



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

FOR THE YEAR ENDED 31 MARCH 2004

**(CIVIL)
GOVERNMENT OF GUJARAT**

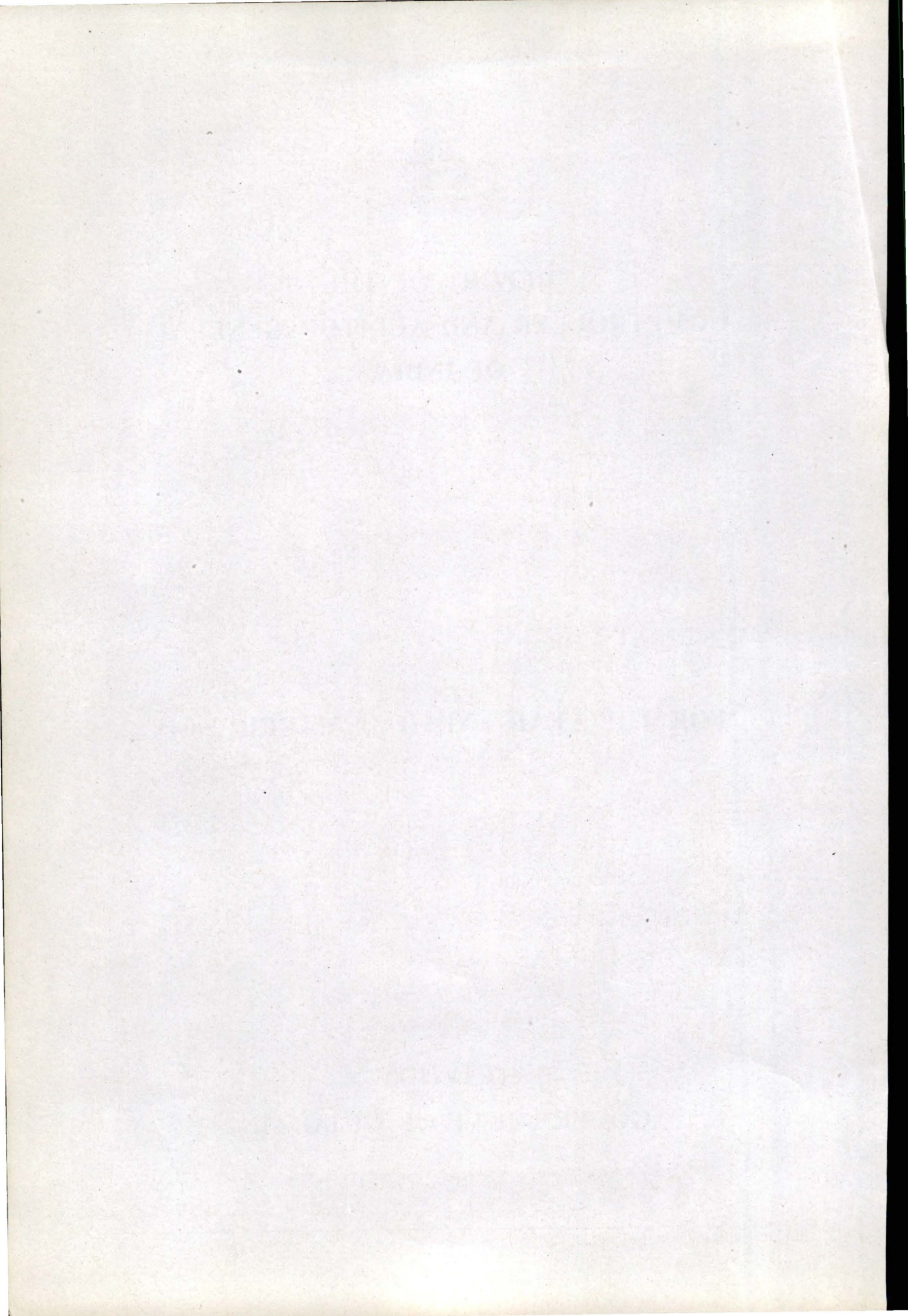


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PREFACE

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. The remaining chapters deal with the findings of performance audit, audit of transactions in the various departments including the Roads and Buildings and Water Resources Departments, audit of Stores and Stock, audit of Autonomous Bodies and evaluation of Internal Control Mechanism in Government Departments.
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 2003-2004 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 2003-2004 have also been included wherever necessary.

OVERVIEW

This Report contains two chapters on observations of Audit on the State's Finance and Appropriation Accounts for the year 2003-04 and three other chapters containing two Reviews, two Long Paragraphs and 15 Paragraphs based on Audit of certain selected programmes, activities and transactions of the Government. Copies of the draft Audit Paragraphs and draft Audit Reviews are sent to the concerned Principal Secretary/ Secretary to the State Government demi-officially with the request to furnish reply within six weeks. A meeting was convened on 5 February 2005 with the Principal Secretary (Finance) alongwith other concerned Principal Secretaries/Secretaries, by the Accountant General (Civil Audit), Gujarat to discuss the draft Paragraphs and the Reviews. Despite such efforts, in respect of seven Audit Paragraphs and four Reviews and Long Paragraphs, no response was received from the concerned Principal Secretary/Secretary to the State Government. A synopsis of findings contained in the Report is presented in this overview.

1. Finances of the Government of Gujarat

- After an improvement in the finances of the State during 2002-03 all deficit indicators have increased during the year 2003-04. The revenue deficit increased from Rs.3565 crore to Rs.3706 crore, the fiscal deficit shared a quantum jump during this period from Rs.6029 crore to Rs.9142 crore. The primary deficit of the State also increased from Rs.1080 crore to Rs.3267 crore.
- The revenue receipts of the State increased from Rs.13971 crore in 1999-2000 to Rs 18248 crore in 2003-2004. There was a moderate increase of 11.82 *per cent* in 2002-03. However, the rate of growth declined to 2.08 *per cent* in 2003-04. This happened primarily due to 39 *per cent* decrease in grant-in-aid from Government of India.
- The increase in the tax revenue during the year 2003-2004 was mainly on Sales Tax (Rs.917.45 crore), Taxes on vehicles (Rs.128.28 crore) and Stamps and Registration fees (Rs.174.79 crore) etc. The contribution of own tax revenue to the revenue receipts, after showing significant decline from 58.42 *per cent* in 1999-2000 to 53.25 *per cent* in 2002-03, again reached to 61.23 *per cent* in 2003-04.
- Of non-tax revenue sources, interest receipts (27 *per cent*) and non-ferrous mining and metallurgical industries receipts (41 *per cent*) were principal contributors.

- The total expenditure of the State increased from Rs.20838 crore in 1999-2000 to Rs.27590 crore in 2003-2004. Revenue expenditure of the State increased from Rs.17517 crore in 1999-2000 to Rs.21954 crore in 2003-2004. Interest payments and Pensions together consumed 35 per cent of total revenue receipts of the State during the year.
- The current levels of cost recovery in supply of merit goods and services by Government are 0.35 per cent for secondary education, 0.35 per cent for university and higher education, 0.05 per cent for technical education, 1.30 per cent for health and family welfare, 0.03 per cent for water supply and sanitation, 6.20 per cent for major and medium irrigation and 0.33 per cent in minor irrigation.
- The overall fiscal liabilities of the State increased from Rs.31561 crore in 1999-2000 to Rs.62876 crore in 2003-2004. This trend is unsustainable in the long run and may lead the State into a debt trap situation. This indicates that either the State has to generate more revenue out of its existing assets or needs to provide from its current revenues for servicing its debt obligations. The State Government has also not taken any steps for pension reforms to meet the fast rising unproductive expenditure on account of pension payable to the retiring employees. Further, aggravating the situation of the State is the unproductive investment in companies with either nil or negligible returns. The much awaited reforms in the power sector are still to take off and the State continues to support this sector in the form of huge subsidy.

(Paragraph 1.1 to 1.10)

2. Allocative Priorities and Appropriation

Against total budget provision of Rs.48732.86 crore, actual expenditure was Rs.41394.93 crore. Overall saving of Rs.7337.93 crore was the result of excesses of Rs.401.25 crore in 26 cases of grants and appropriations and savings of Rs.7739.18 crore in 150 cases of grants and appropriations. The excess expenditure of Rs.401.25 crore required regularisation by the legislature under Article 205 of the Constitution of India.

- In four cases, there were persistent savings of more than Rs.100 crore/50 crore in each case and 20 per cent or more of provision.
- In 10 cases, supplementary provision of Rs.152.47 crore proved unnecessary and in 15 cases supplementary provisions proved excess resulting in aggregate saving of Rs.2956.43 crore.

- In 14 cases, supplementary provisions proved insufficient leaving uncovered excess of Rs.330.80 crore.
- In 96 cases, Rs.7023.99 crore were surrendered in March 2004 indicating inadequate financial control over expenditure.

(Paragraph 2.1 to 2.9)

3. Pradhan Mantri Gram Sadak Yojana

There are 35282 villages, of these 25524 villages were already connected with All Weather Roads (AWR) and 8127 villages had no connectivity. Pradhan Mantri Gram Sadak Yojana was launched with primary objectives of providing connectivity by AWR to all unconnected habitations by 2007. As against 758 works taken up only 619 works have been completed. Priority to new connectivity as per pattern was not adhered to in the districts test checked. Excess and avoidable expenditure was incurred on execution of road works.

(Paragraph 3.1)

4. Implementation of Child Labour (Prohibition & Regulation) Act, 1986

Child Labour (Prohibition & Regulation) Act, 1986 (Act) was enacted to prohibit engaging children (below 14 years) in the specified employments and regulate their conditions of work in other fields. As against existence of 8.96 lakh child labourers as per 1991 census, only 1164 were detected in the State. The scheme for providing education to the children through NCLP remained non functional in the State from 1998. In 796 cases guardians of the children were neither provided any employment nor paid from Child Labour Rehabilitation-cum-Welfare Fund. Rules for inspection of units by the Government Labour Officers (GLOs) were not framed.

(Paragraph 3.2)

5. InfoCity Project

Gujarat Informatics Ltd. (GIL) was responsible for promoting the InfoCity project in association with private sector. As the award for development of the project was finalised with only one bidder Creative InfoCity Ltd. (CIL), a competitive rate could not be obtained for setting up of InfoCity. All important matters in connection with the implementation of the project were left to the discretion of the Creative InfoCity Ltd. a joint venture company. Contrary to the provisions of the agreement, out of the revenue of Rs.14.63 crore earned by CIL, only Rs.0.63 lakh was paid to GIL. Sixty *per cent* of completed residential units were allotted to ineligible category of users in contravention to the terms

of the agreement. The developer did not furnish bank guarantees of Rs.4.80 crore for Development Security and Corporate Bond of Rs.13 crore before commencement of the project. Infocity project was lagging behind the schedule, however, liquidated damages of Rs.18 crore for delay were not recovered from the CIL.

(Paragraph 3.3)

6. Internal Control Mechanism in Jails Department

During 1999-2004, 35 cases of prisoners possessing prohibited articles were detected from the seven jails selected for test check. Prisons were overcrowded to the extent of 20 to 402 *per cent*. Out of 134 taluka sub-jails, 49 were closed and 17 were under repairs. During the period 119 cases of prisoners escaping from custody/police escort were reported. Shortfall of inspection of jails by IGP ranged between 72 and 77 *per cent* and taluka sub-jails by Superintendents between 72 and 100 *per cent*. IGP submitted only one annual report during 1999-2004. There were also huge arrears in internal audit.

(Paragraph 5.1)

7. Other points of interest

(i) Fraudulent drawal/Misappropriation/Embezzlement/Losses

Unauthorised amendment to agreement by the Gujarat Maritime Board with Larsen and Toubro Ltd. resulted in loss of Rs.2.78 crore.

(Paragraph 4.1.1)

(ii) Infructuous/Wasteful expenditure and over payment

Lack of coordination in execution of road work between two divisions resulted in wasteful expenditure of Rs.2.55 crore on strengthening of two roads.

(Paragraph 4.2.1)

Filling up the post of Director of Public Prosecution from the cadre of Indian Police Service disregarding the judicial pronouncements resulted in wasteful expenditure of Rs.57.71 lakh.

(Paragraph 4.2.2)

(iii) Avoidable/Excess/Unfruitful expenditure

Drawal of loan from NABARD without immediate requirement resulted in avoidable interest payment of Rs.1.93 crore.

(Paragraph 4.3.1)

(iv) Idle investment/Idle establishment/Blockage of funds

Failure to synchronise various components of Aji IV Water Resources Project resulted into idle investment of Rs.78.70 crore.

(Paragraph 4.4.1)

Construction of Kali-II Water Resources Project without field survey of canal resulted in blocking of funds of Rs.13.46 crore.

(Paragraph 4.4.2)

Improper planning for acquisition of Forest land for Khedva Water Resources Project resulted in unfruitful expenditure of Rs.9.32 crore.

(Paragraph 4.4.3)

Delay in land acquisition resulted in non completion of Surendranagar Underground Drainage Scheme for 26 years.

(Paragraph 4.4.4)

Government implemented Oil Palm Development Programme at a cost of Rs.2.97 crore and also set up of a Palm Oil Processing Unit without availability of raw-material.

(Paragraph 4.4.6)

Construction of Tissue Culture Laboratory Building at Animal Vaccine Institute, Gandhinagar without considering structural requirement for Airconditioning resulted in blockage of funds of Rs.2.21 crore.

(Paragraph 4.4.8)

Failure to carry out credible demand-survey for houses resulted in idle investment of Rs.4.55 crore on construction of 352 flats.

(Paragraph 4.4.9)

(v) Regulatory issues and other points

Non-adherence of the provisions of Information Technology Industry Incentive Scheme resulted in irregular payment of Rs.1.46 crore.

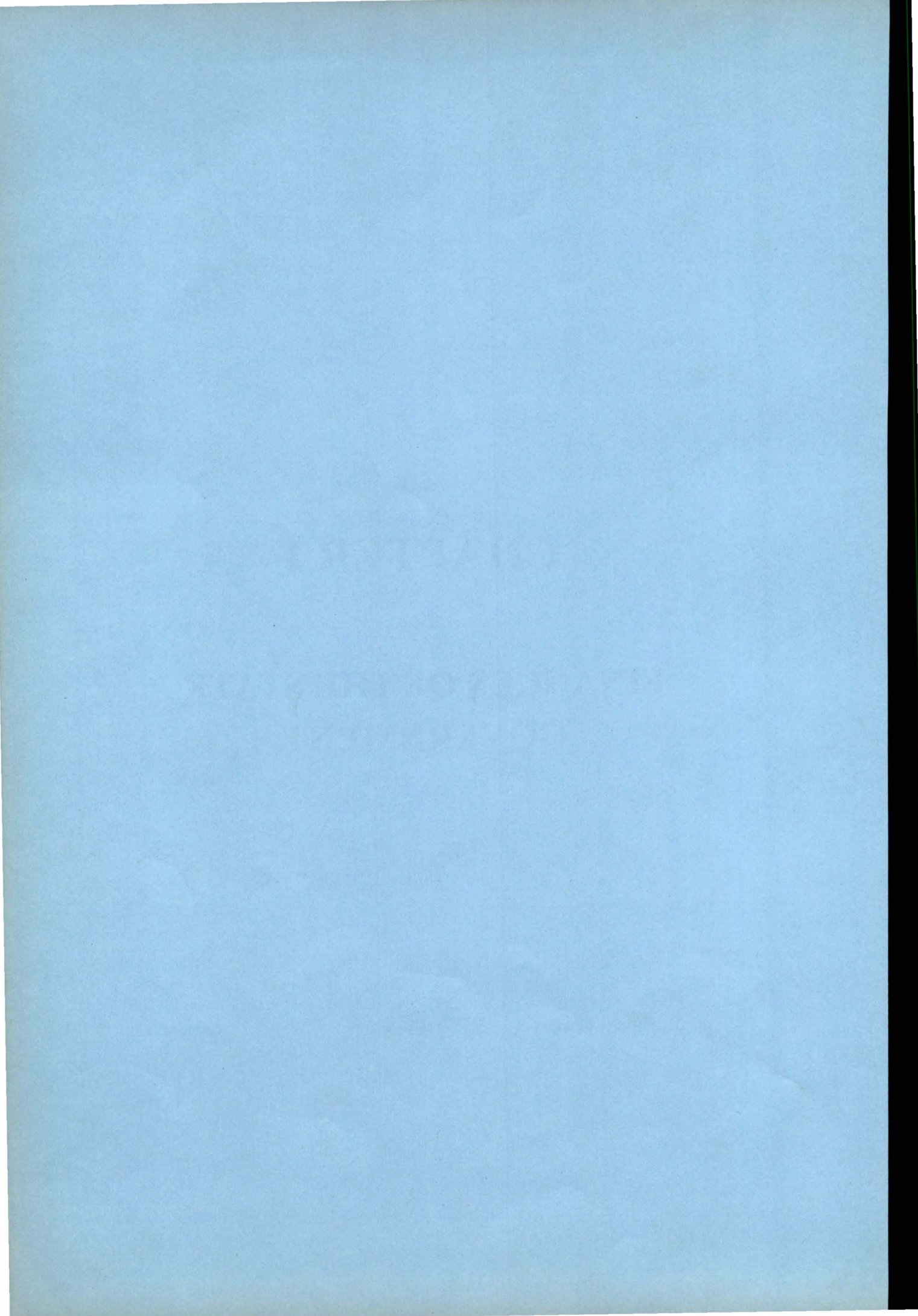
(Paragraph 4.5.1)

Ahmedabad Electricity Company illegally demanded, collected, retained and appropriated electricity duty of Rs.73.10 lakh.

(Paragraph 4.5.2)

CHAPTER I

FINANCES OF THE STATE GOVERNMENT



CHAPTER I

FINANCES OF THE STATE GOVERNMENT

In summary

After an improvement in the finances of the State during 2002-03 all deficit indicators have increased during the year 2003-04. The revenue deficit increased from Rs.3565 crore to Rs.3706 crore from 2002-03 to 2003-04, the fiscal deficit shared a quantum jump during this period from Rs.6029 crore to Rs.9142 crore.

However, the Revenue receipts of the State increased from Rs. 13971 Crore in 1999-2000 to Rs 18248 crore in 2003-2004. The moderate growth in 2003-04 was attained primarily due to increase in the tax revenue during the year 2003-2004 on account of Sales Tax (Rs 917 crore), Taxes on vehicles (Rs 128 crore) and Stamps and Registration fees (Rs.175 crore). Of non-tax revenue sources, interest receipts (27 *per cent*) and non-ferrous mining and metallurgical industries receipts (41 *per cent*) were principal contributors. During the year, there was a reduction of central grants in aid by 39 *per cent* when compared to the last year.

The total expenditure of the State increased from Rs 20838 crore in 1999-2000 to Rs.27590 crore in 2003-2004. Interest payments and Pensions together consumed 35 *per cent* of total revenue receipts of the State during the year

The overall fiscal liabilities of the State almost doubled from Rs.31561 crore in 1999-2000 to Rs.62876 crore in 2003-2004. Although it is not uncommon for a State to borrow for increasing its social and economic infrastructure and for creating additional income generating assets, an increasing ratio of fiscal liabilities to Gross State Domestic Product (GSDP) and revenue receipts together with a low or negligible return on investments are cause for concern. Ever increasing guarantees for Government Corporations and Companies also need to be discouraged.

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

1.1 Introduction

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

Box 1

Lay out of Finance Accounts

Statement No.1 presents the summary of transactions of the State Government-Receipts and Expenditure, Revenue and Capital, Public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and the Public Accounts of the State.

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

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

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

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

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

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

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

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

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

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

Statement No.12 provides accounts of revenue expenditure by minor heads under non-plan, State plan and Centrally Sponsored Schemes separately, and capital expenditure major head wise.

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

Statement No.14 shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc. up to the end of 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 the heads of account relating to debt, Contingency Fund and Public Accounts.

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

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

(Rupees in crore)			
2002-03	Sl. No	Major Aggregates	2003-04
17875	1.	Revenue Receipts (2+4+5)	18248
9521	2.	Tax Revenue (on tax Revenue)	11173
1363	3.	Tax transfers	1966
3995	4.	Non-Tax Revenue	3272
2996	5.	Other Receipts	1837
223	6.	Non-Debt Capital Receipts (7+8)	200
52	7.	Capital Receipts	18
171	8.	Recovery of Loans and Advances	182
18098	9.	Total Receipts (1+6)	18448
19676	10.	Non-Plan Expenditure (11+13+14)	20783
19373	11.	On Revenue Account	18645
4949	12.	Of which, interest payments	5857
131	13.	On Capital Account	159
172	14.	Of which Loans disbursed	1979
4451	15.	Plan Expenditure (16+18+19)	6807
2067	16.	On Revenue Account	3309
	17.	Of which interest payments	18
2210	18.	On Capital Account	3052
174	19.	Of which Loans disbursed	446
24127	20.	Total Expenditure (10+15)	27590
3565	21.	Revenue Deficit (11+16-1)	3706
6029	22.	Fiscal Deficit (20-1-6)	9142
1080	23.	Primary Deficit (22-12-17)	3267

1.3 Summary of Receipts and Disbursements for the year

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

Table 1: Summary of Receipts and Disbursements for the year 2003-2004

(Rupees in crore)							
2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
Section-A: Revenue							
					Non-Plan	Plan	Total
17875.33	I Revenue receipts	18247.52	21440.13	I Revenue expenditure	18645.05	3309.09	21954.14
9520.66	Tax revenue	11173.43	8302.50	General Services	9174.02	76.14	9250.16
3995.58	Non-tax revenue	3271.96	6539.22	Social Services	5480.03	1595.65	7075.68
1363.22	Share of Union Taxes/Duties	1965.48	6494.27	Economic Services	3891.02	1637.30	5528.32
2995.87	Grants from Govt. of India	1836.65	104.14	Grants-in-aid / Contributions	99.98		99.98
Section-B: Capital							
52.00	II Misc. Capital Receipts	17.95	2341.30	II Capital Outlay	159.38	3052.05	3211.43
171.45	III Recoveries of Loans and Advances	181.60	345.66	III Loans and Advances disbursed	1978.36	446.44	2424.80
9683.67	IV Public debt receipts*	15007.75	3203.31	IV Repayment of Public Debt	# 5395.39		5395.39
20665.87	V Public accounts receipts	25038.70	20064.80	V Public accounts disbursements	# 25021.96		25021.98
580.14	Opening Balance	1483.20	1483.20	Closing Balance			1887.95
49028.46	Total	59976.72	48878.40	Total	51200.13	6807.58	59895.69

Note : *- Includes net ways and means advances and overdraft also
#- Bifurcation of plan and non- plan not available

1.4 Audit Methodology

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

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

The reporting parameters are depicted in the Box 1.2.

Box 1.2 Reporting Parameters
<p>Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The New GSDP series with 1993-94 as base as published by the Bureau of Economics and Statistics Department of the State Government 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-V.</p>

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

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

State Finances by key Indicators

1.5 Resources by volumes and sources

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

Table 2 shows that the total receipts of the State Government for the year 2003-04 was Rs.58495 crore. Of these, the revenue receipts of the State Government was Rs.18248 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 Gujarat

		(Rupees in crore)
I Revenue Receipts		18248
II Capital Receipts		15208
a	Miscellaneous Receipts	18
b	Recovery of Loans and Advances	182
c	Public Debt Receipts	15008*
III Public Account Receipts		25039
a	Small Savings, Provident Fund, etc.	895
b	Reserve Fund	370
c	Deposits and Advances	9668
d	Suspense and Miscellaneous	9770
e	Remittances	4336
Total Receipts		58495

1.5.1 Revenue receipts

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

* Excluded ways and means advances

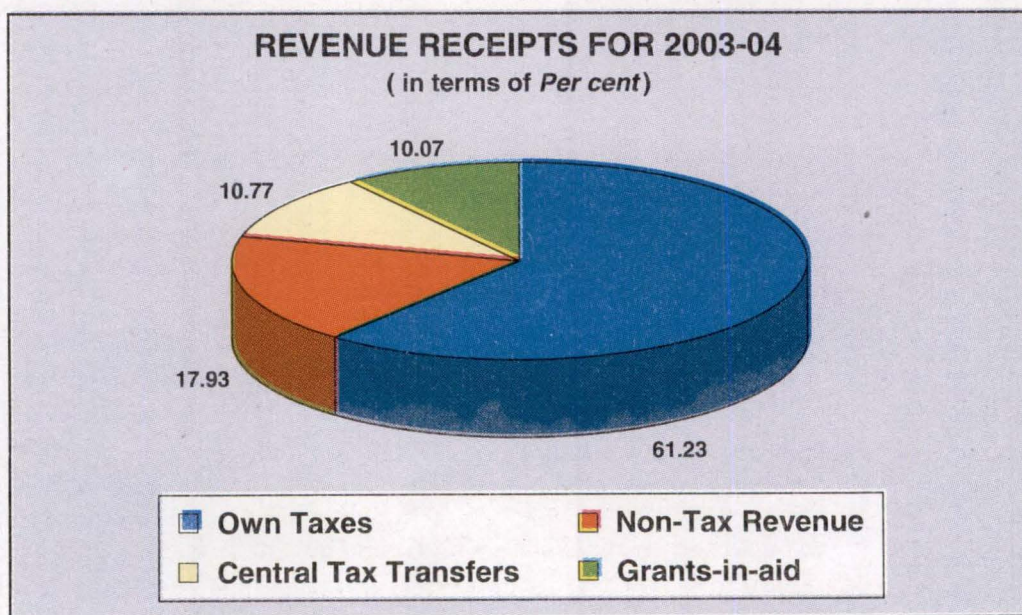
Table 3: Revenue Receipts – Basic Parameters(Value: Rupees in crore and others in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Receipts	13971.00	15739.00	15986.00	17875.00	18248.00
Own Taxes	58.42	57.48	57.84	53.25	61.23
Non-Tax Revenue	21.40	21.28	23.53	22.36	17.93
Central tax Transfers	11.92	10.00	9.31	7.63	10.77
Grants-in aid	8.26	11.24	9.32	16.76	10.07
Rate of Growth	9.64	12.65	1.57	11.82	2.08
Revenue Receipt/GSDP	12.68	14.10	12.57	12.93	12.45
Revenue Buoyancy	2.09	9.74	0.11	1.36	0.35
GSDP Growth	4.62	1.30	13.97	8.72	5.96

(Note:- Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1999-2003) have undergone change from last Audit Report.)

Revenue receipts of the State increased from Rs. 13971 crore in 1999-2000 to Rs.18248 crore in 2003-2004. There was a moderate increase of 11.82 *per cent* in 2002-03. However, the growth rate declined to 2.08 *per cent* in 2003-04. This happened primarily due to 39 *per cent* decrease in grants-in-aid from Government of India.

The increase in the tax revenue during the year 2003-2004 was mainly on Sales Tax (Rs.917.45 crore), Taxes on vehicles (Rs.128.28 crore) and Stamps and Registration fees (Rs.174.79 crore) etc. The contribution of



own tax revenue to the revenue receipts, after showing significant decline from 58.42 *per cent* in 1999-00 to 53.25 *per cent* in 2002-03, again reached to 61.23 *per cent* in 2003-04.

Sales tax was the major source of State's own tax revenue having contributed 64 *per cent* of the tax revenue followed by taxes and duties on electricity (14 *per cent*), taxes on Vehicles (8 *per cent*) etc.

Of non-tax revenue sources, interest receipts (27 per cent) and non ferrous mining and metallurgical industries receipts (41 per cent) were principal contributors. The current levels of cost recovery in supply of merit goods and services by Government are 0.35 per cent for secondary education, 0.35 per cent for university and higher education, 0.05 per cent for technical education, 1.30 per cent for health and family welfare, 0.03 per cent for water supply and sanitation, 6.20 per cent for major and medium irrigation and 0.33 per cent in minor irrigation.

Besides, the arrears of revenues increased by 155 per cent from Rs.4129 crore in 1999-00 to Rs.10517 crore at the end of 2003-04. Of these, Rs.664 crore were outstanding for a period of more than 5 years. Arrears were mainly in respect of Taxes on Sales, Trade, etc. (Rs. 650 crore). The deterioration in the position of arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

The receipts under different heads and GSDP during 1999-2004 are indicated in Table 4.

Table 4: Sources of Receipts: Trends

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1999-00	13971	146	4623	22453	41193	110167
2000-01	15739	2227	7686	25129	50781	111599
2001-02	15986	2207	8158	23703	50054	127191
2002-03	17875	171	9684	20666	48396	138285
2003-04	18248	200	15008	25039	58495	146530

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major head. The total expenditure of the State increased from Rs.20838 crore in 1999-2000 to Rs.27590 crore in 2003-2004.

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

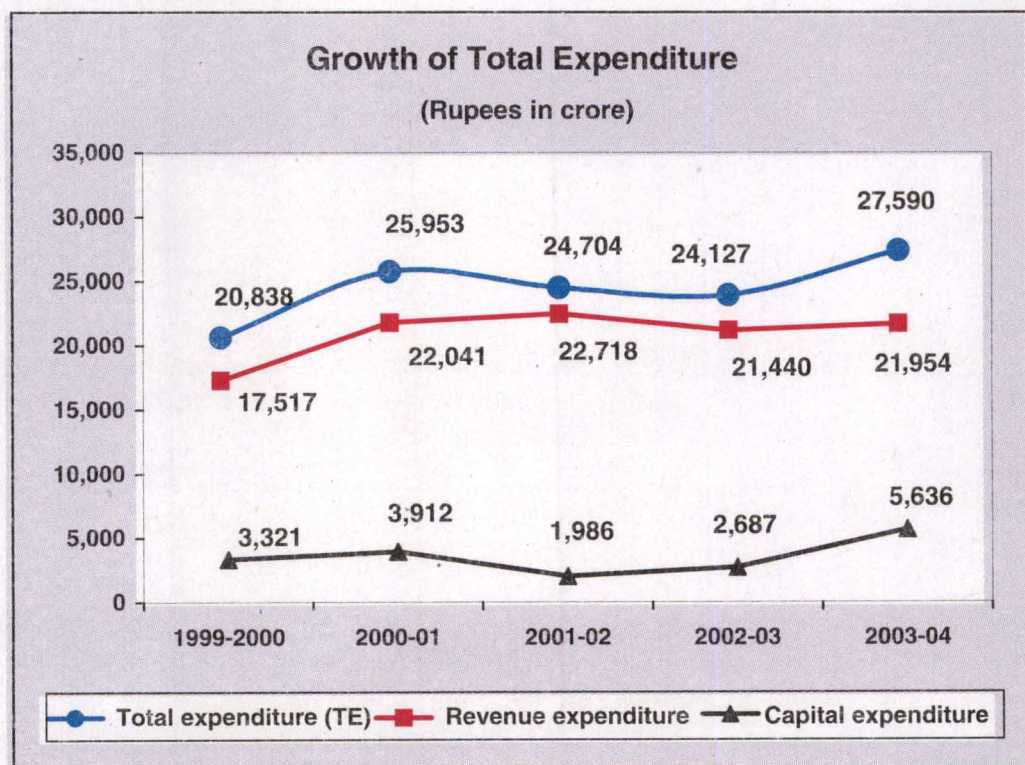
Table 5: Total Expenditure – Basic Parameters

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Total Expenditure	20838.00	25953.00	24704.00	24127.00	27590.00
Rate of Growth	11.86	24.55	-4.81	-2.34	14.35
TE/GSDP	18.92	23.26	19.42	17.45	18.83
Revenue Receipt / TE Ratio	67.05	60.64	64.71	74.09	66.14
Buoyancy of Total Expenditure with					
GSDP	2.57	18.88	Negative	Negative	2.41
Revenue Receipts	1.23	1.94	Negative	Negative	6.88

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1999-2003) have undergone change from last Audit Report)

There was slight decline in the ratio of revenue receipts to total expenditure from 67.05 per cent in 1999-2000 to 66.14 per cent in 2003-2004, indicating that 66 per cent of the State's total expenditure was met from its revenue receipts, leaving the balance to be met from borrowings.

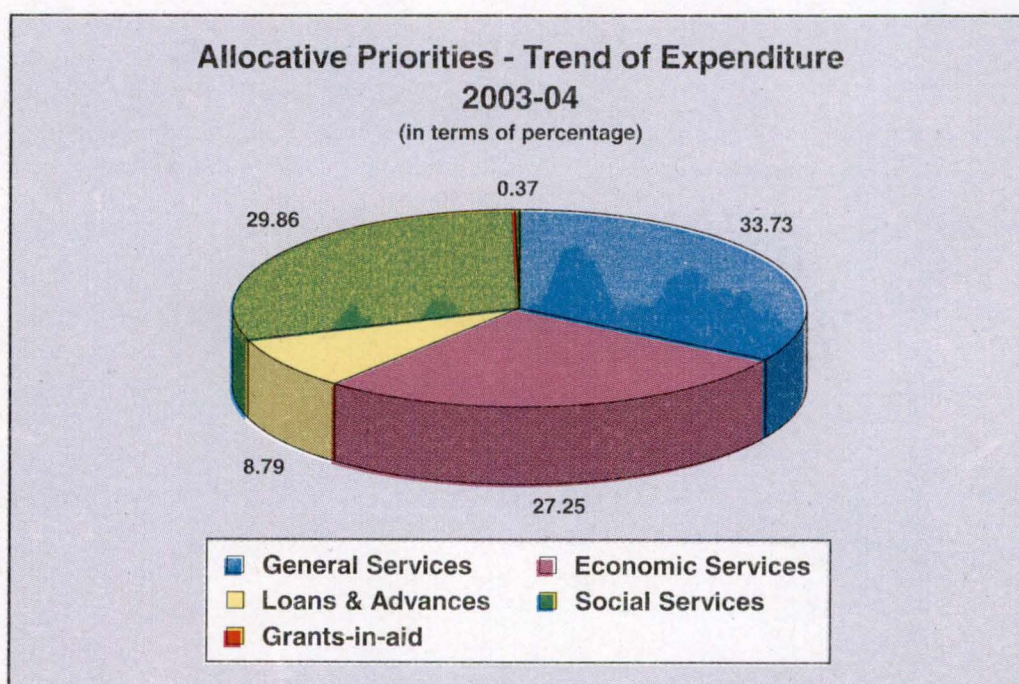


In terms of activities, total expenditure comprised of expenditure on General Services including interest payments, Social and Economic Services and Loans and Advances. The relative share of these components in total expenditure are indicated in Table 6.

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Services	27.76	23.83	29.12	34.57	33.73
Social Services	32.92	33.78	34.74	31.32	29.86
Economic Services	36.08	38.67	34.99	32.25	27.25
Grants-in-aid and contributions	0.24	0.19	0.22	0.43	0.37
Loans & Advances	3.00	3.53	0.93	1.43	8.79

The movement of relative share of these components indicates that while the share of Economic Services in total expenditure declined sharply from 36.08 per cent in 1999-2000 to 27.25 per cent in 2003-2004; the relative share of General Services considered as non-developmental, increased from 27.76 per cent in 1999-2000 to 33.73 per cent in 2003-2004. The share of Social Services declined from 32.92 per cent in 1999-2000 to 29.86 per cent in 2003-2004.



1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in the total expenditure of the State. Revenue expenditure is usually incurred to maintain the current level of assets and services. Revenue expenditure of the State increased from Rs.17517 crore in 1999-2000 to Rs.21954 crore in 2003-2004. The increase of Rs.514 crore in the revenue expenditure during the year was mainly due to increase in expenditure on interest payment (Rs.926 crore) in comparison to previous year.

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

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Expenditure	17517.00	22041.00	22718.00	21440.00	21954.00
Rate of Growth	12.25	25.83	3.07	-5.63	2.40
RE/GSDP	15.90	19.75	17.86	15.50	14.98
RE as <i>per cent</i> of TE	84.06	84.93	91.96	88.86	79.57
RE as <i>per cent</i> to Revenue Receipt	125.38	140.04	142.11	119.94	120.32
Buoyancy of Revenue Expenditure with					
GSDP	2.65	19.87	0.22	Negative	0.40
Revenue Receipts	1.27	2.04	1.96	Negative	1.15

(Note-Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1999-2003) have undergone change from last Audit Report.)

Revenue expenditure accounted for 78 *per cent* of total funds available during 2003-2004. This was higher than the share of revenue receipts (65 *per cent* in total receipts) of the State Government. As only 83 *per cent* of revenue expenditure could be financed from revenue receipts, this led to revenue deficit. Though the ratio of revenue expenditure to revenue receipts declined from 125.38 *per cent* in 1999-2000 to 120.32 *per cent* in 2003-04, dependence of the State on borrowings, for meeting its current expenditure, continues primarily due to the fact that interest payments (Rs.5875 crore) and Pensions (Rs.1734 crore) alone consumed 35 *per cent* of total revenue receipts of the State during the year.

• *Huge expenditure on pension payments*

Pension payments have increased by 15.10 *per cent* from Rs.1506.51 crore in 1999-2000 to Rs.1733.94 crore in 2003-04. Year-wise break-up of expenditure incurred on pension payments during the years 1999-2000 to 2003-2004 was as under:

Table 8

Year	Expenditure Rupees in crore	Percentage to total Revenue Receipts
1999-2000	1506.51	11
2000-2001	1438.60	9
2001-2002	1502.17	9
2002-2003	1588.33	9
2003-2004	1733.94	10

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

• **Interest payments**

The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, States should endeavour to keep interest payment as a ratio to revenue receipts to 18 *per cent*. It was, however, observed that interest payments as percentage of revenue receipts has reached an all time high of 32 *per cent* during the year 2003-04.

Table 9

Year	Interest payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
1999-2000	2808	20	16
2000-2001	3131	20	14
2001-2002	4206	26	19
2002-2003	4949	28	23
2003-2004	5875	32	27

In absolute terms, interest payments increased steadily by 109 *per cent* from Rs.2808 crore in 1999-2000 to Rs.5875 crore in 2003-04 primarily due to increasing borrowings for financing the fiscal deficit. The increase in interest payments was mainly due to increased Interest on Internal Debt (Rs.949 crore), as the Government had borrowed a large amount on Special Securities Fund of the Central Government.

• **Subsidies by the Government**

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

Table 10

(Rupees in crore)						
Sr. No	Particulars	1999-2000	2000-01	2001-02	2002-03	2003-04
1	Gujarat Electricity Board (GEB)	1329.87 [#]	2021.26 [#]	3359.93	1858.75	2460.05
2	Others	N.A	N.A	715.92	191.41	364.13
	Total	1329.87	2021.26	4075.85	2050.16	2824.18
1	Percentage of subsidy to total expenditure*	6.58	8.07	16.65	8.62	11.22

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

[#] Figures adopted from AR(Commercial)

The Power Sector continues to be highly subsidised and subsidy of Rs.2460 crore was paid during 2003-04 which constitutes 87 *per cent* of the total subsidy during the year. The State should initiate steps for reforming the Power Sector.

1.7 Expenditure by Allocative Priorities

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

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

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

	1999-2000	2000-01	2001-02	2002-03	2003-04
Plan Expenditure	26.44	23.42	14.08	17.98	25.28
Capital Expenditure	13.33	11.96	7.18	9.84	12.76
Development Expenditure	71.14	75.10	70.38	64.49	62.61

* Total expenditure exclude expenditure on loans and advances

An increase in the expenditure on the pre-occupied sector of Administrative Expenditure (General Services) resulted in contraction of expenditure under all the three components of expenditure. The relative shares of these components declined during 1999-2004, Plan Expenditure declined from 26.44 per cent of total expenditure in 1999-2000 to 25.28 per cent in 2003-2004. Similarly, Capital Expenditure also declined from 13.33 to 12.76 per cent. There was also a decline in the share of Development Expenditure from 71.14 per cent in 1999-2000 to 62.61 per cent in 2003-2004 indicating increasing trend in non-development expenditure.

Out of the Development Expenditure (Rs.15757 crore), Social Services (Rs.8238 crore) accounted for 52 per cent of the Development Expenditure during the year. General Education, Health and Family Welfare, Water Supply, Sanitation, Housing and Urban Development consumed 74 per cent of the expenditure on social sector.

Table 12: Social Sector Expenditure

(Rupees in crore)*

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Education	3412 (3.10)	3685 (3.30)	3264 (2.57)	3634 (2.63)	3693 (2.52)
Health & Family Welfare	951 (0.86)	919 (0.82)	729 (0.57)	864 (0.63)	887 (0.61)
Water Supply, Sanitation, Housing and Urban Development	1189 (1.08)	1701 (1.52)	796 (0.63)	1142 (0.83)	1480 (1.02)
Total	5552	6305	4789	5640	6060

* the expenditure as percentage of GSDP in brackets

Similarly, the expenditure on Economic Services (Rs.7519 crore) accounted for 48 per cent of the Developmental Expenditure. Of which Energy (Rs.2570 crore), Irrigation and Flood Control (Rs.1710 crore) and Transport (Rs.1275 crore) accounted for 74 per cent of the expenditure on economic sector.

Table 13: Economic Sector Expenditure

(Rupees in crore)*

	1999-2000	2000-01	2001-02	2002-03	2003-04
Energy	1392 (1.26)	3578 (3.21)	3503 (2.75)	2133 (1.54)	2570 (1.75)
Irrigation and flood control	3200 (2.90)	3101 (2.78)	2335 (1.84)	2787 (2.02)	1710 (1.17)
Transport	924 (0.84)	1006 (0.90)	838 (0.66)	1086 (0.79)	1275 (0.87)
Total	5516	7685	6676	6006	5555

* the expenditure as percentage of GSDP in brackets

1.7.1 Financial assistance to Local bodies and other institutions

(a) Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The quantum of assistance provided to different Bodies etc., during the period of five years ending 2003-2004 was as follows:

Table 14

(Rupees in crore)

Sr. No.	Bodies/authorities, etc.	1999-2000	2000-01	2001-02	2002-03	2003-04
1.	Universities and Educational Institutions	1066.00	*N.A.	100.63	95.45	85.01
2.	Municipal Corporations and Municipalities	311.22	331.72	208.89	222.71	244.03
3.	Zilla Parishads and Panchayati Raj Institutions	694.21	288.83	1470.91	1637.43	1572.61
4.	Other Institutions (including statutory bodies)	491.87	213.32	1191.95	1011.97	1058.32
	Total	2563.30	833.87	2972.38	2967.56	2959.97
	Percentage increase (+) / decrease (-) over previous year	209	(-)/67	256	Negligible	Negligible
	Assistance as a percentage of revenue receipts	18	5	19	17	16

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

(b) Delay in submission of accounts by Autonomous Bodies

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of September 2004 is given in **Appendix VI**.

1.7.2 Misappropriations, defalcations, etc.

The State Government reported that final action on 176 cases involving Rs.6.72 crore on account of misappropriations, defalcations etc. of Government money, pertaining to the period from 1952-53 to the end of March 2004, was pending at the end of September 2004. The department-wise/year-wise and category-wise break-up of pending cases is given in **Appendix-VII and VIII** respectively.

1.7.3 Write off of losses, etc.

During 2003-2004, Rs.3.95 lakh representing losses due to theft, fire and irrecoverable revenue etc. were written off in three cases by competent authorities as reported to audit. The relevant details were as under:

Table 15

Sr. No.	Department	Number of cases	Amount (Rs. in lakh)
1.	Home	1	3.35
2.	Revenue	2	0.60
	Total	3	3.95

1.8 Assets and Liabilities

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

The liabilities of Government of Gujarat depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comforts issued by the State Government. Appendix - IV depicts the Time Series Data on State Government Finances for the period 1999-2004.

1.8.1 Financial results of irrigation works

The financial results of one major and four medium irrigation projects[®] with capital expenditure of Rs.228.58 crore showed that revenue realised during 2003-2004 (Rs.19.49 crore) was only 8.53 *per cent* of the capital expenditure. After meeting the working and maintenance expenditure (Rs.13.84 crore) and interest charges (Rs.33.90 crore), the net loss was Rs.28.25 crore.

As per information received from the State Government, as of 31 March 2004, there were 80 incomplete projects in which Rs.279 crore were blocked.

1.8.2 Investments and returns

As on 31 March 2004, Government had invested Rs 11220 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was not only meager (less than one *per cent*) but also significantly declined to 0.27 *per cent* during 2003-04 as indicated in Table 16 below.

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

Table 16: Return on Investment

(Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of Return	Average Rate of Interest paid by the State
1999-2000	3772	27.03	0.72	9.97
2000-2001	4707	26.07	0.55	8.75
2001-2002	4978	27.52	0.55	9.86
2002-2003	5014	42.02	0.84	10.11
2003-2004	#11220	29.89	0.27	10.17

Four Statutory Corporations and 23 Government Companies with an aggregate investment of Rs.1039 crore upto 2003-2004 were incurring losses and their accumulated losses amounted to Rs 8802 crore as per the accounts furnished by these companies (**Appendix-IX**).

1.8.3 Loans and Advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs.5185 crore as on 31 March 2004 (Table 17). Overall, interest received against these advances declined to 2.87 per cent during 2003-2004. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 17: Average Interest received on Loans advanced by the State Government

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Opening Balance	5574.00	6054.00	4744.00	2767.00	2942.00
Amount advanced during the year	626.00	917.00	229.00	346.00	2425.00
Amount repaid during the year	146.00	2227.00	2206.00	171.00	182.00
Closing Balance	6054.00	4744.00	2767.00	2942.00	5185.00
Net addition	480.00	-1310.00	-1977.00	175.00	2243.00
Interest received	347.00	371.00	67.00	82.00	0.01
Interest received as percent to Loans advanced	5.97	6.87	1.78	2.87	0.00
Average rate of interest paid by the State	9.97	8.75	9.86	10.11	10.17
Difference between interest paid and received	-4.00	-1.88	-8.08	-7.24	-10.17

1.8.4 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Gujarat had the WMA limit of Rs 445 crore from April 1, 2002 and Rs.485 crore from March 3, 2003. During the year, the State has used this mechanism for 203 days as against 219 days last year although it raised borrowings of Rs 4961 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 21 days on 3 occasions during the year as against for 47 days on 13 occasions last year.

The total investment of Rs.4417 crore booked under SSNNL escaped depiction in respective years, which is included in the current year

Table 18: 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	1311.69	1371.57	7059.00	5092.13	5394.18
Outstanding	227.05	888.89	452.20	42.44	42.44
Interest paid	1.36	7.32	21.78	12.28	11.62
Overdraft					
Taken in the year	20.44	3259.90	10212.54	9624.93	1766.93
Outstanding	Nil	Nil	145.05	Nil	Nil
Interest paid	0.01	0.82	1.54	3.00	0.46
Number of Days State was in Overdraft	1	45	72	47	21

1.8.5 Undischarged Liabilities**• Fiscal liabilities – public debt and guarantees**

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

It would be observed that the overall fiscal liabilities of the State increased from Rs.31561 crore in 1999-2000 to Rs.62876 crore in 2003-2004. These liabilities as ratio to GSDP increased from 28.65 *per cent* in 1999-2000 to 42.91 *per cent* in 2003-2004 and stood at 3.45 times of its revenue receipts and 4.35 times of its own resources comprising its own tax and non-tax revenue.

Table 19 below gives the Fiscal Liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 19: Fiscal Imbalances–Basic Parameters

	(Rupees in crore and Ratios in <i>per cent</i>)				
	1999-2000	2000-01	2001-02	2002-03	2003-04
Fiscal Liabilities	31561	40007	45301	52572	62876
Rate of Growth	27.480	26.760	13.230	16.050	19.600
Ratio of Fiscal Liabilities to					
GSDP	28.648	35.849	35.617	38.017	42.910
Revenue Receipt	225.900	254.200	283.400	294.100	344.580
Own Resources	283.000	322.700	348.300	389.000	435.270
Buoyancy of Fiscal Liabilities to					
GSDP	5.953	20.588	0.947	1.840	3.287
Revenue Receipt	2.852	2.115	8.432	1.358	9.393
Own Resources	3.706	2.399	2.680	4.110	2.852

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1999-2003) have undergone change from last Audit Report)

• **Guarantees**

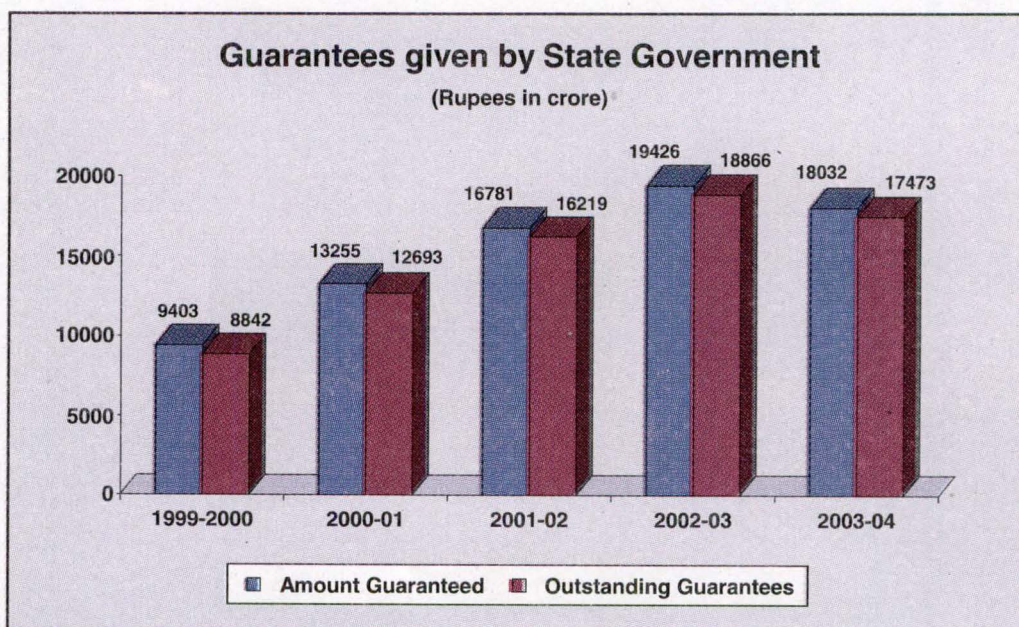
In addition to the above liabilities, Government had guaranteed loans of its various Corporations and others, which in 2003-2004 stood at Rs.17473 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there exist an obligation on the State to honour these commitments. The State has been resorting to guarantees for raising the resources in a big way during last five years. The year-wise position of maximum amount for which guarantee given by the State Government to the end of March 2004 was as under:

Table-20: Guarantees given by the Government of Gujarat

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding ^A amount of guarantees	Percentage to total revenue
1999-2000	9403	8842	63
2000-2001	13255	12693	81
2001-2002	16781	16219	101
2002-2003	19426	18866	105
2003-2004	18032	17473	96

The outstanding guarantees (Rs.17473 crore) amounted to 96 per cent of the revenue receipt (Rs.18248 crore) of the State Government.



Out of the total outstanding guarantees of Rs.17473 crore almost 75 per cent was towards Sardar Sarovar Narmada Nigam Limited (SSNNL) and Gujarat Electricity Board (GEB).

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

^A As per Finance Accounts of respective years

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

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

Table 21: Debt Sustainability–Interest Rate and GSDP Growth

(in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Weighted Interest Rate	9.97	8.75	9.86	10.11	10.17
GSDP Growth	4.617	1.300	13.971	8.722	5.962
Interest spread	5.355	7.450	4.111	1.391	4.215

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1999-2003) have undergone change from last Audit Report)

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 22 below gives the position of the receipts and repayments of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 22 per cent to 14 per cent during 1999 to 2004.

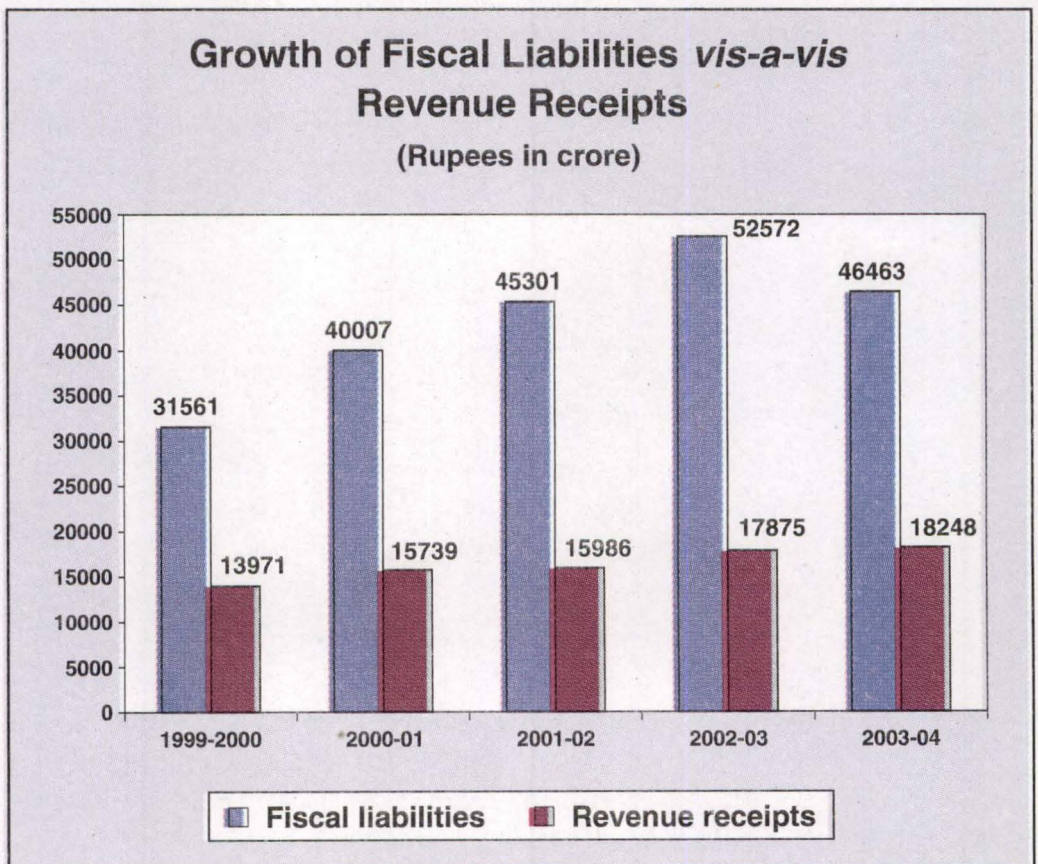


Table 22: Net Availability of Borrowed Funds

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Internal Debt *					
Receipt	887	7121	5926	8365	12004
Repayment (Principal + Interest)	552	671	1715	2339	3436
Loans and Advances from GOI					
Receipt	3581	-98	2231	1318	3004
Repayment (Principal + Interest)	2397	3060	2834	4780	7135
Other Liabilities					
Receipt	12704	15259	10759	10898	9508
Repayment (Principal + Interest)	10374	13898	12989	10470	10456
Total Liabilities					
Receipt	17172	22282	18916	20581	24516
Repayment (Principal + Interest)	13323	17629	17538	17589	21027
Net Fund Available	3849	4653	1378	2992	3489
Net Fund Available (<i>per cent</i>)	22.41	20.88	7.28	14.54	14.23

* Internal debt excluding ways and means advances and overdraft

The State Government raised market loans of Rs 4961.04 crore during the year. The weighted average rate of market borrowing (Rs.4961 crore) during the year was 6.43 *per cent*. As on 31 March 2004, 31 *per cent* of the existing market loans of the State Government carried the interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that barely 14 *per cent* of the total market loans are repayable within next five years while remaining 86 *per cent* loans have a longer maturity.

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.

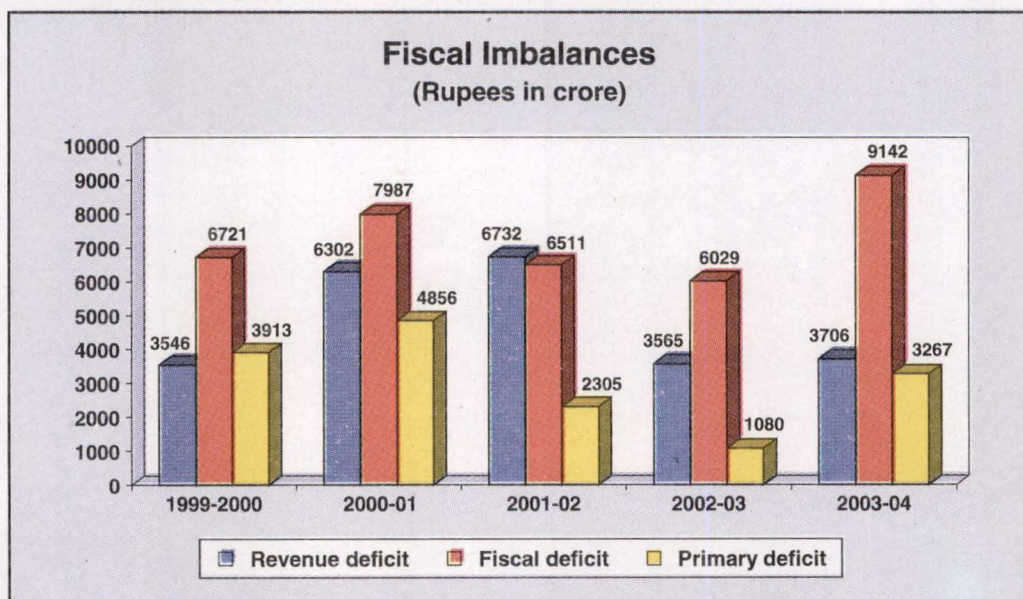
The revenue deficit of the State, which is the excess of its revenue expenditure over revenue receipts increased from Rs.3565 crore in 2002-03 to Rs.3706 crore in 2003-04. The fiscal deficit increased significantly from Rs.6029 crore in 2002-03 to Rs.9142 crore in 2003-04. The primary deficit of the State also increased from Rs.1080 crore in 2002-03 to Rs.3267 crore in 2003-04.

Table 23: 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	3546	6302	6732	3565	3706
Fiscal deficit	6721	7987	6511	6029 [@]	9142
Primary deficit	3913	4856	2305	1080 [@]	3267
RD/GSDP	3.219	5.647	5.293	2.578	2.529
FD/GSDP	6.101	7.157	5.119	4.360	6.239
PD/GSDP	3.552	4.351	1.812	0.781	2.230
RD/FD	52.76	78.90	103.39	59.13	40.54

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1999-2003) have undergone change from the Audit Report for 2001-02)



As proportion to GSDP revenue deficit had decreased to 2.53 per cent in 2003-2004 and fiscal deficit to 6.25 per cent.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 24 below presents a summarised position of Government finances over a period 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 captures its important facets.

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

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilisation. The ratio of revenue expenditure to total expenditure had increased continuously till 2001-02 and thereafter decreased nominally in

[@] Figures changed because of readjustment of capital receipt

2003-04 (79.57 per cent). The ratio of capital expenditure to total expenditure has shown continuous decrease till 2001-2002 with a nominal increase in 2003-2004 (12.76 per cent). The development expenditure in terms of percentage of total expenditure had declined. All these indicate State's dependency on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

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

Fiscal Ratio	1999-2000	2000-01	2001-02	2002-03	2003-04
Resource Mobilisation					
Revenue Receipt/GSDP	12.682	14.103	12.568	12.926	12.453
Revenue Buoyancy	2.087	9.736	0.112	1.355	0.350
Own tax/GSDP	0.072	0.074	0.081	0.072	0.069
Expenditure Management					
Total Expenditure/GSDP	18.195	23.256	19.423	17.447	18.829
Revenue Receipts / Total Expenditure	67.050	60.640	64.710	74.090	66.140
Revenue Expenditure/ Total Expenditure	84.060	84.930	91.960	88.860	79.570
Capital Expenditure / Total Expenditure	13.330	11.960	7.180	9.840	12.760
Development Expenditure/ Total Expenditure (RE + CE)	71.140	75.100	70.380	64.490	62.615
Buoyancy of TE with RR	1.231	1.940	(-)3.067	(-)0.198	6.878
Buoyancy of RE with RR	1.271	2.041	1.957	0.476	1.152
Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	3546	6302	6732	3565	3706
Fiscal deficit (Rs in crore)	6721	7987	6511	6029	9142
Primary deficit (Rs in crore)	3913	4856	2305	1080	3267
Revenue deficit/Fiscal deficit	52.760	78.900	103.390	59.30	40.54
Management of Fiscal Liabilities (FL)					
Fiscal Liabilities/GSDP	28.648	35.849	35.617	38.017	42.910
Fiscal Liabilities/RR	225.900	254.200	283.400	294.100	344.583
Buoyancy of FL with RR	2.852	2.115	8.432	1.358	9.393
Buoyancy of FL with OR	3.706	2.399	2.680	4.110	2.852
Interest spread	-5.355	-7.450	4.111	-1.391	4.215
Net Fund Available	22.41	20.88	7.28	14.54	14.23
Other Fiscal Health Indicators					
Return on Investment	0.720	0.550	0.550	0.840	0.270
BCR (Rs in crore)	-1759.0	-4246.0	-6048.0	-2370.0	-1771.0
Financial Assets/Liabilities	0.76	0.65	0.56	0.55	0.56

(Due to revision of GSDP figures, the ratios and percentages involving GSDP figures (1999-2003) have undergone change from last Audit Report)

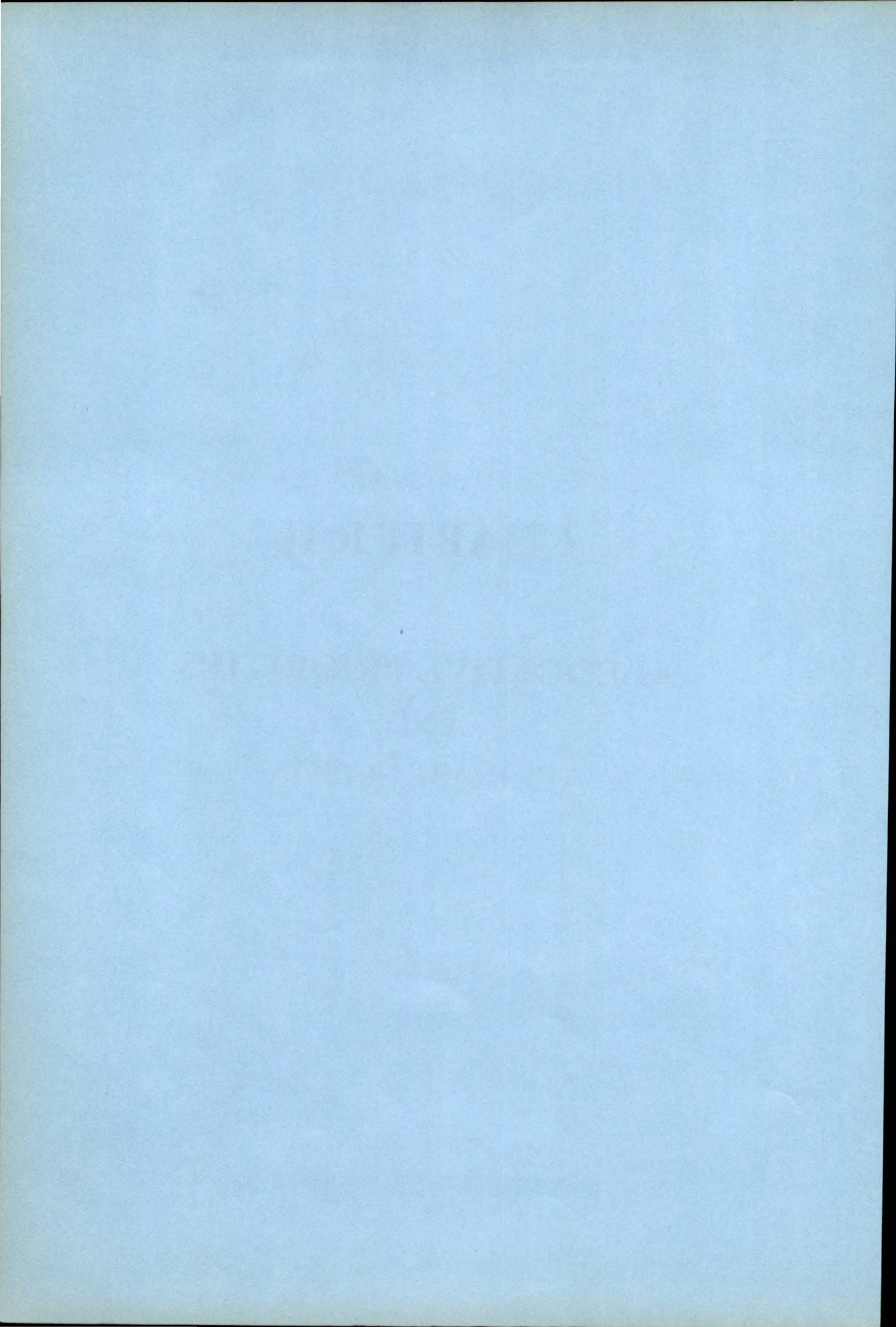
This trend is unsustainable in the long run and may lead the State into a debt trap situation. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The State Government has also not taken any steps for pension reforms to meet the fast rising unproductive expenditure on account of pension payable to the retiring employees.

Further, aggravating the situation of the State is the unproductive investment in companies with either nil or negligible returns. The much awaited reforms in the power sector are still to take-off and the State continues to support to this sector in the form of huge subsidy.

The balance of current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION



CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2003-2004 against Grants/Appropriation was as follows:

(Rupees in crore)

	Nature of expenditure	Original Grants/ Appropriation	Supplementary Grants/ Appropriation	Total	Actual expenditure	Variation (-)Saving (+)Excess
Voted	I. Revenue	18864.35	1247.42	20111.77	16493.28	(-)3618.49
	II. Capital	4000.80	1330.49	5331.29	4063.29	(-)1268.00
	III. Loans & Advances	687.64	1795.76	2483.40	2424.80	(-)58.60
Total Voted		23552.79	4373.67	27926.46	22981.37	(-)4945.09
Charged	IV. Revenue	5588.81	105.49	5694.30	5849.66	(+)155.36
	V. Capital	Nil	8.76	8.76	7.40	(-)1.36
	VI. Public Debt	2364.39	12738.94	15103.33	12556.50	(-)2546.83
	VII. Inter State Settlement	0.01	Nil	0.01	Nil	(-)0.01
Total Charged		7953.21	12853.19	20806.40	18413.56	(-)2392.84
Grand Total		31506.00	17226.86	48732.86	41394.93	(-)7337.93

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 388.80 crore and capital expenditure Rs 859.25 crore.

The overall savings of Rs.7337.93 crore as mentioned above was the net result of savings of Rs.7739.18 crore in 150 cases of grants and appropriations offset by excess of Rs.401.25 crore in 26 cases of grants and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations; explanations were not received.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

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

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

(Rupees in crore)

Capital (Charged)		Total grant	Actual Expenditure	Saving
Original:	2364.36			
Supplementary:	12738.94	15103.30	12556.50	2546.80

Saving occurred mainly under 6003-Internal Debt of the State Government – Ways and Means Advances from the Reserve Bank of India – Repayment of Ways and Means Advances (Rs.2782.93 crore) in the Non-Plan side.

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

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	872.20			
Supplementary:	Nil	872.20	196.49	675.71

Saving occurred mainly under 2245-Relief on account of Natural Calamities - General Management of Natural Disasters, Contingency Plans in disaster prone areas – Assistance to Disaster Management Authority (Rs.664.73 crore) mainly due to transfer of housing assistance and other works to plan side because of non receipt of fund from the World Bank and Asian Development Bank.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	1409.99			
Supplementary:	Nil	1409.99	637.19	772.80

Saving occurred mainly under 4250-Capital Outlay on Other Social Services – Natural Calamities – Assistance to Disaster Management Authority (Rs.770.85 crore) in the Plan side due to non-taking up the works by the concerned department as planned during the Financial year.

Grant No.49 -Industries

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	318.86			
Supplementary:	Nil	318.86	146.00	172.86

Savings occurred mainly under 2852-Industries – General - Other Expenditure - Relief to Small, Medium and Large Sector affected by earthquake (Rs.43.19 crore) due to suspension of the payments because of non-finalisation of Inquiry Report on probable irregularities in payment of earthquake assistance. There were saving (Rs.54.84 crore) under General-Other Expenditure – Development of Textile Industry mainly due to cut imposed on plan ceiling and non-receipt of Administrative Approval from the Government.

Grant No. 65 – Narmada Development Scheme

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	737.95			
Supplementary:	1315.05	2053.00	1767.06	285.94

Savings occurred mainly under 4801- Capital Outlay on Power Project – Hydel Generation – Investments in Public Sector and Other Undertakings – Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Rs.218.08 crore) due to non-receipt of the Share from the beneficiary States and 4701 – Capital Outlay on Major and Medium Irrigation – General – Investments in Public Sector and Other Undertakings – Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited - Other Government (Rs.136.35 crore) due to non-receipt of the share from the beneficiary States and 4701 – Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited (Rs.275.29 crore) due to non-receipt of the share from the beneficiary States in the Plan side.

Grant No. 66 – Irrigation and Soil Conservation

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	2045.70			
Supplementary:	1.50	2047.20	298.98	1748.22

Savings occurred mainly under 2701-Maintenance and Repairs – Interest on work (Rs.1753.50 crore). Reasons for savings has not been intimated.

(Rupees in crore)				
Year	No. of Grants/Appropriation	Grants/Appropriation No(s)	Amount of excess	Whether reasons submitted to PAC
1993-94	27	4, 6, 9, 13, 18, 20, 31, 32, 39, 43, 44, 45, 47, 52, 61, 65, 66, 71, 80, 81, 82, 84, 85, 86, 97, 98, 100	574.79	Submitted
1994-95	38	4, 6, 10, 13, 15, 19, 21, 24, 26, 30, 39, 42, 43, 45, 46, 49, 50, 52, 53, 57, 61, 63, 65, 67, 68, 73, 77, 78, 79, 82, 83, 84, 86, 87, 92, 94, 95, 98	372.75	Submitted
1995-96	45	1, 3, 4, 5, 8, 9, 10, 12, 20, 22, 24, 37, 38, 40, 42, 43, 44, 47, 48, 49, 55, 56, 58, 59, 60, 61, 64, 66, 67, 72, 73, 78, 80, 81, 83, 84, 85, 86, 87, 88, 89, 90, 91, 101, 102	564.16	Submitted
1996-97	40	4, 5, 6, 8, 10, 14, 17, 19, 23, 25, 29, 38, 42, 43, 44, 46, 48, 55, 56, 59, 60, 64, 66, 68, 72, 74, 79, 81, 83, 84, 85, 86, 87, 89, 90, 92, 94, 95, 100, 102	534.27	Not Submitted (127.24)
1997-98	38	4, 5, 7, 8, 9, 10, 15, 17, 22, 23, 24, 25, 29, 34, 37, 40, 47, 52, 55, 59, 60, 64, 66, 68, 69, 72, 76, 82, 83, 84, 85, 86, 87, 88, 91, 98, 102	733.90	Not Submitted (731.27)
1998-99	21	7, 8, 10, 12, 19, 24, 25, 35, 44, 47, 51, 55, 66, 73, 74, 80, 82, 83, 84, 86, 88	981.27	Not Submitted
1999-2000	31	4, 7, 8, 9, 10, 17, 18, 19, 22, 23, 42, 51, 55, 56, 60, 66, 67, 68, 74, 77, 78, 79, 80, 81, 82, 84, 86, 87, 88, 90, 94	1295.41	Not Submitted
2000-2001	21	6, 7, 8, 9, 12, 21, 23, 25, 35, 38, 42, 46, 66, 67, 74, 77, 80, 81, 86, 88, 94	379.62	Not Submitted
2001-2002	13	7, 8, 12, 19, 34, 36, 61, 66, 73, 75, 82, 86, 102	2640.36	Not Submitted
2002-2003	17	30, 35, 40, 42, 46, 60, 61, 68, 69, 73, 78, 80, 84, 86, 88, 104 (Voted and Charged)	114.18	Not Submitted
Total	291		8190.71	

• *Excess over provisions during 2003-04 requiring regularisation*

The excess of Rs.401.26 crore under 26 cases of grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given in **Appendix XIII**.

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

Of the excess of Rs.401.26 crore, the excess under Grant No.19 – Repayment of debt pertaining to Finance Department and its servicing and Grant No.86 – Roads and Bridges amounted to Rs.272.55 crore.

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs.17226.86 crore) made during this year constituted 55 per cent of the original provision (Rs.31506.00 crore) as against 74 per cent in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provisions of Rs.152.47 crore made in 10 cases during the year proved unnecessary in view of aggregate saving of Rs.2433.82 crore as detailed in **Appendix XIV**.

In 15 cases, against additional requirement of only Rs.11995.91 crore, supplementary grants and appropriations of Rs.14952.34 crore were obtained, resulting in savings aggregating Rs.2956.43 crore. Details of these cases are given in **Appendix XV**.

In 14 cases, supplementary provision of Rs.1712.96 crore proved insufficient leaving an uncovered excess expenditure of Rs.330.80 crore. Details of these cases are given in **Appendix XVI**.

2.3.6 Persistent excesses

There was one case of significant and persistent excess as detailed below. Persistent excess requires investigation by the Government.

(Rupees in crore)

Grant Number and Major Head	Sub-Head	2001-2002			2002-2003			2003-2004		
		Provision	Expenditure	Excess (Percentage)	Provision	Expenditure	Excess (percentage)	Provision	Expenditure	Excess (percentage)
Revenue (Voted)										
18-Other expenditure pertaining to Finance Department Major Head 2075	Miscellaneous General Services (797)(01) (1) Gujarat State Guarantee Redemption Fund	85.00	123.59	38.59 (45.40)	110.00	206.80	96.80 (88)	Nil	8.26	8.26 (100)
	Total	85.00	123.59	38.59	110.00	206.80	96.80	Nil	8.26	8.26

2.3.7 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Cases where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in **Appendix XVII and XVIII** respectively.

2.3.8 Delayed surrender

In 96 cases, Rs.7023.99 crore were surrendered in March 2004 indicating inadequate financial control over expenditure. Details are given in **Appendix XIX**.

2.4 Unreconciled Expenditure

Departmental figures of expenditure should be reconciled with those of the Accountant General (Accounts and Entitlements) every month. The reconciliation had, however, remained in arrears in several departments and 21 controlling officers did not reconcile their figures. The amounts involved was Rs.718.29 crore as on March 2004.

2.5 Defective Re-appropriation

During 2003-2004, 131 re-appropriation orders of Rs.1121.25 crore were issued and of these 116 orders aggregating Rs.1071.00 crore were issued on 31st March 2004 the last day of the financial year.

2.6 Rush of Expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure (Revenue and Capital) for the 4 quarters and also for the month of March 2004 is depicted in **Appendix XX** which shows that the expenditure incurred in March 2004 in 40 cases ranged between 32 and 100 *per cent* of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

2.7 Budgetary Control

In 47 cases, expenditure aggregating Rs.1904.77 crore exceeded the original provisions by Rupees one crore or more in each case and also by more than 10 *per cent* of the total provisions. Details are given in **Appendix XXI**.

As envisaged in Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs.71.28 crore was incurred in 28 cases as detailed in **Appendix XXII** without any provision in original estimates/supplementary demand and without any re-appropriation orders to this effect.

2.8 Personal Ledger Accounts

Bombay Treasury Rules (BTR) as adopted by Government of Gujarat provide that PLAs opened by debit to the Consolidated Fund were to be closed at the end of financial year. Withdrawal of funds from treasuries to avoid lapse of budget and keeping them in bank/personal ledger accounts is prohibited.

Two Drawing and Disbursing Officers drew Rs.2.48 crore* from the Consolidated Fund for Operation Black Board Scheme (Centrally Sponsored Scheme) and deposited into the PLAs.

2.9 Audit of Abstract and Detailed Contingent Bills

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

The amount drawn on AC Bill should be utilised by the Drawing and Disbursing Officer for the purpose for which the drawal was made. Test check of abstract contingent (AC) Bills and detailed contingent (DC) Bills in departments revealed the following;

Delay in submission of DC Bills

Rupees 61.11 crore were drawn on 189 AC Bills between December 2000 and March 2004 as shown in **Appendix-XXIII**. Delay in submission of DC bills was up to 55 months.

Diversions of funds

Four Drawing and Disbursing Officers drew Rs.12.09 crore[♥] on AC bills during 2002-03 and 2003-04 for the purpose of mid day meal scheme, relief to people affected by communal riots, payment of cash dole and house hold items and payment of earthquake relief. Out of this, Rs. 1.56 crore was utilised for other purposes such as pay and allowance of staff and office expenses etc.

* District Primary Education Officer, Anand	Rs.1.31 crore
District Primary Education Officer, Junagadh	<u>Rs.1.17 crore</u>
	Rs.2.48 crore
♥ Mamlatdar (City), Ahmedabad	Rs.1.04 crore
Mamlatdar (City), Morvi	Rs.5.85 crore
Mamlatdar (City), Anjar	Rs.2.25 crore
Mamlatdar (City), Gandhinagar	Rs.2.95 crore

Improper and incomplete vouchers furnished with DC Bills

Three Drawing and Disbursing Officers drew Rs.15.59 crore[^] between January 2002 and March 2003 for the distribution among the communal riot affected persons, for the distribution to the District Panchayats under "Samras Gram Yojana" scheme and for the purpose of purchase and supply of cattle feed. In the above cases the accounts for Rs.14.69 crore were not maintained properly and detailed vouchers were not made available.

Irregular clubbing of DC Bills

As per the provisions of the BTR, 1960 the drawing officer is required to submit the DC bill in respect of each AC Bill within three months from the date of drawal of AC Bill.

Four Drawing and Disbursing Officers drew funds through more than one AC bill but prepared a single DC bill for the total amount and submitted to Accountant General (A&E) as shown in **Appendix-XXIV**.

Irregular drawal of fund to avoid lapse of grant

As per para No.2 of BTR 283, no money should be drawn from the treasury unless it is required for immediate disbursement. The Mamlatdar, Morvi drew an amount of Rs.13.92 crore on 43 AC bills at the fag end of the year i.e. February 2001 and March 2001 for payment of cash dole to affected people of earthquake. The DC bill was prepared and submitted after one year.

Irregularities in payment

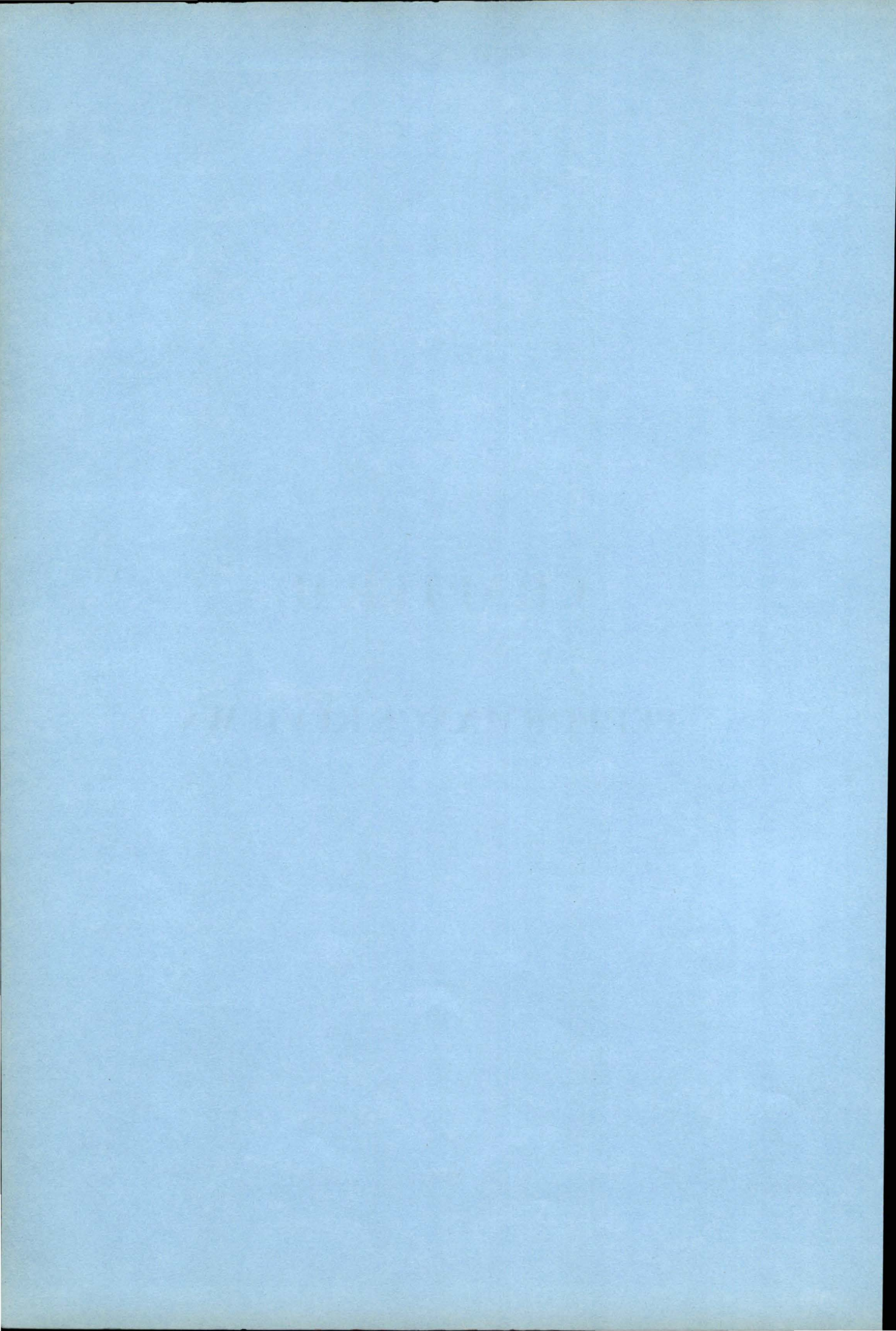
As per the instructions issued by the Government relief should be paid to the earthquake affected families after due verification of their existence based on ration card, house documents, electricity bills, etc.

Two Drawing and Disbursing Officers made payment of relief to earthquake affected families worth Rs.2.56 crore* without verification of their existence.

[^] Mamlatdar (City), Ahmedabad	Rs.1.00 crore
District Development Officer, Gandhinagar	Rs.0.23 crore
District Development Officer, Anand	Rs.14.36 crore
* Mamlatdar (City), Anjar	Rs.2.50 crore
Mamlatdar (City), Bhuj	Rs0 06 crore

CHAPTER III

PERFORMANCE REVIEWS



CHAPTER-III

PERFORMANCE REVIEWS

This chapter contains one performance review and two long paragraphs. The performance review is on (3.1) Pradhan Mantri Gram Sadak Yojana and long paragraphs on (3.2) Implementation of Child Labour (Prohibition and Regulation) Act, 1986 and (3.3) InfoCity Project.

ROADS AND BUILDINGS DEPARTMENT

3.1 Pradhan Mantri Gram Sadak Yojana

Highlights

Gujarat has a total population of 4.84 crore (2001) of which 3.02 crore is rural (62 per cent) population. Total road length of the State was 74031 km (March 2002) of which 21097 km. were rural roads. There are 35282 villages of which 25524 villages were already connected with All Weather Roads and 8127 villages¹ had no connectivity.

Pradhan Mantri Gram Sadak Yojana was launched as a 100 per cent Centrally Sponsored Scheme with the primary objective of providing connectivity by All Weather Roads (AWR) to all habitations by 2007. Under the programme, road works connecting Main District Roads and Village Roads were to be executed as per the specifications prescribed by Ministry of Road Transport and Highways. For upgradation of the existing roads allocation of not more than 20 per cent of the total funds was permitted as per provisions of the yojana. Progress of the programme was to be monitored by the nodal department designated by State Government.

Review of implementation of the programme revealed huge unspent balance with State level agencies, delay in completion of works, deviation from provisions of the manual with regard to construction activities besides cases of undertaking works not in accordance with guidelines of the yojana.

There was unspent balance of Rs.73.85 crore with different State level agencies.

(Paragraph 3.1.5)

As against 758 works taken up only 619 works were completed.

(Paragraph 3.1.6)

Priority to new connectivity as per norms was not given in the test checked districts.

(Paragraph 3.1.10)

¹ Villages having population of above 1000 472
between 500 and 999 2228
between 250 and 499 1493
below 250 3934

Avoidable expenditure of Rs.1.95 crore was incurred on account of excess application of tack coat.

(Paragraph 3.1.11)

Injudicious expenditure of Rs.3.37 crore was incurred on lead charge of soil.

(Paragraph 3.1.12)

Non recovery of liquidated damages for delay in completion of works led to undue financial benefit of Rs.2.70 crore to contractors.

(Paragraph 3.1.15)

3.1.1 Introduction

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by Government of India in December 2000. The programme was formulated as an anti poverty programme, focusing on providing connectivity to unconnected habitations in rural areas by way of All Weather Roads (AWR). All the unconnected rural habitations with a population of 1000 and above were envisaged to be connected in three years (2000-03) and habitations having population of over 500 by the end of the Tenth Plan period (2007). The primary focus of PMGSY was on construction of new roads. The existing gravel and water bound macadam (WBM) roads were to be upgraded to black top (BT) roads, the allocation for which was not to exceed 20 per cent of the total funding.

3.1.2 Organisational set up

The Ministry of Rural Development, Government of India (GOI) was implementing this programme at the Central level through the National Rural Road Development Agency (NRRDA). At the State level, Government of Gujarat (GOG) formed (July-2001) State Level Standing committee under the chairmanship of the Chief Secretary with other six² members. The Roads & Buildings (R&B) Department though not formally nominated, functioned as the nodal department and the Chief Engineer (R&B) was to supervise and monitor the programme and exercise vigilance. In February 2004, GOG registered the State level autonomous agency namely Gujarat State Rural Roads Development Agency (GSRRDA), but it had not started functioning till June-2004 although Rs.44.35 crore were released to it in 2003-04. At field level, 27 R & B Divisions³ of District Panchayats were functioning as Programme Implementing Units (PIUs) under this Yojana.

² Additional Chief Secretary(ACS) Finance Department, ACS, Panchayat Department, Principal Secretary Rural Development, Special Secretary, R&B Department, Development Commissioner and Commissioner, Rural Development Department

³ There are 25 District Panchayats; Jamnagar and Bhavnagar District Panchayats have two PIUs and the rest have one PIU each

3.1.3 Audit Objectives

Performance audit of PMGSY was conducted with a view to assessing:

- Whether objectives of providing connectivity to targetted habitations as envisaged in the programme were achieved within the prescribed time limit and whether there was any deviation in implementation of the policy guidelines.
- Whether the works executed under the programme were in conformity with the specifications.
- Whether quality control and monitoring system were effective.

3.1.4 Audit coverage

Out of 27 PIUs in the State, records of ten⁴ PIUs for the year 2000-01 to 2003-04 were test checked between April and October 2004 alongwith the records of Chief Engineer (R&B), Panchayat, Gandhinagar.

3.1.5 Financial Management

PMGSY was implemented in the State as 100 per cent Centrally Sponsored Scheme. The funds were to be placed at the disposal of Chief Engineer (Panchayat) and Secretary R&B for allocation to the District Rural Development Agencies (DRDA) through the Commissioner of Rural Development within 15 days of receipt. DRDAs were to operate separate bank accounts jointly with the concerned PIUs. Instead of releasing funds directly to the Chief Engineer (Panchayat), GOI released funds during 2002-03 to Gujarat Rural Development Corporation.

Year wise position of funds received from Ministry of Rural Development was as follows:

(Rupees in crore)

Sl. No.	Name of authority	Funds received					Allocation to PIUs	Balance
		2000-01	2001-02	2002-03	2003-04	Total		
1.	Chief Engineer, R&B (Panchayat)	59.81	50.00	10.00	0.00	119.81	112.01	7.80
2.	Gujarat Rural Development Corporation (GRDC)	0.00	0.00	51.70	0.00	51.70	30.00 ⁵	21.70
3.	Gujarat State Rural Roads Development Agency (GSRRDA)	0.00	0.00	0.00	44.35	44.35	0.00	44.35
	Total	59.81	50.00	61.70	44.35	215.86	142.01	73.85

Delay in release of funds to PIUs resulted in loss of interest of Rs.1.65 crore

As against total release of Rs.215.86 crore by GOI only Rs.142.01 crore were transferred to DRDAs. PIUs had incurred an expenditure of Rs.128.24 crore leaving unspent balance of Rs.73.85 crore with the fund receiving agencies as of 31 March 2004. Though the programme envisaged transfer of funds to

⁴ Ahmedabad, Bhavnagar, Jamnagar(2), Kachchh, Mehsana, Navsari, Palanpur, Patan and Surendranagar

⁵ Gujarat Rural Development Corporation allotted Rs.30.00 crore to the Chief Engineer (R&B), who in turn allotted to the PIUs

DRDAs within 15 days of receipt, the Commissioner Rural Development retained varying amounts (upto Rs.59.81 crore) received in 2000-01 for periods ranging from 86 days to 524 days in treasuries. Since the interest earned on funds kept in bank account was to be ploughed back for programme management, delay in transfer of funds resulted in loss of interest of Rs.1.65 crore⁶. No reasons for retention of fund were furnished by the Commissioner though called for (December 2004).

Similarly, out of Rs.51.70 crore received in 2002-03, Rs.21.70 crore was retained by GRDC. Interest of Rs.21.51 lakh earned till 31 March 2004 on this amount was credited to programme fund but not released to PIUs and no reasons for retention of balance were furnished.

Planning

3.1.6 Incomplete works

Against 758 works taken up only 619 works were completed

As per core network survey conducted in December 2000, there were 35282 habitations in the State of which 8127 habitations were not connected by AWR. GOG undertook 758 road works during 2000-04 (543 new connectivity and 215 upgradation) of which 619 works (429 new connectivity and 190 upgradation) were completed and the balance were in progress. Details of works sanctioned, completed and in progress were as under:

Phase	Road works sanctioned				Cost sanctioned by GOI (Rs. in crore)	Physical progress of road works								Expenditure (Rs. in crore)
	New connectivity		Upgradation			Works completed				Ongoing works				
	New connectivity		Upgradation			New connectivity		Upgradation		New connectivity		Upgradation		
	Nos.	Length	Nos.	Length		Nos.	Length	Nos.	Length	Nos.	Length	Nos.	Length	
I	72	173	99	314	49.81	68	158	98	312	0	0	0	0	39.44
II	471	799	116	301	149.00	361	589	92	234	93	190	22	63	88.80
	543 ^v	972	215 ^o	615	198.81	429	747	190	546	93	190	22	63	128.24

* Length shown is in Kilometers

GOI sanctioned (2000-04) 972 km. new connectivity and 615 km. upgradation works, against which achievements were 747 km. (77 per cent) and 546 km. (89 per cent) respectively. Road works amounting to Rs.198.81 crore were sanctioned by GOI, but expenditure of Rs.128.24 crore (65 per cent) only was incurred inclusive of the ongoing 115 works (93 new connectivity and 22 upgradation).

3.1.7 Taking up works without ensuring availability of land

PMGSY provides that work should not be taken up unless the land is available. GOG also issued instructions (August 2001) that no works under PMGSY should be taken up if land was not available. Contrary to the above, District Panchayat, Vadodara undertook the following two works on forest land without its transfer by Forest Department.

⁶ calculated at 3.50 per cent admissible on saving bank account

^v 21 works of new connectivity were dropped

^o 3 works of upgradation were dropped

(Rupees in lakh)

Sr. No.	Name of work	Date of work order	Stipulated date of completion	Estimated cost	Tendered cost	Work done
1	Gabadia approach road	27.02.2002	29.12.2002	22.00	18.00	8.00
2	Tundva approach	27.02.2002	29.08.2002	33.00	28.00	10.00
Total						18.00

The works were abandoned at WBM stage, as Forest Department objected to its execution, which resulted in wasteful expenditure of Rs.18 lakh as the works were not yet (December 2004) commenced after abandonment.

3.1.8 Irregular expenditure

Rupees 3.28 crore was spent on MDR and BT roads against norms

PMGSY envisaged that roads classified under Other District Roads (ODR) or Village Roads (VR) only were to be taken up under new connectivity or upgradation as the case may be. Existing BT surface was not to be taken up under the programme. The records of the District Panchayat, Jamnagar and Surendranagar revealed that the following six works falling under Major District Roads (MDRs) or having BT surface were taken up which resulted in irregular expenditure of Rs.3.28 crore.

(Rupees in crore)

Sr. No.	Name of road work taken up	Tendered cost	Category of road	Status	Expenditure incurred up to 31.3.2004
1	Chorbedi-Babaria	0.35	MDR	Work in progress	0.31
2	Kharva-Bijalka Kharva-Hamapar	0.89	MDR	Work in progress	0.74
3	Deri-Gunda Makhakarod- Kalameguda	0.31	MDR	Work in progress	0.24
4	Zinjuda-Bela	0.42	Existing BT surface	Work in progress	0.34
5	Chotila-Nana Paliyad	0.86	MDR	Completed March 2003	1.10
6	Bhavnagar-Ramgadh	0.54	MDR	Completed November 2003	0.55
Total		3.37			3.28

Executive Engineer (EE), Jamnagar attributed (October 2004) undertaking these works to damage of roads in earthquake and need for repair. The reply was not acceptable because as per Road Register, the first three roads were classified as MDR. Further, maintenance and repair of existing roads was not permissible under PMGSY.

EE, Surendranagar while accepting the audit observation stated (October 2004) that the works were taken up to convert them from WBM into BT surface and to provide connectivity to a tourist place. The reply was not acceptable as the programme did not permit upgradation of MDR.

3.1.9 Non-inclusion of plantation clause in agreement

Clause of plantation of trees not incorporated in the agreement

The PMGSY provides that under each agreement for execution of road works, a clause for planting fruit bearing and other plants on the road side should be included. The scrutiny of the records of EE of Panchayat R&B Division, Jamnagar revealed that no such clause was included in any of the packages entrusted to contractors upto March 2004 and no plantation was made defeating the objective of binding the peripheries of the road and of environmental upgradation.

EE stated (October 2004) that such clause has since been included in the road works agreements under PMGSY from the year 2004-05.

3.1.10 Coverage of priority sector

Expenditure of 63 per cent was incurred on non-priority connectivity

A scrutiny of the records of three districts viz., Jamnagar, Mehsana and Banasakantha revealed that 180 works were taken up during 2001-2004 at a cost of Rs.47.25 crore. Out of the above, 29 works were for new connectivity of habitations having population of 1000 persons and above (Rs.5.88 crore); 87 works related to habitation with population of 500-999 (Rs.21.36 crore) and 54 works were for upgradation (Rs.17.23 crore). In Jamnagar district Rs.13.75 crore were spent on upgradation of 41 roads which was 63 per cent of total expenditure (Rs.21.81 crore) under the programme as against the maximum permissible 20 per cent. This meant less spending on new connectivity. In Jamnagar and Banaskantha districts, 16 works were taken up at a cost of Rs.6.15 crore in habitations having population of less than 500 despite the fact that 25 habitations (Jamnagar) with population of 1000 persons and above and 97 habitations with population between 500 and 1000 (Jamnagar, Mehsana and Banaskantha) had remained uncovered.

PIUs stated (October 2004) that the works were taken up as per instructions of Government.

Programme Management

Review of records revealed cases of defective estimates, execution of sub standard works, duplication of works, unfruitful expenditure etc. as discussed below:

3.1.11 Excess use of asphalt for tack coat

Consumption of asphalt in excess of MORTH specifications

As per Ministry Of Road Transport and Highways (MORTH) specification the application of tack coat should be 4 kg. per 10 Sq.mt. area of the road. Scrutiny of the records of selected districts revealed that in all the works executed under the programme, the provision of tack coat was made at 10 kg. per 10 Sq.mt. This resulted in excess consumption of asphalt valuing Rs.1.95 crore as shown below:

Name of District	Area covered for tack coat Sq.mt	Asphalt consumed at 10kg/10Sq.mt MT	Asphalt actually required at 4kg/10Sq.mt MT	Excess asphalt used MT	Cost of asphalt (Rs. in crore)
Bhuj	328472	328.472	131.388	197.084	0.19
Jamnagar	807530	807.530	323.012	484.518	0.51
Mehsana	355950	355.950	142.380	213.570	0.26
Palanpur	365135	365.135	146.054	219.081	0.29
Patan	247089	247.398	98.835	148.563	0.16
Surendranagar	210002	210.002	84.000	126.002	0.14
Bhavnagar	288018	288.018	115.207	172.811	0.17
Navsari	308077	308.077	123.230	184.847	0.21
Ahmedabad	35009	35.009	14.004	21.005	0.02
Total					1.95

EE stated (October 2004) that estimates were prepared as per instruction of STA and were also approved by competent authority. Non-adherence to MORTH specifications and approval of richer provision by competent authority led to avoidable expenditure and no reasons for such deviations were on record.

3.1.12 Avoidable expenditure on lead charges of soil

Lead charges provided for soil were against norms

PMGSY guidelines prescribed that while preparing estimates of road works, no provisions would be made for lead charges payable for transportation of soil except in case of black cotton soil. Therefore, necessary certification of appropriate authorities regarding existence of black cotton soil in the roadside borrow pits was required for inclusion of lead charges in the estimates for transportation of soil. Contrary to above norms, estimates of road works in the selected districts were prepared with provisions for transporting the soil with a lead of 0.5 km.

The details of lead charges incurred by the department were as shown below:

(Rupees in crore)

Name of district	Nos of works taken up and test checked	Total quantity of earth work put to tender (cum)	Rate of earth work inclusive of lead charges Rs. per cum	Rate of earth work excluding lead charges Rs. per cum	Extra expenditure due to lead charges
Banaskantha	62	305858	26.40 to 68.00	23.90 to 25.90	1.00
Jamnagar	29	160237	27.60 to 74.00	24.00 to 27.60	0.63
Mehsana	51	426473	65.00 to 74.50	27.60	1.74
					3.37

The provision in the estimate for lead charges, without ascertaining the classification of soil strata of the soil available from the road side borrow pits from the Geologist, was against the norms. Further, 0.5 km lead provided uniformly was not correct as the average length of road under construction

should have been taken into accounts for correct computation of lead. Irregular provision of lead charge had thus resulted in injudicious expenditure of Rs.3.37 crore. Executive Engineers of Jamnagar and Mehsana stated (October 2004) that looking to the circumstances, the provision for lead charge was made. The reply was not acceptable as estimates were prepared without ascertaining the classification of soil strata.

3.1.13 Duplication of expenditure

PMGSY provides that existing WBM/gravel roads can be taken up for upgradation. The guidelines further provide that the scope of work was to complete the work upto BT stage. In the following cases, Panchayat R&B Division, Jamnagar paid for work beyond the scope of the guidelines.

(Rupees in lakh)

Sl. No.	Name of Road	Nature of Road	Nature of duplication of work under PMGSY	Expenditure incurred	
				Total	On the items duplicated
1	Vadtra -Beh Road	Existing WBM Road Work done in June 2003	WBM and asphalt layer	33.00	9.00
2	Hansthal- Bara Road	Existing WBM Road Work done in March 2003	WBM and asphalt layer taken up in April 2003	96.00	27.00
3	Laloi-approach road	Existing BT road completed in 2002-03	BT work	19.00	19.00
Total				55.00	

3.1.14 Irregular expenditure on Maintenance and Repair

The programme did not permit incurring any expenditure on maintenance and repair (M&R) of existing roads. However, an amount of Rs.38.00 lakh was irregularly spent from programme fund during 2003-04 by Panchayat R&B division, Palanpur on M&R works of the existing 112 roads. When pointed out in audit, EE did not offer any remarks (October 2004).

3.1.15 Non recovery of liquidated damages

The programme envisaged completion of work within six months from the date of issue of work order. Scrutiny of the records of Panchayat R&B Division, Jamnagar (11 works) and Mehsana (7 works) revealed that in respect of 18 works entrusted to different contractors between October 2001 and February 2004 at an aggregate tendered cost of Rs.27.39 crore, the execution of works was delayed and had remained incomplete as of September 2004. The work done till date in respect of seven works ranged between 43 and 90 per cent. Delay in completion of six works ranged between 71 days and 556 days. As the delay was attributable to the contractors, liquidated damages at 10 per cent of the estimated cost amounting to Rs.2.87 crore was required to be recovered as per terms of contract. The divisions had recovered only Rs.17 lakh; the balance of Rs.2.70 crore remained to be recovered.

Maintenance and repair expenditure of Rs.38 lakh incurred from PMGSY

Liquidated damages of Rs 2.70 crore not recovered

EEs stated (October 2004) that the delay was on account of shortage of labour and monsoon and that action would be taken for recovery of liquidated damages, if extension was not granted. The replies were not tenable in view of prescribed time limit of six months under the programme. Further, the availability of labour was a problem of the contractors and the time limit for completion of works was being fixed considering all aspects. Further in 19 test checked works in Janmagar district where the National Quality Monitor (NQM) had clearly attributed the delay to the contractor, action to levy and recover liquidated damage had not been taken.

3.1.16 Poor quality of work

National Quality Monitor found road works of poor quality

- Ensuring the quality of works taken up under PMGSY was the responsibility of the State Government. For this, the programme stipulated three tier quality checks by (1) Executive Engineer (PIU), (2) State Quality Control Department and (3) National Quality Monitor (NQM).
- Scrutiny of records of EE, Panchayat R&B Division, Jamnagar revealed that the following works were rated average by NQM which proved that the first two tiers of quality check had failed in ensuring the required quality.

(Rupees in crore)

Name of road work	Estimated cost	Tendered cost	Quality rated by NQM	Whether works rectified	Further rating
Lakhani Nanoras	0.07	0.06	Average	Yes	Good
Madunepur to SH	0.54	0.49	-do-	-do-	Not furnished
Khyadi to SH	0.10	0.09	-do-	-do-	Not furnished
Krishnapur to Join SH	0.35	0.31	-do-	-do-	Very good
Bharatpur to Und dam	0.14	0.13	-do-	-do-	Not furnished
Ishwaria approach	0.20	0.19	-do-	-do-	Average
Mota Panchasara approach	0.21	0.19	-do-	-do-	Good
Chapper-Kanarsherdi	0.33	0.29	-do-	No	Not done
Hanumandhar approach	0.13	0.12	-do-	No	Not done
Khakharda-Gadhka	0.30	0.26	-do-	No	Not done

- The work of construction of package^Φ in Jamnagar district entrusted (March 2002) to an agency at a cost of Rs.94 lakh with stipulated date of completion as October 2002. The work remained incomplete as of October 2004 after executing works to Rs.40 lakh upto WBM stage. The inspection (June 2004) of EE, Quality Control, Rajkot revealed that WBM surface of the road had disintegrated and depression was noticed throughout the road length. The EE issued 12 notices between June 2002 and June 2004 to the agency to rectify the sub-standard work and to complete the work, but no action was initiated for forfeiture of performance bond as per clauses of the contractual agreement.

3.1.17 Online Management and Monitoring

GOG was required to furnish 'on-line' all data and information as prescribed by the National Rural Roads Development Agency (NRRDA) in the relevant module of Online Management and Monitoring System (OMMS) and equip the PIUs with necessary computer hardware. The GOG was also to provide necessary manpower, space and facilities to set up the computer hardware at the district and the State levels. The State level agency was to ensure that the State server was functional for all the 24 hours. It was revealed that PIUs were linked up with OMMS for updating the relevant data, but the State level agency (GSRRDA) was not linked and as such linkage remained incomplete.

3.1.18 Conclusion

For proper supervision, monitoring and effective vigilance on programme management, establishment of a State level autonomous agency was envisaged in the programme. Delayed formation and non-functioning of GSRRDA led to improper planning, sub standard execution of works and other weaknesses in implementation of programme. Taking up of upgradation works before providing of connectivity to unconnected habitations resulted in denial of road connectivity to the targetted habitations. The technical requirements of road construction were not followed. Time schedule of completion of works were not adhered to.

3.1.19 Recommendations

- State level agency be made operational immediately.
- Selection of works is to be done strictly as per guidelines giving due priority to connectivity of habitations with 1000 plus population.
- Unspent balance with PIUs may be transferred to GSRRDA.
- Technical specification prescribed by MORTH for construction of roads should be adhered to.

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

^Φ Package No.GJ-1003 of 2001-02

LABOUR AND EMPLOYMENT DEPARTMENT**3.2 Implementation of Child Labour (Prohibition & Regulation) Act, 1986***Highlights*

Parliament enacted the Child Labour (Prohibition & Regulation) Act, 1986 to prohibit engaging children below 14 years in hazardous occupations and regulate their conditions of work in other activities. Provision for rehabilitation of these children by provision of education and health care etc. was also one of the objectives of this Act. It was noticed that there was inadequate compliance of Central legislation and Supreme Court directives, defects in survey for detection of child labour, non recovery of compensation from employers and improper functioning of the National Child Labour Project.

Recovery of compensation from employers engaging child labourers in hazardous occupations was made only in 16 cases out of 1018 cases detected.

In 796 cases guardians of the children were neither provided any employment nor paid from Child Labour Rehabilitation-cum-Welfare Fund that had been created for this purpose.

(Paragraph 3.2.4)

Only 1164 child labourers were detected in the State during the survey (1997) while as per census of 1991, 8.96 lakh child labourers existed in the State.

(Paragraph 3.2.5)

Rules framed by State Government for prohibition and regulation and health and safety were not laid before the State Legislature.

Rules for inspection of units by the Government Labour Officers were not framed.

(Paragraph 3.2.6)

Though CIL had not furnished Bank guarantees for Development Security and Corporate Bond as per the requirement, they were allowed to take possession of land to develop the project. CIL had utilised the land for purposes other than those specified in the agreement. Majority of the residential units constructed were allotted to ineligible category. Though the stipulated date for completion of InfoCity project was over long back (March 2003), CIL had not completed the IT project. Government and GIL also failed to enforce several important clauses of the agreement.

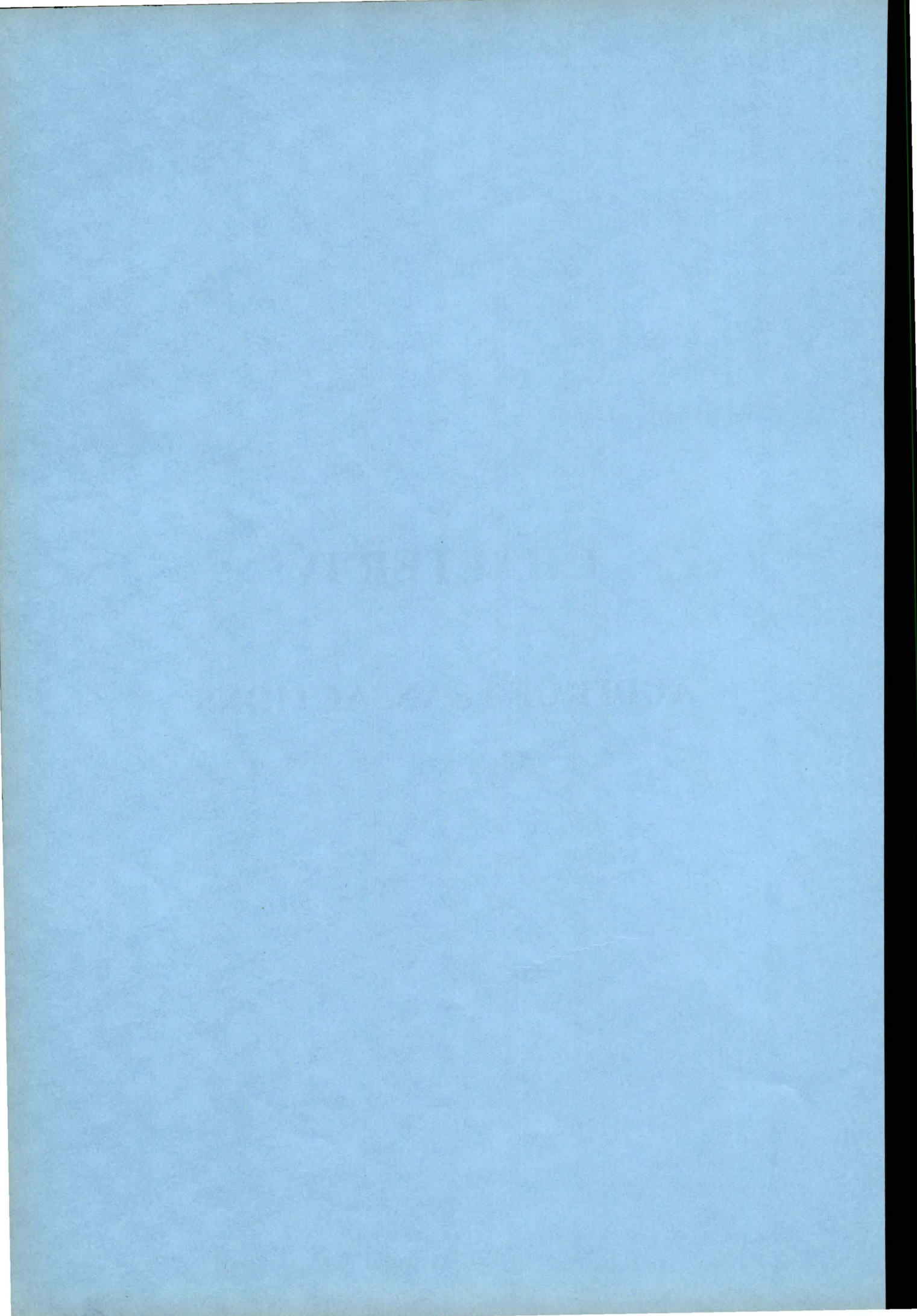
3.3.15 Recommendations

- All the Schedules to the agreement should be expeditiously concluded.
- Bank guarantees for Development Security, Corporate Bond and guarantee should be obtained without further delay.
- Government/GIL should ensure that the project facilities are allotted only to user category.
- Expeditious steps should be taken for getting the shares issued against the share application money pending allotment with CIL.
- The revenue earned should be actually shared with GIL without further delay.

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

CHAPTER IV

AUDIT OF TRANSACTIONS



CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/misappropriation/Embezzlement/Losses

PORTS AND FISHERIES DEPARTMENT

4.1.1 Loss due to unauthorised amendment to agreement

Unauthorised amendment to agreement with a private company by the Vice Chairman and Chief Executive Officer, Gujarat Maritime Board, resulted in loss of Rs.2.78 crore; infirmities in agreement also resulted in non-realisation of penalty/interest on delayed payment

Gujarat Maritime Board (GMB) entered into an agreement (March 1996) with Larsen and Toubro Ltd. (L&T Ltd.) for lease of water-front at Pipavav port for construction of a captive jetty (jetty). After construction, the ownership of the jetty was to vest with the GMB. However, L&T Ltd. was entitled to use the jetty on preferential basis and jetty rebates on port charges, till such time as the jetty rebates equalled the cost of construction. The agreement also allowed L&T Ltd. to charge simple interest at 12 *per cent* on the actual expenditure till completion of the construction. All these conditions were in conformity with the draft agreement approved by the Government (February 1992).

The conditions of the agreement also provided that L&T Ltd. was required to execute the work in accordance with the plans and estimates approved by the GMB. However, L&T Ltd. constructed the jetty without the required approval stating that GMB had no resource to scrutinise the plans of their consultants. GMB accepted the omission (July 1999) to scrutinise the plans and estimates. GMB further stated (July 1999) that in the process they could not scrutinise/verify the conjunction of the existing port or any hindrance to the normal traffic of the port and/or other captive jetties.

According to the agreement, the construction of jetty was to be supervised by GMB, for which L&T Ltd. had to pay supervision charge of five *per cent* of the actual cost in two instalments. While 2.5 *per cent* of estimated cost was payable before the commencement of construction, the remaining 2.5 *per cent* was to be paid after construction reached 50 *per cent* of completion stage. The difference between 5 *per cent* of the estimated cost and that of the actual cost was payable within one month of the completion of the construction. Construction of the jetty was completed at a cost of Rs.60.68 crore¹ (March 1997). Therefore, L&T Ltd. was liable to pay a supervision charge of Rs.3.03 crore. However, payment of supervision charges was not made at any stage. Instead L&T Ltd. made a representation to Government (June 1996) against various clauses of the agreement, including the provision for supervision charges. Government approved (May 1999) amendments to some of the

¹ Excluding interest of Rs.11.68 crore capitalised

clauses of the agreement and directed GMB to finalise it by engaging an expert solicitor.

Vice Chairman and Chief Executive Officer, GMB, executed (February 2000) the amended agreement with L&T Ltd., in which provision regarding payment of supervision charges was also revised. According to the amended agreement, L&T Ltd. was to pay lump-sum supervision charge of Rs.25 lakh only which was accordingly recovered (October 2003) by the GMB. A scrutiny of the records revealed that the amendments approved (May 1999) by Government did not include any revision of supervision charges. Hence the amended agreement (with a clause revising supervision charges) entered into by Vice Chairman and Chief Executive Officer, GMB, with L&T Ltd. was unauthorised. Thus, unauthorised amendment of the agreement resulted in loss of Rs.2.78 crore² to GMB. When pointed out (August 2003), GMB stated that in view of the amended agreement L&T Ltd. was liable to pay supervision charges of Rs.25 lakh only. But Government had not authorised GMB to amend the clause regarding supervision charges.

A scrutiny of the original as well as the amended agreement also revealed that it did not contain any enabling clause to charge interest or impose penalty for default or delayed payment. It was noticed that since 1996 an amount aggregating to Rs.4.75 crore³ had accumulated for recovery and the actual recovery from L&T Ltd. commenced in May 2003 only. Due to the lacuna in the agreement, GMB was not in a position to take any action for timely recovery of the amount or to make good the loss suffered due to delayed payment.

The matter was reported to Government (July 2004); but no reply was received (January 2005).

4.2 Infructuous/Wasteful expenditure and overpayment

ROADS AND BUILDINGS DEPARTMENT

4.2.1 Wasteful expenditure on strengthening of two roads

Lack of coordination between two divisions resulted in wasteful expenditure of Rs.2.55 crore on strengthening of two roads

Government of Gujarat entered into an agreement (May 1998) for a loan of US \$381 million with the World Bank for the Gujarat State Highway Project (GSHP). Valsad-Dharampur and Vapi-Daman roads were among those selected for periodical renewal under GSHP. Those roads were under the jurisdiction of Roads & Buildings (R&B) Division, Valsad. State Roads Project (SRP) Division, Vadodara was specially entrusted with the execution of work of GSHP. Thus, both the Divisions had overlapping jurisdiction over the same roads.

² Rs.3.03 crore minus Rs.25 lakh paid

³ On account of supervision charges, scrutiny fees and water front charges

The R&B Division, Valsad carried out strengthening of Valsad-Dharampur road (KM 0/00 to 34/00) during March 2000 to May 2001 and Vapi-Daman road (KM 0/00 to 3/80) during May-December 2000 on selected stretches and incurred expenditure of Rs.1.34 crore and Rs.1.21 crore respectively.

Immediately thereafter, renewal of Valsad-Dharampur road (KM 7/00 to 33/00) and Vapi-Daman road (KM0/00 to 3/80) was taken up (April 2002) by SRP Division under GSHP. The scope of the renewal work included dismantling of existing bituminous pavement and water-bound macadam, etc. An expenditure of Rs.6.48 crore was incurred (April 2003) on Valsad-Dharampur road and Rs.9.03 crore (March 2004) on Vapi-Daman road. Thus, while executing the renewal work under GSHP, the strengthening work done by the R&B Division (Rs.2.55 crore aggregate) a year earlier was dismantled.

The R&B Division, Valsad stated (September 2003) that SRP Division had neither informed them about the impending renewal work under GSHP, nor asked for information regarding work carried out or in progress in the Division. Both the works were sanctioned by the Government in Roads & Buildings Department and though two different divisions had overlapping jurisdiction over the same roads, Government had also failed to prevent execution of works by both the divisions.

Thus, due to lack of co-ordination between two Divisions and failure on the part of Government to monitor the work resulted in wasteful expenditure of Rs.2.55 crore on strengthening of the two roads.

When the matter was reported (June 2004), Government stated (August 2004) that periodical renewal of the roads was included (May 1998) in the World Bank aided GSHP, but due to economic sanction imposed against India it was not approved. Hence, due to uncertainty of World Bank assistance and considering the bad condition of the roads, it was decided to provide light treatment on damaged length of these roads by R&B Division, Valsad.

The reply is not acceptable as repairs carried out by R&B Division, Valsad withstood two monsoons without any damage and upon these repairs the work of renewal of the existing construction was carried out. Through proper coordination and planning this was avoidable.

HOME DEPARTMENT

4.2.2 Wasteful expenditure on creation of the post of Director of Public Prosecution

Creation of the post of Director of Public Prosecution and filling it up from the cadre of Indian Police Service in violation of the statute and disregarding judicial pronouncements resulted in wasteful expenditure of Rs.57.71 lakh

Section 25(2) of the Criminal Procedure Code (Cr.PC) provides that no police officer shall be eligible to be appointed as Assistant Public Prosecutor (APP). In a Writ Petition filed by the APPs of Gujarat State in 1983, the Hon'ble High

Court of Gujarat had granted ad-interim injunction (March 1993) against transferring their administrative control under any police officer. In Special Leave Petition (No.5245 of 1989) filed by the State of Haryana, the Hon'ble Supreme Court upheld the judgment of the Punjab & Haryana High Court that the post of Director of Public Prosecution (to supervise and control APPs) cannot be filled up by any police personnel.

Government created (December 1993) the post of Director of Public Prosecution (DPP) under the direct control of Home Department and decided (December 1993) to fill up the post from any of the cadres of Indian Police Service (IPS), Indian Administrative Service (IAS) or Indian Forest Service (IFS). It was envisaged that the DPP was to exercise effective co-ordination, control, supervision and monitoring over the cadre of APPs. Accordingly, the incumbent for DPP was posted from IPS cadre (except May 1999 to September 2000). Government issued order specifying the functions of the DPP (February 2002). However, due to filling up the post from IPS cadre in violation to the statute and judicial pronouncements, administrative control of APPs still vested with the Collector at district level and the Legal Department at the State level. Therefore the DPP and other officers and staff⁴ of the Directorate were left with no work. Government incurred an expenditure of Rs.57.71 lakh on salary and office contingencies of the Directorate from December 1993 to March 2004.

Government could not bring the cadre of APPs under the administrative control of DPP as the post was filled up from the IPS cadre (except May 1999 to September 2000). DPP stated (May 2003) that he virtually had no work to carry out. Thus, creation of the post of DPP and filling it up from IPS cadre, violating the provisions of Cr.PC and disregarding the judicial pronouncements, resulted in wasteful expenditure of Rs.57.71 lakh on salary and office contingencies.

The matter was reported to Government (June 2004); no reply was received (January 2005).

4.3 Avoidable/Excess/Unfruitful expenditure

FINANCE DEPARTMENT

4.3.1 Avoidable expenditure on payment of interest

Drawal of loan from NABARD without immediate requirement and lack of planning for execution of works resulted in avoidable payment of interest of Rs.1.93 crore

In the wake of the devastating earthquake that rocked Gujarat on 26 January 2001, the State Government made a proposal (July 2001)⁵ to the National Bank of Agriculture and Rural Development (NABARD) for

⁴ An Administrative Officer, a Stenographer and a Peon

⁵ Based on preliminary estimates

restoration of 2551 bridges, culverts and causeways in nine districts⁶ at a cost of Rs.45.46 crore. Accordingly, NABARD sanctioned (November 2001) a loan of Rs.40.90 crore (bearing 10.5 *per cent* interest) from the Rural Infrastructure Development Fund VII (RIDF VII) for taking up 810 projects covering 2793 rural bridges and culverts. On a specific request (March 2002) from Government for release of start up advance of 30 *per cent*, NABARD released (March 2002) Rs.12.27 crore. The loan was to be repaid in equal annual instalments within seven years (including grace period of two years). Interest was to be paid quarterly. Conditions of the start-up advance further provided that if the restoration works were not taken up within one year of sanction, NABARD would recover the entire advance. The Finance Department (FD) was designated as the nodal department for monitoring of funds. FD was to notify NABARD about drawal, disbursement, repayment of loan together with interest. Executive Engineers of the respective Panchayat Roads and Buildings Divisions were to execute the restoration works.

Conditions of the sanction of loan provided that (i) the nodal department would immediately pass on the amounts to the authorities in charge of execution of the work, (ii) the amount would be exclusively used for the purpose for which it was sanctioned and (iii) the Government would make adequate provision in the budget for implementation of the sanctioned works.

Government had not drawn any further amount nor made any progress in respect of the works. Therefore, NABARD recalled (April 2003) the advance. In a High Level Review Committee Meeting headed by the Chief Secretary (September 2003), it was decided to drop the projects/schemes covered under RIDF I to VII which had not started and invite fresh proposal under RIDF IX and also to repay the start up advance already received. Accordingly, the Government repaid (September 2003) the advance of Rs.12.27 crore. Meanwhile, Government had paid interest on the advance amounting to Rs.1.93 crore during June 2002 to September 2003 in quarterly instalments.

Secretary (Economic Affairs), Finance Department stated (May 2004) that due to heavy workload of restoration of buildings affected by earthquake, the agency for execution could not be fixed and therefore it was decided to drop the works approved under the loan from RIDF VII. The Chief Engineer of Roads & Buildings Department stated (July 2004) that as on 1 April 2002, spillover liabilities of ongoing NABARD works were to the extent of Rs.208 crore, against which the budget provisions made (2002-03) was Rs.42 crore only. The replies were not tenable as the start up advance was released only on the specific request of Government in March 2002 and it was only after NABARD recalled the loan a year later, that the Government of Gujarat in Finance Department considered taking a decision on the matter.

Thus, drawal of loan from NABARD without any immediate requirement and lack of proper planning for execution of works resulted in avoidable payment of interest of Rs.1.93 crore.

The matter was reported to Government in August 2004; but no reply was received (January 2005).

⁶ Ahmedabad, Jamnagar, Junagadh, Kachchh, Mehsana, Patan, Porbandar, Rajkot and Surendranagar

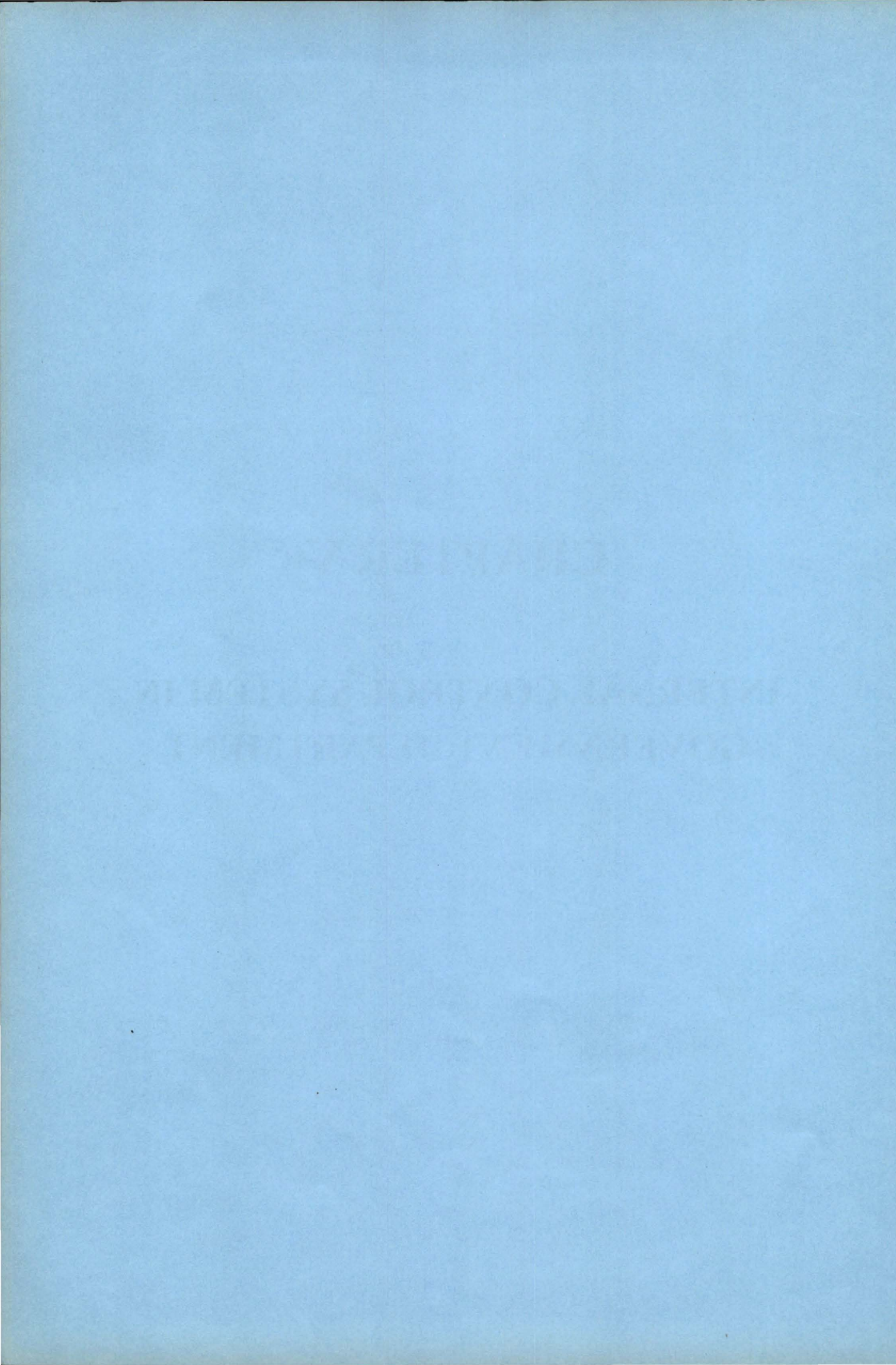
AEC. After it was pointed out in audit (March 2004), EE made a claim and the AEC adjusted the amount from the energy bill for the month of April and May 2004.

The Government was advised (January 2005) to issue a circular instruction to all the subordinate officers for compliance with the provisions of the Act and bring out all cases where electricity duty was wrongly paid and ensure recovery. Further action was awaited.

The matter was reported to Government in September 2004; but no reply was received (January 2005).

CHAPTER V

INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENT



CHAPTER-V

INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENTS

HOME DEPARTMENT (JAILS)

5.1 Internal Control Mechanism in Jail Department

Highlights

The main functions of the Jail Department were admission and custody of prisoners, providing employment and rehabilitation to the inmates and monitor their release, etc. In order to perform these functions effectively, State Government prescribed various internal controls. However, there were instances of non-compliance and deficiencies in internal control mechanisms followed by the department. Inspection by Inspector General of Prisons and the Inspection Wing were not adequate. Returns/reports from Jails were delayed. Government did not ensure timely submission of Annual Reports on the working of prisons and internal audit was ineffective.

During 1999-04, there were 35 cases of prisoners possessing prohibited articles inside prison.

(Paragraph 5.1.5)

Prisons were overcrowded to the extent of 20 to 402 per cent. Out of 134 taluka sub-jails, 49 were closed and 17 were under repairs.

(Paragraph 5.1.7)

During 1999-04, cases of 119 prisoners escaping from custody/police escort were reported from seven test checked jails.

(Paragraph 5.1.8)

The prescribed annual report was submitted only once (2000-2001) to Government by IGP.

(Paragraph 5.1.9)

Delays up to 59 months were noticed in submission of returns/reports to IGP by Jail Superintendents.

(Paragraph 5.1.10)

Shortfall of inspection of jails by IGP ranged between 72 and 77 per cent annually.

(Paragraph 5.1.12)

Number of units not covered in Internal Audit during 1999-2004 ranged from 59 to 73 per cent annually.

(Paragraph 5.1.18)

5.1.1 Introduction

Internal Control Mechanism may be defined as methods, procedures and other measures to achieve

- Economical, efficient and effective operations consistent with the organisation's mandate,
- Prevention of loss, wasteful expenditure and other irregularities and
- Adherence to laws, regulations and management directives.

The main objectives of the Jail Department are admission, custody, security, reformation and rehabilitation of prisoners.

The various internal controls as applicable to the Jail Department have been prescribed in the Prisons Act, 1894 (Act), Prisoners Act, 1900 and the Bombay Jails Manual 1955 (BJM) for effective functioning of the Department. As separate Acts/Rules were not framed for the administration of jails after the reorganisation of the State, those applicable to the erstwhile Bombay State were being followed.

5.1.2 Organisational set up

The Jail Department functions under the administrative control of Home Department. The Jail Department is headed by the Inspector General of Prisons (IGP) who is assisted by the Special Inspector General of Prisons (SIGP). The IGP controls the activities of 22 jails viz. Central Prison (2)^{*}, District Jail (6)^α, Special Prison (2)[#], Open Jail (2)^ε and Sub-Jails (10)^ε through Superintendents of Prisons. In addition there are 134 Taluka Sub-Jails under the control of the concerned Collector-cum-District Magistrates.

* Ahmedabad, Vadodara

α Bhavnagar, Jamnagar, Junagadh, Nadiad, Rajkot, Surat

Bhuj, Porbandar

ε Ahmedabad (attached to Central prison Ahmedabad), Amreli

ε Amreli, Bharuch, Chota-Udepur, Godhra, Himatnagar, Mehsana, Navsari, Morbi, Palanpur, Rajpipla and Surendranagar

5.1.3 Audit objectives

The objective of Audit was to assess:

- The extent to which operational control was effective.
- Whether inspections were planned and conducted effectively.
- Whether timely submission of periodical returns/reports was ensured.
- Whether records/registers were properly maintained.
- The extent of effectiveness of internal audit.

5.1.4 Audit coverage

The Internal Control Mechanism of the Department for the period 1999-2000 to 2003-2004 was reviewed during August-September 2004 by test check of records (1999-2004) at the Secretariat (Home Department), IGP, two central prisons, six district jails, one sub-jail and one special prison^Y. The results of the test-check are brought out in the succeeding paragraphs.

Operational Control

5.1.5 Prevention of entry of prohibited articles into prison

According to the Act/Rules, prisoners at the time of admission and on every subsequent occasion of entry/exit are to be physically checked by the Jailor and subordinate staff of the jail to prevent entry of prohibited articles into the prison. Besides, any person passing through the prison gate and suspected of bringing any prohibited article into or out of prison shall be searched by the gate keeper. During 1999-2004, 35 cases of prisoners possessing prohibited articles like mobile phone, gold biscuit, cigarette, etc. were reported from seven test checked jails. These cases, though illustrative, indicated that the existing controls of physical checking of prisoners was not quite effectively followed leading to entry of prohibited articles into prison. Possession of mobile phone enabled prisoners to communicate with others outside persons without permission of prison authorities to the detriment of jail security.

5.1.6 Prisoners not subjected to quarantine

Prisoners on their admission are to be subjected to quarantine for a minimum of ten days to enable them to acquaint themselves with rules/discipline of prison and also to ensure that they were free from any epidemic disease. However, in none of the test checked jails prisoners were subjected to quarantine defeating the purpose of this control.

5.1.7 Over crowded prisons

According to provisions of Para 520 of BJM, not more than 20 prisoners could be accommodated in any sleeping barrack. As for Sub Jails, Superintendents

^Y Central Prisons- Ahmedabad & Vadodara. District Jails-Bhavnagar, Jamnagar, Junagadh, Nadiad, Rajkot, & Surat. Sub Jail-Surendranagar, Special Prison- Porbandar

were to see that the minimum space (40 sq.ft.), as provided under the rules was available to each prisoner. In case of emergency they should consult the concerned Collector or use their own discretion in providing sufficient accommodation either by using additional space in some other building or by transferring prisoners to other sub Jails or Jails in consultation with the IGP.

Over crowding of prisons ranged from 20 to 402 per cent

As against the capacity of 5259 prisoners in 19 Jails, in all 11753 prisoners were accommodated (August 2004). The overcrowding ranged between 20 (Chhota-Udepur Sub-Jail) and 402 per cent (Surat District Jail). Number of prisoners accommodated in a barrack ranged from 18 (Morbi Sub-Jail) to 97 (Surat District Jail).

Out of 134 Taluka Sub-Jails managed by the Revenue Department, only 68 (51 per cent) were functioning (September 2004). Seventeen were under repair and 49 closed. Reasons for closure and the dates from which these jails were closed were not available with the IGP. Thus, lack of overall control on utilisation of jail accommodation led to pressure on some jails.

IGP stated (September 2004) that action was being taken to increase the capacity of jails in the State with 75 per cent Central assistance under the Action plan for 2002-07.

5.1.8 Escape of Prisoners

Prison authorities were to ensure safe custody and security of prisoners through effective watch and surveillance over their movement, verification during exit from or entry into barracks, cells and by confining to iron where warranted. However, there were cases of escape of 119 prisoners from seven jails test checked during 1999-04 details of which are as under:

Sl. No.	Name of Jail	1999-2000	2000-01	2001-02	2002-03	2003-04	Total	Remarks
1.	Ahmedabad Central Prison	3	6	4	-	5	18	All escaped from Police escort
2	Amreli Sub-Jail	1	-	1	4	-	6	4 from Police escort, 2 from jail
3.	Bhavnagar District Jail	5	5	2	2	4	18	1 scaled the wall of Jail, 4 from Hospital, 13 from Police escort
4.	Junagadh District Jail	4	-	1	5	2	12	1 from jail farm, 11 from Police escort
5	Special Prison Porbandar	1	7	2	4	2	16	All from Police escort
6	Surendranagar Sub Jail	8	-	1	1	-	10	4 from Police Escort, 6 scaled the wall of Jail,
7.	Vadodara Central Prison	10	10	10	2	7	39	2 from Jail farm, 37 from Police escort
	Total	32	28	21	18	20	119	

Majority of the escapes (103) were during Police escort. The recurring feature of prisoners escaping from jails indicated non-compliance with controls prescribed for ensuring safe custody/safety of prisoners. Despite such escapes the Department did not evolve any mechanism to plug the weakness in the system of police escort so that the instances of escape of prisoners from police escort would not recur.

5.1.9 Delay in submission of Annual Report

Annual Report due from IGP was submitted only once (January 2004) during 1999-2004

According to Para 263 of BJM, IGP was to submit a report to Government before 1st May every year on the working of the department during the preceding calendar year. Reports for 1999 and 2000 were not prepared. However, report for the financial year 2000-01 was submitted to Government (January 2004) after a delay of 31 months. Reports from 2001-02 onwards were stated (September 2004) to be under preparation. Thus, the control mechanism provided under the manual for monitoring the working of the department by Government was ineffective.

5.1.10 Delay in submission of periodical Returns/Reports

Returns and Reports due from Jails were delayed for one to 59 months

Periodical returns/reports are tools of internal control mechanism through which the head of the department obtains information on various matters and instructs the field offices on deficiencies, if any. Such reports/returns have been prescribed for being sent to the office of the IGP by the jails. Scrutiny of records in respect of six[∞] test checked jails revealed that the submission of various reports/returns like Prisoner's Private Cash Report, Under-trials Cash Report, Wages Statement, Ration Report, Canteen Statement etc. were delayed for periods ranging from one month to 59 months.

The concerned jails were asked (September 2004) to state reasons for delay in submission of reports; no reply was received. These cases indicated that neither the IGP nor the Jail authorities were effectively following the existing procedure for timely submission of the reports/returns defeating the very purpose of the same.

5.1.11 Improper maintenance of Records/Registers

BJM provides for maintenance of various records/registers in the prescribed proforma by the jail authorities. A test check at various jails revealed the following defects:

[∞] Bhavnagar, Jamnagar, Junagadh, Nadiad, Rajkot and Surat

Sl. No.	Name of Jail	Name of Record/Register and defects noticed
1.	Amreli Sub-Jail	<ul style="list-style-type: none"> ▪ Wastage Register, Grain Register, Register No. 15 (Diet Register), No.31 (Store Register Book) Summary of Ration Register, Ration Statement and Approval forexcess/shortage of Grain were not maintained during thereview period. Superintendent stated that these records are being completed.
2.	Ahmedabad Central Jail	<ul style="list-style-type: none"> ▪ Punishment Register was not signed by Judicial Jailor and Superintendent since January 2004. ▪ Factory Dead Stock Register – Physical verification of article not done after November 2002. ▪ Factory Order Book was not signed by any authority. ▪ Convalescent Register – not maintained.
3.	Morbi Sub Jail	<ul style="list-style-type: none"> ▪ Under-trial Register – Date of release of prisoners not recorded. ▪ Cash Book- surprise check of cash not done regularly. ▪ Clothing Register and Dead Stock Register – surprise certificate of verification not available.
4.	Porbandar Special Prison	<ul style="list-style-type: none"> ▪ Under-trial Register – dated initial of Medical Officer and Superintendent not recorded. ▪ Garden Register was not authenticated by Jailor and Superintendent during July-August 2000. ▪ Cash Book– surprise physical verification of cash not carried out during the review period despite huge cash balance on hand (Rs.0.73 lakh on 31.3.2001, Rs.1.20 lakh on 31.3.2002 and Rs.4.93 lakh on 31.3.2004).
5	Vadodara Central Prison	<ul style="list-style-type: none"> ▪ Employment Register and Register of prisoners showing particulars of health were not maintained. ▪ Garden Register, Leather Register, Tailor Register, Carpenter Register, Laundry Register, Chemical Register and Press Register were not authenticated by concerned authorities for various periods. ▪ Convalescent Register was maintained since January 2003 only. ▪ Physical verification certificate was not recorded in the Dead Stock Register.

Non-maintenance and non-closure of registers regularly could result in transactions escaping accountal. In Central Prison, Vadodara, a clerk of banking branch embezzled Rs.4.11 lakh (brought from the post office) from the Prisoners' Fund (1996-99) by not accounting for the same in the relevant registers. In another incident in the same prison, shortages in stock worth Rs.1.54 lakh were noticed in the canteen (June 2002).

5.1.12 Inspection

There was heavy shortfall of Inspection of jails by IGP

According to the Para 739 of BJM, IGP was to inspect yards, barracks, cells and other enclosures in every Central, District, Special Prisons, etc. at least once in a year and as many sub-jails including Taluka Sub-Jails as possible every year to give every prisoner the opportunity of making any application or complaint and determine all matters relating to prison discipline and also to see that as far as possible, the inspection notes are being complied with and that the work of the Jail Offices is proceeding on proper lines. However, it was seen in audit that during 1999-2000 to 2003-04 out of 22 Jails only 5 to 6 Jails were inspected by the IGP annually and the percentage of shortfall in inspection ranged between 72 and 77. The IGP attributed (September 2004) the shortfall to heavy work load. SIGP also inspected a total of 35 jails during this period.

5.1.13 Planning and completion of inspection

The inspection wing manned by a head clerk was directly reporting to the IGP. The inspection wing was to check the registers and records, safety and security of prisoners and inspect buildings of all Jails. The wing was also to attend the complaints of prisoners and jail staff and to ensure availability of facilities to prisoners as provided under the rules.

Though only 90 working days were required for inspection of jails, arrears ranged between 18 and 67 per cent

BJM requires that the inspection of all the jails should be conducted annually. As per norms, 90 days⁹ would be required to inspect all the jails. The details of inspections carried out and percentage of arrears during 1999-04 are as under:

Year	Total No. of units	No. of Units inspected	No. of units pending	Percentage of pending units
1999-00	21	21	0	0
2000-01	21	7	14	67
2001-02	21	13	8	38
2002-03	21	11	10	48
2003-04	22	18	4	18

⁹ 2 Central Prisons-6 days *2=12 days, 9 District Jail-5 days *9=45 days, 11 Sub Jails-3 days *11=33 days, Total 90 days

As only 90 days are required per year, all the units could have been inspected with proper planning. Lack of planning led to arrears ranging from 18 to 67 per cent (2000-04). IGP did not give any reason for the arrears (September 2004).

Government decided (April 2000) to bring all the Taluka Sub-Jails under the administrative control of IGP. Accordingly, Superintendents of Jails in the concerned district were nominated (September 2002) to inspect all the Taluka Sub-Jails once in every six months. As against 204, only 58 inspections were carried out by the Superintendents during 2002-04. Percentage of shortfall was 100 in 2002-03 and 57 in 2003-04. IGP and SIGP were also required to inspect some Taluka Sub-Jails according to their convenience. However, they had not conducted any inspection in 2002-03 and inspected only three Taluka Sub-Jails in 2003-04. Report on inspection of 58 taluka sub-jails carried out by the Superintendents in 2003-04 revealed non availability of basic amenities viz. light, fan, latrine, bathroom, etc. and inadequacy of security arrangements in all those jails.

The IGP stated (September 2004) that he had sent a detailed proposal to the Government for improvement and providing basic amenities as required under the Manual in all sub-jails.

Internal audit

5.1.14 Absence of auditing standards/guidelines

No auditing standards and guidelines have been laid down by Government for internal audit in the department and key duties of audit personnel were not properly defined to ensure accountability of individual officials.

5.1.15 Non-preparation of manual for internal audit

There was no Internal Audit Manual codifying the practices and procedure relating to conduct of internal audit. According to the instructions issued from time to time Internal Audit Reports are to be issued within one month from the date of conduct of audit and replies thereto furnished by the auditee office within one month. A control Register is to be maintained in the Internal Audit Wing (IAW) to watch the outstanding paragraphs and money value of objections. The IAW of the Department had not complied with any of above requirements.

5.1.16 Non-independent Internal Audit Wing

The IAW of the Department was functioning under the overall control of the Department. The Accounts Officer in the IGP office in charge of accounts wing was entrusted with the functions of Internal Audit with supporting staff. Thus, IAW was not an independent entity within the Department.

No auditing standards/guidelines were laid down for internal audit

5.1.17 Training not imparted to personnel deployed on Internal Audit

Training is an integral part of development of personnel and equips them with knowledge of rules and regulations. No training in internal audit was provided to the staff engaged on this work to enrich their knowledge and improve their audit skills since formation of IAW.

5.1.18 Poor planning and coverage of internal audit

Internal audit was not conducted in 59 to 73 per cent jails during last five years

Internal audit of all the units was to be conducted annually. Besides, internal audit was to precede external audit by the State Accountant General. Thus, there was a need for framing annual audit plan based on risk factors. It was, however, noticed that the Department had not devised and followed any risk based audit planning. Test check revealed that during the last five years internal audit was not conducted annually in 59 to 73 per cent of the jails. The details of shortfall in audit conducted during 1999-2004 were as under:

Year	Total No. of units	No. of Units audited	No. of units pending	Percentage of pending units
1999-2000	22	8	14	64
2000-01	22	9	13	59
2001-02	22	7	15	68
2002-03	22	8	14	64
2003-04	22	6	16	73

IGP stated (September 2004) that internal audit of all the jails could not be completed every year due to shortage of staff. It was, however, seen that even available staff was not exclusively used on internal audit purposes as only six to nine units were audited yearly during 1999-2004.

5.1.19 Issue of Inspection Reports and Compliance

Timely issue of Inspection Reports to the Drawing and Disbursing Officers and monitoring the outstanding paragraphs and money value objections observed by Internal Audit could not be verified as the relevant control registers were not maintained in the IAW. However, the statement of outstanding objections furnished (September 2004) by the Department indicated the following position.

Year	No. of Inspection Reports	No. of paras	No. of paras settled	No. of paras pending	Percentage of pending paras
1999-2000	8	320	140	180	56
2000-01	9	386	220	166	43
2001-02	7	290	188	102	35
2002-03	8	297	109	188	63
2003-04	6	325	30	295	91
Total	38	1618	687	931	57

IGP had not evolved any mechanism to monitor settlement of paras. The percentage of outstanding paras to total paras ranged from 35 to 91 (1999-2004). IGP attributed the pendency to non-receipt of compliance from various Jails. IGP held only one meeting (2002) during 1999-04 with heads of auditee units for settlement of audit paras. Thus, there was poor pursuance of outstanding objections and auditee units had also not taken action for their settlement.

5.1.20 Evaluation of the working of Internal Audit Wing

Inadequate staff for internal audit, lack of training to the internal audit staff, absence of proper guidance for execution of internal audit functions, absence of departmental internal audit manual, lack of audit planning and approach and severe shortfall in the coverage of units rendered Internal Audit in the Jail Department ineffective.

5.1.21 Conclusion

There were instance of prisoners possessing prohibited articles inside the prison due to ineffective physical check at entry/exist. Prisons were overcrowded due to lack of overall control on utilisation of accommodation. Ineffective surveillance led to escape of prisoners from jails/police custody. Shortage in inspection by IGP (73 to 77 *per cent*) and the Inspection wing (18 to 67 *per cent*) noticed. Only one Annual Report (2000-01) was sent (January 2004) to Government by the IGP during 1999-2004. Returns and reports to be sent by Jails were badly delayed by one to 59 months. Functioning of internal audit wing was not effective.

5.1.22 Recommendations

- The use of total jail space available in the State requires rationalisation.
- IGP/Jail Superintendent should carry out inspection of all the prisons as per the codal provisions and ensure submission of returns and reports in time and adequate follow up of the same.
- Government should evolve an effective mechanism to watch over timely receipt of reports from all levels.
- Internal Audit Wing should be strengthened with adequate trained staff and risk based audit planning should be adopted.

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



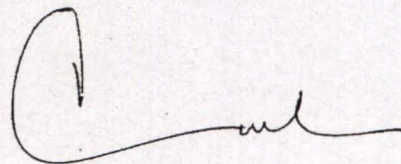
(ILA SINGH)

Accountant General (Civil Audit), Gujarat

Rajkot
The

24 JUN 2005

Countersigned



(VIJAYENDRA N. KAUL)

Comptroller and Auditor General of India

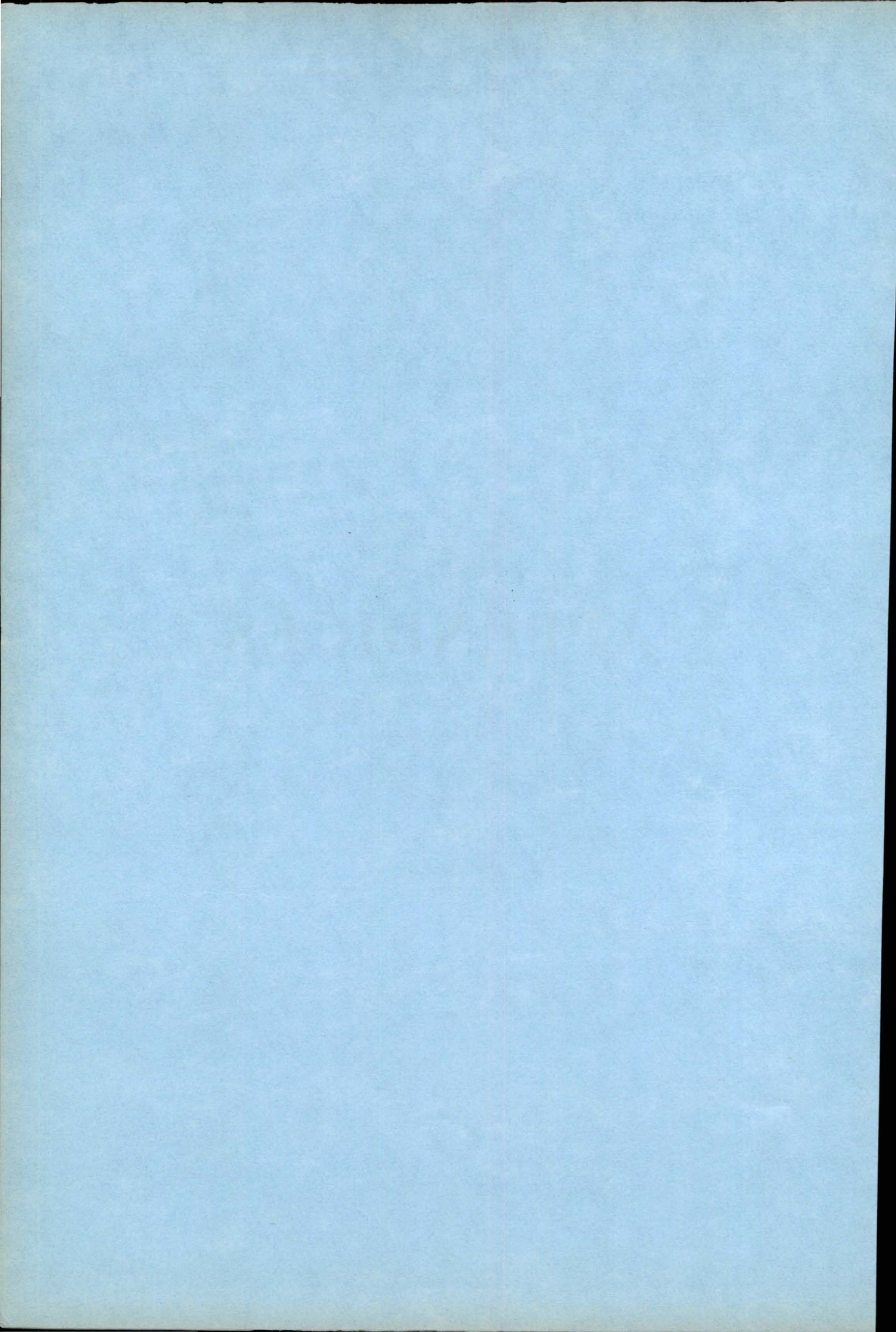
New Delhi
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APPENDICES



APPENDIX - I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
GUJARAT AS ON 31 MARCH 2004
(Reference: Paragraph 1.4 Page 4)

(Rupees in crore)

As on 31.03.2003	Liabilities		As on 31.03.2004
24626.07	Internal Debt		36198.38
7513.62	Market Loans bearing interest	12265.21	
164.84	Market Loans not bearing interest	252.49	
199.66	Loans from LIC	185.80	
1230.98	Loans from other Institutions	1500.63	
42.44	Ways and Means Advances	42.44	
15474.53	<i>Special securities issued to NSS Fund of Central Government.</i>	21951.81	
16168.32	Loans and Advances from Central Government		14208.36
176.47	Pre 1984-85 Loans	132.83	
7026.96	Non-Plan Loans	2549.14	
8846.76	Loans for State Plan Schemes	11416.57	
60.84	Loans for Central Plan Schemes	56.26	
57.29	Loans for Centrally Sponsored Plan Schemes	53.56	
188.29	Contingency Fund		107.26
3357.93	Small Savings, Provident Funds, etc.		3641.29
7274.60	Deposits		7722.24
1270.41	Reserve Funds		1411.56
1080.45	Suspense and Miscellaneous		--
149.47	Remittance Balances		384.74
54115.54	Total		63673.83
As on 31.03.2003	Assets		As on 31.03.2004
25178.72	Gross Capital Outlay on Fixed Assets		28390.17
5013.53	Investments in shares of Companies, Corporations, etc.	11219.83	
20165.19	Other Capital Outlay	17170.34	
2941.57	Loans and Advances		5184.77
669.26	Loans for Power Projects	2659.21	
1858.60	Other Development Loans	2127.06	
413.71	Loans to Government servants and Miscellaneous loans	398.50	
9.76	Advances		0.76
--	Suspense and Miscellaneous		10.22
1483.20	Cash -		1887.95
53.10	Deposit with Reserve Bank	36.48	
10.35	Cash in treasuries and local remittances	26.74	
243.89	Departmental Cash Balances including Permanent Advances and investment of earmarked Funds	449.10	
1175.86	Cash Balance Investments	1375.63	
24511.29	Deficit on Government Accounts		28199.96
3564.80	(i) Revenue Deficit of the Current Year	3706.62	
0.21	(ii) Miscellaneous Government Account	-	
20998.28	Add : Deficit on Government Account as on 31 March 2003	24511.29	
(-)52.00	Other Adjustments	(-)17.95	
54115.54	Total		63673.83

APPENDIX - II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR
2003-2004

(Reference: Paragraph 1.4; page 4)

(Rupees in crore)

Receipts		Disbursements							
2002-03		2003-04	2002-03		Non-Plan	Plan	Total	2003-04	
Section-A: Revenue									
17875.33	I Revenue receipts		18247.52	21440.13	I Revenue expenditure-	18645.05	3309.09	21954.14	21954.14
9520.67	Tax revenue	11173.43		8302.50	General services	9174.02	76.14	9250.16	
				6539.22	Social Services-	5480.03	1595.65	7075.68	
3995.58	Non-tax revenue	3271.96		3623.99	Education, Sports, Art and Culture	3376.56	306.84	3683.40	
				846.87	Health and Family Welfare	691.02	187.11	878.13	
1363.21	State's share of Union Taxes	1965.48		699.56	Water Supply, sanitation Housing and Urban Development	491.85	496.48	988.33	
				21.81	Information and Broadcasting	19.58	7.81	27.39	
2123.49	Non-Plan grants	392.78		397.81	Welfare of Scheduled Castes, Scheduled tribes and Other Backward Classes	211.55	291.08	502.63	
				122.68	Labour and labour Welfare	86.24	34.35	120.59	
550.86	Grants for State Plan Scheme	1117.75		806.87	Social Welfare and Nutrition	583.75	271.28	855.03	
				19.63	Others	19.48	0.70	20.18	
321.52	Grants for Central and Centrally sponsored Plan Schemes	326.12		6494.27	Economic Services-	3891.02	1637.30	5528.32	
				630.53	Agriculture and Allied Activities	451.83	294.66	746.49	
				578.91	Rural Development	193.67	412.64	606.31	
				25.23	Special Areas Programmes	23.72	3.89	27.61	
				1939.49	Irrigation and Flood control	262.44	107.74	370.18	
				2219.35	Energy	2048.38	513.35	2561.73	
				266.72	Industry and Minerals	60.49	122.27	182.76	
				658.32	Transport	628.85	136.54	765.39	
				0.01	Communications	0.01		0.01	
				3.70	Science, Technology and Environment	0.62	27.74	28.36	
				172.01	General Economic Services	221.01	18.47	239.48	
				104.14	Grants-in-aid and Contributions	99.98	-	99.98	
3564.80	II Revenue deficit carried over to Section B		3706.62						
21440.13			21954.14	21440.13	Total				21954.14

Receipts		Disbursements			Non-Plan		Plan	Total	2003-04
2002-03		2003-04	2002-03						2003-04
Section-B									
580.14	III Opening Cash balance including Permanent Advances and Cash Balance Investment	14	1483.20	145.05	III Opening Overdraft from RBI	Nil	Nil	Nil	
52.00	IV Miscellaneous Capital receipts		17.95	2341.30	IV Capital Outlay-	159.38	3052.05	3211.43	3211.43
				37.82	General Services-	16.94	41.33	58.27	
				1017.53	Social Services-	63.14	1098.92	1162.06	
				10.39	Education, Sports, Art and Culture	0.99	8.25	9.24	
				16.68	Health and Family Welfare	-	8.54	8.54	
				442.16	Water Supply, Sanitation, Housing and Urban Development	56.15	435.47	491.62	
				0.35	Information and Broadcasting		0.28	0.28	
				3.74	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		7.33	7.33	
				0.62	Social Welfare and Nutrition	6.00	0.48	6.48	
				543.59	Others	-	638.57	638.57	
				1285.95	Economic Services-	79.30	1911.80	1991.10	
				85.94	Agriculture and Allied Activities	4.07	128.71	132.78	
				--	Rural Development	-	-		
				0.31	Special Areas Programmes	-	1.55	1.55	
				847.92	Irrigation and Flood Control		1340.29	1340.29	
				(-)86.06	Energy	(-)0.01	8.40	8.39	
				9.85	Industry and Minerals		(-) 2.15	(-) 2.15	
				427.49	Transport	75.24	435.00	510.24	
				0.50	Science & Technology	-			
				--	Communication	-			
				--	General Economic Services	-			
171.45	V Recoveries of Loans and Advances-		181.60	345.66	V Loans and Advances disbursements				2424.80
13.09	From Power Projects	10.56			For Power Projects		2000.50		
127.34	From Government Servants and Miscellaneous Loans	105.74			To Government Servants and Miscellaneous Loans		90.53		
31.02	From others	65.30			To Others		333.77		
	VI Revenue surplus brought down			3564.80	VI Revenue deficit brought down				3706.62
9683.67	VII Public debt receipts-		15007.75	3203.31 (81)	VII Repayment of Public Debt-				5395.39
8365.24	Internal debt other than ways and means Advances and Overdraft	12003.70		283.68	Internal debt other than Ways and Means Advances and Overdraft			431.39	

Receipts		Disbursements							
2002-03		2003-04	2002-03	Non-Plan	Plan	Total	2003-04		
--	Net transaction under Ways and Means Advances including over draft		409.76			0.00*			
1318.43	Loans and Advances from Central Government	3004.05	2509.87			4964.00			
--	VIII Inter State Settlement								
--	IX Appropriation to Contingency Fund		----						
6.70	X Amount transferred to Contingency Fund	11.71	11.71						92.74
20665.87	XI Public Account receipts-	25038.70	20064.80 (59)						25021.98
842.13	Small Savings and Provident funds	895.17	591.40		611.81				
878.65	Reserve funds	370.41	264.78		229.26				
6705.45	Suspense and Miscellaneous	9769.63	7367.25		10860.33				
2962.27	Remittance	4335.62	2750.55		4100.34				
9277.37	Deposits and Advances	9667.87	9090.82		9220.24				
			1483.20						1887.95
Nil	Closing overdraft from Reserve Banks of India.		10.35		26.74				
			53.10		36.48				
			243.89		449.10				
			1175.86		1375.63				
31159.83	Total	41740.91	31159.8	Total					41740.91

* Represents receipts Rs. 5394.18 crore and disbursement Rs.5394.18 crore.

APPENDIX – III
SOURCES AND APPLICATION OF FUNDS

(Reference : Para 1.4, Page 4)

(Rupees in crore)

2002-2003	Sources	2003-2004
17875.33	1 Revenue receipts	18247.52
171.45	2 Recoveries of Loans and Advances	181.60
52.00	3 Miscellaneous Capital Receipts	17.95
6335.31	4 Increase in Public debt other than overdraft	9612.36
601.28	5 Net receipts from Public account	16.72
250.73	Increase in Small Savings	283.36
186.55	Increase in Deposits and Advances	447.63
613.87	Increase in Reserve Funds	141.15
-661.59	Net effect of suspense and Miscellaneous transactions	-1090.70
211.72	Net effect of Remittance transactions	235.28
(-) 5.01	6 Net effect of Contingency Fund transactions	-81.03
(-) 0.21	7 Net effect of inter state settlement	
-	8 Decrease in closing Cash balance	
25030.15	Total	27995.12
	Application	
21440.13	1 Revenue expenditure	21954.14
345.66	2 Lending for development and other purposes	2424.80
2341.30	3 Capital expenditure	3211.43
903.06	4 Increase in closing Cash balance	404.75
25030.15	Total	27995.12

Explanatory Notes for Appendix I, II and III:

1. The abridged accounts in the foregoing Statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Statement-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was a difference of Rs 50.57 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (June 2004).

APPENDIX - IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES
(Reference: Paragraph 1.4; Page 4)

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Part A. Receipts					
1. Revenue Receipts (w)	13971	15739	15986	17875	18248
(i) Tax Revenue	8162(59)	9047(58)	9247(58)	9520(53)	11173(61)
Sales Tax	5134(63)	5943(66)	5857(63)	6252(66)	7170(64)
Taxes and duties on Electricity	1402(17)	1521(17)	1657(18)	1384(15)	1592(14)
State Excise	32	40	47	47	46
Taxes on vehicles	602(7)	627(7)	677(7)	808(8)	936(8)
Stamps and Registration fees	522(6)	537(6)	539(6)	650(7)	825(7)
Land Revenue	117(1)	82(1)	87(1)	95(10)	127(1)
Taxes on goods and passengers	89(1)	26	99(1)	11	172
Other Taxes (w)	264	271	284	273	305
(ii) Non Tax Revenue	2990(21)	3349(21)	3761(24)	3995 (22)	3272(18)
(iii) State's share in Union taxes and duties	1665(12)	1574(10)	1488(9)	1363 (8)	1966(11)
(iv) Grants in aid from GOI	1154(8)	1769(11)	1490(9)	2996 (17)	1837(10)
2. Misc Capital Receipts	16	22	2	52	18
3. Total revenue and Non debt capital receipts (1+2)	13987	15761	15988	17927	18266
4. Recoveries of Loans and Advances	146	2227	2207	171	182
5. Public Debt Receipts Internal Debt (excluding Ways and Means Advances and Overdrafts) Net transactions (under Ways and Means Advances and Overdrafts) Loans and Advances from Government of India*	4623 815	7686 7122	8158 5927	9684	15008
6. Total receipts in the consolidated Fund (3+4+5)	18756	25674	26353	27782	33456
7. Contingency Fund Receipts	21	14	109	7	12
8. Public Accounts receipts	22453	25129	23703	20666	25039
9. Total receipts of the state (6+7+8)	41230	50817	50165	48455	58507
Part B. Expenditure /Disbursement	20212	25036	24475	23781	25165
10. Revenue Expenditure	17517(87)	22041(88)	22718(93)	21440 (90)	21954(87)
Plan	2680(15)	3001(14)	1821(8)	2067(10)	3309(15)
Non Plan	14837(85)	19040(86)	20897(92)	19373 (90)	18645(85)
General Services (incl. Interests payments)	5753(33)	6145(28)	7165(32)	8303 (39)	9250(42)
Social Services	6229(36)	7716(35)	7722(34)	6539 (31)	7076(32)
Economic Services	5485(31)	8130(37)	7775(34)	6494 (30)	5528(25)
Grants in aid and contributions	50	50	56	104	100
11. Capital Expenditure	2695(13)	2995(12)	1757(7)	2341 (10)	3211(13)
Plan	2664(99)	2862(96)	1624(92)	2210 (94)	3052(95)
Non Plan	31(1)	133(4)	133(8)	131 (6)	159(5)
General Services	30(1)	40(1)	28(2)	38 (2)	58(2)
Social services	631(24)	1050(35)	860(49)	1017 (43)	1162(36)
Economic Services	2034(75)	1905(64)	869(49)	1286 (55)	1991(62)
12. Disbursement of Loans and Advances	626	917	229	346	2425
13. Total (10+11+12)	20838	25953	24704	24127	27590
14. Repayment of Public Debt	628	1222	1239	3204	5395
Internal Debt (excluding Ways & Means Advances and Overdrafts)	125	136	205	284	431
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	292	410	Nil
Loans and Advances from Government of India*	503	1086	742	2510	4964
15. Appropriation to Contingency Fund	NIL	NIL	NIL	Nil	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	21466	27175	25943	27331	32985
17. Contingency Fund disbursements	14	109	7	12	93
18. Public Account disbursements	19703	23126	24603	20065	25022
19. Total disbursement by the state (16+17+18)	41183	50410	50553	47408	58100
Part C. Deficits					
20. Revenue Deficit (1-10)	3546	6302	6732	3565	3706
21. Fiscal Deficit	6721	7987	6511	6029	9142
22. Primary Deficit	3913	4856	2305	1080	3267
Part D. Other data					
23. Interest Payments (Included in revenue exp.)	2808	3131	4206	4949	5875
24. Arrears of Revenue (Per centage of Tax & non-tax Revenue Receipts)	4130(37)	5663(36)	7680(48)	6575(37)	10517(58)
25. Financial Assistance to local bodies etc.	2563	834	2972	2968	2960
26. Ways and Means Advances/Overdraft availed (days)	69	173/45	235/72	250/47	203/21
27. Interest on WMA/overdraft	1.36	8.16	23.35	15.32	12.08
28. Gross State Domestic Product (GSDP)	110167**	111599**	127191***	138285	146530
29. Outstanding Debt (year end)	31561	40007	45301	52572	62876
30. Outstanding guarantees (year end)	8842	12693	16219	18866	17473
31. Maximum Amount Guaranteed (Year end)	9403	13255	16781	19426	18032
32. Number of incomplete projects	26	65	67	70	80
33. Capital blocked in incomplete projects	108	310	319	315	279#

* Includes ways and means advances from GOI

**figures adopted as per information furnished by department

***figures of GSDP for 2003-04 has been worked out based on average growth during 1998-99 to 2002-03

#This amount does not include investment of Rs. 10733 crore in Narmada Project which is being funded through Sardar Sarovar Narmada Nigam Limited. a State Government Public Sector Undertaking vide comments in Para 1.8.2

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

APPENDIX – V

**List of Indices/Ratio and basis for their calculation
(Reference : Paragraph 1.4; Page 5)**

List of terms used in the Chapter-I and basis for their calculation	
Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1] * 100$
Trend/Average	Trend of growth over a period of 5 years (LOGEST (Amount of 1998-99: Amount of 2003-04)-1) *100
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth – Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts - all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt

APPENDIX -VI
Details with status of accounts submitted by Autonomous bodies to
State Legislature
(Reference: Paragraph 1.7.1(b); Page 14)

Sl. No.	Name of the Body	Period of entrustment of audit of Accounts to CAG	Year for which accounts Due	Year upto which accounts submitted	Year upto which Audit Report issued	Year upto which audit Report submitted to State Legislature	Reasons for non finalisation of Audit Reports.
1	Gujarat Municipal Finance Board	March-2009	2003-04	2002-03	2001-02	Pending for placement	Delayed due to submission of annual accounts and to audit queries
2.	Gujarat Maritime Board, Gandhinagar	March-2007	2003-04	2002-03	2001-02	11-9-2003	
3.	Gujarat Housing Board Ahmedabad	March-2008	2003-04	2002-03	2002-03	Pending for placement	
4.	Gujarat Slum Clearance Board	March-2008	2003-04	2001-02	2000-01	Pending for placement	
5.	Gujarat Rural Housing Board	March-2008	2003-04	2002-03	2002-03	10-6-2004	
6.	Gujarat State Legal Authority	--	1997-98 onwards	Not submitted	Nil	Nil	Non submission of accounts

APPENDIX - VII

Department wise/duration wise break-up of the cases of Misappropriation, defalcation etc. on which final action was pending at the end of September 2004
(Reference : Paragraph 1.7.2 ; Page 14).

(Figures in bracket indicate Rupees in lakh)

Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	Total No. of Cases.
01.	Port, Fisheries & Transport	04 (8.31)	---	---	---	---	01 (2.56)	05 (10.87)
02.	Agriculture, Co-op. & R.D.D.	02 (29.35)	03 (2.92)	01 (1.92)	---	01 (0.75)	---	07 (34.94)
03.	Information & Publicity	01 (14.48)	---	---	---	---	---	01 (14.48)
04.	Legal & A.J.	---	03 (3.34)	01 (0.86)	01 (0.16)	---	---	05 (4.36)
05.	Labour & Employment	06 (0.92)	---	---	---	---	---	06 (0.92)
06.	Education	07 (4.77)	1 (1.90)	---	---	---	---	08 (6.67)
07.	Industries, Mines & Power	02 (0.53)	1 (0.68)	---	---	---	---	03 (1.21)
08.	Health & Family Welfare	07 (3.68)	03 (1.86)	03 (1.11)	--	03 (11.93)	04 (0.70)	20 (19.28)
09.	Home Department	03 (16.02)	02 (0.37)	07 (5.28)	---	---	---	12 (21.67)
10.	Forest & Environment	03 (3.94)	01 (0.98)	05 (2.35)	01 (0.50)	01 (0.60)	---	11 (8.37)
11.	Food & Civil Supply	01 (0.49)	---	---	---	---	---	01 (0.49)
12.	Finance	---	---	01 (3.00)	---	01 (2.47)	---	02 (5.47)
13.	Revenue	---	---	02 (9.30)	01 (0.15)	01 (0.22)	8 (1.46)	12 (11.13)
14.	Sports & Culture Youth Services	01 (4.47)	---	---	---	---	---	01 (4.47)
15.	Tribal & Development	01 (134.98)	---	---	---	---	---	01 (134.98)
16.	Road & Buildings	01 (343.27)	02 (1.63)	05 (8.36)	--	--	01 (0.19)	09 (353.45)
17.	Narmada, Water Resources and Water Supply Department	03 (9.34)	--	08 (5.22)	05 (2.24)	04 (2.76)	15 (6.31)	35 (25.87)
18.	Urban Development & Urban Housing Department	02 (9.13)	--	--	--	--	--	02 (9.13)
19.	Land Revenue	02 (0.12)	06 (0.60)	03 (0.25)	04 (0.26)	08 (2.10)	12 (1.07)	35 (4.40)
	TOTAL	46 (583.80)	22 (14.28)	36 (37.65)	12 (3.31)	19 (20.83)	41 (12.29)	176 (672.16)

APPENDIX - VIII

Department/Category wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material and fire/accident at the end of September-2004.

(Reference : Paragraph 1.7.2 ; Page 14)

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Fire/Accident	
	Number of Cases	Amount (Rs. In lakh)	Number of Cases	Amount (Rs. in lakh)	Number of Cases	Amount (Rs. in lakh)
Port, Fisheries & Transport	2	3.53	3	7.34	---	---
Agriculture, Co-operation & Rural Development Department	1	1.21	6	33.73		
Information & Publicity	1	14.48	---	---		
Legal	1	0.05	4	4.31	---	---
Labour & Employment	6	0.92	---	---		
Education	5	3.64	3	3.03		
Industries, Mines & Power	2	0.53	1	0.68		
Health & Family Welfare	4	3.28	16	16.00		
Home Department	---	---	12	21.67		
Forest & Environment	---	---	11	8.37		
Food & Civil Supply	---	---	1	0.49		
Finance	---	---	2	5.47		
Revenue	---	---	12	11.13		
Sports & Culture Youth Services	---	---	1	4.47		
Tribal & Development	---	---	1	134.98		
Roads and Buildings	3	1.57	6	351.88		
Narmada, Water Resources and Water Supply	14	5.73	21	20.14		
Urban Development and Urban Housing Development	--	--	2	9.13		
Land Revenue	--	--	35	4.40	--	--
TOTAL	39	34.94	137	637.22	---	---

APPENDIX-IX

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

(Reference : Paragraph 1.8.2 ; Page 16)

(Rupees in crore)

Sl. No.	Name of undertaking	Investment upto 2003-04	Accumulated Losses	Year of Account
01.	Gujarat Agro Industries Corporation Ltd.	7.04	16.26	2002-03
02.	Gujarat State Land Development Corporation Ltd.	5.86	77.10	2001-02
03.	Gujarat State Handloom and Handicrafts Development Corporation Ltd.	10.23	22.14	2001-02
04.	Gujarat State Road Development Corporation Ltd.	6.00	2.91	2003-04
05.	Gujarat State Rural Development Corporation Ltd.	0.58	1.14	2002-03
06.	Gujarat Safai Kamdar Vikas Nigam Ltd.	1.15	0.12	2002-03
07.	Gujarat State Civil Supplies Corporation Ltd.	10.00	3.55	2002-03
08.	Tourism Corporation of Gujarat Ltd.	17.20	17.90	2002-03
09.	Gujarat Water Resources Development Corporation Ltd.	31.49	29.00	2003-04
10.	Gujarat Water infrastructure Ltd.	49.92	11.94	2002-03
11.	Gujarat Industrial Investment Corporation Ltd.	256.98	178.82	2002-03
12.	Gujarat Rural Industries Marketing Corporation Ltd.	9.17	0.81	2002-03
13.	The Film Development Corporation of Gujarat Ltd.	0.82	0.35	2002-03
14.	Gujarat informatics Ltd.	17.06	0.47	2002-03
15.	Gujarat Electricity Board	--	5427.22	2002-03
16.	Gujarat State Road Transport Corporation	484.68	1002.67	2002-03
17.	Gujarat State Financial Corporation	49.09	734.58	2003-04
18.	Gujarat State Warehousing Corporation	2.00	3.74	2002-03
19.	Gujarat Fisheries Development Corporation Ltd.	1.94	4.00	1998-99
20.	Gujarat Dairy Development Corporation Ltd.	10.46	149.64	2003-04
21.	Gujarat Small Industries Corporation Ltd.	3.79	60.07	2002-03
22.	Gujarat Communication and Electronics Ltd.	12.45	104.74	2001-02
23.	Gujarat Trans-Receivers Ltd.	--	5.70	2002-03
24.	Gujarat State Textile Corporation Ltd.	3.93 42.54	908.55	1996-97
25.	Gujarat State Construction Corporation Ltd.	5.00	29.17	2002-03
26.	Gujarat State Machine Tools Ltd.	--	3.13	2002-03
27.	Gujarat Leather Industries Ltd.	--	6.66	2001-02
	TOTAL	1039.38	8802.38	

APPENDIX – X
Substantial Savings in Grants/Appropriations
(Reference: Paragraph 2.3.1(ii); Page 26)

Sl. No.	Grants/Head of Account	Provision	Saving (per cent)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
1.	2-Agriculture			
	Revenue Plan State			
	2401-Crop Husbandry (104) (12) (10) Integrated farming under Agro vision-2010	5000.00	4000.00 (80)	Receipt of less demand from farmers
2.	2401-(110)(05)(04)/AGR-15 Implementation of National Agricultural Insurance Scheme	17557.22	5403.96 (30.78)	Reduction imposed by Finance Department.
3.	8 – Education			
	Revenue Plan (CSS)			
	2202 (106)(22)(22) Computer Education	3270.00	3269.32 (99.98)	Non finalisation of the Scheme Unit and its implementation
4.	2202 (106) (12) (21) Sarva Siksha Abhiyan	5000.00	2842.00 (56.84)	Less receipts of share from Government of India
5.	Revenue Plan (CSS)	15000.00	15000.00 (100)	Release of fund directly to (DPEP)District Primary Education programme by Government of India
	2202 (106) (12) (21) Sarva Siksha Abhiyan			
6.	Revenue Plan State			
	2202 (108) (01) (1) providing free text book to the students of primary school	2213.10	500.00 (22.59)	Non availability of fund and cuttings plan ceiling
7.	2202 (800) (09) (3) Construction of class room primary education	7728.00	3987.56 (51.60)	Reduction in plan ceiling
8.	2202 (110) (12) (12) EDN Teaching courses through Computer	1654.00	1636.00 (98.91)	Non receipt of approval from Government and slow progress of the project
9.	9-Other Expenditure pertaining to Education Department			
	Capital Non Plan State			
	7610 (201) (00) House Building Advance	875.00	663.54 (75.83)	Less numbers of application received
10.	7615 (200) (10) (3) Festival Advance	1350.00	1350.00 (100)	Non receipt of any demand
11.	7615 (200) (4) Advance for the purchase of Food grain	2100.00	2100.00 (100)	Due to Government Policy

Sl. No.	Grants/Head of Account	Provision	Saving (per cent)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
12.	13-Other Expenditure Pertaining to energy and petrochemical Department			
	Capital Plan State			
	4856 (190) (01) (1) Investment in Gujarat State Petro-Corporation Limited.	555.00	555.00 (100)	Non receipt of sanction from the Finance Department
13.	17-Pension & Other retirement benefit			
	Revenue Plan State			
	2071 (102) (00) (1) Commuted value of pensioners	18000.00	2032.86 (11.29)	Less expenditure as against anticipated expenditure specific reasons for saving have not been intimated.
14.	19-Repayment of debt pertaining to Finance Department and its servicing			
	Revenue Non Plan State			
	2049 (200) (16) (10) interest on loan received from Housing Development Finance Corporation Limited.	11311.80	7209.69 (63.73)	repayment of earlier loan
15.	2049(04)(104) (03) (2) Share of small savings collection	121634.00	25332.33 (20.83)	Reduction in interest burden because of debt Swap scheme.
16.	Capital Non Plan State			
	6003 (101)(04) (1) Repayment of Gujarat State Development old loan	20945.00	8765.14 (41.84)	Less requirement than anticipated
17.	6003(00)(110) (01) (1) Repayment of ways & means advances	994404.19	278293.24 (27.99)	Less amount of ways and means advance obtained during the year.
18.	34-Other Expenditure pertaining to General Administration Department			
	Revenue Non Plan State			
	2245 (102) (01) (1) Disaster Management Authority	66982.65	66472.65 (99)	Transfer of housing assistance and other works to plan side because of non receipt of fund from World Bank

Sl. No.	Grants/Head of Account	Provision	Saving (per cent)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
19.	Capital Voted Plan State	140746.33	77085.07 (54.77)	Non taking up the works by the concerned Department
	4250 (101) (01) (1) Assistance to Disaster Management Authority			
20	46-Other Expenditure pertaining to Home Department (CSS)	988.50	958.66 (96.98)	Slow progress of construction work
	Capital Voted Non Plan State			
	4216 (700) (01) (9) prison reform			
21.	49-Industries	3577.00	781.74 (21.85)	Non receipt of application from the units
	Revenue Voted Plan			
	2851 (102) (30) (16) Financial Assistance to industries			
22.	2851 (800) (02) (2) subsidies financial assistance to individual artisan through nationalised Bank	1900.00	781.88 (41.15)	Implementation of economic policy by the Government
23.	2852 (800) (26) (21) Establishment of convention cum exhibition centre	700.00	700.00 (100)	Non receipt of Administrative approval from Government
24.	2852 (800) (27) (22) Development of infrastructure facility	4500.00	1973.53 (43.86)	Non receipt of Administrative approval from Government
25.	2852 (800) (29) (24) Promotional efforts for industrial development	1150.00	883.76 (76.85)	Non receipt of Administrative approval from Government
26.	2852 (800) (31) (26) Development of Textile Industry	7055.00	5485.00 (77.74)	Non receipt of Administrative approval from the Government
27.	Capital Voted Plan State	1000.00	1000.00 (100)	Due to implementation of economic policy by the Government
	6885 (190) (02) (2) Share Capital Contribution to Gujarat State Financial Corporation			
28.	6885 (191) (09) (5) Investment for Gujarat infrastructure & equity fund	1222.00	1222.00 (100)	Due to implementation of economic policy by the Government
29.	51-Tourism	839.00	809.00 (96.42)	Non receipt of Administrative approval
	Revenue Non Plan CSS			
	3452 (800) (03) (1) Development of holiday home			

Sl. No.	Grants/Head of Account	Provision	Saving (per cent)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
30.	57-Labour & Employment			
	Revenue Voted Plan State			
	2230 (800) (07) (4) to provide employment opportunities	6001.00	6001.00 (100)	Transfer of scheme to Panchayat Rural housing & Rural Development Department by the Government
31.	2230 (101) (06) (1) Craftsmen trainee scheme Government Industrial training institute	2226.00	587.76 (26.40)	Vacant post & non payment of bonus & festival advance
32.	65-Narmada Development Scheme			
	Capital Voted Plan State			
	4701 (190) (21) share capital contribution of Sardar Sarovar Narmada Nigam Limited	85897.21	13635.21 (15.87)	Non-receipt of the share from the beneficiary states
33.	4701 (190) (41) Share capital contribution to Sardar Sarovar Narmada Nigam Limited	83491.51	27529.34 (32.97)	Non-receipt of the share from the beneficiary states
34.	65-Narmada Development Scheme			
	Capital Voted Plan State			
	4801 (190) (31) Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited	22609.78	21808.39 (96.46)	Non receipt of the share from the other beneficiary state
35.	66-Narmada Water Resources and Water Supply Department			
	Capital Voted Plan State			
	4701 (713) (80) other Expenditure	535.00	535.00 (100)	Less requirement by the department
36.	68-Other Expenditure pertaining to Narmada Water Resources and Water Supply Department			
	Capital Voted Non Plan State			
	7610 (201) (01) (1) loans to Govt. Servant for House Building	1330.00	751.32 (56.49)	Non production of required documents by the employees
37.	70-Community Development			
	Revenue Voted Non Plan State			
	2515 (101) (04) (3) Grants in aid for salaries & training of Village Panchayats Secretary including Village accountant	10900.00	1696.01 (15.56)	Less receipt of the demand from the district Panchayat

Sl. No.	Grants/Head of Account	Provision	Saving (per cent)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
38.	71-Rural Housing & Rural Development Department			
	Revenue Voted Plan State			
	2216 (102) (16) (4) Assistance for the construction of houses for house Sites allotted Sardar Patel Avas Yojana under Poverty alleviation programme	13630.00	4812.99 (35.31)	Less Expenditure by District Panchayat
39.	Revenue Voted CSS			
	2216 (800) (16) (1) Indira Avas Yojana	13350.00	13350.00 (100)	Release of Central assistance directly to the district rural development agency by the Government of India
40.	Revenue Voted PCSS			
	2501 (800) (01) (1) planning & Development of Water Shed Project under draught prone area programme	3840.00	3829.50 (99.73)	Release of Central assistance directly to the district rural development agency by the Government of India
41.	2501 (800) (05) (3) Desert development programme	2250.00	2250.00 (100)	Release of Central assistance directly to the district rural development agency by the Government of India
42.	Revenue Voted Non-Plan State			
	2501 (800) (06) (4) integrated waste land development programme – EAS water shed project	3252.00	3252.00 (100)	Release of Central assistance directly to the district rural development agency by the Government of India
43.	Revenue Voted PCSS			
	2501 (800) (13) (1) planning & water shed project under desert development programme.	2400.00	2400.00 (100)	Release of Central assistance directly to the district rural development agency by the Government of India
44.	Revenue Voted Non-Plan State			
	2501 (001) (03) (3) District Rural Development Agencies Administration	1200.00	1200.00 (100)	Release of Central assistance directly to the district rural development agency by the Government of India

Sl. No.	Grants/Head of Account	Provision	Saving (per cent)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
45.	2501 (101) (03) (3) Suvarna Jayanti Gram Swarozgar Yojana	2700.00	2700.00 (100)	Release of Central assistance directly to the district rural development agency by the Government of India
46.	2505 (702) (06) (3) Sampurna Gramin Yojana	7500.00	7383.22 (98.44)	Release of Central assistance directly to the district rural development agency by the Government of India
47.	2505 (800) (L) Pradhan Mantri Gram Sadak Yojana	7220	7220 (100)	Release of Central assistance directly to the district rural development agency by the Government of India
48.	79- Relief on account of Natural Calamities			
	Revenue Voted Non Plan State			
	2245(102)(06)(6) Emergency Supply of Drinking Water only for meeting requirements additional to on going plan Scheme viz. Arwsp	15000.00	9749.01 (64.99)	Uncertain nature of Expenditure
49.	2245(104)(02)(2) Subsidy to Panjarapole Gaushalas	5000.00	1981.38 (39.63)	Uncertain nature of Expenditure
50.	84-Non-Residential Buildings			
	Revenue Voted Non-Plan State			
	2059 (53) (12) Other maintenance expenditure (Material & others) (Repairs to non-residential building)	3920.00	1381.48 (35.24)	Reduction imposed in revised estimates and receipt of less requirement from field offices.
51.	Capital Voted Non-Plan State			
	4059 (051) (42) Buildings	1060.27	695.59 (65.60)	Reduction imposed in revised estimates and receipt of less requirement from field offices.
52.	Capital Voted Plan State			
	4210 (03)(105)(42) Buildings	719.00	542.06 (75.39)	Reduction imposed in revised estimates and receipt of less requirement from field offices.
53.	4250 (203) (42) Buildings	996.55	839.14 (84.20)	Reduction imposed in revised estimates and receipt of less requirement from field offices.

Sl. No.	Grants/Head of Account	Provision	Saving (per cent)	Contributing reasons as stated by Government/ Department
		(Rupees in lakh)		
54.	85-Residential Buildings			
	Revenue Voted Non-Plan State			
	2216 (800) (84) Maintenance and Repairs	5480.00	853.23 (15.57)	Reduction imposed in revised estimates and receipt of less requirement from Field offices.
55.	86-Roads and Bridges			
	Capital Voted Plan State			
	5054 (337) (11) original works	49104.13	5672.20 (11.55)	Receipt of delayed approval by the Government of India
56.	87-Gujarat Capital Construction Scheme			
	Capital Voted Plan State			
	4217 (800) (42) Buildings	2045.17	1379.32 (67.44)	Non-receipt of Administrative approval
57.	95-Social Justice and Empowerment Department			
	Revenue Voted Plan State			
	2216 (800) (14) Assistance for construction of Houses in the House sites allotted in for poverty alleviation programme (Sardar Patel Awas Yojana)	1910.00	850.71 (44.54)	Occurrence of less expenditure than anticipated
58.	2225 (102) (28) (11) Financial Assistance for Rehabilitation of scavengers and their Dependents	1450.00	781.45 (53.87)	Less Number of beneficiaries
59.	2225 (277) (43) (30) Free – Bicycles to Boys & Girls students, under the scheme Saraswati Sadhana Yojna	1200.00	1043.64 (86.97)	Modification of the scheme by the Government.
60.	101-Urban Housing			
	Revenue Voted Plan State			
	2216 (191) (01) (4) under the point programme of Chief Minister and auspices of 50 th Golden Jubilee year of independent Government have planned to implement as scheme to provide plots/House for E.W.S of S	1000.00	1000.00 (100)	Non-implementation of the programme on account of declaration of VAMBAY project for constructing EWS houses by the Central Government.
61.	103-Compensation Assignment and Tax Collection Charges.			
	Revenue Voted Non Plan State			
	2202 (800) (05) (1) Assistance to local bodies for primary Education	7200.00	1227.73 (17.05)	Acceptance of revised estimates finalised by Finance Department
	Grand Total		670032.61	

APPENDIX-XI
Statement showing cases where saving remained un-surrendered
(Reference :Paragraph 2.3.1(iii) ; Page 26)

(Rupees in crore)

Sl. No.	Grant/Appropriation	Saving	Amount surrendered
	Revenue (Charged)		
1.	86-Roads and Bridges	1.28	--
2.	96- Tribal Area Sub Plan	1.10	--
	Total	2.38	--

APPENDIX - XII
Anticipated savings not surrendered
(Reference : Paragraph 2.3.1(iii); Page 26)

(Rupees in crore)

Sl. No.	Grant/appropriation	Amount of saving	Amount surrendered	Amount not surrendered	Percentage not surrendered
	Revenue (Voted)				
1.	2 - Agriculture	108.43	104.32	4.11	4
2.	60 - Administration of Justice	3.51	2.32	1.19	34
3.	66 - Irrigation and Soil Conservation	1748.22	11.51	1736.71	99
4.	70 - Community Development	23.41	22.28	1.13	5
5.	84 - Non Residential Buildings	11.27	9.90	1.37	12
6.	85 - Residential Buildings	12.81	9.72	3.09	24
7.	95 - Special Component Plan for Scheduled Castes	63.72	58.06	5.66	9
8.	106 - Other Expenditure pertaining to Women and Child Development Department	19.74	15.52	4.22	21
	Capital (Voted)				
9.	5 - Co-operation	5.69	0.50	5.19	91
10.	09 - Other Expenditure pertaining to Education Department	41.58	40.13	1.45	3
11.	68 - Other Expenditure pertaining to Narmada Water Resources and Water Supply Department	8.46	3.16	5.30	63
12.	86 - Roads and Buildings	68.82	65.30	3.52	5
	Grand Total	2115.66	342.72	1772.94	

APPENDIX – XIII
Statement showing the excess over Grant/Appropriation requiring
regularisation

(Reference :Paragraph 2.3.3; Page 28)

(In Rupees)

Sl. No.	No. and Name of Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess
	Revenue (Voted)			
1.	04-Animal Husbandry and Dairy Development	639869000	646101000	6232000
2.	08-Education	38660141000	39118974000	458833000
3.	09-Other Expenditure pertaining to Education Department	11380000	12872000	1492000
4.	17-Pensions and other retirement benefits	13074900000	13129122000	54222000
5.	22-Food	126150000	129743000	3593000
6.	40-Other expenditure pertaining to Health & Family Welfare Department	1350000	1401000	51000
7.	41-Home Department	46885000	48238000	1353000
8.	42-Police	7937635000	8028613000	90978000
9.	55-Other Expenditure pertaining to Information and Broadcasting Department	20840000	22001000	1161000
10.	59-Legal Department	21346000	23143000	1797000
11.	64-Narmada, Water Resources and Water Supply Department	52615000	52707000	92000
12.	69-Panchayats, Rural Housing and Rural Development	28660000	29328000	668000
13.	73-Other Expenditure pertaining to Panchayats Rural Housing and Rural Development Department	944889000	1185164000	240275000
14.	78-District Administration	777724000	814920000	37196000
15.	80-Dangs District	194766000	200029000	5263000
16.	86-Roads and Bridges	4968762000	5974184000	1005422000
17.	91-Social Justice and Empowerment Department	21460000	21888000	428000
18.	105-Women and Child Development Department	5780000	5905000	125000
	Revenue (Charged)			
19.	19-Repayment of Debt pertaining to Finance Department and its servicing	52843822000	54563932000	1720110000
20.	60-Administration of Justice	159520000	180215000	20695000
21.	68-Other Expenditure pertaining to Narmada, Water Resources and Water Supply Department	40249000	47457000	7208000
22.	84-Non Residential Building	2030000	2727000	697000
	Capital (Voted)			
23.	12-Energy Projects	19859525000	20005048000	145523000
24.	49-Industries	235553000	243015000	7462000
25.	66-Irrigation and Soil Conservation	3070765000	3248756000	177991000
26.	67-Water Supply	3673700000	3697400000	23700000
	Total	147420316000	151432883000	4012567000

APPENDIX – XIV
Cases of unnecessary Supplementary Grants/Appropriations
(Reference: Paragraph 2.3.5; Page 29)

(Rupees in crore)

Sl. No.	Grant/Appropriation	Original grant	Supplementary grant	Expenditure	Saving
	Revenue (Voted)				
1.	7 - Education Department	2.92	0.04	2.90	0.06
2.	66 - Irrigation and Soil Conservation	2045.70	1.50	298.98	1748.22
3.	71 - Rural Housing and Rural Development Department	747.36	80.68	344.55	483.49
4.	95 - Special Component Plan for Schedule Caste	297.67	5.21	239.16	63.72
5.	96 - Tribal Area Sub-Plan	831.28	50.80	855.11	26.97
6.	101 - Urban Housing	11.04	0.35	0.39	11.00
7.	106 - Other Expenditure pertaining to Women and Child Development Department	190.71	13.06	184.03	19.74
	Capital (Voted)				
8.	84 - Non Residential Buildings	99.35	0.20	38.29	61.26
9.	87 - Gujarat Capital Construction Scheme	26.23	0.33	9.13	17.43
10.	96 - Tribal Area Sub Plan	126.13	0.30	124.50	1.93
	TOTAL	4378.39	152.47	2097.04	2433.82

APPENDIX - XV
Excessive Supplementary Grants
(Reference: Paragraph 2.3.5; Page 29)

(Rupees in crore)

Sl. No.	Grant/Appropriation	Original provision	Supplemen-tary provision	Total provision	Expendi-ture	Saving
	Revenue (Voted)					
1.	12 - Energy Projects	1777.73	759.19	2536.92	2459.82	77.10
2.	30 - Election	16.99	10.32	27.31	25.01	2.30
3.	38 - Medical and Public Health	702.58	9.74	712.32	709.06	3.26
4.	44 - Transport	189.06	19.58	208.64	207.16	1.48
5.	54 - Information and Publicity	25.68	2.59	28.27	26.32	1.95
6.	60 - Administration of Justice	110.00	4.81	114.81	111.31	3.50
7.	65 - Narmada Development Scheme	737.95	1315.05	2053.00	1767.06	285.94
8.	76 - Revenue Department	7.43	0.13	7.56	6.94	0.62
9.	77 - Tax Collection charges	53.13	3.27	56.40	54.57	1.83
10.	88 - Other Expenditure pertaining to Roads and Buildings Department	11.27	0.73	12.00	11.89	0.11
11.	93 - Social Justice and Empowerment Department	65.07	15.22	80.29	73.04	7.25
12.	98 - Youth Services and Cultural activities	25.17	8.68	33.85	32.55	1.30
13.	102 - Urban Development	372.13	51.06	423.19	401.21	21.98
	Capital (Charged)					
14.	19 - Repayment of debt pertaining to Finance Department	2364.36	12738.94	15103.30	12556.50	2546.80
15.	Capital (Voted)					
	102 - Urban Development	1.01	13.03	14.04	13.03	1.01
	Total	6459.56	14952.34	21411.90	18455.47	2956.43

APPENDIX - XVI
Statement showing cases where supplementary provision was inadequate
(Reference: Paragraph 2.3.5; Page 29)

(Rupees in crore)

Sl. No.	Grant/Appropriation	Original provision	Supplementary provision	Total Grant/Appropriation	Expenditure	Excess
	Revenue (Voted)					
1.	4 - Animal Husbandry and Dairy Development	59.22	4.77	63.99	64.61	0.62
2.	19 - Repayment of debt pertaining to Finance Department and its servicing	5200.11	84.28	5284.39	5456.39	172.00
3.	22 - Food	11.55	1.07	12.62	12.97	0.35
4.	41 - Home Department	4.56	0.13	4.69	4.82	0.13
5.	42 - Police	740.25	53.51	793.76	802.86	9.10
6.	68 - Other Expenditure pertaining to Narmada, Water Resources and Water Supply Department	0	4.02	4.02	4.74	0.72
7.	69 - Panchayat Rural Housing and Rural Development Department	02.71	0.15	2.86	2.93	0.07
8.	73 - Other Expenditure pertaining to Panchayat Rural Housing and Rural Development Department	77.33	17.16	94.49	118.52	24.03
9.	78 - District Administration	46.15	31.62	77.77	81.49	3.72
10.	80 - Dangs District	17.67	1.80	19.47	20.00	0.53
11.	86 - Roads and Bridges	484.88	12.00	496.88	597.42	100.54
	Revenue (Charged)					
12.	60 - Administration of Justice	14.62	1.33	15.95	18.02	2.07
	Capital (Voted)					
13.	12 - Energy Projects	492.13	1493.82	1985.95	2000.50	14.55
14.	67 - Water Supply	360.07	7.30	367.37	369.74	2.37
	Total	7511.25	1712.96	9224.21	9555.01	330.80

APPENDIX – XVII
Cases of re-appropriation under which the expenditure finally showed
excess over the balance provision
(Reference: Paragraph 2.3.7; Page 29)

(Rupees in crore)

Sl. No.	Grant Number	Head of Account	Provision (Original plus Supplementary)	Reappropriation	Final Grant/Appropriation	Actual expenditure	Excess
	Revenue						
1.	19	2049(01)(200)(01)(1)	25.00	-15.05	9.95	32.12	22.17
2.	19	2049(01)(200)(03)(3)	1.40	-0.34	1.06	85.30	84.24
3.	19	2049(01)(200)(11)(8)	2.47	-1.43	1.04	21.48	20.44
4.	19	2049(01)(305)(02)(2)	1.20	-0.35	0.85	1.98	1.13
5.	34	2515(00)(102)(10)(4)	2.39	-0.49	1.90	3.68	1.78
6.	42	2055(00)(109)(02)(2)	136.02	-9.52	126.50	137.40	10.90
7.	42	2055(00)(111)(01)(1)	19.67	-1.67	18.00	20.06	2.06
8.	66	2701(80)(001)(01)	2.18	-0.18	2.00	5.96	3.96
9.	79	2245(01)(104)(01)	60.00	-39.43	20.57	23.29	2.72
10.	86	3054(80)(001)(05)	37.99	-3.36	34.63	77.58	42.95
11.	89	2052(00)(090)(01)	25.55	-5.85	19.70	24.45	4.75
	Capital						
12.	46	4055(00)(211)(01)(1)	11.81	-2.50	9.31	22.66	13.35
13.	65	4701(80)(190)(11)	129.45	-63.32	66.13	472.46	406.33
14.	66	4701(80)(001)(78) Plan	25.65	-2.07	23.59	28.35	4.76
15.	66	4711(03)(001)(02) Plan	7.08	-0.61	6.47	7.76	1.29
16.	66	4702(00)(101)	127.93	-20.15	107.78	114.97	7.19
17.	84	4059(01)(051)(42)	30.62	-17.39	13.22	14.98	1.76
18.	86	5054(03)(337)(11)	85.66	-18.83	66.83	75.23	8.40

APPENDIX – XVIII
Significant cases of major re-appropriation which were injudicious on
account of non-utilisation
(Reference: Paragraph 2.3.7; Page 29)

(Rupees in crore)

Sl. No.	Grant Number	Head of Account	Provision (Original plus Supplementary)	Reappropriation	Final Grant/Appropriation	Actual expenditure	Saving
	Revenue						
1.	19	2049(01)(101)(44)(34)	119.98	+18.48	138.46	69.22	69.24
2.	19	2049(01)(200)(14)(9)	71.72	+12.79	84.51	0.27	84.24
3.	42	2055(00)(115)(01)(1)	10.06	+10.00	20.06	11.25	8.81
	Capital						
4.	66	4701(03)(539)(43)	1.00	+0.90	1.90	0.01	1.89

APPENDIX – XIX
Amount surrendered during March 2004
(Reference: Paragraph 2.3.8; Page 30)

(Rupees in crore)

Sl. No.	Grant No and Name	Grant/ Appropriation	Amount Surrendered
1.	1-Agriculture and Co-operation Department	Revenue (Voted)	0.07
2.	2-Agriculture	Revenue (Voted)	104.32
3.	3-Minor irrigation Soil Conservation and Area Development	Revenue (Voted)	0.13
4.	4-Animal Husbandry and Dairy Development	Revenue (Voted)	0.12
5.	5-Co-operation	Revenue (Voted)	2.95
		Capital (Voted)	0.50
6.	6-Other Expenditure pertaining to agriculture and Co-operation Department	Capital Voted	6.44
7.	8-Education	Revenue (Voted)	183.10
		Revenue (Charged)	4.55
8.	9-Other Expenditure pertaining to education Department	Revenue (Voted)	0.05
		Capital (Voted)	40.13
9.	10-Energy and Petro-Chemicals Department	Revenue Voted	0.08
10.	11-Tax Collection Charges (Energy & Petro-chemical Department)	Revenue (Voted)	0.91
11.	12-Energy Projects	Revenue (Voted)	133.80
		Revenue (Charged)	0.94
		Capital (Voted)	2.06
12.	13-Other Expenditure pertaining to Energy and Petro-Chemicals Department	Revenue (Voted)	0.15
		Capital (Voted)	5.70
13.	14-Finance Department	Revenue (Voted)	1.16
		Capital (Voted)	0.01
14	15-Tax Collection charges (Finance Department)	Revenue (Voted)	0.52
15.	16-Treasury and Accounts Administration Department	Revenue (Voted)	1.84
16.	17-Pensions & other retirement benefits	Revenue (Voted)	0.33
17.	18-Other Expenditure pertaining to Finance Department	Revenue (Voted)	81.58
		Capital (Voted)	2.39
		Capital (Charged)	0.01
18.	19-Repayment of debt pertaining to Finance Department and its servicing	Capital (Charged)	2839.85
19.	20-Food Civil Supply and Consumer Affairs Department	Revenue (Voted)	0.18
20.	21-Civil Supplies	Revenue (Voted)	0.53
21.	22-Food	Revenue (Voted)	0.01
		Capital (Voted)	0.01
22.	23-Other Expenditure pertaining to Food, Civil Supplies and Consumer Affairs Department	Capital (Voted)	0.13
23.	24-Forest and Environment Department	Revenue (Voted)	0.33

Sl. No.	Grant No and Name	Grant/ Appropriation	Amount Surrendered
24.	25-Forest	Revenue (Voted)	8.21
		Capital (Voted)	3.99
25.	26-Environment	Revenue (Voted)	4.11
26.	27-Other Expenditure pertaining to Forest and Environment Department	Capital (Voted)	0.35
27.	28-Governor	Revenue (Charged)	0.37
28.	29-Council of Ministers	Revenue (Voted)	1.65
29.	30-Elections	Revenue (Voted)	1.98
30.	31- Public Service Commission	Revenue (Voted)	0.04
		Revenue (Charged)	0.13
31.	32-General/Administration Department	Revenue (Voted)	6.56
32.	33-Economic Advice and statistics	Revenue (Voted)	0.77
33.	34-Other Expenditure pertaining to General Administration Department	Revenue (Voted)	675.73
		Revenue (Charged)	0.01
		Capital (Voted)	772.73
34.	35-State Legislature	Revenue (Voted)	1.72
		Revenue (Charged)	0.06
35.	36-Loans and Advances to Government Servants in Gujarat Legislature Secretariats	Capital (Voted)	0.12
36.	37-Health & Family Wel Fare Department	Revenue (Voted)	0.20
37.	38-Medical & Public Health	Revenue (Voted)	24.05
38.	39-Family Welfare	Revenue (Voted)	4.23
39.	40-Other Expenditure pertaining to Health & Family Welfare Department	Capital (Voted)	1.41
40.	43-Jail	Revenue (Voted)	1.51
41.	44-Transport	Revenue (Voted)	3.11
42.	45-State Excise	Revenue (Voted)	0.37
43.	46- Other Expenditure pertaining to Home Department	Revenue (Voted)	5.46
		Capital (Voted)	10.75
44.	47-Industries & Mines Department	Revenue (Voted)	1.95
45.	48-Stationery & Printing	Revenue (Voted)	3.25
46.	49-Industries	Revenue (Voted)	171.08
47.	50-Mines & Minerals	Revenue (Voted)	4.70
48.	51-Tourism	Revenue (Voted)	11.87
49.	52-Other Expenditure pertaining to Industries Mines Department	Revenue (Voted)	1.57
		Capital (Voted)	3.96
50.	53-Information & Broadcasting Department	Revenue (Voted)	0.08
51.	54-Information & Publicity	Revenue (Voted)	1.95
52.	55-Other expenditure pertaining to information & Broadcasting Department	Capital (Voted)	0.48
53.	56-Labour & Employment Department	Revenue (Voted)	0.55
54.	57-Labour & Employment	Revenue (Voted)	65.92

Sl. No.	Grant No and Name	Grant/ Appropriation	Amount Surrendered
55.	58-Other expenditure pertaining to Labour & Employment Department	Capital (Voted)	2.47
56.	60-Administration of Justice	Revenue (Voted)	2.32
57.	61-Other expenditure to legal Department	Capital (Voted)	0.56
58.	62-Legislative Parliamentary Affairs Department	Revenue (Voted)	0.21
59.	63-Other expenditure pertaining to Legislative and Parliamentary Affairs Department	Capital (Voted)	0.03
60.	65-Narmada Development Scheme	Capital (Voted)	692.91
61.	66-Irrigation & Soil Conservation	Revenue (Voted)	11.51
62.	68-Other Expenditure pertaining to Narmada Water Resources and Water Supply Department	Capital (Voted)	3.16
63.	69-Panchayats, Rural Housing and Rural Development Department	Revenue (Voted)	0.05
64.	70-Community Development	Revenue (Voted)	22.28
65.	71-Rural Housing & Rural Development Department	Revenue (Voted)	483.49
		Capital (Voted)	2.03
66.	73-Other expenditure pertaining to Panchayat Rural Housing & Rural Development Department	Capital (Voted)	10.50
67.	74- Fisheries Department	Revenue (Voted)	1.79
		Capital (Voted)	3.85
68.	75-Other Expenditure pertaining to Ports & Fisheries	Revenue (Voted)	0.07
		Capital (Voted)	0.01
69.	76-Revenue Department	Revenue (Voted)	0.15
70.	77-Tax Collection Charges (Revenue Department)	Revenue (Voted)	2.17
71.	79-Relief on account of Natural Calamities	Revenue (Voted)	162.69
72.	81-Compensation and Assignments	Revenue (Voted)	0.04
		Revenue (Charged)	0.03
		Capital (Voted)	1.61
		Capital (Charged)	0.02
73.	82-Other expenditure pertaining to Revenue Department	Revenue (Voted)	0.04
		Capital (Voted)	0.95
74.	83-Roads & Building Department	Revenue (Voted)	2.08
75.	84- Non-Residential Buildings	Revenue (Voted)	9.90
		Capital (Voted)	60.25
76.	85-Residential Buildings	Revenue (Voted)	9.72
		Capital (Voted)	11.02
77.	86- Roads & Bridges	Revenue (Voted)	4.24
		Capital (Voted)	65.30
78.	87-Gujarat Capital Construction Scheme	Revenue (Voted)	0.73
		Capital (Voted)	17.15

Sl. No.	Grant No and Name	Grant/ Appropriation	Amount Surrendered
79.	88-Other Expenditure pertaining to Roads & Buildings Department	Revenue (Voted)	0.14
		Capital (Voted)	3.94
80	89-Science & Technology Department	Revenue (Voted)	7.86
81.	90-Other Expenditure pertaining to Science & Technology Department	Revenue (Voted)	0.24
		Capital (Voted)	5.49
82.	91-Social Justice & Empowerment Department	Revenue (Voted)	0.02
83	92- Social Security & Welfare	Revenue (Voted)	0.06
		Capital (Voted)	0.22
84.	93- Social Justice & Empowerment Department	Revenue (Voted)	7.45
		Capital (Voted)	0.55
85.	94-Other Expenditure pertaining to Social Justice & Empowerment	Capital (Voted)	0.47
86.	95-Special Component Plan for Scheduled Castes	Revenue (Voted)	58.06
		Capital (Voted)	2.68
87	96-Tribal Area Sub-Plan	Revenue (Voted)	50.92
		Capital (Voted)	12.75
88.	97-Sports, Youth & Cultural Activities Department	Revenue (Voted)	0.16
89.	98-Youth Service & Cultural Activities	Revenue (Voted)	1.40
90.	99-Other Expenditure pertaining to Sports, Youth and Cultural Activities Department	Capital (Voted)	0.06
91.	100-Urban Development & Urban Housing Department	Revenue (Voted)	0.16
92.	101-Urban Housing	Revenue (Voted)	11.00
		Revenue (Charged)	7.61
93.	102-Urban Development	Revenue (Voted)	26.19
		Capital (Voted)	1.01
94.	103-Compensation, Assignment and Tax Collection Charges	Revenue (Voted)	12.00
95.	104-Urban Development & Urban Housing Department	Revenue (Voted)	0.05
		Capital (Voted)	0.69
96.	106-Other Expenditure pertaining to Women and Child Development Department	Revenue (Voted)	15.52
		Capital (Voted)	0.10
Grand Total			7023.99

APPENDIX – XX
Statement showing flow of expenditure during the four
quarters of 2003-2004
(Reference : Paragraph 2.6; Page 30)

(Rupees in crore)

Sl. No.	Head of Account	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March 2004	Percentage as expenditure in March 2004 to total expenditure of 2003-04
	Revenue							
1.	2015 Election	1.88	4.71	4.77	13.63	24.99	9.81	39%
2.	2020 Collection of Taxes on Income and Expenditure	0.00	0.06	0.06	0.13	0.25	0.08	33%
3.	2048 Appropriation for reduction or avoidance of debt	0.00	0.00	0.00	70.00	70.00	70.00	100%
4.	2049 Interest payments	420.23	1029.44	1620.13	2735.05	5804.85	1839.00	32%
5.	2075 Miscellaneous General Services	0.10	0.24	4.60	130.14	135.08	129.91	96%
6.	2204 Sports and Youth Services	2.35	3.74	5.75	11.41	23.25	8.10	35%
7.	2205 Art and Culture	2.39	3.01	3.37	13.90	22.67	11.39	50%
8.	2220 Information and Publicity	2.82	4.05	6.97	13.56	27.40	9.01	33%
9.	2225 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	34.31	91.09	126.17	251.05	502.62	168.11	33%
10.	2236 Nutrition	37.12	44.64	73.55	178.45	333.76	129.45	39%
11.	2401 Crop Husbandry	13.49	21.27	30.28	210.52	275.56	171.34	62%
12.	2402 Soil and Water Conservation	0.26	1.77	18.92	32.30	53.25	24.78	47%
13.	2404 Dairy Developments	0.05	0.06	0.16	0.98	1.25	0.86	69%
14.	2405 Fisheries	3.43	4.48	7.00	22.73	37.64	15.46	41%
15.	2515 Other Rural Development Programme	21.23	72.11	90.05	253.63	437.02	175.02	40%
16.	2711 Flood Control and Drainage	0.35	0.50	0.54	1.72	3.11	1.35	43%
17.	2801 Power	623.19	386.78	405.35	1145.49	2560.81	1002.61	39%
18.	2810 Non Conventional sources of energy	0.00	0.00	0.11	0.81	0.92	0.81	88%
19.	2851 Village and Small Industries	6.85	13.56	21.90	47.55	89.86	28.82	32%
20.	2852 Industries	1.09	5.87	42.63	28.63	78.22	26.37	34%
21.	2853 Non ferrous Mining and Metallurgical Industries	1.73	1.97	3.58	7.34	14.62	4.66	32%
22.	3051 Ports and Light House	0.00	0.00	0.00	0.20	0.20	0.20	100%
23.	3054 Roads and Bridges	65.37	78.49	101.55	338.40	583.81	271.19	46%
24.	3425 Other Scientific Research	5.55	3.17	4.23	14.94	27.89	12.45	45%
25.	3435 Ecology and Environment	0.00	0.03	0.28	0.17	0.48	0.17	35%
26.	3452 Tourism	0.39	4.03	3.22	7.75	15.39	5.85	38%

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

Sl. No.	Head of Account	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March 2004	Percentage as expenditure in March 2004 to total expenditure of 2003-04
27.	3456 Civil Supplies	9.02	37.52	25.26	107.61	179.41	77.87	43%
28.	3604 Compensations and Assignments to Local bodies and Panchayati Raj Institutions	5.67	20.83	18.09	55.39	99.98	37.89	38%
	Capital							
29.	4055 Capital outlay on Police	0.00	0.00	10.67	20.55	31.22	15.73	50%
30.	4059 Capital outlay on Public works	0.30	0.11	5.26	13.49	19.16	9.53	50%
31.	4202 Capital outlay on Education, Sports, Art and Culture	0.63	1.67	1.64	5.58	9.52	3.44	36%
32.	4210 Capital outlay on Medical and Pubic Health	0.10	1.39	1.94	4.72	8.15	3.28	40%
33.	4217 Capital outlay on Urban Development	0.06	5.09	0.91	7.74	13.80	5.17	37%
34.	4225 Capital outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.48	0.00	1.82	3.20	5.50	2.57	47%
35.	4236 Capital outlay on Nutrition	0.00	0.00	0.00	6.00	6.00	5.02	84%
36.	4250 Capital outlay on Other Social Services	114.38	0.04	23.87	360.67	498.96	229.38	46%
37.	4405 Capital outlay on fisheries	-0.01	0.08	-0.01	61.14	61.20	45.06	74%
38.	4575 Capital outlay on Other Special Area Programme	0.00	0.00	0.70	0.85	1.55	0.85	55%
39.	5053 Capital outlay on Civil Activation	0.41	-0.20	0.40	1.50	2.11	1.05	50%
40.	5055 Capital outlay on Road Transport	2.67	2.68	1.35	13.41	20.11	12.06	60%
	Total	1377.89	1844.28	2667.07	6192.33	12081.57	4565.70	

APPENDIX – XXI
Unusual Excess Over Budget Grant
(Reference :Paragraph 2.7; Page 30)

(Rupees in crore)

Sl. No.	Name of the Grants/Head of Accounts	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department.
1.	8-Education Revenue Non Plan State	95.00	113.97 (119.96)	Reasons were not intimated
	2071-Pension and Other retirement benefit (101)(03)(1) Superannuation and retirement allowances to Primary Panchayat Teachers			
2.	(105)(01) (1) Family Pension to Primary Panchayats Teachers	8.00	21.07 (263.38)	Reasons were not intimated
3.	2202- General (106)(01)(1) Practicing Schools	1.02	2.42 (237)	To meet the expenditure of practicing schools
4.	(110)(07)(7) Higher Secondary Schools	206.28	37.75 (18.30)	Reasons were not intimated
5.	2204- Partially Centrally Sponsored Scheme (102)(01)(1) Introduction of National Services Scheme	2.54	1.12 (44.09)	Reasons were not intimated
	12-Energy Project Capital Non Plan State			
6.	6801-Loan for Power Project (202)(55)(6) Loans to Gujarat Electricity Board for purchase of Neptha base power.	Nil	75.00 (100)	Reasons were not intimated
7.	(800)(01)(1) Loans to Gujarat Electricity Board for Central Public Sector Undertaking bonds as one time settlements of Gujarat Electricity Board's dues	1214.12	414.59 (34.15)	Reasons were not intimated
	18-Other Expenditure Pertaining to Finance Department			
	Revenue Voted Non Plan State			
8.	2075- Miscellaneous General Services (104)(01)(1) - Deposit linked insurance scheme for subscriber to Provident Fund	4.00	1.75 (44)	Reasons were not intimated
	19- Repayment of debt pertaining to Finance Department and its Servicing			
	2049- Interest Payment			
9.	(101)(01)(1) Interest on loan in course of discharge	0.20	16.18 (8090)	Reasons were not intimated
10.	(101)(17)(12) 11 ½% Gujarat State Development Loan 2008	10.63	11.67 (109.78)	Reasons were not intimated
11.	(101)(18)(13) 11 ½% Gujarat State Development Loan 2009	11.45	3.01 (26.28)	Reasons were not intimated
12.	(101)(19)(14) 11 ½% Gujarat State Development Loan 2010	9.69	6.95 (71.72)	Reasons were not intimated
13.	(101)(20)(11) 13% Gujarat State Development Loan 2007	17.11	2.31 (13.51)	Reasons were not intimated
14.	(101) (21) (16) 12% Gujarat State Development Loan 2011	7.33	12.25 (167.12)	Reasons were not intimated

Sl. No.	Name of the Grants/Head of Accounts	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department.
15.	(101)(25) (10) 13 ½% Gujarat State Development Loan 2003	4.54	23.95 (527.53)	Reasons were not intimated
16.	(101) (28) (19) 13.75% Gujarat State Development Loan 2007	21.53	85.72 (398.14)	Reasons were not intimated
17.	(101)(30)(21) 12.30% of Gujarat State Development Loan 2007	8.45	8.68 (102.72)	Reasons were not intimated
18.	(101)(34)(24) 11.85% Gujarat State Development Loan 2009	9.49	72.72 (766.28)	Reasons were not intimated
19.	(101) (38)(28) 10.5% Gujarat State Development Loan 2011	26.25	4.62 (17.60)	Reasons were not intimated
20.	(101)(42)(32) 8.30% Gujarat State Development Stock 2012 (Top issue)	23.01	39.65 (172.32)	Reasons were not intimated
21.	(101)(43)(33) 8% of Gujarat State Development Loan 2012	7.98	17.27 (216.42)	Reasons were not intimated
22.	(101)(49)(39) 6.80% Gujarat State Development Loan 2012	24.53	63.95 (260.70)	Reasons were not intimated
23.	(200)(01) Interest on Ways and Means advances from Reserve Bank of India	9.95	7.12 (71.56)	Reasons were not intimated
24.	(200)(03)(3) Interest on loans from the National Agricultural credit (Long Term Operation) Fund of the National Bank of Agricultural Rural Development	1.07	83.91 (7842)	Reasons were not intimated
25.	(200)(11)(8) Interest on loans received from Housing Development Finance Corporation Limited.	1.04	19.01 (1827.88)	Reasons were not intimated
26.	(305)(01)(1) Charge payable to Reserve Bank of India for management of Debt.	2.40	21.00 (875.00)	Reasons were not intimated
27.	(305)(80)(3) Other Expenditure	--	10.98 (100)	Reasons were not intimated
	46- Other Expenditure pertaining to Home Department			
	Revenue Voted Non Plan			
	2235- Social Security and Welfare			
28.	105(04)(3) Enforcement work	16.36	2.67 (16.32)	Reasons were not intimated
	Capital Voted Non Plan			
	4216- Capital Outlay on Housing			
29.	(201)(02)(3) Repairing and Maintenance of Residential Quarters for Police Department	20.00	4.86 (24.30)	Reasons were not intimated
	60- Administration of Justice			
	Revenue Voted Non Plan			
	2014- Administration of Justice			
30	(102)(02) (2) Registrar	13.30	3.20 (24.06)	Reasons were not intimated

Sl. No.	Name of the Grants/Head of Accounts	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department.
	65- Narmada Development Scheme			
	Capital Voted Plan			
	4701- Capital Outlay on Major and Medium Irrigation			
31.	80 (190)(11) Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited, Other Government	66.13.	343.01 (518.69)	Reasons were not intimated
	66- Irrigation and Soil Conservation			
	Revenue Voted Non Plan			
	2701- Major and Medium Irrigation			
32	(800)(84) Maintenance and repairs	23.50	6.46 (27.49)	Excess mainly due to increase in Pay and allowance of work charged and Rojam-dar and payment of liabilities
33.	(001)(2) Administration	79.83	13.69 (17.15)	Reasons were not intimated
34.	(001)(1) Direction	1.99	3.78 (190)	Reasons were not intimated
	73- Other Expenditure pertaining to Panchayats Rural Housing and Rural Development			
	Revenue Voted Non Plan			
	2071- Pension and other Retirement benefits			
35.	(101)(05)(1) Superannuation Retirement allowances to Panchayats employees	60.00	12.88 (21.47)	Reasons were not intimated
36.	(104)(02)(1) Gratuities to Panchayats	25.00	14.08 (56.32)	Reasons were not intimated
37.	(105)(02) (1) Family Pension to Panchayats	8.00	7.12 (89)	Reasons were not intimated
	78- District Administration			
	Revenue Voted Non Plan			
	2073- District Administration			
38.	(094)(01)(1) – Sub-divisional Estimates (Including Talatis and Kotvals, Circle Inspector) Prant Officer, Mamlatdar and Circle Officers	42.09	12.12 (28.79)	Reasons were not intimated
	79- Relief on Account of Natural Calamities			
	Revenue Voted Non-Plan			
	2245- Relief on account of Natural Calamities			
39.	(113) (03)(3) Assistance Repairs/ Restoration of damage houses	2.74	2.07 (75.54)	Excess due to heavy rain in some places of the State
40.	(122)(01)(1) Repairs and Restoration of Damaged Irrigation and Flood Control works	20.02	20.05 (100.14)	Excess due to declaration of Scare city in certain part of the state

Sl. No.	Name of the Grants/Head of Accounts	Total Grant	Amount of Excess (Per cent)	Contributing reasons as stated by Government/ Department.
	84- Non Residential Buildings			
	Revenue Voted Non Plan			
	2059 – Public Works			
41.	(053)(11)(1) Work charged Establishment (Salary)(Repairs to Non Residential Buildings)	21.28	13.72 (64.47)	Reasons were not intimated
	86 – Roads and Bridges			
	Revenue Voted Plan			
	3054- Roads and Bridges			
42.	(337)(11) Roads and Bridges	77.48	45.35 (58.53)	Reasons were not intimated
43.	(001)(05)- Expenditure transferred on prorata basis from Major Head 2059	34.63	39.59 (114.32)	Reasons were not intimated
44.	(797)(11) – Transfers to Deposit Accounts of Central road Fund Allocation.	13.00	46.83 (360.23)	Reasons were not intimated
45.	(799) (22) Stock	1.40	16.58 (1184.29)	Reasons were not intimated
46.	(800) (11) Roads and Bridges	1.80	90.06 (5003.33)	Reasons were not intimated
	106 – Other Expenditure pertaining to Women and Child Development Department			
	Revenue Voted Plan (Centrally Sponsored Scheme)			
	2235- Social Security and Welfare			
47.	(800) (01)(2) Integrated Child Development Scheme.	78.91	28.03 (35.52)	Reasons were not intimated
	Grand Total		1904.77	

APPENDIX – XXII
Expenditure without Budget provision
(Reference: Paragraph 2.7; Page 30)

(Rupees in crore)

Sl. No.	Grant/Head of Account	Expenditure without Budget provision	Contributed by reasons as stated by Department
	2- Agriculture Revenue Plan Voted State 2415-Agricultural Research and Education		
1.	01.277.03(3) Extension Education Programme in Agricultural facilities	1.21	Reasons were not intimated
	46- Other Expenditure pertaining to Home Department Capital Voted Non Plan 4216 – Capital outlay on housing		
2.	(80)(700)(9) Residential and Non Residential Buildings	0.11	Reasons were not intimated
3.	Capital Voted 100% Centrally Sponsored Scheme 11 th Finance Commission 80.700.10(10) Upgradation of jail Administration	0.29	Reasons were not intimated
	49- Industries Capital Voted Plan 4851- Capital outlay on village and Small Industries		
4.	191.28(2) IND-31 Share Capital to Industrial Co-Operatives and package scheme.	0.16	Reasons were not intimated
	66-Irrigation and Soil Conservation Capital – Plan Voted State 4701- Capital outlay on Major and Medium Irrigation		
5.	03.656.41 Dam and Appurtenant works	1.12	Reasons were not intimated
6.	03.657.41 Dam and Appurtenant works	2.72	Reasons were not intimated
7.	03.657.42 Buildings	0.07	Reasons were not intimated
8.	03.657.43 Canals and Branches	0.06	Reasons were not intimated
9.	03.662.41 Dam and Appurtenant works	0.11	Reasons were not intimated
10.	03.662.43 Canals and Branches	0.08	Reasons were not intimated
11.	80.799.01 Stock	0.06	Reasons were not intimated
	Revenue Plan Voted state 2702- Minor Irrigation.		
12.	01.103.11 Other Minor Irrigation works	0.28	Reasons were not intimated
	2705- Command Area Development		
13.	705.11 Establishment of Water and Land Management Institutions	2.45	Reasons were not intimated

Sl. No.	Grant/Head of Account	Expenditure without Budget provision	Contributed by reasons as stated by Department
	Capital Plan Voted State 4701- Capital outlay on Major and Medium Irrigation		
14.	03.520.41 Dam and Appurtenant Works	0.77	Reasons were not intimated
15.	03.539.46 Distribution and Water Courses	1.66	Reasons were not intimated
16.	03.539.80 Other Expenditure	0.07	Reasons were not intimated
17.	03.565.41 Dam and Appurtenant works	0.09	Reasons were not intimated
18.	03.565.43 Canals and Branches	0.10	Reasons were not intimated
19	03.651.41 Dam and Appurtenant works	0.07	Reasons were not intimated
20	03.651.43 Canals and Branches	0.16	Reasons were not intimated
	67- Water Supply Capital Plan C.S.S. 4215- Central Sponsored Scheme		
21.	01.102.06(5) W.S.S.-7 Water Supply Scheme for Border Area	2.37	Reasons were not intimated
	79- Relief on account of Natural calamities Revenue Voted Plan 2245- Relief on account of Natural calamities		
22.	80.103.01 Assistance to state from National Calamity Contingency Fund.	55.70	Reasons were not intimated
	84- Non Residential Buildings Capital Voted plan 4059- Buildings		
23.	01.051.42 Buildings	0.31	Reasons were not intimated
	86- Roads and Bridges 3054- Roads and Bridges		
24.	80.001.02 Administration	0.19	Reasons were not intimated
25.	80.001.04 Direction of Central Road fund	0.14	Reasons were not intimated
26.	80.800.11 Roads and Bridges	0.16	Reasons were not intimated
	95- Special Component plan for Scheduled Castes 6225- Loans for Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes		
27.	01.800.02(1) BCK-43 Special Component plan for Scheduled Castes Financial Assistance to small entrepreneurs in Urban areas	0.29	Reasons were not intimated
	106- Other Expenditure pertaining to Women and Child Development Department 2235- Social Security and Welfare		
28.	02.001.01.(1) SCW(1) Director of Securities	0.48	Reasons were not intimated
	Total	71.28	

Appendix - XXIII
Statement showing the details of delay in submission of DC Bills
(Reference : Paragraph 2.9 ; Page 31)

(Rs. in lakh)

Sl. No.	Name of the Drawing and Disbursing Officer	Total Number of AC Bill	Amount Rs.	Month of drawal	Delayed period (Month)/ non submission
1.	Accounts Officer, Commissionerate of Women & Child Development Gandhinagar	01	638.00	7/02	02
2.	Accounts Officer, Commissionerate of Women & Child Development, Gandhinagar	07	1338.22	2/04 & 3/04	Not submitted delayed by 1 to 2 months
3.	City Mamlatdar Ahmedabad	01	15.00	3/01	04
4.	City Mamlatdar Ahmedabad	27	2125.40	3/02 to 12/03	Not submitted delayed by 4 to 25 months
5.	Mamlatdar Umarpada	02	12.00	9/03	10
6.	Mamlatdar Mangrol	01	5.00	7/01	02
7.	Mamlatdar Bardoli	01	5.00	12/02	01
8.	Chitnis to Collector, Anand	03	332.60	5/01 to 6/02	Not submitted delayed by 25 to 35 months
9.	Mamlatdar, Mahuva	01	6.00	2/02	Not submitted
10.	Mamlatdar, Gandhidham	08	1134.00	2/01 to 7/01	1 to 12 months
11.	Mamlatdar, Kalol	08	47.27	3/01 to 12/02	2 to 7 months
12.	Police Commissioner (City), Vadodara	07	103.00	12/00 to 5/02	Not submitted till date of audit. Delayed by 2 to 3.5 years
13.	Additional Mamlatdar, Rajkot City	09	39.39	1/02 to 2/03	1 to 4 months
14.	Inspector General of Police, Gandhinagar	05	160.11	10/02 to 2/03	Not submitted
15.	District Superintendent of Police, Surat (Rural)	04	13.31	12/01 to 1/03	5 to 17 months
16.	Commissioner of Police, Vadodara	04	22.41	7/03 to 10/03	Not submitted
17.	District Superintendent of Police, Bhuj	67	84.90	4/99 to 10/03	½ to 55 months
		03	1.20	7/03 to 9/03	Not submitted.
18.	Mamlatdar, Anand (Rural)	05	4.00	5/02 to 3/03	18 days to 8 months
19.	Mamlatdar, Anand (City)	05	9.50	12/02 to 3/03	1 to 2 ½ months
20.	Mamlatdar, Borsad	05	4.32	5/02 to 3/03	2 to 6 months
21.	Mamlatdar, Umreth	05	4.60	3/00 to 10/02	2 to 33 months
22.	Mamlatdar, Sojitra	05	4.06	12/02 to 7/03	3 to 8 months
23.	Mamlatdar, Tarapur	05	1.36	1/03 to 3/03	3 to 6 months
	Total	189	61.11 crore		

APPENDIX – XXIV
Irregular clubbing of DC Bills
(Reference : Paragraph 2.9 ; Page 32)

Name of Drawing and Disbursing Officer	AC Bill No. and Date	Amount	DC bill sent to AG(A&E) (Amount & date)	
Mamlatdar, Morvi	268/27-03-01	1,30,00,000	Rs.5,58,96,000/- dated 11-03-02	
	269/28-03-01	69,45,000		
	270/28-03-01	20,00,000		
	271/28-03-01	65,36,000		
	272/29-03-01	27,46,000		
	273/29-03-01	18,28,000		
	274/29-03-01	39,59,000		
	275/29-03-01	18,82,000		
	276/30-03-01	67,19,000		
	277/30-03-01	20,70,000		
	278/30-03-01	16,39,000		
	279/30-03-01	14,92,000		
	280/30-03-01	50,80,000		
	Total	5,58,96,000		
	Mamlatdar, Morvi	212/02-02-01		20,00,000
214/03-02-01		30,00,000		
215/05-02-01		30,00,000		
223/21-02-01		30,00,000		
224/24-02-01		30,00,000		
235/27-02-01		50,00,000		
237/27-02-01		50,00,000		
238/28-02-01		50,00,000		
239/01-03-01		50,00,000		
240/03-03-01		30,00,000		
243/04-03-01		20,00,000		
244/05-03-01		50,00,000		
245/05-03-01		25,00,000		
249/08-03-01		50,00,000		
250/12-03-01		15,00,000		
265/22-03-01		25,00,000		
267/24-03-01		25,00,000		
Total	5,85,00,000			
Mamlatdar, Anjar	18-28/07-2002	@ Rs.25,000	Rs.2,75,000/-	
	29-37/08-2002	@ Rs.25,000	Rs.2,25,000/-	
	46-49/09-2002	@ Rs.25,000	Rs.1,00,000/-	
	56-63/11-2002	@ Rs.25,000	Rs.2,00,000/-	
	64-79/01-2003	@ Rs.25,000	Rs.4,00,000/-	
	84-88 & 90-98/ 02-2003	@ Rs.25,000	Rs.3,50,000/-	

Name of Drawing and Disbursing Officer	AC Bill No. and Date	Amount	DC bill sent to AG(A&E) (Amount & date)
	100-104 & 106-111/03-2003	@ Rs.25,000	Rs.2,75,000/-
	112-120 & 124-127/03-2003	@ Rs.25,000	Rs.3,25,000/-
	129-134/04-2004	Rs.25,000	Rs.1,50,000/-
		Total	Rs.23,00,000/-
Mamlatdar, Rapar	38/07-02-03	24000	Rs. 3,37,000/- dated 26-06-2003
	39/10-02-03	24,000	
	40/11-02-03	24,000	
	41/11-02-03	24,000	
	42/13-02-03	24,000	
	43/13-02-03	24,000	
	44/14-02-03	24,000	
	45/13-02-03	24,000	
	49/02-03-03	25,000	
	50/02-03-03	25,000	
	51/03-03-03	25,000	
	52/04-03-03	25,000	
	53/05-03-03	25,000	
	54/07-03-03	25,000	
	72/21-12-03	25,000	Rs.2,50,000/- dated 24-05-04
	73/21-12-03	25,000	
	74/29-12-03	25,000	
	75/29-12-03	25,000	
	76/29-12-03	25,000	
	77/29-12-03	25,000	
	78/05-01-04	25,000	
	79/05-01-04	25,000	
	80/07-01-04	25,000	Rs.1,00,000/- dated 17-03-04
	81/07-07-01	25,000	
	43/31-10-03	25,000	
	44/31-03-03	25,000	
	45/31-10-03	25,000	Rs.72,000/- dated 29.9.03
	46/31-10-03	25,000	
	33-35/18-01-03	24,000	
	25-28/03-12-02	25,000	Rs.1,00,000/-
Mamlatdar, Dascroi	62/06-03-02	60,000	Rs.10,60,000/- dated 07-4-03
	35/16-10-02	10,00,000	

