations are to be withdrawn from work and rehabilitated as also the manner in which the working conditions in non-hazardous occupations are to be regulated and improved upon.

➤ Unrealistic survey

Huge difference of child labour found in survey and census data 1991.

The child labour survey conducted in April 1997 in all the districts of Madhya Pradesh found only 11820 child labour employed in State. The GOI expressed its dismay as the census data of 1991, had revealed the number of child labour as 13.53 lakh. The existence of more child labour was also confirmed by the Collectors of Gwalior (50,000) and Ujjain (27,957) in their project reports for establishing NCLP schools.

Survey was not systematic, authentic and realistic.

It was also observed that the State Government had employed the staff of other departments who carried out survey in a haphazard manner without recording the full names and addresses of employers, the exact date of birth of the children supported by certificate of age and without obtaining witnesses with full postal address etc. Thus the survey conducted was not systematic, authentic and realistic. GOI ordered (November 1999) a re-survey of child labour but the same was also not carried out as of September 2004 for want of funds.

➤ Non-recovery of compensation for employing children in hazardous occupations

Against compensation of Rs.17.65 crore only Rs.3.75 lakh was collected.

A Child Labour Rehabilitation-cum-Welfare Fund was to be formed district or area wise and compensation of Rs.20,000 per child from the employers who had employed children in hazardous occupations was to be collected by the Inspectors and deposited in this fund. It was observed that the Child Labour

Rehabilitation-cum-Welfare Fund was not formed as penalties were not recovered in most of the cases. Show cause notices were issued for recovery of compensation of Rs.20,000 per child from the concerned employers but in all the cases the employers contested their liability and against Rs.17.65 crore (for 8826 children), only Rs.3.75 lakh could be realised from the offending employers. The non recovery of penalty was attributed to delay in finalisation of court cases and stay orders issued by different courts.

Job to one adult member of families of 7752 children withdrawn from hazardous work was not provided.

The Government was to provide a job to one adult member of the family of a child labour released from hazardous occupation. Against 8826 children withdrawn from hazardous work, State Government provided jobs to the families of only 1074 child labourers. The State Government did not contribute Rs.5000 per child to the Child Labour Rehabilitation-cum-Welfare Fund in the remaining 7752 cases.

➤ **Non preparation of action plan, Identification and Survey of Hazardous Industries and processes**

Action Plan for eradication of child labour by 2005 was not implemented.

The Government of India was not satisfied with the outcome of child labour survey conducted in 1997 and directed the State Government to re-survey and prepare an action plan for identification of hazardous industries and processes so as to eliminate the child labour problem by 2005. Question (No.5 of 2001) was raised in Lok Sabha asking for the time by which a blanket ban on child labour is likely to take effect alongwith the target set and status of action plan formulated in this regard. Information was furnished (July 2001) by Labour Commissioner in response that action plan would be prepared for all 45 districts and same would be finalised at the state level and would be sent to GOI. On enquiry, the Labour Commissioner replied (September 2004) that the action plan was prepared for all 45 districts. According to the action plan, a survey of child labour was to be conducted and they were to be rehabilitated with the available resources. All the district Collectors requested that additional funds would be needed to carry out the plan. Accordingly proposals for grants were sent to GOI but no grants were released as of September 2004. Hence, neither any survey was conducted nor the action plan implemented.

3.1.8 Regulatory function

➤ **Non-framing of rules**

Sections 3 to 9 of the Act prohibits the employment of children in hazardous occupations and processes and regulates the conditions of work of children in non hazardous establishments. Test check of records revealed short coming in inspection, identification and rehabilitation of children withdrawn from hazardous occupations & processes.

The provisions of the Act, other than part III (regulation of conditions of work of children), were enforced with effect from December 1986. Part III of the Act came into force on 26 May 1993. But this notification of 26 May 1993 enforcing Part-III was not available with the Labour Commissioner and only

during 1997 the directives in this regard were issued by him. As a result regulation of the conditions of work of children working in non hazardous establishments was delayed.

Under Section 18 of the Act, the State Government was empowered to make rules for effecting the provisions of the Act by issue of a notification in official gazette. It was observed that under the above section rules had not been framed so far (September 2004).

➤ **Shortfall in Inspections**

Inspection was an important regulatory function through which the Act is administered. In order to ensure effective enforcement of the Act, the norms of staff pattern and the procedure of regular survey and inspection of occupiers' premises were to be prescribed. But norms for staff pattern were not formulated. The State Government, however, prescribed some conditions for inspection in October 1999. The Labour Commissioner fixed (January 2001) the target of ten inspections per Inspector per month. The position of inspections in the test checked 15 out of 45 districts was as under:

Year	No. of hazardous Establishments *	No. of Non-hazardous establishments*	No. of labour Inspectors available	No. of Inspections required to be carried out as per norms	No. of Inspection Carried out.	Shortfall of inspection (Percentage)
1999-2000	32,838	1,39,980	114	No norms were fixed for inspection	851	--
2000-01	32,838	1,39,980	109	No norms were fixed for inspection	401	
2001-02	32,838	1,39,980	118	14160	1556	89
2002-03	32,838	1,39,980	122	14640	1971	87
2003-04	32,838	1,39,980	119	14280	885	94

* Figures according to child labour survey conducted in 1997 (later figures not available).

Shortfall of inspections ranged from 87 to 94 per cent.

The implementation of an important regulatory function under the Act was rendered ineffective as there was overall short fall in inspection which ranged from 87 to 94 per cent annually during 2001-04.

➤ **Delay in Appointment of Inspectors**

Appointment of Inspectors in rural areas delayed.

Under Section 17 of the Act, the Government of Madhya Pradesh was to appoint inspectors for the purpose of securing compliance of the provision of the Act. The State Government appointed inspector in December 1987. The staff of other departments were also declared as inspectors in March 1997 to carry out the orders of Hon'ble Supreme Court. For covering rural areas, all Gram Sabhas were also declared as inspectors in January 2001. But no official Gazette notification was issued. On this being pointed out, LC could not confirm the issue of any such notification. Thus due to non-issuance of notification with regard to declaration of Gram Sabhas as Inspectors under the Act, the implementation of the Act was hampered.

➤ **Non-maintenance of records by employers under Sec 9, 11 and 12**

Provisions of Sections 9,11 and 12 of the Act not adhered to by District Offices.

According to Part III of the Act which regulates the conditions of work for children, every occupier in relation to an establishment, who employs child labour or permits any child to work, should within a period of thirty days from the date of such employment send to the inspector within whose local limits the establishment is situated, a written notice containing full details viz name of establishment, its situation, name and address of occupier and nature of occupation. Apart from this the occupier is also required to maintain records in respect of child labour under Section 11 and also to display promptly a notice of sections 3 and 14 (prohibition of child labour in hazardous work) and the penal provisions. The contravention of the above provisions of the Act attracted penalty under Section 14 (3) (a) to (d). In the test-checked districts, it was observed that the required notices were not being forwarded by the occupiers to the Labour Department under Section 9. During surprise checks, the occupiers were found guilty under the aforesaid provisions. The year wise position in the test check districts was as under:-

Year	Section of the Act.	No. of cases of violation noticed	No. of cases where prosecution was launched	No. of Cases decided	Amount of penalty levied & collected (In Rupees)
1999-2000	3,9,11,12	29	29	22	38,750
2000-01	3,9,11,12	22	22	19	56,500
2001-02	3,9,11,12	22	21	14	37,500
2002-03	3,9,11,12	22	22	29	1,35,500
2003-04	3,9,11,12	31	31	02	6,000

On enquiry regarding non conducting of regular inspections, LC stated (September 2004) that the notification under Part-I Section 1 (3) regarding enforcement of Part-III of the Act was not available with them. Thus due to non-enforcement of the above provisions of the Act, the violation of provisions of the Act was not being detected and employment of child labour and regulation of condition of work could not be enforced and the occupiers escaped penalty under Section 14 (3) (a) to (d) of the Act.

3.1.9 Prohibitory function

Under Sec 3 of the Act, children under the age of 14 years were prohibited from employment in occupations and processes given in schedules part A & B of the Act. Penalties were to be imposed on the defaulting occupier. Yearwise position of court cases of test-checked districts were as under.

Year	Cases pending at the opening of the year	Prosecution launched during the year	Cases decided during the year		No. of cases where appeal made by department	Cases pending at the end of the year
			Convicted	Acquittal		
1999-2000	2393	540	01	271	--	2661
2000-01	2661	60	01	43	--	2677
2001-02	2677	170	04	66	--	2777
2002-03	2777	17	10	15	--	2769
2003-04	2769	24	02	1296	--	1495

Prosecution failed due to inadequate documentation.

The year-wise and district-wise position of Court Cases launched and pending cases were not maintained by LC. Test check of records of district offices revealed that the cases of acquittal were due to reasons of inadequate documentation viz proof of age, lack of witness and panchnama. It was also seen that in Sagar, the ALC failed to launch prosecution in 249 cases out of 890. On this being pointed out, LC stated (September 2004) that the details are being collected from districts. The cases of non-prosecution and failure to obtain conviction rendered the implementation of the Act ineffective.

Cases of child labour lodged under Factories Act not transferred to labour department for action under Child Labour Act 1986.

Under section 15 of the Act, offenders found guilty and convicted of contravention of any of the provisions mentioned under Sec 67 of the Factories Act 1948 was to be penalised under Section 14 (1) & (2) of the Act. It was observed that no such cases were seen in test-checked districts. On enquiry, ALCs replied that the cases of employment of child labour were not transferred by the Deputy Director Industrial Safety who conducted the inspections of factories. This showed the absence of coordination between the enforcement machineries.

3.1.10 Rehabilitation Programme – National Child Labour Project

To release the child labour from hazardous work and to rehabilitate them physically, economically and emotionally through education, the National Policy on child labour was formulated by GOI in August 1987. The major activities undertaken under the NCLP are the establishment of special schools which provide a package of welfare measures including non-formal education, vocational training, nutrition, stipend, health care etc to the children withdrawn from hazardous employment. The children in special schools were to be imparted education on formal/ non-formal syllabus for a maximum period of 3 years after which the children were expected to join the main stream of education in the 6th standard.

Districts of higher incidence of child labour were not selected for NCLP schools.

➤ **Districts with higher incidence of child labour not considered**

In MP, NCLPs were sanctioned for three districts and they started functioning in Mandsaur* (May 1988), Gwalior* (March 2000), and Ujjain* (January 2001). There was no relation between the number of child labour in hazardous occupations as identified during the survey in 1997 and the sanction of projects by GOI. The districts with higher incidence of child labour i.e. Damoh (4079), Raisen (1000), Sagar (890) and Tikamgarh (719) were not selected for inclusion in the action plan. A project level society under the chairmanship of District Collector was constituted to supervise the programme. The project director (secretary of the society) was to be invariably from the State Government on deputation. However, in Gwalior one retired Dy. Collector was appointed. In Ujjain, no regular project director was appointed, but the Superintendent of Nari Niketan was holding dual charge and was managing the office without any staff.

GOI clarified (November 1996) that the State Government and particularly the labour department would be responsible for implementation of projects in districts. For this purpose the labour department was to conduct regular survey, inspection and identification of hazardous establishments and withdraw the child labour where required and rehabilitate them in special schools. An adult member of the family of the child so withdrawn from hazardous work was to be provided with alternative job.

➤ **Improper identification of children for purpose of enrollment**

A test check of records of the NCLPs schools of Gwalior and Ujjain revealed that instead of labour department, the project societies conducted survey in urban areas and that too in a haphazard manner without recording the exact address of the occupier. The proof of age from medical officer was also not collected and the children were mostly found to be not covered within the meaning of section 3 of the Act. In fact, the children were found to be working with their parents and helping them in their jobs. Even the children already enrolled in regular schools were found to have been enrolled in special schools. The survey list was not even got verified by labour department and no action for rehabilitation of the families of the children was taken. On this being pointed out, LC stated (September 2004) that the surveys were neither conducted by them nor verified.

Labour department failed to withdraw child labourers from prohibited occupations.

➤ **High drop out rate**

The year wise position of children enrolled in schools in the three districts where NCLPs were established was as follows:

* Mandsaur: 19 Gwalior: 180, Ujjain: 18

Name of the District	Year	No of Children enrolled	No of Children Passed	No. of drop out/ Percentage (%)	No. of children admitted in formal Schools	Percentage of dropout/failure
1.	2.	3.	4.	5.	6.	
Gwalior	2000-01	1590	--	50 (3)	--	
	2001-02	1698	49	513 (30)	49	
	2002-03	1795	283	268 (15)	283	
	2003-04	1820	359	454 (25)	359	
	Total	6903	691	1285 (19)	691	90
Mandsaur	1999-2000	282	55	27 (10)	55	
	2000-01	398	40	55 (14)	38	
	2001-02	404	50	46 (11)	50	
	2002-03	364	14	46 (13)	14	
	2003-04	325	27	64 (20)	27	
	Total	1773	186	238 (13)	184	90
Ujjain	2001-02	1574	15	201 (13)	15	
	2002-03	1575	263	185 (12)	263	
	2003-04	1575	356	113 (7)	356	
	Total	4724	634	499 (11)	634	87
Grand Total		13400	1511	2022 (15)	1509	

Dropouts from schools in Gwalior, Ujjain and Mandsaur ranged from 87 to 90 per cent.

From the above it is evident that failure/dropout cases were 90 per cent in Gwalior and Ujjain and 87 per cent in Mandsaur district. The reasons for dropout were migration of parents and withdrawal of children from schools by their parents. Therefore it was clear that careful selection of children was not made thus defeating the very object of the scheme.

3.1.11 Deficiencies in functioning of NCLP Schools

The project at Mandsaur was started with effect from May 1988 and initially 1299 children, employed in slate pencil industry were identified and 8 schools were operated but presently only 4 schools are in operation. In these schools, the number of child labour was negligible as confirmed by the Collector and the children of the locality who are actually not child labour (within the meaning of section 3 of the Act) were admitted in these schools. Thus, the project was not fulfilling the purpose for which it was meant.

A test check during February 2004 to September 2004 revealed the following.

- In Ujjain and Mandsaur districts stipend at the rate of Rs.100 per month per child was stated to have been disbursed but valid vouchers/receipts were not obtained. Apart from this, the amount of stipend was also deposited in bank recurring deposit accounts and students were not allowed to withdraw the amount till leaving the school.
- Nutrition register was not maintained in the test-checked schools in Gwalior, Ujjain and Mandsaur districts. The actual distribution of supplementary feeding was never correlated with the attendance of children as per records when checked by the inspectors of the society.
- Individual profile of children was not maintained to ascertain the continuance of studies and further advancement.

- Books and stationery were either distributed late or were not distributed. Proper records of distribution were not maintained.
- Class wise attendance registers of children were not maintained.

Regarding implementation of rehabilitation package through NCLP, the entire effort in the state significantly deviated from the guidelines of GOI and the intended beneficiaries were not covered.

3.1.12 Monitoring & Evaluation

A State Co-ordinating Committee under the Chairmanship of Principal Secretary was constituted in February 2001. The meeting was to be held quarterly each year. But only two meetings (1999 and 2002) were held. There was slow progress of prosecution cases in districts and of recovery of penalty was not undertaken by District Officers. Neither the Directorate nor the department prescribed monthly, half yearly or even yearly compilation of data regarding show cause notice issued and number of cases finally sent to prosecution. For monitoring the working of NCLP schools, no roster for inspection of Schools by officials of labour department and District Collectors was prepared.

3.1.13 Conclusion

The Child Labour (Prohibition & Regulation) Act bans on engagement of child labour in hazardous establishment. Regular survey and inspection did not take place. Action plan to eradicate child labour from the state by 2005 was not finalised. Identification of hazardous establishments was not done. The conditions of work, health and safety of children in employments where they are not prohibited from working were also not found to be regulated. The Apex Court's directives to withdraw children from hazardous work and rehabilitate them were not followed in toto. The penalties from offending employers were not realised in most of the cases resulting in non formation of the corpus fund for the benefit of the families of working children. Prosecution was not successful due to reasons of inadequate documentation viz. proof of age, lack of witness and panchnama. The labour department did not have effective control over the activities of NCLP schools.

3.1.14 Recommendations

- The machinery for enforcement requires strengthening by issuance of proper notification empowering other functionaries as designated authorities for ensuring regulation of the various provisions under this Act.
- Regular survey and inspection of industrial premises and processes are needed. The periodicity of inspections and quarterly, half yearly and yearly returns should be insisted upon for the purpose of proper monitoring.
- A time bound and regular survey for identification of child labour should be carried out so as to ensure proper focus for directing resources for their rehabilitation and mainstreaming of child labourers.

- Rules to be followed for enforcing the provisions of the Act should be framed and notified on priority.

Medical Education Department

3.2 Indian System of Medicines and Homoeopathy

Highlights

The Director of Indian System of Medicines and Homoeopathy was to implement various programmes and schemes of delivery of health services, imparting education, production of medicines etc. in the systems of Ayurveda, Homoeopathy & Unani with the assistance of District Ayurveda Officers, Principals of colleges and Superintendents of pharmacies in the State.

The performance of hospitals and dispensaries in delivering health services to the patients was affected by non-availability of doctors in dispensaries, inadequacy of medicines, lack of indoor facilities and diet etc. The shortage of teaching staff in colleges had adverse impact on teaching and short supply of raw material brought down the production of medicines in the pharmacies.

The important short comings noticed in the implementation of programmes and schemes were as follows.

The expenditure on medicines, machinery and equipment was only one to three per cent of total expenditure under the Grant "Expenditure Pertaining To Medical Education Department" during 1999-2004.

(Paragraph 3.2.6)

Indoor facilities were not commissioned in Ayurveda hospital, Baihar (Balaghat) even after 12 years of sanction and were closed down in Tamia (Chhindwara), Damoh, Hoshangabad, Jhabua and Khargone.

(Paragraph 3.2.7)

Sanctioned bed strength was not provided ranging between 17 to 50 per cent in five and 67 to 100 per cent in eight hospitals.

(Paragraph 3.2.7)

Four dispensaries had not started functioning and 18 dispensaries were running without the supporting staff. In 193 (36 per cent) dispensaries treatment was given to 22.83 lakh patients during 1999-2004 by compounders and class IV staff in absence of doctors.

(Paragraph 3.2.7)

Inadequate teaching staff adversely affected quality of teaching in colleges and affiliated hospitals were not up to CCIM/CCH norms.

(Paragraph 3.2.8)

The production of medicines was very low in the pharmacies. No production was done in Unani Pharmacy during 2003-04.

(Paragraph 3.2.9)

Department failed to ensure quality control in purchase of medicines worth Rs.5.10 crore.

(Paragraph 3.2.9)

3.2.1 Introduction

The Directorate of Indian System of Medicines and Homoeopathy (ISM&H) was established to implement the State programmes and the Centrally Sponsored Schemes of ISM&H in the State and functioned under the Medical Education Department of the State Government.

There were nine (Ayurveda-7, Unani-1 and Homoeopathy-1) colleges with eight (Ayurveda-7 and Homoeopathy-1) attached hospitals, 22 (Ayurveda-20 and Homoeopathy-2) indoor hospitals at district and tehsil levels, 1623 (Ayurveda-1427, Unani-50 and Homoeopathy-146) dispensaries in rural and urban areas, two (Ayurveda and Unani-one each) pharmacies and six (Compounder-4 and Dai-2) training centres. Besides, 28 non-Government (Ayurveda-7, Unani-3 and Homoeopathy-18) colleges and nine non-Government Dai Training centres were also running in the State.

3.2.2 Objectives

The main objectives of the Medical Education Department in relation to ISM&H were as follows:-

- Providing health services for treatment of diseases through hospitals and Ayurveda, Unani and Homoeopathy dispensaries in the State.
- Imparting education through Ayurveda, Unani and Homoeopathy medical colleges.
- Arranging production, procurement and distribution of medicines.

3.2.3 Organisational set-up

The Medical Education Department is headed by the Principal Secretary at Government level. The Director, as the apex field authority, was responsible for overall implementation of programmes. He is assisted by 45 Superintendent -cum-District Ayurveda Officers (DAOs) who exercise control over hospitals and dispensaries functioning in their respective districts, two Superintendents of pharmacies engaged in production of Ayurveda and Unani

medicines and nine Principals[†] of colleges who head the institutions imparting education under ISM&H.

3.2.4 Audit objectives

The main audit objectives were to assess:-

- Whether health care services under State programmes and Centrally Sponsored Schemes pertaining to ISM&H were properly delivered in rural and urban areas.
- adequacy and utilisation of facilities and infrastructure for education and training in these systems of medicines.
- the economy and the efficiency in production and procurement of medicines.
- the monitoring and evaluation mechanism, for administering the ISM&H activities in the State.

3.2.5 Audit coverage

Mention was made in paragraph 3.20 of the Report of the Comptroller and Auditor General of India for the year ended March 1998 on the working of the Directorate of Indian System of Medicines and Homoeopathy. It was discussed (August 2004) by the Public Accounts Committee (PAC). However, the recommendations of PAC were awaited (January 2005). Further review covering the period from 1999-2000 to 2003-04 was conducted through collection of information from the Directorate and test check of records of DAOs in 11* districts out of 45, two pharmacies (Bhopal and Gwalior) and four colleges out of nine (Ayurveda-Bhopal and Gwalior, Unani and Homoeopathy-Bhopal) during February-September 2004. The points noticed are discussed in the succeeding paragraphs.

3.2.6 Financial management

➤ Budget allotment and expenditure

The budget allotment, expenditure incurred thereagainst, expenditure on pay and allowances and wages vis-a-vis expenditure on medical facilities under the Grant "Expenditure Pertaining To Medical Education Department" reported by the Directorate were as under.

[†] Ayurveda-Bhopal, Burhanpur Gwalior, Indore, Jabalpur, Rewa and Ujjain
Unani and Homoeopathy-Bhopal

* 1. Balaghat. 2. Chhindwara 3. Damoh 4. Gwalior 5. Hoshangabad 6. Jhabua 7. Khargone 8. Mandla, 9. Morena 10. Shahdol and 11. Shajapur.

(Rupees in crore)

Year	Budget provision	Expenditure	Savings	Expenditure on pay and allowances and wages		Medicines, Machinery and Equipment	
				Amount	As percentage of total expenditure	Expenditure	As percentage of total expenditure
1	2	3	4	5(a)	5(b)	6(a)	6(b)
1999-2000	75.11	74.38	0.73	70.18	94	1.08	1
2000-01	81.14 + 5.10*	74.70 + 5.10*	6.44 -	65.93 -	88	1.80 + 5.10*	2
2001-02	70.28	58.53	11.75	53.52	91	1.27	2
2002-03	67.55	60.66	6.89	54.91	91	1.75	3
2003-04	70.06	62.53	7.53	56.91	91	1.99	3
Total	369.24	335.90	33.34	301.45		12.99	

Expenditure on medicines, machinery and equipment was only one to three per cent

➤ Inadequate expenditure on medical facilities

Scrutiny revealed that the expenditure on medical facilities was only one to three per cent of the grant as compared to expenditure on pay and allowances and wages ranging between 88 and 94 per cent during 1999-2004. The total allotment of funds for medicines and equipment during the five years was Rs.17.59 crore and even this was utilised only to the extent of Rs.12.99 crore as shown in the above table. The main reason for this was the delay in finalising purchases.

➤ Control over expenditure

To have proper watch over expenditure against budget allotment, the Directorate was required to compile monthly expenditure statements received from the subordinate units in the expenditure control register and to workout upto-date progressive expenditure. This was, however, not done properly and budget allotment and monthwise and progressive expenditure were not recorded in the register. Thus full utilisation of provisions and surrender of savings could not be ensured highlighting the lack of monitoring and proper control over expenditure.

3.2.7 Programme management

➤ Delivery of health services

Health services were mainly provided through hospitals and dispensaries in the State.

* Central assistance under Pradhan Mantri Gramodaya Yojana (PMGY) for purchase of medicines for dispensaries in rural areas.

➤ **Working of hospitals**

No new hospital was sanctioned during 1999-2004. There were 27 Ayurveda and three Homoeopathy hospitals in the State with a sanctioned strength of 990 beds. The position of sanctioned and available beds and actual utilisation of beds, staff and expenditure incurred during 1999-2004 in 14 test checked hospitals was as shown in **Appendix XXXI**. Analysis revealed that there had been shortage of staff and underutilisation of available bed capacity due to non-availability of essential facilities in the hospitals as discussed below.

➤ **Shortage of staff**

Services of Specialists and Lady doctors were not provided in hospitals

The Director did not furnish the overall staff position as of March 2004 in the hospitals in the State. In test checked hospitals, as against sanctioned posts of 61 doctors, 114 paramedical and 193 other staff, the posts of 9 doctors, 51 paramedical and 42 other staff respectively were vacant as of March 2004 which adversely affected the quality of health services. Lady doctors were not posted (as of March 2004) in the hospitals in Balaghat, Chhindwara (Tamia), Damoh, Mandla and Morena and specialists in Damoh, Hoshangabad and Mandla districts, though posts had been sanctioned. The Director stated (September 2004) that 20 posts of specialists sanctioned (May 1992) could not be filled due to non-inclusion of terms and conditions of appointment of specialists in recruitment rules. Thus the patients were deprived of the services of lady doctors and specialists.

➤ **Indoor facilities not commissioned and closed down**

Non supply of bedding etc. led to closure of indoor facilities in 6 hospital

The indoor facilities in 30 bedded Ayurveda hospital, Baihar (Balaghat) were not commissioned even after a period of 12 years from its sanction due to non-supply of cots, mattresses, etc., by the Department. Such facilities were closed down in hospitals in Tamia (Chhindwara) (December 2002), Damoh (January 2000), Hoshangabad (January 2002), Jhabua (1986) and Khargone (August 1995) due to shortage of nursing staff, space and basic facilities in buildings, etc. Despite closure of indoor facilities, the staff posted earlier continued there. Expenditure of Rs.15.67 lakh incurred (1999-2004) on wages of ward boys (7), sweepers (5), washer men (4) and water men (2) appointed on the rates fixed by Collector and Rs.4.47 lakh on pay and allowances of staff nurse (1) exclusively meant for indoor patients during the period covered in audit proved infructuous in the absence of any indoor facilities.

➤ **Shortfall in providing bed strength and its utilisation**

Inadequate facilities caused non-utilisation of available bed capacity in the hospitals

In five hospitals (Bhopal- Ayurveda and Homoeopathy, Gwalior, Jhabua and Shahdol) 17 to 50 per cent and in eight hospitals (Balaghat, Betul, Chhindwara- Ayurveda and Homoeopathy, Damoh, Hoshangabad, Mandla and Morena) 67 to 100 per cent of sanctioned bed strength could not be provided so far due to non-availability of sufficient accommodation, furniture,

etc. The available bed capacity in the hospitals was not utilised to the extent of 44 to 100 per cent due to inadequate medicines, nursing staff, non-availability of clinical, laboratory, etc., facilities in the hospitals. This reflected poor facilities in the hospitals. No efforts were made to improve their condition.

➤ **Non-extension of health care services**

Four dispensaries sanctioned earlier have not started functioning

In all 1623 (Rural:1471 and Urban:152) dispensaries were reported functioning in the State. No norms were laid down by the Department for opening new dispensaries. No dispensary was sanctioned by the State Government during 1999-2004 due to limited financial resources as reported by the Directorate. Even three homoeopathy dispensaries (Barwani:2-July 1999, Jhabua : 1-March 1986) and one Ayurveda dispensary (Seoni-September 1990) sanctioned earlier, had not started functioning due to non-posting of doctors and subordinate staff, though the Directorate had savings from budget provisions every year during 1999-2004. Thus health care service under this system was not extended during 1999-2004.

➤ **Shortage and management of staff**

The staff position in the dispensaries in the State as of March 2004 was as under:

Sl. No.	Post	Strength		Shortage	Percentage of shortage
		Sanctioned	In-position		
1	Chikitsa Adhikari (CA)	1298	1140	158	12
2	Assistant Chikitsa Adhikari (ACA)	464	312	152	33
3	Compounder	1632	1365	267	16
4	Dai	1384	744	640	46
5	Dawasaj	1562	1441	121	8

Despite shortages some dispensaries exceeded their sanctioned strengths

Despite shortage of doctors (CA and ACA) in the State, 12 CA were posted in excess of the sanctioned strength in dispensaries located in six districts (Datia:1; Khandwa:1; Rewa:6; Sagar:1; Sidhi:1; and Tikamgarh:2). It was also observed that pay and allowances of a CA transferred (July 1998) from Hoshangabad to Tikamgarh were drawn by DAO, Hoshangabad from November 1999 upto June 2004 although the dispensary at Hoshangabad was running without a doctor since the date of transfer of the CA. The shortage and mismatching of staff affected adversely the performance of dispensaries in rendering health care services and reflected on the quality of manpower deployment and utilisation.

➤ **Irregular attachment of staff to other departments**

In three districts 14 personnel were attached irregularly to other departments

The Government in General Administration Department issued (January 2000) instructions for termination of the practice of attachment of staff to other Departments. It was noticed that despite shortage of staff in the Department,

14 personnel (Compounders:3, Dawasaj/Aushdhalaya Sewak:4, Cook:1, Cook-servant:1, Waterman :3, Staff Nurse:1 and Driver:1) in three (Chhindwara, Hoshangabad and Morena) districts, were attached to other Departments namely Panchayat, Revenue, Tribal Welfare and Public Health and Family Welfare during 1999-2004, involving expenditure of Rs.17.46 lakh on their pay and allowances. Their continued attachment for long periods needed review.

➤ **Ayurveda dispensaries running without supporting staff**

18 dispensaries were without supporting staff

According to norms for running of ayurveda dispensaries, one post of CA, Compounder, Dai, Aushdhalaya sewak and PTS for each dispensary were required to be sanctioned. It was observed that only the post of CA was sanctioned for 18 ayurveda dispensaries (Balaghat : 12 and Hoshangabad : 6) taken over from Janpad Panchayat by the State Government during 1988-89. These dispensaries thus were running without sanction of any supporting staff.

➤ **Treatment by unauthorised /unqualified persons**

In 13 districts 193 dispensaries were running without doctors

The PAC in their 300th Report recommended in respect of para 3.24 of Report of the Comptroller and Auditor General of India for the year ended March 1999-Government of Madhya Pradesh No. 3 (Civil) that the posting of doctors where needed should be ensured in the Health Centres of Public Health and Family Welfare Department. Scrutiny of reports revealed that doctors were not posted in 414 (Rural: 391 and Urban: 23) out of 1561[@] dispensaries as of September 2003. Thus these dispensaries were running without doctors. In the test checked districts (11) and Unani pharmacy, Bhopal out of 486 dispensaries, 170 (Rural: 157 and Urban: 13) (35 per cent) were running without doctors as of March 2004 with the result that treatment was given by Compounder (class III) and "Aushdhalaya sewak/ Dawasaj" Dai, PTS (class IV) though they were not authorised or qualified to do so. In 152 dispensaries treatment was given to 17.97 lakh patients by Compounders and medicines worth Rs.48.56 lakh were issued to the patients. Further, in 18^w (Rural: 16 and Urban :2) dispensaries treatment was given to 2.79 lakh patients by class IV employees and medicines worth Rs.5.90 lakh were issued during the period 1999-2004 when doctors were not posted. In Betul district, treatment to 1.86 lakh and 0.21 lakh patients respectively was given by compounders (17 dispensaries) and class IVth employees (6 dispensaries) and medicines worth Rs.5.98 lakh and Rs.1.23 lakh were issued by them to patients in the absence of doctors.

Out of 170 dispensaries in 11 test-checked district, that were without doctors (March 2004), doctors were not posted for one to five years in 96 dispensaries, for five to 10 years in 38 dispensaries and for more than 10 years in 9 dispensaries; the remaining 27 dispensaries were running without doctors for less than one year.

[@] Information made available only of 1561 out of total 1623 dispensaries.

^w Balaghat:2, Bhopal:1, Chhindwara:4, Damoh:1, Khargone:3, Mandla:1, Morena :1 and Shajapur:5

The Director stated (September 2004) that proposals of recruitment of doctors had been sent to State Government from time to time.

➤ **Non-availability of essential facilities**

Dispensaries were lacking essential facilities and clinical equipments

Of 1623 dispensaries, 622 were housed in Government, 596 in Panchayat/free/donated and 405 (25 per cent) in rented buildings. The number of dispensaries housed in rented building underlined the need of strengthening infrastructure. Dispensaries (486) in test checked districts lacked essential facilities like electricity (331), water (378), and clinical equipments like stethoscope (463), thermometer (464) and BP apparatus (454).

➤ **Absence of efforts to popularise ISM&H**

Efforts were lacking to popularise adoption of ISM&H

To popularise ISM&H, the Director issued (January 2001) instructions for inspecting at least five dispensaries in rural areas in a month by the DAO, organising four medical camps in *Hats** in rural areas in a month and arranging lectures on ISM&H in schools by doctors. In test check it was observed that the Superintendent Unani pharmacy, Bhopal and the DAO, Khargone did not carry out inspection of dispensaries at all and the short fall was 81 per cent in other districts during 2000-2004. Medical camps were not organised by the Superintendent Unani pharmacy, Bhopal and the DAOs of Balaghat and Hoshangabad. The short fall was 52 per cent in other districts. Lectures were also not arranged in schools during 2000-2004. The shortcomings were attributed to non-availability of vehicle and funds by the units.

➤ **Survey of fake doctors not conducted**

Survey of false doctors not undertaken

Survey of one district found thirteen unregistered and 75 fake and false degree holder

State Government issued (August 1997) instructions to conduct survey of unregistered doctors and holders of fake and false degrees to prevent unauthorised persons from practicing medicine and to take action against them under law. Scrutiny revealed that no survey was conducted during 1999-2004 in the State excepting Shahdol district where survey of 113 doctors was conducted during 1999-2000 and 13 unregistered and 75 fake and false degree holders were found engaged in medical profession. However, no action was taken against them. The Directorate attributed (October 2004) non conducting of survey to paucity of funds.

3.2.8 Teaching activities

Education on ISM&H was imparted through colleges of Ayurveda (7), Unani (1) and Homoeopathy (1). The colleges and their affiliated hospitals were declared (March 1997) as autonomous institutions to be managed and controlled by registered societies.

➤ **Shortage of teaching staff**

Sanctioned and working strength of teaching staff in colleges as of March 2004 was as below:

Post	Strength		Shortage
	Sanctioned	In-position	
Principal	9	7	2
Professor	31	22	9
Reader	55	31	24
Lecturer	117	77	40
Demonstrator	67	41	26
Total	279	178	101

Shortage of teaching staff had adverse effect on teaching imparted

In the test checked colleges, as against sanctioned four posts of Principal, 19 Professors, 26 Readers, 61 Lecturers and 43 Demonstrators, vacant posts as of March 2004 were one, nine, seven, 25 and three respectively. The shortage had adverse impact on teaching. This was also admitted by the Principals of Ayurveda and Unani colleges, Bhopal. In Ayurveda colleges Bhopal and Gwalior 17 CA and two ACA were deployed against posts of Lecturer (5) and Demonstrator (14); one ACA out of these was actually working in Ayurveda dispensary" Vidhansabha Parisar, " Bhopal and his pay and allowances were drawn from the college (Bhopal). Most of above doctors were transferred at their request to colleges, whereas many dispensaries particularly in rural areas were being run without doctors.

➤ **Affiliated hospitals not up to CCIM/CCH norms**

As per CCIM norms, the student-bed ratio should be 1:2 up to intake of 50 students in an Ayurveda college and the bed occupancy in the affiliated hospital should not be less than 60 per cent in any case. As per norms of the Central Council of Homoeopathy (CCH), the student-bed ratio should be 1:1.

Bed occupancy in affiliated hospital was as low as 13 and 17 per cent

The sanctioned intake of students in Ayurveda colleges, Bhopal and Gwalior and Homoeopathy college, Bhopal was 50, 45 and 50 respectively. The affiliated hospitals were not up to CCIM/CCH norms as in the hospitals attached to Ayurveda Colleges, Bhopal and Gwalior 25 and 48 beds were available against the requirement of 100 and 90 respectively and bed occupancy was 13 and 17 per cent respectively as against the requirement of 60 per cent. In the hospital of Homoeopathy College, Bhopal, 25 beds were available though 50 were required.

➤ **Setting up of herbal garden**

Herbal garden was incomplete in Bhopal despite utilisation of full grant

GOI sanctioned and released (March 2001) Central assistance of Rs.5 lakh under the Central scheme for development and cultivation of medicinal plants to Principal PKS Ayurveda college, Bhopal for setting up a medicinal plants garden. The Principal utilised the grant on the work of fencing, construction of

shed, installation of tube well, etc. But the electricity connection to the tube well was wanting and the fencing of the garden was also destroyed, along with 141 out of 171 plants. Thus the utilisation of grant was largely unfruitful.

Similarly GOI sanctioned (March 2002) and released (April 2002) Central assistance of Rs.3.70 lakh to the Principal, Ayurveda college, Gwalior for setting up the garden of medicinal plants. The assistance was to be utilised during 2002-03. The garden was, however, not set up (December 2004).

3.2.9 Production of medicines and quality control

➤ Deficiencies in functioning of pharmacies

Production of medicines was very low in pharmacies.

The Department has one Ayurveda pharmacy at Gwalior and one Unani pharmacy at Bhopal for manufacturing 'Shastrokta' medicines. The Director was to purchase the raw material required for manufacturing medicines. The Directorate did not schedule the medicines to be manufactured or fix any targets of production. The Superintendents of the pharmacies sent annual work plan (AWP) to the Directorate proposing targets of production of medicines and requirement of raw material. The approval of the Director for the proposed targets was, however, not given.

It was seen that the production in both the pharmacies was very low compared to the targets proposed in AWP. There was no production during 2003-04 in the Unani pharmacy Bhopal. The shortfall in production was attributed to old machines and short supply of raw material and ingredients during 2002-03 by the Directorate. The Directorate stated that raw material was purchased according to availability of budget. Reply of the Directorate was not acceptable as there was saving of funds in the pharmacies under "medicine".

➤ Abnormal delay in strengthening of pharmacy

Strengthening of pharmacy not achieved despite availability of grant

GOI sanctioned (March 2001) grant-in-aid of Rs.90 lakh (Building-Rs.25 lakh and Machinery/Equipment Rs.65 lakh) and released (April 2001) first instalment of Rs.75 lakh each for strengthening Ayurveda pharmacy, Gwalior and Unani pharmacy, Bhopal. The project was to be completed within one year. A sum of Rs.50 lakh was paid to the Public Works Department (PWD) during October 2001 to March 2004 for renovation of buildings of both the pharmacies and Rs.99.02 lakh (November 2003) to Hospital Services Consultancy Corporation India, Noida (HSCC) for supplying machinery/equipment to these pharmacies. The machinery/equipment worth Rs.91.93 lakh were received from HSCC during November 2003 to March 2004. The machines were not installed (December-2004) in Ayurveda pharmacy, Gwalior due to incomplete work of building and electrification. The Superintendent, Ayurveda pharmacy, Gwalior intimated (December 2004) that an amount of Rs.8.36 lakh was required for completing the renovation. Progress reports of the project and utilisation certificate (UC) were not sent to GOI by the pharmacies, though required. Thus the strengthening of the pharmacy at Gwalior was delayed.

The Superintendents of the pharmacies replied that UC would be sent to GOI after work is completed.

➤ **Delay in commissioning Drug Testing Laboratory (DTL) and deficient system of quality control**

DTL was not functioning even after more than two years of release of grant

GOI sanctioned (March 2002) grants-in-aid of Rs. one crore (Building-Rs.25 lakh, Machinery/Equipment-Rs.65 lakh and Manpower Rs.10 lakh) under the Centrally sponsored scheme of strengthening DTL and released (March 2002) Rs.95 lakh as first instalment to Director for DTL at Gwalior with condition to complete the project within one year and make it functional. The scheme envisaged deployment of prescribed technical manpower in DTL by the State Government and testing of 500 samples of drugs per year.

The Director paid Rs.22.44 lakh (November 2002) to PWD for renovation of the building of the Ayurveda pharmacy, Gwalior where DTL was to be established and Rs.57.36 lakh (November 2003) to HSCC for supply of machinery/equipment. The machinery and equipment worth Rs.52.37 lakh received from HSCC during December 2003-July 2004, were not installed. The renovation work of building was incomplete as of December 2004. The prescribed manpower was also not sanctioned by the State Government. Progress reports of the project were not sent to GOI, though required. Thus DTL was not commissioned (December 2004) though required to be completed by March 2003.

The Drugs and Cosmetics Act 1940 (Act) envisaged testing of samples of ISM&H drugs to ensure quality. The DAO and ex-officio Ayurveda Drug Inspector was responsible for ensuring quality of ISM&H drugs in the district. It was observed in the test checked districts that samples of the drugs were not taken for any testing.

➤ **Lack of quality control while purchasing medicines**

Quality control not ensured in purchase of medicines worth Rs.5.10 crore.

The Director paid Rs.5.10 crore (Rs.2.50 crore October 2003 and Rs.2.60 crore February 2004) to MPLUN for purchase of Ayurveda, Unani and Homoeopathy medicines. Committees constituted for different regions were to physically inspect the medicines being supplied and to check them with the samples already approved. Some samples were also to be got tested from the laboratories. The Committee constituted for Gwalior region took 23 samples of Ayurvedic medicines and handed over the same to MPLUN instead of sending them to a laboratory for testing. The Principal, Government Ayurveda College, Gwalior, the head of the Committee, agreed that the samples were not up to the quality of the approved samples. It was observed that Rs.9.23 lakh worth of the sampled medicines had been actually supplied in eight test-checked districts by the supplier. In Bhopal region too, 74 samples were taken by the Committee but further information about their testing, if any, was not on record.

The Directorate replied that the collected samples were retained with MPLUN and if necessary, would be got analysed by them. The reply indicated total

absence of any quality assurance exercise on the part of the Directorate in purchasing the medicines.

3.2.10 Monitoring and evaluation

There was no monitoring cell in the Directorate to monitor the performance of hospitals, dispensaries, pharmacies etc. and no system of monitoring the execution of programmes through periodical reports was evolved with the result that impact on the health care system in the State was not evaluated. Though the internal audit wing was constituted, targets were not fixed and only 18 units were audited during 1999-2003. As against target of 56 units, only eight units were audited during 2003-04 which showed shortfall of 86 per cent.

Inspection of subordinate units was not carried out by the Director during 1999-2002. As against target of 58, only 12 units were inspected by the Director during 2002-04. In-conducting inspections and shortfall (79 per cent) was attributed to administrative reasons.

3.2.11 Conclusion

The delivery of health services to the patients through hospitals and dispensaries was insufficient due to inadequate medicines, absence of proper indoor facilities, diet and non-availability of doctors in dispensaries in rural areas. The shortage of teaching staff in colleges had adverse impact on teaching. The affiliated hospitals of colleges were not upto CCIM/CCH norms. The production of medicines in pharmacies was very low. Quality of medicines was not ensured as the samples of drugs were not taken and got tested by the drug testing laboratory.

3.2.12 Recommendations

The following recommendations are made:-

- The utilisation of funds provided for medicines, machinery and equipment should be ensured.
- Hospitals and dispensaries should be strengthened by providing adequate clinical facilities, furniture, equipment etc.
- Deployment of doctors in dispensaries where the dispensaries are running without doctors particularly in rural areas should be done on priority.
- Medicines need to be tested to ensure quality and DTL should be brought to function.

**Public Health and Family Welfare, Public Health Engineering,
Rural Development and Mahila Evam Bal Vikas Departments**

**3.3 Health Care, Drinking Water Supply and Employment
Generation Schemes in Betul District**

Highlights

Betul district, situated in the central southern part of the state covered an area of 10043 sq. km. of which more than 53 per cent was arable land. Of 13.95 lakh population, more than 81 per cent was rural and 50 per cent belonged to SC and ST. Most of the villages in the district did not have easy access to medical facilities. Shortage of doctors and paramedical staff further added to already insufficient medical facilities available in district. Supply of potable drinking water remained a dream to the inhabitants of 665 villages of the district as these villages were not covered under any of the drinking water supply schemes launched by the Government of India and the State Government. Government could not provide the minimum employment of 100 mandays per year per family as envisaged under any of the Employment Generation Programmes.

There was shortage of 90* Health Centres in the District. Even the existing Health Centres were functioning with inadequate infrastructure like buildings and equipment etc. Some centres did not have even the basic necessities like water and electricity.

(Paragraphs 3.3.6)

About 37 per cent of posts of specialist / clinical specialists and PGMO were vacant which affected normal functioning of health centres.

(Paragraphs 3.3.6)

Potable drinking water was not available in 665 villages / habitations, while availability in all five towns and 757 villages / habitations was less than the norms. Due to non-closure of 1256 water sources having unsafe water, 1.88 lakh people were allowed to consume contaminated water.

(Paragraphs 3.3.9)

Spray of ineffective pesticides could not control spread of malaria which claimed 30 lives and rendered expenditure of Rs.3.49 crore incurred on spray unfruitful.

(Paragraph 3.3.7)

* CHC, SHC & PHC.

In spite of spending of Rs.99.85 crore during 1999-2004, average employment generated was merely 17 days against the target of 100 days per BPL family per year.

(Paragraph 3.10)

Irregular expenditure of Rs.1.11 crore was incurred on repairs of dwelling units, wells and construction of drains under Sampoorna Gramin Rozgar Yojana.

(Paragraph 3.12)

Eight watershed projects (cost:Rs.1.27 crore) under the Draught Prone Area Programme remained incomplete even after five years.

(Paragraph 3.13)

3.3.1 Introduction

District Betul is situated in the central southern part of the State along the border of Maharashtra with an area of 10043 sq. km. Out of the total area of 1007800 hectares (ha), 399406 ha (40 per cent) is under cultivation. Area covered by forest is 113211 ha (11 per cent), while 495183 ha (49 per cent) is other type of land. Out of the land under cultivation, area irrigated by all sources during 2002-03 was 99305 ha (less than 25 per cent).

Out of the total population of 13.95 lakh (census-2001) of the district, 50 per cent belonged to scheduled tribes (ST) and scheduled castes (SC), and more than 81 per cent population resided in rural areas.

3.3.2 Organisational set up

The District Collector is the principal administrative authority in the district, responsible for the co-ordination of all plan schemes being implemented in the district. The District Rural Development Authority (now Zila Panchayat) headed by a Chief Executive Officer (CEO) is also responsible for the implementation and co-ordination of a number of plan schemes for which funds are routed through it. The works are, however, executed by the concerned functional departments.

3.3.3 Audit objectives

Audit of the district Betul was taken up to assess

- the quality of health care facilities available in the district,
- the availability of safe drinking water in towns and villages, and
- the extent of coverage of various schemes of gainful employment generation.

3.3.4 Audit Coverage

The review covered inter alia the quantum of investment, programmes, activities undertaken during 1999-2004 in the fields of health care, drinking water supply and employment generation. A study was conducted during February to September 2004 in various offices* of Betul district.

3.3.5 Programme management

Funds allocated and expenditure incurred during 1999-2004 for health care facilities and nutritional support to children and women are given below:-

(Rupees in lakh)

Sl. No.	Department	1999-2004			
		Total Plan & Non Plan		Plan	
		Allotment	Expenditure	Allotment	Expenditure
1.	2.	3.	4.	5.	6.
1.	Public Health and Family Welfare	67.22	47.52	39.09	24.45
2.	Mahila Evam Bal Vikas	15.05	13.73	14.42	13.25
	Grand Total	82.27	61.25	53.51	37.70

Zila Panchayat incurred Rs.99.85 crore during 1999-2004 for employment generation under various central as well as state schemes as shown in *Appendix-XXXII*. As regards drinking water supply, two schemes had been undertaken in urban areas while for the rural areas, the Accelerated Rural Water Supply Programme had been operated.

➤ Implementation

District plan for 2002-03 and 2003-04 was prepared by the District Planning Committee for integrated development of Betul district.

Different developmental schemes as well as programmes for welfare were implemented by various line departments in the district. The activities were analysed under (a) health care facilities, (b) nutritional support to children and women, (c) safe drinking water; and (d) poverty alleviation and employment generation schemes.

3.3.6 Health care facilities

Health care facilities were extended by Public Health and Family Welfare, Medical Education and Women and Child Development departments.

* Chief Medical and Health Officer, Betul, Civil Surgeon, Betul, District Malaria Officer, Betul, District Programme Officer, Women and Child Development, Betul, Chief Executive Officer, Zila Panchayat, Betul, Project Officer, Integrated Child Development Scheme, Bhainsdehi, Betul and Executive Engineer, Public Health and Engineering, Betul.

➤ **Inadequate number of health care institutions**

67 SHCs, 17 PHCs and 6 CHCs were short as per norms.

According to norms laid down by Government of India (GOI), one Sub Health Centre (SHC) for every 5000 population (3000 in tribal and hilly areas), one Public Health Centre (PHC) for 6 SHCs i.e. for every 30,000 population (20000 in tribal and hilly areas) and one Community Health Centre (CHC) for every 80,000 to 1.20 lakh population were required to be established. A CHC was actually meant to serve as a referral institution for 4 PHCs. Betul district had 301 such units (2003-04) for medical and health care which included 6 CHCs, 34 PHCs and 261 SHCs against the requirement of 328 SHC, 41 PHC and 12 CHC. Thus, there was a shortage of 67 SHCs, 17 PHCs and 6 CHCs. Due to lack of transport facilities and non-connectivity of more than 90 per cent villages, people living in interior areas were unable to utilise the services of these units when required. Chief Medical and Health Officer (CMHO) Betul intimated (February 2004) that SHCs and PHCs were opened according to the demand of Zila Panchayat (ZP). However, most of the villages of the district did not have free access to medical facilities.

➤ **Availability and occupancy of beds**

20 to 50 patients were forced to use floor due to inadequacy of beds in D.H.

According to the recommendations of the Working Group in VII five year plan, there should be at least 100 beds for one lakh population; out of these, the CHC and the DH should have 30 and 40 beds respectively. Thus, against the requirement of 1400 beds for a population of 13.95 lakh, there was shortage of 1174 beds. In spite of increasing the beds from 150 to 160 in 1999, there was shortage of beds in the district hospital due to which about 20 to 50 patients per day were not being provided with beds and were forced to avail of alternate means including staying on floors. In spite of overcrowding of indoor patients in DH, no efforts were made to increase the availability of beds.

➤ **Non-availability of facilities for major diseases**

A building was constructed by the Public Works Department (PWD) in 1991 in district hospital and handed over in March 1992. Though provision of Rs. 7 lakh was made in the budget estimate for 1995-96 for purchase of equipment and establishment of intensive care unit (ICU), but neither the equipment/instruments were purchased nor was ICU established. Similarly, the facilities for the treatment of major diseases viz. Heart diseases, Kidney, Cancer, AIDS were not available in the district. The patients suffering from these diseases were referred to Bhopal for treatment.

➤ **Inadequate infrastructure for health care**

Buildings, electricity, drinking water, and clinical facilities were not available in health care units.

Out of 34 PHCs and 261 SHCs, 11 PHCs and 186 SHCs did not have their own buildings and PHCs were functioning in hired buildings, Panchayat buildings, etc. and SHCs even in the residence of workers. A PHC building costing Rs.9.65 lakhs having facilities for 10 beds was constructed at Saikheda (Multai) during 2001-2002 but the building remained unutilised as of August 2004 for want of sanction for opening of PHC. Further, 9 PHCs did not have even electricity facility while drinking water facility was not available in 15 PHCs and 62 SHCs. There was shortfall in the facilities of X-ray (25),

operation theatre (21), labor room (19), delivery room (21) and essential equipment (23) for use and application in PHCs. Six X-ray machines purchased and installed at a cost of Rs. 8.08 lakh in two CHCs and four PHCs between March 1972 and June 1998 were lying idle due to non-sanction of the posts of radiographers in three cases and non-posting of radiographers in three cases. Thus because of inadequate infrastructure, the population of the district was deprived of the required medical facilities.

➤ **Shortage of Clinical Specialists and Medical Officers**

37 per cent posts of clinical specialists were vacant in DH and CHCs.

Of 10 posts of Specialists sanctioned for DH, three posts remained vacant during 1997-2004. Further, out of 22 sanctioned posts of Post Graduate and other Medical Officers, 10 posts were vacant. Similarly, against 14 PGMOs required to be posted in six CHCs, four posts of PGMOs were vacant since 1992. Thus against 46 sanctioned posts of Specialists, PGMOs and Clinical Specialists, there was a shortage of 17 posts (37 per cent). Persistence of vacancy of doctors and specialists affected the functioning of the health centres. The Department failed to address to the acute shortage of doctors and specialists. Audit further observed that under the Minimum Needs Programme, nine PHCs* were functioning without doctors for periods ranging between three and seven years. The compounders were stated to be providing treatment to patients in the absence of doctors, which was neither authorised nor dependable. Hence expenditure of Rs.46.23 lakh incurred on pay and allowances of supporting staff such as compounders, dressers, wardboy, peon, etc. during April 1997 to January 2004 was largely unfruitful.

Nine PHCs were running without doctors.

➤ **Deployment of supporting staff**

Strength of supporting staff in CHCs and PHCs was not as per norms.

The supporting staff sanctioned and deployed in six CHCs and 34 PHCs was not according to norms laid down by GOI as given in *Appendix-XXXIII* and *XXXIV*. While some posts which were not provided in the norms, were sanctioned and filled in there was a dearth of specialists in the centres. Due to non-posting of specialists and non-availability of indoor beds and other facilities according to norms in these CHCs, the expenditure on salary of supporting staff was largely unfruitful. Due to inadequacy of health care institutions, indoor beds, clinical facilities, clinical specialists, medical officers, paramedical and supporting staff, etc., the rural poor could not be freed of the problem of treatment by unqualified medical practitioners.

Barvi (4/01), Dhanora (4/97), Dunawa (4/03), Hidli (10/02), Hirapur (4/02), Khedikot (4/97), Mandvi (4/97), Mohata (4/97), Vishnoor (4/98),

3.3.7 Malaria Control

➤ Spray of ineffective insecticide

Spray of DDT without ascertaining effectiveness resulted in unfruitful expenditure of Rs.61.65 lakh.

According to the work plan for 1999 for control of malaria, population under high risk area of 901 villages of the district was estimated at 8.82 lakh and the requirement of insecticides/pesticides was assessed at 1.323 tonne for spray in two rounds at a cost of Rs.18.98 lakh. Though Rs.61.65 lakh were spent on spray of DDT 50% during 1999-2001 as many as 16764 positive cases of malaria were detected during 2000-01. Thirty persons died of malaria during August-December 2000. Positive cases noticed during 2001-02 rose to 18440. CMHO replied (June 2004) that DDT 50% was not so effective. Thus, spray of DDT (50%) during 1999-2001 without ascertaining its effectiveness had not only failed to control malaria, but had also resulted in unfruitful expenditure of Rs.61.65 lakh.

➤ Spray of ineffective insecticide (Deltamelathrine 2.5%)

Spray of ineffective insecticides resulted in unfruitful expenditure of Rs.2.87 crore.

Director Health Services (DHS) requested (July 2002) GOI for allotment of Deltamelathrine insecticide 10% instead of 2.5% demanded previously. This was on account of bio-assay test which revealed that Deltamelathrine 2.5% was ineffective. However, 35 tonnes of Deltamelathrine 2.5% (valuing Rs.2.86 crore) was received from GOI of which 17.70 tonnes was also sprayed in six blocks as of September 2002. In the meeting of the District Planning Committee held on 30th September 2002, public representatives communicated their severe dissatisfaction about the ineffectiveness of insecticides. Accordingly CMHO, Betul requested the DHS to change the insecticide. In the mean time DMO, Betul further utilised 16.16 tonnes of Deltamelathrine 2.5% (valuing Rs.1.32 crore) for spray up to October 2003. Expenditure of Rs.10.67 lakh was also incurred on payment of wages for spray. Thus, the total expenditure of Rs.2.87 crore incurred on spray of ineffective insecticide was unfruitful. The DMO, Betul intimated (March 2004) that this insecticide was utilised for spray during 2003-04 due to non-receipt of any instructions from the DHS for use of Deltamelathrine 10% instead of 2.5%.

3.3.8 Nutritional support to children and women

The scheme of Integrated Child Development Services was implemented in the district through 10 projects. The objectives were to improve the nutritional and health status of children in the age group upto six years, laying the foundation for proper psychological, physical and social development of the children, reducing the incidence of mortality, morbidity, malnutrition and school dropouts and enhancing the capability of the mothers.

➤ Inadequate coverage of beneficiaries

The number of beneficiaries identified (I) and assisted (A) during 1999-2004 were as under:-

(Number in Lakh)

Category	1999-2000		2000-01		2001-02		2002-03		2003-04	
	I	A	I	A	I	A	I	A	I	A
Children -0-6 Years	1.21	0.61	1.34	0.87	1.30	0.87	1.29	0.89	1.28	0.91
Percentage of Shortfall		50		35		33		31		29
Expectant and nursing mothers	0.24	0.11	0.24	0.15	0.24	0.16	0.26	0.18	0.23	0.18
Percentage of shortfall		54		37		33		31		22

Reasons for shortfall in assisting beneficiaries were not intimated by the District Programme Officer (DPO), Betul.

➤ Providing of Panjiri to infants

Panjiri (1361 tonne) valuing Rs.1.70 crore was provided to infants.

Supplementary nutrition containing 300 calories and 10 grams of protein per child, 500 calories and 15-20 gms of protein per pregnant woman/ nursing mothers and 600 calories and 20 gms of protein per severely malnourished child was to be provided to beneficiaries subject to the ceiling of Rs.two per day per pregnant woman/ nursing mother and malnourished child and Re.one per day per child in all other cases. It was noticed that instead of providing weaning food to the infants (upto one year of age), 1361 tonnes (80 gm panjiri per day per infant) of Rs.1.70 crore was shown to be provided to 56723 children in all projects during 1999-2004. Consumption of panjiri by infants was neither advisable nor feasible. The DPO, Betul intimated (June 2004) that though it was not justified, panjiri was distributed to the children in compliance of orders of Government. Since consumption of Panjiri by infants was not justified, the expenditure (Rs.1.70 crore) was improper and wasteful.

3.3.9 Safe drinking water

➤ Inadequate planning for supply of drinking water to the towns

GOI launched (1993) the Centrally sponsored "Accelerated urban water supply programme" for towns with population less than 20000 (1991 census). Towns with supply of water of less than 70 litre Per Capita Daily (LPCD) were to be given priority. The towns with population in excess of 20000 with supply of less than 135 LPCD were to be taken up under the Urban Water Supply Schemes by the State Government. According to 1991 census, there were five towns (excluding Sarni where drinking water supply was maintained by Madhya Pradesh State Electricity Board (MPSEB) and the Western Coal Fields Limited) in the district with population ranging between 9605 and 63694 with availability of drinking water between 25 LPCD to 42.50 LPCD as shown in **Appendix-XXXV**. The availability of potable water in all the towns during 2004 ranged between 21 and 68 LPCD. Drinking water supply schemes (costing Rs.7.70 crore) were taken up at Multai (Rs.5.75 crore) and Bhainsdehi (Rs.1.95 crore) in 1995 and 1997 respectively. It was observed that Rs.1.35 crore (Multai Rs.0.90 crore and Bhainsdehi Rs.0.45 crore) were spent up to March 2004 mainly on procurement of materials and advance payment. The physical progress of both the schemes was nil even after lapse of about 8

to 10 years. Thus defective planning and execution by the department had deprived 1.60 lakh urban population of adequate potable water.

➤ **Non-prioritization of villages for potable water**

Due to non-prioritization, 7.38 lakh inhabitants of 1422 villages were deprived of minimum potable water.

GOI launched (February 1986) the National Drinking Water Supply Mission to cover the ongoing Centrally sponsored scheme of Accelerated Rural Water Supply Programme (ARWSP) to provide safe and potable water of 40 LPCD to all villages and habitations. Though 1528 villages were covered during 1996-2004, 1422 remained to be covered as of March 2004. Information was not made available to show the names of villages and habitations already covered, to be covered, and new additions. Thus, 1422 villages and habitations with 7,38,380 population (census 2001) including 665 in the category of not covered were still awaiting facility of 40 LPCD potable water due to defective implementation of the schemes.

➤ **Non testing and non closure of water sources having unsafe water**

1256 sources of water with contamination were not closed.

The progress report (June 2004) revealed that testing of 7812 water sources out of 7868 was done during July 1990 to June 2004 in the District of Betul. The balance of 56 sources were not tested. Further, of 1274 sources of water found unsafe for drinking in the tests in the departmental laboratory, only 18 sources were closed. The inhabitants were consuming contaminated water from 1256 sources of water which was hazardous to health. Executive Engineer, PHE, Betul stated (July 2004) that the water sources would be closed after alternate arrangements are made.

3.3.10 Anti poverty and employment generation programmes

Employment generated under rural development schemes was only 17 days per BPL family per annum.

The Rural Development Department was implementing various Centrally sponsored schemes in rural areas for providing gainful wage employment[#] for poverty alleviation. Rs.99.85 crore were spent on various schemes during 1999-2004 vide details given in *Appendix-XXXII*. ZP was the nodal agency for implementation, release of funds and monitoring of various schemes. Out of 195935 families living in rural areas in the district, 87148 families (44.48 per cent) were below the poverty line (BPL) out of which, 56981 families (more than 65 per cent) belong to SC/ ST. Employment generated in five schemes during 1999-2004 was 73.10 lakh mandays i.e. 17 days per year per BPL family against the prescribed 100 days as detailed in *Appendix-XXXII*.

3.3.11 Swarnajayanti Gram Swarojgar Yojana (SGSY)

GOI launched (April 1999) SGSY with the objective that the rural poor families living below poverty line would be able to earn a net monthly income of at least Rs.2000 within three years with the help of income generating assets to be provided with loan and subsidy and aimed to cover 30 per cent of the poor families of each block in a period of five years. The funds (shared by the Central and the State Government in the ratio of 75:25) were to be utilised

[#] Providing 100 days during lean agriculture season in manual work to all adult in rural areas who were in need of work.

on subsidy (59 per cent), infrastructure (20 per cent), training (10 per cent), revolving fund (10 per cent) and risk fund (1 per cent). Against the available funds of Rs.10.77 crore, Rs.10.46 crore were spent during 1999-2004.

Only 30 per cent of targeted beneficiaries were assisted.

Against 26145 families (30 per cent of 87148 BPL families), required to be assisted during 1999-2004, only 7748 families (30 per cent of target) were assisted, out of which 38 per cent were women and 1 per cent of the disabled category against the targets 40 and 3 per cent respectively laid down in the scheme. The CEO, ZP, Betul intimated (August 2004) that beneficiaries were covered/ assisted according to funds made available.

There was underspending of Rs.83 lakh on training while Rs.13.75 lakh were misutilised.

Against the funds of Rs.1.05 crore received for training during 1999-2004, only Rs.22 lakh were spent on imparting training to all 7748 beneficiaries where as according to reports sent to Government, training was given only to 6659 beneficiaries at a cost of Rs.11.04 lakh. It was also noticed that as per the annual accounts of SGSY for the year 2001-02, Rs.13.75 lakh were utilised on administrative/office expenses from funds earmarked for training.

Chilling centre was not established.

An amount of Rs.29 lakh was paid to Dugdha Mahasangha, Bhopal during 1999-2000 for establishing a chilling centre which was not established and the swarojgaris were deprived of the benefit. CEO intimated (August 2004) that Dugdha Mahasangha was requested to establish the centre or refund the amount with interest.

3.3.12 Sampoorna Gramin Rozgar Yojana (SGRY)

SGRY was implemented during 2002-04 at a cost of Rs.23.40 crore with the objectives of providing additional wage employment to all rural poor in need of wage employment, food security, improving nutritional levels, creating durable community, social and economic assets and promoting infrastructural development in rural areas. The scheme was financed by Central and State Government in the ratio of 75:25. Employment provided during 2002-04 was 26.48 lakh mandays. Against central share of Rs.17.84 crore received during 2002-04, state share of Rs.5.70 crore was released, which fell short of the states due share by Rs.0.25 crore

➤ Taking up of works in disregard of the scheme guidelines

Of 1200 works, 546 works were executed in contravention of guidelines and expenditure of Rs.7.94 crore was reported without actual verification.

Of 1200 works executed at a cost of Rs.7.94 crore during 2002-04 under stream I*, the details of expenditure on various works were not available. The CEO intimated (August 2004) that verification of actual expenditure was under progress with completion reports. The reply indicated that expenditure was reported to the authorities without actual verification and showed ineffective monitoring. According to the guidelines works of soil and moisture conservation, minor irrigation, rejuvenation of drinking water resources and augmentation of ground water, traditional water harvesting structures, desiltation of village ponds /tanks were to be executed on priority basis, under stream I. The work of construction of rural link roads, farm roads, drainage,

Rojgar Ashwasan Yozna (implemented upto 31-03-2002), now known as Stream I.

etc. did not enjoy that priority works. However, 1200 works executed during 2002-04 included 500 works relating to construction of roads and culverts which were not priority items. Further, 46 works executed related to renovation of canals which were required to be financed out of State resources and showed diversion of SGRY resources. CEO intimated that works were sanctioned by the General Body of ZP and renovation of canals was done as the SGRY resources include state share. Reply was not tenable as the works were to be sanctioned as per guidelines.

➤ **Insufficient coverage of individual beneficiary schemes**

Expenditure of Rs.1.11 crore was incurred on inadmissible items of works.

Under stream I, annual allocation to the extent of 22.5 per cent, inclusive of food-grains was to be earmarked for individual beneficiary schemes for SC/ST persons living below the poverty line. Out of total expenditure of Rs.4.80 crore during 2002-03 expenditure under individual beneficiary schemes for SC/ST was Rs.81.31 lakh (16.94 per cent) only which was short by Rs.26.68 lakh. Out of the total expenditure of Rs.2.66 crore on individual beneficiary schemes for SC/ST during 2002-04, Rs.1.11 crore (42 per cent) were spent on repairs of dwelling units, wells and construction of drains which were not provided under the scheme while expenditure of Rs.26.86 lakh (10 per cent) was incurred on construction of latrines which was to be taken up only in exceptional circumstances. The CEO intimated (August 2004) that the proper percentage of expenditure could not be maintained during 2002-03 as it was a new scheme and expenditure on repairs of wells and dwelling units and construction of latrines were incurred due to the willingness and desire of beneficiaries.

➤ **Need based infrastructure not created**

While no expenditure was incurred during 2002-03, details of works of Rs.5.23 crore executed during 2003-04 were not available.

Under stream II^s, minimum 50 per cent of the allocation inclusive of food grains was to be earmarked for creation of need based village infrastructure in SC/ST habitations. Against the total expenditure of Rs.4.82 crore during 2002-03, no expenditure was incurred on need based infrastructure in SC/ST habitations. Out of the total expenditure of Rs.7.98 crore during 2003-04, expenditure on need based infrastructure in SC/ST habitations was Rs.5.23 crore (66 per cent) but details of works executed were not maintained. Gram Panchayats were permitted to spend upto a maximum 15 per cent of funds of Rs.7.98 crore on maintenance of public assets created under wage employment programmes. Rs.1.71 crore were spent on maintenance of assets against the permissible amount of Rs.1.20 crore during 2003-04. This excess expenditure of Rs.0.51 crore did not have proper authorisation under the scheme.

Excess expenditure of Rs.0.51 crore on maintenance of assets.

➤ **Misutilisation of funds earmarked for wages**

Purchase of seed and spray pumps of Rs.74 lakh from cash part of labourers.

Though wages were payable in the shape of foodgrains and cash to the labourers, expenditure of Rs.74 lakh was incurred on purchase of hybrid seeds and spray pumps for 5000 beneficiaries through Madhya Pradesh Agro

^s Jawahar Gram Samridhi Yozna (implemented upto 31-03-2002) now known as Stream-II.

Industries Development Corporation, Betul which were reportedly sub-standard. It was irregular to purchase seeds and spray pumps from the cash part of the wages of labourers. Relevant records were also not made available to audit for scrutiny. The CEO intimated (August 2004) that relevant records were submitted to Government for investigation about the sub standard quality of seeds and sprayers and the issue was pending with Government. Thus the beneficiaries were deprived of the benefits of employment of 1.33 lakh mandays.

3.3.13 Drought Prone Area Programme (DPAP)

Watersheds of approximately of 500 hectares each in every village was to be identified and developed. These were to be taken up in a phased manner and batches over a period which should not ordinarily exceed four years. According to the prescribed funding pattern, funds were to be released in instalments in the first year (25 per cent), the second year (40 per cent), the third year (25 per cent) and one instalment in the fourth year (10 per cent). Funds provided under the project were divided amongst the project components of watershed treatment/development (80 per cent), community organisation (5 per cent), training (5 per cent) and administrative overheads (10 per cent). Out of allotted fund of Rs.20.61 crore during 1999-2004, expenditure of Rs.19.44 crore was incurred under the programme. Audit observed:

➤ Non completion of work and release of funds against norms

Eight watershed projects (area : 3830 ha) sanctioned during November-December 1997 (Rs.1.27 crore) could not be completed even in five years. The CEO intimated that these watersheds could not be completed due to general elections. The reply was not tenable as these projects were to be completed in four years. It was further observed that Rs.7.49 crore were released to Project Implementation Agencies and watershed committees during 2001-04 in one instalment for executing of works selected for six to eight batches against the norm of release of funds in instalments. The CEO intimated that releases were made due to availability of sufficient funds. The reply was not tenable as it was in disregard of the norms laid down by GOI.

➤ Non refund of unspent amounts and excess expenditure

Saving of Rs.0.66 crore not refunded to ZP and excess expenditure of Rs.1.29 crore on watershed treatment.

Against sanctioned project cost of Rs.11.53 crore for watershed development under phase I, total expenditure incurred was Rs.10.87 crore. Thus there was a saving of Rs.0.66 crore which was to be refunded to ZP but the same was not done (September 2004). Further it was also observed that against permissible limit of Rs.9.22 crore for watershed treatment activities, expenditure incurred was Rs.10.51 crore i.e. excess was of Rs.1.29 crore while the area treated was 36623 ha i.e. 1486 ha less than the target of 38109 ha. No reasons for non refund and less coverage of area were advanced.

3.3.14 Conclusion

Due to inadequacy of health care institutions, indoor beds, clinical facilities, clinical specialists, medical officers, paramedical and supporting staff, inhabitants of rural areas were deprived of proper health care facilities. Identified beneficiaries (2.70 lakh) were not provided nutritional support. Neither urban nor rural population of the district could be provided safe drinking water as per norms. Towns with supply of less than 70 litre per capita water daily were not given priority under the Accelerated Urban Water Supply Programme. Rural Development Department could provide employment of merely 17 days per BPL family per annum against the norm of 100 days. Funds of Rs.74 lakh earmarked for wages was misutilised for purchase of hybrid seed and spray pumps depriving the beneficiaries of employment.

3.3.15 Recommendations

- Deployment of clinical specialists and doctors as per staffing pattern to provide adequate health care to the patients need immediate action. Facilities in the district hospital need to be improved by construction of additional wards.
- Sufficient funds need to be provided to extend nutritional support to all identified beneficiaries for health care facilities.
- Alternative arrangement for supply of drinking water needs to be made so that the existing unsafe drinking water sources could be closed at the earliest.
- Under various drinking water supply scheme launched by Government of India and State Government, priority needs to be given to the villages/habitations still awaiting facility of minimum potable water.
- Guidelines of the schemes for providing gainful wage employment needs to be followed and steps initiated to ensure that the funds earmarked for wages are not misutilised.
- Maintenance of proper records of infrastructure and assets created out of the scheme funds should be ensured.

Rural Development Department

3.4 Pradhan Mantri Gram Sadak Yojana

Highlights

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by Government of India (GOI) on the 25th December 2000 with the object of providing connectivity by way of all weather roads (AWRs) to unconnected rural habitations with a population of 1000 persons or more and between 500 and 999 persons by the end of March 2003 and 2007 respectively. For implementation of the scheme in the State, the Government of Madhya Pradesh (GOMP) established (23 December 2000) Madhya Pradesh Rural Road Development Authority (MPRRDA). GOI released Rs.1206.93 crore during March 2001 to March 2003 against the sanctioned amount of Rs.2065.38 crore to provide connectivity for 3367 unconnected habitations. After a period of more than four and half years the MPRRDA could provide new connectivity to 1159 habitations only by incurring expenditure of Rs.1088.31 crore as of July 2004. The dismal performance was mainly due to poor planning & implementation, incorrect selection of roads and ineffective monitoring.

Some important findings of the review are given below:

MPRRDA received only Rs.1206.93 crore as against sanctioned Additional Central Assistance (ACA) of Rs.2065.38 crore due to short fall in expenditure (Rs.531.15 crore) during 2001-03.

(Paragraph 3.4.4)

An expenditure of Rs.143.39 crore was incurred on the works under 33 packages as against sanctioned amount of Rs.125.27 crore resulting in unauthorised expenditure of Rs.18.12 crore.

(Paragraph 3.4.6)

Payment of advances without any provision in agreements constituted undue financial aid to contractors worth Rs.9.36 crore.

(Paragraph 3.4.7)

Incorrect selection of roads for construction/upgradation under phases I & II against the criteria of the guidelines resulted in diversion of ACA for Rs.200.48 crore and blocking of funds of Rs.9.36 crore.

(Paragraph 3.4.9)

Execution of extra thickness of trust due to adoption of incorrect design criteria for rural roads resulted in avoidable cost of Rs.2.56 crore.

(Paragraph 3.4.11)

Extra cost of Rs.22.24crore due to execution of primer coat without assessing its requirement and adoption of higher specification for tack coat and CD work.

(Paragraph 3.4.11)

Extra cost of Rs.2.70 crore was incurred due to unauthorised execution of costlier earth work.

(Paragraph 3.4.11)

Excess/inadmissible payment of Rs.3.46 crore was made and undue financial aid of Rs.2.69 crore was extended to contractors due to incorrect computation, incorrect application of rates and award of additional work at higher rates.

(Paragraph 3.4.10,11,12)

3.4.1 Introduction

Rural road connectivity is a key component of rural development in promoting access to economic and social services and thereby generating increased agricultural income and productive employment opportunities as 40 per cent of the habitations in the country are still not connected by all weather roads. With a view to redressing this situation, Government of India (GOI) launched (25th December, 2000) a cent per cent Centrally Sponsored programme named "Pradhan Mantri Gram Sadak Yojna" (PMGSY); fifty per cent of the cess on High Speed Diesel was earmarked for this programme.

In Madhya Pradesh the total length of roads is meagre as compared to the national standard. As against the national average of 74.90 km per 100 sq km, it is 45.10 km per 100 sq km. The average of Water Bound Macadam - class-I and Bituminous roads are 18.71 km and 8.48 km per 100 sq km against the national average of 35.55 km and 21.4 km per 100 sq km respectively.

3.4.2 Organisational Set up

Ministry of Rural Development (MORD), GOI assisted by National Rural Road Development Agency (NRRDA), is the prime authority and the co-ordinating Ministry to frame the policy and guidelines for implementation of the programme. The planning and implementation of the individual schemes is the responsibility of the State Government. Government of Madhya Pradesh (GOMP) established (23 December 2000) an Executive Agency named Madhya Pradesh Rural Road Development Authority (hereinafter referred to as the Authority) registered under MP Society Registration Act 1973, headed by a Chief Executive Officer (CEO) who is assisted by 2 Chief General Managers (CGM). At the field level, the construction of road works is being executed through 27 Project

Implementation[†] Units (PIUs) each headed by a General Manager (GM). The Authority also engaged consultancy services for (i) survey/investigation and preparation of detailed project reports (DPRs) and (ii) supervision and quality control of civil works.

As per guidelines, the GM was required to be not below the rank of Executive Engineer (EE). However, 18 Assistant Engineers (AE) of various Departments were posted as Assistant General Manager (AGM) and heads of PIUs. Of these, two had experience of work less than 8 years[§] as AE against the required experience of more than 15 years as prescribed (18 June 2002) by the Empowered Committee, headed by Chief Secretary.

In reply Government accepted (February 2005) the fact and stated that 2 AEs having less experience would be replaced as soon as EEs and AEs of requisite experience are available.

3.4.3 Objective and scope of Audit

The audit objective was to make an assessment of:

- the methodology of selection of roads
- efficacy of the planning and implementation process
- the extent to which specifications for construction of rural roads had been followed and
- effectiveness of system of supervision, quality control and monitoring.

The review is based on test check of records of 13 PIUs^{**} out of 33 relating to the period 2000-04, conducted during February 2004 to September 2004 and December 2004 to January 2005. Information and data were also collected from the office of the CEO, MPRRDA.

3.4.4 Financial Outlay and expenditure

Funds for execution of works under PMGSY were provided by GOI as cent per cent Additional Central Assistance (ACA). However, the cost of implementation of the programme viz. establishment & administrative expenses, formulation of block /district-wise Master Plan, DPRs, work of supervision and quality control, cost over run, if any, and tender premium etc was to be borne by the GOMP.

The ACA was to be released in suitable installments. The position of funds received from GOI and expenditure incurred by the Authority between 2000-2004 is detailed below:-

[†] There are 33 PIUs since July 2004.

[§] AGM, PIU Chhatarpur-7 years & 4 months; AGM, PIU Mandla-7 years & 6 months.

^{**} Ujjain, Dewas, Hoshangabad, Biaora, Guna, Chhindwara, Seoni, Shahdol, Sagar, Dhar, Jhabua, Bhopal and Shivpuri.

(Rupees in crore)

Year	Phase*	ACA sanctioned by GOI	Receipt			Cumulative Expenditure	Percentage of shortfall in expenditure
			Released by GOI	Interest earned	Cumulative Total		
2000-01	I	217.64	213.00	Nil	213.00	Nil	--
2001-02	I	Nil	4.64				
	II	513.68	<u>228.00</u> 232.64	15.11	460.75	26.23	94.40
2002-03	II	Nil	324.49				
	III	609.19	<u>145.90</u> 470.39	26.21	957.35	426.20	55.48
2003-04	III	Nil	290.90				
	IV	724.87	<u>Nil</u> 290.90	26.15	1274.40	914.92	28.21
Total		2065.38	1206.93	67.47	1274.40	914.92	-

* Phase corresponds to batches of works sanctioned by Government of India

The authority failed to utilise the available ACA due to improper planning, delay in fixing of agencies and slow progress during 2001-03.

The above figures indicate that the Authority could get only Rs.1206.93 crore as against sanctioned ACA of Rs.2065.38 crore due to underutilisation of available funds during 2001-04. This was mainly due to improper planning & implementation, delay in fixing of agencies for construction and slow physical progress. Shortfall in progressive expenditure during 2001-02 and 2002-03 against the released amount was 94.40 per cent and 55.48 per cent respectively. The Government stated (February 2005) that MPRRDA, being a newly created organisation, took time to establish PIUs. However, the time allowed for completion was also unrealistic looking to the magnitude of road work. The reply of the Government was not acceptable as appropriate action was not taken to implement this time bound programme.

3.4.5 Diversion of ACA

An amount of Rs.56.72 crore was diverted to liquidate the liability of the State.

The guidelines, *inter-alia*, stipulated that the ACA should exclusively be utilised only on works excluding tender premium (TP) and would not be diverted to any other purpose.

Test check of records revealed that:

- An amount of Rs.54.50 crore was utilised unauthorisely for payment of TP during the years 2001-04. However, this amount was adjusted from the State funds in March 2003 (Rs.8.82 crore) and March 2004 (Rs.45.68 crore) without adjusting the interest thereon. This incorrect procedure for payment of TP continued as the initial debit was being made to ACA instead of GOMP funds.

- An amount of Rs.14.23^{††} lakh was also diverted & utilised (January 2003 to May 2004) for payment to the Madhya Pradesh State Electricity Board on account of the cost of shifting electric lines and poles for construction of roads, though it was the liability of the State Government in terms of the guidelines. In reply the Government stated (February 2005) that shifting of electric lines and poles was part of the works. The reply is not tenable in view of the guidelines, which clearly stipulated that it was the responsibility of the state to provide the land free from all hindrances for the purpose of construction of the roads.
- GOI approved road-wise cost estimates. The expenditure on each road was therefore to be limited to the sanctioned amount and excess, if any, was to be borne by GOMP while saving was to be credited to GOI. But in 322 completed roads taken under 58 packages of 13 PIUs, the saving on roads was diverted & utilised on other road works under the same package instead of being credited to GOI. For illustration, in PIU Sagar, the saving of Rs.2.08 crore on 20 roads was diverted and utilised on 25 roads where excess expenditure to the tune of Rs.3.55 crore had been incurred as detailed in **Appendix-XXXVI**.
- As per guidelines, the GOI provided funds for office and travelling expenses @ Rs.35,000 pm and Rs.10,000 pm respectively per dedicated PIU for implementation of the programme. It was, however, seen that against the admissible amount of Rs.1.46 crore an amount of Rs.1.89 crore was adjusted under ACA for the year ended March 2003. Thus, an excess amount of Rs.43 lakh, to be borne by State Government, was diverted and adjusted against ACA.

Excess booking of Rs.43 lakh in ACA towards office and travelling expenses on dedicated PIUs.

In reply the Government stated (February 2005) that the expenses were adjusted against 45 districts instead of 27 PIUs. The reply is not acceptable as the guidelines clearly laid out the limits for office and travelling expenses for each PIU. As only 27 dedicated PIU were established during the period, the excess expenditure of Rs.43 lakh was to be borne by the State Government.

3.4.6 Unauthorised expenditure

As per the guidelines, any increase in the cost of the project sanctioned by the GOI for any reason would be borne by the State Government.

Audit scrutiny of records of 12 PIUs revealed that as against the sanctioned cost of Rs.125.27 crore, an expenditure of Rs.143.39 crore excluding tender premium had been incurred on the works executed under 33 packages. Thus an amount of Rs.18.12 crore was incurred on the works in excess of sanctioned cost and unauthorisely charged to ACA as detailed in **Appendix-XXXVII**. The increase in cost was mainly due to unrealistic estimates, change in scope of work & inclusion of extra items.

A sum of Rs.18.12 crore was spent unauthorisely in excess of amount sanctioned by GOI.

^{††} Guna-Rs.1.44 lakh (01/2003), Seoni-Rs.5.03 lakh (06/2003), Sagar- Rs.6.69 lakh (08/2003 to 04/2004), Dhar-Rs.0.60 lakh (01/2003) and Chhindwara-Rs.0.47 lakh (05/2004)

On this being pointed out, the Government admitted the fact and stated (February 2005) that revised sanction from GOI was still awaited.

3.4.7 Irregular/ Unauthorised payment of advances

There were no provisions for payment of Mobilisation, Machinery and Secured advances in agreements under Phase-I & II (March 2001 to July 2002) of the programme. Thereafter, the Authority introduced (May 2002) these provisions in tender documents for Phase-III & IV (September 2002 to July 2004).

Rs.9.36 crore was advanced to contractor without any provision in agreement.

It was, however, seen in test check that these provisions were applied irregularly and outside the scope of the agreements even for ongoing contracts under Phase-I & II in 5 PIUs. The payment of advances made during June 2002 to June 2003 thus, resulted not only in irregular aid of Rs 9.36 crore^{††} to 13 contractors but also the element of competitive bidding was lost as revision in the terms of agreements had been carried out after finalisation of contract.

Government stated (February 2005) that these provisions had been applied for the ongoing agreements under the approval of the Empowered Committee (12th & 13th meetings). The reply is not correct as no approval for ongoing agreements was accorded by the EC. Further, introduction of the provision of advances midway during implementation was undue aid to the contractors as the contracts finalized by them were after considering all aspects including non-availability of advances.

3.4.8 Planning

➤ Targets and achievements

In Madhya Pradesh the position of habitations along with road length already connected and those requiring connectivity before commencement of the programme (December 2000) is given below:

Population based category of habitations	Total habitations		Connected habitations				Unconnected habitations	
			BT		WBM			
	No.	Road length (km)	No.	Road length (km)	No.	Road length (km)	No.	Road length (km)
1000 and above	10489	27704	3855	4779	2676	10200	3958	12725
500 to 999	15225	39613	2284	2586	3112	8621	9829	28406
250 to 499 For hilly and tribal areas	26092	61311	1883	1944	2994	8194	21215	51173

^{††} Dhar-package-1104-Rs.0.44 crore(06/2002 to 03/2003), Shahdol-packages-3802,3803,3804, 3805,4402,5401 and 6001-Rs.7.51 crore(06/2002 to 06/2003), Seoni-one package Rs.1.06 crore (06/2002 to 10/2002), Dewas-packages-3903 and 3905-Rs.0.30 crore(01/2003) and Bhopal-packages- 2905 and 3503-Rs.0.05 lakh(08/2002 and 12/2002)

Though the priorities of habitations for covering under the programme were fixed, yet an overall implementation schedule was not prepared. However, the Authority took up the project in a phased manner under the sanction of GOI and new connectivity for 1159 habitations with road length of 5750 km (including upgradation) was provided as of July, 2004 as detailed below:

Phase (Year of sanction)	Projects sanctioned by GOI (Target including upgradation)			Achievements			Shortfall		
	No. of Habitations	No. of roads	Length (km)	No. of Habitations	No. of roads	Length (km)	No. of Habitations	No. of roads	Length (km)
Phase I (2000-01)	183	387	1726.60	169	353	1584.90	14	34	141.70
Phase II (2001-02)	1169	801	4048.23	766	683	3397.12	403	118	651.11
Phase III (2002-03)	836	572	2915.00	224	172	768.20	612	400	2146.80
Phase IV (2003-04)	1179	743	3526.00	0	0	0	1179	743	3526.00
Total	3367	2503	12215.83	1159	1208	5750.22	2208	1295	6465.61

The Authority failed to provide connectivity upto July 2004 even for the habitations targeted for completion by the end of March 2003, mainly due to incorrect selection of roads and delay in fixing of agencies.

As per programme, 6531 roads with length of 12725 km were to be constructed by the end of March 2003 to provide connectivity to 3958 habitations each having population of more than 1000 persons. Against this, MPRRDA could provide connectivity only for 481 habitations by completing 303 roads (1301.5 km). However, 1159 habitations were connected by completing 1208 roads (5750 km) as on July 2004. Thus, the construction of works was delayed and lagging behind the schedule mainly due to lack of planning, non-establishment of required PIUs (17 in January 2001, 10 in February 2002 and 6 Nos. in July 2004) timely against the norm of one PIU for each district, abnormal delay in fixing of agencies (for Phase-I upto June 2002), non-preparation of DPRs timely (prepared after awarding of works), incorrect selection of roads, local hindrances on account of land disputes and failure of contractors to give prorata progress of work. For most of these factors, responsibility rested with the Authority as is evident from the time extensions sanctioned with only nominal penalties to the contractors. The Authority failed to take timely action to check the slippages. As a result, out of Rs.460.75 crore received during the period 2000-02 only Rs.26.23 crore were spent as of March 2002. Further, out of Rs.496.60 crore (including interest) received during 2002-03, expenditure incurred up to March 2003 was only Rs.399.97 crore. Moreover, out of 387 roads taken under phase-I, 34 remained incomplete as of July 2004.

Thus, non-achievement of objectives of the programme as per schedule has deprived the inhabitants from the benefits.

3.4.9 Incorrect Selection of roads

Selection of roads for construction/upgradation was in contravention of the laid down criteria and also led to diversion of ACA of Rs.200.48 crore.

- According to the guidelines and manual for preparation of Master Plan, priority was to be given to new connectivity. It was, however, seen in audit that 427 roads in all 45 districts had been selected for upgradation under phase I and II (March 2001 to July 2002) of the programme even though 3958 habitations with population of more than 1000 persons did not have the desired connectivity. As a result, the basic objective of the programme was vitiated and a substantial part of ACA of Rs.190.27crore^{§§} was diverted to upgradation of roads as of July 2004.
- Although, the guidelines stipulate selection of roads only with length greater than 0.5 km, it was seen that four PIUs constructed nine roads which had length less than 0.5 km by showing these roads in DPRs as roads of lengths greater than 0.5 km. This resulted in diversion of ACA of Rs.50.82 lakh as given in **Appendix-XXXVIII**.
- 7 roads passing through forest area were selected without obtaining prior clearance from Forest Authorities. Consequently, the Forest Department either disallowed start of the work (3 Nos.) or stopped the ongoing works (4 Nos.). This resulted not only in time over run but also blocking of funds of Rs.3.76 crore (**Appendix-XXXVIII**).
- 13 roads selected and taken up during November 2001 to March 2004 under the programme could not be completed due to encroachment or land dispute; as a result, the proposed connectivity could not be provided even after incurring (November 2001 to June 2004) expenditure of Rs.5.60 crore (**Appendix-XXXVIII**).
- As per guidelines, the Major District Roads (MDR) were not to be taken up under the programme even if the roads happened to be in rural areas. However, 5 MDRs were selected and taken up for upgradation by denoting these as Other District Roads (ODR) and an expenditure of Rs.9.70 crore (**Appendix-XXXVIII**) incurred thereon.

Government while admitting (February 2005) the facts, stated that the selection of roads for upgradation was done with the approval of GOI to achieve connectivity. The reply is not tenable in view of the provisions of the guidelines.

3.4.10 Implementation

➤ Injudicious increase of SOR on adhoc basis

As per guidelines, the tender premium over the approved estimated cost was to be borne by the State Government. However in order to meet this liability the

^{§§} Though the actual expenditure on upgradation of roads was not compiled, an expenditure of Rs.129.95 crore (68.56 per cent) and Rs.60.32 crore (10.70 per cent) under Phase I & II respectively on up-gradation was shown in the progress report submitted by MPRRDA to GOI.

Empowered Committee in its 16th meeting (11 February 2003) decided to revise the rates of all items of SOR (Roads) relating to the works of PMGSY (except earth work) in a manner so that the awarded rates are not more than the rates of SOR.

Injudicious increase of SOR (Roads) on adhoc basis to save the liability of State on account of TP

It was, however, seen in audit that instead of analysing the rates at current prevailing market rates, the rates under Chapters-III to VII^{***} of SOR were increased (September 2002) by 10 per cent on adhoc basis. As a result, the tenders for the works under Phase-III & IV (2002-03 and 2003-04) were received upto 25 percent below SOR, indicating that the adhoc increase was not reasonable. The scheme guidelines provide for expenditure up to the sanctioned amount and in the event of expenditure exceeding the sanctioned amount revised sanction was required to be obtained. Due to adoption of SOR with unreasonable increase of 10 per cent the need for obtaining revised sanction was obviated as seen in the test check of 3 PIUs^{†††}. Resultantly, though the tenders were awarded with tender percentage ranging between 8 and 10.8 per cent below the sanctioned amount, the MPRRDA was not required to obtain revised sanction up to sanctioned amount in the event of escalation in cost as noticed in the instant cases.

Government while agreeing (February 2005) that increase of SOR was on adhoc basis, stated that PMGSY is cent per cent centrally funded scheme and actual expenditure on work was only being debited to ACA. Saving due to lower tender premium was to be either surrendered to GOI or utilised as per their directions. The reply did not attend to the audit contention that by adoption of unreasonable SOR, the sanctioned amounts were higher, and the need for obtaining revised sanction in the event of increase in cost was obviated as expenditure remained lower than sanctioned amount.

➤ Award of additional works at higher rates-Excess payment

Agreement provided that the contractor was bound to carry out any altered, additional and substituted work upto 25 per cent of contract amount at his tendered rates.

Execution of extra work at higher rates against the provisions of agreements resulted in excess payment of Rs.39.15 lakh

It was seen in audit that under package MP-5901 (PIU Ujjain), though the additional works of Cross Drainage (CD) was of value within 25 per cent of the contract amount, yet the contractor was paid for at higher rates treating

^{***} Chapter III – Non-bituminous/sub-base and basis, Chapter IV – Bituminous base and Surface courses, Chapter V – Supply of materials, Chapter VI – Transportation of material and Chapter VII- Miscellaneous.

^{†††}

(Rs.in lakh)

Package	PIU	Sanctioned Amount(lakh)	Tender Percentage	Contracted Amount	Value of work done	Physical Progress(%)
3806	Shahdol	360.87	(-) 9	328.39	358.11	93.31
2208	Khargone	381.25	(-) 8	350.75	362.27	63.75
0715	Chhindwara	202.48	(-) 10.8	180.61	197.00	95.73

these as extra items instead of at tendered rates. This resulted in excess payment of Rs.20.09 lakh (approx.).

Similarly, in PIU Sagar, under packages MP-4801 & 4802, additional CD works of value much less than 25 per cent of contract amount was executed at higher rates through separate contractors as extra items instead of original contractor. This resulted in extra payment of Rs.19.06 lakh.

Government in reply stated (February 2005) that the cost of additional works was more than 25 per cent of the cost of CD works provided in the agreements and thus treated as extra items. The reply is not correct as the agreement stipulated computation of extra work on the total amount tendered and not on the cost of items where the additional work has been carried out.

➤ Unfruitful expenditure on DPR for consultancy services

The preparation of unrealistic DPRs and their delayed submission resulted in unfruitful expenditure of Rs.43.90 lakh

The Authority awarded the works of preparation of DPRs and supervision & quality control of Civil works to consultants. Scrutiny in audit revealed that as per the agreements, the consultants were provided three months to complete the job for preparation of DPR and final report.

However, in 5 PIUs the consultants did not submit DPRs and final reports within the stipulated period of 3 months as detailed below:-

PIU	Agreement No./ consultant	Date of Work Order of DPR	Due date of submission of DPR	Actual date of submission of final DPR	Date of NIT for work	Date of issue of work order for road work	Amount paid to consultants (Rupees in lakh)
Guna	14/2001 Mahendra Raj	7.12.2001	6.3.02	July 02	Dec. 2001	April 2002	7.32
Khargone	10/2001 Sungrace Engg.	22.11.2001	21.2.02	23.2.02 Khargone 23.3.02 Barwani	30.1.02	April 2002	9.66
Shivpuri	5/2002 Innovative CADD	11.1.2002	10.4.02	6.4.02	31.1.02	April 2002	3.49
	8/2002 Technogem Consultants	10.12.2001	9.3.02	6.4.02	31.1.02	May 2002	3.08
Chhindwara	16/2001 Artefact Project	10.12.2001	9.3.02	29.4.02	31.1.02	April 2002	14.85
Mandsaur	7/2001 Technogem Consultants	10.12.2001	9.3.02	11.6.02	24.12.01	April 2002	5.50
						Total	43.90

It is evident that the funds sanctioned by GOI and the works put to tender were based on the provisions of Preliminary Project Reports (PPRs), as the tenders for execution of work were invited much before the submission of DPRs by the consultants. Moreover, the DPRs so prepared were also not based on realistic data as the cost estimation and provisions of DPRs varied widely during actual execution.

Thus, expenditure of Rs.43.90 lakh spent on preparation of DPRs proved unfruitful. In reply the Government while admitting (February 2005) the facts stated that the DPRs were utilised for execution of works and as such

expenditure was not unfruitful. The reply was not acceptable as the tenders called for were based on PPRs, while as per guidelines tenders were to be prepared after approval of DPR.

3.4.11 Execution

➤ Adoption of incorrect design criteria

Avoidable cost of Rs 2.56 crore on construction/ up gradation of rural roads under Phases-I, II and III due to consideration of CBR value of 5 per cent instead of 7 per cent for designing the crust of roads.

According to MORT&H specifications and the Rural Road Manual (SP-20), the crust thickness of the road should be designed on the basis of California Bearing Ratio (CBR) value of soil to be used in sub-grade and the projected traffic intensity. It was, however, noticed that arbitrary provisions for designing the crust thickness were made (April 2002) by the Authority by considering CBR value of 5 per cent instead of actual CBR value of sub-grade (more than 7 per cent) for construction of roads under Phases-I, II & III (March 2001 to September 2003) of the programme. However, this criterion had been corrected (July 2003) for the works under Phase-IV.

Audit scrutiny of records in 6 PIUs revealed that the thickness of crust for construction of new roads was designed at 360 mm and above taking into account CBR value 5 per cent or below, though according to the Manual, considering the CBR value of 7 per cent of soil actually used in construction of the sub-grade, the thickness of crust worked out to 300 mm only. Further, in upgradation of roads, extra layers of sub base/base course were laid without considering the thickness of the existing crust provided in DPRs. The execution of extra thickness of crust resulted in avoidable cost of Rs.2.56 crore^{***}.

In reply the Government stated (February 2005) that in the works of Phases I & II the crust was designed without considering CBR value of transported soil as 7 per cent for sub-grade. The reply is an admission of audit finding that proper CBR value of the actual soil used in sub-grade was not considered.

➤ Execution of superfluous item of primer coat- Extra cost

Laying of primer coat over entire WBM surface of roads without assessing its requirement resulted in avoidable cost of Rs.20.76 crore.

As per IRC specifications, primer coat is required to be laid where the existing granular base is extremely porous & absorptive or when the laying of bituminous course is considerably delayed. Therefore, its requirement was to be assessed and executed under prior specific permission of competent authority. Normally, the item for providing and laying of tack coat over granular surface (not primed) as provided in SOR (Roads) is applied directly. Notwithstanding these provisions, the primer coat was laid indiscriminately over the entire surface of all roads (5750 km), just before application of tack coat (primed). The extra cost could have been avoided as instead of primer followed by tack coat (primed), only tack coat (not primed) over granular surface could have been given. The execution of superfluous item of primer

Dewas – Rs.0.45 crore, Hoshangabad - Rs.0.29 crore, Biaora - Rs.0.35 crore, Chhindwara-Rs.0.28 crore, Seoni-Rs.0.03 crore and Shahdol-Rs.1.16 crore.

coat, resulted in an approximate extra cost of Rs.20.76 crore^{§§§} (excluding T.P) upto July 2004.

Government stated (February 2005) that the primer coat was required to bound the loose particles and for water proofing of granular base. The reply is not convincing as the primer coat was laid over the entire surface without assessing its requirement as was mandated in the IRC specifications. Further, specific permission of the competent authority as mandated was not taken before the use of primer coat.

➤ **Adoption of costlier specifications and application of incorrect rate**

An item for providing and fixing of NP-3 hume pipes of different diameters with the specifications of IS-458-1971 in construction of CDs based on SOR (Bridge), was provided in the schedule of items of work for the agreements under Phases-I and II. But pipes of these specifications were not available due to revision of specifications to IS-458-1988. Looking to the lighter specifications of the new standard, the rates were analysed and it was decided (May 2002) by the CGM to use NP-3 pipes of new standard by reducing the rates to the extent of Rs.350 per RM & Rs.528 per RM (SOR-1990) and Rs.452 per RM & Rs.722 per RM (SOR-2001) for 1000 mm and 1200 mm diameters respectively. However, the use of NP-4 pipes of higher specifications was also allowed without any deduction treating it as equivalent to NP-3 old standard.

Extra cost of Rs.1.02 crore due to use of NP-4 Hume pipes of higher specifications

It was seen in audit of 13 PIUs that NP-4 pipes of higher specifications instead of NP-3 were utilised in construction of CDs under Phases-I & II, which resulted in avoidable extra cost of Rs.1.02 crore^{****}, besides an excess payment of Rs.17.08 lakh^{####} on account of use of NP-3 of new standard without reduction in rates.

It was further observed that in subsequent Phases-III & IV, the specifications of IS-458-1971 only were replaced by IS-458-1988 in the nomenclature of items without reducing the rates of SOR as already decided by the Authority. This also resulted in an excess payment of Rs.60.92 lakh^{*****}.

^{§§§} *Phases I & II-4982 km (length) X 1000 X 3.75 m (width) @ Rs.9.50 = Rs.17.75 crore.*

Phase III- 768 km (length) X 1000 X 3.75 m (width) @ Rs.10.45 = Rs.3.01 crore.

^{****} *Ujjain-Rs.8.67 lakh, Dewas-Rs.13.30 lakh, Hoshangabad-Rs.6.76 lakh, Bioara-Rs.9.66 lakh, Guna-Rs.8.92 lakh Chhindwara-Rs.22.36 lakh, Seoni-Rs.4.84 lakh, Shahdol - Rs.2.38 lakh, Sagar-Rs.0.62 lakh, Jhabua-Rs.2.14 lakh, Bhopal-Rs.4.72 lakh and Shivpuri-Rs.17.73 lakh.*

^{####} *Guna-Rs.1.89 lakh, Dhar-Rs.11.79 lakh and Jhabua-Rs.3.40 lakh*

^{*****} *Dewas-Rs.2.62 lakh, Bioara-Rs.6.41 lakh, Guna-Rs.4.75 lakh, Chhindwara-Rs.8.95 lakh, Seoni-Rs.7.64 lakh, Shahdol-Rs.5.16 lakh, Sagar-Rs.4.82 lakh, Dhar-Rs.6.09 lakh, Jhabua-Rs.5.47 lakh, Bhopal-Rs.2.21 lakh and Shivpuri-Rs.6.80 lakh.*

Government stated (February 2005) that the NP-4 hume pipes of new specifications had been utilised treating it as equivalent to NP-3 of old specification and payments for NP-3 of new standard under Phase-III & IV were made as per the amended schedules of the items.

The reply is not acceptable in view of the use of costlier NP-4 hume pipes of higher specifications against required NP-3 hume pipes.

➤ **Execution of tack coat against the specifications- Extra cost**

Extra cost of Rs.45.50 lakh due to execution of tack coat with bitumen instead of bitumen emulsion as per specifications.

As per MORT&H specifications, tack coat for laying bituminous course should be applied with bitumen emulsion only. It was, however, seen in audit that in various PIUs tack coat was applied with bitumen (costlier item) instead of bitumen emulsion in the works of Phase-I. The application of costlier item beyond the scope of specifications resulted in an extra cost of Rs.45.50 lakh ****.

Government stated (February 2005) that tack coat was applied as per provisions of approved DPRs. The reply is not tenable in view of MORT&H specifications which clearly mandated laying of tack coat with bitumen emulsion only.

➤ **Unauthorised execution of costlier item of Earth work**

Execution of costlier item of earth work without approval resulted in unauthorised payment of Rs.2.70 crore.

Guidelines provided that after clearance from the State Technical Agency (STA) and the Ministry, no change should be made in the works. Accordingly the earth work(E/W) for embankment/sub-grade was to be executed under the items 2.2(Excavation of soil for embankment @ Rs.43/cum.) and 2.3(Construction by utilisation of available excavated soil @ Rs.43.20/cum.) of SOR(Roads) as per approved DPRs for Phase-I based on detailed survey and investigation.

It was, however, seen in test check of records of 12 PIUs that embankment/sub-grade was constructed by the costlier selected soil under the item 2.4 (Construction of embankment with selected soil @ Rs.133/cum.) without approval of the STA/GOI in place of the approved items 2.2 and 2.3. This resulted not only in unauthorised execution but also in extra payment of Rs.2.70 crore †††.

In reply the Government stated (February 2005) that the E/W under item 2.4 was executed and paid for with a lead of more than 250 m.

**** Ujjain-Rs.5.31 lakh, Dewas-Rs.4.41 lakh, Guna-Rs.10.53 lakh, Chhindwara-Rs.6.34 lakh, Sagar-Rs.13.55 lakh & Dhar-Rs.5.36 lakh.

††† Ujjain-Rs.0.32 crore, Dewas-Rs.0.61 crore, Biaora-Rs.0.25 crore, Guna-Rs.0.14 crore, chhindwara-Rs.0.02 crore, Shahdol-Rs.0.23 crore, Sagar-Rs.0.23 crore, Dhar-Rs.0.36 crore, Jhabua-Rs.0.33 crore, Bhopal-Rs.0.19 crore and Shivpuri-Rs.0.02 crore.

The reply is not tenable in view of execution of costlier item without approval of STA/GOI.

3.4.12 Excess/Inadmissible payment

➤ **Incorrect mode of measurements and non-exercise of prescribed checks**

Incorrect computation of quantity of earth work and non-checking of its measurements by the engineers of PIUs resulted in excess payment of Rs.1.08 crore & undue financial aid to contractor of Rs.2.69 crore.

In accordance with the procedure prescribed in IRC specifications (MORT&H and SP-20), the measurements of earth work (E/W) should be taken and recorded in Measurement Books (MB) based on initial and executed levels by plotting cross-sections at suitable intervals to determine the payable quantity. The measurements should be taken and recorded in MB by the consultants which should be checked up to the prescribed percentage by the Engineers of the consultants and the PIUs in terms of the guidelines before authorising payments. Notwithstanding these provisions, the Authority issued various instructions from time to time regarding taking and recording measurements and use of software for ease of billing. A clause was also included in the agreements to authorise GM for immediate release (without checking) of 75 per cent of billed amount as certified by the consultant.

Audit scrutiny revealed that the running payments were made on the basis of either lump sum or percentage of estimated quantity provided in DPRs instead of actual measurements. The levels and measurements actually taken at the field were not found on record. However, after completion of work, the overall quantity of road section was computed by software using various methods of measurements. The levels and measurements as fed in the computer, were not found checked except checking of abstract of quantity pasted/recorded in MBs. The register of check measurements was also not maintained by the Engineers of the consultants & the PIUs to verify the percentage of checking of measurements.

Thus, incorrect mode of measurements/incorrect computation of quantity of earthwork and non-exercise of checks on measurements resulted in excess payments of Rs.96.08 lakh besides undue financial aid of Rs.2.69 crore to contractors as illustrated below:

PIU	Package	Amount (Rs in lakh)	Nature	Reasons
Seoni	MP-3602,3607, 3603,2603	34.44	Excess payment	Non-deduction of utilised earth, previous paid quantity, culvert portion etc from overall quantity of earthwork and incorrect determination of quantity.
Biaora	4502, 4504	3.79	Excess payment	Non-deduction of utilised earth, double payment for compaction of hard shoulder and false payment of hard shoulder for PCC.
Sagar	4802	15.50	Excess payment	Incorrect determination of quantity due to non deduction of laid sub-base/ base/ wearing courses from overall quantity to arrive at net payable quantity.
Jhabua	2602,1903	17.92	Excess payment	Double payment for PCC and incorrect determination of executed quantity.
Guna	1303	0.56	Excess payment	Non deduction in rates for non use of sensor paver finisher as provided in SOR.
Shivpuri	4013	11.65	Excess payment	Incorrect determination of payable quantity and double payment.
Chhindwara	0705 0703,0706, 0705, 0707	12.22 223.12	Excess payment Undue aid	Non deduction of utilised earth. Recording of measurements on percentage basis.
Shahdol	6001	45.75	Undue aid	Payments on lump sum measurements on separate sheet instead of MB.

Further, in 5 PIUs, an excess payment of Rs. 12.17^{***} lakh was also made to the contractors due to application of incorrect item for moorum filling in haunches^{****} @ Rs. 467 per cum instead of the item for granular soil in filling between the returns/wings and behind the abutments @ Rs.165 per cum.

On this being pointed out, the Government accepted (February 2005) the excess payment and agreed to recover the same from the contractors.

➤ Incorrect payment of lead

Inadmissible payment of Rs.92.65 lakh on account of lead of soil without provisions.

There was no provision in DPRs for separate payment for lead of material as the SOR (roads) provided complete items. Moreover, as per agreement, lead on any account would not be payable. It was, however, observed that inadmissible payments of Rs.92.65^{*****} lakh were made to the contractors on account of lead of soil. Government stated (February 2005) that the payment

^{***} Hoshangabad- Rs.3.15 lakh, Biaora-Rs.1.64 lakh, Guna-Rs.2.70 lakh, Chhindwara-Rs.2.88 lakh and Dhar-Rs.1.80 lakh.

^{****} Space between two adjacent rows of pipes.

^{*****} Seoni-Rs.21.20 lakh, Shahdol-Rs.33.07 lakh, Sagar-Rs.5.55 lakh, Dhar-Rs.4.98lakh. and Shivpuri-Rs.27.85 lakh.

was made for lead of soil in excess of 250 m to save the cost of work. The reply is not acceptable as the lead was not payable at all in view of provisions of SOR (Roads) and agreements.

➤ **Non-recovery of excavated rock**

Non-recovery of cost of excavated rock from contractors.

As per mandatory provision of SORs (Bridge and roads), all excavated rock should be issued to the contractor at the rate of Rs.200 and Rs. 100 per cum respectively for utilisation in the work.

The test check of records of 7 PIUs, however, revealed that huge quantity of rock was excavated but recovery for it was not effected from the contractors. This has resulted in excess payment of Rs.28.34 lakh⁺⁺⁺⁺ to the contractors.

In reply the Government agreed (February 2005) to recover the excess payment.

3.4.13 Monitoring and Quality Control

Effective monitoring of the programme is the key factor to achieve the objectives and benefits timely. Therefore, the PMGSY envisaged a three tier system of monitoring. It was being done through an online management & monitoring system for which the PIUs were equipped with necessary hardware. Besides, quality control monitoring is also being exercised through PIUs, STA and National Quality Monitors (NQM) as envisaged in guidelines of GOI. The NRRDA have prescribed periodical reports and returns for monitoring the performance and progress of the project which were being submitted by the Authority to the designated authorities.

160 & 18 roads graded as average and poor respectively by the NQMs during inspection of 1478 roads indicated poor performance of the consultants/PIUs.

Audit noticed (August 2004) that the NQMs inspected 1478 roads upto July 2004, of which 160 and 18 roads were graded as average and poor respectively, which indicated poor performance of the consultants. The Government replied (February 2005) that most of the cases, graded as poor or average in earlier inspection were rectified in subsequent inspections. The reply is not convincing in view of status report of September 2004 which also indicated that 131 and 9 roads were still graded as average and poor respectively which entailing poor and average construction of roads as graded by NQMs.

3.4.14 Conclusion

The progress in connecting the habitations in the State was tardy mainly on account of misutilisation of funds for the purpose of upgradation of existing roads coupled with delay in setting up of project implementation units. This was compounded by incorrect selection of roads. The Yojana fund was also diverted to meet the expenditure that was required to be debited to state funds. Work was also initiated on the basis of defective project reports. Cases of deviation from specifications, adoption of incorrect design criteria and

⁺⁺⁺⁺ Ujjain-Rs.1.69 lakh , Guna-Rs.0.43 lakh, Chhindwara-Rs.1.88 lakh, Seoni-Rs.16.04 lakh, Sagar-Rs.1.45 lakh, Dhar-Rs.4.09 lakh and Jhabua-Rs.2.76 lakh.

application of costlier specifications were noticed and these resulted in escalation of cost. The above deficiencies were indicative of inadequate monitoring and lack of proper quality assurance system.

3.4.15 Recommendations

- Monitoring of the project implementation needs to be strengthened for proper utilisation of funds.
- In order to verify the checking done in terms of the prescribed percentages, the check measurement registers should be maintained by the Engineers of PIU and Consultants. The software for computation of quantities of items should be standardized.
- Tender premium excess and excess expenditure against sanctioned amount should be charged to State funds.
- Ad hoc enhancement of SOR should be reviewed.
- Work should be executed strictly as per MORT&H specifications.

Urban Administration and Development Department

3.5 Simhashta Mela 2004 Ujjain

Highlights

Simhashta Mela at Ujjain, held on the banks of river Kshipra every twelfth year when the 'Brahspati' enters the 'Singh' Rashi (Leo sign of the Zodiac), is the one of the largest spiritual gathering known to humanity. On this occasion pilgrims congregate in lakhs to Ujjain to have a holy dip in the sacred river Kshipra. The last Simhashta was held during April-May 2004 and was attended by nearly 2.75 crore people.

In order to provide the best of amenities to the pilgrims during the Simhashta Mela 2004, Government of M.P sanctioned action plan amounting to Rs.265.28 crore for different activities like maintenance of law and order, construction of roads, bridges, stop dams, ghats etc and for development of facilities related to accommodation, public health, electricity, drinking water, sanitation etc. An expenditure of Rs.239.54 crore was incurred till June 2004.

Significant findings of the review are given below:

Unauthorised expenditure of Rs.26.50 crore was incurred on 114 works without sanction of Ministerial sub committee.

(Paragraph 3.5.5)

An amount of Rs.2.76 crore was drawn in March 2004 of which only an amount of Rs.54 lakh was utilised by the time of completion of Simhashta Mela and the balance of Rs.2.22 crore has not been returned back to the Government.

(Paragraph 3.5.5)

Executing the pumping main with costlier DI Pipe instead of PSC pipe resulted in enhancement of capital cost by Rs.8.48 crore.

(Paragraph 3.5.7)

Extra expenditure of Rs.3.62 crore due to allotment of work at higher rates.

(Paragraph 3.5.10)

Unfruitful investment of Rs.26.22 crore in construction of 8 roads owing to inadequate quality surveillance.

(Paragraph 3.5.10)

Failure of Unhel-Ujjain (26.6 km) road constructed at a cost of Rs. 4.05 crore between June 2002 and April 2004 to last its designed life due to inadequate quality control and lack of supervision.

(Paragraph 3.5.10)

Due to non adherence to the specification extra expenditure of Rs.1.04 crore was incurred.

(Paragraph 3.5.11)

Undue financial aid of Rs.3.10 crore to contractors on account of payment of secured advances on maxphalt and down graded metal without provision in agreements.

(Paragraph 3.5.11)

3.5.1 Introduction

The Simhastha Mela 2004 was held between 5 April to 4 May 2004. Accordingly, the period from 21 March to 19 May 2004 was notified as 'Mela' period. The Mela area, spread over 2152 hectares, consisting of the entire Ujjain city and 14 villages and 4 railway stations (Chintaman Ganesh, Pingleshwar, Vikram Nagar and Naikhedi) was divided into 5 Zones and 19 sectors to accommodate three crore of devotees, 'sants' and 'akhadas'.

3.5.2 Organisational Setup

In order to provide the frame work for proper management and to ensure smooth conduct of the Simhastha Mela 2004 at Ujjain, various Committees^s were constituted to formulate policy and to guide and advise the District Administration and Mela Officer (MO). Government delegated (September 2001) financial powers to the HPC for according administrative sanctions.

Responsibility of execution of works pertaining to the Simhastha Mela 2004 were entrusted to 18 implementing agencies comprising Government Departments, local and autonomous bodies as detailed below:

^s

<i>Name of Committee</i>	<i>Chairman</i>
1. <i>Central Committee</i>	<i>Chief Minister</i>
2. <i>Ministerial Sub Committee</i>	<i>Chief Minister</i>
3. <i>Secretaries Level Committee</i>	<i>Chief Secretary</i>
4. <i>Local Committee</i>	<i>Minister Incharge of Ujjain District</i>
5. <i>Funds Management Committee</i>	<i>Minister, Public Works Department</i>
6. <i>High Power Committee</i>	<i>Commissioner, Ujjain</i>

Name of Department	Responsibility given
Urban Administration and Development	Release of funds including overall supervision and monitoring of the arrangements for the fair.
Public works	Construction/ improvement of roads and bridges outside of the municipal limit of Ujjain city.
Public Health Engineering	Storage and supply of drinking water and sanitation facilities.
Water Resources	Provision of adequate water to river Kshipra for Simhastha Snans and construction of ghats on the bank of river Kshipra.
Medical and Health	To provide medical and health facilities.
Home Department	Maintain law and order, control of traffic and the crowd apart from Bomb detection and watch on antisocial elements in Mela area.
School & Higher education	To maintenance of school/college buildings for housing the force and providing volunteer service.
Tourism Department	To explore possibility for development of tourism.
General Administration	Acquisition of land for Mela and overall administrative control.
Dharmasva	Renovation and maintenance of religious buildings within mela area
Public relations	To provide wide publicity to the event and generate revenue through advertisements.
II- Local and autonomous bodies	
Municipal corporation	Construction and maintenance of roads and providing civil amenities.
MP State electricity board	Supply and maintenance of electricity.
EPCO	Preparation of study reports for maintenance of environment in Ujjain
Development authorities and Nagar panchayats	Construction work relating to Simhastha.
Samiti Mahakaleshwar Temple	Improvement and renovation of temple.
Kalidas Academy	Cultural activities.

3.5.3 Audit Coverage

Funds for managing the mela were provided to 23 Government Departments (Offices) and 11 Local and Autonomous bodies. Out of these records of 16 offices^{****} for the period 2001-04 were test checked during October 2003 to January 2004 and May to July 2004. The works allotted to the Municipal Corporation, Vikas Pradhikaran and Autonomous bodies were not covered in this review.

3.5.4 Audit Objective

The main objective of this review were to examine:

- the methodology of preparation of action plan and release of funds.
- the effectiveness of expenditure on works.
- the system of quality assurance of construction works.
- the utility and use of infrastructure created after Simhastha Mela 2004.

3.5.5 Financial Management

The Action Plan containing departmental proposals for making the arrangements during the mela and the estimated amount required for implementation of the plan were submitted by the departments to Ministerial Sub Committee (MSC) for sanction, through the MO and Commissioner, Urban Administration and Development Department (CUAD). The complete Action Plan for Rs.265.28 crore was sanctioned (2001-2004) by the MSC, expenditure of Rs.239.54 crore had been incurred till June 2004.

Audit observed that:

Though the Simhastha mela ended in May 2004, the accounts of expenditure were not finalised as of September 2004. The MO stated that due to non receipt of accounts from the concerned departments, the accounts could not be finalised.

An amount of Rs.4.04 crore^{§§§§§} provided as advances during 2002-2004 to employees and associated agencies working with the Commissioner, Public Relation, the District Public Relations Officer, Ujjain and the Superintendent

^{****} 1. Commissioner Urban Administration and Development Bhopal, 2. Commissioner Jansampark Bhopal, 3. Mela Officer Ujjain, 4. Chief Medical and Health Officer, Ujjain, 5. Superintendent of Police Ujjain, 6. Principal, Polytechnic Ujjain, 7. Principal Ayurvedic College, Ujjain 8. MPSEB, 9. CE, PWD Ujjain, 10. EE PWD Division No.1, 11. Division No.II, 12. Bridge Division, 13. Water resources division, 14. PHE Project Division, 15. PHE Rural Division, 16. PHE (Mechanical) Division Ujjain.

^{§§§§§} 1). Commissioner, Public Relation Rs. 1.92 crore 2) District Public Relation Officer, Ujjain Rs. 0.20 crore 3) Superintendent of Police, Ujjain Rs.1.92 crore.

of Police, Ujjain was not finally adjusted as of August 2004. Non-adjustment of advances within the prescribed time limit of three months was a violation of the provisions of the Treasury Rules.

➤ **Execution of works without obtaining sanction of MSC**

Unauthorised expenditure of Rs.26.50 crore on execution of unsanctioned works.

One hundred fourteen works costing of Rs.26.50 crore as per details given in **Appendix-XXXIX**, were not included in the sanctioned action plan but were executed by the departments without obtaining the sanction of the MSC. Of these, 84 works costing Rs.13.16 crore were executed by diverting the savings from other sanctioned works and 30 works costing Rs.13.34 crore were executed without availability of budget provisions, in disregard of the provisions of the Financial Code. The MSC accorded expost-facto approval for 107 works costing Rs.17.67 crore in January 2005 and recommended allotment of Rs.10.79 crore to the 18 implementing agencies.

➤ **Irregular advance payment**

An advance payment of Rs.1.24 crore was made without competent sanction.

With the object of meeting the immediate local requirements and timely completion of the essential works during Simhashta Mela 2004, the Government had created a Contingency Fund at State Level with a grant of Rupees three crore, under 'Simhashta Mela 2004 Contingency Fund Rules 2004' (March 2004). Expenditure was to be incurred from the Fund on the items approved by the "Funds Management Committee" under the chairmanship of the Minister of Public Works. A test-check of records of the Commissioner, Ujjain (July and September 2004) revealed that an amount of Rupees three crore was drawn from the treasury and kept in a current account opened (March 2004) in a Bank for the purpose. An amount of Rs.1.24 crore was sanctioned and paid (May 2004) by the Commissioner, Ujjain, to the District Commandant, Home Guards, Ujjain as an advance, for payment of honorarium and diet money etc, to the home guards for their deployment during the mela, without the approval of the Fund Management Committee. The amount of advance was not recouped by the department as of September 2004. The remaining amount of Rs.1.76 crore was, however, remitted into treasury (July 2004) at the instance of audit. Thus, the advance payment of Rs.1.24 crore, paid without obtaining the sanction of competent committee, was irregular.

➤ **Non-receipt of utilisation certificates**

Utilisation Certificates for Rs.25.16 crore were not received.

Government sanctioned (March 2004) Rs.30 crore as a grant -in -aid to Local and Autonomous Bodies for making arrangements for Simhashta Mela. Of this, Rs.29.79 crore were actually released to the Local and Autonomous Bodies (March 2004).

According to the sanctions issued by HPC the utilisation certificate for the grant-in-aid was required to be furnished after completion of event. Audit

observed (September 2004) that utilisation certificates for Rs.25.16 crore ***** were not furnished as of September 2004 by 8 institutions although the Simhastha mela concluded in May 2004.

➤ **Blocking of Simhastha funds**

Drawal of Rs.2.76 crore in anticipation of requirement.

An amount of Rs.2.76 crore drawn from the treasury (March 2004) for execution of works was deposited in bank accounts (March 2004). Of this, only Rs.0.54 crore were utilised (April and May 2004) and the remaining amount of Rs.2.22 crore was lying unutilised in the bank. Despite completion of Simhastha Mela in May 2004, the amount has not been remitted back to Government.

On this being pointed out the MO replied that the amount was deposited in bank to meet the requirement of funds during Simhastha Mela 2004.

Amount not deposited in Treasury

The amount of Rs.1.10 crore received from the Indian Oil Corporation (IOC) (February, April and June 2004) was not credited into the treasury but kept in a bank account, out of which a payment of Rs.0.76 crore on purchase and erection of the signages was made in contravention of the provision of the treasury rules. The remaining amount Rs.0.34 crore was lying in the bank account (September 2004).

3.5.6 Improvement of infrastructure – construction of hospital

➤ **Unfruitful investment due to non completion of hospital building**

For construction of hospital building and providing Ayurvedic Medical facilities in the Mela Area an amount of Rs.1.15 crore was approved by the MSC (June 2002).

Unfruitful investment of Rs.1.03 crore due to non completion of hospital building.

Test-check of the records of the Principal, Ayurvedic college, Ujjain (September 2004) revealed that the construction work of the hospital building was not completed within the scheduled period (October 2003). The construction agency required further funds of Rs.0.55 crore on account of changes of design and increase of 1094 sq metre in the construction area (April 2004). Non-completion of the hospital building during the period of Simhastha-2004 deprived the pilgrims of the benefit of Ayurvedic treatment. Besides, the investment of Rs.1.03 crore remained unfruitful.

The department confirmed the non completion of construction of hospital.

Municipal Corporations Dewas:Rs.0.50 crore, Ujjain: Rs.16.41 crore, Nagar Panchayat Omkarkeshwer :Rs.0.30 crore, Maheshwear:Rs.0.30 crore, Barnagar:Rs.0.22 crore, Ujjain Development Authority:Rs.2.16 crore, Indore Development Authority:Rs5.00 crore and Collector Ujjain :Rs.0.27 crore.

3.5.7 Improvement of infrastructure-supply of drinking water

➤ Irregularities in execution of augmentation of Ujjain Water Supply Scheme

In order to provide drinking water for the projected population of 6.36 lakh of Ujjain city in the year 2011 at 135 litre per capita daily (LPCD) and fulfillment of the requirement of water for pilgrims visiting the Simhastha mela 2004, the augmentation of the existing (56 MLD) water supply scheme (Gambhir Project Phase-II) for additional supply of 27.50 MLD of water was administratively and technically approved (December 2001) by the Commissioner, Ujjain and the CE for Rs.29.55 crore and subsequently revised to Rs.23.93 crore. Audit observed that the project was designed only for 8 years against the norms of 30 years and taken up without clearance from Central Public Health Environmental Engineering Organisation (CPHEEO), GOI. An amount of Rs.21.85 crore was spent on the scheme as of June 2004.

On this being pointed out, the EE stated that the technical comments of CPHEEO were followed while preparing the scheme and, it was an augmentation scheme designed to meet the additional requirement. Reply was not tenable as the clearance from CPHEEO is mandatory and augmentation schemes are also required to be designed for a period of at least 30 years.

It was also observed that as per the existing procedure, the cost of the project was to be borne by the Municipal Corporation and the State Government in the ratio of 70:30. It was, however, observed that the entire cost of the project was borne by the State Government and charged to Simhastha Mela. The Chief Engineer stated that the scheme was prepared for Simhastha Mela and was not an augmentation scheme. The reply was incorrect as the scheme was providing drinking water to Ujjain city since April 2004 and the corporation was realising revenue from supply of water from this augmentation scheme.

As per the project report, after completion and commissioning, the scheme was to be handed over to the Municipal Corporation for operation and maintenance. The Simhastha Mela HPC rejected (January 2004) the demand of the PHE department for additional funds of Rs.1.25 crore for operation and maintenance of the scheme. However, the division incurred an expenditure of Rs.1.95 crore during January to July 2004 by diverting funds provided for construction works. The said amount was neither reimbursed nor was the scheme taken over by the Municipal Corporation as of August 2004 on the ground of non-availability of funds and manpower. Moreover, the Commissioner, Ujjain demanded (July 2004) additional grant for operation and maintenance from Government which had not been sanctioned as of September 2004.

Execution of pumping main with costlier DI pipe resulted in enhancement of capital cost by Rs.8.48 crore.

According to the DPR and Manual on water supply and treatment, PSC pipes were recommended (June 2001) suitable for the pumping main. However, the provision of PSC pipes was changed (December 2001) to DI Pipe in the estimates on the ground that it can take more variation in internal pressure, water hammer, and has less maintenance cost. The department had procured 16794 M of DI pipes of 800 mm dia and 2349 M of 600 mm dia at an

aggregate cost of Rs.14.30 crore as against the cost of PSC pipes of Rs.5.82 crore. Thus, executing the pumping main with costlier DI pipes instead of the economical alternative of PSC pipes resulted in enhancement of capital cost by Rs.8.48 crore. The Chief Engineer stated that the decision to use DI pipes in place of PSC pipes was taken at Government level. The reply was not tenable as the decision for use of PSC pipes was taken in the Ministerial level committee headed by H'ble CM, which could not be changed in favour of DI pipes by the department without the approval of the Ministerial level Committee.

Incorrect application of rates resulted in excess payment of Rs.22.85 lakh.

According to the conditions of supply order the firm was to supply pipes through road transport but payment to the supplier was to be limited to the railway freight of Rs.1874.20 per MT. Audit scrutiny revealed that payment at the rate of Rs.2342.80 per MT was made resulting in excess payment of Rs.22.85 lakh.

Extra cost of Rs.11.62 lakh due to non-utilising the agency of DGSD and irregular payment of Rs.7.35 lakh towards excise duty.

Rules provide that purchase should be made through the Director General of Supplies and Disposals (DGSD). The EE, however, procured an additional quantity of 1298 M (800 mm dia) DI pipes in November 2003 at a cost of Rs.1.08 crore through MPLUN at higher rates as compared to the rates of DGSD resulting in extra cost of Rs.11.62 lakh. Further, the pipes were exempted from Central excise duty (CED) yet payment of Rs.7.35 lakh was made to the supplier on account of CED.

3.5.8 Water Supply arrangements at various sites of Panchkoshi Yatra

The Commissioner, Ujjain accorded administrative approval for Rs.2.08 crore in November 2003 and March 2004 for water supply arrangements at various sites of Panchkoshi Yatra held between 14 April to 19 April 2004. Allotment of Rs.1.90 crore provided to EE, PHE Division Ujjain during 2003-05 was spent by June 2004 and further allotment of Rs.17.68 lakh for clearance of pending liability was demanded which was not provided as of August 2004.

Extra cost of Rs.15.96 lakh on purchase of MS stands at higher rates

Audit scrutiny revealed that the requirement of MS stands for HDPE water storage tanks was sent to the CE by the EE/SE on 12 November 2003 and the CE placed the supply orders to the MPLUN between December 2003 and January 2004. The MPLUN in turn issued supply orders on 9 February 2004 which were actually dispatched on 6 March 2004. Consequently, the firm was unable to fabricate and supply the stands in scheduled time upto 8 March 2004. SE placed revised supply orders between 17 March 2004 and 22 March 2004 without taking approval from CE and MO and procured 122 MS stands of higher specifications at a cost of Rs.19.10 lakh from M/s Dewas Udhyog, Dewas at higher rates compared with the rates of MPLUN. Thus, the delayed action on the part of the CE and MPLUN resulted in an extra cost of Rs.15.96 lakh. EE stated that the material was purchased from a Small Scale Industry Unit and the MS stands of MPLUN did not have the bearing capacity necessary to avoid casualties. The reply was not correct as the original orders were placed after considering all aspects and the orders were cancelled only due to non supply of the stands in time.

3:5.9 Improvement of infrastructure - Ghats

➤ Construction and extension of Ghats

Seventy three works relating to construction, extension and development of *Ghats* with total length of 3505 M on the banks of the river Kshipra and stop dams for storage of water in river Kshipra at estimated cost of Rs.7.78 crore were executed and an expenditure of Rs.7.36 crore was incurred till June 2004.

➤ Extra cost due to acceptance of higher rates.

Extra cost of Rs.22.60 lakh due to acceptance of tender at higher rates.

Administrative approval for Rs.97.34 lakh for construction of 12 *Ghats* on the Right Bank of Kshipra between Ganesh *Ghat* and Railway over Bridge and Rs.29.76 lakh for construction of a *Ghat* at Ram *Ghat* between RD 0 to 70 M were accorded in May 2003. NIT of these works and construction of Saidana *Ghat* in 5 groups were floated on 5 May 2003. The Executive Engineer accepted the tender for one group for construction of Saidana *Ghat* at 1.45 percent above the Unified current schedule of rates (UCSR) in May 2003. In the remaining four groups, the District Planning Committee (DPC) on the recommendation of the EE approved (May 2003) the tenders at higher rates ranging between 19.23 and 19.46 percent above UCSR as compared with the rate of 1.45 percent above UCSR accepted for Saidana *Ghat*. This resulted in extra cost of Rs.22.60 lakh.

EE stated that these works were to be completed before the rainy season, so there was no time to recall the tender and the time for completion was very short. The reply was not tenable as the division had been asked by Mela Committee for submitting the proposals as early as in 2001-02. The division, however, submitted proposals in May 2003. Thus, inordinate delay on the part of the department and acceptance of tender at higher rates, resulted in extra cost of Rs.22.60 lakh.

➤ Irregular award of piece work

Extra cost of Rs.18.02 lakh on execution of work through piece workers.

After approval of DPC (January 2002), the EE issued 27 work orders valuing Rs.42.59 lakh for the work of Karkraj and Angareshwar stop dams on piece work system without invitation of tenders during January 2002 to September 2003 and payment of Rs.40.55 lakh was made.

The award of work on piece work basis in contravention of the manual provisions and without invitation of tender was irregular and led to extra cost of Rs.18.02 lakh as compared with prevailing market rates of 14.21 percent below UCSR 1998 (Ruda Kheda tank-Agt No.11 of 2002-03).

EE stated (August 2004) that these works were carried out due to urgency and after approval of DPC. The reply was not tenable as the DPC was not competent to approve piece work orders valuing Rs.42.59 lakh. Further, though the approval for piece work was received in January 2002, orders were issued upto September 2003 which indicates that there was no urgency of

work. The case was also not submitted (September 2004) for approval to MSC.

➤ **Inadmissible payment**

Irregular payment of Rs.12.20 lakh for construction of ring bunds.

The work of construction and development of Ghats estimated to cost Rs.1.84 crore and Rs.23.46 lakh respectively was entrusted to two contractors in February and April 2002 on item rate tenders. Rs.1.70 crore and Rs.21.13 lakh were paid to these contractors as on September 2003. As per UCSR, protection work is the responsibility of these contractors and no extra rate was prescribed for such works. These were to be constructed from excavated material for which the rate of wet excavation and lead were already provided. It was, however, observed that construction and removal of ring bund* was taken as a separate item though separate rate had not been prescribed in UCSR for this. Payment of Rs.12.20 lakh was made to the contractors for construction of ring bund which was inadmissible. When pointed out in audit the EE stated that the construction and removal of ring bund was a separate item and necessary for executing the work. The reply was not acceptable as the construction of ring bund was subsumed in the work of construction and this material required with lead for the same work had already been covered in the item rate tender under protection work.

3.5.10 Improvement of infrastructure - Construction of roads

To cope with the unprecedented traffic anticipated during the mela, it was planned to (i) construct and improve outer and inner ring roads within the radius of 10 and 5 Km of Ujjain city and (ii) improve the link roads connecting Ujjain. This envisaged constructing, improving, widening, strengthening and black topping of 37 roads (320 kilometres length) at an estimated cost of Rs.61.22 crore. An expenditure of Rs.69.51 crore was incurred till June 2004.

➤ **Improper planning**

Following the experience gained from Simhastha 1980 and 1992, the Commissioner Ujjain had recommended that administrative sanctions for various works for Simhastha Mela 2004 should be issued so as to leave at least a span of 3 years for their timely execution. Administrative sanctions for various roads works were however, issued only 1 to 26 months before the commencement of the Mela as detailed below:

Ring bund: Temporary structure constructed for protection of main pillars/piers which are submerged in water.

Sl.No.	Month of A.A Sanction	Description of works	No. of works	Length in Km	Amount of AA (Rs.in crore)	Period available for completion
1	February 2002	Road works	20	154.80	34.54	26 months
2	June 2002	Road works	12	131.10	22.26	21 months
3	February 2004	Road works	1	7.00	2.04	2 months
4	March 2004	Road works	4	27.60	2.38	1 month

This caused a serious strain on the implementing agencies and the roads could only be completed in April 2004 against the targeted month of January 2004.

The delay in submitting the proposals and according administrative sanction coupled with delay in invitation of tenders by implementing agencies left little time to obtain competitive rates which led to allotment of work at higher rates as discussed below:

➤ **Extra cost due to allotment of work at higher rates**

The Chief Engineer, West Zone, Indore invited tenders (April 2002) in 5 packages estimated to cost Rs.30.73 crore even before the sanction of estimates between November 2002 and April 2003. The Government accepted the lowest tenders which ranged between 9 and 9.99 percent above SOR in May 2002 on the grounds of urgency. The contractors executed the work and was paid Rs.36.72 crore till May 2004.

Audit scrutiny revealed that MSC in its meeting held on 9 June 2001 had directed PWD department to submit the proposals for construction of roads within 15 days. The department however submitted the proposals on 19 February 2002 i.e. after a lapse of 7 months. HPC accorded administrative approval on 20 February 2002. The works were finally entrusted to contractors in June 2002 for completion between September 2003 and December 2003. These works were actually completed between 31 March and 20 April 2004, after commencement of the Simhastha Mela.

The delay on the part of the department in finalisation of proposals and award of contract left only 18 months (June 2002 to December 2003) time for construction of roads for the executing agencies. Thus, the Public Accounts Committee's (PAC) recommendations (April 2002) regarding availability of atleast 36 months' time for construction of roads was not adhered to.

Scrutiny in audit revealed that the prevailing rates ranged between 12.52 percent below and 1 percent above SOR without escalation payment. Thus acceptance of tenders at 9 and 9.99 percent above with escalation payment was on the higher side and resulted in extra cost of Rs.3.62 crore as per details given in **Appendix-XL**.

CE stated that the location of works and also the time of acceptance of packages 1 to 5 are quite different. The reply was not acceptable as due to the insufficient time left with department, the department was not able to get

competitive rates. Further, the location of works with lower rates was in Ujjain District and the period for the finalisation of tenders was also contemporary and similar (May-June 2002).

➤ **Poor quality of construction due to delayed sanction**

It was seen that the time available for construction of various works after these were sanctioned was less than 36 months. The compact time frame on account of delayed sanction had an adverse impact on quality of construction. Test check revealed that 9 road works executed at a cost of Rs.30.27 crore were found to have serious deficiencies in quality as per details given below:

Sl. No.	Name of the Road	Date of sanction	Date of commencement	Date of completion	Length (in Km)	Expenditure (Rs. in lakh)
1	Ujjain -Dewas -Maxi - road via lalpur	20 Feb 2002	12-Jun-02	20-Apr-04	8.80	306.47
2	Ujjain -Indore road to Ujjain -Dewas road	20 Feb 2002	13-Jun-02	31-Mar-04	3.60	147.77
3	Jaisinghpura -Diversion road	20 Feb 2002	30-Dec-02	31-Mar-04	3.60	63.47
4	Maxi to Agar road via Pingleshwar	20 Feb 2002	12-Jun-02	20-Apr-04	12.40	478.55
5	Agar road to Unhel road via Jaithal	20 Feb 2002	4-Jun-02	25-Mar-04	13.00	483.71
6	Unhel road to Badnagar via Dharm Badla	20 Feb 2002	4-Jun-02	26-Mar-04	15.40	496.43
7	Badnagar to Jawasia road	20 Feb 2002	12-Jun-02	31-Mar-04	7.50	237.45
8	Jawasia to Indore road	20 Feb 2002	12-Jun-02	31-Mar-04	11.20	408.59
9	Unhel Ujjain road	March 2004	March 2004	20-Apr-04	26.60	405.00
			Total		102.10	3027.44

Illustrative cases of damaged roads are discussed below:

➤ **Unfruitful expenditure due to inadequate quality surveillance**

Investment of Rs.26.22 crore in construction of 8 roads proved unfruitful owing to inadequate quality surveillance.

Construction work of eight roads as mentioned at Sl.No. 1 to 8 of the above table with a total length of 75.50 km was completed (April 2004) for Simhastha Mela 2004 at a cost of Rs.26.22 crore. The Government, with a view to assuring quality surveillance in construction, had directed (March 2002) that a private consultant be engaged for the purpose. Accordingly, the work of consultancy services was entrusted (September 2002) to a consultant for 0.96 per cent of the cost of civil work. The consultant was required to conduct various tests of construction materials as well as of the works executed by the civil contractors at prescribed frequencies as laid down by the MORT&H by establishing well equipped laboratories at each work site.

Audit observed that the consultant did not conduct the prescribed tests on construction materials and works but payment of Rs.41.43 lakh as of March 2004 was released to him on the basis of certificates recorded in the measurement books. Scrutiny in audit revealed that the roads were not of standard quality and several potholes developed during the first rainy season itself. The committee consisting of three senior officers constituted by the Government to investigate the quality of works executed also disclosed in their report (September 2004) that the roads were completely damaged and

were beyond repairs. Further, the representative of Chief Technical Examiner (Vigilance) also confirmed technical defects in construction of roads.

Thus, expenditure of Rs.26.22 crore on construction of roads proved unfruitful owing to inadequate quality surveillance. The agreement entered into with the consultant also did not provide for a clause for damages nor was any action initiated against the civil contractors and the consultants.

➤ **Wasteful expenditure on Unhel-Ujjain Road**

Administrative approval for widening and improvement of 26.60 km long Unhel-Ujjain road as mentioned at Sl.No.9 of above table for Rs.1.81 crore was accorded by Government in July 2000. The work was entrusted to a contractor at an aggregate tendered cost of Rs.1.49 crore between October 2000 and February 2001 in three groups for completion within 18 months. The contractor executed work for Rs.1.97 crore against which payment of Rs.1.75 crore was made between December 2001 and March 2004.

Extra expenditure of Rs.20.18 lakh due to execution of PCC on newly constructed WBM.

- The agreements and estimates provided laying 20 mm Open Graded Premix Carpet (OGPC) on newly constructed Water Bound Macadam (WBM) widened portion of 2 M width. Audit observed that the Profile Corrective Course (PCC) was also laid on the surface which was unwarranted and not provided in the estimates and agreements and resulted in extra expenditure of Rs.20.18 lakh.

Contractor and defaulting officers were not penalized for premature failure of road.

- The WBM and Black Topping (BT) were designed for a period of 15 and 5 years as per sanctioned estimates based on IRC specifications. It was, however, reported that the road was badly damaged and completely washed out in a few stretches. The Additional Collector, Ujjain, appointed to investigate the reasons for damage, stated (March 2003) that improper drainage system, ineffective quality control and lack of supervision led to failure of road within a year of construction. Government directed (July 2003) disciplinary action against defaulting Officers. However, no action had been taken against them and the contractors till date (September 2004).

Inadequate quality control and lack of supervision resulted in premature failure of road.

- In order to rectify the defects and provide smooth traffic during Simhashta Mela, the Commissioner Ujjain accorded administrative approval for Rs.2.23 crore in March 2004 for strengthening and improvement of the same 26.60 km long Unhel-Ujjain road. The work (estimated to cost Rs.2.10 crore) was entrusted to two Indore based contractors, without invitation of tender, at 9.50 and 9.99 percent above SOR executing the packages II and IV of Simhashta roads. The work was completed within a period of one month against the normal requirement of one year and payment of Rs.2.07 crore was made to the contractors up to May 2004. The Chief Engineer, however, did not accord technical sanction for the work as of September 2004. It was noticed in audit that the road was again damaged in the very first rainy season. Thus, the road on which an amount of Rs.4.05 crore was spent between June 2002 to April 2004 did not last for its designed life due to inadequate quality control and lack of

supervision by departmental officers. No penal action had been initiated against the defaulters as of September 2004.

➤ **Change in design in construction of outer ring roads**

Execution of work without approved design caused damage to roads constructed at a cost of Rs.21.16 crore.

The PWD submitted proposals for construction of seven outer ring roads of 71.20 km length for Rs.29.69 crore in February 2002 to the Central Committee of Simhastha. The proposals were based on the crust design, prepared by the Government Engineering College, Ujjain. Audit observed that in order to reduce the cost, as recommended by the committee, the height of road embankment of 900 mm with side slope of 2:1 was reduced to 600 mm with side slope of 1:1 and 50 mm BM followed by SDBC was replaced by 20 mm thick OGPC. This was done without the approval of the institution which had designed the crust. This revision was also administratively approved (February 2002) by the Commissioner Ujjain for Rs.20.69 crore. The change in design and execution of work at a cost of Rs.21.16 crore resulted in damage to roads in the very first rainy season (July-November 2004).

Incorrect estimation led to cost over run of Rs.6.01 crore.

Scrutiny in audit revealed that the cost was revised to Rs.24.38 crore in October 2003 and again to Rs.26.70 crore in March 2004. It was further noticed that though the Commissioner Ujjain accorded the revised administrative approval yet funds were not provided. The increase in cost by Rs.6.01 crore (26.70 – 20.69) was mainly due to initial inadequate provision for land acquisition and cross drainage, non-provision of shifting utilities and incorrect estimation. The Government directed (May 2003) taking disciplinary action against officers who had prepared the estimates. The directions had not been complied with as of September 2004.

➤ **Deficiencies in construction of Panchkoshi roads**

Unwarranted reduction in scope of work led to damage to earth work and sub-base.

In order to provide smooth traffic to foot pilgrims for Panchkoshi yatra, the Commissioner Ujjain accorded Administrative Approval (AA) for construction of 7 Panchkoshi roads for Rs.10.85 crore in June 2002. The works were entrusted to a contractor in December 2002 for completion by November 2003. The contractor constructed the embankment and granular sub base for which Rs.4.55 crore was paid to him in March 2004. Audit observed that during the currency of contracts the scope of work was reduced and revised AA for Rs.6.89 crore was accorded by Commissioner in October 2003 by curtailing WBM and asphaltting work and deleting the work of cross drainage. Due to reduction in the scope of work, the possibility of damage to earth work and granular sub base constructed at a cost of Rs.4.55 crore could not be ruled out.

EE stated that the scope of work was reduced as per orders of higher authorities. The reply was not acceptable as the instructions were not in conformity with specifications and revised technical sanction was also not accorded by CE (February 2005). The CE further stated (February 2005) that Government had not accorded sanction of execution of WBM and asphaltting work on these roads.

3.5.11 Irregularities in construction of roads

➤ **Non-recovery of cost difference between packed and bulk bitumen**

Excess payment of Rs.24.67 lakh due to use of bulk bitumen

- As per terms of the agreement the contractors were required to use packed bitumen in all bituminous work. Scrutiny in audit revealed that two contractors used 721.79 MT of bulk bitumen instead of packed bitumen on Unhel-Ujjain road in February-March 2004 and payment was made without recovery of the cost difference of Rs.24.67 lakh between packed and bulk bitumen at the rate of Rs.3418.20 per MT. The EE stated that different rates are applicable to bulk and packed bitumen. The reply is not tenable as the contractors had tendered their rates by considering packed bitumen which is costlier than bulk bitumen.

Incorrect calculation resulted in excess payment of Rs.6.19 lakh

- As per terms of the contract the variation in the prices of bitumen shall be worked out on the basis of prices operative during the period of procurement of bitumen. Scrutiny in audit revealed that during the execution of the work of Ujjain-Maxi road the price variation in bitumen was paid with reference to the prices of bitumen on the date of consumption rather than the date of procurement. This resulted in excess payment of Rs.6.19 lakh. The divisional officer admitted the excess payment; the recovery was awaited in audit as of August 2004.

➤ **Excess payment on account of tack coat**

Unwarranted laying of tack coat resulted in excess payment of Rs.4.31 lakh.

- Application of tack coat is not necessary when a freshly laid bituminous course is followed by another bituminous course. Therefore the work was required to be so planned that MSS was to be laid directly over the freshly laid bituminous macadam layer so that application of tack coat could be avoided. Contrary to this, in the work of Ujjain -Maxi road additional tack coat was laid over 52773 sqm area soon after BM and prior to wearing course of MSS, resulting in excess payment of Rs.4.31 lakh. On this being pointed out in audit, the EE admitted the mistake; recovery however, had not been effected (August 2004).

➤ **Excess payment due to violation of instructions**

Non inclusion of provision for departmental supply led to an excess payment of Rs.36.45 lakh.

According to the stores purchase rules, RCC hume pipes were reserved for exclusive purchase through the agency of MPLUN. The Engineer-In-Chief (E-in-C) directed (February 2001) that a provision to be made for departmental supply of RCC hume pipes in the tender documents for construction of pipe culverts.

Executive Engineers, however, did not include the provision for departmental supply of pipes in 9 agreements and the contractors arranged 4225 metres pipes during May 2002 to March 2004 in construction of culverts which resulted in excess payment of Rs.36.45 lakh.

EE stated that the procurement of pipes was to be done by the contractors as per provisions of the agreement. The reply is not tenable as the provisions of the agreements was not in conformity with the instructions of E-in-C.

Moreover the condition for procurement of pipes through MPLUN as per provision of SOR was not followed.

➤ **Application of tack coat by bitumen instead of emulsion**

Application of bituminous tack coat resulted in excess expenditure of Rs.81.23 lakh.

Public Work Division No.I and II, Ujjain executed the work of tack coat over an area of 16.23 lakh sqm with bitumen using 5 kg and 10 kg per 10 sqm over existing bituminous and WBM surface instead of 2.5 kg and 4 kg emulsion per 10 sqm respectively as per MORT&H specifications during 2002-2004. Thus, application of bituminous tack coat instead of emulsion tack coat resulted in excess expenditure of Rs.81.23 lakh as detailed in *Appendix-XLI*.

The Chief Engineer, in response, stated that tack coat with bitumen was executed as per the SOR and the agreement. The reply is not tenable because provisions made in the agreement were not conforming to the specifications.

➤ **Unwarranted execution of surface dressing**

Unwarranted execution of surface dressing resulted in extra cost of Rs.23.07 lakh.

"Surface Dressing" according MORT&H specifications is a wearing course and does not reinforce the road structure. Notwithstanding this, surface dressing in 96928 sqm* area was got executed by Public Works Division No.I and II Ujjain soon after bituminous macadam (BM) and mix seal surfacing (MSS) through three contractors during, 2002-04 at a cost of Rs.23.07 lakh. This was an avoidable and extra cost. When pointed out in audit, the EEs stated that single course surface dressing was got done to avoid deterioration of WBM surface. The reply was not tenable as BM and MSS were done immediately after surface dressing and was not as per the specifications of MORT&H.

➤ **Unauthorised financial aid to contractor**

Payment without provision in agreement resulted in undue financial aid of Rs.3.10 crore.

According to agreement, secured advance on imperishable material brought to site by contractor shall be sanctioned by divisional officer. No advance was payable on perishable material. Scrutiny in audit, however, revealed that the divisional officer sanctioned and paid Rs.3.10 crore towards secured advance on perishable material[#] to 6 contractors between March 2003 and February 2004. An amount of Rs.4.60 lakh was outstanding for recovery as of August 2004. Payment of secured advance of Rs.3.10 crore on perishable material was irregular and resulted in unauthorised financial aid for periods up to 353 days (*vide Appendix-XLII*). Besides this the Government had suffered a loss of interest of Rs.13.73 lakh calculated at the rate of 12 percent per annum, this being the rate indicated in the indenture bond furnished by the contractors.

* Ujjain Maxi road: 14245 sqm, Mahidpur Maxi road:31380 sqm and Inner ring roads:51303 sqm.

[#] Mexphalt-2302.31 MT-Rs.264.19 lakh and stone crusher dust and down graded metal-24707 cum-Rs.46.03 lakh.

On this being pointed out in audit, the EE stated that the packed maxphalt and down graded metal do not come under the category of perishable items. The reply is not tenable as secured advance on such items is not admissible under the provisions of CPW Account Code.

➤ **Unauthorised payment in the absence of approval for time extension**

It was observed that Government had directed (November 2001) that no running payments should be made to contractors till time extension was sanctioned. EEs in contravention to this released Rs.14.87 crore in respect of works executed by contractors during extended period without sanction of time extension by CE. When pointed out in audit the EEs stated that payment were released in the interest of work. The reply was contrary to Government instructions, therefore cannot be accepted in audit.

3.5.12 Improvement of infrastructures – construction of bridges

➤ **Extra cost due to acceptance of tender at higher rates**

Acceptance of tender at higher rates resulted in extra cost of Rs.34.55 lakh.

The tender for the work of construction of bridge across river Kshipra on Jaisinghpura diversion road estimated to cost of Rs.1.99 crore was invited on percentage rate in November 2001. On the recommendations of the department, Government accepted the tender of a contractor at 2.34 per cent above SOR in January 2002. Scrutiny in audit revealed that the prevailing rates ranged between 21.65 and 15.02[⊗] per cent below SOR. Thus, acceptance of tender at 2.34 per cent above SOR was on the higher side and resulted in extra cost of Rs.34.55 lakh.

When this was pointed out in audit the EE stated that the tender was accepted on percentage rate whereas prevailing rates were on lumpsum basis. The reply was not tenable as the evaluation of reasonability of rates were conducted on the basis of SOR. Further, the rates of bridges were subsequently accepted on percentage rate ranging between 18.57 and 15.09 per cent below SOR in November and September 2002.

3.5.13 Conclusion

Deviations were made from the action plan and works were executed without sanction of MSC. Although the Mela ended in May 2004, the accounts were not rendered by the implementing agencies in many cases. Advances granted were not adjusted or recovered which indicating lack of financial control. Inadequate quality control and lack of monitoring by the supervisory staff and the consultant led to poor quality of road infrastructure. The permanent works were required to be completed well before the Simhastha Mela but most of the road works were completed after the start of the Mela in April 2004.

[⊗] E-In-C No.401 dt 14.12.2001- Bridge across parvati river in Km 22/8-21.65 percent below SOR –Government Memo No.53/131/19/2001 dt 26.12.2001 Bridge across Kalisindh river -15.02 percent below SOR – Submersible bridge Across Kai river - 15.09 percent below- H.L Bridge across Uttawadi River -18.575 percent below SOR.

Administrative sanctions were issued late which caused serious strain on implementing agencies and led to allotment of work at higher rates. There were many technical as well as financial irregularities on which Government had ordered administrative action but such action had not been initiated in many cases.

3.5.14 Recommendations

In view of the various deficiencies noticed in audit the following recommendations are suggested for consideration of the Government.

- Effective financial control should be exercised on maintenance and finalisation of accounts and an effective system should be evolved for timely adjustment of advance payments.
- Adequate quality control measures should be ensured in all construction work.
- Different works of permanent nature for the next Simhastha should be executed well in advance of the event.

CHAPTER IV
Audit of Transactions

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CHAPTER IV

Audit of Transactions

4.1 Fraudulent Drawal / Misappropriation/losses

Mahila Evam Bal Vikas Department

4.1.1 Embezzlement of Government money

Failure to observe the codal provisions facilitated embezzlement of Government money to the tune of Rs. 21.70 lakh.

The Treasury Rules provide that all money transactions should be entered in the cash book as soon as they occur and get attested by the officer incharge of the cash book in token of check. Officer in charge of the cash book is also required to verify the totals of the cash book or get it done by some responsible officer other than writer of the cash book and initial it as correct. As per instructions issued by Government in April 1963 every drawing officer is required to conduct a fortnightly verification of drawals made from the treasury with reference to the treasury voucher slips and is also required to record a certificate to that effect in the cash book. With a view to preventing fraudulent drawals from treasury, Government had issued further orders (December 2000) that a list of all cheques drawn during the month should be sent by the Treasury Officer to the Drawing Officer by the 10th of the following month and the Drawing Officer after recording the certificate of verification therein is required to return the list to the Treasury offices by the 20th of the same month.

Test-check (March 2004) of the records of the Project Officer, Integrated Child Development Scheme (POICDS), Bina, District Sagar (hereinafter referred to as Drawing Officer) pertaining for the period January 1998 to February 2004 revealed that Fortnightly verification of drawals with reference to treasury voucher slips was not done and certificate to that effect was not recorded in the cash book. Totals in the cash book were not checked by any other responsible officer. Entries in the cash book were not attested during January 1998 to October 2000. The system of submitting the monthly list of cheques by Treasury Officer to the drawing officer and verification thereof by the latter was not in vogue. Embezzlement of Government money to the tune of Rs.21.70 lakh had occurred as follows:

- A sum of Rs.24 lakh was shown as receipt in the cash book during October 1998 to June 2003 in respect of 104 bills whereas as per treasury records an amount of Rs.43.96 lakh was drawn against these bills. Thus an amount of Rs.19.96 lakh (Rs.43.96 lakh - Rs.24.00 lakh) was drawn from the treasury and embezzled.

- A cheque dated 23 January 2003 of Rs.1,45,576 drawn from treasury shown as receipt in the cash book on 25 January 2003. A sum of Rs.1,12,839 was shown as paid on that date (page 187 of the cash book) whereas the actual total of all payments on that date was Rs.62,839 only. Thus by inflating the total on the payment side, a sum of Rs.50,000 was embezzled.
- Similarly Rs.1,46,823 drawn from Treasury on a cheque dated 16 October 2002 were shown as receipt in the cash book on 19 October 2002. Out of this Rs.1,16,023 were shown as paid on that date but the correct total of all payments on that date worked out to Rs.66,023 only. In this case also embezzlement of Rs.50,000 was made possible by inflating the total on payment side of the cash book.
- Rs.0.71 lakh were drawn in February 1998 (Rs.0.01 lakh – Bill No. 8 to 11) and December, 2002 (Rs.0.70 lakh – Bill no. 89 to 93) on account of arrears of DA and Pay but the same were not found recorded in the cash book.
- On 31 March 2003, the total of payments of page no. 2 of the cash book was Rs.1,31,817 but Rs.1,34,817 was carried over to next page reducing the cash balance to that extent;

On this being pointed out by audit, the Collector, Sagar constituted (March 2004) a committee to investigate into the matter. The committee submitted (June 2004) its report confirming the above defalcation of Government money but no action to initiate any departmental actions or to report the matter to the Police etc. has been taken (January 2005).

Thus, non-adherence to the codal provisions and non-observance of the Government instructions facilitated embezzlement of Rs.21.70 lakh.

The matter was referred to the Government in May 2004; reply had not been received (July, 2004).

Narmada Valley Development Department

4.1.2 Fictitious and doubtful payment

There was fictitious and doubtful payment of Rs.15.78 crore on the works pertaining to rehabilitation and resettlement of the Sardar Sarovar Project affected families and in works pertaining to Rani Awanti Bai Lodhi Sagar Project due to ineffective financial control on the work of survey, site clearance, maintenance of canal and purchase of stationery etc.

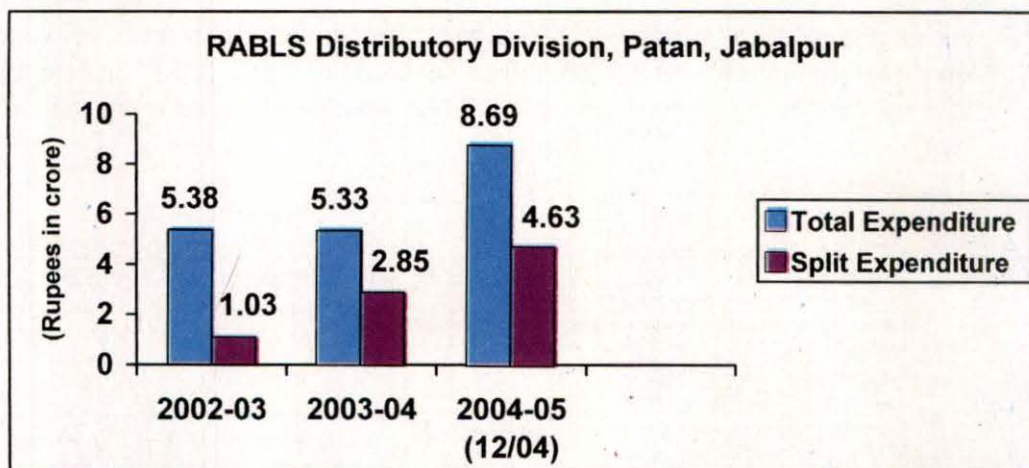
During the audit of vouchers of Executive Engineer (EE), Narmada Development Division No.22, Barwani, received in the office of the Accountant General, financial irregularities indicating fictitious and doubtful

payment of Rs.5.63 crore were noticed. On this being pointed out, the Government instituted (October 2004) an inquiry into the case and simultaneously requested (December 2004) for a special audit of all Narmada Valley Development authority (NVDA) field formations. Following this, a further test check of the vouchers received from 36 divisions of NVDA pertaining to the period from April 2002 to December 2004 was carried out. As per codal provisions, vouchers for expenditure exceeding rupees one thousand are received in the office of the Accountant General.

Audit observed that in addition to ND division No.22 Barwani, two other ND divisions viz. Rani Awanti Bai Lodhi Sagar (RABLS) Distributory Division, Patan (Jabalpur) and P.W.D, NVDA Sardar Sarovar Project (SSP) Rehabilitation Division, Barwani had incurred expenditure of large magnitude by splitting vouchers of avoid sanction of the higher authorities. Most of the bills were prepared on simple letterheads having no references to work orders or registration numbers of the contractors. The acceptance and payment of such bills were utterly irregular. These bills were not even machine numbered and in ND division No. 22 Barwani, these were not even countersigned by the EE. The specific irregularities noticed in these three divisions are discussed below:

RABLS Distributory Division, Patan

- For any work to be taken up, administrative approval and technical sanction are basic pre-requisites. In the distributory Division, Patan, two major agreements with contract values of Rs.9.64 crore and Rs.7.87 crore were running with NABARD assistance. However, only Rs.6.71 crore were actually spent on these works and Rs.8.51 crore were utilised on maintenance of canal, survey work, stationery etc though charged to these works.



Expenditure on maintenance of canals from funds allotted under NABARD assistance was not admissible as per its guidelines. Department has also not provided any budget for this purpose. The Divisional officer, however, flouting all the financial rules and setting aside instructions, guidelines and prescribed manual provisions, spent a huge amount on unapproved maintenance works; some of these were not required and some works did not

even exist. Payments aggregating to Rs.8.51 crore* were made through thousands of vouchers below Rs.5000 each to avoid sanction of higher authorities. Piece work agreements below Rs.50,000 were also resorted to for executing the works departmentally.

- C.E., RABLS project, Jabalpur issued Letter of Credit (LOC) of Rs.16.86 crore^s to EE, Patan without reviewing and correlating the actual expenditure reported by the division with the physical progress of work during April 2002 to December 2004. This facilitated the EE to spend funds at his discretion even on works that were not sanctioned. Despite exercise of checks such as site/office inspections, monitoring of NABARD reimbursement claims, review of monthly expenditure, preparation of budget estimates etc. by the CE and the SE, the irregularities continued over a long period of time. In fact, as per statements made by the Department, the CE was aware of the misappropriation of funds at the time of review of expenditure statement of August 2004 but no effective action was taken to remedy the situation. Thus, there was a failure in effective control and monitoring on the part of higher authorities.
- Works costing Rs.4.66 crore were got executed on verbal orders of EE through unregistered contractors which included construction of drains costing Rs.1.71 crore by splitting vouchers below Rs.5000 each.
- Maintenance works costing Rs.1.94 crore were executed on 387 piece work agreements without any budget in total disregard of codal provisions. Of these, 69 works valuing Rs.32.96 lakh were executed even without entering into any agreement. The entries in the dispatch register for issue of work orders were manipulated by inserting several work orders with sub numbers indicating tampering of official records. Even the references of such piecework agreements were not recorded on the vouchers as required.
- An excess payment of Rs.39.60 lakh was noticed due to execution of work on piecework agreement at the Unified Schedule of Rates (USR) instead of at 6 per cent below as provided in USR. The excess payment was accepted by EE.

			<i>Rupees in lakh</i>
<i>Sl. No.</i>	<i>Name of works</i>	<i>No. of bills/ Vouchers</i>	<i>Amount paid</i>
1	Leveling of top surface of banks of new canals	2727	115.89
2	Stationery, photocopy, computer typing, Ammonia printing/tracing	3918	192.00
3	Construction of drains	3800	170.95
4	Jungle clearance and survey work	1444	74.14
5	Moorum spreading on service roads and diversions	582	115.97
6	Other items of maintenance	2150	182.53
<i>Total:</i>			851.48 <i>say Rs.8.51 crore</i>

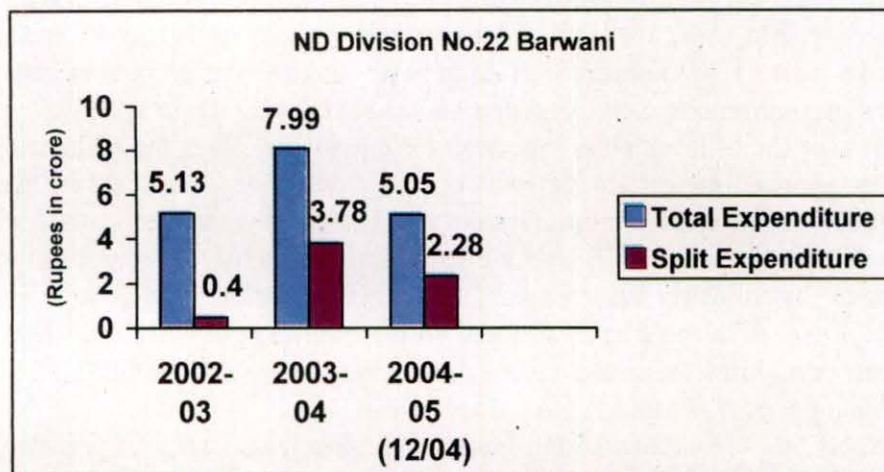
					<i>Rupees in crore</i>
		<i>2002-03</i>	<i>2003-04</i>	<i>2004-06 (upto 12/2004)</i>	<i>Total</i>
<i>RABLS</i>	<i>Distributory</i>	3.70	4.71	8.45	16.86
<i>Division, Patan</i>					

- Measurement book was not maintained properly. In a number of cases, description of work, location of site with reach, dimensions and measurements were not recorded. Entries were not made in chronological order. Measurements against work orders worth Rs.4.66 crore were recorded and checked by SDO and EE on the same date as that of the bills. In a number of cases the item of levelling of top surface on banks valuing Rs.1.16 crore was measured in sq.m without any reference to levels. These measurements were recorded and checked after 10 to 15 days from the date of the bill, which is practically not possible. Thus the authenticity of the recorded measurements was open to question. Certificate by Sub-Engineer to the effect 'measurement taken and bill recorded' was found recorded on pages of MB 1053 even though no entry of measurement existed. The division was renamed as per notification issued on 1 June 2004; however in some cases the seal with the new name was used to attest entries pertaining to period prior to renaming of the division. Thus the *modus operandi* adopted for measurements and maintenance of MBs indicated that the measurement books were fabricated only to justify the payments for the works.
- The divisional Officer also incurred (April 2002 to December 2004) an abnormally high expenditure of Rs.1.92 crore on office stationery (Rs.33 lakh), ammonia printing and tracing (55 lakh), photocopying and typing (Rs.1.04 crore). The entire stationery was shown as procured from the local market disregarding MP Stores Purchase rules. The stationery register (receipt and issue) was not made available to audit for verification. Supply orders covering Rs.13 lakh, though shown in the supply order register as issued to suppliers were not found despatched as per the despatch register. Thus, it appears that supply orders were prepared as an afterthought to justify procurement and incurring of expenditure of such high magnitude.
- As the work orders were split, the deduction of income tax, commercial tax and royalty which would have been applicable otherwise could not be levied. Consequently, revenue to the extent of Rs.34.67 lakh (Income tax-Rs.10.44 lakh, Commercial tax-Rs.9.32 lakh and Royalty-14.91 lakh) had to be foregone.

ND Division No. 22, Barwani

The payments for the works were split up into thousands of vouchers by keeping the amount below Rs.5000 in each case. Aggregate expenditure

through split vouchers of less than Rs.5000 each aggregated to Rs.6.46 ^ψcrore* in the division between April 2002 and December 2004.



Further, these works were got executed through a few selected contractors by the Sub Divisional Officers (SDO). The works were executed without inviting tenders, without sanction of estimates and without entering into any agreement. No record was kept of the progress of works though progress reports for other sanctioned works were being sent to higher authorities regularly. As against technical sanctions of Rs.12.60 lakh and Rs.7.52 lakh accorded (April-May 2003) for survey and grievance redressal works, Rs.2.92 crore and Rs.67.33 lakh respectively were spent unauthorisedly; the revised technical sanctions had not been obtained so far. Other cases of irregularity noticed in this division were as discussed below:

- The payments of Rs.2.32 crore against 4649 vouchers for the work of filling of earth or moorum with watering and compaction of 1,96,610 cum as a combined item at the high rate of Rs.118 per cum was irregular. Being different items, their clubbing and payment on single rate without any rate analysis was not justified. The execution of such item in huge quantity without specifying the exact location or site was also highly irregular and the expenditure appeared to be fictitious.

Sl. No.	Name of works	No. of sites	No. of contractors	No. of bills/ Vouchers	Amount paid (Rupees in lakh)
1	Survey works through contractors	25	10	4747	291.54
2	Supply of labourers for survey works	25	10	1064	55.13
3	Filling of earth or moorum	25	25	4649	231.91
4	Hiring of vehicles and labourers	25	15	1784	67.33
	Total				645.91
	Petty payments*	-	-		76.23

* Vouchers relating to petty payments (less than rupees, one thousand) are not sent to Accountant General along with the monthly accounts of the Division.

- Abnormally high expenditure (Rs.76 lakh) was incurred during the period April 2002 to December 2004 on petty payments on account of photocopying, PUL, typing etc. for which vouchers (less than Rs.1000 each) are not required to be sent to the Accountant General.
- An expenditure of Rs.67.33 lakh was incurred for providing vehicles and labours for complaint cases for survey and leveling and rechecking of house property survey, without the sanction of competent authority. It included Rs.21.11 lakh only on hiring of private vehicles and Rs.2.45 lakh towards contractors' commission. Interestingly, logbooks in respect of hired vehicles were not maintained; even the registration numbers of such vehicles were not on record. The payment of such a huge amount for hiring of private vehicles without any record and the sanction of the competent authority was not only irregular but doubtful.
- As the works order were split, the deduction of income tax, commercial tax and royalty which would have been applicable otherwise could not be levied. Consequently revenue to the extent of Rs.48.59 lakh (Royalty charges Rs.29.48 lakh, Commercial Tax Rs.4.64 lakh and Income Tax Rs.14.47 lakh) had to be foregone.
- According to the Unified Schedule of Rates (USR) 1998 no separate payment was admissible for ordinary jungle clearance while executing the items of work like (a) chain and compass survey, (b) chain and theodolite survey, (c) fly leveling for fixing temporary bench marks, and (d) leveling and double leveling for transfer of bench marks. However, a separate payment of Rs.17.51 lakh was made for ordinary jungle clearance in contravention of the USR provisions, which amounted to excess payment to contractors. Besides, an amount of Rs.20.68 lakh was also paid on account of construction of temporary approach roads without the sanction of proper authority.
- CE (PWD), N.V.D.A, Bhopal issued LOC Rs.18.90* crore to E.E.N.D. Division, Barwani without mentioning the names of various works to be taken up as required under Finance Department order dated 13 December 1984. This facilitated the division to spend the funds on works which were either not approved or for which funds were not allotted.

**P.W.D., N.V.D.A. Sardar Sarovar Project Rehabilitation Division,
Barwani**

- The Sardar Sarovar Project Rehabilitation Division, Barwani also adopted the similar procedure of splitting of payments into thousands of vouchers below Rs.5000 each and thus incurred unauthorised expenditure to the tune of Rs.63 lakh. Similarly by executing Piece Work Agreements of

	<i>Rupees in crore</i>			
	2002-03	2003-04	2004-05 (upto 12/2004)	Total
ND Division No.22, Barwani	5.60	8.10	5.20	18.90

individual value below Rs.50000 an expenditure to the tune of Rs.18.08 lakh was incurred unauthorisedly by splitting of expenditure.

On the financial irregularities pertaining to ND Division No.22, Barwani being pointed out in audit, the Government admitted (December 2004) to large-scale financial irregularities in the division. Officials found involved were placed under suspension. In respect of RABLS Distributory Division, Patan, the CE accepted (March 2005) the facts and held the EE responsible for the lapses. He further stated that LOC was issued to the division as per demand of EE and recommendation of SE; the control over the expenditure was done on the basis of total expenditure shown in statement under the works. Justification furnished by the CE is not acceptable as the CE was aware of the misutilisation of funds and did not take any remedial action.

4.2 Infuctuous/ wasteful expenditure and overpayment

Water Resources Department

4.2.1 Excess payment on account of escalation and short recovery of hard rock

Excess payment of Rs.5.50 crore due to incorrect calculation of escalation besides short recovery of Rs.11.39 lakh on account of hard rock issued to the contractor.

The work of construction of Madikheda masonry dam (Sindh Project Phase-II) was awarded (November 1993) at a cost of Rs.122.82 crore for completion within 60 months including rainy season. The contractor could complete only 2 per cent work within the stipulated period due to non clearance of forest land which was finally cleared in February 2000. The time extension of 7 years was granted (May 2001) by the Chief Engineer. The work was in progress and payment of Rs.139.45 crore (including escalation of Rs.53.95 crore) was made upto August 2004.

(a) Scrutiny of records revealed excess payment of Rs.5.50 crore on account of escalation due to adoption of incorrect base indices. In terms of the contract the base indices on the date of opening of price bids was to be taken for computation of escalation. However, upto September 2003, the division had taken September 1993, the date of opening of price bids, as the relevant base index but in October 2003, the base month for computation of escalation was changed to May 1993, the date of opening of tender.

On this being pointed out, the E-in-C stated (December 2003) that the date of revised offer was 22 May 1993, the date on which the contractor offered his first negotiated offer and this was adopted for payment of escalation.

Reply is not tenable as the date of 22 May 1993 was the date of first negotiated offer. In terms of contractual provision the base indices for the month of price bids was to be considered for computation of escalation. The

department had sought revised offer and accordingly the contractor offered the rebate of 3.46 per cent in September 1993 which was further reduced with additional rebate by 4 per cent in October 1993. Thus the final bids were offered by the contractor in October 1993 which should have been considered for base indices for the purpose of computation of escalation.

(b) As per provision of the Unified Schedule of Rates (USR), "For accounting of the excavated hard rock (inclusive of 40% voids) giving due consideration to unavoidable wastage, the quantity of utilizable rock to be recorded in books shall be 1.30 times (inclusive of 16% voids) of the quantity paid in excavation (solid rock cut). No further reduction for wastage is permissible".

Contrary to the above provisions, the department had accounted for 65378.213 cum hard rock as against 84991.61 cum (65378.213 X 1.30) resulting in short recovery of Rs.11.39 lakh (19613.39 cum @ Rs.58.10).

On this being pointed out, the EE replied (December 2002) that the contractor was not bound by the provisions of USR as the contract does not speak of such provision. The reply was not tenable as the mode of measurement stipulated in the USR is applicable on all contracts.

The matter was reported to Government (August 2003). Reply was awaited as of January 2005.

Public Works Department

4.2.2 Payment for work not actually executed

Payment for trench excavation at the rate of Rs.86 per cum resulted in excess payment of Rs.37.89 lakh.

Strengthening and widening of 87.06 km roads of Raisen District (probable amount of contract Rs.32.14 crore) under Central Road Fund (CRF) was awarded (2001-02) to three different contractors at 4.01 per cent to 7.20 per cent below the schedule of rates (SOR) issued in June 2000 by the Engineer-in-Chief, MP, PWD. Rupees 26.64 crore were paid to these contractors upto May 2004 through running bills.

According to the estimates and scope of work, the contractors had to excavate 1,62,164 cum of earth in trenches for widening of the road crust at the rate of Rs.86 per cum and also construct earthen embankment 157520 cum for widening of the formation width.

As per the rate analysis for item of SOR- "excavation of widening in trench" the item included two works- (i) Excavation of trench for widening (@ Rs.43 per cum) and (ii) construction of the embankment (@ Rs.43 per cum). Therefore the rate of Rs.86 per cum was payable when both the works were executed.

Scrutiny of the running bills revealed that the contractors had executed the quantity of excavation in trench for widening of road crust to the extent of 98160.26 cum but no embankment with equal quantities of earth work was

constructed. The contractors were paid at the full rates of Rs.86 per cum instead of Rs.43 per cum for excavation only resulting in payment of Rs.37.89 lakh for work not done.

Further, the embankment constructed was of 38,898.03 cum only and was paid separately as per another item of work included in the agreement.

On this being pointed out in audit, the Chief Engineer informed (November 2004) that an amount of Rs.33.94 lakh out of Rs.37.89 lakh has been recovered. While recovery was made at the instance of audit, no action against defaulting officers was taken.

The matter was reported to Government in April 2003. Reply was awaited as of January 2005.

4.2.3 Excess payment due to use of hume pipes of leaner specification in construction of culverts

Non-adjustment of rates on account of use of RCC hume pipes IS-458-1988 in place of IS-458-1971 resulted in an excess payment of Rs.55.56 lakh to contractors.

Percentage rate tenders for construction of hume pipe culverts and vented causeways were invited by five Public Works Divisions (Divisions) based on Bridge Schedule Of Rates (SOR) issued by Chief Engineer, Public Work Department (Central Zone), Jabalpur effective from 1 October 1990 and Bridge SOR issued by the Engineer-In-Chief, Madhya Pradesh PWD effective from 15 February 2001. Both the SORs provided for use of NP3 RCC hume pipes of IS-458 -1971 standard. This IS code was replaced by IS-458-1988. At present hume pipes of IS-458-1971 are not being manufactured.

It was noticed that Madhya Pradesh Rural Road Development Authority (MPRRDA) had also adopted the same SOR for construction of culverts and vented causeways. On the basis of rate analysis of both types of hume pipes, MPRRDA observed that NP-3 IS-458-1988 were lighter in comparison to NP-3 pipes- IS-458-1971 and decided (May 2002) that contractors may be allowed to use hume pipes as per IS 458-1988 in place of NP-3 IS-458-1971 with the following deductions from the full rate of SORs:-

Sl. No.	SOR reference	Deduction in Rupees per running metre for	
		1000 mm dia pipe	1200 mm dia pipe
I	Agreement drawn on bridge SOR of 1990	350.00	528.00
II	Agreement drawn on bridge SOR of 2001	452.00	722.00

Scrutiny in audit revealed that the works of construction of RCC hume pipe culverts and vented causeways were entrusted to various contractors by the divisions during 2000 to 2003 based on the above referred SORs. The works were got executed with NP3 hume pipes of IS 458-1988 but no deductions

were made on account of use of hume pipes of leaner specification which had resulted in an excess payment of Rs.55.56 lakh^s to contractors.

On this being pointed out in audit, the Executive Engineers (EEs) stated (May–August 2004) that neither were the SORs amended nor agreements entered into with the contractors provided for any deduction in rates and also no order was issued by the department for such reduction.

The replies were not tenable as the fact remains that the pipes of specifications mentioned in the contracts were not utilized, even after issue (March 2003) of amendment by the Engineer-in-Chief, Tender documents were also not amended accordingly.

The matter was reported to Government in September 2004, reply was awaited as of January 2005.

Narmada Valley Development Department

4.2.4 Overpayment due to incorrect measurements and extra cost due to non-verification of the resources of the contractor

Inflated measurement relating to various items of works including dry and wet excavation resulted in overpayment of Rs.4.08 crore to the contractor; besides that, award of work without ascertaining the contractor's resources also resulted in extra cost of Rs.22.17 crore.

Item rate tenders along with prequalification bids for earth work, cement concrete lining and masonry structures of Bargi Right Bank Main Canal from RD (-) 43 m to 50 Km were invited in 12 groups (5 in December 2001 and 7 in March 2002) by the Chief Engineer (CE), Upper Narmada Zone, Narmada Valley Development Department (NVDD), Jabalpur. The works were taken up with NABARD loan and under the Accelerated Irrigation Benefit Programme (AIBP) of Government of India.

The bids of qualified tenderers were opened and the lowest offers of tenderer 'A' in ten groups at an aggregate tendered cost of Rs.123.07 crore (overall 22.33 to 39.49 percent below) against the estimated cost of Rs.185 crore were accepted by the NVDA between February 2002 and May 2002. The work orders were issued during March to July 2002 to complete the works in 12 months (5 groups) and 24 months (5 groups).

^s

S. No	Name of Division	No. of works	Excess payment
1	P.W.D Division, Dewas	18	Rs.21,87,818
2	P.W.D. Division Hoshangabad	05	Rs.2,72,688
3	P.W.D. Division, Neemuch	05	Rs. 8,85,241
4	P.W.D. Division No. 1, Ujjain	02	Rs. 2,39,803
5	P.W.D. Division No. 2, Ujjain	07	Rs. 19,70,930
	Total	37	Rs.55,56,480 Say 55.56 lakh

Audit scrutiny (May-June 2004) revealed that during prequalification, the list of Plants and Equipment (P&E) required for each group of work was specified only in 4 groups. It was further seen that the contractor 'A' had produced the same list of P&E in all the groups. Obviously the contractor did not have sufficient P&E for execution of work of all the groups simultaneously from the beginning, which caused tardy progress of works. Consequently, the Executive Engineer (EE) terminated (November 2003 - February 2004) all the contracts. The contractor could execute the works of Rs. 51.74 crore (42.04 per cent) till termination of contracts.

Following irregularities were noticed in audit: -

Overpayment

Inflated measurements of various items of works including dry and wet excavation in all types of rocks other than hard rock were recorded and payments on Running Account Bills (RAB) were made accordingly. It was further noticed that the initially recorded measurements of these items were reduced substantially in the final bills pending with the division. These five final bills for all the five group were recorded for minus payment of Rs.4.08 crore resulting in over payment to the contractor as under:

Sl. No.	Agreement No./ Year	Reach	Amount of incomplete final bills	Reference to bills
			(Rs. in lakh)	
1	1/DL/2001-02	Km(-)0.043 to 5.50	(-) 111.80	8 th & final bill
2	2/DL/2001-02	Km 5.50 to 7.50	(-) 165.56	8 th & final bill
3	1/DL/2002-03	Km 7.50 to 9	(-) 06.57	7 th & final bill
4	3/DL/2001-02	Km 9 to 12	(-) 93.87	13 th & final bill
5	3/DL/2002-03	Km 36.50 to 42	(-) 30.36	7 th & final bill
		Total	(-) Rs.408.16 lakh Say 4.08 crore	

Extra cost

It was further noticed that out of the tenders for all remaining works floated (February to June 2004), tenders for five groups were accepted and awarded (April 2004 to August 2004) to other contractors at higher rates.

Thus, injudicious and simultaneous award of works of 10 groups to a single contractor without ascertaining the availability of actual required P&E with him separately for each group of work led to termination of contract which

resulted in extra cost of Rs.22.17* crore in 5 groups besides shifting the targeted period of completion of the project.

EE stated (June 2004 & October 2004) that the over payment will be recovered by adjusting the Earnest Money. Deposit (EMD) Security Deposit (SD) and Performance Security (PS) available with the department. As regards termination of contracts he admitted the fact of shortage of P&E with the contractor which adversely affected the progress of the works. He further stated that extra cost would be recovered after completion of the works by adjusting the amount available with the department.

Reply is not tenable as the available amount of EMD, SD and PS amounting to Rs.4.58 crore would not be sufficient to adjust the overpayment including extra cost.

The matter was reported to Government in August 2004 and November 2004; reply was awaited as of January 2005.

Forest Department

4.2.5 Excess/avoidable expenditure due to incorrect application/ fixation of job rates

Excess/ avoidable expenditure of Rs.55.27 lakh due to incorrect application/ fixation of job rates in DFO (G) Shivpuri, Field Director Pench Tiger Reserve and CF Seoni in respect of felling of Khair trees & construction of boulders check dam.

As per departmental instructions (April 1981) the job rates for various items of forestry works susceptible of measurement were required to be fixed by the Conservator of Forests (CF) in respect of their circle, after detailed and proper work study.

(Rupees in lakh)

Sl. No.	Agreement No/ Year	Amount of incomplete final bill	Reach	Cost of balance work	Cost to complete the balance work	Extra cost
01.	1 DL/01-02	(-) 111.80	Km (-) 0.043 to 5.50	632.31	1236.86	604.55
02.	2 DL/01-02	(-) 165.56	Km 5.50 to 7.50	510.82	935.43	424.61
03.	1 DL/02-03	(-) 6.57	Km 7.50 to 9.00	489.05	870.49	381.44
04.	3 DL/01-02	(-) 93.87	Km 9.00 to 12.00	493.74	799.04	305.30
05.	3 DL/02-03	(-) 30.36	Km 36.50 to 42.00	750.96	1252.00	501.04
	Total	(-) 408.16 Say Rs.4.08 crore				2216.94 Say Rs.22.17 crore

- Accordingly, the CF Shivpuri Circle, Shivpuri fixed (January 1999) the job rates as 0.141 manday per tree for felling of *khair* trees having girth class 38-60 cm. The effective rate for the years 1999-2000, 2000-2001 and 2001-2002 worked out to Rs.8.57, Rs.8.79 and Rs.9.57 per tree respectively.

Similarly, in Seoni Circle the CF on the recommendation of the Committee constituted for the purpose fixed (November 2003) the job rate as one manday per cum for construction of boulder check dam, the effective rate working out to Rs.70.80 per cum for the year 2003-04.

Test-check of records of Divisional Forest Officer (DFO) (General), Shivpuri (November 2003) and information collected from Field Director, Pench Tiger Reserve, Seoni (April 2004) revealed that excess expenditure to the tune of Rs.25.79 lakh was incurred on felling of 96,137 *khair* trees and work of 5521.408 cum for construction of check dam due to incorrect application of job rates as detailed below:

(Rupees in lakh)

Sl. No.	Name of Division	Item of work	Period of execution	Quantity of work	Sanctioned Rate (Rs.)	Admissible expenditure	Actual expenditure	Excess expenditure
I.	Shivpuri	Felling of Khair trees	1999-00	4357	8.57 per tree	0.37	1.38	1.01
			2000-01	49774	8.79 per tree	4.37	14.65	10.28
			2001-02	42006	9.57 per tree	4.02	14.62	10.60
II	Field Director Pench Tiger Reserve	Construction of boulders check dam	January 2004 to February 2004	5521.408 Cum.	70.80 per Cum.	3.91	7.81	3.90
	Total-2					12.67	38.46	25.79

DFO (G) Shivpuri stated (November 2003) that the expenditure was within the norms fixed by the Chief Conservator of Forests (Production) (CCF) (P) in February 1997, under 'State Trading in *Khair*'. The reply was not acceptable as the norms fixed by the CCF (P) were the maximum permissible inclusive of the expenditure on maintenance of depot, construction of extraction path etc. The work should have been executed as per the job rates fixed by the CF.

The Field Director, Pench Tiger Reserve, Seoni stated that a reference has been made to CF Seoni (December 2003) to revise the rate for the area of Pench Tiger Reserve in view of the geographical condition of the Park. The reply was not acceptable as the job rates have been fixed by the CF on the recommendation of the Committee constituted for review of the existing job rate.

The CF Seoni Circle, Seoni fixed (1998-99) a job rate of two mandays per cum for construction of boulder check dam which was effective up to 2002-03. The prevalent job rates in adjoining circles for the same job ranged between 0.58 manday and one manday. In 2003 the CF constituted a Committee of Divisional Forest Officers (DFOs) of the circle to examine the existing job rates of various forestry works. In November 2003, the rate of construction of boulder check dam was reduced to one manday per cum by CF on the basis of recommendation of the said committee. Thereafter the work

was executed at the reduced rates. Thus it was evident that the job rate for the construction of boulder check dam was fixed (1998-99) on the higher side. The Department has not furnish details of the basis for fixation of job rates in 1998-99 in spite of repeated reminders.

Test-check of records of the Field Director, Pench Tiger Reserve, Seoni (December 2003) and further information collected (April 2004) from the office of the Field Director, Pench Tiger Reserve, Seoni and DFO (Territorial), North and South Seoni revealed that an expenditure of Rs.58.96 lakh was incurred on construction of 45706.687 cum of boulder check dam during 1999-2000 to 2003-04 (April 2004). Thus, this expenditure involved avoidable expenditure of Rs.29.48 lakh.

This resulted an excess expenditure of Rs.29.48 lakh. Had the job rate been fixed correctly in 1998-99 itself this excess expenditure could have been avoided.

On this being pointed out the Field Director, Pench Tiger Reserve stated (December 2003) that the payment for construction of boulder check dam was made as per the job rate sanctioned by the CF Seoni, Circle, Seoni. He further stated that a reference has also been made to CF Seoni (December 2003) to revise the rate for the area of Pench Tiger Reserve according to its geographical conditions. The decision of CF Seoni is still awaited (August 2004). The CF Seoni was also requested (May and August 2004) to send the decision alongwith work study report to Audit but these have not been received (August 2004). It was, however, noticed that in Forest Division North & South Seoni after revision of the job rate the work was got executed at the reduced rate i.e. one manday per cum.

The matter was reported to the Government and the Principal Chief Conservator of Forests (May 2004); their reply had not been received (August 2004).

Public Health and Family Welfare Department and Bhopal Gas Tragedy Relief and Rehabilitation Department

4.2.6 Pay and allowances to idle kitchen staff

Pay and allowances to the tune of Rs.1.19 crore were paid to kitchen staff while no cooked diet had been provided to the indoor patients.

To provide cooked diet to the indoor patients in the hospital, kitchen-staff viz-cook and mess servants were posted in the hospitals.

Test-check of the records of 7 health care units under the Public Health and Family Welfare and the Bhopal Gas Tragedy Relief and Rehabilitation Department revealed (January to April 2004) that while no cooked diet had been prepared and provided to the indoor patients, pay and allowances to the

tune of Rs.1.19 crore were paid to the kitchen staff. These staff continued to draw pay & allowances as detailed below:

Sl. No.	Name of the Unit/ Department	Number of the idle kitchen staff		Period involved	Amount paid (Rs. in lakh)	Remarks/ Reply of the department
1.	Public Health and Family Welfare Department	Post	Number			
(i)	Civil Surgeon-cum-Hospital Superintendent, Sagar	Cook Mess servant	2 4	1997 to 03/04	24.37	Milk was distributed and work of class IV were assigned to the staff. Matter was referred to the Director.
(ii)	Chief Medical and Health Officer, Khargone	Cook Mess servant	3 3	04/01 to 03/04	8.03	Work of class IV were assigned to the kitchen staff.
(iii)	Civil Surgeon-cum-Hospital Superintendent, Indore	Cook Mess servant	3 4	12/01 to 07/04	10.04	Matter would be referred to the higher authorities.
(iv)	Chief Medical and Health Officer, Raisen	Cook Mess servant	3 8	4/01 to 10/03	31.67	Work of class IV were assigned to the kitchen staff.
(v)	Chief Medical and Health Officer, Sidhi	Cook	8	02/95 to 06/95 07/99 to 07/04	19.74	Due to receipt of least budget the mess was not operated. Work of class IV were assigned to the kitchen staff.
(vi)	Civil Surgeon Cum Hospital Superintendent, Balaghat	Mess servant	2	02/02 to 08/04	02.82	The work of Aya was assigned to the kitchen staff.
2.	Bhopal Gas Tragedy Relief and Rehabilitation Department					
	Chief Medical and Health Officer (Gas Relief), Bhopal	Cook Mess servant	3 3	01/95 to 12/03	22.08	Food was not possible with in the existing rates prescribed. Distribution of milk/ bread and class IV work was assigned. Matter of adjustment and decision of the staff was under consideration of the Government.
	Total	Cook Mess Servant	22 24		118.75 or Rs.1.19 crore	

Underutilisation of the services of the staff and diversion of the staff for unspecified work for which necessary staff were already in position was irregular. No change was also made by the Government in the existing prescribed hospital procedure regarding supply of cooked food.

The matter was referred to the Government in July 2004; reply had not been received.

4.3 Avoidable/ Excess/ Unfruitful Expenditure

Water Resources Department

4.3.1 Unfruitful expenditure due to improper planning

Execution of Kalmoda Irrigation tank without approval from Forest Department and Government of India rendered expenditure of Rs. 75.10 lakh unfruitful.

Construction of Kalmoda tank designed to irrigate 182 hectares of land was administratively approved (November 1997) at a total cost of Rs.62.10 lakh by Government of Madhya Pradesh, (GOMP) Water Resources Department with assistance from National Bank for Agriculture and Rural Development (NABARD). The scheme was approved (January 1998) at revised cost of Rs. 87.52 lakh by NABARD under Rural Infrastructure Development Fund (RIDF) Phase – III and was to be completed by March 2000. Physical progress of Head Work and Canal was 30 percent and 100 percent respectively after incurring of an expenditure of Rs. 75.10 lakh as of June 2004.

The Forest (Conservation) Act 1980, stipulated that prior approval of Government of India (GOI) should be obtained for use of any forest land for all works started after 25th October 1980. NABARD guidelines also provided that land acquisition formalities should be completed and the conditions laid down by GOI, Ministry of Environment and Forest, should be fulfilled for obtaining the loan.

Audit scrutiny revealed that the Department, in contravention of above provision/guidelines, started the construction work (October 1998) without ascertaining the involvement of forest land and before initiating the action for obtaining the approval from GOI. Consequently, the Forest Department objected (February 1999) and asked to stop the execution of work forthwith. The case for clearance of forest land was mooted to GOMP in May 1999 which was under process with the State Government as of December 2004.

Thus, failure in identifying the forest land during the course of survey resulted in unfruitful expenditure of Rs. 75.10 lakh.

Further, the cost of the scheme was revised (November 2000) from Rs. 62.10 lakh to Rs. 139.08 lakh. The time over run led to cost-over run by Rs. 76.98 lakh.

On this being pointed the Chief Engineer (CE) stated (September 2004) that as there was no demarcation of Forest department at site, the department was unaware about the fact of involvement of forest land right from the appraisal to the approval of the project by NABARD to start of the construction work. However, the department became aware of the fact regarding involvement of forest land in November 1998, when the contractor was informally asked by Forest Department officials to stop work.

The matter was reported to Government in June 2004. The reply was awaited as of January 2005.

Public Works Department

4.3.2 Extra expenditure on item of work executed contrary to the specification

Execution of tack coat using paving bitumen instead of bituminous emulsion was contrary to the specifications leading to extra cost of Rs.2.25 crore.

Ministry of Road Transport and Highways (MORT&H) specification, while dispensing with use of paving bitumen in tack coat since 1995, provides that bituminous emulsion @ 2.5 Kg per 10 Sq m and 4 Kg per 10 Sq m should be used on black topped (BT) and granular road surface respectively. Despite this, the schedule of rates (SOR) issued (June 2000) by Engineer in Chief retained both the item tack coat using paving bitumen @ 5 Kg to 10 Kg per 10 Sq mts as well as bitumen emulsion was continued.

Scrutiny of 69 percentage rate contracts including contracts for works under Mandi Board Funds, awarded during 2000-01 to 2003-04 for BT renewal, strengthening and upgradation of road in 8 Divisions¹ disclosed that works of tack coat using paving bitumen instead of bitumen emulsion were executed and contractors were paid @ Rs.7.50 to Rs.14.80 per Sq m as against Rs.4.30 to Rs.7 per Sq m payable for emulsion.

Item of tack coat using paving bitumen was not only costlier but also was contrary to the MORT&H specifications, which had resulted in extra expenditure of Rs.2.25 crore.

¹

Sl. No.	Name of Division	No. of Agreements	Extra cost including tender percentage (Rs. In lakh)
1	PWD(B/R) Division Tikamgarh,	1	1.58
2	PWD(B/R) Division No.1 Mandla	16	42.41
3	PWD(B/R) Division Hoshangabad,	8	29.18
4	PWD(B/R) Division Betul,	7	25.81
5	PWD(B/R) Division Sehore,	4	21.69
6	PWD(B/R) Division No.2 Guna,	7	9.37
7	PWD(B/R) Division Dewas,	11	42.79
8	PWD(B/R) Division Shajapur,	15	51.68
	Total	69	224.51

On this being pointed out, most of the Executive Engineers stated that the tack coat was executed by paving bitumen as per SOR, estimate and agreement. However, the provisions in the agreements were not conforming to the prescribed specifications.

The matter was reported to Government in March and June 2004; reply was awaited (January 2005).

4.3.3 Extra cost due to execution of two wearing courses one over the other

Execution of single coat surface dressing prior to laying of Open Graded Premix Carpet with Seal Coat was superfluous and resulted in extra cost of Rs.47.62 lakh.

Ministry of Road Transport & Highways (MORT&H) specifications allow different types of wearing courses viz surface dressing (single or double coat), 20 mm Open Graded Premix carpet (OGPC) Semi Dense Bituminous Concrete (SDBC) etc. Any one kind of wearing course technically suitable could be chosen and laid on the previously prepared base to complete the final surfacing of a road.

Scrutiny in audit revealed that under three agreements for the work of upgradation of the roads, two types of wearing course viz single coat surface dressing and 20 mm OGPC with Seal Coat were laid one over the other. Provision and execution of Single Coat surface dressing prior to laying of OGPC with Seal Coat in these cases was superfluous which resulted in an extra avoidable cost of Rs.47.62 lakh*.

On this being pointed out, the Chief Engineer (CE) stated (December 2004) in reply that the work was executed in accordance with the sanctioned estimates and the provisions of contract. It was further stated that Single Coat surface dressing was just for protection of Water Bound Macadam (WBM) surface before laying of OGPC.

* Executive Engineer PWD (B/R) Division No.1, Guna

Agreement No. Tender %	Name of work	Extra cost due to execution of superfluous wearing course		
		Area (in Sqm)	Rate Rs./Sqm	Amount (in lakh)
15/2002-03 3.71 % below	Upgradation of Raghavgarh Ramnagar Sagar Peelghat road (13 Km)	35858.25	23.50	8.11 (7 th and final)
37/2002-03 8.98 % above	Upgradation of MN Road 20.40 Km.	53748.25	-do-	13.77 (9 th RA Bill)
70/2001-02 1.71 % below	Upgradation of 4 different roads	111421.12	-do-	25.74 (18 th and final)
Total				47.62

The reply is not tenable as the newly laid WBM surface itself formed the base and surface dressing was not required because WBM and OGPC were executed simultaneously.

The matter was reported to Government in July 2004; reply was awaited as of January 2005.

Narmada Valley Development Department

4.3.4 Extra cost due to inadequate survey and investigation

Inadequate Survey and Investigation led to variation in quantities and extra cost of Rs.49.41 lakh.

Specifications for Irrigation Projects provide that to arrive at properly detailed estimate, sub surface exploration is to be done by digging pits every 150 metres to a depth equal to full supply depth of canal. The Engineer-in-Chief, (E-In-C) Water Resources Department also issued instructions (September 1988) that adequate investigations for the sub soil strata down to the designed grade should be carried out either by excavation of open trial pits or if necessary by exploratory holes at appropriate intervals (100 metre in case of canal) to form the basis of working out the quantities of soil/rocks etc.

The estimate for earth work of Indira Sagar Project (ISP) Canal from Km 24.729 to 29.419 was sanctioned (May 1999) by the Chief Engineer (CE) for Rs.6.58 crore at Unified Current Schedule of Rates (UCSR 1998). The estimate was revised (November 2000) before calling the tenders for Rs.7.21 crore at the same UCSR. Necessary survey and investigation of the sub-soil strata had not been carried out before calling for tenders. The earth work of ISP Main Canal from Km 27.285 to 29.419 including 7 Nos. structures was awarded (March 2001) to contractor A to be completed within 24 months at the tendered cost of Rs.3.85 crore evaluated as 22.92 percent below UCSR 1998. The work was in progress; the contractor had executed the work for value of Rs.3.47 crore paid in January 2004 including escalation of Rs.9.17 lakh.

Audit scrutiny revealed that the estimated and agreed quantities of excavation in all types of soil, moorum and disintegrated / soft rock decreased during execution by 51.62 per cent (177625.40 cu.m to 85930.133 cu.m) and 54.63 per cent (241631.86 cu.m to 109594.398 cu.m) respectively. The quantities of hard rock increased by 320.03 per cent (56242.92 cu.m to 236240.172 cu.m) over agreed quantities. The variations in quantities themselves showed that adequate survey and investigations were not conducted.

Evaluation of tenders in audit revealed that had the quantities been correctly estimated, the cost of the entire work on the basis of executed quantities and balance of tendered quantities to be executed as quoted by the third lowest tenderer 'C' would have been Rs.421.08 lakh against the accepted rate of contractor 'A' for Rs.470.49 lakh. The extra cost of Rs.49.41 lakh (**Appendix-XLIII**) would have been avoided.

When pointed out in Audit (September 2003) the Government in reply stated (October 2004) that the strata in the region are variable and exact classification of strata could only be done after the excavation. Reply is not tenable as the wide variation in the quantities was the result of improper and inadequate survey.

The matter was reported to Government in June 2004; reply was awaited as of January 2005.

Housing and Environment Department

4.3.5 Unfruitful expenditure on development of plots

Expenditure on development of plots without assessing market demand resulted in blocking of funds to the tune of Rs.1.44 crore.

The Madhya Pradesh Grih Nirman Mandal (Mandal) develops plots, constructs houses and shops under various schemes and transfers them to the respective Estate Officers of the Mandal who maintain the properties till these are sold out. Before undertaking the development works, the local demand needs to be assessed properly and registration of 50 per cent of the plots for sale should be ensured, as envisaged in the guidelines issued on the subject.

Test-check of the records of the M.P. Housing Board divisions, Guna (February 2002), Sagar (September 2003), Rewa (January 2004), Bhopal division No 5 (June 2004), and Chhatarpur (June 2004), revealed that the Housing Board had purchased Government land measuring 21.955 hectares during 1980-81 to 1996-97 in rural areas to develop the land and carve out different sizes of plots for sale to the public. A total of 1108 plots of different sizes and categories were developed at the cost of Rs. 1.59 crore. Out of 1108 plots developed, only 167 plots could be sold as of December 2004 and the remaining 941 (85%) are still lying unsold (December 2004) as these are located at isolated places and are very far off from the main city.

Owing to the decision to undertake development works without assessing local demand and ensuring registration of 50 per cent of plots for sale, fund amounting to Rs.1.44 crore remained blocked as shown in the table below. Due to non-receipt of any application for registration, the ongoing development works of open drains, sump well, etc. were stopped (March 1999) in Guna Division.

(Rupees in lakh)

Name of Division	Guna	Sagar	Chhatarpur	Rewa	Bhopal	Total
Location of sites	Village Munipur, Tehsil Rajgarh Biaora, Distt. Rajgarh	Village Dhauhak-heda. Tehsil Hata Distt Damoh	(i) Village Sankatmochan Distt.Chhatarpur (ii) Village Kunwarpura Distt. Tikamgarh	(i) Village Ghurehata (ii) Village Amawa Tehsil Hanumana	(i) Village Mulsipur, Tehsil, Seronj, District Vidisha	
Area of Government land purchased during 1980-81 to 1991-92 (In hectares)	4.047	2.224	9.956	3.515	2.213	21.955
No. of plots developed	281	199	230	241	157	1108
Expenditure incurred on development work (Rs. in lakh)	21.34	44.35	44.46	25.82	22.58	158.55
No. of plots sold	110	Nil	03	52	02	167
No. of plots lying unsold	171	199	227	189	155	941
Cost of development work for unsold plots (Rs. in lakh) (on proportionate basis)	12.99	44.35	43.88	20.25	22.29	143.76 (Rs.1.44 crore)

The Commissioner, Madhya Pradesh Housing Board, in his reply (November 2003) attributed the lack of public demand to the site being located far away from the city and the non availability of source of water, etc.

Thus, injudicious decision and improper planning on the part of Madhya Pradesh Housing Board, resulted in blockage of funds to the extent of Rs.1.44 crore.

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

4.4 Regulatory Issues and Other Points

Revenue Department

4.4.1 Retention of Central assistance in the Public Account and non-contribution of State share for Centrally sponsored scheme

Centrally sponsored scheme for strengthening of revenue administration and updating of land records was not executed as envisaged, resulting in non-utilisation of Central assistance of Rs.5.01 crore.

The Government of India accorded (August 2001) administrative approval for Rs.7.44* crore for strengthening of Revenue Administration and updating of Land Records on 50 per cent matching contribution basis by the State Government under a Centrally sponsored scheme. Administrative approval for additional assistance for Rs.3* crore had also been accorded by GOI in February 2000 to strengthen revenue and survey training institute with latest computer technology system and audio visual aids. Expenditure on approved items was to be incurred during 2001-02. The State Government was to provide matching contribution of Rs.5.22 crore from its own budgetary resources. The State share was also required to be released along with the central share for implementation of the scheme.

Test check (August 2003) of the records of the Commissioner, Land Records and Settlement, MP and further information furnished in December 2004 by the Commissioner revealed that GOI contributed its share of Rs.5.22 crore (Rs.3.72 crore and Rs.1.50 crore) in August 2001 and February 2002 respectively. Of this Rs.3.22 crore were drawn by the State Government during 2001-02 and Rs.3.02 crore were deposited in 2002 in Civil Deposits. The balance of Central assistance of Rs.1.99 crore though credited to the State Government account by GOI in 2001-02 had not been drawn from the treasury and utilised as of November 2004. It was also noticed that expenditure of Rs.20.12 lakh was incurred out of the Central funds (Rs.5.22 crore) and

		Rs. in lakh
1.	Construction of Patwari Training School building at Sagar, Morena and Sehore	120.72
2.	Renovation of State level training institute at Gwalior	39.81
3.	Modernisation of Departmental Training institute with modern equipments	31.04
4.	Payment of balance amount of aerial photography	83.08
5.	Strengthening of Departmental Library	19.00
6.	Purchase of 45 theodolite machines with distomat (Rs. 10 lakh per machine)	750.00
		1043.65

Rs.20.12 lakh from State funds on construction of Patwari Training School building during 2001-02. The balance of the matching share of Rs.5.02 crore however had not been released by the State Government.

The Commissioner replied in August 2003 and December 2004 that the matching share of State Government could not be contributed/drawn for want of approval by the Expenditure Finance Committee, Project Screening Committee and Council of Ministers. The approval was, however, granted in June 2003.

The reply was not tenable because the scheme was to be implemented in 2001-02 as envisaged. Further the State Government had not provided matching share equal to the Central Funds. Thus due to non contribution of matching share by State Government and improper planning the scheme for strengthening of revenue administration and updating of land records was not executed except incurring an expenditure of Rs.40.24 lakh on Patwari Training School, inspite of availability of Central assistance of Rs.5.22 crore.

The Government while admitting (December 2004) the facts stated that the balance of the matching State share of Rs.5.02 crore was not drawn as of November/December 2004 due to the ban on drawal of funds.

General

4.4.2 Failure of senior officials to enforce accountability and protect the interests of Government

Accountant General* arranges to conduct periodical inspection of the Government departments to test check, inter alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities etc. detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued by the Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. The Accountant General also brings serious irregularities to the notice of the Heads of the Departments. A half-yearly report of pending IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2003 pertaining to 521 divisions/offices of Forest, Water Resources, Public Works, Public Health Engineering and other Works^s Departments disclosed that 13346 paragraphs

* Accountant General (Audit II), Madhya Pradesh.

^s Other Works Departments include Narmada Valley Development, Housing and Environment and Bhopal Gas Rahat (Relief and Rehabilitation) Departments.

relating to 3506 IRs remained outstanding since 1991-92 to the end of June 2004. Department wise position of the outstanding IRs and paragraphs were as follows:

Sl. No.	Department	Number of Inspection Reports	Number of Paragraph	Number of Auditee Units	Amount (Rupees in crore)
1.	Forest	758	2412	60	533.83
2	Water Resources	1120	3804	170	2386.47
3	Public Works	858	4200	139	2249.02
4.	Public Health Engineering	463	1999	82	1412.71
5	Narmada Valley Development				
	(i) Irrigation	201	561	57	464.82
	(ii) Building /roads	48	106	07	97.85
6	Housing and Environment (Capital Project Construction units)	47	211	05	96.78
7	Bhopal Gas Rahat (Works units)	11	53	01	16.86
	Total	3506	13346	521	7258.34

Out of these, 2088 IRs containing 7602 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of the Offices within six weeks from the date of issue were not received in respect of 404 divisions and offices for 404 IRs and 2007 paragraphs issued between January 2003 and December 2003.

A review of the IRs which were pending owing to non-receipt of replies revealed that the Heads of the Offices (whose records were inspected by the Accountant General) and the Heads of the Departments did not send any reply to a large number of IRs / paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. The Principal Secretaries/ Secretaries of the Departments, who were informed of the position through half yearly reports, also did not ensure that the concerned offices of the Department took prompt and timely action.

Absence of any action against the defaulting officers facilitated the continuance of serious financial irregularities and loss to the Government, though these were pointed out in Audit. It is recommended that Government have a re-look into the procedure for fixing responsibility on the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule. Action made to be initiated to recover losses, outstanding advances, over payments, etc. in a time bound manner and revamp the system to ensure proper response to the audit observations.

CHAPTER V

Internal Control System in Government Departments

CHAPTER V

Internal Control System in Government Departments

5.1 Internal Control System in Education Department (Directorate of School Education)

Highlights

Internal Control system safeguards against errors and irregularities in operational and financial matters. It examines and evaluates the level of compliance of the departmental rules and procedures. It also assures senior management on the adequacy of risk management and internal control framework in the department. Review of the internal control mechanism (ICM) in school education department revealed that ICM in the department was not functioning properly. Cases of over payment of pay and allowances to teachers appointed under 'Operation Blackboard Scheme' and irregular payment of grants-in-aid to Government aided educational institutions were noticed. Bank accounts were opened by Drawing and Disbursing Officers (DDOs) in 8 test checked districts without obtaining sanction from competent authority. There was gross deficiency in conducting departmental inspections of offices of District Education Officer (DEO) and Block Education Officer (BEO) and schools.

Significant findings of the review are given below:

Irregular payment of Rs.1.24 crore was made from the block grants paid to Government aided educational institutions during 2000-04 towards teachers' contributory provident fund .

(Paragraph 5.1.8)

Over payment of Rs.70.97 lakh was made to teachers appointed under Centrally Sponsored Scheme 'Operation Blackboard' in Morena district by raising their pay from Rs.1200 to Rs.4000 without any orders issued by the Government.

(Paragraph 5.1.8)

DDOs (9) had opened bank accounts without obtaining sanction from competent authority and deposited Government funds worth Rs.54.82 lakh in these accounts as of March 2004.

(Paragraphs 5.1.6)

Inspection of Schools and offices were not conducted by departmental authority according to prescribed roster.

(Paragraph 5.1.8)

Shortage of staff in internal audit wing led to deficiency in system of internal audit.

(Paragraph 5.1.9)

5.1.1 Introduction

Internal Control Mechanism (ICM) forms an integral part of an organisation to provide independent assurance to the senior management on adequacy of internal control frame work of the department. It aims to ensure that provisions of codes, manuals, and rules provide a fool-proof and workable system for smooth performance of duties and responsibilities at all levels of staff and that the provisions are adhered to in letter and spirit. The Rules and Manuals provide for reliability of financial reporting and effectiveness and efficiency of department's operations. In order to ensure these objectives, every departmental head is provided with an Internal Audit Wing to safeguard against errors and irregularities in operational and financial matters.

5.1.2 Organisational Set up

The education department (Department) is headed by a Principal Secretary. The School Education Directorate is managed and controlled by the Commissioner Public Instructions (CPI) who is assisted by District Education Officers (DEOs) at district level, Block Education Officers (BEOs) at block level and by Principals (Sankul¹ Kendra Incharge) of Government high/higher secondary schools (10+2) at Sankul level.

5.1.3 Audit objectives

The objective of the review was to assess the adequacy and effectiveness of;

- budgetary controls
- expenditure controls
- accounting controls
- operational controls and
- the system of internal audit

5.1.4 Audit Coverage

Test check of the records of the CPI office at Bhopal and offices of 8 DEOs², 8 BEOs² and 30 Principals³ of Higher Secondary Schools situated in 8 out of 45 districts for the period 1999-2000 to 2003-04 was conducted during May to December 2004. The results of test-check are given in the succeeding paragraphs.

¹ Sankul is a cluster of schools situated in a area of 8-10 sq. kilometer. This system was introduced in the State w.e.f. 01-03-1998.

² Bhopal, Guna, Hoshangabad, Jabalpur, Indore, Morena, Shahdol and Ujjain.

³ Bhopal: 5, Guna: 3, Hoshangabad: 5, Jabalpur: 4, Indore: 4, Morena: 3, Shahdol: 2 and Ujjain: 4.

5.1.5 Budgetary controls

The details of budget and actual expenditure as per appropriation accounts of the school education department for the period from 1999-2000 to 2003-04 were as under:-

(Rupees in crore)

Year	Grant No.	Provision	Expenditure	Excess (+) Savings (-)
1	2	3	4	5
1999-2000	27	1762.86	2216.35	(+) 453.49
	80	168.25	145.25	(-) 23.00
	81	22.01	19.56	(-) 2.45
	Total	1953.12	2381.16	(+) 428.04
2000-01	27	2058.39	2016.58	(-) 41.81
	80	231.86	145.67	(-) 86.19
	81	36.03	21.46	(-) 14.57
	Total	2326.28	2183.71	(-) 142.57
2001-02	27	1761.91	1584.43	(-) 177.48
	80	163.08	126.38	(-) 36.70
	81	22.55	15.52	(-) 7.03
	Total	1947.54	1726.33	(-) 221.21
2002-03	27	1798.36	1630.72	(-) 167.64
	80	163.62	156.32	(-) 7.30
	81	26.17	20.22	(-) 5.95
	Total	1988.15	1807.26	(-) 180.89
2003-04	27	1803.05	1628.42	(-) 174.63
	80	13.45	11.80	(-) 1.65
	81	39.84	24.60	(-) 15.24
	Total	1856.34	1664.82	(-) 191.52
Grand Total		10,071.43	9763.28	(-) 308.15

Excess expenditure
not regularised

Poor budgetary
control resulted in
persistent savings

Persistent savings
due to inoperative
Central schemes

Article 205 of the Constitution of India envisages excess of expenditure to be regularised by the Legislative Assembly. The scrutiny of records revealed that the excess expenditure of Rs.453.49 crore under grant No. 27 during the year 1999-2000 required regularisation from the legislative Assembly which was not so far done. CPI intimated (January 2005) that excess occurred due to non-receipt of monthly expenditure statements from 2247 DDOs and the savings during 2000-2004 under all the three grants (27, 80 and 81) to the vacant posts and the ban imposed by Finance Department on drawals from treasury after 15th of January each year.

➤ Persistent savings

In the school education department, it was noticed that budgets were prepared on the basis of inappropriate assumptions as there were persistent savings during the last four years ending March 2004 under all the three grants viz 27, 80 and 81, as shown in the foregoing table. Further, in respect of following schemes the percentage of savings was very high ranging between 87.5 and 100 as detailed below.

(Rupees in crore)

	Grant No.	Scheme detailed head	Amount of savings	Percentage of savings
1999-2000	27	447 Operation blackboard	8.90	100 %
		8768 State share for Rajeev Gandhi Primary Education Mission (RGPEM)	34.39	100%
		8783 Establishment of 1960 New Middle Schools	6.89	100%
	80	8823 Grant to local bodies for Primary Education	91.50	100%
2000-01	27	447 Operation blackboard	14.99	100%
		1131 Informal Education	5.25	87.5%
		8403 Grant for Shiksha Karmi	11.39	90.4%
2001-02	80	8403 --do--	8.50	93.9 %
		5056 11th Finance Commission	8.26	100%

Budget estimates were prepared on assumed figures because of delayed receipt of estimates from DDOs

➤ Delayed receipt of budget estimates

The Annual Budget estimates (BEs) were to be prepared in September/October of the preceding years. The Drawing and Disbursing Officers were required to prepare BEs, and transmit the same to the Heads of Department before September for consolidation and onward submission to the Finance Department. In 2003-04, it was observed that not a single DEO submitted the BEs on due date. Similar information for the years 1999-2003 was not made available by CPI. It was further observed that in order to have proper control over expenditure, the monthly expenditure returns (MERs) were required to be obtained from each district but these were never received in time. The CPI prepared the BEs for the year 2003-04 on the basis of assumed figures and submitted these to the Finance Department.

5.1.6 Expenditure Controls

➤ Unauthorised deposit of government money into bank accounts and non-accountal thereof

Bank accounts were opened without any proper sanction

There is no provision for any Government officer to deposit money withdrawn from the treasury into any bank account except with the express sanction of the Government. Test-check of 8 out of 45 districts revealed that 9 out of 39 DDOs had opened current or savings bank accounts in difference banks without any authority and as per the Cash Books, an amount of Rs.54.82 lakh as of 31st March 2004 had been deposited in these accounts. However, the connected bank passbooks and statements indicated that as on that date, the total balance in these accounts was Rs.1.88 crore (*Appendix-XLIV*). There was no reconciliation of balances between the banks and the connected cashbooks, indicating a total lack of control on management of cash as well as accounting in the offices of the DDOs. Apart from the unreconciled differences of Rs.1.33 crore in these accounts, there were other similar bank accounts in respect of five DDOs, the details of which were not made available to audit.

➤ Transfer of funds to Civil Deposits

Central funds remained unutilised due to their parking in civil deposits.

Rule 284 of the M.P. Treasury Code Volume I provides that no money shall be drawn from the treasury unless required for immediate disbursement. Nevertheless, Rs.21.81 crore were drawn and parked under Civil Deposits (CD) as shown below:

<i>(Rupees in crore)</i>		
Month/Year in which amount was drawn and deposited in 8443 civil deposits.	Name of the scheme	Amount lying in civil deposit as of March 2004.
31 March 2001	Operation blackboard purchase of materials and equipments.	10.32
30 March 2002	Vocationlisation of secondary education construction of workshed in (10+2) Schools.	1.74
31 March 2003	Revised CLASS project purchase of computers in 345 new Schools.	9.75
Total		Rs.21.81

The funds were kept under Civil Deposits to shore up the ways and means position of the State Government. Since the Central assistance of Rs.21.81 crore was not utilised, it was required to be refunded to Government of India. On enquiry, CPI Stated that amount was lying in Civil deposits as of January 2005 and action to refund Rs.9.75 crore to Government of India was being taken. Regarding Rs.10.32 crore pertaining to operation black board, CPI stated (January 2005) that the funds were provided for opening of new middle schools but the middle schools could not be opened due to pendency of a case before the Economic Offence Investigation Bureau (EOIB) on alleged financial irregularities in the purchase of teaching and learning material. It was seen that the case under EOIB was finalised in October 2002, the funds were lying unutilised as of January 2005.

➤ Unreconciled expenditure

Expenditure incurred on school education was not reconciled by the department.

Financial rules require Departmental Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E) to ensure accuracy of accounts, identification of errors, omissions, misclassifications, detection of frauds etc. The reconciliation of the entire expenditure aggregating Rs.9763.28 crore during 1999-2004 was not done. CPI stated (August 2004) that instructions were issued to subordinate offices to undertake reconciliation work regularly.

➤ Security deposit not obtained from persons handling cash and stores

According to rule 282 of Madhya Pradesh Financial Code Vol.-I, persons handling cash and stores were required to deposit Rs.1000 as security deposit but the same was not obtained from any of the persons responsible for handling cash and stored in 8 test checked districts. DDOs replied (August 2004) that security deposits would be taken from the concerned persons.

➤ **Unauthorised excess allotment of funds for meeting contingent expenses**

Unauthorised excess allotment

A register showing allotment received and re-allotment made out of that was to be maintained in DEO's office. It was observed that such register was not maintained in DEO Jabalpur with the result that an amount of Rs.44.84 lakh in 2000-01 and Rs.20.61 lakh in 2001-02 were allotted unauthorisedly to a number of schools by a lecturer working against the vacant post of project officer for meeting contingent expenses like purchase of furniture, stationery, books etc. Excess allotment did not come to notice in time and the sums allotted were drawn and incurred by the Sankul Principals. When the matter came to notice, Government placed (February 2004), the lecturer under suspension and departmental enquiry was constituted (August 2004); report of the enquiry was awaited (December 2004).

➤ **Misutilisation of non-Government Funds and nonadjustment of advances**

Non-government funds were utilised for meeting office contingencies

Certain non-Government funds known as 'Sports fund', 'Examination fund' 'Red cross fund' and 'Scout fund' were created by the School Education department by levying monthly/yearly fees on the students. According to instructions issued (June 2000) by the CPI, sums out of these funds were to be spent on the activities for which the funds were created. During scrutiny of records in the test-checked districts, it was observed that contrary to the instructions, these non-governmental funds amounting to Rs.35.59 lakh were largely misutilised by 5 DEOs¹ and 15 Sankul principals² for meeting electricity, water and telephone charges required to be paid out of office contingencies during 1999-2004. Court fees, lawyers charges and related typing/photocopy charges were also met out of these funds. On enquiry, the DEOs/Sankul Principals stated that due to non-receipt of funds for office contingencies, they had to incur expenditure out of these funds to maintain regular flow of water/electricity and telephone services. The reply was not tenable as the purpose for which these funds were created was defeated to a large extent as the sums had been misutilised.

➤ **Non-adjustment of temporary advances**

Temporary advances remained unsettled for 1 to 20 years

Rule 53 (iv) of MPTC Vol.-I lays down that temporary advances are to be adjusted as early as possible and should not remain outstanding for more than three months. Audit observed that temporary advances to the tune of Rs.1.39 crore made out of government fund (Rs.9.25 lakh³) and of non government fund (Rs.1.30⁴ crore) were lying unadjusted at the end of March 2004. These

¹ DEO, Bhopal, Indore, Jabalpur, Morena and Ujjain.

² Bhopal: 2; Indore: 2; Hoshangabad: 4; Jabalpur: 4 and Morena: 3.

³ CPI Bhopal: Rs.1.86 lakh, DEO, Indore: Rs.0.27 lakh; DEO, Morena : Rs.4.73 lakh, and DEO, shahdol: Rs.2.39 lakh (16-20 years old : Rs.3.21 lakh; 11-15 years old : Rs.0.06 lakh; 6-10 years old : Rs.1.41 lakh and 1-5 years old : Rs. 4.57 lakh).

⁴ Examination fund : Rs.41.75 lakh; Sports funds : Rs.87.99 lakh granted by 8 DEOs (11-15 years old : 2.90 lakh; 6-10 years old: 12.50 lakh; 1-5 years old: 114.34 lakh).

advances remained outstanding mainly due to non-submission of accounts by the officials to whom advances were sanctioned. According to instructions issued by CPI (July 2004) DDOs were required to recover outstanding advances from their salary in case they did not submit accounts within three months, but that action was not taken.

5.1.7 Accounting controls

➤ Defective maintenance of Cash book and bill register

Defective maintenance of initial accounts records

According to rule 53 of Madhya Pradesh Treasury Code Volume I, the incharge of the cash book was required to record analysis of cash balance and to verify it personally at the end of each month over his dated signature. Daily totals of the cash book were to be checked and fortnightly verification of drawals was to be conducted with reference to treasury vouchers slips. According to rule 197 of MPTC Vol.-I, each drawing and disbursing officer (DDO) should review the bill register monthly and record the result of such review conducted by him. Test check of records of 8 districts revealed that the above codal provisions were not followed by 27 DDOs*. Even the cash book of CPI had similar deficiencies. Heavy cash balances ranging from Rupees one to two lakh were lying without showing details of actual cash in hand and their physical verification was not recorded at the end of each month during the period covered in audit.

5.1.8 Operational Controls

➤ Updating of departmental manual

Departmental manual not updated since 1973

A departmental education code named 'Shiksha Samhita' was made effective from 1st August 1973. Since then lot of changes have taken place in the department particularly in the recent past but the 'Shiksha Samhita' which gives the detailed procedure regarding the running of the department was not updated as of August 2004. CPI stated (September 2004) that the work of revision of 'Shiksha Samhita' was going on and would be completed shortly.

➤ Irregular payment of contribution towards contributory provident fund

Excess payment of Grants-in-aid to Government aided educational institutions

Government of Madhya Pradesh, School Education Department issued (March 2000) instructions that contribution towards contributory provident fund (CPF) should not be borne by the Government because it was the responsibility of the employer to deposit the matching contribution of CPF with the Provident fund commissioner. Payment of matching contribution towards CPF was the responsibility of School management being the employer in the case of private educational institutions. Test check of records in following 5 District education offices revealed that contrary to these instructions Grant-in-aid released to Government aided institutions during 2000-01 to 2003-04 including contribution towards CPF at the rate of 8 per cent of basic pay

* Bhopal:5; Guna:1; Hoshangabad:6; Indore:2; Jabalpur:5; Morena:3; Shahdol:2 and Ujjain:3.

drawn by the teachers of Government aided educational institutions during this period. This resulted into excess payment of GIA of Rs.1.24 crore as detailed below:

(Rs.in lakh)

Name of the district	Year	Grant-in-aid released during the year	Amount of CPF contribution included in the GIA
Guna	2000-01	78.15	2.16
	2001-02	78.37	2.16
	2002-03	77.52	2.14
	2003-04	46.77	1.29
		280.81	7.75
Hoshangabad	2000-01	82.81	2.29
	2001-02	66.68	1.84
	2002-03	85.63	2.36
	2003-04	72.40	2.00
		307.52	8.49
Jabalpur	2000-01	1013.95	27.99
	2001-02	622.28	17.17
		1636.23	45.16
Morena	2000-01	256.99	7.09
	2001-02	44.56	1.23
	2002-03	417.27	11.52
	2003-04	1008.23	27.83
		1727.05	47.67
Ujjain	2000-01	195.91	5.41
	2001-02	163.88	4.52
	2002-03	180.67	4.99
	Total:	540.46	14.92
	Grand Total	4492.07	123.99

While granting GIA to Government aided educational institutions for the year 2000-01, DEOs were required to cut GIA to the extent of 8 per cent of basic pay drawn by the recognised teachers of these institutions as on 1 March 2000 in compliance of Government orders issued in March 2000. The Sankul Principals, working as representatives of the DEOs were required to ensure that the management share of contributory provident fund was not drawn from the block grant deposited in joint account. The auditors posted in DEOs were to check these transactions. As none of the above authorities exercised required controls over sanction and drawal of GIA, there was complete failure of administrative as well as expenditure controls. When the matter was brought to the notice by Audit, the Commissioner, Public Instructions, M.P., Bhopal while accepting the audit objection, issued instructions (August 2004) to all DEOs of the State to calculate teacher-wise and institution-wise excess payment and to recover it from the block grant being released in ensuing months.

➤ **Over payment of pay and allowance to teachers appointed under centrally sponsored 'Operation Blackboard Scheme'**

Irregular over payment of pay and allowances to teachers appointed on fixed pay during probation period

Government appointed assistant teachers during 1993-95 under the centrally sponsored scheme of 'Operation Blackboard' (OBB). As per terms and conditions attached with their appointment orders, these teachers were appointed on the fixed pay of Rs.1200 per month which was payable to them for a period of twenty four months when they were treated on probation. After successful completion of probation period, they were entitled to the regular pay scale of Rs.1200-2400. Test check of records revealed that 24 Principals

of H.S.S and 4 BEOs of Morena district enhanced their pay from Rs.1200 to Rs.4000 per month. Arrears of difference of pay were also paid to 110 teachers which resulted in over payment of Rs.70.97 lakh for a period of 24 months from their date of appointment (July 1995). When the matter was brought to notice by DEOs, CPI clarified (June 2004) that these teachers were entitled for fixed pay of Rs.1200 only as they were appointed on fixed pay of Rs.1200 under OBB scheme. Commissioner, Chambal, division Morena has initiated (June 2004) disciplinary action against Sankul Principals who had enhanced the pay of OBB teachers in contravention of Government orders.

➤ **Non-maintenance of sanctioned strength and men in position register**

Non-maintenance of proper registers for watching men in position vis-à-vis sanctioned strength

CPI office did not have any internal control mechanism in the shape of guard files or district-wise registers showing the number of posts sanctioned from time to time, to verify whether the number of sanctioned posts as intimated by District Education Officers was correct or not. DEOs were also not having Government orders relating to sanctioned posts of teachers in their districts. Thus, the number of posts of teachers actually sanctioned were not verifiable.

➤ **Departmental Inspections**

Inadequacy of departmental inspections of DEO/ BEO offices and Schools

Periodic inspections by departmental officers are treated as an important and effective tool to know the adequacy and effectiveness of internal control mechanism of the department. The year-wise number of inspections targeted, actually carried out and the shortfalls noticed in the test checked districts and CPI office were as follows:

Year	Inspection of DEO office to be conducted by CPI office once in a year			Inspection of BEO office to be conducted by DEO once in a year		
	No. of inspections due	No. of inspections carried out	Shortfall (and percentage of shortfall)	No. of inspections due	No. of inspections carried out	Shortfall (and percentage of shortfall)
2001-02	45	09	36 (80)	43	12	31 (72)
2002-03	45	32	13 (29)	43	23	20 (47)
2003-04	47	13	34 (72)	43	20	23 (53)

According to the roster prepared by CPI, Sankul Principals were also required to inspect all the schools working under their jurisdiction. It was observed that out of 30 Sankul principals, 24 principals (in respect of whom information is available) were required to inspect 4868 schools twice in each year but 2624⁹ departmental inspections were not carried out during 1999-2004 by them, due to shortage of time and work load. Principals who stated that they had conducted inspections during the above period were not having any records as to when inspections were carried out. Inspection notes or reports were also not prepared by these Sankul Principals. Thus the purpose of the system of inspection was practically defeated.

⁹ 1999-2000: 580; 2000-01: 580; 2001-02:555; 2002-03:506 and 2003-04:403.

5.1.9 Internal Audit

Shortage of staff in internal audit wing

A separate Internal Audit wing was set up in the office of the Commissioner, Public Instructions, MP, Bhopal under the supervision of the Joint Director (Finance) who was assisted by one Accounts Officer, 11 Junior Accounts officers, 5 Senior auditors and 5 Junior auditors. The year wise position of availability of staff for internal audit was as under:

Year As on	Sanctioned strength			Availability of staff for audit			Shortage of staff		
	Jr. AO	Sr. Ar.	Jr. Ar.	Jr. AO	Sr. Ar.	Jr. Ar.	Jr. AO	Sr. Ar.	Jr. Ar.
1-4-1999	11	5	5	--	4	1	11	1	4
1-4-2000	11	5	5	--	4	1	11	1	4
1-4-2001	11	5	5	--	3	1	11	2	4
1-4-2002	11	5	5	--	1	2	11	4	3
1-4-2003	11	5	5	11	1	1	Nil	4	4

The shortage of staff in internal audit adversely affected audit as shown below:

Year	Position of coverage of audit		Deficiency in no. of units (percentage)
	Total No. of Units (DEOs)	Units covered	
99-2000	45	Nil	45/(100)
2000-01	45	Nil	45/(100)
2001-02	45	Nil	45/(100)
2002-03	45	13	32/(71)
2003-04	45	11	21/(64)

➤ Adequacy of coverage, planning and periodicity of audit

Lack of planning for conducting internal audit of units

The periodicity of audit should be based on the expenditure and size of the units. It was, however, noticed that internal audit of the units was being conducted on adhoc basis without observing roster, cycle and fixed periodicity. No auditing guidelines such as basis for selection of units for internal audit, audit programming, identification of key areas for check in audit, detailed duties and responsibilities assigned to each member of the audit party etc. were provided for the Internal Audit Wing. According to information furnished by CPI, the Internal audit wing was required to conduct audit of the Directorate as well as DEO offices of the State. It was observed that the Internal Audit wing never conducted the audit of the Directorate itself. Out of 45 only 24 DEOs were audited during 2002-04. Audit of the remaining 21 DEOs was not conducted even once during last five years ending March 2004. CPI intimated (January 2005) that audit of targeted units could not be conducted due to shortage of staff. Internal audit of those DEOs were taken up on priority basis as were going to retire. The reply was not acceptable as all the 11 Junior Accounts Officers, who had come on deputation from the Office of the Commissioner, Treasuries and Accounts were deployed in different sections other than Internal audit wing.

➤ **Overall effectiveness of Internal audit****Delay in issuing
internal audit reports**

Internal audit was not found effective, as out of 296 paras 273 (92 per cent) remained unsettled for want of compliance as of August 2004. It was further noticed that no specific time limit was fixed for issue of audit reports on completion of audit. There was delay of more than three months in the issue of audit reports as mentioned below:

Sl. No.	Year	Number of units audited during the year (DEOs)	Number of units where inspection reports were issued late by		
			3 to 6 months	7 to 12 months	More than one year
1.	2002-03	13	07	04	01
2.	2003-04	11	07	03	--
	Total	24	14	07	01

Reasons for delay in issuing the inspection reports were not intimated by the CPI. He, however, assured that in future IRs shall be issued in time.

5.1.10 Conclusion

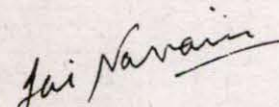
The biggest Directorate of the State had a very weak internal control mechanism. Cases of overpayments to teachers and Government aided institutions, opening of bank accounts for parking Government money without authority, non recovery / adjustment of temporary advances for a very long time and misutilisation of non-government funds indicated deficient functioning of internal control mechanism. No importance was apparently attached to internal audit nor were Departmental officers conducting inspections according to roster.

5.1.11 Recommendations

- The internal audit wing should be strengthened the Directorate as well as district level.
- Departmental Officers should carry out inspections of schools/offices strictly according to roster and submit inspection reports within the prescribed time limit.
- Bank accounts opened by the DDOs without obtaining sanction from competent authority should be closed and Government funds lying unutilised in these accounts should be deposited into treasury.
- Advances outstanding for more than three months needs to be adjusted/ recovered, if necessary from the salaries of defaulting employees.

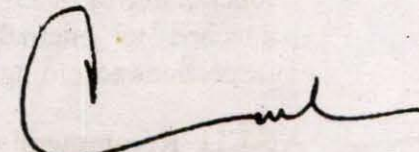
- Amount of Contributory Provident Fund (CPF) at the rate of 8 per cent of basic pay to be paid to the Provident Fund Commissioner need not be released to Government aided institutions. The Sankul Principals, working as representative of DEOs should ensure that the management share of CPF would not be drawn from the block grant deposited in joint accounts.

Gwalior : 17 JUL 2005
The


(J.N. GUPTA).
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh

Countersigned

New Delhi : 25 JUL 2005
The


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

APPENDICES

Appendix I

(Reference: paragraph 1.1, page 1)

Statement showing definitions of terms used in Chapter I

1. Form of Annual Accounts

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

Part 2 - List of terms used in the Chapter - I and basis for their calculations

Terms	Basis for calculations
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{previous year Amount})-1]*100$
Trend / Average	Trend of growth over a period of 5 years $[\text{LOGEST}(\text{Amount of 1997-98: Amount of 2002-03})-1]*100$
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest spread	GSDP growth - Weighted Interest rates
Interest received as per cent to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all plan grants and Non-plan Revenue Expenditure excluding debits under 2048 - Appropriation for Reduction or Avoidance of Debt

Appendix II

(Reference: paragraph 1.1, page 2)

Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2004 between successor States of
Madhya Pradesh and Chhattisgarh

(Rupees in crore)

Items	Balance as on 31 October 2000	Apportioned to		Balance retained in MP accounts pending apportionment	Reference to Finance Accounts Statements No.
		Madhya Pradesh	Chhattisgarh		
(1)	(2)	(3)	(4)	(5)	(6)
I- Liabilities-					
1. Small savings, provident funds, etc.	7371.51	5570.57	1239.45	561.49	4, 16 and 17
2. Deposits	1872.19	1516.52	358.05	(-)2.38	4 and 16
3. Reserve Funds	657.94(a)	45.49	11.55	102.46(b)	4 and 16
4. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19(c)	16
II- Assets-					
1. Gross Capital Outlay	15760.57	4950.27	1484.59	9325.71	2 and 13
2. Loans and Advances	2883.18	559.83	135.91	2187.44(d)	5 and 18
Guarantees	9709.60	39.56	3.68	10836.32(e)	6

N.B.: For further details, see Finance Accounts.

- Dropped Rs. 498.44 crore out of total of Rs. 657.94 crore, in terms of second proviso to Section 42(1) of M.P. Re-organisation Act, 2000.
- Retained in M.P. pending decision of GOI.
- Retained in M.P. for want of details.
- Retained in M.P. due to non-receipt of decisions/details from successor States.
- Differs from the figures of Rs.10480.65 crore of 2002-03 by Rs.355.67 crore due to
 - Allocated to MP Rs.39.56 crore
 - Allocated to chhattisgarh Rs.3.68 crore
 - old guarantee received Rs.425.33 crore
 - Old guarantee cancelled Rs.26.42 crore.

Appendix III
(Reference: paragraph 1.4, page 4)

**SUMMARISED FINANCIAL POSITION OF THE
GOVERNMENT OF MADHYA PRADESH AS ON 31 MARCH 2004**

(Rupees in crore)

As on 31.03.2003	Liabilities	As on 31.03.2004
10664.24	Internal Debt-	18601.89
5573.09	Market Loans bearing interest	7845.83
2.89	Market Loans not bearing interest	2.63
1153.73	Loans from other Institutions (Autonomous bodies)	4123.08
-	Ways and Means Advances	266.78
-	Overdraft from Reserve Bank of India	--
3934.53	Special Security issued to NSS fund of Central Government	6363.57
9483.05	Loans and Advances from Central Government-	9208.75
291.53	Pre 1984-85 Loans	255.31
1815.53	Non-Plan Loans	299.90
7221.33	Loans for State Plan Schemes	8500.96
39.10	Loans for Central Plan Schemes	36.20
115.56	Loans for Centrally Sponsored Plan Schemes	116.38
39.95	Contingency Fund	39.00
7034.50	Small Savings, Provident Funds, etc.	6861.34
2631.20	Deposits	2231.49
527.13	Reserve Funds	881.86
69.11	Suspense and Miscellaneous Balances	(-)200.65
30449.18		37623.68

Note: Apportionment of assets and liabilities except Public debt of the composite state of Madhya Pradesh immediately prior to the appointed day i.e. 1 November 2000, is yet to be finalized.

As on 31.03.2003	Assets	As on 31.03.2004
18787.69	Gross Capital Outlay on Fixed Assets -	21466.32
1702.38	Investments in shares of Companies, Corporations, etc.	1737.30
17085.31	Other Capital Outlay	19729.02
2439.90	Loans and Advances -	2608.42
858.08	Loans for Power Projects	984.41
1531.37	Other Development Loans	1583.21
50.45	Loans to Government servants and Miscellaneous loans	40.80
-	Reserve Fund Investments	---
4.14	Advances	6.17
459.24	Remittance Balances	457.61
(-) 91.30	Cash -	94.21
(-) 37.51	Cash in Treasuries and Local Remittances	(-) 5.18
(-) 113.41	Deposits with Reserve Bank	69.50
13.99	Departmental Cash Balance including permanent cash imprest	11.69
45.63	Cash Balance Investments and investment of earmarked funds	18.20
8849.51	Deficit on Government account -	12990.95
7679.47	(i) Accumulated deficit brought forward	8849.51
1169.40	(ii) Revenue Deficit of the current year	4475.76
-	(iii) Inter-State Settlement	---
0.64	(iv) Amount closed to Government account	(-) 334.32 \$
30449.18		37623.68

\$ Includes Rs.(-)334.38 crore proforma Transfer to Chhatisgarh State (Rs.264.93 crore small saving & provident fund, Rs.69.45 crore Insurance and pension fund Rs.3.08crore of proforma Transfer in 2001-02.

Appendix IV

(Reference: paragraph 1.4, page 4)

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-04

(Rupees in crore)

2002-03			2003-04	2002-03		2003-04		
						Non-plan	Plan	Total
		Section-A: Revenue						
13390.40	I.	Revenue receipts	14288.96		I. Revenue expenditure			
6164.55		- Tax Revenue	6788.86	5444.68	General Services	6536.49	37.09	6573.58
				5284.26	Social Services	3785.13	1536.52	5321.65
1635.48		- Non tax revenue	1479.82	2295.58	-Education, Sports, Arts and Culture	2021.65	333.69	2355.34
				760.61	-Health and Family Welfare	531.19	229.64	760.83
3728.73		-State's share of Union Taxes	4247.14	397.38	-Water Supply, Sanitation Housing and Urban Development	267.07	191.68	458.75
301.16		-Non Plan grants	376.38	24.31	- Information and Broadcasting	19.70	0.63	20.33
				831.36	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward classes	439.25	437.07	876.32
815.90		-Grants for State Plan Schemes	776.40	56.21	-Labour and Labour Welfare	48.16	9.32	57.48
				909.49	-Social Welfare and Nutrition	448.07	333.59	781.66
744.58		-Grants for Central and Centrally Sponsored Plan Schemes	620.36	9.32	-Others	10.04	0.90	10.94
				3424.70	Economic Services	5036.06	1242.52	6278.58
				1225.59	-Agriculture and Allied Activities	787.33	360.72	1148.05
				632.31	-Rural Development	153.51	452.41	605.92
				-	-Special Areas Programme	--	--	--
				250.59	-Irrigation and Flood control	202.56	67.57	270.13
				979.77	-Energy	3661.26	293.08	3954.34
				66.18	-Industries and Minerals	31.75	34.79	66.54
				224.00	-Transport	172.82	17.46	190.28
				4.06	-Science, Technology and Environment	1.25	2.82	4.07

2002-03			2003-04	2002-03		2003-04		
						Non-plan	Plan	Total
				42.20	-General Economic Services	25.58	13.67	39.25
				406.16	Grants-in-aid and contributions	590.91	--	590.91*
1169.40	II.	Revenue deficit carried over to Section B	4475.76	-	II-Revenue surplus carried over to Section B			
14559.80		Total	18764.72	14559.80	Total	15948.59	2816.13	18764.72
		Section-B						
331.03	III	Opening cash balance including Permanent Advances and Cash Balance investment	-91.30	-	III.Opening overdraft from RBI	--	--	--
				2454.90	IV. Capital outlay	5.99	2672.65	2678.64
	IV	Miscellaneous Capital receipts		36.28	General Services	--	36.25	36.25
				535.84	Social services	1.94	533.40	535.34
				16.56	-Education, Sports, Arts and Culture		20.43	20.43
				18.29	-Health and Family Welfare	0.37	38.02	38.39
				394.13	-Water Supply, Sanitation Housing and Urban Development	1.45	359.75	361.20
				-	- Information and Broadcasting	--	--	--
				105.24	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	--	102.99	102.99
				1.21	-Social Welfare and Nutrition	0.12	11.98	12.10
				0.41	-Other Social Services	--	0.23	0.23
				1882.78	Economic Services	4.05	2103.00	2107.05
				33.86	-Agriculture and Allied Activities	3.80	46.40	50.20
				222.77	-Rural Development	--	226.59	226.59
				950.14	-Irrigation and Flood control	--	1081.32	1081.32
				347.54	-Energy	--	328.22	328.22
				9.62	-Industries and Minerals	0.23	7.79	8.02
				314.92	-Transport	--	407.37	407.37
				3.93	-General Economic Services	0.02	5.31	5.33
		Total		2454.90	Total	5.99	2672.65	2678.64

Grants-in-aid of Rs.22.38 crore to local bodies/institutions was misclassified under Capital expenditure instead of non-plan Revenue Expenditure

(Rupees in crore)

2002-03			2003-04	2002-03		2003-04
42.71	V	Recoveries of Loans and Advances	35.84	480.70	V. Loans and Advances disbursed	204.36
1.34		-From Power Projects	--	181.66	-For Power Projects	126.33
11.44		-From Government Servants	10.30	1.35	-To Government Servants	0.66
29.93		-From others	25.54	297.69	-To others	77.37
-	VI	Inter-State Settlement		-	VI. Inter State Settlement	--
-	VII	Revenue Surplus brought down		1169.40	VII. Revenue deficit brought down	4475.76
4949.30	VIII	Public debt receipt	9938.42	1493.61	VIII. Repayment of Public debt	2275.08
3168.69		-Internal debt other than ways and means advances and overdraft	7948.72	152.87	-Internal debt other than ways and means advances and overdraft	277.85
1780.61		-Loans and advances from Central Government	1722.92	1340.74	-Repayment of loans and advances to Central Government	1997.23
-		-Net transactions under Ways and means advances including overdraft	266.78	-	-Net transactions under Ways and means advances including overdraft	--
-	IX	Appropriation to Contingency Fund	--		IX. Appropriation to Contingency Fund	--
-	X	Amount transferred to Contingency Fund	0.05	0.05	X. Expenditure from Contingency Fund	1.00
20119.55	XI	Public Account receipts	22285.06	19935.23	XI. Public Account disbursements	22439.02
1108.88		-Small Savings and Provident Funds	1200.18	1016.81	-Small Savings and Provident Funds	1108.41
169.79		-Reserve funds	366.51	11.33	-Reserve Funds	11.78
10763.80		-Suspense and Miscellaneous	12155.79	10992.29	-Suspense and Miscellaneous	12425.60
4286.52		-Remittances	4436.76	4274.17	-Remittances	4435.12
3790.56		-Deposits and Advances	4125.82	3640.63	-Deposits and Advances	4458.11
-	XII	Closing Overdraft from Reserve Bank of India		(-) 91.30	XII. Cash Balance at end of the year	94.21
				(-) 37.51	-Cash in Treasuries and Local Remittances	-5.18
				(-) 113.41	-Deposits with Reserve Bank	69.50
				13.99	-Departmental Cash Balance including permanent cash imprest	11.69
				45.63	-Cash Balance Investment and Investment of Earmarked Funds	18.20
25442.59		Total	32168.07	25442.59	Total	32168.07

Appendix V
(Reference: paragraph 1.4, page 4)

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2002-03		Source	2003-04	
Amount	Per cent		Amount	Per cent
13390.40	75.55	Revenue receipts	14288.96	63.69
42.71	0.24	Recoveries of Loans and Advances	35.84	0.16
3455.69	19.50	Increase in Public debt	7663.35	34.16
412.81	2.33	Receipts from Public account	448.14	1.99
92.07		a. Increase in Small Savings	91.78	--
149.93		b. Increase in Deposits and Advances	--	--
158.46		c. Increase in Reserve Funds and Reserve Fund Investment	354.73	--
12.35		d. Effect of Remittances transactions	1.63	--
--		e. Increase in suspense and miscellaneous	--	--
422.33	2.38	Decrease in closing cash balance	--	--
17723.94	100	Total	22436.29	--
		Application		
14559.80	82.15	Revenue expenditure	18764.72	83.64
480.70	2.71	Lending for development and other purposes	204.36	.91
2454.90	13.85	Capital expenditure	2678.64	11.94
0.05		Net effect of Contingency Fund transactions	0.95	--
		Net effect of Inter State settlement	--	
228.49	1.29	Application from Public Account-	572.38	2.55
228.49		a. Net effect of Suspense and Miscellaneous	240.09	
-		b. Miscellaneous Government Account	--	
-		c. Decrease in Deposits and Advances	332.29	
-		d. Effect of Remittances transactions	--	
-		Increase in closing cash balance	215.24	0.96
17723.94	100	Total	22436.29	

Explanatory Notes to Statements I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts
2. Government accounts being mainly on cash basis, the deficit on government account, as shown in Statement I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and inter-departmental and inter-Government payments and others awaiting settlement.
4. Grants-in-aid of Rs.22.38 crore to local bodies/institutions was mis-classified under Capital (Plan) expenditure instead of non plan Revenue expenditure
5. There was a difference of Rs.371.75 lakh (credit) between the figures- Rs.6949.63 lakh (debit)- reflected in the Accounts and that intimated by Reserve Bank of India - Rs.7321.38 lakh (credit)- Under "Deposits with Reserve Bank". After close of June 2004 accounts, the net difference to be reconciled was Rs.171.20 lakh (credit)

Appendix VI (Reference: paragraph 1.4, page 4)

TIME-SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1999-2000 ^s	2000-01			2001-02	2002-03	2003-04
		April – October 2000	November 2000-March 2001	Total			
1. Revenue Receipts	13204	7136	5703	12839	11211	13391	14289
(i) Tax Revenue	5795 (44)	3225	2415	5640 (44)	4679(42)	6165(46)	6789(48)
Taxes on Sales, Trade, etc.	2555 (44)	1568	1198	2766 (49)	2361(50)	2906(47)	3293(49)
State Excise	1073 (19)	674	301	975 (17)	705(15)	890(15)	1086(16)
Stamps and Registration fees	470 (8)	298	179	477 (8)	445(10)	535(9)	614(9)
Taxes on Vehicles	402 (7)	257	149	406 (7)	393(8)	429(7)	455(6)
Other Taxes	1295(22)	428	588	1016(19)	775(17)	1405(22)	1341(20)
(ii) Non Tax Revenue	2469 (18)	1020	704	1724 (13)	1602(14)	1635(12)	1480(10)
(iii) State's share in Union taxes and duties	3262 (25)	2318	1637	3955 (31)	3439(31)	3729(28)	4247(30)
(iv) Grants-in-aid from GOI	1678 (13)	574	946	1520 (12)	1491(13)	1862(14)	1773(12)
2. Misc. Capital Receipts	--	--	--	--	--	--	--
3. Total revenue and Non debt capital receipts (1+2)	13204	7136	5703	12839	11211	13391	14289
4. Recovery of Loans and Advances	314	(-) 6	19	13	1588	43	36
4A Inter-State Settlement					--		
5. Public Debt Receipts	3462	2171	930	3101	3281	4949	9938
Internal Debt (Excluding Ways & Means Advances and Overdraft)	2104(61)	1308	568	1876(61)	1830(56)	3169(64)	7949(80)
Loans and Advances from Government of India ^s	1358(39)	632	362	994(32)	1451(44)	1780(36)	1722(17)
Net Transactions under Ways and means advances and overdraft	--	231	-	231(7)	--	--	267(3)
6. Total receipts in the Consolidated fund (3+4+5)	16980	9301	6652	15953	16080	18383	24263
7. Contingency Fund receipts	--	7	-	7	--	--	--
8. Public Account receipts	17170	9882	6638	16520	15013	20120	22285
9. Total receipts of the Government (6+7+8)	34150	19190	13290	32480	31093	38503	46548
10. Revenue expenditure	16136(93)	8938	6047	14985 (91)	14369(87)	14560(83)	18765(87)
Plan	2727(17)	1217	1466	2683 (18)	2516(18)	3520(24)	2816(15)
Non-Plan	13409(83)	7721	4581	12302 (82)	11853(82)	11040(76)	15949(85)
General Services (including interest, payments)	5244(33)	3364	1959	5323 (36)	5049(35)	5445(37)	6574(35)
Social Services	6210(38)	3639	2197	5836 (39)	4583(32)	5284(36)	5322(28)
Economic Services	4033(25)	1585	1713	3298 (22)	4364(30)	3425(24)	6278(34)
Grants-in-aid and contributions	648(4)	350	178	528 (3)	373(3)	406(3)	591(3)
11. Capital Expenditure	950(5)	524	586	1110 (7)	1471(9)	2455(14)	2679 (12)
Plan	946 (100)	518	587	1105(100)	1466(100)	2449(100)	2673(100)
Non-Plan	4	06	(-) 01	05	05	6	6
General Services	16 (2)	05	11	16(2)	22(1)	36 (1)	36(1)
Social Services	195 (20)	38	98	136(12)	172(12)	536(22)	535(20)
Economic Services	739 (78)	481	477	958(86)	1277(87)	1883(77)	2108(79)

-contd..

^s Includes ways and means advances from GOI.

Appendix VI (continued)

(Rupees in crore)

	1999-2000*	2000-01			2001-02	2002-03	2003-04
		April - October 2000	November 2000-March 2001	Total			
12. Disbursement of Loans and Advances	343 (2)	33	263	296(2)	599(4)	481 (3)	204(1)
12A Inter-State settlement		-	-		5-	-	--
13. Total expenditure (10+11+12)	17429	9495	6896	16391	16444	17496	21648
14. Repayment of Public Debt	549	271	547	818	522	1494	2275
Internal Debt (excluding Ways & Means Advances and Overdraft)	135	51	72	123	150	153	278
Net transactions under Ways and Means Advances and Overdraft	21	-	294	294	--	-	--
Loans and Advances from Government of India ^s	393	220	181	401	372	1341	1997
15. Appropriation to Contingency Fund	--	-	-	--	--	-	--
16. Total disbursement out of Consolidated Fund (13+14+15)	17978	9766	7443	17209	16966	18990	23923
17. Contingency Fund disbursements	7	13	(-) 13	--	--	-	--
18. Public Account disbursements	16040	9690	6146	15836	13569	19935	22439
19. Total disbursements by the Government (16+17+18)	34025	19469	13576	33045	30535	38925	46362
20. Revenue Deficit (1-10)	2932	1802	344	2146	3158	1169	4476
21. Fiscal Deficit (3+4-13)	3911	2365	1174	3539	3645	4062	7323
22. Primary Deficit (21-23)	1772	858	270	1128	1391	1560	4117
Part D. Other data							
23. Interest payments (included in revenue expenditure)	2139	1507	904	2411	2254	2502	3206
24. Arrears of Revenue (percentage of Tax & non-Tax Revenue receipts)	465 (6)	-	-	347 (5)	204(3)	839 (11)	758 ^s (9)
25. Financial assistance to local bodies etc.	1505	224	589	813	2304	525	3324
26. Ways and Means Advances/Overdraft availed (days)	165/100	70/9	95/38	165/47	117/172	103/176	200/60
27. Interest on WMA/Overdraft	10/3	6/2	2/1	8/3	11/5	11/7	13/4
28. Gross State Domestic Product (GSDP)	98768(P)	-	-	88445(@)	81286(Q)	83011(Q)	101027Q
29. Outstanding debt (year-end)	25948	-	22548	22548	26487	30340	37785
30. Outstanding guarantees (year-end)	142	-	-	467	472	585	974
31. Maximum amount guaranteed (year-end)	9671	-	-	9673	9701	11572	12131
32. Number of incomplete projects	237	-	-	185	180	301	453
33. Capital blocked in incomplete projects	5957	-	-	4983	5589	6459	7447

(Q) Quick estimates for the successor State of Madhya Pradesh.

(P)- Provisional

(@) Provisional figures of GSDP for the full year (Rs.73165 crore) for the successor State of Madhya Pradesh plus pro-rata figures of that for Chhattisgarh (Rs.15280 crore) for April-October 2000.

(*) In respect of composite state of Madhya Pradesh

(\$) Revenue figure of some principal heads of revenue

Appendix VII

(Reference: paragraph 1.6.2 (f), page 12)

Statement showing unauthorised retention of funds by keeping these in bank account/post office

(Rupees in lakh)

Sl. No.	Name of the Unit	Amount drawn	Purpose	Unutilised amount	Reasons furnished by the department	Remarks
1	Assistant Commissioner Tribal Development DHAR (May 2003)	599.39 233.26	For construction works ----do----	599.39 (Bank) 233.26 (Post Office)	Under the orders of Collector, after due approval of Finance Department. After approval of the Collector, would be deposited in P.D. account	Department did not produce the sanction of F.D.
2	District Organiser Tribal Welfare SATNA (June 2004)	112.25	For construction works and development schemes	112.25 (Banks & Post offices)	To avoid the lapse of budget at the end of financial year. Department noted it for future.	
3	Assistant Commissioner Tribal Development SEONI (February 2003)	219.77	for electrification in rural areas, single point connection for SC localities, Majra Tola, Erection/development of electric lines up to wells of SC/ST farmers	61.87 (Bank)	As per the orders of the collector due to non receipt of the proposal from MPSEB.	
4	Assistant Commissioner Tribal Development CHHINDWARA (April 2003)	238.51	For construction works and advance for the schemes.	45.91 (Bank)	Irregularity was noted by the department for compliance in future.	
	Total	1403.18 or Rs. 14.03 crore		1052.68 or Rs. 10.53 crore		

Appendix VIII

(Reference: paragraph 1.7.2, page 16)

Department wise figures of Misappropriation, Defalcations, etc.

Sl. No.	Major head and name of the department	No. of cases	Amount (in Rupees)	Category	Remarks
1.	2210-Medical & Public Health Department	136	1,19,32,260.80	Misappropriation, defalcation, losses etc.	
2.	2245-Natural Calamities & Assistance.	2	46,83,536.05	-----“-----	
3.	2051-Public Service Commission	1	23,109.71	-----“-----	
4.	2040-Sales Tax	1	85,518.50	-----“-----	
5.	2014 –Administration of Justice	27	12,40,429.22	-----“-----	
6.	2054-Treasury and Accounts (Finance Deptt.)	11	33,13,906.85	-----“-----	
7.	2029-Land Record & Settlements	24	8,52,504.24	-----“-----	
8.	2053-Finance & General Administration	9	3,48,291.94	-----“-----	
9.	2058-Printing and Stationery	1	66,739.00	-----“-----	
10.	2211-Family Welfare Department	69	16,65,668.06	-----“-----	
11.	2853-Non-ferros mining	3	58,923.30	-----“-----	
12.	2403-Animal Husbandry Deptt.	20	1,16,2076.01	-----“-----	
13.	2225-Welfare of SC/ST & OBC	51	25,22,661.51	-----“-----	
14.	2030-Stamp & Registration	1	95,980.00	-----“-----	
15.	2055-Police	217	73,27,675.78	Losses	
16.	2041-Transport	1	5,63,756.00	Misappropriation, defalcation, losses etc.	
17.	2235-Panchayat & Social Welfare	7	1,63,666.85	-----“-----	
18.	2235-Women and Child Welfare	8	3,20,521.00	-----“-----	
19.	2235- Rehabilitation Department	5	30,460.49	-----“-----	
20.	2401-Agriculture Deptt.	23	8,89,033.88	-----“-----	
21.	2402.-----“-----	11	2,15,089.57	-----“-----	
22.	2851-Gramodyog	8	3,67,212.40	-----“-----	
23.	2230-Labour	14	9,63,470.36	-----“-----	
24.	2039-State Excise	13	5,10,303.72	-----“-----	
25.	2408-Food & Civil Supply	2	58,419.85	-----“-----	
26.	2425-Co-operative	2	1,11,774.00	-----“-----	
27.	2202-School Education Deptt.	144	5,47,5724.90	-----“-----	
28.	2202-Higher Education Deptt.	23	13,11,198.49	-----“-----	
29.	2203-Technical Education Deptt.	5	3,22,931.67	-----“-----	
30.	2205-Art & Culture Deptt.	1	13,12,117.70	-----“-----	
31.	2405-Fisheries Deptt.	2	63,323.09	Misappropriation, defalcation, losses etc.	
32.	2501, 2505, 2515 Rural Development Department	16	8,18,981.77	-----“-----	
	Total	858	4,88,77,266.71		

Appendix IX

(Reference: paragraph 1.7.2, page 16)

Department/year-wise break-up of Misappropriation, Defalcations etc.

(Amount in Rupees)

Sl. No.	Major head and name of the department	Upto 1999-2000		2000-2001		2001-2002		2002-2003		2003-04		Grand Total	
		No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts
1.	2210-Medical & Public Health Department	134	11769770.80	2	162490.00	--	--	--	--	--	--	136	11932260.80
2.	2245-Natural Calamities & Assistance.	2	4683536.05	--	--	--	--	--	--	--	--	2	4683536.05
3.	2051-Public Service Commission	1	23109.71	--	--	--	--	--	--	--	--	1	23109.71
4.	2040-Sales Tax	1	85518.50	--	--	--	--	--	--	--	--	1	85518.50
5.	2014 -Administration of Justice	24	695338.91	3	545090.31	--	--	--	--	--	--	27	1240429.22
6.	2054-Treasury and Accounts (Finance Deptt.)	11	3313906.85	--	--	--	--	--	--	--	--	11	3313906.85
7.	2029-Land Record & Settlements	23	772504.24	1	80000.00	--	--	--	--	--	--	24	852504.24
8.	2053-Finance & General Administration	8	236791.94	1	111500.00	--	--	--	--	--	--	9	348291.94
9.	2058-Printing and Stationery	1	66739.00	--	--	--	--	--	--	--	--	1	66739.00
10.	2211-Family Welfare Department	69	1665668.06	--	--	--	--	--	--	--	--	69	1665668.06
11.	2853-Non-ferros mining	1	1669.30	2	57254.00	--	--	--	--	--	--	3	58923.30
12.	2403-Animal Husbandry Deptt.	17	1126850.38	--	--	1	609.00	1	24853.00	1	9763.63	20	1162076.01
13.	2225-Welfare of SC/ST & OBC	51	2522661.51	--	--	--	--	--	--	--	--	51	2522661.51
14.	2030-Stamp & Registration	1	95980.00	--	--	--	--	--	--	--	--	1	95980.00
15.	2055-Police	114	3856159.98	17	789521.30	41	1165949.00	40	1112444.50	5	403601.00	217	7327675.78
16.	2041-Transport	1	563756.00	--	--	--	--	--	--	--	--	1	563756.00

Audit Report (Civil) for the year ended 31 March 2004

Sl. No.	Major head and name of the department	Upto 1999-2000		2000-2001		2001-2002		2002-2003		2003-2004		Grand Total	
		No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts
17.	2235-Panchayat & Social Welfare	7	163666.85	--	--	--	--	--	--	--	--	7	163666.85
18.	2235-Women and Child Welfare	8	320521.00	--	--	--	--	--	--	--	--	8	320521.00
19.	2235- Rehabilitation Department	5	30460.49	--	--	--	--	--	--	--	--	5	30460.49
20.	2401-Agriculture Deptt.	18	522863.88	--	--	1	95000.00	1	4292.00	3	266878.00	23	889033.88
21.	2402-----"-----	8	116201.57	--	--	1	5388.00	1	90000.00	1	3500.00	11	215089.57
22.	2851-Gramodyog	2	18605.05	1	274682.35	2	11400.00	1	1525.00	2	61000.00	8	367212.40
23.	2230-Labour	4	136725.76	5	737152.00	--	--	4	26126.00	1	63466.60	14	963470.36
24.	2039-State Excise	8	449160.72	1	22083.00	2	30431.00	2	8629.00	--	--	13	510303.72
25.	2408-Food & Civil Supply	2	58419.85	--	--	--	--	--	--	--	--	2	58419.85
26.	2425-Co-operative	--	--	2	111774.00	--	--	--	--	--	--	2	111774.00
27.	2202-School Education Deptt.	130	3782023.69	1	44276.00	2	425287.00	9	772559.21	2	451579.00	144	5475724.90
28.	2202-Higher Education Deptt.	20	1288638.49	--	--	2	16130.00	--	--	1	6430.00	23	1311198.49
29.	2203-Technical Education Deptt.	1	63710.47	--	--	4	259221.20	--	--	--	--	5	322931.67
30.	2205-Art & Culture Deptt.	1	1312117.70	--	--	--	--	--	--	--	--	1	1312117.70
31.	2405-Fisheries Deptt.	1	2723.09	--	--	--	--	--	--	1	60600.00	2	63323.09
32.	2501, 2505, 2515 Rural Development Department	14	678950.77	--	--	1	7031.00	1	133000.00	--	--	16	818981.77
	TOTAL	688	40424750.61	36	2936822.96	57	2016446.20	60	2173428.71	17	1326818.23	858	48877266.71

Appendix X

(Reference: paragraph 1.7.3, page 16)

Write off of losses, etc.

Sl. No.	Department	Number of cases	Amount (in rupees)
1.	Sales Tax	2	27570.00
2.	Mining	1	80442.00
3.	Welfare of SC, ST & OBC	12	286867.01
4.	Police	20	411271.90
5.	Transport	1	18019.20
6.	Panchayat and Social Welfare	3	12507.80
7.	Rehabilitation	1	12617.00
8.	Gramodyog	2	10000.00
9.	Industries	1	52611.00
10.	Agriculture	1	2340.00
11.	School Education	25	189004.02
12.	Rural Development	3	132425.95
13.	Fisheries	1	36803.26
14.	Higher Education	1	14800.00
	TOTAL	74	1287279.14

Appendix – XI
(Reference: paragraph 1.8.3, page 17)

Financial position of Statutory Corporation/Government Companies as on 15-12-2004
running in loss at the end of March 31st of the financial year 2003-04

Sl. No.	Name of the Company/ Corporation	Amount invested (paid-up-capital) at the end of the Year				Accumulated loss (-) at the end of 31 st March of the year	Years upto which accounts furnished	Remarks
		State	Central	Others	Total			
		(Rupees in lakh)						
1.	2.	3.	4.	5.	6.	7.	8.	9.
A.	Companies							
1.	MP State Agro Industries Development Corporation Limited Bhopal	209.50	120.00	--	329.50	(-)32.15	2001-02	
2.	MP Hastashilp Evam Hathkargha Vikas Nigam Limited Bhopal	1.70	52.00	72.46	126.16	(-)208.63	2000-01	
3.	MP Police Housing Corporation Limited Bhopal	600.00	--	--	600.00	(-) 94.68	2002-03	
4.	MPAKVN (Rewa) Limited Rewa	--	--	80.00	80.00	(-) 464.33	2001-02	
5.	MP Pichhra Varg Tatha alpsankhyak Vitta Evam Vikas Nigam Bhopal	644.85	--	--	644.85	(-)16.44	1997-98	
6.	MP State Tourism development Corporation Limited Bhopal	2497.29	--	--	2497.29	(-)41.23	2001-02	
7.	MP State Industrial Development Corporation Limited Bhopal	8109.18	--	--	8109.18	(-)31064.18	2002-03	
8.	MP Urja Vikas Nigam Limited Bhopal	68.92	--	--	68.92	(-)131.75	2002-03	
B.	Defunct Companies							
9.	MP Lift Irrigation Corporation Limited Bhopal	592.29	--	--	592.29	(-)623.76	1991-92	
10.	Optel Telecommunications Ltd District-Raisen.	--	Private Share Holder	1500.00 896.71	2396.71	(-)6480.94	2002-03	
11.	MP State Industries Corporation Limited Bhopal	1511.67	--	--	1511.67	(-)6990.35	2001-02	
12.	MP State Textiles Corporation limited Bhopal	685.95	--	--	685.95	(-)9528.80	2002-03	
13.	MP Rajya Setu Nirman Nigam Limited	500.00	--	--	500.00	(-)205.04	1989-90	
C	619-B-Companies.							
14.	MP Vidyut Yantra Limited Bhopal	126.00	24.00	--	150.00	(-)378.00	1989-90	
D	Corporations.							
15.	MP State Electricity Board	16961.71	--	--	16961.71	(-)221998.00	2002-03	
16.	MP Road Transport Corporation.	14140.34	4096.38	--	18236.72	(-)86452.81	2002-03 (upto 31-12-2002)	
17.	MP Financial Corporation	6253.91	--	2554.45	8808.36	(-)23871.51	2002-03	
	Total	52903.31	4292.38	5103.62	62299.31	(-)388582.6		

- Note:**
1. Column 5 represents the investment made by the holding Government Companies.
 2. Latest position of uncertified accounts cannot be given by this wing as no provisional accounts are received in this wing.

Appendix XII

(Reference: paragraph 2.3.1, page 29)

Cases where expenditure fell short by more than Rupees one crore and also by more than 10 per cent of the total provision

(Rupees in crore)			
Sl. No.	Number and name of grant/appropriation	Total Provision	Amount of saving (percentage of provision)
(1)	(2)	(3)	(4)
	A-Revenue- Voted		
1	01- General Administration	84.47	18.38 (21.8)
2	03- Police	987.59	124.14 (12.6)
3	04- Other expenditure pertaining to Home Department	10.98	3.76 (34.2)
4	05- Jails	69.80	10.67 (15.3)
5	08- Land Revenue and District Administration	320.58	55.24 (17.2)
6	09-Expenditure pertaining to Revenue Department	23.92	3.95 (16.5)
7	11- Expenditure pertaining to Commerce and Industry Department	55.71	16.12 (28.9)
8	13- Agriculture	324.18	92.59 (28.6)
9	15- Financial Assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes	192.66	25.92 (13.5)
10	16- Fisheries	11.47	2.43 (21.2)
11	17- Co-operation	49.20	16.90 (34.3)
12	18- Labour	47.53	13.96 (29.4)
13	19- Public Health and Family Welfare	626.75	137.30 (21.9)
14	20- Public Health Engineering	220.76	26.58 (12)
15	21- Expenditure pertaining to Housing and Environment Department	52.04	22.13 (42.5)
16	24-Public Works- Roads and Bridges	249.13	80.54 (32.3)
17	25-Expenditure pertaining to Mineral Resources Department	9.67	2.80 (29)
18	26-Expenditure pertaining to Culture Department	19.59	3.66 (18.7)
19	28-State Legislature	24.42	4.91 (20.1)
20	29-Administration of Justice and Elections	185.99	60.11 (32.3)
21	31-Expenditure pertaining to Planning, Economics and Statistics Department	16.95	2.45 (14.5)
22	32- Expenditure pertaining to Public Relations Department	41.13	5.64 (13.7)
23	34- Social Welfare	23.30	3.93 (16.9)
24	36- Transport	20.77	2.80 (13.5)
25	37-Tourism	5.81	1.84 (31.7)
26	40- Expenditure pertaining to Water Resources Department-Command Area Development	5.09	3.51 (69)
27	43-Sports and Youth Welfare	10.99	3.82 (34.8)
28	44-Higher Education	318.12	52.61 (16.5)
29	45-Minor Irrigation Works	58.28	20.89 (35.8)
30	47-Technical Education and Man-Power Planning Department	137.42	33.88 (24.7)
31	48-Narmada Valley Development	9.21	3.97 (43.1)

(Rupees in crore)

(1)	(2)	(3)	(4)
32	49-Scheduled Caste Welfare	42.12	6.75 (16)
33	50-Expenditure pertaining to 20 Point Implementation Department	3.06	1.21 (39.5)
34	51- Religious Trusts and Endowments	10.09	2.10 (20.8)
35	52- Externally Aided Projects pertaining to Agriculture Department	5.23	1.29 (24.7)
36	55- Expenditure pertaining to Women and Child Welfare	321.26	89.74 (27.9)
37	56- Rural Industries	29.98	7.44 (24.8)
38	59-Externally Aided Projects pertaining to Rural Development Department	8.00	8.00 (100)
39	64-Special Component Plan for Scheduled Castes	401.15	118.07 (29.4)
40	66-Welfare of Backward Classes	68.78	8.43 (12.3)
41	71-Expenditure pertaining to Biodiversity and Biotechnology Department	5.00	4.61 (92.2)
42	72- Expenditure pertaining to Gas Tragedy Relief Works	38.91	18.32 (47.1)
43	74- Externally Aided Projects pertaining to Finance Department	22.17	22.17 (100)
44	79-Expenditure pertaining to Medical Education Department	179.22	20.22 (11.3)
45	80-Financial assistance to Three Tier Panchayti Raj Institutions	718.03	89.97 (12.5)
46	81-Financial assistance to Urban Bodies	886.44	160.33 (18.1)
47	82-Financial assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions	300.88	50.44 (16.8)
48	85-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Police	7.62	7.15 (93.8)
49	88- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission—Judicial	4.83	3.18 (65.8)
50	90- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission--Public Health and Family Welfare	6.60	6.60 (100)
51	91-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-School Education	11.05	1.86 (16.8)
52	92- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Culture	10.98	8.56 (78)
53	93- Expenditure Pertaining to Accelerated Energy Development	52.50	28.98 (55.2)
54	94-Expenditure pertaining to Sinhasth Mela, 2004	47.37	7.93 (16.7)
	Total (A)	7394.78	1530.78
	B-Revenue- charged		
55	01-General Administration	6.64	1.06 (16)
56	06-Expenditure pertaining to Finance Department	1.70	1.51 (88.8)
	Total (B)	8.34	2.57
	C-Capital Voted		
57	03-Police	9.76	2.51 (25.7)
58	06- Expenditure Pertaining to Finance Department	16.71	8.71 (52.1)
59	07-Expenditure pertaining to Commercial Tax Department	10.15	6.38 (62.9)
60	08- Land Revenue and District Administration	7.41	5.64 (76.1)
61	11-Expenditure pertaining to Commerce and Industry Department	17.59	12.00 (68.2)

(Rs. in crore)

(1)	(2)	(3)	(4)
62	17- Co-operation	110.81	53.53 (48.3)
63	19- Public Health and Family Welfare	24.76	5.11 (20.6)
64	21- Expenditure pertaining to Housing and Environment Department	14.17	2.75 (19.4)
65	23- Water Resources Department	446.27	84.01 (18.8)
66	27- School Education	14.13	14.13 (100)
67	37-Tourism	9.74	4.43 (45.5)
68	39- Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department.	40.01	19.26 (48.1)
69	40-Expenditure pertaining to Water Resources Department- Command area Development	8.25	2.59 (31.4)
70	41-Tribal areas sub-plan	367.47	44.76 (12.2)
71	42- Public Works relating to Tribal Areas Sub-plan- Roads and Bridges	96.60	34.85 (36.1)
72	45- Minor Irrigation Works	36.89	19.61 (53.2)
73	55-Expenditure pertaining to Women and Child Welfare	25.90	14.42 (55.7)
74	56-Rural Industries	2.10	1.71 (81.4)
75	57-Externally Aided Projects pertaining to Water Resources Department	104.50	25.48 (24.4)
76	59- Externally Aided Projects pertaining to Rural Development Department	84.00	41.01 (48.8)
77	64- Special Component Plan for Scheduled Castes	186.80	39.88 (21.3)
78	66-Welfare of Backward Classes	1.70	1.07 (62.9)
79	67- Public Works-Buildings	54.87	29.94 (54.6)
80	72-Expenditure pertaining to Gas Tragedy Relief Works	3.27	2.78 (85)
81	73- Externally Aided Projects pertaining to Housing and Environment Department	25.00	2.61 (10.4)
82	75- NABARD Aided Projects pertaining to Water Resources Department	127.10	14.57 (11.5)
83	80-Financial assistance to Three Tier Panchayti Raj Institutions	5.38	1.34 (24.9)
84	81-Financial assistance to Urban Bodies	20.26	8.53 (42.1)
85	84-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	23.90	14.13 (59.1)
86	85- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Police	9.49	3.96 (41.7)
87	86-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Jail	3.33	1.10 (33)
88	87-Externally Aided Projects pertaining to Technical Education and Manpower Planning Department	9.50	7.75 (81.6)
89	93- Expenditure Pertaining to Accelerated Energy Development	52.50	28.98 (55.2)
Total (C)		1970.32	559.53
Grand Total (A+B+C)		9373.44	2092.88

Appendix XIII

(Reference : paragraph 2.3.1, page 29)

Cases where entire budget provision under Central schemes remained unutilized

(Rupees in crore)			
Sl. No.	Number and name of grant	Head of account	Budget provision not utilized
(1)	(2)	(3)	(4)
A-- Centrally Sponsored Schemes			
1	20-Public Health Engineering	4215-01-102-0701-7557-Sector Reforms Scheme.	1.00
2	24-Public Works- Roads and Bridges	5054-03-337-0701-7085-Roads Construction Works (A.D.B.)	40.00
3	27-School Education	2202-02-109-0701-7817-Computer arrangement under CLASS project.	3.25
4	40-Expenditure pertaining to Water Resources Department- Command area Development	2705-207-0701-6305-Grant to Irrigation Participatory Management Societies.	1.00
5	56-Rural Industries	2851-108-0701-6611-T.C.I.D.S. Project (Textile Centre Infrastructure Development Scheme) Burhanpur	3.68
6	64-Special Component Plan for Scheduled Castes	25-Scheduled Tribe, Scheduled Caste Welfare Department 4059-60- 789- 800-0703-5172- Establishment of Police Station for SC/ST	1.14
7	67-Public Works- Buildings	2059-80-001-0701-7090-Payment to Staff under V.R.S.(A.D.B.)	1.00
8	67-Public Works- Buildings	4059-01-051-0701-7716-Building Construction in Subordinate Courts. (Family Courts)	1.40
9	80-Financial assistance to Three Tier Panchayti Raj Institutions	2216-01-800-0701-5198-Indira Awas Yojna.	1.08
10	81-Financial assistance to Urban Bodies	2217-01-001-0701-9106-Golden Jubilee Urban Employment Scheme.	10.78
		Total-(A)	64.33
B- Central Sector Schemes.			
11	08-Land Revenue and District Administration	2029-103-0801-5917-Extension of Computerization Scheme of Land Records.	9.00
12	08-Land Revenue and District Administration	2029-103-0801-8717-Sixteenth Animal Census.	1.00
13	11-Expenditure pertaining to Commerce and Industry Department	2852-80-800-0801-705-Development and Construction Work in Industrial Areas/ Institutes.	3.00

(Rupees in crore)

(1)	(2)	(3)	(4)
14	19-Public Health and Family Welfare	2211-800-0801-2498-Supply of Conventional Contraceptives.	7.00
15	19-Public Health and Family Welfare	2211-800-0801-6106-Universal Immunization.	10.00
16	19-Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives.	13.34
17	19-Public Health and Family Welfare	3606-237-0801-4244-Malaria.	9.64
18	19-Public Health and Family Welfare	3606-237-0801-8282-Child life and Safe Maternity Programme.	26.97
19	21-Expenditure pertaining to Housing and Environment Department	2215-02-106-0801-8872-National River Conservation Scheme.	1.00
20	24-Public Works- Roads and Bridges	5054-04-800-0801-8803-Saras Khedi Dhakoni Road from Ashok Nagar to Ishagarh.	1.00
21	27-School Education	2202-01-101-0801-7515-Grant to Madarsa Board.	4.60
22	27-School Education	2202-01-102-0801-6344-Modernisation of Madarsa.	6.41
23	27-School Education	4202-01-201-0801-8742-Pradhan Mantri Gramodaya Yojna.	8.37
24	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	2408-01-102-0801-8844-Grant from Central Government Under Decentralized Procurement Scheme.	150.00
25	41-Tribal areas sub-plan	25-Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-796-277-0802-7769-Special Repairs in Departmental Educational Institutions. [Article 275 (i)]	3.54
26	55-Expenditure pertaining to Women and Child Welfare	2235-02-102-0801-5356-Supervision of Integrated Child Development Services (Under Externally Aided Scheme)	8.08
27	55-Expenditure pertaining to Women and Child Welfare	2235-02-102-0801-7543-Communication Strategy.	3.05
28	55-Expenditure pertaining to Women and Child Welfare	2235-02-102-0801-8808-Work related to Information Technology.	4.95
29	66-Welfare of Backward Classes	2225-03-277-0801-9026-Post Metric Scholarships.	2.00
30	66-Welfare of Backward Classes	2225-03-800-0801-3673-State Scholarships.	1.00
		Total - (B)	273.95

(Rupees in crore)

(1)	(2)	(3)	(4)
C-- Schemes Financed out of Additive Funds of Government of India for Tribal Area Sub-plan			
31	41-Tribal areas sub-plan	14-Agriculture Department. 2401-794-103-0602-5081- Suraj Dhara Scheme.	1.25
32	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-277-0602-8836-Madhya Pradesh Residential School Committee.	3.10
33	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7771-Useful Extension Services on Tribal's Land.	3.45
34	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7772-Training cum Demonstration Programme for Tribal Farmers.	1.15
35	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7773-Distribution of Seeds, Fertilizers, Minikits and Pesticides to Tribal families under Agriculture Programme.	2.30
36	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7774-Vocational Crop Programme on Tribal Farmer's fields.	1.15
37	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7775- Land reform on the land of Scheduled Tribe Farmers.	1.75
38	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7776-Plantation of fruits and vegetables on the land of Tribal beneficiaries.	1.15
39	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7777-Training to Tribal people for production, processing and marketing of fruits and vegetables.	1.15
40	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7778-Minor Plantation and Seed Farm.	1.15

(Rupees in crore)

(1)	(2)	(3)	(4)
41	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7782-Assistance to Tribal people for restoration of Agricultural land.	12.24
42	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7783-Check Dam, Wells, Tube Wells, Diversion Channels, Water harvesting Structure etc. for Tribal Community.	11.49
43	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7784-Assistance to tribal beneficiaries for Wells, Tube Wells, Irrigation Pumps and Agriculture Ponds.	10.10
44	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7785-Plantation of grain and fruits species as a measures of Soil Conservation on the land of Tribals.	10.90
45	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7786-Supply of Milk giving animals, Hen, Goat, Sheep, Piggery and Ducks etc. to Tribal families.	3.45
46	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7789-Assistance to Milk and Poultry Farming Co-operative Societies of Tribal members.	1.15
47	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7790-Plantation of Minor Forest Produce and collection of roots and herbs in Tribal Areas.	8.09
48	41-Tribal areas sub-plan	25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-794-800-0602-7793-Enterprenureship Development in Tribal Youths.	1.03
49	64-Special Component Plan for Scheduled Castes	14-Agriculture Department. 2401-793-103-0603-8769-Annapurna Yojna.	2.25
		Total- (C)	78.30
		Grand Total (A+B+C)	416.58

Appendix XIV

(Reference : paragraph 2.3.1, page 29)

Cases involving substantial excesses under the schemes

(Rupees in crore)				
Sl. No.	Number and name of Grant/ appropriation	Name of scheme	Amount of excess	Percentage of excess
1	2	3	4	5
A-Revenue Voted				
1	07-Expenditure pertaining to Commercial Tax Department	2039-001-122-Superintendence.	168.50	10657.7
2	58-Expenditure on Relief on account of Natural Calamities and Scarcity	2245-02-101-2018-Cash Doles.	37.45	749
3	58-Expenditure on Relief on account of Natural Calamities and Scarcity	2245-02-101-747-Relief to Hail Storm Sufferers.	15.25	305
4	64-Special Component Plan for Scheduled Castes	25-Scheduled Tribe, Scheduled Caste Welfare Department. 2225-01-789-800-0803-5089-Dignity Scheme of Releasing and Rehabilitation of scavengers.	8.29	82895900 (Excess against token provision)
5	67-Public Works-Buildings	2216-80-001-2300-Direction and Administration (Prorata Share of Establishment Charges transferred from Grant No. 67-Major Head 2059-Public Works)	6.18	123.5
		Total-(A)	235.67	
B-Revenue- Charged				
6	--Interest Payments and Servicing of Debt	2049-01-101-6417-8.50% M.P. State Development Loan (auction)-2011.	22.24	608.5
7	--Interest Payments and Servicing of Debt	2049-01-101-6419-New Market Loan.	254.28	2382.4
8	--Interest Payments and Servicing of Debt	2049-01-101-7110-6.94% M.P. state Development Loan 2012.	13.16	329
9	--Interest Payments and Servicing of Debt	2049-01-200-6235-Interest on Loans from National Capital Region Planning Board.	11.64	837.3
		Total (B)	301.32	

(Rupees in crore)

1	2	3	4	5
	(C) Capital Voted-			
10	41-Tribal areas sub-plan	27-Narmada Valley Development-4701-03-796-201-0102-5223-Man project (NABARD).	7.25	164.9
11	48-Narmada Valley Development	4801-01-206-0101-7058-Payment of share of Indira Sagar Project Unit I to N.H.D.C.	39.06	100.3
		Total (C)	46.31	
	D- Capital- Charged			
12	-Public Debt	6003-109-6236-Loans from National Capital Region Planning Board	12.16	905.6
		Total (D)	12.16	
		Grant Total (A+B+C+D)	595.46	

Appendix XV

(Reference: paragraph 2.3.1, page 29)

Cases involving substantial savings under the schemes

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Name of scheme	Amount of savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)
	A-Revenue- Voted			
1	3-Police	2055-109-1816-Anti Decoity Operations.	8.99	83.6
2	6-Expenditure pertaining to Finance Department	2070-800-224- Other Expenditure.	97.56	100
3	6-Expenditure pertaining to Finance Department	2070-800-6409-Lump-sum Provision for Voluntary Retirement.	10.00	100
4	6-Expenditure pertaining to Finance Department	2070-800-7735-Recommendation of Brahama Swarup Committee.	75.00	100
5	6-Expenditure pertaining to Finance Department	2070-800-7738-Relief on Pension.	33.28	100
6	6-Expenditure pertaining to Finance Department	2070-800-7859-Administrative arrangements due to formation of new Districts.	30.00	100
7	6-Expenditure pertaining to Finance Department	2071-01-102-3080-Payment of Commuted Value of Pensions in India.	117.90	93.6
8	7-Expenditure pertaining to Commercial Tax Department	2039-800-4034-Running of Departmental Liquor Shops.	176.12	99.5
9	8-Land Revenue and District Administration	2029-103-0801-5917-Extension of Computerization Scheme of Land Records.	9.00	100
10	8-Land Revenue and District Administration	2029-103-0101-5045-Digitisation of Cedestral Survey Maps.	7.68	100
11	12-Expenditure pertaining to Energy Department	2801-80-101-0101-7656- Prime Minister Gramodaya Yojna.	5.00	100
12	19-Public Health and Family Welfare	2210-01-110-1201-7099-Rajiv Gandhi Community Health Mission.	22.86	100
13	19-Public Health and Family Welfare	2210-06-800-0801-1801-Cost of Material and Decoration under T.C.A. Programme.	9.73	100
14	19-Public Health and Family Welfare	2211-101-0801-1200- Rural Family Welfare Services.- Direct Expenditure.	34.31	86.3
15	19-Public Health and Family Welfare	2211-200-0801-6216-District Level Post Maternity Centres.	5.36	85.1
16	19-Public Health and Family Welfare	2211-800-0801-2498-Supply of Conventional Contraceptives.	7.00	100

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
17	19-Public Health and Family Welfare	2211-800-0801-6106-Universal Immunization.	10.00	100
18	19-Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives.	13.34	100
19	19-Public Health and Family Welfare	3606-237-0801-4244-Malaria.	9.64	100
20	19-Public Health and Family Welfare	3606-237-0801-8282-Child Life and Safe Maternity Programme.	26.97	100
21	23-Water Resources Department	2701-01-800-6360-Arrangement of Funds for Elected Farmers Institutions.	5.75	88.5
22	27-School Education	2202-01-102-0801-6344-Modernisation of Madarsa.	6.41	100
23	27-School Education	2202-02-105-0801-3504-Integrated Education Scheme for Disabled Children (I.E.D.)	24.28	83
24	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	2408-01-102-0801-8844-Grant from Central Government under Decentralized Procurement Scheme.	150.00	100
25	41-Tribal areas sub-plan	25-Scheduled Tribe, Scheduled Caste Welfare Department-2225-02-794-800-0602-7782-Assistance to Tribal people for restoration of Agriculture Land.	12.24	100
26	41-Tribal areas sub-plan	25-Scheduled Tribe, Scheduled Caste Welfare Department-2225-02-794-800-0602-7783-Check Dam, Wells, Tube Wells, Diversion Channels, Water Harvesting Structure etc. for Tribal Community.	11.49	100
27	41-Tribal areas sub-plan	25-Scheduled Tribe, Scheduled Caste Welfare Department-2225-02-794-800-0602-7784-Assistance to Tribal beneficiaries for Wells, Tube wells, Irrigation Pumps and Agriculture Ponds.	10.10	100
28	41-Tribal areas sub-plan	25-Scheduled Tribe, Scheduled Caste Welfare Department-2225-02-794-800-0602-7785-Plantation of grain and fruits species as a measures of Soil Conservation on the land of Tribals.	10.90	100

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
29	41-Tribal areas sub-plan	25-Scheduled Tribe, Scheduled Caste Welfare Department- 2225-02-794-800-0602-7790-Plantation of Minor Forest Produce and collection of roots and herbs in Tribal Areas.	8.09	100
30	45-Minor Irrigation Works	2702-80-800-7051-Dam Safety	22.86	91.4
31	55-Expenditure pertaining to Women and Child Welfare	2235-02-102-0801-5356-Supervision of Integrated Child Development Services (Under Externally Aided Scheme).	8.08	100
32	55-Expenditure pertaining to Women and Child Welfare	2235-02-103-0801-8687-Balika Samriddhi Yojna.	5.25	87.5
33	55-Expenditure pertaining to Women and Child Welfare	2236-02-101-0801-7098-National Supplementary Nutrition Mission.	7.19	89.9
34	58-Expenditure on relief on Account of Natural Calamities and Scarcity.	2245-01-800-7024-Amount received from National Contingent Calamity Relief Fund.	23.78	100
35	59-Externally Aided Projects pertaining to Rural Development Department	2501-01-800-1201-7755-M.P. Rural Livelihood Project.	8.00	100
36	74-Externally Projects pertaining to Finance Department	2052-091-0101-8451-Establishment of State Reconstruction Fund (State Revival Fund)	22.17	100
37	81-Financial assistance to Urban Bodies	2217-01-001-0701-9106-Golden Jubilee Urban Employment Scheme.	10.78	100
38	90-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Public Health and Family welfare	2210-01-800-1301-5049-Health Services.	5.28	100
Total (A)			1062.39	

(Rupees in crore)

B- Revenue Charged				
39	...Interest Payments and Servicing of Debt	2049-01-200-3752-Interest on Loans from the National Co-operative Development Corporation.	17.21	95.6
40	...Interest Payments and Servicing of Debt	2049-03-104-4033-Interest on Departmental Provident Funds.	13.93	87.6
41	...Interest Payments and Servicing of Debt	2049-03-104-807-Interest on Workmen's Contributory Provident Funds.	5.81	100
42	...Interest Payments and Servicing of Debt	2049-60-701-4198-Government Employees Group Insurance Scheme. (Interest on Saving Fund)	67.81	100
43	...Interest Payments and Servicing of Debt	2049-60-701-4209- Interest on Government Servants Family benefit (Welfare) Fund.	25.98	100
Total - (B)			130.74	

(Rupees in crore)				
(1)	(2)	(3)	(4)	(5)
C-Capital- Voted				
44	11-Expenditure pertaining to Commerce and Industry Department	6860-01-190-0101-6777-Payment of outstanding Electricity Bills to M.P.E.B.	10.09	100
45	12-Expenditure pertaining to Energy Department	4801-06-190-1201-7697-Payment of Grants Portion in the form of Share Capital in project loans received from Asian Development Bank.	120.00	100
46	12-Expenditure pertaining to Energy Department	6801-800-0101-2967-Other Loans to Electricity Boards.	512.19	83
47	17-Co-operation	4425-107-0101-2754-Investment in Share Capital of Primary Agriculture Credit Societies/ Farmers Service/ Large Scale Multipurpose Co operative Societies.	32.41	133.3*
48	23-Water Resources Department	4701-01-215-0101-2884- Canal and Appurtenant Works.	6.28	83
49	23-Water Resources Department	4701-03-800-0101-2339-Direction and Administration.	22.04	98
50	24-Public Works- Roads and Bridges	5054-03-337-0701-7085-Roads Construction Works(A.D.B.)	40.00	100
51	27-School Education	4202-01-201-0801-8742-Pradhan Mantri Gramodaya Yojna.	8.37	100
52	27-School Education	4202-01-201-0101-8742-Pradhan Mantri Gramodaya Yojna.	5.76	100
53	30-Expenditure pertaining to Panchayat and Rural Development Department	4515-800-0701-6655- Grant to M.P. Rural Road Development Authority.	250.90	80
54	41-Tribal areas sub-plan	34-Public Health Engineering. 4215-01-796-102-0702-9489- Fluorosis Control Programme in the State.	7.25	90
55	45-Minor Irrigation Works	4702-800-0101-2339-Direction and Administration	17.97	99
56	48-Narmada Valley Development	4701-01-233-2428-Executive Establishment (Unit I and II)	90.00	100
57	48-Narmada Valley Development	4701-80-800-0101-6399-Indira Sagar Project Unit- I	100.93	92
58	48-Narmada Valley Development	4801-01-203-0101-6401- Indira Sagar Canal-Bed Power House.	11.97	98
59	75-NABARD Aided Projects pertaining to Water Resources Department	4702-101-0101-2339- Direction and Administration.	8.00	100
Total (C)			1244.16	
Grand Total (A+B+C)			2437.29	

*Due to minus expenditure.

Appendix XVI

(Reference : Paragraph 2.3.2, page 29)

Cases of persistent savings

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Amount of saving (percentage of saving in brackets)		
		2001-02	2002-03	2003-04
(1)	(2)	(3)	(4)	(5)
A-Revenue Voted				
1.	04- Other expenditure pertaining to Home Department	2.59 (33.9)	2.16 (30.9)	3.76 (34.2)
2	11-Expenditure pertaining to Commerce and Industry Department	9.16 (27.1)	12.19 (28.6)	16.12 (28.9)
3	16-Fisheries	2.41 (20.6)	2.45 (20.2)	2.43 (21.2)
4	17-Co-operation	7.82 (20.7)	14.19 (29)	16.90 (34.3)
5	18-Labour	12.73 (29.3)	11.35 (24.6)	13.96 (29.4)
6	25-Expenditure pertaining to Mineral Resources Department	1.82 (22.8)	1.79 (20.8)	2.80 (29)
7	29-Administration of Justice and Elections	28.24 (25.3)	48.64 (33.4)	60.11 (32.3)
8	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	42.73 (23.2)	58.93 (22)	171.17 (73)
9	40-Expenditure pertaining to Water Resources Department-Command Area Development	3.90 (45.3)	3.56 (69)	3.51 (69.1)
10	41-Tribal areas sub-plan	104.31 (28.8)	159.53 (32.1)	268.41 (41.5)
11	48-Narmada Valley Development	8.17 (90.8)	3.81 (45.7)	3.97 (43.1)
12	51-Religious Trusts and Endowments	2.13 (40.7)	1.12 (20.7)	2.10 (20.8)
13	52-Externally Aided Projects pertaining to Agriculture Department	1.86 (32.5)	1.93 (37.1)	1.29 (24.7)
14	55-Expenditure pertaining to Women and Child Welfare	76.38 (31.5)	69.99 (23.8)	89.74 (27.9)
15	64-Special Component Plan for Scheduled Castes	85.51 (32.6)	70.55 (22)	118.07 (29.4)
16	72-Expenditure pertaining to Gas Tragedy Relief Works	13.05 (40)	16.51 (45.2)	18.32 (47.1)
17	74-Externally Projects pertaining to Finance Department	83.68 (33.5)	56.72 (37.8)	22.17 (100)

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
18	88-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Judicial	9.52 (100)	3.05 (64.1)	3.18 (65.9)
19	90-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Public Health and Family Welfare	6.60 (50)	6.60 (100)	6.60 (100)
20	92-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Culture	3.48 (50.1)	3.37 (87.1)	8.56 (78)
B- Capital Voted				
21	06-Expenditure pertaining to Finance Department	12.50 (62.1)	4.22 (66.8)	8.71 (52.1)
22	08-Land Revenue and District Administration	5.76 (73.2)	4.97 (67.2)	5.64 (76.1)
23	11-Expenditure pertaining to Commerce and Industry Department	6.46 (30.9)	3.80 (23.6)	12.00 (68.2)
24	17-Co-operation	66.58 (85)	22.63 (56.5)	53.53 (48.3)
25	19-Public Health and Family Welfare	13.04 (98)	76.64 (87.4)	5.11 (20.6)
26	24-Public Works-Roads and Bridges	178.20 (52.1)	57.13 (20.2)	178.81 (37.5)
27	30-Expenditure pertaining to Panchayat and Rural Development Department	252.78 (94.9)	254.88 (84.6)	250.91 (80.9)
28	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	6.04 (23.9)	6.36 (20.5)	19.26 (48.1)
29	40-Expenditure pertaining to Water Resources Department- Command Area Development	3.11 (50.9)	6.09 (63.6)	2.59 (31.4)
30	42-Public Works relating to Tribal Areas Sub-Plan - Roads and Bridges	25.22 (36.5)	46.04 (47.4)	34.85 (36.1)
31	45-Minor Irrigation Works	30.00 (58.1)	27.13 (53.4)	19.61 (53.2)
32	48-Narmada Valley Development	164.40 (31.2)	476.52 (42.5)	507.32 (39.8)
33	59-Externally Aided Projects pertaining to Rural Development Department	58.98 (77.6)	39.78 (47.4)	41.01 (48.8)
34	64-Special Component plan for Scheduled Castes	87.00 (56.7)	58.48 (28.3)	39.88 (21.3)
35	67-Public Works- Building .	35.30 (51.4)	37.95 (68.6)	29.94 (54.6)
36	84-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	12.44 (98.7)	9.22 (44.2)	14.13 (59.1)
37	86-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Jail	1.77 (83.4)	3.83 (84)	1.10 (33)

Appendix XVII

(Reference: paragraph 2.3.5, page 31)

Cases where supplementary provision proved unnecessary

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	01- General Administration	83.32	1.15	66.09	18.38
2.	03-Police	986.21	1.37	863.44	124.14
3.	06-Expenditure pertaining to Finance Department	1476.24	212.50	1249.91	438.83
4.	07-Expenditure pertaining to Commercial Tax Department	323.55	1.10	298.53	26.12
5.	08-Land Revenue and District Administration	320.46	0.12	265.34	55.24
6.	10-Forest	490.70	0.10	484.81	5.99
7.	13-Agriculture	310.86	13.32	231.59	92.59
8.	14-Expenditure pertaining to Animal Husbandry Department	140.96	1.72	128.58	14.10
9.	15-Financial assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes	179.37	13.29	166.74	25.92
10.	16-Fisheries	11.41	0.06	9.04	2.43
11.	17-Co-operation	48.91	0.29	32.30	16.90
12.	18-Labour	47.38	0.15	33.57	13.96
13.	19-Public Health and Family Welfare	556.21	70.54	489.45	137.30
14.	20-Public Health Engineering	213.92	6.84	194.17	26.59
15.	27-School Education	1780.63	22.42	1628.42	174.63
16.	28-State Legislature	24.04	0.37	19.50	4.91
17.	29-Administration of Justice and Elections	182.03	3.95	125.87	60.11
18.	36-Transport	18.73	2.04	17.97	2.80
19.	41-Tribal areas sub-plan	545.61	100.91	378.11	268.41
20.	44-Higher Education	318.09	0.02	265.50	52.61
21.	47-Technical Education and Man-Power Planning Department	134.50	2.91	103.53	33.88
22.	55-Expenditure pertaining to Women and Child Welfare	295.57	25.69	231.52	89.74
23.	56-Rural Industries	22.55	7.43	22.54	7.44
24.	59-Externally Aided Projects pertaining to Rural Development Department	-Nil-	8.00	-Nil-	8.00

(Rupees in crore)					
(1)	(2)	(3)	(4)	(5)	(6)
25.	64-Special Component Plan for Scheduled Castes	395.12	6.02	283.08	118.06
26.	65-Aviation Department	24.37	0.63	23.08	1.92
27.	67-Public Works- Buildings	207.22	3.42	200.22	10.42
28	72-Expenditure pertaining to Gas Tragedy Relief Works	35.65	3.25	20.58	18.32
29.	77-Special Problems recommended by the Eleventh Finance Commission- Sports and Youth Welfare	2.00	0.46	1.96	0.50
30.	79-Expenditure pertaining to Medical Education Department	178.12	1.09	158.99	20.22
31	80-Financial assistance to Three Tier Panchayati Raj Institutions	659.77	58.26	628.06	89.97
32.	82-Financial assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions	264.90	35.97	250.43	50.44
33.	85-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Police	6.76	0.85	0.47	7.14
34.	86-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Jail	0.18	0.02	0.01	0.19
35.	92-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Culture	8.56	2.42	2.42	8.56
	Total (A)	10293.90	608.68	8875.82	2026.76
	B- Revenue- Charged				
36	01- General Administration	6.50	0.14	5.58	1.06
37	06-Expenditure pertaining to Finance Department	0.21	1.49	0.20	1.50
38	19 - Public Health and Family Welfare	0.30	0.10	0.02	0.38
	Total (B)	7.01	1.73	5.80	2.94
	C- Capital- Voted				
39	07-Expenditure pertaining to Commercial Tax Department	4.75	5.40	3.77	6.38
40	11-Expenditure pertaining to Commerce and Industry Department	7.50	10.09	5.59	12.00
41	12-Expenditure pertaining to Energy Department	616.00	120.00	102.81	633.19
42	20-Public Health Engineering	174.40	3.50	171.66	6.24
43	21-Expenditure pertaining to Housing and Environment Department	13.82	0.35	11.42	2.75

(Rupees in crore)					
(1)	(2)	(3)	(4)	(5)	(6)
44	24-Public Works- Roads and Bridges	422.34	54.00	297.53	178.81
45	41-Tribal areas sub-plan	333.81	33.67	322.72	44.76
46	42-Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	92.60	4.00	61.75	34.85
47	48-Narmada Valley Development	986.19	287.09	765.96	507.32
48	56-Rural Industries	1.64	0.46	0.40	1.70
49.	57-Externally Aided Projects pertaining to Water Resources Department	100.00	4.50	79.02	25.48
50.	60-Expenditure pertaining to District Plan Schemes	87.89	1.12	81.84	7.17
51.	64-Special Component Plan for Scheduled Castes	186.24	0.56	146.92	39.88
52.	66-Welfare of Backward Classes	1.20	0.50	0.63	1.07
53.	67-Public Works- Buildings	50.34	4.54	24.94	29.94
54.	75-NABARD Aided Projects pertaining to Water Resources Department	115.75	11.35	112.53	14.57
	Total (C)	3194.47	541.13	2189.49	1546.11
	Grand Total (A+B+C)	13495.38	1151.54	11071.11	3575.81

Appendix XVIII

(Reference: paragraph 2.3.5, page 31)

Cases where supplementary provision proved excessive

(Rupees in crore)					
Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary grant/ Appropriation	Actual Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	12-Expenditure pertaining to Energy Department	563.69	3457.65	3907.42	113.92
2.	21-Expenditure pertaining to Housing and Environment Department	27.94	24.10	29.91	22.13
3.	24-Public works- Roads and bridges	124.13	125.00	168.59	80.54
4.	51-Religious trusts and Endowments	7.64	2.45	7.99	2.10
5.	58-Expenditure on relief on Account of Natural Calamities and Scarcity	234.46	23.78	255.27	2.97
6.	66-Welfare of Backward Classes	48.97	19.81	60.36	8.42
7.	81-Financial assistance to Urban Bodies	673.26	213.18	726.11	160.33
8.	94- Expenditure Pertaining to Sinhashth Mela-2004	2.37	45.00	39.44	7.93
	Total (A)	1682.46	3910.97	5195.09	398.34
	B-Revenue- Charged				
9.	---Interest Payments and Servicing of Debt	3001.09	456.00	3206.50	250.59
	Total (B)	3001.09	456.00	3206.50	250.59
	C-Capital- Voted				
10	06-Expenditure pertaining to Finance Department	5.71	11.00	8.00	8.71
11	17- Co-operation	31.39	79.42	57.28	53.53
12	23-Water Resources Department	313.52	132.75	362.26	84.01
13	44-Higher education	2.90	1.00	3.40	0.50
14	86-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Jail	0.98	2.35	2.23	1.10
15	88-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Judicial	0.11	0.29	0.27	0.13
	Total (C)	354.61	226.81	433.44	147.98
	D-Capital- Charged-				
16	--Public Debt	6158.09	3177.55	8422.09	913.55
	Total (D)	6158.09	3177.55	8422.09	913.55
	Grand Total (A+B+C+D)	11196.25	7771.33	17257.12	1710.46

Additional requirement :- Rs.17257.12 crore (-) Rs. 11196.25 crore = Rs. 6060.87 crore

Appendix XIX

(Reference: paragraph 2.3.5, page 31)

Cases where supplementary provision was insufficient

(Rupees in crore)					
Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Actual expenditure	Final Excess
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue Voted				
1.	68-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Panchayat and Rural Development	51.56	2.72	55.51	1.23
	Total (A)	51.56	2.72	55.51	1.23
	B- Revenue Charged				
2	67-Public Works- Building	0.05	0.05	0.15	0.05
	Total- (B)	0.05	0.05	0.15	0.05
	C-Capital- Voted				
3	35-Rehabilitation	0.14	0.08	0.23	0.01
4.	94- Expenditure pertaining to Sinhasht Mela, 2004	89.99	15.00	106.16	1.17
	Total (C)	90.13	15.08	106.39	1.18
	Grand Total (A+B+C)	141.74	17.85	162.05	2.46

Appendix XX

(Reference: paragraph 2.3.7, page 32)

Injudicious/ Irregular/ Incorrect Re-appropriations/ Surrenders

- (a) Some of the cases in which funds were injudiciously withdrawn by re-appropriation/surrender, although accounts already showed excess over provision

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation/ surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	--- Public Debt 6003-110-637- Ways and Means Advances.	4599.04	5063.48	464.44	(-) 5.00	469.44
2.	23-Water Resources Department 2701-80-001-0101-3556-Headquarter Establishment Unit-I	24.00	25.53	1.53	(-) 1.15	2.68
3.	23--Water Resources Department 2701-80-799-0101-9191-Stock.	13.50	16.55	3.05	(-) 9.90	12.95
4.	24-Public Works- Roads and Bridges 5054-04-800-0101-1513-Construction of Major Roads of District.	7.37	7.62	0.25	(-) 1.23	1.48
5.	41-Tribal areas sub-plan 31- Water Resources Department- 4702-796-800-0102-3828-Minor Irrigation Scheme.	12.52	15.15	2.63	(-) 1.08	3.71

- (b) Some of the cases, in which funds were withdrawn by re-appropriation/ surrender, in excess of available saving, resulting in final excess of more than Rs.5 lakh

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Available saving	Reappropriation/ surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	01-General Administration. 2015-101-6262-State Election Commission.	3.99	2.89	1.10	(-) 1.33	0.23
2.	05-Jails 2056-101-938-Central and District Jails.	65.22	55.56	9.66	(-) 10.91	1.25
3.	12-Expenditure pertaining to Energy Department 2801-02-800-0101-7023-Financial Assistance to Madhya Pradesh State Electricity Board.	486.00	240.22	245.78	(-) 403.36	157.58

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
4.	15-Financial assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Casts 22-Panchayat and Rural Development Department. 2216-03-789-102-0803-8743-Pradhan Mantri Gramodaya Yojna.	2.20	1.39	0.81	(-) 1.10	0.29
5	17- Co-operation. 2425-001-0101-123-Superintendence.	14.91	11.38	3.53	(-) 3.67	0.14
6.	21-Expenditure pertaining to Housing and Environment Department 4217-01-051-0101-284-Non Residential buildings.	3.50	2.55	0.95	(-) 1.23	0.28
7.	33-Tribal Welfare 2225-02-277-3492-Middle Schools.	98.99	93.24	5.75	(-) 5.82	0.07
8	34-Social Welfare 2235-02-001-2322-Direction and Administration.	10.23	8.97	1.26	(-) 1.32	0.06
9.	41-Tribal areas sub-plan 20- School Education Department. 2202-01-796-101-0702-8810-Sarva Shiksha (Education for all) Abhiyan.	135.86	45.31	90.55	(-) 93.14	2.59
10.	48-Narmada Valley Development 2402-102-0701-7625-Supplementation-Complementation of State efforts through Work Plan. (Macro Management)	7.00	3.10	3.90	(-) 3.98	0.08
11.	48-Narmada Valley Development 4701-01-233-0101-2433-Executive Establishment.	5.93	4.98	0.95	(-) 1.80	0.85
12.	48-Narmada Valley Development 4801-01-204-0101-2344- Construction Works	2.85	0.61	2.24	(-) 2.42	0.18
13.	55-Expenditure pertaining to Women and Child Welfare 2235-02-102-0801-5354-Integrated Service Scheme (Under Externally Aided Scheme)	120.75	84.19	36.56	(-) 44.67	8.11
14.	55-Expenditure pertaining to Women and Child Welfare 2235-02-103-0801-8687- Balika Samriddhi Yojna.	6.00	0.75	5.25	(-) 5.76	0.51
15.	55-Expenditure pertaining to Women and Child Welfare 4235-02-102-0701-5360-Construction of Buildings for Anganwadi Centres.	25.60	8.48	17.12	(-) 25.60	8.48
16.	57-Externally Aided Projects pertaining to Water Resources Department 4701-01-211-1201-541-Suspense	2.00	0.34	1.66	(-) 1.81	0.15

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
17.	64-Special Component Plan for Scheduled Castes 07-Revenue Department. 2029-789-800-0103-8823-Grant to allottees of Charnoi land for land Development.	1.66	0.81	0.85	(-) 1.40	0.55
18.	64-Special Component Plan for Scheduled Castes 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-01-789-277-0103-4717-Scheduled Caste Hostels.	6.97	5.28	1.69	(-) 2.24	0.55
19.	64-Special Component Plan for Scheduled Castes 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-01-789-277-0103-8829-Residential Schools for talented students of SC/ST	2.83	0.60	2.23	(-) 2.50	0.27
20.	64-Special Component Plan for Scheduled Castes 31-Water Resources Department. 4702-789-800-0103-3828-Minor Irrigation Scheme.	4.97	3.06	1.91	(-) 3.00	1.09
21.	67-Public Works- Buildings- 2216-01-106-184-Other Maintenance Works.	2.45	0.91	1.54	(-) 2.19	0.65
22.	72-Expenditure pertaining to Gas Tragedy Relief Works 2210-01-001-6016- Jawahar Lal Nehru Hospital.	5.00	4.00	1.00	(-) 1.09	0.09
23.	81-Financial assistance to Urban Bodies 3604-107-8018-Grant in Aid to Urban Local Bodies Equal to Income received from Entry Tax.	354.71	308.86	45.85	(-) 56.75	10.90

(c) Unnecessary augmentation of funds, despite available saving.

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Available Saving	Re-appropriation	Final Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	03- Police 2055-104-4492-General Expenditure (Special Police)	202.66	183.56	19.10	+ 3.72	22.82
2.	03- Police 2055-109-4491-General Expenditure (District Establishment)	442.00	409.37	32.63	+ 2.00	34.63
3.	12-Expenditure pertaining to Energy Department 2801-02-800-7023-Financial Assistance to Madhya Pradesh State Electricity Board.	856.83	807.17	49.66	+ 194.00	243.66

(d) Funds augmented by re-appropriation, more than the amount required to cover the excess.

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation	Final saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	12-Expenditure pertaining to Energy Department 2801-80-101-5855-Assistance to M.P.E.B. for free supply of Electricity to one point connection and 5 H.P. Agriculture Pumps/ Threshers.	60.00	104.73	44.73	+ 60.00	15.27
2	33-Tribal Welfare 2225-02-277-1395-Hostels.	21.62	23.89	2.27	+ 2.76	0.49
3	41-Tribal areas sub-plan 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-796-277-0102-2773-Primary Schools.	31.44	36.82	5.38	+ 6.84	1.46
4	41-Tribal areas sub-plan 27- Narmada Valley Development Department. 4701-03-796-201-0102-5223- Man project (NABARD)	4.40	11.65	7.25	+ 10.09	2.84

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
5	41-Tribal areas sub-plan 27- Narmada Valley Development Department. 4701-03-796-202-0102-4647-Jobat Project (NABARD)	43.05	45.18	2.13	+ 3.12	0.99
6	48-Narmada Valley Development 4701-01-241-0101-2428-Executive Establishment Unit I and II.	4.03	5.92	1.89	+ 9.81	7.92
7	48-Narmada Valley Development 4801-01-206-0101-3419-Machinery and Equipment.	3.72	8.47	4.75	+ 5.81	1.06
8	48-Narmada Valley Development 4801-80-800-0101-2422-Excecutive Establishment (Chief Engineer Lower Narmada Project)	1.00	1.80	0.80	+ 1.75	0.95
9	55-Expenditure pertaining to Women and Child Welfare 2235-02-102-0801-9130-Supervision of Integrated Child Development Services.	0.59	2.85	2.26	+ 2.35	0.09
10	64-Special Component Plan for Scheduled Castes 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-01-789-800-0803-5089-Dignity Scheme of Releasing and Rehabilitation of Scavangers.	-Token-	8.29	8.29	+ 9.29	1.00
11	75-NABARD Aided Projects pertaining to Water Resources Department 4701-03-243-0101-2897-Dam and Appurtenant Works.	5.00	6.91	1.91	+ 2.00	0.09
12	82-Financial assistance to Tribal Area Sub- Plan- Three Tier Panchayati Raj Institutions 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-796-277-0102-1392-Scholarships/ Stipends.	5.75	7.36	1.61	+ 2.61	1.00
13	82-Financial Assistance to Tribal Area sub- plan- Three Tier Panchayati Raj Institutions 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-796-277-0102-2773- Primary Schools.	15.06	16.65	1.59	+ 3.21	1.62

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
14	82-Financial Assistance to Tribal Area sub-plan- Three Tier Panchayati Raj Institutions 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-796-277-0102-5095- Maintenance and furnishing of Ashram/ Hostels.	0.90	5.76	4.86	+ 5.32	0.46
15	82-Financial Assistance to Tribal Area sub-plan- Three Tier Panchayati Raj Institutions 25- Scheduled Tribe, Scheduled Caste Welfare Department. 2225-02-796-277-0102-8805-Scholarship to Girls upto Primary Level.	9.95	10.79	0.84	+ 1.54	0.70

Appendix XXI

(Reference : Paragraph 2.3.8 , page 32)

Non-surrender of significant savings (Rs. 5 crore and above)

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Total available saving	Amount not surrendered (percentage to total saving in brackets)
(1)	(2)	(3)	(4)
	A - Revenue- Voted		
1.	01-General Administration	18.38	7.76 (42.2)
2.	03- Police	124.14	119.47 (96.2)
3.	06- Expenditure pertaining to Finance Department	438.83	438.54 (99.9)
4	07-Expenditure pertaining to Commercial Tax Department	26.12	13.06 (50)
5	08- Land Revenue and District Administration	55.24	55.01 (99.6)
6.	11- Expenditure pertaining to Commerce and Industry Department	16.12	16.07 (99.7)
7.	12-Expenditure pertaining to Energy Department	113.92	113.49 (99.6)
8.	13-Agriculture	92.59	92.59 (100)
9	14-Expenditure pertaining to Animal Husbandry Department	14.10	14.10 (100)
10	15- Financial Assistance to Three Tier Panchayati Raj Institutions under special component plan for Scheduled Castes	25.92	12.72 (49.1)
11	18-Labour	13.96	7.48 (53.6)
12.	19- Public Health and Family Welfare	137.30	112.20 (81.7)
13	20-Public Health Engineering	26.58	26.58 (100)
14	24-Public Works- Roads and Bridges	80.54	80.54 (100)
15	29-Administration of Justice and Elections	60.11	17.36 (28.9)
16.	30-Expenditure pertaining to Panchayat and Rural Development Department	10.43	6.92 (66.3)
17.	41- Tribal Areas Sub-Plan	268.41	134.62 (50.2)
18.	44-Higher Education	52.61	52.61 (100)
19.	47-Technical Education and Man-Power Planning Department	33.88	11.76 (34.7)
20.	64-Special Component Plan for Scheduled Castes	118.07	27.54 (23.3)
21	66-Welfare of Backward Classes	8.43	8.43 (100)
22	67-Public Works- Buildings	10.42	7.22 (69.3)
23.	79-Expenditure pertaining to Medical Education Department	20.22	20.22 (100)
24.	80-Financial Assistance to Three Tier Panchayati Raj Institutions	89.97	48.15 (53.5)
25.	81- Financial assistance to Urban Bodies	160.33	18.54 (11.6)

(Rupees in crore)

(1)	(2)	(3)	(4)
26.	82- Financial Assistance to Tribal Area Sub Plan- Three Tier Panchayati Raj Institutions	50.44	21.35 (42.3)
27	85-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Police	7.15	6.29 (88)
28	93-Expenditure pertaining to Accelerated Energy Department	28.98	28.98 (100)
29	94-Expenditure pertaining to Sinhasht Mela, 2004	7.93	7.93 (100)
	Total (A)	2111.12	1527.53
	B- Revenue- Charged		
30	-- Interest Payments and Servicing of Debt.	250.58	250.47 (99.9)
	Total (B)	250.58	250.47
	C- Capital- Voted		
31	06-Expenditure pertaining to Finance Department	8.71	7.96 (91.4)
32	07-Expenditure pertaining to Commercial Tax Department	6.38	6.17 (96.7)
33	11-Expenditure pertaining to Commerce and Industry Department	12.00	11.34 (94.5)
34.	12- Expenditure pertaining to Energy Department	633.19	633.19 (100)
35	17-Co-operation	53.53	8.36 (15.6)
36.	19-Public Health and Family Welfare	5.11	5.11 (100)
37	20-Public Health Engineering	6.23	6.23 (100)
38	23-Water Resources Department	84.01	70.82 (84.3)
39	24-Public Works- Roads and Bridges	178.81	166.33 (93)
40.	30-Expenditure pertaining to Panchayat and Rural Development Department	250.91	250.90 (99.9)
41	42-Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	34.85	31.61 (90.7)
42	45-Minor Irrigation Works	19.61	17.85 (91)
43	48-Narmada Valley Development	507.32	138.89 (27.4)
44	60-Expenditure pertaining to District Plan Schemes	7.17	7.17 (100)
45	64- Special Component Plan for Scheduled Castes	39.88	24.37 (61.1)
46	67-Public Works- Buildings	29.94	29.94 (100)
47	75-NABARD Aided Projects pertaining to Water Resources Department	14.57	13.24 (90.9)
48	84-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	14.13	14.13 (100)
49	93-Expenditure pertaining to Accelerated Energy Development	28.98	28.98 (100)
	Total (C)	1935.33	1472.59
	D- Capital Charged		
50	-- Public Debt	913.55	913.55 (100)
	Total (D)	913.55	913.55
	Grand Total (A+B+C)	5210.58	4164.14

Appendix XXII

(Reference:- Paragraph 2.3.9 , page 32)

Cases of injudicious surrender

(Rupees in crore)			
Sl. No.	Number and name of Grant/Appropriation	Available Saving	Amount Surrendered
A-Revenue Voted			
1	05-Jail	10.67	11.46
2	23-Water Resources Department	13.89	17.48
3	26-Expenditure pertaining to Culture Department	3.66	3.80
4	27-School Education	174.63	191.39
5	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	171.17	171.21
6	45-Minor Irrigation Works	20.89	21.12
7	48- Narmada Valley Development	3.97	3.98
8	55-Expenditure pertaining to Women and Child Welfare	89.74	96.75
9	56-Rural Industries	7.44	8.22
10	61-Externally Aided Projects pertaining to Public Health and Family Welfare	0.12	0.33
11	65-Aviation Department	1.92	2.10
12	72-Expenditure pertaining to Gas Tragedy Relief Works	18.32	18.42
Total (A)		516.42	546.26
B-Revenue Charged			
13	01-General Administration	1.06	1.07
Total (B)		1.06	1.07
C-Capital Voted			
14	41-Tribal areas sub-plan	44.76	46.04
15	55-Expenditure pertaining to Women and Child Welfare	14.42	25.90
Total (C)		59.18	71.94
D-Capital-Charged			
16	45-Minor Irrigation Works-	0.01	0.04
Total (D)		0.01	0.04
Grand Total (A+B+C+D)		576.67	619.31

Appendix XXIII

(Reference : Paragraph 2.3.9 , page 32)

Cases of injudicious/ unrealistic surrender

(Rupees in crore)			
Sl. No.	Grant Number and Name	Excess over Expenditure	Amount Surrendered
A-Revenue- Voted			
1.	68-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Panchayat and Rural Development	1.24	0.15
	Total-A	1.24	0.15
B-Capital-Voted			
2	35-Rehabilitation	0.01	0.02
3	94-Expenditure pertaining to Simhastha Mela, 2004	1.17	0.04
	Total-B	1.18	0.06
	Grand Total-(A+B)	2.42	0.21

Appendix XXIV

(Reference : Paragraph 2.3.10, page 33)

Expenditure incurred without budget provision

(Rupees in lakh)

Sl. No.	No. and name of Grant/Appropriation	Head of Account	Amount of expenditure
A-Capital Voted			
1	06-Expenditure pertaining to Finance Department	7610-202-5297-Advances to other Government Servants.	51.57
2	06-Expenditure pertaining to Finance Department	7610-203-9267-Advances for purchase of other conveyances.	0.46
3	06-Expenditure pertaining to Finance Department	7610-800-0525-Other Miscellaneous Advances.	17.42
4	06-Expenditure pertaining to Finance Department	7610-800-8086-Medical Advances.	0.68
		Total (A)	70.13
B-Capital- Charged			
5	...-Public Debt	6003-106-5044-Compensation and other Bonds- (5% Urban Land Ceiling; 1976).	1.75
		Total (B)	1.75
		Grand Total (A+B)	71.88

Appendix XXV

(Reference Paragraph 2. 4, page 33)

Non-reconciliation of expenditure figures for 2003-04

(Rupees in crore)

Sl. No.	Head of Account	Grant Numbers	Amount of expenditure not reconciled during the year
1.	2.	3.	4.
1.	2030	07	60.37
2.	2053	08, 50	13.53
3.	2054	06, 32, 89	27.48
4.	2059	01, 67	109.91
5.	2202	15, 27, 32, 41, 44, 64, 67, 80, 81, 91	2230.32
6.	2203	32, 41, 47, 64, 67, 87	78.78
7.	2204	27, 41, 43, 67, 77	24.81
8.	2205	26, 27, 32, 41, 64, 92	21.43
9.	2210	15, 18, 19, 32, 41, 61, 64, 72, 79, 80, 82	383.24
10.	2235	01, 02, 04, 15, 34, 35, 41, 55, 64, 72, 80, 81, 82	414.10
11	4202	41, 44, 47, 64, 67, 92	20.43
12	6202	87	1.75
Total	Major Heads -12	Grants- 33	3386.15

Appendix XXVI

(Reference: paragraph 2.5, page 33)

Defective sanctions for re-appropriations/ surrenders

(Rupees in crore)

Sl. No.	Number of sanctions	Grant No.	Amount	Particulars of irregularities
1	11	3, 4, 6, 39, 64, 84	31.03	Sanctions were issued after close of financial year 2003-04
2	11	1, 21, 40, 41, 43, 51, 66, 77, 94	20.26	Delayed receipt/ non- receipt of sanctions in Accountant General (A&E) office, i.e. before closing and finalization of Accounts.
3	4	1, 7, 17, 41	1.17	Non-availability of provision, under the Heads from which re-appropriations/ surrenders were sanctioned.
4	5	7, 19, 41, 56, 79	1.16	Non-furnishing of details of schemes from which surrenders/ re-appropriations were sanctioned.
5	3	3, 7	0.87	Non issue of separate surrender sanction for saving items and re-appropriation sanction against excess items .
6	1	3	0.10	Re-appropriation from Charged to Voted.
7	1	13	0.03	Re-appropriation from Revenue to Capital.
8	1	29	0.39	Non-tally of totals of both side of re-appropriation sanctions.
9	1	29	0.15	Lapse of re-appropriated amount due to late receipt of allotment, after close of Financial Year.
10	6	7, 29, 33, 36, 55, 66	0.09	Funds to the head "office expenses" increased by reappropriations and funds reappropriated to "salary and wages" heads.
Total	44	25	55.25	

Appendix XXVII

(Reference: paragraph 2.6, page 33)

Rush of expenditure during March 2004

(Rupees in crore)

Sl No.	Number and name of Grant/ Appropriation	Total provision	Expenditure up to			Total Expenditure up to March 2004	Expenditure in March 2004	Percentage of expenditure in March to total expenditure
			6/ 2003	9/ 2003	12/ 2003			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	17-Co-operation	160.02	7.17	14.44	20.48	89.58	68.79	76.79
2	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	274.51	26.96	37.53	42.56	84.05	38.80	46.16
3	70-Special Problems recommended by the Eleventh Finance Commission- Tourism	11.45	--	2.39	6.11	11.36	5.13	45.16
4	84-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	23.95	1.08	2.59	4.54	9.87	4.50	45.59
5	89-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Finance	2.87	--	--	--	2.87	2.87	100
6	92-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Culture	20.48	--	2.32	6.27	11.92	5.65	47.40
7	94-Expenditure pertaining to Simhastha Mela, 2004	152.36	16.50	29.51	45.78	145.59	78.09	53.64

Note: The expenditure shown in column (7) of grant no. 89 and 92 includes amounts of Rs. 2.81 crore and Rs. 5.72 crore respectively aggregating to Rs. 8.53 crore, which were credited to the Major Head 8443 - Civil Deposits 800-Other Deposits.

Appendix XXVIII

(Reference: Paragraph 2.7, page 34)

Substantial savings under schemes of selected grants

Sl. No	Grant number and name of scheme	(Rupees in crore)		
		Saving (Percentage)		
		2003-04	2002-03	2001-02
	23-Water Resources Department			
1.	4701-01-202-0101-2897-Dam and Appurtenant Works.	30.36 (21.7)	12.02 (19.8)	10.95 (21.5)
2.	4701-01-214-0101-2884-Canal and Appurtenant Works	5.15 (22.5)	6.24 (20.8)	12.14 (42.6)
3.	4701-01-215-0101-2884-Canal and Appurtenant Works	6.28 (83.7)	4.57 (93.8)	2.72 (90.7)
4.	4701-03-800-0101-2339-Direction and Administration.	22.04 (98.8)	22.21 (100)	18.71 (98.5)
5	4701-03-800-0101-3368-Construction Work of Medium Irrigation.	2.42 (73.3)	3.20 (62.6)	3.18 (56.9)
	36- Transport			
6	2041-001-7638-Smart Card Scheme.	2.09 (29)	0.81 (18)	2.25 (100)
7	2041-101-4280-Collection Charges.	2.28 (28.8)	12.29 (64.6)	5.80 (49.6)
	45-Minor Irrigation Works			
8	2702-80-800-7051-Dam Safety.	22.86 (91.4)	--	--
9	4702-101-0101-3803-Minor and Micro Minor Irrigation Scheme.	3.80 (25.8)	Excess	Excess
10	4702-800-0101-2339-Direction and Administration.	17.97 (99.9)	16.92 (99.7)	--
	59- Externally Aided Projects pertaining to Rural Development Department			
11	4515-800-1201-8765- D.P.I.P. Scheme.	41.01 (48.8)	39.78 (47.4)	58.98 (77.6)
	92-Upgradation of Standards of Administration Recommended by the Eleventh Finance Commission-Culture			
12	2205-800-1301-5062-Upgradation of Museums under Eleventh Finance Commission.	8.56 (78)	3.37 (87)	3.48 (100)
	94-Expenditure pertaining to Sinhasth Mela, 2004			
13	4217-60-800-0101-7400-Arrangement for Sinhasth Mela.	3.25 (65)	38.45 (34.8)	--
	Total	168.07	159.86	118.21

Appendix XXIX

(Reference: Paragraph 2.7, page 34)

Substantial excesses under schemes of selected grants

Sl. No.	Grant Number and name of scheme	(Rupees in crore)		
		Excess (Percentage)		
		2003-04	2002-03	2001-02
	23-Water Resources Department			
1.	4701-01-210-0101-2884-Canal and Appurtenant Works.	2.26 (104.6)	0.28 (2.4)	6.11 (101.8)
2	4701-01-216-0101-2884-Canal and Appurtenant Works.	1.17 (1.2)	Saving	22.45 (52.2)
3	4801-01-201-0101-2897-Dam and Appurtenant Works.	2.48 (826.7)	Saving	Saving
	36-Transport			
4	3055-190-6579-Special grant to M.P.S.R.T.C. for recoupment of loss due to concessional passes.	2.00 (against token provision)	--	Saving
	45-Minor Irrigation Works			
5	2702-80-800-207-Other Minor Irrigation Construction work.	2.80 (10.6)	1.79 (6.9)	Saving
6	4702-800-0101-6361-Lift Irrigation Scheme.	1.53 (765)	Saving	---
	94-Expenditure pertaining to Simhastha Mela, 2004			
7	4217-03-800-0101-7400-Arrangement for Simhastha Mela.	4.42 (4.4)	--	--
	Total-	16.66	2.07	28.56

Appendix XXX

(Reference: Paragraph 2.7, page 35)

(A) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants

(Rupees in crore)		
Sl. No.	Description of grant and scheme	Amount of unutilized supplementary provision
(1)	(2)	(3)
	23-Water Resources Department	
1.	4701-01-215-0101-2884-Canal and Appurtenant Works.	2.50
	36-Transport	
2.	2041-001-7638-Smart Card Scheme.	2.04
	92-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Culture	
3.	2205-800-1301-5062-Upgradation of Museums under Eleventh Finance Commission.	2.42
	TOTAL	6.96

(B) Cases where supplementary provision proved excessive under schemes of selected grants

(Rupees in crore)					
Sl. No.	Description of Grants and Schemes.	Original	Supplementary	Expenditure	Saving (-)
	23-Water Resources Department				
1	4701-01-202-0101-2897-Dam and Appurtenant Works.	55.00	85.00	109.64	-30.36
	86-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Jail				
2	4059-01-051-1301-6405-Construction of Jail Buildings.	0.98	2.35	2.23	-1.10
	94-Expenditure pertaining to Sinhasth Mela, 2004				
3	4217-60-800-0101-7400-Arrangement for Sinhasth Mela.	Nil	5.00	1.75	-3.25
	Total-	55.98	92.35	1,13.62	-34.71

(C) Cases where supplementary provision proved inadequate under schemes of selected grants

(Rupees in crore)					
Sl. No.	Description of Grants and Schemes.	Original	Supplementary	Expenditure	Excess (+)
	23-Water Resources Department				
1	4701-01-216-0101-2884- Canal and Appurtenant Works.	80.38	19.75	101.30	+1.17
	94-Expenditure pertaining to Sinhasth Mela, 2004				
2	4717-03-800-0101-7400- Arrangement for Sinhasth Mela	89.99	10.00	104.41	+4.42
	Total	1,70.37	29.75	2,05.71	+5.59

Appendix XXXI

(Reference: paragraph 3.2.7 page ..52..)

Statement showing the position of beds sanctioned, available etc. in hospitals during 1999-2004

Sl. No.	Name of hospital	Bed strength sanctioned	Beds available	Percent-age of bed strength provided/ not functional	Available capacity of beds in number of days	Actual occupancy of beds in number of days	Percent-age of available capacity not utilised	Position of Staff as of 31 March 2004						Total expenditure incurred (Rs. in lakh)
								Sanctioned posts			Staff in position			
								Doctors	Para-Medical	other staff	Doctors	Para-medical	Other staff	
1	2	3	4	5	6	7	8	9(a)	9(b)	9(c)	9(d)	9(e)	9(f)	10
1	Ayurveda, Baihar (Balaghat)	30	Nil	100	Nil	Nil	-	3	7	10	1	2	2	39.65
2	Ayurveda, Betul	30	10	67	18250	10232	44	3	7	1	3	5	1	55.30
3	Ayurveda (Attached to College), Bhopal	30	25	17	45625	24266	47	4	7	16	4	7	14	62.55
4	Homoeopathy (Attached to College), Bhopal	50	25	50	45625	9714	79	14	22	59	13	12	47	220.54
5	Homoeopathy,Navegaon (Chhindwara)	40	6	85	10950	2470	77	2	4	11	2	1	11	41.58
6	Ayurveda, Tamia (Chhindwara)	30	6	80	10950	766	93	3	5	11	1	1	11	37.85
7	Ayurveda, Damoh	30	4	87	7300	7171	2	4	7	10	3	4	7	68.82
8	Ayurveda (Attached to college), Gwalior	90	48	47	87600	27519	69	5	15	13	5	14	13	149.02
9	Ayurveda, Hoshangabad	30	8	73	14600	51	99	4	7	9	4	4	9	76.16
10	Ayurveda, Jhabua	30	15	50	27375	Nil	100	3	7	12	3	Nil	3	46.83
11	Ayurveda, Khargone	30	30	Nil	54750	Nil	100	3	7	11	3	1	6	53.95
12	Ayurveda, Mandla	30	10	67	18250	3248	82	4	7	9	1	4	9	65.45
13	Ayurveda, Morena	30	10	67	18250	660	96	6	5	12	6	5	10	111.02
14	Ayurveda, Shahdol	30	15	50	27375	7153	74	3	7	9	3	3	8	84.14
	Total	510	212	58	386900	93250	76	61	114	193	52	63	151	1112.86

NA : Not available

Appendix-XXXII

(Reference: Paragraph 3.3.5 and 3.3.10, page 62 and 67)

Position of receipt of funds and expenditure on rural development programmes

(Rs. in crore)

Schemes	Period	Fund Received		Other Receipts	Total fund Available	Expenditure	Employment generated (Mandays in lakh)
		Central Share	State Share				
Drought Prone Area Programme	1999 to 2004	14.70	4.90	1.01	20.61	19.44	NA
Indira Awas Yojna	1999 to 2004	12.48	4.16	0.38	17.02	16.81	15.81
Jawahar Gram Samridhi Yojna	1999 to 2002	11.08	3.52	0.02	14.62	14.61	13.12
Rojgar Aswasan Yojna	1999 to 2002	9.55	3.19	0.09	12.83	12.24	17.69
Sampurna Gramin Rojgar Yojna	2002 to 2004	17.84	5.70	0.55	24.09	23.40	26.48
Swarnjayanti Gramin Swarojgar Yojna.	1999 to 2004	6.34	2.10	2.33	10.77	10.46	--
Pradhanmantri Gramodaya Yojna (Gramin Awas Yojna)	2001 to 2004	0.87	--	0.00	0.87	0.84	--
DRDA Establishment	2000 to 2004	1.35	0.43	0.28	2.06	2.05	--
Total		74.21	24.00	4.66	102.87	99.85	73.10

**Per annum Mandays = 73.10 lakh / 87148 BPL families / 5 years = 16.77 mandays
say 17 mandays BPL family.**

Appendix-XXXIII

(Reference: Paragraph 3.3.6, page ..64..)

Position of staff in six CHCs

Sl. No.	Name of posts	Required as per norms in each CHCs	Position in 6 CHCs			Excess/ Shortages with reference to sanction
			Required as per norms	Sanctioned	Working	
1	2	3	4	5	6	7
1	Nurse & midwife	7	42	25	24	(-)1
2	Dresser	1	6	12	11	(-)1
3	Pharmacist / Compounder	1	6	12	3	(-)9
4	Lab. Technician	1	6	18	13	(-)5
5	Radio grapher	1	6	8	3	(-)5
6	Ward boys	2	12	41	38	(-)3
7	Dhobi	1	6	6	--	(-)6
8	Sweeper	3	18	41	31	(-)10
9	Mali	1	6	3	--	(-)3
10	Choukidar	1	6	9	6	(-)3
11	Aaya	1	6	13	9	(-)4
12	Peon	1	6	39	39	--

Position of post sanctioned and working in six CHCs without any norm

Sl. No.	Name of posts	Sanctioned	Working	Excess/ Shortages with reference to sanction
1	2	3	4	5
1	Medical Officer	8	8	--
2	Female health worker	10	10	--
3	B.E.E	5	3	(-)2
4	Accountant	7	5	(-)2
5	Computer	6	5	(-)1
6	L.H.V	5	5	--
7	Ophthalmic Asstt.	6	6	--
8	M.H.W.	14	11	(-)3
9	Supervisor	11	8	(-)3
10	Dental Attendant	1	Nil	(-)1
11	Water man	16	15	(-)1
12	O T Attendant	3	3	--
13	Cleaner	2	--	(-)2
14	D.G.S	7	6	(-)1

Appendix-XXXIV

(Reference: Paragraph 3.3.6, page ...64...)

Position of staff in 34 Primary Health Centres

Sl. No.	Name of posts	Required As per norms in each PHCs	Position in 34 PHCs			Excess/ Shortages with reference to sanction
			Required as per norms	Sanctioned	Working	
1	2	3	4	5	6	7
1	Medical Officer	1	34	43	34	(-)9
2	Compounder/ Pharmacist	1	34	31	15	(-)16
3	Nurse (S.N)	1	34	6	6	--
4	Health Worker (Female)	1	34	10	10	--
5	Health (Educator) (BEE)	1	34	5	5	--
6	Health Assistant (Male)	1	34	36	31	(-)5
7	Health Assistant (L.H.V)	1	34	47	39	(-)8
8	U.D.C/ Acctt.	1	34	6	4	(-)2
9	L.D.C	1	34	13	13	--
10	Lab Tech.	1	34	14	13	(-)1
11	Driver	1	34	N.A	N.A	--
12	Class IV	4	136	N.A	N.A	--

Position of post sanctioned and working in PHCs without any norms

Sl. No.	Name of posts	Sanctioned	Working	Excess/ Shortages with reference to sanction
1	2	3	4	5
1	Computer	4	3	(-)1
2	Ophthalmic Assistant .	7	4	(-)3
3	Radio grapher	1	--	(-)1
4	Dresser	33	31	(-)2
5	Supervisor	16	13	(-)3

Appendix XXXV

(Reference: Paragraph 3.3.9, page66....)

Position of population and availability of drinking water in towns

Sl. No.	Name of town	Population as per census		Availability of potable drinking water LPCD	
		1991	2001	1993	2004
(1)	(2)	3(a)	3(b)	4(a)	4(b)
1	Betul	63694	83524	38.60	46.76
2	Amla	28245	29553	30.20	48.00
3	Multai	19789	21423	25.00	21.00
4	Bhainsdehi	14074	15766	28.50	29.50
5	Betul Bazar	9605	9646	42.50	68.18
Total		135407	159912		

Appendix-XXXVI

(Reference : paragraph- 3.4.5 , page ..76...)

Statement showing utilisation of saving of one road on other completed roads

(Progress report 06/2004 of PIU Sagar)

Package	Road	PAC (in lakh)	Actual payment/cost	Payment excluding tender premium	Excess (+)/ Saving (-) Rs.in lakh
4801	Sagar-Rabli to Pathoriya jat	10.2	12.63	11.48	(+) 1.28
10%	sagar By pass to Bhaisa	1.34	3.23	2.94	(+)1.60
Above	Sagar Rahli road to Hilgan	70.42	65.99	59.99	(-)10.43
	Sagar By pass to Bamhori-Rangua	6.07	8.42	7.65	(+)1.58
	Sh 43 to Dugarsra	11.46	13.89	12.63	(+)1.17
	SH 43 to Girwar	27.83	44.03	40.03	(+)12.20
	App. Road Hirapur	30.3	41.32	37.56	(+)7.26
	MDR to Padrai	7.57	9.75	8.86	(+)1.29
	MDR to Mahuakhera	35.83	48.35	43.95	(+) 8.12
	MDR to Toda tarafdar	113.26	112.16	101.96	(-)11.30
	Sagar Khurahi Road to Chandamau jalandhar	82.74	102.98	93.62	(+)10.88
	Sagar Khurai Road to Ishurwara	33.78	31.71	28.83	(-)4.95
4802	NH 26 to Madijamuniya	32.18	17.67	16.07	(-)16.11
9.99%	NH 26 to Jaitpur kachchaya	55.75	82.29	74.82	(+)19.07
Above	NH 26 to Gugwara	13.59	10.08	12.36	(-)1.23
	Chandpura to Anantpura	31.42	42.26	38.42	(+)7.00
	NH 26 to Barkotikala	18.79	14.62	13.29	(-)5.50
	MDR to patnakhurd	51.75	48.11	43.74	(-)8.01
	Narayanpur to Kewlari	47.56	54.36	49.42	(+)1.86
	Gunjori to Balch	78.41	103.10	93.74	(+)15.33
	Chanua to Hardi	40.04	53.21	48.38	(+)8.34
3303	Manjla to Dhaboli	28.17	55.00	50.00	(+)21.83
9.99%	Budhakheda to Badharna	179.95	181.00	164.56	(-)15.39
Above	Kirwana to Ghoogar	45.68	42.00	38.19	(-)7.49
	Baratha road to Bagrohi	32.00	35.00	31.82	(-)0.18
	NH-86 to Tigoda	44.16	45.00	40.91	(-)3.25
	Tikamgarh road to Narua	18.78	23.00	20.91	(+)2.13
	NH-86 to Papet	51.69	57.00	51.82	(+)0.13
	Baratha road to Tarpoh	31.79	33.50	30.46	(-)1.33
	Baratha Road to Baraj	12.96	22.00	20.00	(+)7.04
3304	Kanjiya to Denri	73.52	64.00	55.65	(-)17.87
15%	SH 14 to Satoriya	149.31	195.00	169.57	(+)20.26
Above	Basari approach road	14.99	14.00	12.17	(-)2.82
	Khurai sagar to Gadola Jagir	51.11	65.00	56.52	(+)5.51
	Karaiya Goojar to Katheli	132.30	130.00	113.04	(-)19.26
3306	Khurairajwas to Roda	141.4	118.00	107.28	(-)34.12
9.99%	Approach road to Alitalia	24.08	34.00	30.91	(+)6.83
Above	NH 26 to Sagoni	136.58	150.00	136.38	(-)0.20

Package	Road	PAC (in lakh)	Actual * payment/cost	Payment excluding tender premium	Excess (+)/ Saving (-) Rs.in lakh
3307	Deori to Binabarah	146.54	250.00	227.79	(+)81.17
9.79%	Bhusora to Barkotikala	242.63	294.00	267.78	(+)25.15
Above	Tada Umrao to Gadakota	264.48	371.00	337.92	(+)73.44
3308	Ghoogra to Rajao	123.43	104.00	94.73	(-)28.7
9.79%	Mohanagujar to NH 86	53.92	48.00	43.72	(-)10.2
Above	NH 86 to Badhona	33.74	26.00	23.68	(-)10.06
	SH 14 to Pagara	49.45	70.00	63.76	(+)14.31
			TOTAL SAVINGS EXCESS		(-) 208.40 (+) 354.78
			Number of roads		Savings - 20
					Excess - 25

Appendix-XXXVII

(Reference: Paragraph-3.4.6 , Page-....76..)

Statement showing unauthorised expenditure over sanctioned cost

(Rs.in lakh)

PIU	Package	Approved cost	Month of last payment	Expenditure excluding tender premium	Unauthorised expenditure against ACA
Ujjain	4301	395.67	01/2003	419.42	23.75
	3102	940.23	01/2004	975.72	35.49
Dewas	1301	275.25	12/2003	292.86	17.61
	5502	448.73	12/2003	545.94	97.21
	3903	442.90	09/2003	452.39	9.49
	3905	413.03	12/2003	457.97	44.94
Hoshangabad	2001	241.31	09/2003	296.85	55.54
Biaora	4401	408.88	11/2003	460.25	51.37
	4504	362.62	12/2003	369.65	7.03
Guna	1801	268.14	12/2003	297.54	29.40
	1802	495.05	12/2003	549.45	54.40
	1303	408.19	02/2004	408.48	0.29
	1305	395.78	09/2003	439.26	43.48
Chhindwara	0901	95.39	05/2003	170.45	75.06
	0707	436.89	01/2004	454.23	17.34
Shahdol	6001	284.52	04/2004	337.28	52.76
	3803	471.65	02/2004	492.75	21.10
	3802	220.76	01/2004	290.04	69.28
	3804	301.58	03/2004	324.35	22.77
	4402	656.67	01/2004	697.13	40.46
Sagar	4801	407.40	08/2003	449.96	42.56
	4802	377.00	09/2003	387.04	10.04
	3307	331.34	12/2003	806.81	475.47
Dhar	1105	457.33	07/2004	492.87	35.54
	1106	476.78	06/2004	675.70	198.92
Jhabua	1903	561.31	01/2004	579.86	18.55
Bhopal	5101	386.22	07/2004	467.96	81.74
Shivpuri	5601	406.44	06/2004	471.96	65.52
	5301	263.03	07/2004	298.36	35.33
	4005	339.00	12/2003	401.77	62.77
	4007	246.00	07/2004	258.83	12.83
	4008	206.00	07/2004	207.83	1.83
	3702	105.65	11/2004	108.14	2.49
TOTAL		12526.74		14339.1	1812.36

Appendix-XXXVIII

(Reference: Paragraph- 3.4.9 page ...79....)

Statement showing incorrect selection of roads

Length less than 0.5 km

Sl. No.	PIU	Package No.	Road	Actual length(km)	Cost (Rs.in lakh)
1	Biaora	4401	Main road to Bairasiya	0.44	7.16
2			Main road to Mandawar	0.21	2.90
3			Main road to Pipaliyarasoda	0.18	4.43
4	Guna	1801	Isagarh Ashok Nagar to Bamnawar	0.45	6.28
5	Seoni	3603	Main road to Dorli chhatarpur	0.46	13.90
6		2602	NH 26 to Khamtara	0.25	2.68
7		2603	Gotegaon Jabalpur road to Konjai	0.40	3.28
8		2606	Chinkuimania road to Rampiparia	0.50	6.96
9	Sagar	4801	Sagar bypass to Bhaisa	0.13	3.23
Total					50.82

Roads passing through forest area

Sl. No.	PIU	Package No.	Road	Expenditure (Rs.in lakh)
1	Biaora	4506	Sangul to Wardha	60.79
2	Guna	1307	Mangauli Keria road to Madankedi	66.32
3		1308	Deharda- Rajghat- Mamon	60.18
4	Sagar	3310	Sevan to Bandari	188.22
5		3313	Khajira Moti to Bahadurpur	Not started
6		3315	Madawangouri to Barodiya	Not started
7	Shahdol	3804	Dumar kechar to Pulbaritola	Not started
Total				375.51

Encroachment or land disputes

Sl. No.	PIU	Package No.	Road	Expenditure (Rs.in lakh)
1	Sagar	3309	Todakacchi to Barodiya	41.06
2			Dewal to MDR	103.20
3		3314	Bamhani to Patnakhurd	15.02
4			Nayanagar to MDR	08.70
5		3317	Singpur to Bina tigadda	12.91
6			Gadakota to Pipariya Gopal	No payment
7	Biaora	3004	Sadhawat to mundla	79.25
8		4401	Udankhedi to Sareli	55.37
9		3005	Khilchipur to Chapiheda	34.91
10	Guna	1307	Tarai -Dongan	No payment
11		1310	Makrudan - Nazirabad to Parwania	31.46
12	Seoni	2603	Gotegaon to Jamunia	166.00
13	Shahdol	3807	Galhatha to Balbhadrapur	12.09
Total				559.97

Major District Roads

Sl. No.	PIU	Package No.	Road	Expenditure (Rs.in lakh)
1	Chhindwara	0714	Nandanwadi-changoba to Kodia-Anikhapa	164.57
2	Seoni	3609	Jobaadeagaon to Pahadi	108.50
3	Shahdol	6001	Chandia-Akhrar road	223.36
4	Sagar	4801	Chandamau - Jalandhar	102.98
5		3307	Tada Umrao- Gada kota	370.09
Total				969.5

Appendix-XXXIX

(Reference: Paragraph 3.5.5 page ..93.....)

Execution of works without obtaining Sanction of Ministerial Sub Committee

(Rupees. in crore)

Sl.No.	Name of Department	Works executed by saving of other works		Works executed without budget provisions		Total	
		No. of works	Amount	No.of works	Amount	No.of works	Amount
1	Public Works Department Dn.I	3	2.37	-	-	3	2.37
2	Public Works Department (Electricity & Mechanical Dn.)	-	-	2	0.48	2	0.48
3	P.H.E.(Project Dn.)	3	1.52	-	-	3	1.52
4	Municipal corporation Ujjain	2	0.10	16	9.16	18	9.26
5	Water Resources Dn Ujjain	30	1.88	-	-	30	1.88
6	Medical & Health Ujjain	-	-	1	0.05	1	0.05
7	Police Department Ujjain	25	4.10	-	-	25	4.10
8	School education Ujjain	2	0.13	5	0.07	7	0.20
9	Ayurvedic college Ujjain	1	0.20	-	-	1	0.20
10	Mela Admn. Ujjain	9	1.14	3	2.27	12	3.41
11	Collector Khandwa (Onkareshwar)	1	0.28	2	.07	3	0.35
12	Collector Dewas	1	0.09	-	-	1	0.09
13	Homeguards Ujjain	-	-	1	1.24	1	1.24
14	Dharmasva Department Ujjain	1	0.003	-	-	1	0.003
15	Culture Department Ujjain	1	1.00	-	-	1	1.00
16	Ujjain Development Authority	5	0.35	-	-	5	0.35
Total		84	13.16	30	13.34	114	26.50

Appendix XL

(Reference: Paragraph 3.5.10, Page 99)

Statement showing extra cost due to acceptance of tender at higher rates

(Rupees in lakh)

Package No.	Name of Road	Agreement No. (work order)	Probable Amount of Contract	Contractors	Value of work done excluding tender premium	Extra payment on the basis of prevailing market trend			
				Percentage above SOR		Difference in percentage	Amount	Escalation paid	Total extra payment
I	Ujjain -Dewas	5/02-03 (2/6/2002)	509.68	9.81%	520.94	8.81%	45.89	10.27	56.16
	Maxi-Agar road								
II	Ujjain -Agar and	1/02-03 (4/6/02)	711.19	9.50%	812.71	8.50%	69.08	15.47	84.55
	Ujjain -Unhel road								
III	Barnagar-Jawasia road	4/02-03 (12/6/02)	575.35	9.27%	563.11	8.27%	46.57	12.98	59.55
	Indore-Dewas Road								
IV	Inner ring road	2/02-03 (4/6/02)	720.87	9.99%	828.27	8.90%	74.46	19.73	94.19
V	Ujjain Maxi Road	3/02-03 (4/6/02)	555.72	9%	551.86	8%	44.15	23.69	67.84
	Total		3072.81		3276.89		280.15	82.14	362.29

Appendix XLI

(Reference: Paragraph 3.5.11, Page 104)

Statement showing extra cost due to application of bitumen tack coat instead of emulsion tack coat

Sl.No	Name of Division	Agree-ment No/Year	Name of contractor	Name of work/ Package No.	Ref. to Payment Vr.No/ Date	Amount Paid	Details of biutmen tack coat executed			Total Difference Amount		Add contractor percentage	Total Amount of extra cost
							B.T Surface 5 Kg/10 sqm	Diff. Amount @ Rs.3.20	WBM Surface 10 Kg/ 10 Sqm	Diff Amount @ Rs.7.80			
1	PWD Dn No.II Ujjain	5/02-03	M/s O.P Garg	Upgradationof roads (Package-I)	13D/31.3.04	582.31			115342	899668	899668	9.81%above/80160	979828
2	PWD Dn No.II Ujjain	1/02-03	M/s P.D Agarwal	Upgradationof roads (Package-II)	3/20.5.04	905.39	37612	120358.00	140400	1095120	1215478	9.50%above/115470/8208	1330948
							27000	86400.00			86400		94608
3	PWD Dn No.II Ujjain	4/02-03	M/s Shiv Constn.Co.	Upgradationof roads (Package-III)	95/31.3.04	628.29			122385	954603	954603	9.27%above/88492	1043095
4	PWD Dn No.II Ujjain	2/02-03	M/s Prakash Ashphalting	Upgradationof roads (Package-IV)	4/21.5.04	930.76	251,102	803526.00	46573	363269	1166795	9.99%above/116562/3822	1283357
							11,955	38256.00			38256		42078
5	PWD Dn No.II Ujjain	10/02-03	M/s MDL Constn.Co.	Upgradationof roads (Package-VI)	12/30.3.04	284.02	36417	116534.00	10994	85753	202287	1% above/2023	204310
6	PWD Dn No.II Ujjain	11/02-03	M/s MDL Constn.Co.	Upgradationof roads (Package-VII)	96/31.3.04	171.34	30500	97600.00	2721	21224	118824	1% below/(-) 1188	117636
7	PWD Dn No.I Ujjain	3/02-03	M/s Balkrishna Ramaran Goel	Upgradationof roads (Package-V)	8/3.2.2004	625.22	405100	1296320.00			1296320	9%above/116669	1412989
8	PWD Dn No.I Ujjain	41/02-03	M/s J.J Patel	Upgradationof roads (Package-VIII)	208/31.3.04	480.32	153449	491037.00	33400	260520	751557	4.92%above/37052	788609
9	PWD Dn No.I Ujjain	56/02-03	M/s Deep Enterprises	Upgradationof roads (Package-IX)	218/31.3.04	325.55	145842	466694.00	13959	108880	575574	7%above/40290	615864
10	PWD Dn No.I Ujjain	43/02-03	M/s Tirupati Constn.co.	Upgradationof roads (Package-IX)	151/29.3.04	61.14	20835	66672.00	17090	133302	199974	4.99%above/9979	209953
												Grand Total	8123275 say Rs.81.23 lakh

Appendix XLII

(Reference: Paragraph 3.5.11, Page 104)

Statement showing irregular grant of secured advance

Sl. No	Package No.	Name of Road	Secured Advance on Maxphalt						Secured Advance on metal					Balance	
			Date	Qty (MT)	Amount (in lakh)	Recovered date	Amount	Amount utilised	Date	Qty (cum)	Amount (in lakh)	Recovered date	Amount	Undue financial aid	
1	V	Ujjain Maxi Road	31.3.03	70.00	7.22	13.5.03	7.22	43 days	31.3.03	3500	4.86	13.5.03	4.86	43 days	NIL
2	VIII	Mahidpur-Maxi	31.3.03 to 24.1.04	388.98	37.33	14.5.03 to 26.2.04	37.33	44 days to 335 days	13.3.03 to 4.6.03	11207	21.17	14.5.03 to 26.2.04	20.05	62 days to 353 days	1.12
3	IX	Unhel-Khachrod	24.10.03 to 28.1.04	314.18	45.25	14.11.03 to 31.3.04	43.86	21 days to 160 days	14.5.03	10000	20.00	10.6.03 to 31.3.04	18.16	20 days to 296 days	1.39 , 1.84
4	VI	Panckhoshi road	2.2.04	70.87	7.74	21.2.04 to 5.3.04	7.74	19 days to 32 days							
5	IV	Inner roads	30.9.03 to 31.12.03	1372.48	156.90	23.12.03 to 31.3.04	156.90								
		Total	31.3.03 to 28.2.04	2302.31	264.19	13.5.03 to 31.3.03	262.55	19 to 335 days	13.3.03 to 4.6.03	24707 cum	46.03	13.5.03 to 31.3.04	43.07	43 days to 353 days	4.60

Appendix -XLIII

(Reference: Paragraph 4.3.4, page 126)

Statement showing comparison in cost of work executed by Contractor 'A' with 'C' which led to extra cost

Item No.	Particular	Agreedemented Quantities	Unit	Contractor 'A'	Rate	Amount	Contractor 'C'	Rate	Amount
				Quantity executed			Quantity executed		
1	Excavation in all types of soil , hard moorum	177625.4	cum	66589.49	20	1331790	66589.49	30	1997685
2	Excavation in disintegrated rock, soft rocks	241631.86	cum	109594.40	60	6575664	109594.40	60	6575664
3	Excavation in all types of hard rock	56242.92	cum	61867.21	120	7424065	236240.17	70	16536812
				174372.96	103.35	18021445	-	-	0
4	Line drilling with 50 mm dia holes	10747	Rm	10747.00	35	376145	10747.00	70	752290
5	Watering and compaction of earth work	39751	cum	39751.00	15	596265	39751.00	10	397510
6	Horizontal and inclined filter a) Sand	0.84	cum	0.84	100	84	0.84	200	168
	b) 40 mm metal	0.84	cum	0.84	100	84	0.84	200	168
7	Elastomerice beareings	244800	cucm	244800.00	0.9	220320	244800.00	15	367200
8.1	M-10 concrete maximum size 40 mm	1474.57	cum	1474.57	900	1327113	1474.57	1250	1843213
8.2	M-10 concrete maximum size 63 mm	1384.11	cum	1384.11	950	1314905	1384.11	1200	1660932
8.3	M-10 concrete maximum size 40 mm	266.91	cum	266.91	1000	266910	266.91	1700	453747
8.4	M-15 concrete maximum size 20 mm	36.77	cum	36.77	1500	55155	36.77	1700	62509
8.5	M-15 concrete maximum size 40 mm	1065.78	cum	1065.78	1100	1172358	1065.78	1700	1811826
8.6	M-15 concrete maximum size 20 mm	235.64	cum	235.64	1700	400588	235.64	1800	424152
8.7	M-20 concrete maximum size 20 mm	1416.57	cum	1416.57	1800	2549826	1416.57	2000	2833140
8.8	M-15 concrete maximum size 20 mm	60.47	cum	60.47	1500	90705	60.47	1700	102799
8.9	M-15 concrete maximum size 63 mm	566.45	cum	566.45	1400	793030	566.45	1800	1019610
8.10	M-25 concrete	22	cum	22.00	2200	48400	22.00	2400	52800
9	Steel rainforecement bars (a) Mild steel bars	131457.63	kg	131457.63	20	2629153	131457.63	26	3417898
	(b) Cold worked steel high strength bars	52436	kg	52436.00	20	1048720	52436.00	26.5	1389554
10	25 mm dia mild steel dowel bars	586	Nos	586.00	400	234400	586.00	150	87900
11	12 mm thick premoulded filters	299.05	sqm	299.05	500	149525	299.05	200	59810

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Item No.	Particular	Agreemented Quantities	Unit	Contractor 'A'	Rate	Amount	Contractor 'C'	Rate	Amount
				Quantity executed			Quantity executed		
12	PVC water joints 225 mm wide	163.05	Rm	163.05	500	81525	163.05	60	9783
13	AC pipe 100 mm dia	507.31	Rm	507.31	70	35512	507.31	90	45658
14	150mm dia AC pipe for water spurts	24	Nos	24.00	120	2880	24.00	150	3600
15	filling foundations with CC 1:5:8	19.99	cum	19.99	700	13993	19.99	1200	23988
16	Filling foundations from spoils	1871.9	cum	1871.90	20	37438	1871.19	50	93560
17	30 Cm thick hand packed stone pitching	112.82	sqm	112.82	120	13538	112.82	40	4513
18	steel work in single section	210.98	kg	210.98	20	4220	210.98	20	4220
19	Galvanized mild steel tubes	18	Rm	18.00	180	3240	18.00	35	630
20	1 m high pipe railing complete	8.25	Rm	8.25	400	3300	8.25	600	4950
21	FRP canal gate of size 1250 mm X 1000 mm	1	Nos	1.00	180000	180000	1.00	30000	30000
22	Copper sealing strips in contraction joints	62.9	Rm	62.90	700	44030	62.90	600	37740
23	Filling foundation with picked up boulders	34.2	cum	34.20	80	2736	34.20	50	1710
						47049061			42107737

Extra Cost = Rs.470.49 lakh – Rs.421.08 lakh = Rs.49.41 lakh

Appendix-XLIV

(Reference: Paragraph 5.1.6 , Page 136.)

Statement showing the details of amount deposited in Bank accounts opened by D.D.Os without obtaining sanction from competent authority and difference in balance as shown in the Cash book and as appeared in bank statements

(Rupees in lakh)

Sl. No.	Name of the DDO	Balance as appearing in Bank account as per cash book as on 31-3-04	Balance as appearing in Bank pass book / statements as on 31-3-04	Difference in balance as appearing in cash book and bank pass book / statement
1	2	3	4	5
1.	District Education Officer, Bhopal	9.45	23.42	13.97
2.	District Education Officer, Indore	3.91	9.42	5.51
3.	District Education Officer, Shahdol	31.13	31.70	0.57
4.	District Education Officer, Ujjain	00.002	110.96	110.96
5.	Block Education Officer, Indore	1.00	2.91	1.91
6.	Block Education Officer, Ujjain	1.47	1.87	0.40
7.	Principal Model Hr. Sec. School, Shahjahanabad, Bhopal	0.15	0.15	--
8.	Principal, Govt. Boys' Hr. Sec. School, Station Area Bhopal.	0.11	0.31	0.20
9.	District Education Officer, Jabalpur	7.60	7.60	--
Total:-		54.82	188.34	133.52

