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विधानसभा में प्रस्तुत की गई।



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

**FOR THE YEAR ENDED 31 MARCH 2006
(CIVIL)**

GOVERNMENT OF MADHYA PRADESH

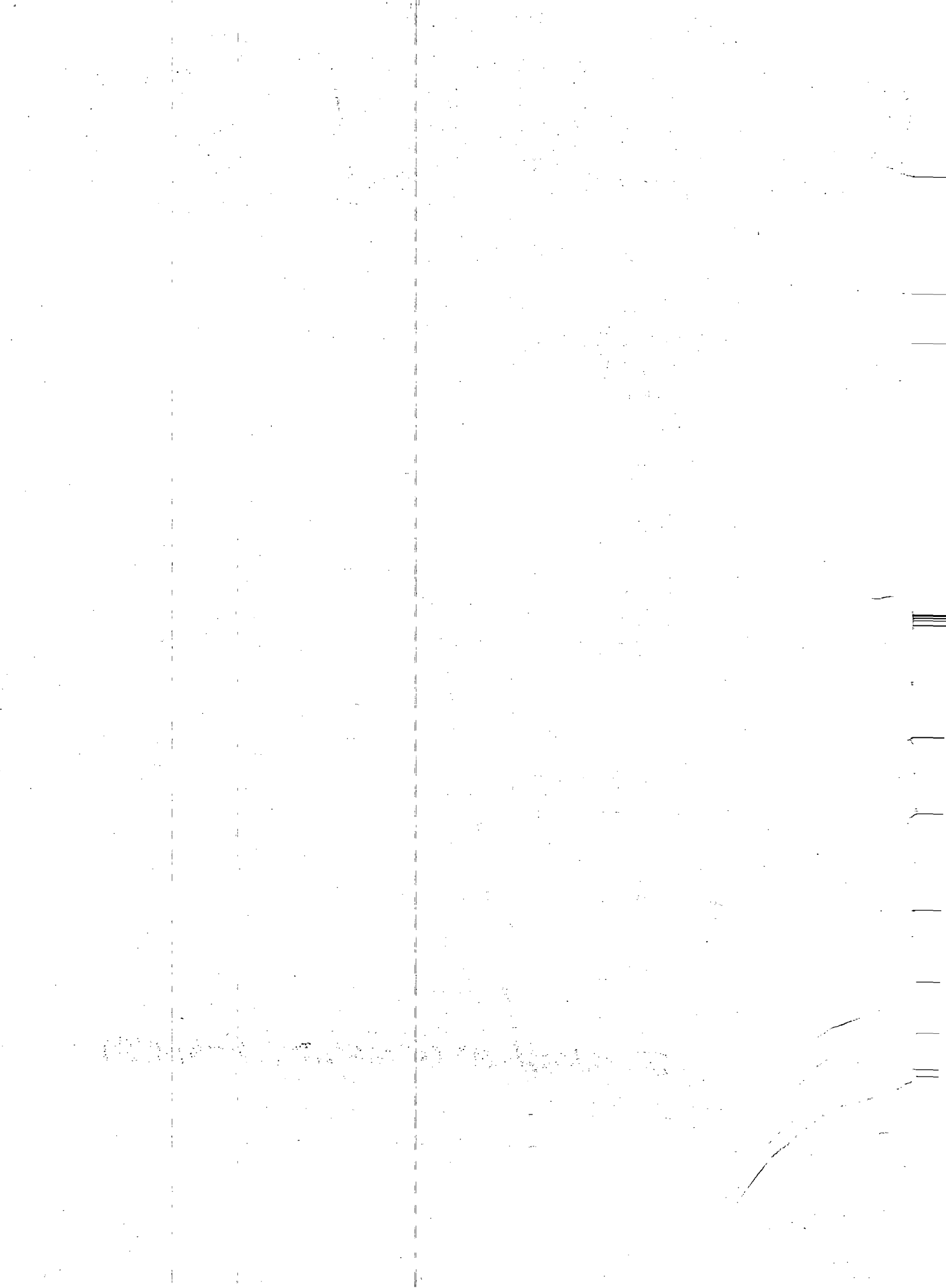


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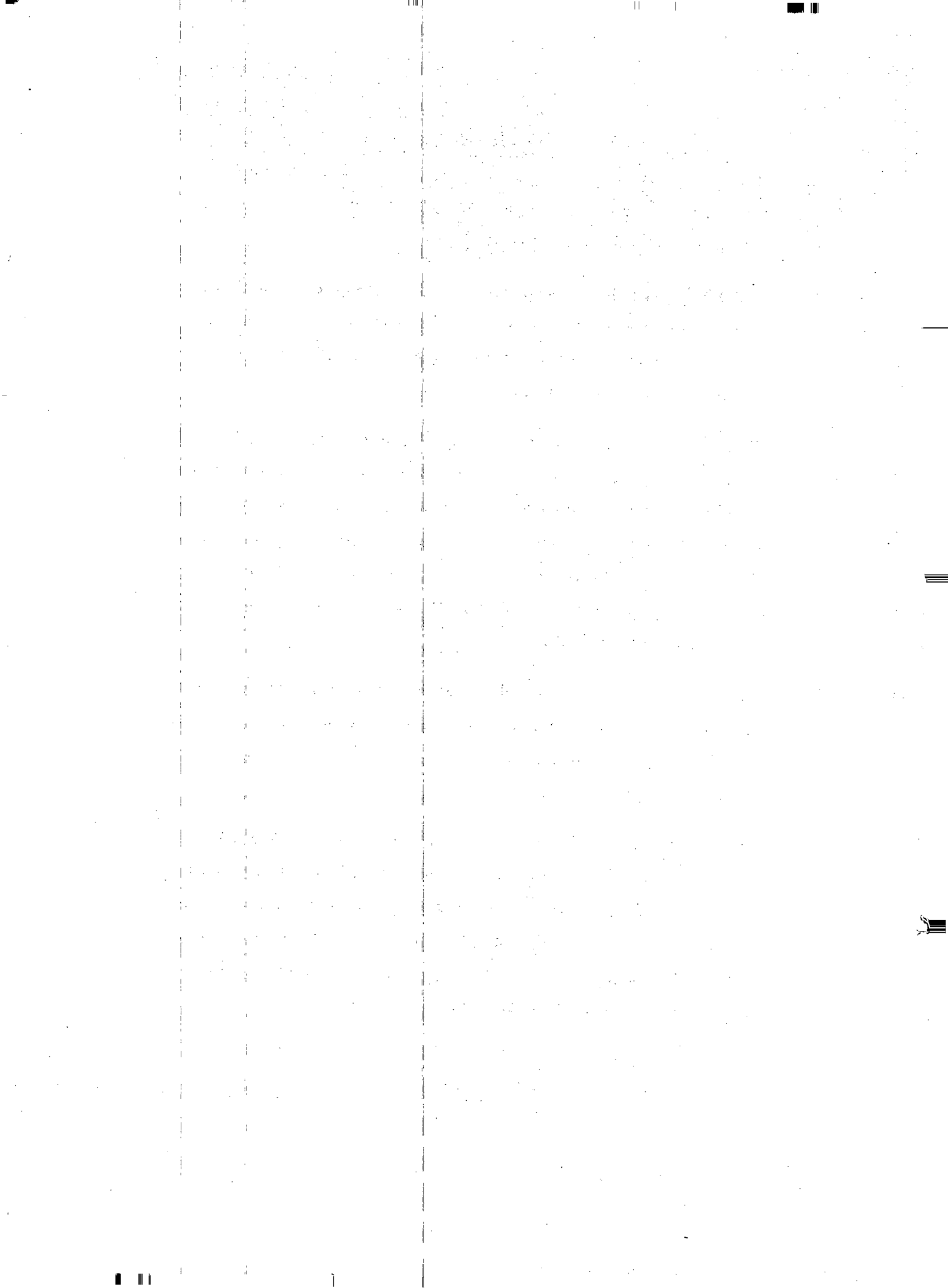
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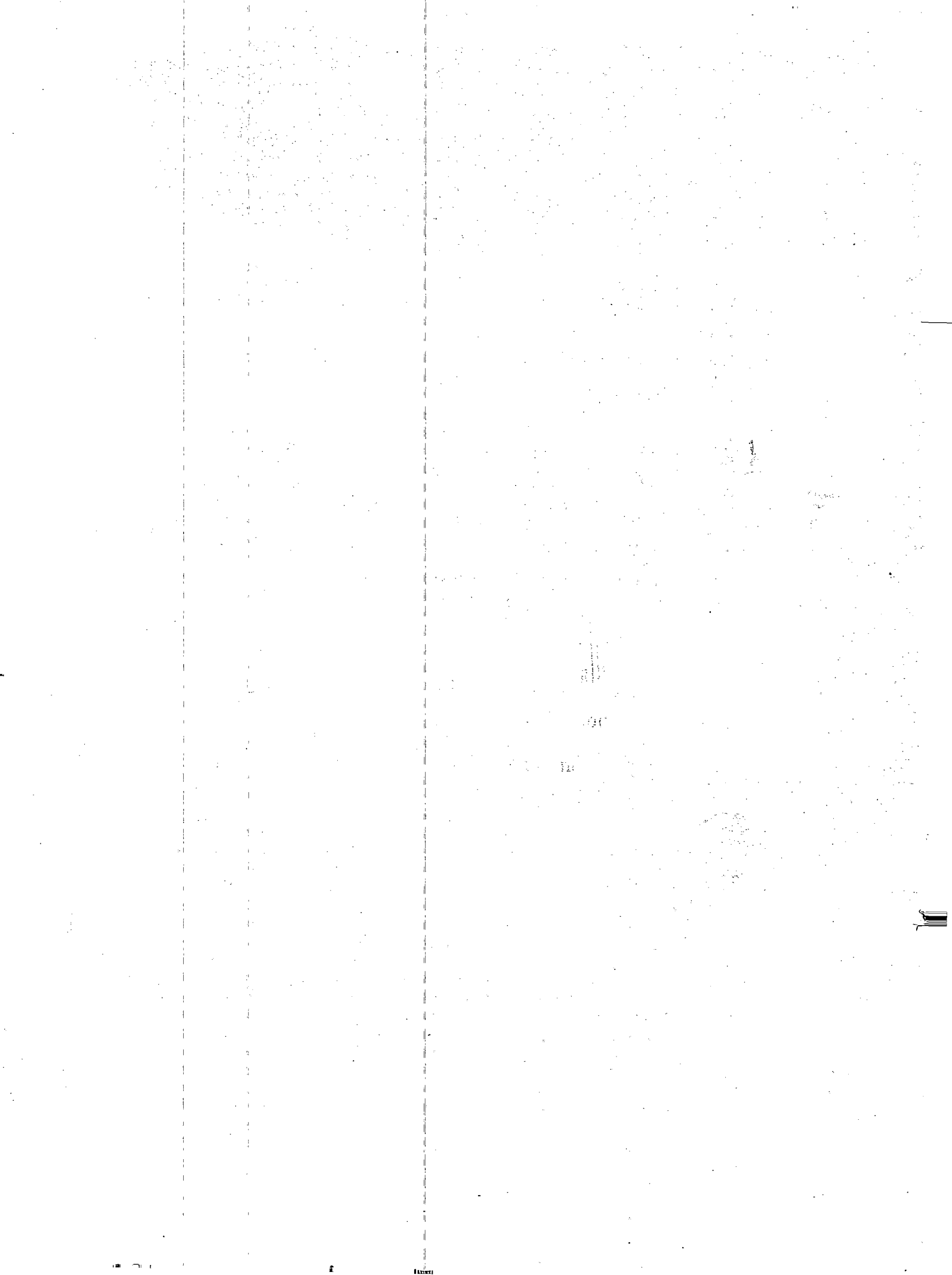
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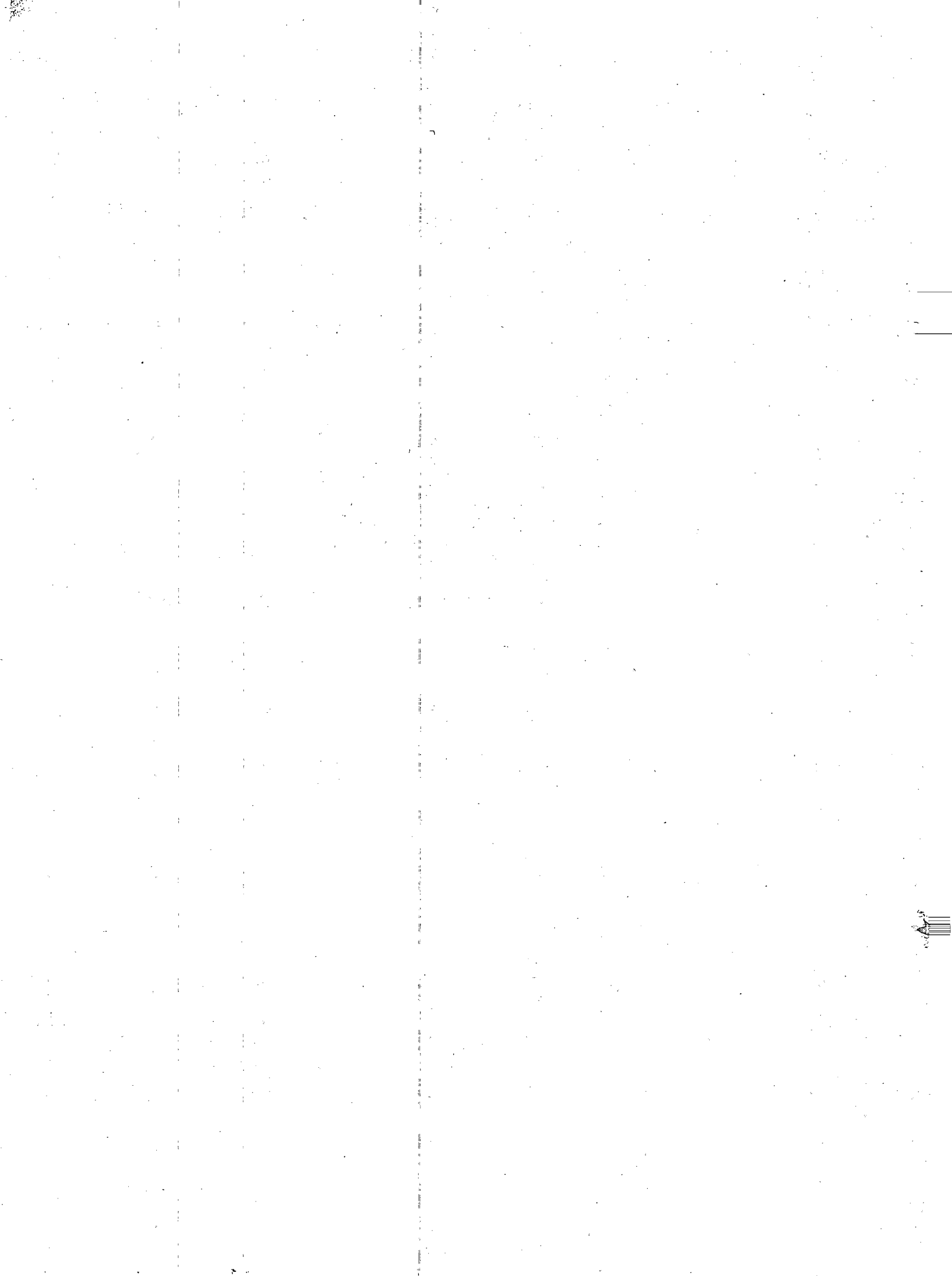


Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2006.
3. Chapter III deals with the findings of performance audit in various departments while Chapter IV deals with the findings of audit of transactions including Public Works, Irrigation, audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with the comments on internal control mechanism existing in selected departments in the State.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2005-06 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 2005-06 have also been included wherever necessary.



OVERVIEW



Overview

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Madhya Pradesh for the year 2005-06 and three others comprising seven reviews, one long paragraph and 31 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes as well as internal control system in Animal Husbandry Department is given below:

1. Finances of the State Government

Revenue expenditure increased by 14 per cent while the revenue receipts registered a growth of only 4 per cent as a result of which State Government could achieve a revenue surplus of Rs. 34 crore during the year 2005-06 as against Rs.1717 crore during 2004-05. Salaries, Pension and Interest Payments consumed 52 per cent of the revenue receipts of the year. Fiscal liabilities as well as its ratio to GSDP had been steadily rising endangering the debt sustainability.

Return on Government's investment in statutory corporations, companies, cooperative banks and societies was negligible and the Government continued to invest in loss making corporations and companies.

In addition to investment, the Government has also provided loans and advances as well as subsidies to many of these companies, besides giving guarantees for loans raised by them. During 2000-06, the gap between the interest on capital borrowed for investment and returns therefrom had increased.

(Paragraphs 1.1 to 1.11)

2. Allocative Priorities and Appropriation

As against the total grants/appropriations of Rs.43673.93 crore, the actual expenditure during 2005-06 was Rs.31220.80 crore resulting in savings of Rs.12453.13 crore which was net result of savings of Rs.12490.71 crore in 200 cases of grants/appropriations and excess of Rs.37.58 crore in six cases of

grants/appropriations. Excess expenditure aggregating to Rs.5087.83 crore pertaining to the years 1993-94 to 2004-05 had not been regularised (August 2006). The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.730.85 crore obtained in 57 cases during the year proved unnecessary.

Controlling officers under 10 Major Heads involving expenditure of Rs.1716.71 crore, representing 5.5 per cent of the total expenditure during the year did not carry out reconciliation of expenditure figures.

(Paragraphs 2.1 to 2.7)

3. Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan programme aims to provide useful and relevant elementary education for all children in the 6 to 14 age group by 2010 with the active participation of the community by effectively involving the Panchayati Raj institutions, parent teacher association (PTA) to bridge social, regional and gender gaps. A review of the implementation of the programme revealed that the Annual Work Plan and Budget (AWP&B) for the years 2001-02 and 2002-03 was submitted with excessive delay which delayed the approval and release of funds. Resultantly, activities could not be taken up during 2001-02 and only 50 per cent activities planned could be completed during 2002-03. The progress of civil works was very slow. The objective of the programme to bring all children in school, by 2005 was not achieved as there were 2.72 lakh children out of school at the end of 2005-06. Funds aggregating Rs.17.95 crore were diverted for adult education, printing of Middle and Primary Board Examination's paper, printing of educational calendar, honorarium to Shiksha Karmi Grade III, purchase of vehicles, prize to Village Education Committees and for purchase of State Project Office Building. Shortage of 43,821 teachers (2005-06) affected the Pupil Teacher ratio. Unnecessary procurement of duplicating machines, furniture and other material worth Rs.1.82 crore was made out of SSA fund.

(Paragraph 3.1)

4. Food Security, Subsidy and Management of Foodgrains

The Government's food management strategy towards ensuring food security involves procurement of foodgrains at Minimum Support Price (MSP) from the growers, its storage, handling, movement and allocation of foodgrains so procured for eventual distribution to targeted population for ensuring availability of foodgrains to the public at affordable price for enhancing food security at the micro level. System of procurement and distribution was found to be weak and deficient. Wheat procuring districts were required to transport surplus stock of wheat to the needy districts directly from the procuring centres, but instead of this foodgrains were stored at intermediary locations during 2003-05 resulting in avoidable loss of Rs.2.67 crore for local

transportation, handling, interest etc. Reserved storage space remained vacant resulting in loss of Rs. 24.32 lakh and movement of wheat through longer/circuitous route also resulted in avoidable loss of Rs.45.27 lakh. There were cases of procurement of substandard quality of foodgrains. A voidable expenditure of Rs. 48.56 lakh was incurred towards bank commission. In distribution of foodgrains, it was noticed that the issue of ration cards was far in excess and the foodgrains were distributed below the prescribed scale. Operation of fair price shops was mired with deficiencies and monitoring mechanism was weak and ineffective. Madhya Pradesh State Civil Supply Corporation neither refunded Rs. 68.15 crore accumulated on account of double margin nor adjusted the same in subsidy claims that were preferred for reimbursement. Evaluation report revealed that leakage of subsidised foodgrains was 54.48 per cent. Monitoring and vigilance mechanism was not effective.

(Paragraph 3.2)

5. Project Tiger and India Eco Development Project

The State Forest Department implemented the "Project Tiger", a Centrally sponsored scheme in five Tiger Reserves of the State. The project aimed at maintaining a viable population of tigers in the country, and to preserve for all times, the areas of biological importance as national heritage for the benefit, education and enjoyment of people. Final notification of Tiger Reserves could not be issued by the State Government. The Management Plans were not approved by the competent authority before starting their implementation. The State Government did not release its share of funds in full. Cases of diversion of GOI funds for other purposes were also noticed during audit. Relocation of the people living within the tiger reserves as well as removal of encroachment essential to ease biotic pressure on the tiger reserve were found to be not carried out completely. The protection measures in the Tiger Reserves were lax due to inadequate beat inspections, insufficient provision of arms and ammunition. The census of wild animals was not carried out with fool proof methodology.

(Paragraph 3.3)

6. Construction of Irrigation Projects with NABARD Loan

With a view to create additional irrigation potential, the State Government decided (April 1995) to take up work on irrigation projects of WRD and NVDA with NABARD loan for unlocking of sunken investments already made to realize their full benefits. WRD Projects (627 nos) and NVDA Projects (35 nos) were sanctioned with NABARD loan at a total outlay of Rs.1418.17 crore and Rs.1163.25 crore during 1995-96 to 2005-06 to create additional irrigation potential of 2.98 lakh hectare and 2.51 lakh hectare respectively. Three hundred eighty two projects of WRD and three projects of NVDA could only be completed till June 2006 at an expenditure of Rs. 1087.75 crore and Rs.787.23 crore respectively. The implementation of the programme was tardy. Two hundred and thirty two projects of WRD and

32 projects of NVDA were still in the pipeline. Work in 51 projects has not been started. Rupees 249.70 crore spent by WRD and Rs.83.91 crore by NVDA on unapproved items of work were disallowed by NABARD. Rupees 161.26 crore spent by WRD and Rs.74.46 crore by NVDA were in excess over the sanctioned cost due to inadequate survey and inaccurate estimation. Investment of Rs.51.64 crore on construction of seven projects was nugatory as they did not yield envisaged benefits. Execution of five projects at an investment of Rs.23.55 crore against sanctioned cost of Rs.22.67 crore was ill conceived due to various constraints. The utilization of irrigation potential created was 0.53 lakh hectare and 0.04 lakh hectare against projected 1.69 lakh hectare and 0.51 lakh hectare respectively.

(Paragraph 3.4)

7. Modernisation of Police Force

Modernisation of Police Force (Scheme) was introduced (1969) by Government of India, to improve efficiency of Police Force and remove the deficiency in infrastructure viz: buildings, mobility, communication, computerisation, Forensic Science Laboratory and training to deal with growing crimes, terrorist and naxalite activities and meet the internal security threat. Due to slow pace of utilization, GOI share worth Rs.77.93 crore could not be availed by the State Government. There were huge sums lying with construction agencies which were shown as expended in the returns sent to GOI. Completed buildings were not handed over despite large amount expended on their construction. There were delays in construction of residential and administrative buildings and many of the works sanctioned could not be commenced for want of approval, drawing, design and non-availability of land etc. No improvement was witnessed in reduction of response time. Though the vehicles were purchased and supplied, sufficient numbers of the drivers were not available. On-line connectivity was not ensured and hardware and software purchased for Common Integrated Police Application Project was not put to use. There was delay in establishment of DNA laboratory and requisite infrastructure for training was not created.

(Paragraph 3.5)

8. Computerisation of Land Records

With a view to provide timely and accurate copies of Records of Rights (RORs) to land owners and updating of changes which occur in the Land Record database, GOI launched the scheme of computerisation of land records in 1988-89. Department failed to implement the scheme as per target due to non-installation of computer centers in districts and non-functional computer centers at other districts and tehsils. RORs were still being issued to land owners in manuscripts in tehsils. Data entries for 18440 villages were not updated. No IT policy/strategy was formulated by the Department for their Information System and discrepancies were noticed in the database due to absence of input controls and lack of proper validations at tehsil levels. Systematic monitoring and control mechanism was weak.

(Paragraph 3.6)

9. Widening, Strengthening and Upgradation of roads from Central Road Fund (CRF), Rural Infrastructure Development Fund (RIDF) and Fast Track Scheme

The programme aims to widen and strengthen 102 road works (2150 kms) of State Highway and Major District Road under CRF at a cost of Rs.437.60 crore, construction of 167 works (2420 kms) village roads at cost of Rs.309.97 crore from NABARD loan and renewal/ strengthening of 377 road works (7751 kms) of State Highways and Major District Roads not taken up under any of the above programme, from fast track scheme. As a result of ineffective monitoring and slow progress of work, only 59 works under CRF, 42 works under NABARD and 192 works under fast track were complete at the end of March 2006 after spending Rs.286.55 crore, Rs. 119.94 crore and Rs.275.56 crore respectively. According to the time allowed for completion of works in 8 to 24 months, 82 works taken up to the end of March 2005 should have been completed by March, 2006; but only 59 works were complete under CRF. Under NABARD loan phase wise completion of works was not fixed. At the end of March 2005, the achievement under fast track was as low as 39 per cent only. Rupees 21.54 crore were misutilised on selection of village roads from CRF and Rs.2.27 crore were also diverted from CRF, NABARD and Fast Track funds. MORT&H specifications were not followed and extra cost of Rs.12.68 crore was incurred and works worth Rs. 2.11 crore were awarded without inviting tenders. Excess/inadmissible payment of Rs.9.87 crore and instance of substandard works amounting to Rs.12.80 crore were also noticed.

(Paragraph 3.7)

10. Internal Control System in Animal Husbandry Department

Animal Husbandry Department (AHD) is responsible for augmenting the production potentials of livestock and poultry and to provide veterinary health cover to them. AHD is also responsible for providing awareness about animal husbandry (AH) to the farmers and managing training to its staff on basic and latest AH practices. An evaluation of the Internal Control System (ICS) in AHD revealed ineffective and deficient control in the Department as the system of maintenance of initial cash account record was defective and preparation of budget estimates was grossly deficient as persistent savings had occurred and reappropriation of fund was also made. Departmental figures were not reconciled with AG (A&E)'s figures. Weekly and monthly arrear reports were not being submitted to Commissioner and Director of Veterinary Services (CVS). Operational controls were rendered ineffective as *insitu* promotions to Assistant Veterinary Field Officers (AVFOs) were irregularly made and salaries were being drawn without issue of sanction for continuation of posts by the Government. Prohibited and untested medicines were being provided to animals. VAS/AVFOs were not posted rationally as in 35 hospitals and 171 dispensaries these posts were vacant. CVS never inspected subordinate offices. Shortfall in conducting internal audit had ranged from 71 to 100 per cent which defeated the objective of establishment of internal audit system.

(Paragraph 5.1)

11. Results of transaction audit

Besides the above, audit of financial transactions, subjected to test check in various Departments of Government and their field functionaries revealed instances of loss, wasteful expenditure, avoidable expenditure and other irregularities involving Rs.44.10 crore as mentioned below:

These included defalcation/losses/fraudulent drawals of Rs.3.83 crore noticed in Agriculture Department (Rs.1.84 lakh), Food and Civil Supplies Department (Rs.37.50 lakh), Narmada Valley Development Department (Rs.92.76 lakh), Public Health Engineering Department (Rs.1.89 crore), Public Works Department (Rs.38.57 lakh) and Urban Administration and Development Department (Rs.23.14 lakh).

Infructuous/wasteful/excess expenditure and over payment of Rs.8.23 crore were noticed in Narmada Valley Development Department (Rs.59.62 lakh), Public Health Engineering Department (Rs.78.02 lakh), Public Health and Family Welfare Department (Rs.3.37 crore), Public Works Department (Rs.2.10 crore), Scheduled Tribe Scheduled Castes Department (Rs.24.48 lakh) and Water Resource Department (Rs.1.14 crore).

Violation of contractual obligations of Rs.14.88 crore was noticed in Narmada Valley Development Department (Rs.14.23 crore) and Public Health Engineering Department (Rs.65.16 lakh).

Avoidable expenditure of Rs.1.62 crore was noticed in Housing and Environment Department (Rs. 35.37 lakh), Public Works Department (Rs.47.66lakh) and Water resources Department (Rs.79.37 lakh).

Idle investment/blockage of funds and diversion of funds of Rs.4.48 crore was noticed in Jail Department (Rs.28 lakh), Medical Education (Rs.3.50 crore) and Scheduled Tribes and Scheduled Castes Welfare Department (Rs.69.60 lakh).

Apart from these, there were regularity issues and other points involving Rs.11.06 crore in Home Department (Rs.4.89 crore), Jail Department (Rs.2.38 crore), Panchayat and Rural Development Department (Rs.32.82 lakh), Public Health Engineering Department (Rs.2.66 crore), Scheduled Caste and Scheduled Tribes Welfare Department (Rs.80.30 lakh).

(Paragraphs 4.1.1 to 4.6.5)

CHAPTER I

Finances of the State Government

CHAPTER I FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (Appendix 1.1- Part A). The Finance Accounts of the Government of Madhya Pradesh are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State of Madhya Pradesh. The lay out of the Finance Accounts is depicted in Appendix 1.1-Part B.

In terms of the Madhya Pradesh Re-organisation Act 2000 (No.28 of 2000) 16[@] districts of the erstwhile State of Madhya Pradesh formed the new State of Chhattisgarh on 1 November 2000, 'the appointed day'. The apportionment of assets and liabilities of the composite State of Madhya Pradesh immediately prior to the appointed day as also the other financial adjustments are being carried out in each case in accordance with the provisions of the Act *ibid*. The actual progress achieved in this direction is indicated in Appendix-1.3.

1.1.1 Summary of Receipts and Disbursements

Table-1 summarises the finances of the Government of Madhya Pradesh for the year 2005-06 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table-1: Summary of receipts and disbursements for the year 2005-06

(Rupees in crore)

2004-05	Receipts	2005-06	2004-05	Disbursements	2005-06		
Section-A: Revenue							
					Non-Plan	Plan	Total
19743.25	I. Revenue receipts	20596.79	18026.37	I. Revenue expenditure	16351.00	4212.47	20563.47
7772.97	Tax revenue	9114.70	7468.35	General services	7563.32	29.79	7593.11
4461.86	Non-tax revenue	2208.20	5672.45	Social Services	4397.92	2260.42	6658.34
5076.68	Share of Union Taxes/Duties	6341.35	3968.91	Economic Services	3475.06	1719.64	5194.70
2431.74	Grants from Govt. of India	2932.54	916.66	Grants-in-aid / Contributions	914.70	202.62	1117.32
Section-B: Capital							
--	II Misc. Capital Receipts	--	4950.98	II Capital Outlay	2923.47	3699.81	6623.28
53.20	III. Recoveries of Loans and Advances	2851.98	3310.86	III Loans and Advances disbursed	796.54	37.91	834.45
8849.00	IV Public debt receipts	5160.65	3391.38	IV Repayment of Public # Debt	953.96	--	953.96
24790.22	V Public account receipts	29037.68	23591.45	V Public account # disbursements	28095.77	--	28095.77
--	VI Inter State Settlement	--	--	VI. Inter State Settlement	--	--	--
1.00	VII Contingency Fund	--	--	VII Contingency Fund	8.14	--	8.14
94.21	Opening Cash Balance	259.84	259.84	Closing Cash Balance	827.87	--	827.87
53530.88	Total	57906.94	53530.88	Total	49956.74	7950.20	57906.94

Bifurcation of plan and non-plan not available

[@] Bastar, Bilaspur, Dantewada, Dhamtari, Durg, Janjgir-Champa, Jashpur, Kanker, Kawardha, Korba, Koriya, Mahasamund, Raigarh, Raipur, Rajnandgaon and Surguja.

Under revenue receipts section tax revenue increased from Rs. 7772.97 crore in 2004-05 to Rs. 9114.70 crore in 2005-06. While non-tax revenue decreased from Rs. 4461.86 crore to Rs. 2208.20 crore during 2005-06. Revenue expenditure under Social Services and Economic Services increased sharply from Rs. 5672.45 crore and Rs. 3968.91 crore in 2004-05 to Rs. 6658.34 crore and 5194.70 crore in 2005-06 respectively. Expenditure under Capital Section also increased from Rs. 4950.98 crore in 2004-05 to Rs. 6623.28 crore in 2005-06. There was healthy recovery of loans & advances of Rs. 2851.98 crore in 2005-06 as against Rs. 53.20 crore in 2004-05.

1.1.2 The Fiscal Responsibility and Budget Management (FRBM) Act, 2005

The State Government has enacted the Madhya Pradesh Rajkoshiya Uttardayitva Avam Budget Prabandhan Adhiniyam, 2005 (Fiscal Responsibility and Budget Management (FRBM) Act 2005) which came into force from 1st January 2006 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto. To give effect to the fiscal management objectives as laid down in the Act, and/or the rules framed (30 January 2006) thereunder the following fiscal targets were prescribed for the State Government:

- reduce revenue deficit in each of the financial year so as to eliminate it by 31st March 2009 and generate revenue surplus thereafter
- reduce fiscal deficit in each of the financial year so as to bring it down to not more than 3 per cent of GSDP by 31st March 2009.
- ensure that within a period of 10 years, i.e. as on the 31st March 2015, total liabilities do not exceed 40 per cent of the estimated GSDP for that year.
- limit the annual incremental guarantees so as to ensure that the total guarantees do not exceed 80 per cent of the total revenue receipts in the year preceding the current year.

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to ground(s) of shortfall in the Central tax devolutions in relation to the budgetary estimates of the Union of India and/or unforeseen demands on the finances of the State Government arising out of internal disturbance or natural calamity or such other exceptional grounds as the State Government may specify.

Provided further that the Minister of Finance, shall review, every half year, the trends in receipts and expenditure in relation to the budget estimates and place before the State Legislature, the outcome of such review.

1.1.3 Fiscal policy statement (s) 2005-06

In accordance with the provisions of the FRBM Act 2005, State Government is required to place the (a) Macro-Economic framework Statement,

(b) Medium Term Fiscal Policy Statement and (c) Fiscal policy strategy statement alongwith the Budget.

As FRBM Act came into force w.e.f. 1st January 2006, the first set of these statements was placed in legislature alongwith the budget for the year 2006-07.

Para 1.1.4 Roadmap to achieve the Fiscal Targets as laid down in FRBM Act/Rules

Keeping in view the fiscal targets laid down in the FRBM Act and/or the rules made thereunder and the anticipated annual rate of reduction of fiscal deficit of the States worked out by the Government of India for the TWFC award period following its recommendation, the State Government is required to develop its Own Fiscal Correction Path indicating fiscal indicators with target dates of implementation during the period from 2004-05 to 2009-10. The trends in select indicators for the period from 2004-05 to 2006-07 available in Macro Economics Framework Statement are given in Appendix 1.2.

1.2 Overview of Fiscal situation of the State

1.2.1 Trends in Fiscal Aggregates

The fiscal position of the State Government during the current year as compared to the previous year is given in Table 2.

Table 2

(Rupees in crore)

2004-05	Sl. No	Major Aggregates	2005-06
19743	1.	Revenue Receipts (2+3+4)	20597
7773	2.	Tax Revenue	9115
4462	3.	Non-Tax Revenue	2208
7508	4.	Other Receipts	9274
53	5.	Non-Debt Capital Receipts	2852
53	6.	Of which Recovery of Loans	2852
19796	7.	Total Receipts (1+5)	23449
19019	8.	Non-Plan Expenditure (9+11)	20070
14861	9.	On Revenue Account	16351
3661	10.	Of which, Interest Payments	3422
4158	11.	On Capital Account	3719
2775	12.	Of which Loans disbursed	796
7269	13.	Plan Expenditure (14+15)	7950
3165	14.	On Revenue Account	4212
4104	15.	On Capital Account	3738
536	16.	Of which Loans disbursed	38
26288	17.	Total Expenditure (8+13)	28020
(+) 1717	18.	Revenue surplus (+) (9+14-1)	(+) 34*
6492	19.	Fiscal Deficit (17-1-5)	4571
2831	20.	Primary Deficit (19-10)	1149

The revenue surplus of Rs. 1717 crore achieved by the State during 2004-05 has substantially declined to Rs. 34 crore. The surplus of Rs. 1717 crore during 2004-05 was overstated due to adjustment of grant of Rs. 2749 crore given to the MPSEB in 2003-04 as loan in 2004-05 resulting in increase in non-tax revenue. Fiscal deficit & Primary deficit had significantly decreased from Rs. 6492 crore and Rs. 2831 crore in 2004-05 to Rs. 4571 crore and

* Revenue Surplus is understated by Rs. 814.78 crore due to conversion of Investment of earlier years under Rural Electrification Corporation into grant by State Government.

Rs. 1149 crore in 2005-06 respectively mainly due to better recovery of loans and advances. The fiscal deficit during the year was 4.19 per cent of GSDP.

1.3 Audit Methodology

Audit observations on the statements of Finance Accounts for the year 2005-06 bring out the trends in the major fiscal aggregates of receipts and expenditure; wherever necessary to analyse them, in the light of time series data (Appendix 1.4 to 1.6) and periodic comparisons. Major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The New GSDP series with 1993-94 as base, as published by the Director of Economics and Statistics of the State Government, have been used. For tax revenues, non-tax revenues, revenue expenditure etc., buoyancy projections have also been provided for a further estimation of the range of fluctuation with reference to the base represented by GSDP. 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 also take into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. The 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. In addition, selected indicators of financial performance of the Government are also listed in this section; some of the terms used in this context are explained in Appendix 1.1-Part C.

1.4 State Finances by key Indicators

1.4.1 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consists of tax revenues, non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise of miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GOI as well as accruals from the Public account. Table-3 shows that the total receipts of the State Government for the year 2005-06 were Rs. 57648 crore. Of these, the revenue receipts of the State Government were Rs. 20597 crore only, constituting 35.73 per cent of the total receipts. The balance of receipts came from borrowings, receipts from Contingency Fund and the Public Account.

Table 3 – Resources of Madhya Pradesh

		(Rupees in crore)
I Revenue Receipts		20597
II Capital Receipts		8013
a	Recovery of Loans and Advances	2852
b	Public Debt Receipts	5161
c	Miscellaneous Capital Receipts	--
III Contingency fund Receipts		--
IV Public Account Receipts		29038
a	Small Savings, Provident Fund, etc.	1330
b	Reserve Fund	676
c	Deposits and Advances	4156
d	Suspense and Miscellaneous	16559
e	Remittances	6317
Total Receipts		57648

Suspense and Miscellaneous receipts were Rs 16559 crore as against disbursement of Rs. 16499 crore which indicates a marginal difference between receipts and disbursements. Suspense and Miscellaneous receipts of Rs 16559 crore constitute 57 per cent of Public Account Receipts.

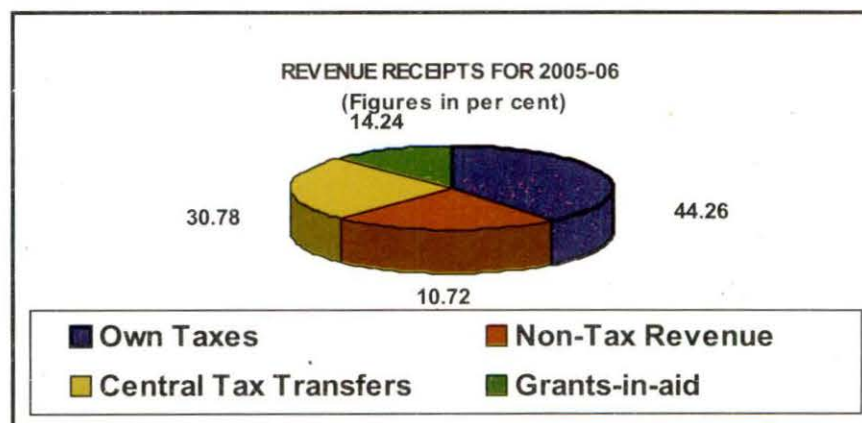
1.4.2 Revenue receipts

Statement-11 of the Finance Accounts details revenue receipts of the Government. The revenue receipts consists of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and buoyancies are indicated in Table 4.

Table 4: Revenue Receipts – Basic Parameters

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Receipts (RR) (Rupees in crore)	12839	11211	13391	14289	19743	20597
Own taxes (Rupees in crore and per cent)	5640 (43.93)	4679 (41.74)	6165 (46.04)	6789 (47.51)	7773 (39.37)	9115 (44.26)
Non-Tax Revenue (Rupees in crore and per cent)	1724 (13.43)	1602 (14.29)	1635 (12.21)	1480 (10.36)	4462 (22.60)	2208 (10.72)
Central Tax Transfers (Rupees in crore and per cent)	3955 (30.80)	3439 (30.68)	3729 (27.85)	4247 (29.72)	5077 (25.72)	6341 (30.78)
Grants-in-aid (Rupees in crore and per cent)	1520 (11.84)	1491 (13.30)	1862 (13.90)	1773 (12.41)	2431 (12.31)	2933 (14.24)
Rate of Growth of RR (per cent)	(-2.76)	(-12.68)	19.45	6.70	38.16	4.32
RR/GSDP (per cent)	14.52	13.79	16.13	14.14	18.29	18.88
Revenue Buoyancy (ratio)	*	*	9.166	0.309	5.588	4.130
State's own tax buoyancy (ratio)	*	*	14.962	0.466	2.122	16.501
Revenue buoyancy with reference to State's own taxes (ratio)	*	*	0.612	0.662	2.633	0.250
GSDP Growth (percent)	(-) 10.45	(-) 8.09	2.122	21.703	6.828	1.046

* Growth of RR and own Tax revenue as also GSDP was negative during 2000-01 and 2001-02.



General Trend

The revenue receipts of Rs. 20597 crore during 2005-06 were less than the estimate of Rs. 21344 crore which was mainly due to decrease of Rs. 862 crore estimated for grants-in-aid from GOI. As against the estimated share of Tax revenue and non-tax revenue of 41.85 per cent and 10.49 per cent in revenue receipts respectively in 2005-06, these were actually 44.26 and 10.72 per cent during 2005-06.

Rate of growth of revenue receipts, which was 38.16 per cent during 2004-05 has significantly decreased to 4.32 per cent during the year 2005-06 mainly due to decrease in non-tax revenue. While the receipts from Own Taxes, Central Tax Transfers and grant-in-aid increased by 4.89 per cent, 5.06 per cent and 1.93 per cent respectively, the receipts from non-tax revenue decreased by 11.88 per cent. The increase of Rs. 854 crore in the revenue receipts during 2005-06 was due to increase in receipts mainly under Taxes on Sales, Trades etc. (Rs. 596 crore), Interest Receipts (Rs. 501 crore), Corporation Tax (Rs. 306 crore) and Taxes on Income other than Corporation Tax (Rs. 304 crore). Increase in the collection of revenue receipts by Rs. 854 crore helped State Government in achieving the revenue surplus of Rs. 34 crore during the year.

On an average around 55 per cent of the revenue had come from the State's Own Resources, while Central Tax Transfers and Grant in Aid together continued to contribute nearly 45 per cent of the total revenue. Taxes on Sales, Trades etc was the major source of State's own tax revenue having contributed 50 per cent of the tax revenue followed by State Excise (15 per cent), Taxes on Stamps and Registration (11 per cent) etc.

Own Tax Revenue

The TWFC has projected State own tax revenue to grow at 14.40 per cent for the period 2005-06 to 2009-10. The actual growth during 2005-06 was 17.26 per cent, which shows that the projection given by TWFC was well achieved by the State Government. State Own tax revenue and non-tax revenue of Rs. 9115 crore and Rs. 2208 crore respectively during 2005-06 were more than Rs. 9034 crore and Rs. 2137 crore respectively as projected by the TWFC. The sharp increase of Own Tax buoyancy from 2.12 in 2004-05 to 16.5 in 2005-06 was mainly due to marginal growth of GSDP during 2005-06 as compared to the previous year.

Non-Tax Revenue

TWFC has suggested annual growth of 11 per cent in non-tax revenue. It was observed that there was a negative growth of 30.17 per cent and 9.48 per cent during 2000-01 and 2003-04 respectively. During 2004-05 it was increased to 201 per cent and declined to 51 per cent in 2005-06 mainly due to refund of grant of Rs. 2749 crore by the MPSEB to the State Government during 2004-05. Of non-tax revenue Sources, non-ferrous Mining and Metallurgical Industries (37 per cent), Interest Receipts (24 per cent) and Forestry and Wild Life (22 per cent) were the principal contributors. There was increase of Rs. 501 crore under interest receipts and decrease of Rs. 8 crore, Rs. 13 crore, Rs. 274 crore under irrigation, social services and economic services respectively during the year as compared to the previous year.

Central Tax transfer

The Central tax devolutions are determined by the TWFC award. The Central tax transfer of Rs. 6341 crore was marginally less than the estimated amount of Rs. 6377 crore as given in Macro Economic Framework Statement.

Grant-in-aid

The non-plan grant which was Rs. 458.82 crore in 2004-05 increased to Rs. 767.86 crore in 2005-06 mainly due to increase under head "Grant under the proviso to Article 275 (i) of constitution" (Rs. 183 crore) and "Grant towards contribution to Calamity Relief Fund" (Rs. 132 crore). Grants for Central Plan and Centrally Sponsored Plan Schemes increased from Rs. 59.73 crore and Rs. 599.44 crore in 2004-05 to Rs. 65.88 crore and Rs. 835.20 crore in 2005-06 respectively, while Grants for State plan schemes decreased from Rs. 1313.75 crore in 2004-05 to Rs. 1263.60 crore in 2005-06.

Arrears of revenue

Department wise status of arrears of revenue during 2005-06 are as detailed below:

Department-wise status of the arrears of Revenue during 2005-06

Sl. No.	Name of Department	Arrear of Revenue (Rupees in crore)
1.	Tax on vehicle	33.83
2.	State Excise	53.73
3.	Electricity	32.85
4.	Commercial Tax	759.30
5.	Mining	11.11
6.	Co-operation	9.36
7.	Stamp duty and Registration	66.38
8.	Forest	18.99
	Total	985.55

The Departments concerned have not furnished information regarding the arrears on account of cases pending in courts.

1.4.3 Sources of Receipts

The source of receipts under different heads as well as GSDP during 2000-06 is indicated in Table-5.

Table-5: Source of Receipts – Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts				Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Contingency Fund Receipts	Accruals in Public Account		
2000-01	12839	13	3101	7	16520	32480	88445
2001-02	11211	1588	3281	--	15013	31093	81286
2002-03	13391	43	4949	--	20120	38503	83011
2003-04	14289	36	9938	--	22285	46548	101027
2004-05	19743	53	8849	1	24790	53436	107926
2005-06	20597	2852	5161	--	29038	57648	109055 (A)

A- Advance estimates

The relative share of revenue receipts in total Receipts decreased from 39.53 per cent in 2000-01 to 35.73 per cent in 2005-06, while the share of Capital Receipts in total Receipts increased from 60.47 per cent in 2000-01 to

64.27 per cent in 2005-06. The non-debt receipts and accruals in the Public Account increased sharply by 5281 per cent and 17.14 per cent respectively during 2005-06 over previous year, while debt receipts decreased by 41.68 per cent during 2005-06 over previous year.

The sharp increase in non-debt receipts during the year 2005-06 was mainly on account of repayment of loan by MPSEB under Major Head 6801-Loan for power projects (Rs. 2816.82 crore).

1.5 Application of resources

1.5.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs. 16391 crore in 2000-01 to Rs. 28020 crore in 2005-06. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table-6.

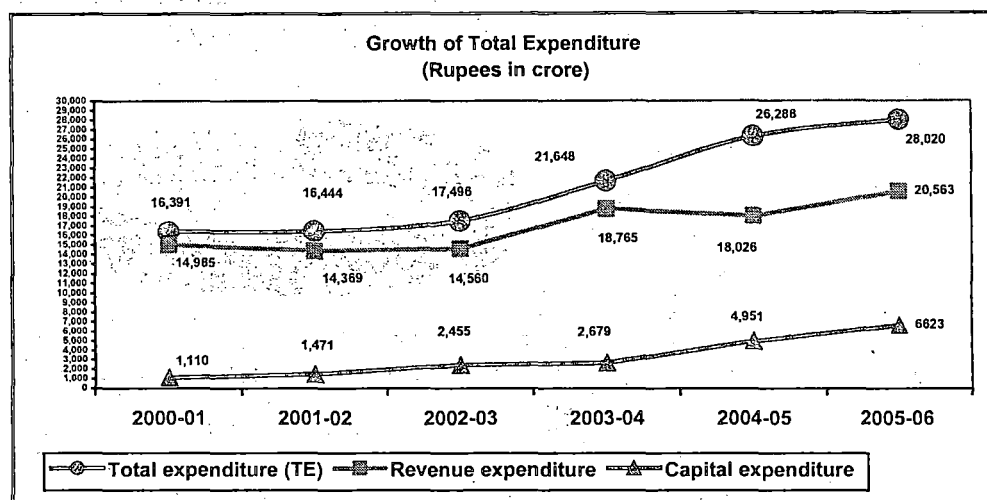
Table-6: Total Expenditure – Basic Parameters

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Total expenditure (TE)* (Rupees in crore)	16391	16444	17496	21648	26288	28020
Rate of Growth (per cent)	--	0.32	6.40	23.73	21.43	6.58
TE/GSDP Ratio (per cent)	18.53	20.23	21.08	21.43	24.36	25.69
RR/TE Ratio (per cent)	78.33	68.18	76.54	66.00	75.10	73.50
Buoyancy of Total Expenditure with reference to:						
GSDP (ratio)	♣	♣	3.014	1.093	3.142	6.290
RR (ratio)	♣	♣	0.328	3.541	0.561	1.523

* Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

♣ Growth of RR as well as GSDP was negative during 2000-01 and 2001-02.

The increase in total expenditure in the current year was primarily due to increase of Rs. 2537 crore under Revenue Section, Rs. 1672 crore under Capital Section. The ratio of revenue receipts to total expenditure decreased from 75 per cent in 2004-05 to 74 per cent in 2005-06 indicating that about 74 per cent of the States total expenditure was met from its current revenue and the balance of 26 per cent was financed from borrowings. The buoyancy ratio of total expenditure with reference to GSDP and revenue receipts increased from 3.142 and 0.561 in 2004-05 to 6.290 and 1.523 in 2005-06 due to marginal growth of GSDP during 2005-06 in comparison to 2004-05.

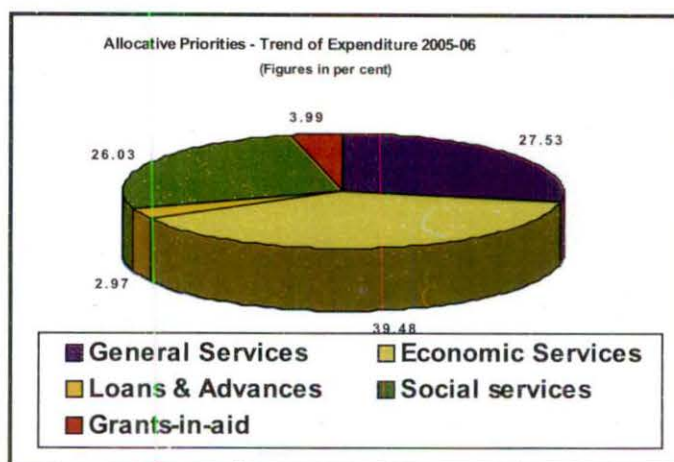


Trends in Total Expenditure by Activities: In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in Table-7.

Table-7: Components of Expenditure – Relative Share

	(in per cent)					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
General Services	32.57	30.80	31.33	30.53	28.96	27.53
Of which Interest payments	14.70	13.70	14.30	14.80	13.92	12.21
Social Services	36.43	28.92	33.26	27.05	23.22	26.03
Economic Services	25.97	34.30	30.34	38.74	31.73	39.48
Grants-in-aid	3.22	2.27	2.32	2.73	3.49	3.99
Loans and Advances	1.81	3.64	2.75	0.95	12.60	2.97

The movement of the relative shares of these components of expenditure indicated that the share of disbursement of loans and advances in total expenditure declined from 12.60 per cent in 2004-05 to 2.97 per cent in 2005-06 respectively. However, the share of Social services and Economic Services in total expenditure increased from 23.22 and 31.73, per cent in 2004-05 to 26.03 and 39.48 per cent in 2005-06 respectively. The sharp decline in relative share of loans and advances was mainly due to less disbursement under Energy Sector, while increase in relative share of social services was mainly due to more revenue expenditure under 'Education Sports Art & Culture' (Rs. 354 crore), "Social Welfare and Nutrition" (Rs. 330 crore) and "Welfare of SC,ST & OB Class (Rs. 156 crore). Increase in relative share of Economic services was mainly due to more expenditure under 'Energy' (Rs. 517 crore) and 'Transport' (Rs. 158 crore).



1.5.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is incurred to maintain the current level of services and payments, for the past obligations and as such does not result in any addition to the States infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table-8**.

Table-8: Revenue Expenditure: Basic Parameters

(Rupees in crore and percent in bracket)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Expenditure (RE)	14985	14369	14560	18765	18026	20563
Of which Non Plan Revenue Expenditure (NPRE)	12302 (82.10)	11853 (82.49)	11040 (75.82)	15949 (84.99)	14861 (82.44)	16351 (79.52)
Plan Revenue Expenditure (PRE)	2683 (17.90)	2516 (17.51)	3520 (24.18)	2816 (15.01)	3165 (17.56)	4212 (20.48)
Rate of Growth (per cent) NPRE	Neg.	Neg.	Neg.	44.46	Neg.	10.02
PRE	Neg.	Neg.	39.90	Neg.	12.39	33.08
NPRE/ GSDP (per cent)	13.90	14.58	13.29	15.78	13.76	14.99
NPRE as per cent of TE	75.05	72.08	63.10	73.67	56.53	58.35
NPRE as per cent of RR	95.81	105.72	82.44	111.61	75.27	79.38
Buoyancy of Revenue Expenditure with						
GSDP (ratio)	♣	♣	0.622	1.330	♣	13.451
Revenue Receipts (ratio)	♣	♣	0.067	4.310	♣	3.256

♣- Growth of RR and GSDP during 2000-01 and 2001-02 as also of RE during 2004-05 was negative.

Revenue expenditure of the State increased by 14 per cent from Rs. 18026 crore in 2004-05 to Rs. 20563 crore in 2005-06. The increase was mainly due to more expenditure on Power (Rs. 518 crore), General Education (Rs. 356 crore), Relief on account of Natural Calamities (Rs. 320 crore), Pension and Other Retirement benefits (227 crore) and Other Rural Development Programmes (Rs. 289 crore) in comparison to previous year. Both the components of revenue expenditure, non-plan revenue expenditure and plan revenue expenditure had increased from Rs. 14861 crore and 3165 crore in 2004-05 to Rs. 16351 crore and Rs. 4212 crore in 2005-06 respectively. The rate of growth of NPRE and PRE sharply increased from negative and 12.39 per cent in 2004-05 to 10.02 per cent and 33.08 percent during 2005-06. The ratio of non-plan revenue expenditure to total expenditure and revenue receipts increased from 56.53 and 75.27 per cent in 2004-05 to 58.35 and 79.38 per cent in 2005-06. Buoyancy ratio of revenue expenditure with GSDP

was 13.451 during the year which was maximum during the entire period 2000-06. Buoyancy of revenue expenditure with revenue receipts was 3.256 during the year due to decrease in non-tax revenue. As against the growth of 11.46 per cent estimated for non plan revenue expenditure there was actual growth of 10.02 per cent in 2005-06. However the expenditure on Salary (Rs. 5669 crore), Interest payment (Rs. 3422 crore) and Pension (Rs. 1557 crore) together consumed 52 per cent of the total revenue receipts of the State during the year. Total non-plan revenue expenditure of Rs. 16351 crore was more than the projected figure of Rs. 13150 crore by TWFC. The increase was mainly under 'Interest Payment' (Rs. 167 crore) 'General Services' (Rs. 565 crore), 'Social Services' (Rs. 393 crore) and 'Economic Services (Rs. 1910 crore).

1.5.3 Committed Expenditure

Expenditure on Salaries

Table-9: Expenditure on Salaries

	(Rupees in crore)					
Heads	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Expenditure on Salaries	5715*	4669*	5258*	5312*	6176*	5669* [@]
Of which						
Non-Plan Head	NA	NA	NA	NA	NA	5058
Plan Head	NA	NA	NA	NA	NA	611
As per cent of GSDP	6.46	5.74	6.33	5.26	5.72	5.20
As per cent of RR	44.51	41.65	39.27	37.17	31.28	27.52

* Figures as were obtained from Department

@ Source: Finance Accounts of year 2005-06

Salary for year 2005-06 was 5.20 per cent of GSDP and 27.52 per cent of revenue receipts. Macro Economic framework statement estimated increase in salary @ 7.5 percent from 2007-08.

Pension Payments

Table 10: Expenditure on Pensions

	(Rupees in crore)					
Heads	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Expenditure on Pensions	962.65	1010.76	1082.68	1197.27	1329.89	1557.14
As per cent of GSDP	1.09	1.24	1.30	1.18	1.23	1.43
As per cent of RR	7	9	8	8	7	8

The State Government has estimated in medium term fiscal policy statement average increase rate of 9.66 per cent in pension from 2007-08. TWFC adopted an annual growth rate of 10 percent and applied it to base year estimated to generate payment levels in the forecast period. It was however observed that there was higher growth rate of 11.11 percent and 17.06 percent in 2004-05 and 2005-06 respectively, mainly due to more expenditure on superannuation and Retirement allowances and normal growth expenditure.

While the State Government projected pension liabilities of Rs. 1548 crore during 2005-06, the actual pension payments were Rs. 1557 crore.

Interest payments

Table-11: Interest payments

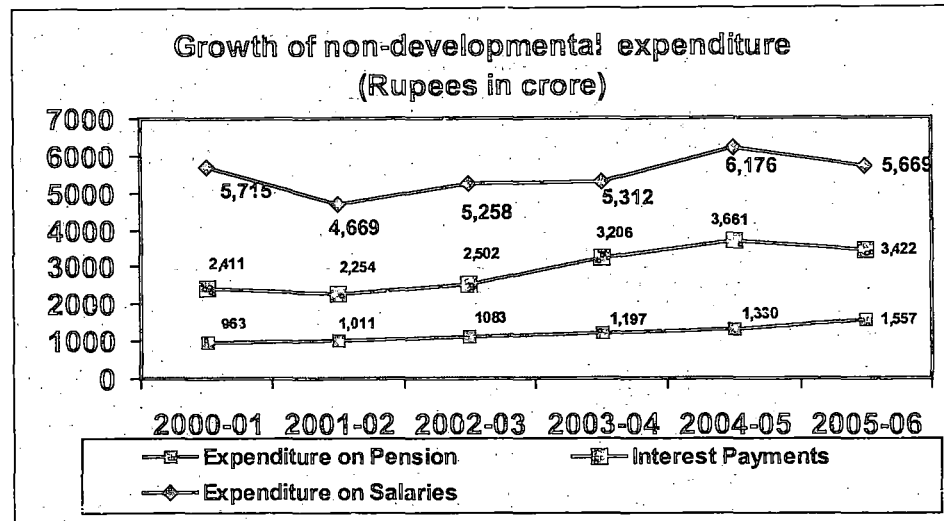
Year	Total Revenue Receipts (Rupees in crore)	Interest Payments	Percentage of Interest payments with reference to	
			Total Revenue Receipts	Revenue Expenditure
2000-01	12839	2411	18.78	16.09
2001-02	11211	2254	20.11	15.69
2002-03	13391	2502	18.68	17.18
2003-04	14289	3206	22.43	17.08
2004-05	19743	3661	18.54	20.31
2005-06	20597	3422	16.61	16.64

The State Government had paid interest of Rs. 3422 crore during the year as against the estimated amount of Rs. 3686 crore prescribed in Macro Economic Framework Statements on account of loans borrowed from many sources. During the year State Government had paid Rs. 826 crore as interest mainly on the Loans borrowed from open market and Rs. 946 crore as interest on special securities issued to NSS fund of the Central Government by the State Government. The State Government paid Rs. 490 crore as interest to various autonomous bodies on loans received from them and also paid Rs. 699 crore as interest for the loans borrowed from the Government of India.

The TWFC (November 2004) and Macro Economic Framework Statements had recommended that the level of interest payments relative to revenue receipts should fall to about 15 per cent by 2009-10. It was observed that interest payments as percentage of revenue receipts during the year 2005-06 were 17 per cent. As per Macro Economic Framework Statements, an amount of Rs. 587.55 crore at 14.5 per cent of the GOI loan was swapped in 2002-03. In the year 2003-04 an amount of Rs. 1507.17 crore was swapped on interest rates ranging between 13 percent and 14.5 per cent. Similarly Rs. 732 crore of NABARD Loan was also swapped in 2004-05. The interest relief due to debt swap in these three years was about Rs. 225 crore.

Impact of Debt Consolidation

Macro Economic Framework Statements prescribed that general debt relief comprising consolidation, rescheduling and lowering of Interest rate to 7.5 per cent shall be available to all States with effect from the year they enact the fiscal responsibility legislation. A sum of Rs. 7256 crore has been rescheduled for Madhya Pradesh under this scheme. The total savings on account of Debt repayment and interest payment are estimated at Rs. 1927.60 crore over a period of five years.



Subsidies

Though the finances of the State are under strain, State Government has been paying subsidies to various Corporations, etc. The trends in the subsidies given by the State Government are given in Table 12.

Table-12: Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+)/ decrease (-) over previous year	Percentage of subsidy in total expenditure
2001-02	2038.16	(+)395.26	12.40
2002-03	938.88	(-)53.93	5.37
2003-04	3926.78	(+)318.24	18.14
2004-05	1465.93	(-)62.67	5.58
2005-06	1983.47	(+)35.30	7.08

Note: Details of subsidies paid is related to MPSEB & MPSRTC only. Details in respect of other Corporations and Nigam were not made available by the Finance Department.

Though the expenditure on payment of subsidies increased by 35 per cent during the year it still constituted 7 per cent of total expenditure which was paid to MPSEB.

1.6 Expenditure by Allocative Priorities

1.6.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP, the better is quality of expenditure. Table13 gives these ratios during 2000-06.

Table 13 – Indicators of Quality of Expenditure

	(Rs in crore)					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Capital Expenditure	1110	1471	2455	2679	4951	6623
Revenue Expenditure	14985	14369	14560	18765	18026	20563
<i>Of which</i>						
Social and Economic Services with (i) <i>Salary & Wage Component*</i>	NA	NA	NA	NA	NA	4140
(ii) <i>Non-Salary & Wage component</i>						7712
As per cent of Total Expenditure						
Capital Expenditure	6.77	8.95	14.03	12.39	18.83	23.64
Revenue Expenditure	91.42	87.38	83.22	86.68	68.57	73.39
As per cent of GSDP						
Capital Expenditure	1.25	1.81	2.96	2.65	4.59	6.07
Revenue Expenditure	16.94	17.68	17.53	18.57	16.70	18.86

* Figures pertain to salary only

Macro Economic Framework Statements estimated Revenue and Capital expenditure of Rs. 21370 crore and Rs. 6853 crore respectively during 2005-06.

Both the Revenue and Capital expenditure had increased from Rs. 18026 crore and Rs. 4951 crore in 2004-05 to Rs. 20563 crore and Rs. 6623 crore in 2005-06 respectively. As percentage of total expenditure and GSDP, both the expenditures have incremental trends during the year. Higher ratios of these components show that the quality of the expenditure was better. The growth of Revenue and Capital expenditure was 14 and 34 per cent respectively during 2005-06. Significant growth of capital expenditure shows better financial position. The developmental expenditure (Rs. 18355 crore) accounted for 65.5 per cent of Total Expenditure (Rs. 28020 crore). The expenditure on non-developmental purposes (Rs. 4140 crore) was 22.6 per cent of the developmental expenditure (Rs. 18355 crore). Out of Revenue Expenditure on Social and Economic Services, 35 per cent and 65 per cent were incurred on salary and non-salary components respectively. Expenditure on non-salary component includes 46 per cent of Social Services and 54 per cent on Economic Services.

1.6.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. Table 14 summarises the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2000-06.

Table 14: Expenditure on Social Services

(Rs in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (®)
Education, Sports, Art and Culture						
Revenue Expenditure	2750	2110	2296	2355	2552	2906
<i>Of which</i>						
(a) Salary & Wage Component*	NA	NA	NA	NA	NA	1786(97.8)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	1120(39.6)
Capital Expenditure	13	16	17	20	24	42
Total	2763	2126	2313	2375	2576	2948
Health and Family Welfare,						
Revenue Expenditure	832	667	761	761	856	925
<i>Of which</i>						
(a) Salary & Wage Component*	NA	NA	NA	NA	NA	596(82.9)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	329(62.6)
Capital Expenditure	30	21	18	38	43	64
Total	862	688	779	799	899	989
Water Supply, Sanitation, Housing and Urban Development						
Revenue Expenditure	683	536	397	459	479	556
<i>Of which</i>						
(a) Salary & Wage Component*	NA	NA	NA	NA	NA	109(95.4)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	447(36.0)
Capital Expenditure	18	72	394	361	242	394
Total	701	608	791	820	721	950
Other Social Services						
Revenue Expenditure	1571	1270	1830	1747	1785	2271
<i>Of which</i>						
(a) Salary & Wage Component*	NA	NA	NA	NA	NA	600(74.3)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	1671(37.4)
Capital Expenditure	75	63	107	116	123	135
Total	1646	1333	1937	1863	1908	2406
Total (Social Services)						
Revenue Expenditure	5836	4583	5284	5322	5672	6658
<i>Of which</i>						
(a) Salary & Wage Component*	NA	NA	NA	NA	NA	3091(90.3)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	3567(45.0)
Capital Expenditure	136	172	536	535	432	635
Total	5972	4755	5820	5857	6104	7293

*pertains to salary expenditure (®) Figures in bracket shows share of Non Plan Revenue Expenditure in percentage.

The growth of Revenue expenditure and Capital expenditure on social services was 17.38 per cent and 47 per cent during 2005-06 as against 6.58 per cent and negative growth respectively during 2004-05. The growth of 13.87 per cent, 8.06 per cent and 16.08 percent of revenue expenditure were noticed during 2005-06, under the components "Education, Sports, Art and Culture, "Health and Family Welfare" and "Water Supply and Sanitation, Housing and Urban Development" respectively. During 2005-06, the expenditure on salary were 61.46 percent, 64.43 per cent and 19.60 per cent under the components "Education, Sports, Art & Culture", "Health & Family Welfare" and "Water Supply, and Sanitation, Housing and Urban development" respectively. Social Services (Rs. 7293 crore) accounted for 40 per cent of the Developmental Expenditure (Rs. 18355 crore) during the year. Out of the expenditure on Social Services, 40 per cent was spent on 'Education, Sports, Art & Culture', 13 per cent on 'Water Supply and Sanitation, Housing and Urban Development', 14 per cent on Health & family welfare and 33 per cent on other social services. Non-Plan Revenue Expenditure on salary in Revenue Section in respect of 'Education, Sports, Art & Culture' and 'Health & Family Welfare' was 98 percent and 83 percent respectively as against 85 percent and 75 percent observed by the TWFC.

1.6.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on Economic Services (Rs. 11061 crore) accounted for 39.48 per cent of the total expenditure (Table 15). Of this, Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport consumed nearly 83.4 per cent.

Table-15: Expenditure on Economic Sector

	(Rupees in crore)					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Agriculture, Allied Activities.						
Revenue Expenditure	1215	1108	1226	1148	1244	1285
Of which (a) Salary & Wage Component*	NA	NA	NA	NA	NA	544(86.4)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	741(47.6)
Capital Expenditure	43	23	34	50	59	38
Total	1258	1131	1260	1198	1303	1323
Irrigation and Flood Control						
Revenue Expenditure	336	261	251	270	300	327
Of which (a) Salary & Wage Component*	NA	NA	NA	NA	NA	233(67.8)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	94(94.7)
Capital Expenditure	487	685	950	1081	1699	1254
Total	823	946	1201	1351	1999	1581
Power & Energy						
Revenue Expenditure	410	2037	980	3954	1466	1983
Of which (a) Salary & Wage Component*	NA	NA	NA	NA	NA	--
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	1983(96.7)
Capital Expenditure	239	173	348	328	1747	3236
Total	649	2210	1328	4282	3213	5219
Transport						
Revenue Expenditure	295	246	224	190	140	298
Of which (a) Salary & Wage Component*	NA	NA	NA	NA	NA	98(100)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	200(100)
Capital Expenditure	116	237	315	407	547	809
Total	411	483	539	597	687	1107
Other Economic Services						
Revenue Expenditure	1042	711	744	717	819	1301
Of which (a) Salary & Wage Component*	NA	NA	NA	NA	NA	174(79.3)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	1127(72.6)
Capital Expenditure	74	159	236	241	321	530
Total	1116	870	980	958	1140	1831
Total (Economic Services)						
Revenue Expenditure	3298	4363	3425	6279	3969	5194
Of which (a) Salary & Wage Component*	NA	NA	NA	NA	NA	1049(82.4)
(b) Non-Salary & Wage component	NA	NA	NA	NA	NA	4145(63.0)
Capital Expenditure	959	1277	1883	2107	4373	5867
Total	4257	5640	5308	8386	8342	11061

* Figure pertains to Salary Expenditure only
(&) Figures in brackets shows share of Non Plan Revenue Expenditure in percentage

Both the revenue and capital Expenditure on Economic Services increased from Rs.3969 crore and Rs.4373 crore in 2004-05 to Rs.5194 crore and Rs.5867 crore in 2005-06 respectively. Out of Rs.5194 crore on revenue expenditure, Rs.4145 crore (80 per cent) were spent on non salary and wages component. It shows that a substantial amount was spent on maintenance of these Economic Services.

1.6.4 Financial Assistance to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the six year period 2000-06 is presented in Table 16

Table-16: Financial Assistance

	(Rupees in crore)					
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	156.20	154.80	134.56	173.96	158.74	133.37
Municipal Corporations and Municipalities	190.72	430.72	506.00	557.35	320.61	1027.34
Zilla Parishads and Other Panchayati Raj Institutions	218.89	431.90	526.29	524.58	437.82	685.98
Development Agencies	9.08	153.05	253.29	21.30	7.33	2.00
Hospitals and Other Charitable Institutions	18.90	4.60	7.08	13.71	8.67	7.14
Other Institutions	170.36	29.65	121.22	113.72	170.90	311.43
Total	764.15	1204.72	1548.44	1404.62	1104.07	2167.26
Assistance as per percentage of RE	Not possible*	8	11	7.5	6.12	10.54

The Financial Assistance to Local bodies and other institutions increased from Rs. 1104.07 crore in 2004-05 to Rs. 2167.26 crore in 2005-06. The increase was mainly under "Municipal Corporations and Municipalities" and "Zila Parishad and other Panchayati Raj Institutions". The assistance as percentage of Revenue Expenditure increased from 6.12 percent in 2004-05 to 10.54 percent in 2005-06.

1.6.5 Delay in furnishing utilisation certificates

Utilisation Certificates (2478 nos.) in respect of Grants and Loans aggregating Rs. 2859.86 crore paid up to 2005-06 were in arrears. Details of Department-wise break up of outstanding utilisation certificates are given in Appendix 1.7.

1.6.6 Non-submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. As of September 2006, none of the Departments of the Government furnished details for the year 2005-06.

1.6.7 Abstract of performance of the autonomous bodies

The audit of accounts of three bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature is indicated in Appendix 1.8.

* Due to re-organisation of State

1.6.8 Misappropriations, losses, defalcations, etc

State Government reported 801 cases of misappropriation, defalcation, etc involving Government money amounting to Rs. 5.30 crore upto the period from 1965-66 to the end of March 2006 on which final action was pending. The Department-wise break up of pending cases is given in **Appendix 1.9**.

1.6.9 Write off of losses, etc

As reported to Audit, losses due to theft, fire and irrecoverable revenue, etc amounting to Rs. 29.84 Lakh in 80 cases were written-off during 2005-06 by competent authorities. The relevant details are given in **Appendix-1.10**.

1.7 Assets and Liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and the assets as on 31 March 2006, compared with the corresponding position on 31 March 2005. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. **Appendix 1.11** depicts the time series data on State Government finances for the period 2000-06.

1.7.1 Financial Results of Irrigation Works

The financial results of 13 major, medium and minor irrigation projects with revenue expenditure of Rs. 324.75 crore during the year showed that revenue realised (Rs. 37.32 crore) from these projects during 2005-06 was 11.49 per cent of revenue expenditure which was far from sufficient to meet even the expenditure on maintenance.

1.7.2 Investments and returns

As of 31 March 2006, Government had invested Rs.6965.99 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 18**). Of these, 3 Statutory Corporations and 13 Government Companies with an aggregate investment of Rs. 638 crore upto 2005-2006 were incurring losses and their accumulated losses amounted to Rs.2899 crore as per the accounts furnished by these companies upto 2005-06 (**Appendix-1.12**).

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

Out of the total investment of Rs.6965.99 crore at the end of March 2006, Rs.1619.56 crore pertained to the composite State of Madhya Pradesh but retained in MP pending allocation between MP and Chhattisgarh State

(Statutory Corporations (Rs.935.47 crore) Government Companies (Rs.199.54 crore), Co-operative Banks and Societies (Rs.483.01 crore) and Joint-Stock Companies (Rs.1.54 crore).

The return on this investment was 0.08 *per cent* in 2005-06 while the Government paid interest at the average rate of 7.33 to 9.94 *per cent* on its borrowings during 2000-2006.

Table-18: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on government borrowing	Difference between interest rate and return
	(Rupees in crore)	(Rupees in crore)	(per cent)	(per cent)	(per cent)
2000-01	1679.09	0.31	0.02	9.94	9.92
2001-02	1687.08	1.64	0.10	9.19	9.09
2002-03	1702.39	4.09	0.24	8.81	8.57
2003-04	1737.29	8.42	0.48	9.41	8.93
2004-05	4151.65	2.50	0.06	8.96	8.90
2005-06	6965.99	5.72	0.08	7.33	7.25

1.7.3 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporation and Companies, Government has also been providing loans and advances to many of these institutions/organizations. Total outstanding loans and advances as on 31 March 2006, was Rs. 3848 crore (Table 19). Interest received against these loans advanced was 12.50 *per cent* during 2005-06 as against 0.09 *per cent* in previous year.

Table-19: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Opening Balance	2845	2991	2002	2440	2608	5866
Amount advanced during the year	295	599	481	204	3311	834
Amount repaid during the year	13	1588	43	36	53	2852
Closing Balance	2991	2002	2440	2608	5866	3848
Net addition	146	(-)989	438	168	3258	(-)2013
Interest Received	157	237	24	11	5	481
Interest received as <i>per cent</i> to outstanding Loans and advances	5.25	11.84	0.98	0.42	0.09	12.5
Weighted interest rate (in <i>per cent</i>) paid on borrowings by State Government.	9.48	7.23	7.20	6.90	7.22	7.45
Difference between weighted interest paid and received (<i>per cent</i>)	4.23	(-)4.61	6.22	6.48	7.13	(-)5.05

The interest received on these loans has been increased by Rs. 476 crore during the year in comparison to previous year mainly due to interest on loans to MPSEB (Rs. 465 crore) and other Loans and Advances (Rs. 11 crore). The weighted interest paid on borrowing at the rate of 7.45 percent was less than interest received at the rate of 12.5 percent on Loans and Advances given by the Government during 2005-06. As per the revised estimates of the year 2005-06, Rs. 3757 crore of Loans and Advances are outstanding. The recoveries are projected to grow at 25 percent average annual growth rate from the budget estimates of the year 2006-07.

The steep increase in Loans and Advances during 2004-05 was due to payment of loans of Rs. 2749 crore to MPSEB which was repaid by MPSEB during 2005-06.

1.7.3.1 Non-recovery of loan

Government of Madhya Pradesh, Public Health Engineering Department (PHED) granted loan to Municipal Corporation, Gwalior each year from 1989-90 onwards for Sewerage and Sewage Disposal Project for Greater Gwalior. Agreements were executed by Collector Gwalior on behalf of PHED with Municipal Corporation regarding conditions of repayment of loan. The loan along with interest was recoverable in 25 equal installments, commencing after four years from the year of sanction of loan or two years after completion of work which ever was earlier. In case of failure in repayment of loan the loanee was liable to penal interest at 3 per cent.

Test-check (March 2006) of records of Collector, Gwalior and further information collected in November 2006 revealed that between 1991-92 and 1999-2000 loans of Rs. 22.73 crore (1991-92: Rs. 0.23 crore; 1997-98: Rs. 0.20 crore; 1998-99: Rs. 0.30 crore and 1999-2000: Rs. 22.00 crore) were granted to Municipal Corporation Gwalior for above work but no installment towards repayment of loan was paid so far by the loanee. This resulted in non-recovery of loan of Rs. 2.82 crore upto November 2006, besides interest on loan and amount of penalty at the rate of three per cent was also leviable.

On this being pointed out in audit (March and November 2006), the Collector stated that action will be taken to recover the loan.

The matter was reported to Government (April 2006); their reply is awaited (November 2006).

1.7.4 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – ordinary and special – from Reserve Bank of India has been put in place. During the year, the State has not availed any Ways and Means Advances.

Ways and Means Advances and Overdrafts availed, the number of occasions it was availed during 2000-2006 and interest paid by the State is detailed in Table 20.

Table-20: Ways and Means and Overdrafts of the State

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Ways and Means Advances						
Availed in the Year	2246.46	2491.64	2306.65	5330.26	2234.74	Nil
Outstanding WMAs, if any	--	--	--	266.78	--	Nil
Interest Paid	8.22	10.51	11.55	14.06	3.75	Nil
Number of Days	165	117	103	200	127	Nil
Overdraft						
Availed in the year	1220.14	3722.79	4140.40	1083.54	--	Nil
Number of Days	47	172	176	60	--	Nil
Interest Paid	2.79	5.08	6.69	3.41	--	Nil

1.8 Undischarged Liabilities

The FRBM Act, 2005, describes "Total Liabilities" as the liabilities under the Consolidated fund of the State and the Public Accounts of the State and includes risk weighted guarantee obligations of the State Government where the principal and/or interest are to be serviced out of the State Budget.

1.8.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a 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 the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits.

Table-21 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table-21: Fiscal Liabilities – Basic Parameters

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Fiscal Liabilities (Rupees in crore)	22548	26487	30340	37525	44235	49173
Rate of Growth (<i>per cent</i>)	Neg.	17.46	14.55	23.68	17.8	11.16
Ratio of Fiscal Liabilities to						
GSDP (<i>per cent</i>)	25.49	32.58	36.55	37.14	40.99	45.09
Revenue Receipts (<i>per cent</i>)	175.62	236.26	226.57	262.61	224.05	238.73
Own Resources (<i>per cent</i>)	306.19	421.70	388.97	453.80	361.54	434.28
Buoyancy of Fiscal Liabilities to						
GSDP (ratio)	*	*	6.856	1.091	2.618	10.669
Revenue Receipts (ratio)	*	*	0.748	3.534	0.468	2.583
Own Resources (ratio)	*	*	0.601	3.940	0.372	*

* Includes Rs. 662 crore not yet apportioned between Madhya Pradesh and Chhattisgarh

* Growth of RR during 2000-01 and 2001-02 as also own receipts during 2000-01, 2001-02 and 2005-06 was negative.

Overall fiscal liabilities of the State increased from Rs. 22548 crore in 2000-01 to Rs. 49173 crore in 2005-06. The increase of fiscal liabilities of Rs. 4938 crore during the year 2005-06 was mainly due to increase in internal debt of government (Rs. 4328 crore) i.e. mainly under market loans (Rs. 944 crore), loan from the national agriculture credit fund of the RBI (Rs. 399 crore) and NSS fund of Central Government (Rs. 2999 crore). The growth rate was 11.16 *per cent* during 2005-06 over previous year. The ratio of fiscal liabilities to GSDP also increased from 25.49 *per cent* in 2000-01 to nearly 45.09 *per cent* in 2005-06. These liabilities stood at 2.39 times the revenue receipts and 4.34 times of the States own resources as at the end of 2005-06. The fiscal liabilities had grown faster than the State's GSDP. The buoyancy of these liabilities with respect to GSDP during the year was 10.669 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 10.67 *per cent* the buoyancy of fiscal liabilities to Revenue receipts increased from 0.468 in 2004-05 to 2.583 in 2005-06. The FRBM Act, 2005, prescribes the target to limit the liabilities so that total liabilities do not exceed 40 *per cent* of the

estimated GSDP for that year within a period of 10 years i.e. 31 March 2015. During the year the fiscal liability was 45.09 per cent of the GSDP. The ratios of total liability to GSDP and Revenue receipts was 45.09 percent and 238.73 per cent respectively during 2005-06, which was less than estimated ratios of 52.35 percent and 278.03 per cent prescribed in fiscal situation statement.

1.8.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2000-01 is given in Table 22.

Table-22: Guarantees given by the Government of Madhya Pradesh

(Rupees in crore)

Year	Max amount guaranteed	Outstanding amount of guarantees	Percentage of maximum amount guaranteed to total revenue receipt
2000-01	9709.60	467.43	75.62
2001-02	9701.32	471.49	86.53
2002-03	11572.37	584.65	86.41
2003-04	12131.29	973.72	84.89
2004-05	12506.62	2016.27	63.34
2005-06	12636.80	613.37*	61.35

* To the extent information was received

Guarantees have been given by the State government for the discharge of certain liabilities like loans raised by statutory corporations, Government companies, Joint Stock companies, Co-operative institutions, local bodies, firms and individuals etc. No limit has been fixed within which the government may give guarantee on the security of the consolidated fund of the State. During the year 2005-06 Rs. 12637 crore was guaranteed by the State government out of which Rs. 613 crore was outstanding at the end of the year. Out of Rs. 613 crore outstanding guarantee, Rs. 92 crore were outstanding as interest. The State Government has constituted a Guarantee Redemption Fund amounting to Rs. 1,04 crore during 2005-06. The FRBM Act, 2005 prescribes the fiscal target to limit annual incremental guarantees so as to ensure that the total guarantees do not exceed 80 per cent of the total revenue receipts in the year proceeding the current year. The maximum amount of Rs. 12637 crore guaranteed by the State Government during 2005-06 was 61.35 per cent of Revenue Receipt. If the contingent liability on account of outstanding amount of guarantee Rs. 613 crore are not met by the borrowers it will be a liability on the consolidated fund of State and the fiscal liability would thus increase to that extent. As a result, the debt GSDP ratio will be marginally increased to 45.65 percent.

No sinking fund for amortization of all loans including loans from bank, liabilities on account of NSS etc. has been set up by the State Government.

1.8.3 Debt sustainability

The debt sustainability is defined as the ability to maintain a constant debt-GDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt* rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GDP ratio would be constant or sustainable. On the other hand, if $PD > QS$, debt-GDP ratio would be rising and if $PD < QS$, it would be falling.

Table-23: Debt Sustainability–Interest Rate and GSDP Growth (in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Weighted Interest Rate	9.48	7.23	7.20	6.90	7.22	7.45
GSDP Growth	(-)10.45	(-) 8.09	2.12	21.70	6.83	1.05
Interest spread	0.97	(-) 0.86	(-) 5.08	14.80	(-) 0.39	(-) 6.40
Fiscal Liabilities (Rs. Crores)	22548	26487	30340	37525	44235	49173
Quantum Spread (Rs Crores)	219	228	(-) 1541	5554	(-) 173	(-) 3147
Primary Deficit (Rs Crores)	1128	1391	1560	4117	2831	1149

Except 2003-04, debt GSDP ratio had an increasing trend indicating non-sustainability of debt position of the State.

1.8.4 Net availability of funds

Another important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest.

Table-25 below gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last six years.

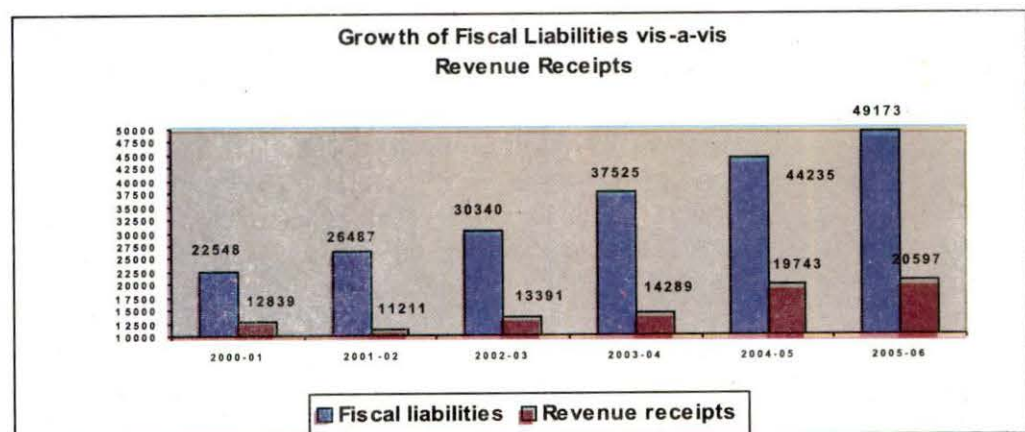


Table-25: Net Availability of Borrowed Funds

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
(Rupees in crore)						
Internal Debt						
Receipt	1876	1830	3169	7949	6968	4867
Repayment (Principal + Interest)	843	906	1105	1857	3061	2806
Net Fund Available	1033	924	2064	6092	3907	2061
Net Fund Available (per cent)	55	50	65	77	56	42
Loans and Advances from GOI						
Receipt	994	1451	1780	1723	1881	294
Repayment (Principal + Interest)	1494	1368	2468	3158	3052	1115
Net Fund Available	(-500)	83	(-688)	(-1435)	(-1171)	(-821)
Net Fund Available (per cent)	(-50)	6	(-39)	(-83)	(-62)	(-279)
Other obligations						
Receipt	1866	2625	3643	3922	3887	4574
Repayment (Principal + Interest)	1947	1963	3363	4153	3801	3916
Net Fund Available	(-81)	662	280	(-231)	86	658
Net Fund Available (per cent)	(-4)	25	8	(-6)	2	14
Total liabilities						
Receipt	4736	5906	8592	13594	12736	9735
Repayment (Principal + Interest)	4284	4237	6936	9168	9914	7837
Net Fund Available	452	1669	1656	4426	2822	1898
Net Fund Available (per cent)	10	28	19	33	22	19

The net funds available on account of internal debt and loans and advances from Government of India after providing for the interest and repayments and other obligations decreased from 22 per cent to 19 per cent during 2004-2006.

The State Government raised market loans of Rs. 1260.82 crore during the year. The average interest rate on borrowings during the year was 7.59 per cent whereas the State Government borrowed Rs. 3035.02 crore from National Small Savings Fund at the rate of 9.5 per cent per annum and Rs. 294 crore at the rate of 9 per cent per annum from Government of India. The State Government did not use the option of raising market borrowings at competitive rates through auctions. As on 31 March 2006, 44 per cent of the existing market loans of the State Government carried an interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which Government is able to raise resources at present from the market. The maturity profile of the State Government market loans indicates that nearly one-third of the total market loans are repayable within the next five years while remaining two third loans are required to be repaid within 5 to 10 years. The receipt of Loans and Advances from Government of India has sharply decreased from Rs. 1881 crore in 2004-05 to Rs. 294 crore in 2005-06 due to less receipt under "Loan for State/Union Territories Plan Scheme" (Rs. 1330 crore) and Non-receipt of ways and means advances during the year 2005-06 as against Rs. 250 crore received in 2004-05. Similarly, the repayment has decreased from Rs. 3052 crore in 2004-05 to Rs. 1115 crore in 2005-06 under the same head as above.

1.9 Management of deficits

The deficit in the Government accounts represents 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 raised are applied are important pointers to its fiscal health.

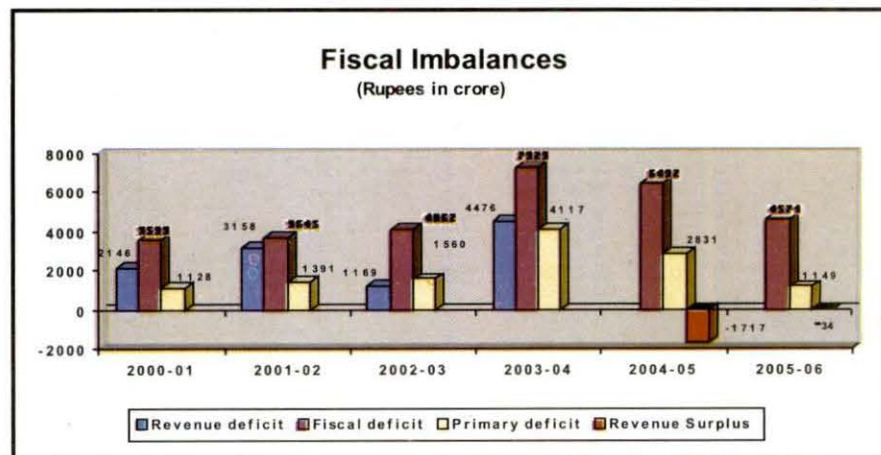
The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts increased from Rs. 2146 crore in 2000-01 to

Rs. 4476 crore in 2003-04. There were revenue surpluses of Rs. 1717 crore and Rs. 34 crore during 2004-05 and 2005-06 respectively. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs. 3539 crore in 2000-01 to Rs. 7323 crore in 2003-04 and decreased to Rs. 6492 crore and Rs. 4571 crore in 2004-05 and 2005-06 respectively. In the light of increase of 10.03 percent of Non Plan Revenue Expenditure during 2005-06 and decrease in interest payment by 6.53 per cent, the own tax GSDP ratio also increased from 7.20 percent in 2004-05 to 8.36 percent in 2005-06. The State also had a primary deficit of Rs. 1128 crore in 2000-01 which increased to Rs. 4117 crore in 2003-04 and decreased to Rs. 2831 crore and Rs. 1149 crore in 2004-05 and 2005-06 respectively as indicated in **Table-26**.

The ratio of revenue surplus to fiscal deficit was 0.74 *per cent* during 2005-06 indicating that nearly one percent of the borrowed funds were used for current consumption. As proportion to GSDP, fiscal deficit had reached 4.19 *per cent* in 2005-06.

Table-26: Fiscal Imbalances: Basic Parameters

Parameters	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue deficit (-)/ Revenue Surplus (+) (Rupees in crore)	(-) 2146	(-) 3158	(-) 1169	(-) 4476	(+) 1717	(+) 34 ^a
Fiscal deficit (Rupees in crore)	3539	3645	4062	7323	6492	4571
Primary deficit (Rupees in crore)	1128	1391	1560	4117	2831	1149
RD/GSDP (<i>per cent</i>)	2.43	3.89	1.41	4.43	1.59*	0.03*
FD/GSDP (<i>per cent</i>)	4.00	4.48	4.89	7.25	6.02	4.19
PD/GSDP (<i>per cent</i>)	1.28	1.71	1.88	4.08	2.62	1.06
RD/FD (<i>per cent</i>)	60.64	86.64	28.78	61.12	NA	NA



The FRBM Act, 2005 prescribes that State Government shall (i) reduce revenue deficit in each financial year as to eliminate it by 31 March 2009 and generate revenue surplus thereafter and (ii) reduce fiscal deficit in each Financial year so as to bring it down to not more than 3 *per cent* of GSDP by 31 March 2009. During 2005-06, there was revenue surplus of Rs. 34 crore and fiscal deficit was 4.19 *per cent* of GSDP as against estimated revenue deficit of Rs. 25 crore and fiscal deficit of 4.21 *per cent* of GSDP as per Macro Economic Framework Statement.

* Figures pertain to Revenue surplus/GSDP.

^a Revenue Surplus is understated by Rs. 814.78 crore due to conversion of Investment under Rural Electrification Corporation into grant by State Government.

Revenue Surplus of Rs. 34 crore was mainly due to increase in Revenue receipts under the Head Corporation Tax, Taxes on Income other than Corporation Tax, Taxes on Sales Trades etc, Interest Receipts and Power and decrease in expenditure on Interest Payment.

Decline in fiscal deficit during 2005-06 was mainly due to less disbursement of Loans and Advances and more recovery of borrowings. The surplus of Rs. 1717 crore during 2004-05 was overstated by Rs. 2749 crore due to adjustment of Grants given to MPSEB in 2003-04 into loans to MPSEB by per contra credit to 0801-Power. During 2005-06, FD and PD has also improved due to substantial recovery and less disbursement of loans and less interest payment.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. **Table-27** below presents a summarized position of Government finances over 2000-2006, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facets.

Table-27: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
I Resource Mobilisation						
Revenue Receipt/GSDP	14.52	13.79	16.13	14.14	18.29	18.88
Revenue Buoyancy	Neg.	Neg.	9.166	0.309	5.588	4.130
Own Tax/GSDP	6.38	5.76	7.43	6.72	7.2	8.36
II Expenditure Management						
Total Expenditure/GSDP	18.53	20.23	21.08	21.43	24.36	25.69
Total Expenditure/Revenue Receipts	127.66	146.67	130.65	151.50	133.15	136.03
Revenue Expenditure/Total Expenditure	91.42	87.38	83.22	86.68	68.57	73.39
Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	NA	NA	NA	NA	NA	15.54
Non-Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	NA	NA	NA	NA	NA	73.72
Capital Expenditure/Total Expenditure	6.77	8.95	14.03	12.38	18.83	23.64
Capital Expenditure on Social and Economic Services/Total Expenditure.	6.67	8.81	13.82	12.20	18.27	23.20
Buoyancy of TE with RR	♣	♣	0.328	3.541	0.561	1.523
Buoyancy of RE with RR	♣	♣	0.067	4.310	♣	3.256
III Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	2146	3158	1169	4476	1717 [#]	34 [#]
Fiscal deficit (Rs in crore)	3539	3645	4062	7323	6492	4571
Primary Deficit (Rs in crore)	1128	1391	1560	4117	2831	1149
Revenue Deficit/Fiscal Deficit	60.64	86.64	28.78	61.12	NA	NA
IV Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	25.49	32.58	36.55	37.14	40.99	45.09
Fiscal Liabilities/RR	175.62	236.26	226.57	262.61	224.05	238.73
Buoyancy of FL with RR	♣	♣	0.748	3.534	0.468	2.583
Buoyancy of FL with Own Receipts	♣	♣	0.601	3.940	0.372	♣
Primary deficit vis-à-vis quantum spread	0.25	0.34	1.01	(-)0.74	16.37	0.37
Net Funds Available	10	28	19	33	22	19
V Other Fiscal Health Indicators						
Return on Investment	0.11	0.02	0.39	0.48	0.06	0.08
Balance from Current Revenue(Rs in crore)	(-)793	(-)1811	791	(-)3057	2909	2081
Financial Assets/Liabilities	0.80	0.71*	0.71*	0.65*	0.75*	0.77*

Pertains to Revenue Surplus ♣ Growth of RR and own receipts during 2000-01 and 2001-02, of RE during 2004-05 as also of own receipts during 2000-01, 2001-02 and 2005-06 was negative.

Debt/GSDP ratio showed increasing trend during 2000-06. This ratio during the year has increased from 40.99 per cent in 2004-05 to 45.09 per cent in

** Salary Expenditure only

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

2005-06. An increasing ratio indicates reduction in the governments ability to meet its debt obligations. Therefore increasing risks for the lender and adverse impact on the financial condition of the State.

As the ratio of Assets/Liabilities was less than one *per cent* in 2005-06, which indicates that liabilities are more than assets and it indicates that State Government is not solvent. However ratio of 0.75 *per cent* during 2004-05 was increased to 0.77 *per cent*, which indicates marginal improvement in Assets/Liabilities management. Positive BCR shows that the State Government has surplus from its revenue for meeting plan expenditure. However the BCR was positive during 2005-06, but it decreased from 2909 crore in 2004-05 to 2081 crore in 2005-06. Own Tax/GSDP ratio increased from 7.20 *per cent* in 2004-05 to 8.35 *per cent* in 2005-06, which indicates sustainability & flexibility. Ratio of Capital Expenditure/Total Expenditure increased from 18.83 *per cent* in 2004-05 to 23.64 *per cent* in 2005-06 and capital expenditure on social and Economic Services/Total Expenditure increased from 18.27 *per cent* in 2004-05 to 23.20 *per cent* in 2005-06, which indicates improvement in development activities.

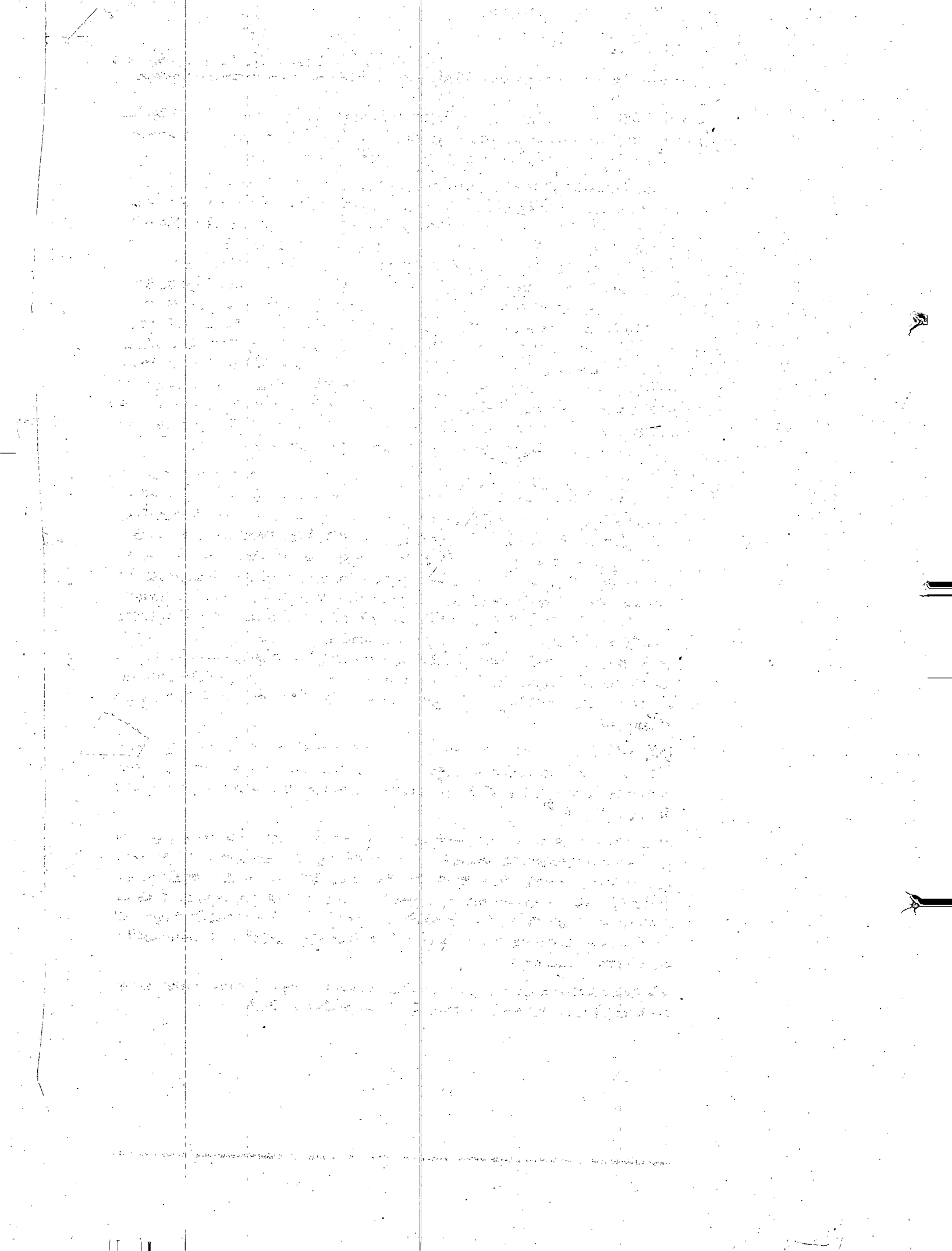
1.11 Conclusion

As the *Madhya Pradesh Rajkoshiya Uttardayitva Avam Budget Probandhan Adhiniyam 2005* (Act) came into force from 1st January 2006 and rules in this regard come into force from 30th January 2006, the date of its publication in the *Madhya Pradesh Gazette*, the actual compliance of the Act would be considered effective from 2006-07. However the State has achieved the targets of reducing Revenue Deficit and Fiscal Deficit as envisaged in the Act. There was Revenue Surplus of Rs. 34 crore and decline in fiscal Deficit of Rs. 4571 crore during 2005-06 due to better recovery and less disbursement of Loans and Advances during 2005-06 in comparison to previous year. The ratio of Fiscal Deficit to GSDP was 4.19 *per cent* as against the target of 4.21 *per cent* in 2005-06.

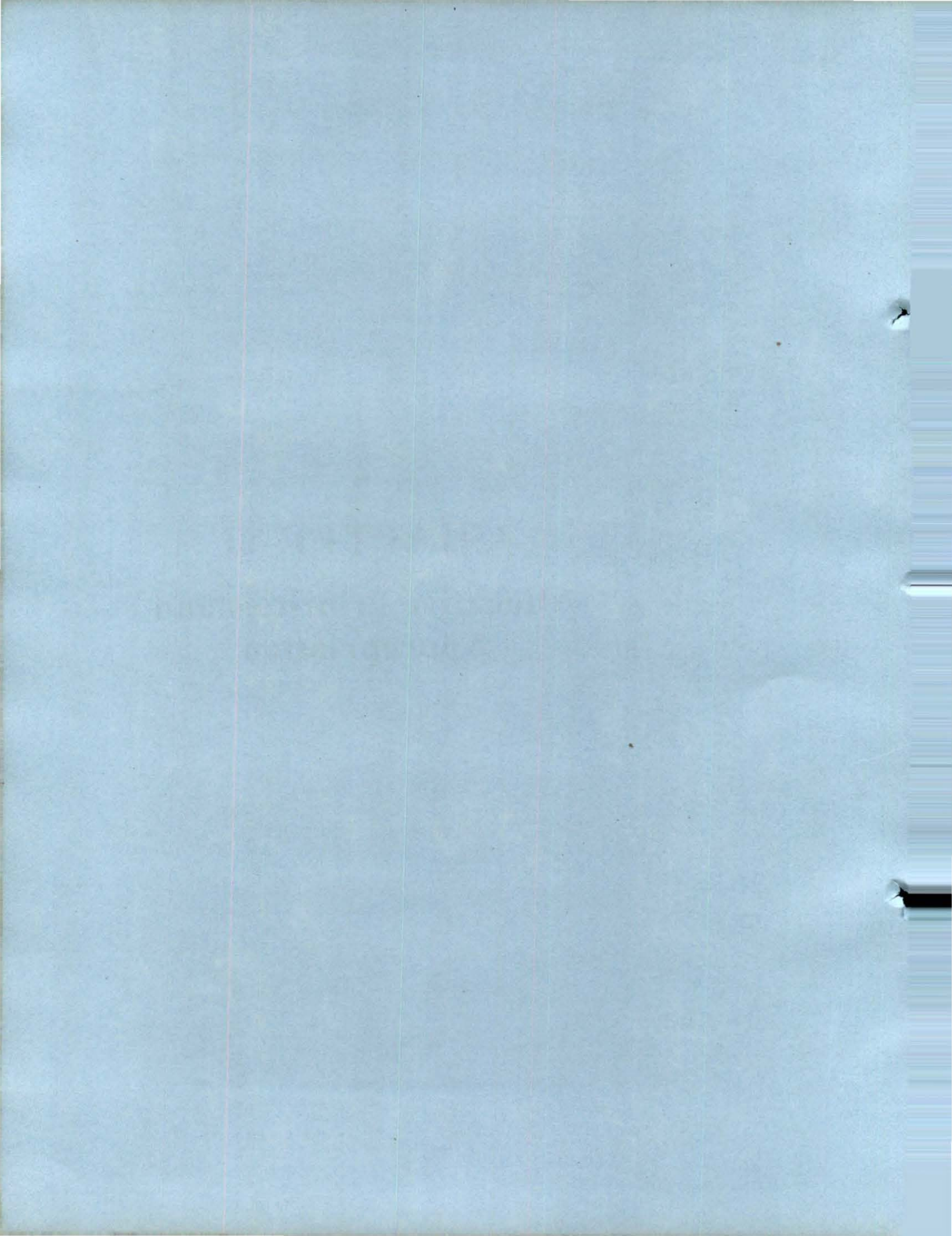
Debt/GSDP ratio increased from 25.49 *per cent* to 45.09 *per cent* during 2000-06, which indicate adverse impact on the financial position of the State. However Own Tax/GSDP ratio improved from 6.38 *per cent* to 8.36 *per cent* during 2000-06.

Non-Plan committed expenditure on salary (Rs. 5669 crore), interest payment (Rs. 3422 crore) and pension (Rs. 1557 crore) together consumed 52 *per cent* of the total revenue receipts during the year 2005-06 which needs to be curtailed. Non Plan Revenue Expenditure on 'Education, Sports, Arts & Culture' and 'Health and Family Welfare' was 77.10 *per cent* and 75.7 *per cent* respectively during the year, which indicates less availability of resources for development purposes.

The State's low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little.



CHAPTER II
Allocative Priorities and
Appropriation



CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act(s) and 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 summarized position of actual expenditure during 2005-2006 against 98 grants/ appropriation was as follows:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	16827.59	2585.98	19413.57	16866.92	-2546.65
	II. Capital	5018.43	4690.43	9708.86	8379.32	-1329.54
	III. Loans & Advances	828.80	589.12	1417.92	1235.20	-182.72
Total Voted		22674.82	7865.53	30540.35	26481.44	-4058.91
Charged	IV. Revenue	4571.54	17.09	4588.63	3781.99	-806.64
	V. Capital	12.47	1.06	13.53	3.41	-10.12
	VI. Public Debt	8531.42	--	8531.42	953.96	-7577.46
Total Charged		13115.43	18.15	13133.58	4739.36	-8394.22
Grand Total		35790.25	7883.68	43673.93	31220.80	-12453.13

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs.85.44 crore and capital expenditure: Rs.2160.20 crore.

The overall savings of Rs.12453.13 crore was the net result of savings of Rs.12490.71 crore in 200 cases of grants and appropriations offset by excess of Rs.37.58 crore in six cases of grants and appropriations.

The table presents a picture of defective preparation of budget estimates of the State Government evidenced by significant saving of 64 per cent under charged section and overall unnecessary supplementary provision of Rs.7883.68 crore as the actual expenditure was even less than original provision.

Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in **paragraph 2.7**. Scrutiny of the Appropriation Accounts revealed the following further points:

(a) The expenditure was overstated:

By Rs.212.78 crore (Revenue (voted) section: Rs.144.84 crore, Revenue (charged) section: Rs.0.44 crore and Capital (voted) section: Rs.67.50 crore) being unspent amounts transferred to Major Head 8443-Civil Deposits, 800-Other Deposits, through NIL payment vouchers.

By Rs.132.90 crore (Deposits: Rs.895.83 crore less disbursements therefrom: Rs.762.93 crore) in respect of government institutions and by Rs.90.04 crore (Deposit: Rs.155.65 crore less disbursements therefrom Rs.65.61 crore) in respect of Semi Government institutions added to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account. Out of total deposit of Rs.1051.48 crore during the year, Rs. 451.92 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs.0.99 crore drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.

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

To the extent of Rs.0.60 crore spent under various heads for which vouchers were not received from the treasuries during the year; the amount accordingly remained unaccounted for and was kept under objection in the books of the Accountant General (A&E) I.

By Rs.8.14 crore (Rs.7.14 crore under Grant No.6 Revenue (charged) section and Rs.1.00 crore under Grant No.79 Capital (voted) section) drawn from the contingency fund during the year and remained unrecouped at the close of the financial year.

The savings/ excesses (Detailed Appropriation Accounts) were sent to the controlling officers requiring them to explain significant variations. Out of total of 788 sub-heads commented upon in the Appropriation Accounts, explanation for savings/ excesses in respect of 588 Sub-heads (74.6 per cent) were either not received or not to the point.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It points to poor budgeting or shortfall in performance depending upon the circumstances under which and the purpose for which the grant or appropriation was provided.

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

Grant No. 13- Agriculture

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	298.76	342.20	230.43	111.77
Supplementary:	43.44			

Supplementary grant of Rs.43.44 crore proved unnecessary in view of final saving of Rs.111.77 crore as the total expenditure was less than the original grant. Saving occurred mainly under 2401-Crop Husbandry-Subordinate and expert staff (Rs.10.34 crore) Centrally Sponsored Scheme Normal-Macro Management Scheme (Rs.31.58 crore) and Central Sector Schemes Normal-State Horticulture Mission (Rs.40.50 crore). Saving of Rs.31.58 crore under Macro Management Scheme was partly due to unspent provision provided for newly implemented Agriculture Extension Improvement Programme and Agrisnet Project of Central Sector Scheme and establishment of new laboratory for chemical analysis of insecticides for plant conservation (Rs.3.56 crore). Reasons for balance saving have not been intimated (August 2006).

Grant No.23- Water Resources Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	504.47	507.34	400.89	106.45
Supplementary:	2.87			

Supplementary grant of Rs.2.87 crore proved unnecessary in view of final saving of Rs.106.45 crore, as the total expenditure was less than the original grant. Savings occurred mainly under 4701-Capital Outlay on Major and Medium Irrigation-State Plan Schemes-Dam and Appurtenant Works (Rs.21.62 crore), Canal and Appurtenant Works Minor head 216 (Rs.36.18 crore) and Direction and Administration (Rs.22.06 crore). Savings of Rs.21.62 crore and Rs.36.18 crore were mainly due to less expenditure in survey work. Reasons for saving of Rs.22.06 crore have not been intimated (August 2006).

Grant No. 41- Tribal Areas Sub Plan

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	578.30	666.97	474.67	192.30
Supplementary:	88.67			

Supplementary grant of Rs.88.67 crore proved unnecessary in view of final saving of Rs.192.30 crore, as the total expenditure was less than the original grant. Expenditure of Rs.474.67 crore was inflated by debit of Rs.11.31 crore to this grant and credit to Major Head 8443-Civil Deposits-800-Other Deposits on 31 March 2006. Savings occurred mainly under 4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-Centrally Sponsored Schemes TSP-Construction of Hostel Buildings (Rs.18.99 crore), Construction of Ashram/Schools Buildings (Rs.18.27 crore) and 4701-Capital Outlay on Major and Medium Irrigation-Tribal Area Sub-plan-Omkareshwar Project (Rs.116.13 crore), Construction work of Medium Projects (Rs.23.58 crore) and 4702-Capital Outlay on minor Irrigation-Tribal Area Sub Plan- Construction work of Minor Irrigation Scheme (NABARD) (Rs.13.54 crore), which was partly off set by excess of Rs.60.51 crore under major head 4701-Tribal Area Sub plan share of project paid to NHDC. Savings of Rs.18.99 crore and Rs.18.27 crore were mainly attributed to non receipt of Central Share from the Government of India while saving of Rs.116.13 crore was mainly due to non finalisation of a agency. Reasons for other savings/excesses have not been intimated (August 2006).

Grant No.48 -Narmada Valley Development

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	540.63	540.67	2.11	538.56
Supplementary:	0.04			

Savings occurred mainly under 2801-Power-Sardar Sarovar Project- sales operating and maintenance expenditure to M.P. Electricity Board (Rs.15 crore) and Generation of electricity by Indira Sagar project - Sale of electricity of MP State (NVDA) to Electricity Board (Rs.516.66 crore) which were reportedly due to non incurring of expenditure on operation and maintenance.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	733.37	1258.37	942.51	315.86
Supplementary:	525.00			

Savings occurred mainly under 4701-Capital Outlay on Major and Medium Irrigation-State Plan Schemes (Normal)-Bargi Canal Diversion Project (Rs.50.44 crore), Canal and Appurtenant Works (Rs.65.48 crore), Indira Sagar Project Unit-I (Rs.8.28 crore) and 4801-Capital Outlay on Power Project-State Plan Scheme (Normal)-Catchment area treatment (Rs.11.26 crore), Land acquisition and other works in submerged area of Sardar Sarovar (Rs.72.50 crore) and Sardar Sarovar project (Submerged) Special Liberal Package (Rs.64.00 crore). Savings of Rs.50.44 crore, Rs.65.48 crore and Rs.72.50 crore were mainly attributed to non-requirement of funds as per working staff and non fixing of agency and non receipt of compensation assistance by the displaced persons. Saving of Rs.8.28 crore was attributed to non commencement of survey work by consultancy and non-receipt of demand from NHDC, Rs.11.26 crore due to non-receipt of approval for work from NHDC and Rs.64.00 crore due to non-receipt of funds under Special Liberalisation Package from Gujarat.

Grant No. 55 -Women and Child Development

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	367.69	370.52	230.02	140.50
Supplementary:	2.83			

Supplementary grant of Rs.2.83 crore was unnecessary as the actual expenditure was less than the original grant. Expenditure of Rs.230.02 crore was inflated by debit of Rs.76.98 lakh to this grant and credit to Major head 8443-Civil Deposits 800-Other deposits on 31 March 2006. Savings occurred mainly under 2235-Social Security and Welfare-Central Sector Schemes Normal-Integrated Service Scheme (Externally Aided) (Rs.23.92 crore), Integrated Child Development Service Schemes (Rs.30.91 crore), and 2236-Nutrition-State Plan Scheme (Normal)-Minimum Needs Programmes-Special Nutrition Programme (Rs.10.29 crore) and Central Sector Schemes Normal-Pradhan Mantri Gramodaya Yojana (Rs.60 crore). Saving of Rs.60 crore was due to closure of the scheme by Government of India. Reasons for balance savings have not been intimated (August 2006).

Grant No. 58 - Expenditure on relief on account of Natural Calamities and Scarcity

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	241.70	537.66	421.81	115.85
Supplementary:	295.96			

Saving occurred mainly under 2245-Relief on account of Natural Calamities-Additional Provision for Drought Relief and Employment (Rs.16.72 crore), Relief to sufferers of fire (Rs.39.74 crore), Drinking Water Supply (Rs.40.13 crore) and Cash Doles (Rs.6.20 crore) and Assistance for Restoration of other works (Rs.10.27 crore) which were partly off set by excess of Rs.22.25 crore under Major head 2245 - Implementation of Relief works through Tehsildars. Reasons for saving /excess have not been intimated (August 2006).

Grant No.64-Special Component Plan for Scheduled Castes

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	445.47	509.93	374.63	135.30
Supplementary:	64.46			

Supplementary grant of Rs.64.46 crore was unnecessary as the actual expenditure was less than the original grant. Savings occurred mainly under 2029-Land Revenue-Special Component Plan for Scheduled Castes-Scheme for Purchase of Private Land for allotment to the landless on lease (Rs.9.70 crore), 2210-Medical and Public Health-Special Component Plan for Scheduled Castes-Medical Guarantee Scheme (Rs.7.34 crore), 2225-Welfare of Scheduled Castes Scheduled Tribes and Other Backward Classes -Special Component Plan for Scheduled Castes-Lump-sum provision for Special Component Plan (Rs.8.72 crore), 2236-Nutrition-Special Component Plan for Scheduled Castes-Special Nutrition Programmes for Scheduled Castes in Urban Slums (Rs.11.04 crore), Centrally Sponsored Schemes SCP-Special Nutrition Programmes for Urban Slums (Rs.24.00 crore) and 2401-Crop Husbandry-Special Component Plan for Scheduled Castes-National Agriculture Insurance Scheme (Rs.11.00 crore) and Central Sector Schemes SCP - State Horticulture Mission (Rs.7.33 crore). Saving of Rs.7.34 crore under Medical Guarantee Scheme was attributed to transfer of schemes from Plan to Non-Plan in first supplementary while saving of Rs.24 crore under Special Nutrition Programmes for Urban Slums was due to receipt of fifty percent central share of the schemes at the end of financial year and restriction imposed on acceptance of bills and drawals by the Finance Department. Reasons for balance saving have not been intimated (August 2006).

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

- In 22 cases, the entire budget provision of Rupees one crore and more in each case totaling Rs.299.27 crore, provided under various Central schemes remained unutilised, as detailed in Appendix 2.1.
- In 14 schemes, expenditure in each case exceeded the approved provisions by Rs. 5 crore or more and also by more than 100 per cent of the total provision, aggregating to Rs.356.60 crore. Excesses indicate poor budgeting and weak expenditure control. Details are given in Appendix 2.2.

- In 86 schemes, substantial saving of Rs.5 crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs.9614.31 crore was noticed. In 54 of these schemes, the entire provision remained unutilised. The details are given in Appendix 2.3.

2.3.2 Persistent savings

In 23 cases of grants, there were persistent savings of more than Rupees 1 crore and also 20 per cent or more of provision in each case. Persistent savings indicate budgeting based on inappropriate assumptions. Details are given in Appendix 2.4.

2.3.3 Excess requiring regularisation

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

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/ appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.5087.83 crore during the years 1993-94 to 2004-05 had not been regularised so far (August 2006). This was breach of Legislative control over appropriations. The details are as follows:

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1993-94	21	258.11	1.12
1994-95	15	407.46	0.39
1995-96	21	251.59	Furnished
1996-97	18	224.17	Furnished
1997-98	13	302.79	0.97
1998-99	17	1276.45	1.81
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	Furnished
2001-2002	03	6.26	0.64
2002-2003	08	424.79	12.40
2003-2004	07	2.54	2.54
2004-2005	15	83.66	83.66
Total		5087.83	103.53

- (ii) **Excess over provisions during 2005-06 requiring regularisation**

The excess of Rs.37,58,14,518 under six grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below :

(In Rupees)

Sr. No.	Grant No.	Name of Grant/ Appropriation	Total Provision	Actual Expenditure	Amount of Excess (Percentage of Excess)
(1)	(2)	(3)	(4)	(5)	(6)
A-REVENUE-VOTED					
1	24	Public Works- Roads and Bridges	2,87,65,86,100	2,95,40,92,494	7,75,06,394 (2.7)
2	67	Public Works- Buildings	2,08,05,29,000	2,08,64,78,876	59,49,876 (0.3)
B-CAPITAL-VOTED					
1	06	Finance	5,31,47,10,000	5,58,43,36,909	26,96,26,909 (5.1)
2	39	Food, Civil Supplies and Consumer Protection	25,75,39,000	28,01,97,105	2,26,58,105 (8.8)
C-CAPITAL-CHARGED					
1	21	Housing and Environment	2,00,000	2,26,546	26,546 (13.3)
2	45	Minor Irrigation Works	40,00,000	40,46,688	46,688 (1.2)
Grand Total (A+B+C)			10,53,35,64,100	10,90,93,78,618	37,58,14,518

Reasons for the excesses had not been furnished by the Government as of August 2006.

2.3.4 Original budget and supplementary provision

Supplementary provision (Rs.7883.68 crore) made during this year constituted 18.05 per cent of the total provision (Rs.43673.93 crore) as against 11.22 per cent in the previous year.

2.3.5 Unnecessary/ excessive/ inadequate supplementary provisions

Supplementary provision of Rs.730.85 crore made in 57 cases during the year proved unnecessary in view of aggregate saving of Rs.2390.82 crore (saving in each case exceeding Rs. 10 lakh), as detailed in Appendix 2.5.

In 38 cases, against additional requirement of only Rs.5332.17 crore, supplementary grants of Rs.6664.74 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.1332.57 crore. Details of these cases are given in Appendix 2.6.

In three cases, supplementary provision of Rs.417.63 crore proved insufficient leaving an uncovered excess expenditure of Rs.35.31 crore. Details are given in Appendix 2.7.

2.3.6 Excessive/ unnecessary re-appropriations/ surrender of funds

Re-appropriation is a transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriations / surrender of funds of more than rupees one crore in each case proved injudicious due to (a) withdrawal of funds from heads where excess expenditure had already occurred, (b) withdrawal of funds in excess of available saving, (c) unnecessary augmentation of funds despite saving and (d) augmentation of funds by more than the amount required to cover the excess are given in Appendix 2.8.

2.3.7 Anticipated savings not surrendered

(a) According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2005-06, there were 154 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.9747.59 crore. Out of these, in 44 cases, significant amounts of available savings (of Rupees 5 crore and above in each case), aggregating to Rs.9663.28 crore, were not surrendered, as per details given in Appendix 2.9.

(b) Besides, in 116 cases, Rs.2583.25 crore (91.7 per cent) were surrendered on the last day of March 2006, out of total surrender of Rs.2817.48 crore, indicating inadequate financial control over expenditure.

2.3.8 Injudicious surrender of funds

(a) In 14 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. It was noticed that as against the total available savings of Rs.880.63 crore, the amount surrendered was

Rs.923.54 crore, resulting in injudicious excess surrender of Rs.42.91 crore. Details are given in **Appendix 2.10**.

(b) In two cases, Rs.31.47 crore were surrendered though there was excess expenditure of Rs.2.87 crore. Details are given in **Appendix 2.10**.

2.3.9 Expenditure without Budget Provision

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that expenditure of Rs.48000 was incurred in two cases without the provision having been made in the original estimates/ supplementary demands as per details given in **Appendix 2.11**.

2.4 Unreconciled expenditure

Financial rules require Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.1716.71 crore in respect of 10 major heads involving 15 grants, representing 5.5 per cent of the total expenditure during the year, had however, remained in arrears in several departments. Details are given in **Appendix 2.12**.

2.5 Defective sanctions for re-appropriations/surrenders

As per instructions (August 1996) of the State Government and financial rules, (i) all sanctions for re-appropriations / surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E) office well in time for incorporation in the Accounts, (ii) budget provision under the head "office expenses" should not be increased by re-appropriation in any circumstances; (iii) no amount can be re-appropriated from Charged to Voted and Revenue to Capital and vice versa, (iv) re-appropriations are not permissible from "Salary and wages" head to other heads and vice versa, (v) proper details of schemes should be furnished from which surrenders/ re-appropriations are sanctioned and total of both sides of re-appropriation sanction should tally etc. Audit observed that Rs.306.12 crore were re-appropriated/ surrendered during the year in violation of these instructions. However, these were not accepted by Accountant General (A&E) for inclusion in accounts. Details are given in **Appendix 2.13**.

2.6 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure for the four quarters and also for the month of March 2006 is depicted in **Appendix 2.14** which shows that the expenditure incurred in March 2006 in 10 cases ranged between 45 and 90 per cent of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

2.7 Budgetary Control

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

2.7.1 Non maintenance of Expenditure Control Registers

For the purpose of effective control and monitoring over expenditure, a register is required to be maintained in the office of Grants controller and the subordinate offices are required to send the monthly expenditure statement regularly to the controlling officer. The figures of expenditure so received were to be posted in the Expenditure Controls Register and progressive total thereof worked out month-by-month by the controlling officer in order to update the position of expenditure.

Test check of records of eight grants* revealed that neither Expenditure Control Registers were maintained in any of the controlling offices nor Monthly Expenditure Statement were sent regularly by subordinate offices. This was indicative of absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, (b) inadequate/unnecessary/ excessive supplementary provisions and (c) irregular re-appropriations and non-surrender of funds thereof. The controller of Grant No.06 stated that the accounts of the expenditure are available in Book No. 04. The reply was not tenable as the said register was not maintained. The essential records were also not found maintained in the office of grant controller of grant No. 6 such as Budget proposals Register, Check Register of receipts of expenditure statement from subordinate units, Reappropriation/Surrender of funds Register, Budget allotment Register, Reconciliation Register and Deposit / Investment Register.

2.7.2 Defective preparation of budget estimates

The procedure followed in test-checked grants* and the Appropriation Accounts 2005-06 revealed that demands for budget estimates were prepared on adhoc basis. The poor quality of budget preparation and budgetary operations led to:

(i) Excessive provisions ranging from Rs.45.27 crore to Rs.172.92 crore in five grants (6,15,19,29 and 93) under Revenue voted section. In Capital voted section also, excessive provisions ranged from Rs.7.2 crore to Rs.62.38 crore in four grants (24,27,75 and 93).

(ii) Substantial savings of Rupees two crore or more and more than 20 per cent of the provision in each case aggregating to Rs.709.17 crore under 45 schemes of test checked grants during 2005-06 (in 37 schemes persistent saving had occurred) as per details given in Appendix 2.15 while under 17 schemes, substantial excesses of more than Rupees 1 crore in each case, totaling Rs.266.91 crore during 2005-06 (in nine schemes persistent excess had occurred) were noticed as per details given in Appendix 2.16.

* 6-Finance (Revenue voted), 15-Financial Assistance to Three Tier Panchayati Raj Institutions under special component plan for scheduled castes (Revenue Voted), 19- Public Health and Family Welfare (Revenue Voted), 24- Public Works - Roads and Bridges (Capital Voted), 27-School Education (Primary Education) (Capital Voted), 29-Law and legislative Affairs (Revenue voted), 75- NABARD Aided projects pertaining to Water Resources Department (Capital Voted) and 93-Expenditure pertaining to Accelerated Energy Development (Revenue and Capital Voted).

2.7.3 Unnecessary/excessive/inadequate supplementary provisions under schemes of selected grants

In eight schemes of test checked grants, supplementary provisions totaling Rs. 14.86 crore remained unutilised and proved unnecessary, in seven schemes supplementary provisions were excessive by Rs.15.64 crore and in five schemes, supplementary provision of Rs.1.88 crore proved inadequate in view of final excess of Rs.62.47 crore. Details are given in Appendix 2.17.

2.7.4 Rush of expenditure in March

Regular flow of expenditure throughout the year is the primary requirement of budgetary control. The percentage of expenditure during March 2006 under various schemes of grant no. 24 and 75 was as under-

(Rupees in lakh)

Sr. No.	Grant No.	Particulars of schemes	Total Expenditure	Expenditure in March-06	Percentage of Expenditure in March-06
1	24	5053-02-102-0101-4727 Construction and extension of Air Strips	1625.46	815.66	50.2
2	24	5054-03-101-0101-4149 Construction of Major Bridges	138.55	57.92	41.8
3	24	5054-04-800-0101-7088 Survey work	370.78	311.80	84.1
4	24	5054-04-800-0101-1513 Construction of Major Roads of Districts	795.30	270.26	34.0
5	24	5054-04-800-0101-2457 Minimum Needs Programme (Including rural Roads)	398.67	236.73	59.4
6	24	5054-05-337-0101-6841 Construction of Roads through MPRRDC	11974.35	8974.35	74.9
7	75	4701-03-243-0101-2897 Dam and Appurtenant works	71.70	69.63	97.1
8	75	4701-03-252-0101-2897- Dam and Appurtenant works	524.44	374.75	71.5

Besides this in grant No. 15 (Fisheries Department) it was noticed that out of total expenditure of Rs.70.04 lakh, Rs.62.09 lakh were spent in February and March 2006 which was 88.6 per cent of the total expenditure. Rush of expenditure at the end of Financial year indicates poor financial control.

2.7.5 Non-reconciliation of expenditure

In order to enable the controlling officer to ascertain exact and update position of expenditure, the figures of expenditure in Departmental records should be reconciled with those shown in the records of office of the Accountant General (A&E)-I, M.P. Reconciliation of Departmental expenditure figures for the year 2005-06 with the figures of Accountant General (A&E)-I, M.P Gwalior were not carried out by any of the Controlling officers of grant no. 6, 15, 19, 24, 27 and 75 resulting in ineffective control over expenditure. The controlling officers accepted the fact.

2.7.6 Irregular transfer of funds to Deposit Head

An amount of Rs.41.95 crore was reappropriated (29 March 2006) from saving of pay and allowances under different schemes of Major head 2210 to the scheme 2210-01-110 - 1473-District hospital for payment of pending bills of medicines and other material during 2005-06 under grant no.19. Out of

reappropriated amount of Rs.41.95 crore, an amount of Rs.41.67 crore was transferred on the same date (29 March 2006) to Personal Deposit Accounts of Commissioner Health Services and shown as spent in the accounts. Thus, the reappropriated amount which was to be utilised during 2005-06, was transferred to Personal Deposit Account with a view to avoid lapse of budget grant and resulted in inflation of expenditure to that extent. Similarly an amount of Rs.1.01 crore pertaining to Twelfth Finance Commission (TWFC) was also transferred (March 2006) from the scheme 2515-789-101-1303-Recommendation of Twelfth Finance Commission (Special Component Plan)-6905-Financial Assistance to Local Bodies under grant no. 15 to Personal Deposit Accounts as per sanction (28 February 2006) by the Finance Department.

2.7.7 Irregular transfer of Provision from Plan to Non-plan

Finance Department instructions of December 1974 and August 1996 provide that funds allocated for expenditure on plan schemes may not be re-appropriated to meet non plan expenditure and vice-versa. However an amount of Rs. 24.21 crore was irregularly re-appropriated from plan to non plan under the Scheme 2210-03-103-0101-2777-Primary Health Centres in grant no. 19.

1. The first part of the document discusses the importance of maintaining accurate records.

2. It then goes on to describe the various methods used to collect and analyze data.

3. The results of the study are presented in the following section.

4. Finally, the document concludes with a summary of the findings and their implications.

5. The authors hope that this work will provide a useful reference for other researchers in the field.

6. The document is organized into several sections, each dealing with a different aspect of the study.

7. The first section provides an overview of the research objectives and the methodology used.

8. The second section describes the data collection process and the statistical analysis performed.

9. The third section presents the results of the study, including the main findings and any limitations.

10. The fourth section discusses the implications of the findings and offers suggestions for future research.

11. The document is written in a clear and concise style, making it easy to read and understand.

12. The authors have provided a thorough and detailed account of their research, and the document is a valuable resource for anyone interested in the field.

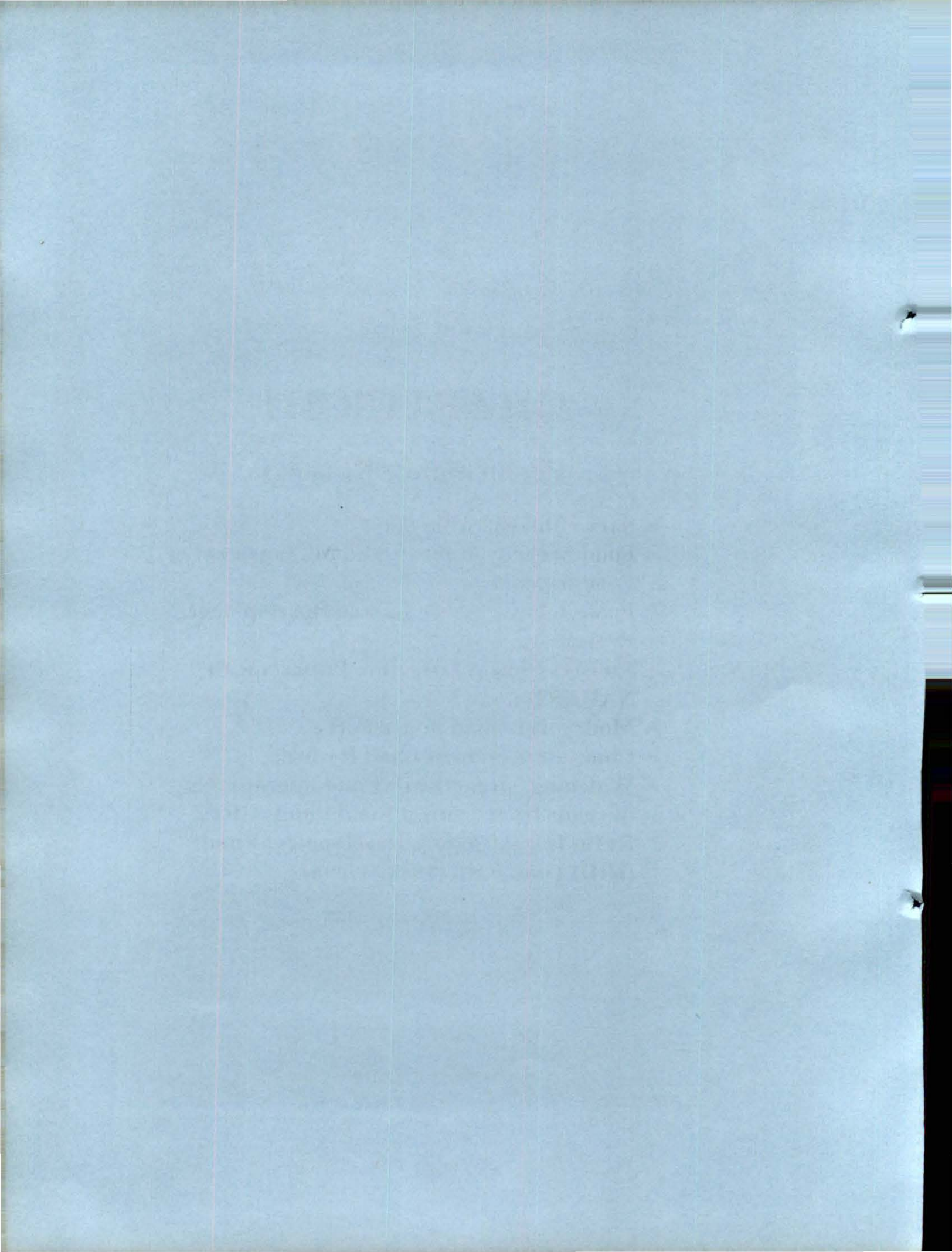
13. The document is well-organized and easy to navigate, and the authors have provided a clear and concise summary of the findings.

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CHAPTER III

Performance Reviews

- **Sarva Shiksha Abhiyan**
- **Food Security, Subsidy and Management of Foodgrains**
- **Project Tiger and India Eco Development Project**
- **Construction of Irrigation Projects with NABARD Loan**
- **Modernisation of Police Force**
- **Computerisation of Land Records**
- **Widening, strengthening and upgradation of roads from Central Road Fund (CRF), Rural Infrastructure Development Fund (RIDF) and Fast Track Scheme**



CHAPTER III Performance Reviews

This Chapter includes six performance reviews and one long paragraph viz. Sarva Shiksha Abhiyan (3.1), Food Security, Subsidy and Management of Foodgrains (3.2), Project Tiger and India Eco Development Project (3.3), Construction of Irrigation Projects with NABARD Loan (3.4), Modernisation of Police Force (3.5), Computerisation of Land Records (3.6) and Widening, Strengthening and Upgradation of Roads from Central Road Fund (CRF), Rural Infrastructure Development Fund (RIDF) and Fast Track Scheme (3.7).

School Education Department

3.1 Sarva Shiksha Abhiyan

Highlights

Sarva Shiksha Abhiyan (SSA) programme aims to provide useful and relevant elementary education for all children in the 6 to 14 age group by 2010 with the active participation of the community by effectively involving the Panchayatiraj institutions, parent teacher association (PTA), to bridge social, regional and gender gaps. The Annual Work Plan and Budget (AWP&B) for the year 2001-02 and 2002-03 was submitted with excessive delay which delayed the approval and release of fund. Resultantly activities could not be taken up during 2001-02 and only 50 percent activities planned could be completed during 2002-03. The progress of civil works was very slow. The objective of the programme to bring all children in school, by 2005 was not achieved as there were 2.72 lakh out of school children at the end of 2005-06. Some of the important findings are given below:

Funds aggregating Rs. 17.95 crore were diverted mainly for adult education, printing of Middle and Primary Board Examination papers, printing of educational calendar and purchase of office building.

(Paragraphs 3.1.8.3, 3.1.8.4 and 3.1.8.5)

Shortage of 43821 teachers affected the Pupil Teacher Ratio of 1:40 and led to there being single teacher school ranging between 9 to 70 per cent in Primary Schools (PS) and 3 to 63 percent in Upper Primary Schools (UPS).

(Paragraph 3.1.9.2)

District Project Co-ordinator (DPC) Ujjain irregularly paid Rs. 3.76 crore to Chief Executive Officers of the Janpad Panchayats for execution of works and DPC, Dhar procured gates and windows worth Rs. 96.42 lakh instead of crediting the money into Shala Siksha Kosh of PTA of the concerned schools. DPC Hoshangabad irregularly sanctioned and paid Rs. 1.24 crore for construction of 80 EGS buildings.

(Paragraphs 3.1.10.2 & 3.1.10.3)

DPCs did not credit Teaching Learning Equipment (TLE) grant of Rs. 5.96 crore into PTA's account of UPS and PS. An irregular purchase amounting to Rs. 68.85 lakh towards material was also noticed in Barwani District.

(Paragraph 3.1.9.4)

State Government distributed free Text Books worth Rs. 76.08 crore from SSA fund to all the students of class I to V.

(Paragraph 3.1.9.5)

Unnecessary procurement of duplicating machines, furniture and other materials worth Rs. 1.82 crore was made out of SSA fund.

(Paragraph 3.1.9.7)

3.1.1 Introduction

Aim of the Sarva Shiksha Abhiyan (SSA), a comprehensive and integrated flagship programme of Government of India, is to attain Universal Elementary Education (UEE) in the country in a mission mode. It was launched in January 2001 in partnership with the State Government and local self-government. However, Government of Madhya Pradesh started the implementation of scheme from 2001-02.

SSA is a programme to provide useful and relevant elementary education to all children in the 6 to 14 age group by 2010 with the active participation of the community by effectively involving the Panchayatiraj institutions, school management committees (SMC) village and urban slum level education committees (VEC), parent teacher association (PTA), mother teacher association (MTA), tribal autonomous councils and other grass root level structures in the management of schools to bridge social, regional and gender gaps. The programme realises the importance of early childhood care and education (ECCE) and looks at the 3-14 age as a continuum.

3.1.2 Objectives

The objectives of the scheme are:

- to have all children in school, education guarantee center, alternative school, 'back-to-school' camp by 2005,
- to ensure that all children complete five years of primary schooling by 2007,
- to ensure that all children complete eight years of elementary schooling by 2010,
- to focus on elementary education of satisfactory quality with emphasis on education for life,
- to bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010 and
- universal retention by 2010.

3.1.3 Organisational set-up

The Rajiv Gandhi Shiksha Mission (RGSM) was set up as an autonomous registered society headed by the Chief Minister of State. The functional head of RGSM happens to be Managing Director who is responsible for actual implementation of the programme. The RGSM has been merged with the Rajya Shiksha Kendra (RSK) w.e.f. 20 December 1999.

At the district level, the District Project Coordinator (DPC) headed by the District Collector as District Mission Director (DMD) and Chief Executive Officer (CEO) as District Project Director (DPD) implements the programme. At block level, Block Resource Centre Coordinator (BRCC) and at cluster level, Cluster Resource Centre Coordinator (CRCC) implements the programme.

At the village level, the critical unit is the Village Education Committee (VEC)/Parent Teacher Association (PTA) which assists basic education system in securing the cooperation and participation of the local community in overseeing the implementation of SSA in the village.

3.1.4 Scope of review

The review covers the progress of various activities relating to implementation of SSA during the period 2001-06. Stratified statistical sampling was used in selection of districts. Capital district Bhopal and 10[†] out of 48 districts were selected with unequal probability (Probability Proportional to Size with Replacement- PPSWR- with total expenditure during 2001-05 under SSA as the size measure). Further, Six districts[§] were also selected on the basis of expenditure incurred during 2001-05.

The records of SIA and 17 aforesaid districts alongwith blocks and 176 schools (43 Education Guarantee School (EGS), 60 PS, 73 UPS) covering the period 2001-06 were test checked during April to December 2005 and November 2006. The entry conference was held on 1 April 2005 with the entity to invite suggestions, share information on the programme of SSA for performance audit.

The Social and Rural Research Institute (SRI) was a specialist unit of Indian Market Research Bureau International (IMRB) commissioned by Audit for assessing the impact of SSA from the perspective of the beneficiaries and their parents. SRI conducted the survey from December 2005 to February 2006 by adopting stratified multi-stage design as detailed in Appendix-3.1. A total number of 348 villages, 252 Urban Frame Survey (UFS) blocks and 11580 households were covered by SRI. The details of SRI findings are given in Appendix-3.2. The findings of survey was also communicated (July 2006) to SIA and Principal Secretary, School Education Department, Government of Madhya Pradesh.

[†] Betul, Chhatarpur, Dhar, Hoshangabad, Jabalpur, Katni, Ratlam, Shajapur, Sidhi and Umaria.

[§] Gwalior, Indore, Raisen, Shahdol, Sagar & Ujjain.

3.1.5 Audit objectives

Main objective of the performance audit was to evaluate the performance of the programme in attaining universal elementary education. The focus of audit was to examine and evaluate efficacy of planning for implementation of various components of the programme. For this purpose, the following objectives were taken into consideration to see whether:

- the requirements and management of funds was adequate and carried out to provide economic and speedy implementation;
- major interventions were carried out as per norms fixed; and
- the infrastructure that was provided was optimum.

3.1.6 Audit criteria

In order to achieve the audit objectives criteria such as the involvement of communities and other stakeholders in preparation of the habitation/ mandal/ district perspective plan, releases vis-à-vis utilization of funds under various interventions of programme, infrastructure facilities provided in the schools, availability of teachers as per norms, standards of education, teaching and learning equipment, adequacy of training arrangements, intervention for special focus groups, role of NGOs in mainstreaming of out of school children etc were utilised.

Audit Findings

3.1.7 Implementation of the programme

The annual work Plan and budget (AWP&B) was to be prepared on yearly basis and time schedule was to be observed for submission and finalisation as under:

Year	Due date of submission of AWP&B	Month of submission	Delay (Month)	Due date of approval by PAB	Date of approval	Delay (Month)	Due date of circulation of AWP&B to the district	Date of circulation	Delay (Month)
2001-02	15/03/01	08/01	5	15/04/01	05/11/01 28/02/02	7	25/04/01	21/12/01 31/03/02	8
2002-03	15/03/02	09/02	6	15/04/02	08/10/02	6	25/04/02	22/11/02	7
2003-04	15/03/03	05/03	2	15/04/03	18/06/03	2	25/04/03	25/07/03	3
2004-05	15/03/04	04/04	1	15/04/04	18/06/04	2	25/04/04	10/08/04	3
2005-06	15/03/05	04/05	1	15/04/05	27/04/05	-	25/04/05	06/05	2

Delay in submission and approval of AWP&B delayed the release of funds which affected the implementation of programme as discussed in succeeding paragraphs.

3.1.8 Management of funds

The assistance under the programme of SSA was a sharing arrangement on a 85:15 basis during 9th plan (1997- 2002), 75:25 during 10th plan (2002 to 2007), and there after 50:50 between the Central Government and State Government. The position of funds received from GOI and State Government under SSA during 2000-01 to 2005-06 and expenditure incurred was as under:

(Rupees in crore)

Years	AWP&B	Funds received			Expenditure	Balance
		Central	State	Total		
2000-01	*	1.82	--	1.82	--	1.82
2001-02	*	1.87	--	1.87	--	1.87
	63.65	27.04	3.23	30.27	--	30.27
2002-03	218.43	110.17	28.28	138.45	108.02	30.43
2003-04**	844.28	352.38	133.53	485.91	377.96	107.95
2004-05 ^{††}	1137.31	453.10	136.28	589.38	605.13	(-)15.75*
2005-06	1422.79	771.73	364.69	1136.42	1040.47	95.95
Total	3686.46	1718.11	666.01	2384.12	2131.58	252.54

* Excess expenditure over receipt was met out of the balances of previous years.

Government could utilise only 89 per cent of total funds during 2000-06.

3.1.8.1 Short release/delay in release and parking of funds

The Government of India was to release funds in two installments in April and September each year. But due to delay in submission and approval of AWP&B for the year 2001-02, the GOI released (December 2001) 1st installment of Rs. 21.50 crore and 2nd installment of Rs. 5.54 crore on 31 March 2002. However, the amount was actually received in June 2002 and August 2002 respectively i.e. after expiry of the financial year. The State was to release its share within 30 days after receipt of GOI share, but it released Rs. 3.23 crore only in August 2002, resultantly the activities could not be taken up during the year 2001-02 depriving the targeted population of the benefits of the programme and in delaying the implementation of the programme. No reply was furnished by SIA / Department for above delay in submission and release of funds.

3.1.8.2 Delays in approval of AWP&B leading to delayed release of funds

The AWP &B for the year 2002-03 was also submitted with delay of six months (September 2002) and was approved only in October 2002; resultantly GOI released Rs. 61.96 crore in December 2002 and Rs. 28.26 crore was released on 31 March 2003. Though the State sanctioned its share of Rs. 28.28 crore on 31 March 2003, it allowed the amount to be parked in Civil deposit. Delay in receipt of funds adversely affected the implementation of programme as funds to the tune of Rs. 88.07 crore received for planned activities of 2002-03 could only be utilised in the year 2003-04. The AWP&B for the year 2003-04 was also submitted with delay of two months and approved only in

* Preparatory activities.

** Including National Programme for Education of Girls at Elementary Level. (NPEGEL).

†† Including NPEGEL and Kasturba Gandhi Balika Vidhyalaya (KGBV).

June 2003. Resultantly, GOI released Rs. 288.16 crore in July 2003 and Rs. 50 crore in February 2004. GOMP, out of its share of Rs. 133.53 crore, sanctioned Rs. 69.87 crore on 31 March 2004 and parked it in PD account and this was only released subsequently, i.e. Rs. 39 crore (July 2004), Rs. 10.64 crore (August 2004), Rs. 19.23 crore (January 2005) and Rs. one crore (February 2005). Due to delay in receipt and release of funds, 11833 out of 38861 works could not be started. It has been accepted in Status Report (July 2005) that due to delay in receiving the second installment under SSA, construction of works approved before 2004 could not be completed and some of the works approved in 2004 could not even be started. This has resulted in large spill over in Civil Works for ensuing year 2005-06.

3.1.8.3 Diversion of funds

Rupees 12.46 crore remained out of RGSM's accounts.

MDRSK/RGSM being the head of both Adult Education/SSA paid Rs. 12.46 crore to Director, Adult Education (DAE) on 27 December 2002 as the fund was not available towards Adult Education Programme. The DAE refunded Rs. 8.36 crore on 31 March 2003 and Rs. 4.10 crore on 2 June 2004. Thus the funds remained out of SSA's account during the above period. This has resulted on one hand in non-availability of fund for the purpose for which it was provided and on the other hand in loss of interest on SSA funds.

Rupees 11.89 crore were paid irregularly for adult education.

DAE organised Mahila Padhana Badhana Andolan (MPBA) during March 2002 to April 2003 to literate about 33.55 lakh illiterate women under total Literacy Campaign which was to be executed by Zila Saksharta Samitee (ZSS) constituted for implementation of adult education programme under State Government. Expenditure of Rs. 138⁴⁴ per head was allowed for teaching activities of MPBA and was actually to be met from State fund. MD, RGSM, being the head of Adult Education/SSA, irregularly allowed (March 2002) the districts to incur the expenditure out of funds available in SSA by booking under the component of Community mobilisation which did not provide for teaching activity of illiterate adult women. It was observed that the districts incurred Rs. 11.89⁵⁵ crore for teaching activities of MPBA, out of SSA fund.

Rupees 1.84 crore were paid irregularly for village library.

Similarly village libraries were also established under Adult Education. RGSM/RSK paid (November 2003 & December 2004) irregularly Rs. 80 lakh out of SSA fund to Raja Ram Mohan Roy Foundation against matching share of 50 percent for providing books to village libraries. DPCs also irregularly paid (December 2002) Rs. 1.04 crore (Bhopal Rs. 10 lakh and Sagar Rs. 94 lakh) to ZSS for establishing village libraries.

Irregular payment of Rs. 1.33 crore for printing of Board examination papers.

Further, MD, RGSM incurred Rs. 1.33 crore for printing and supply of Middle and Primary Board examination paper 2004 for class V and VIII for which there was no provision in AWP&B of 2003-04. The expenditure was to be met by Commissioner Public Instruction (CPI) MP, Bhopal from the fees collected from students for conducting these examinations.

⁴⁴ Rs. 38 per head for teaching learning material and training mobilisation etc. during March 2002 to March 2003 and Rs. 100 per head for Gurudakshina from April 2003.

⁵⁵ Rs. 3.84 crore for Gurudakshina and Rs. 8.05 crore for other teaching activities and material.

CPI M. P. Bhopal did not contribute its share of Rs. 20.36 lakh

Similarly RGSM got printed a consolidated educational calendar^{***} of class I to XII during the year 2004-05, by incurring an expenditure of Rs. 40.73 lakh and distributed in all schools. Since the calendar was showing the activities of Class IX to XII controlled by CPI, the 50 percent payment of Rs. 20.36 lakh was to be shared by him. The CPI did not contribute its share. However at the instance of audit a separate calendar for IX to XII has now been printed for academic year 2005-06.

3.1.8.4 Irregular expenditure on honorarium, prize money and in purchase of vehicles

Irregular payment of Rs. 26.41 lakh to Shiksha Karmi Grade III

According to instructions issued (January 2003) by RSK/RGSM, the honorarium of Shiksha Karmi Grade III was to be paid out of State fund and was not allowed to be paid from SSA funds. It was observed that the DPCs paid honorarium of Rs. 26.41 lakh^{†††} to the Shiksha Karmi Grade III out of SSA funds. DPC Betul and Umaria stated (August-December 2005) that though the demand for this amount was raised on District Education Officer, Betul and Chief Executive Officer Block Pali respectively no amounts have been received.

Irregular procurement of vehicles

Further, according to guidelines issued by GOI, purchase of vehicle was prohibited. It was seen that the DPCs^{†††} procured vehicles worth Rs. 15.85 lakh without obtaining any permission from PAB/SIA.

Prize money paid without provision of funds

Also, District Project Director (DPD) Bhopal sanctioned and paid (August 2003) Rs. 9 lakh prize money to 12 Village Education Committees/PTAs for best performance of their duties. The payment was irregular as there was no provision in AWP & B for the year 2003-04. Moreover, the sanction of higher authorities was also not obtained. In reply it was stated (August 05) that after obtaining approval and directions of DPD payments were released. Reply was not acceptable as the approval of RGSM/PAB was not obtained.

3.1.8.5 Purchase of office building

The building for housing the office of Rajiv Gandhi Shiksha Mission Bhopal was purchased in the year 1995-96 at a cost of Rs. 1.59 crore from Madhya Pradesh Pathya Pustak Nigam (MPPPN) Bhopal, against which Rs. 62 lakh was paid by State Council of Educational Research and Training (SCERT) Bhopal. The balance amount was not paid up to November 2002 due to paucity of fund. Later it was decided (December 2002) that the balance payment should be met from accrued interest on the available fund pertaining to SSA, though construction/purchase of office building at State level was not allowed from SSA funds. The payment of Rs. 2.17^{§§§} crore was made during 2002-03 out of SSA fund without approval of Project Approval Board (PAB). Thus the expenditure of Rs. 2.17 crore was irregular. On enquiry it was stated (February 2005) that sanction would be obtained from State Executive Committee and communicated to GOI. The reply of Department was not

^{***} Showing the teaching activities of class I to VIII was being distributed by RGSM and of class IX to XII by Commissioner Public Instruction (CPI) MP Bhopal separately up to 2003-04.

^{†††} Betul: Rs. 16.06 lakh for January 2003, Umaria: Rs. 10.35 lakh for April 2003 and July 2003 to April 2004.

^{†††} During 2002-03 - Indore: Rs. 3.75 lakh, Shajapur: Rs. 4.94 lakh, Ujjain: Rs. 3.70 lakh, during 2003-04 - Dindori: Rs. 3.46 lakh.

^{§§§} Balance to be paid: Rs. 96.96 lakh, Municipal Taxes Rs. 6.47 lakh, furniture Rs. 113.42 lakh.

tenable as the purchase/construction of office building for State Project Office was not covered under the scheme. On further enquiry, it was stated (November 2006) that the building was purchased in the name of State Council of Education Research and Training (SCERT) and not in the name of Rajeev Gandhi Siksha Mission. The payment was made out of interest earned on DPEP Fund and MD has power to utilise the amount of one component in another component. Therefore, approval of State Executive and GOI is not necessary. The reply was not tenable as the SCERT and RGSM was merged (December 1999) in RSK. The interest earned on DPEP fund was also the fund of DPEP. Yojana in which no provision was made for purchase of SPO building. Since the DPEP had been merged in SSA, the ex-post facto approval of Executive Committee and GOI was required to be obtained.

3.1.8.6 Parking of funds

According to RGSM's instructions the joint signatory bank account was to be opened in Nationalised/Scheduled Banks. But DPC Sagar opened a bank account (No.8413) in a Zila Sahkari Kendriya Bank (ZSKB), Sagar on 31 March 2005 in addition to six bank accounts already in operation by him in Nationalised/ Scheduled banks and deposited Rupees four crore in it. The Reserve Bank of India banned (October 2005) the withdrawals from ZSKB. As a result, the funds of Rs. 1.01 crore then available in this account could not be withdrawn from ZSKB which resulted in delay in the construction of civil work.

3.1.8.7 Non-refund of unspent balance

Consequent upon closure of District Primary education Programme (DPEP) Phase I & II during 2002-03, the unspent balance was to be refunded to GOI. According to balance sheet of State Project Office (SPO)/RGSM, there was unspent balance of Rs. 28.35 crore as on 31 March 2004. At the instance of audit SPO refunded (October 06), Rs. 7.80 crore to GOI and collection of remaining amount from defaulter districts was stated to be under the progress (November 2006).

3.1.8.8 Maintenance of Cash Book

According to GOI instructions, separate and proper accounts of SSA was required to be maintained. Separate cash book for SSA was opened only from December 2002. In the cash book of RGSM Bhopal, DPC Ratlam and Katni, each entry was not attested by DDO. Opening and Closing balances in respect of payment through bank account and certificate of verification of cash balances etc. were not recorded. According to para 72 of manual on Financial Management and Procurement of SSA, the funds released to sub-district level, were required to be classified as advances and should have been adjusted based on the expenditure statements/ utilisation certificates received from the subordinate units. Advances were not to be shown as final expenditure. A separate register was to be maintained for showing the outstanding advances and adjustments were required to be made on receipt of expenditure statements/ utilisation certificates. During the test check (April-May 2005) it was observed that separate registers were not maintained by DPC

An amount of Rs. 1.01 crore remained blocked in Sahkari Bank.

Rupees 20.55 crore not refunded to GOI.

Improper maintenance of cash books

Hoshangabad and Raisen and utilisation certificates (UCs) were wanting for Rs. 35.59 crore**** up to year 2003-04.

DPC Ujjain opened (January 2005) 14 bank accounts in different banks and maintained separate cash book for each bank instead of stipulated one cash book. Entries were not attested in any cash book and certificate of cash verification was also not recorded in any month.

3.1.9 Major interventions under SSA

3.1.9.1 Inadequate number of schools/school facility

According to the norms, new primary schools were to be opened only in those areas which did not have any school within one kilometer of a habitation. EGS centres at primary level were to be opened in unserved habitations where no school existed within a radius of one kilometer and there were at least 15 children in the age group of 6-14 who were not going to school. Audit scrutiny revealed that there were 127 habitations (Dhar 28, Indore 15, Jabalpur 60 and Ratlam 24) which were not having school facility. On enquiry it was stated (November 2006) that schooling facility was not provided during 2005-06 to aforesaid districts as the districts have not given the proposal.

3.1.9.2 Shortage of teachers

According to SSA norms, one teacher was to be appointed for every 40 children in Primary School (PS) and Upper Primary Schools (UPS). There was a requirement of at least two teachers in PS and three teachers in UPS (one teacher per class). Accordingly, additional posts of Sambida Shikshak Grade-III and II were sanctioned for upgraded PS/UPS. Against the sanctioned posts of 89,187 teachers there were 45,366 teachers, thus there were vacancies to the tune of 43,821 during 2005-06. Though the orders for appointment of 35,050 teachers have been issued, there was no teacher (April 05) in 14 PS and 15 MS in Hoshangabad district. Percentage of single teacher schools was between 9 to 70 for PS and between 3 to 63 for UPS in the State during 2005-06.

3.1.9.3 Non-enrolment of out of school children

The main objective of SSA was to have all children in school, EGS/ AIE, Back to school camp by 2003, this was extended upto 2005. It was observed that there were 6.25 lakh (4.7 percent) children out of school at the end of 2003-04, 4.10 lakh (2.8 percent) at the end of 2004-05, and 2.72 lakh (1.7 percent) as on 31 March 2006.

Survey report of SRI estimated that 9.5 percent children are still out of school, and of these 10 percent in the rural areas and 8.3 percent in the urban areas are out of school. Among these 9.8 percent are girls and 9.4 percent are boys. The main reason for parents not enrolling their children in schools was affordability and the main reason for not sending them to school even after enrolment was reported that children do not like to go to school.

**** Betul: Rs. 3.33, Bhopal: Rs. 2.61, Chhatarpur: Rs. 2.16, Dhar: Rs. 4.34, Gwalior: Rs. 1.57, Hoshangabad: Rs. 1.75, Indore: Rs. 2.20, Jabalpur: Rs. 4.29, Katni: Rs. 3.32, Raisen: Rs. 1.40, Shahdol: Rs. 3.30, Ujjain: Rs. 5.32 Total- Rs. 35.59 crore.

Habitations not having schooling facility.

Vacancies of 43821 teachers led to single teacher schools.

More than two lakh children were out of school

Non establishment of Human Development Centres for urban deprived children.

Human Development Centres (HDC) were to be opened for mainstreaming the urban deprived children. Against the target of 60 centres and financial provision of Rs. 19.80 lakh during 2003-04, no centre was opened. Against the physical target of 213 of opening of HDCs in the State and financial provision of Rs. 70.29 lakh during 2004-05, only DPC Chhatarpur has given (March 2005) Rs. 0.96 lakh to the BRCs for opening of these centres. These have however not been opened and the amount was lying unutilised (August 2005). Against the physical target of 359 and financial provision of Rs. 151.68 lakh only 305 HDC have been opened by incurring the expenditure of Rs. 66.24 lakh during 2005-06.

3.1.9.4 Teaching Learning Equipment (TLE) Grant

TLE grant was not released

One time grant of TLE at Rs. 25000 per Upper Primary School (UPS) and at Rs. 10,000 per PS for uncovered UPS/PS under OBB scheme, was to be credited into PTA's account. It was observed that TLE grant of Rs. 5.96 crore was not credited into PTA's account of 1094 PS to UPS and 3223 EGS to PS^{****} during 2002-05.

Irregular purchase of Rs. 68.85 lakh out of TLE grant.

It was also observed that DPC Barwani, instead of crediting the grant of TLE sanctioned at Rs. 25,000 per school into PTA account of 286 upgraded UPS, procured material of TLE worth Rs. 68.85 lakh at district level from M/S Rajya upbhokta Sangh Indore without calling tenders. Items procured included tables, chairs, globes and maps amounting to Rs. 25.05 lakh which were not covered under the provision of release of TLE. It was stated (October 2005) that the matter is under investigation and the position would be intimated on finalisation.

3.1.9.5 Liability of State Government for distribution of Text-book

Free distribution of text books to all children of class I to V.

Free text books were to be distributed to all focus group children namely girls/ SC/ST children under SSA programme subject to the condition that the State Government was not providing free text books to any category of these children. It was observed that State Government was already providing free text books to children of SC/ST/OBC of rural areas studying in Primary Schools and UPS before commencement of SSA programme. Fund worth Rs. 6.29 crore was also being provided each year for this purpose. But it was observed that State Government did not continue earlier practice and free textbooks were distributed to all students of class I to V during 2003-06 incurring an expenditure of Rs. 76.08 crore out of SSA fund for which there was no provision in AWP&B. On enquiry it was stated (July 2005) that free textbooks were distributed according to declaration of the Government and a supplementary provision of Rs. 6.29 crore was also made in State Budget during 2003-04 but the funds have not been provided during 2003-06. At the instance of audit, State Government has now made a provision of Rs. 6.20 crore in State Plan budget 2006-07 for free text books and RSK has demanded (November 06) Rs. 46 crore in third supplementary budget of 2006-07 towards supply of free text books.

^{****} Dhar: EGS to PS-1320; Raipur: EGS to PS-465, PS to UPS-425; Sagar: EGS to PS-596, PS to UPS-339; Shajapur: EGS to PS-218, PS to UPS-44; Sidhi: EGS to PS-385, PS to UPS-9; Ujjain: EGS to PS-339, PS to UPS-277.

Beneficiary survey revealed that 78.5 percent of PS, 78.9 percent of UPS and 73.8 percent of HS reported that girls children are being given free text books while about 91.7 percent of PS, 93.1 percent of UPS and 88.1 percent of HS reported that free text books are given to the SC & ST students in the schools.

3.1.9.6 Irregular expenditure on Supervision and Monitoring

According to guidelines of Sarva Shiksha Abhiyan, Rs. 1500 per school per year was admissible for research, evaluation, supervision and monitoring of the programme. Out of Rs. 1500, Rs. 100 and Rs. 1400 per school per year was to be spent at National level and State level respectively. The State was to decide on the distribution of its share at various levels from the State to the schools. The funds were to be used for carrying out the research activities, achievement tests, evaluation on studies, Management Information System (MIS) etc. It was observed that DPCs made the payment of Rs. 1.84 crore^{†††} on account of pay and allowances of the staff of BRCC and expenditure was booked under supervision and monitoring which was not in conformity with the activities as specified in the Manual. On enquiry it was stated (April to August 2005) by DPCs that as per directions of Rajya Shiksha Kendra Bhopal, the pay of staff of BRCC was booked under supervision and monitoring.

3.1.9.7 Unnecessary procurement of duplicating machines, furniture and other material

According to SSA norms one time furniture grant at Rs. 10,000 was payable to Cluster Resource Centre (CRC)/Jan Shiksha Kendra. Accordingly DPC Sagar (September 2002) paid Rs. 24 lakh to 240 CRCs at Rs. 10,000 per CRC. In addition to above DPC Sagar also procured and supplied (December 2002) furniture worth Rs. 32.09 lakh which was not permissible as the furniture grant was already paid to those CRCs. Further there was no provision of duplicators in the list of material to be procured for Jan Shiksha Kendras/CRCs prescribed by RSK. But it was observed that DPCs^{§§§§} purchased duplicating machines costing Rs. 90.82 lakh during the year 2004-05 and distributed to various Jan Shiksha Kendra/CRCs. Similarly, in district Shajapur there was no provision in AWP&B of 2004-05 for procurement of material^{*****} for blocks and Head start centre. But DPC Shajapur procured (March 2005) material for Rs. 58.83 lakh for Blocks and Head start centre out of funds available for civil works. The purchases were made without observing purchase formalities, such as calling of tenders. On enquiry it was stated (August 2005) that ex-post facto approval would be obtained from RGSM Bhopal.

3.1.10.1 Gap in the available infrastructure

According to SSA norms, two class rooms with verandah in every primary school, and a room for headmaster in upper primary school were required. To provide the above facility, SSA allows investment upto the ceiling of 33 per cent of the entire project cost approved by the PAB for infrastructure for each school. But there were some schools which were not having their own

^{†††} Betul: Rs. 45.47 lakh, Dhar: Rs. 14.22 lakh, Gwalior: Rs. 11.10 lakh, Hoshangabad: Rs. 28.52 lakh, Raisen: Rs. 65.78 lakh, Ratlam: Rs. 19.29 lakh

^{§§§§} Gwalior: Rs. 10.10 lakh, Indore: Rs. 8.09 lakh, Jabalpur: Rs. 18.51 lakh, Katni: Rs. 13.05 lakh, Ratlam: Rs. 12.96 lakh, Shajapur: Rs. 17.01 lakh and Sidhi: Rs. 11.10 lakh.

^{*****} Digital Copier and Duplicator, Multi Media Projector Computer UPS System and Furniture.

Pay and allowance of staff of BRCC was irregularly paid out of SSA funds.

Irregular procurement of duplicating machines, furniture and other material worth Rs. 1.82 crore.

buildings, drinking water facility and separate urinal/toilet facility to boys and girls.

Survey report of SRI stated that about 4.5 percent of PS, 5.3 percent UPS and 9.5 percent of High Schools with upper primary section (HS) were operating in *Kuccha* structures, which are basically not structurally stable and hence not suitable for running an institution like a school. 17.4 percent of PS, 13.2 percent of UPS and 14.3 percent of HS were observed to be semi-*Pucca* structures. About 75 percent of PS, 77.2 percent of UPS and 73.8 percent of HS were *pucca* structures. About 2.5 percent of PS, 2.3 percent UPS and 2.4 per cent HS did not have any building at all.

Against the requirement of 2,51,090 items of work, 80554 were targeted during 2001-06, out of which only 63,584 works were completed leaving 16970^{****} works incomplete (September 2006).

It has been accepted in Status Report (July 2005) that despite the efforts made to mobilise resources from different programmes to provide school buildings large gaps in infrastructure persist. There was a requirement of 13902 school buildings (PS 2284, UPS 11618) 32118 additional rooms (PS 22190, UPS 9928) 29674 drinking water facility (PS 20031, UPS 9643), 53368 toilet facility (PS 38986, UPS 14382) and 61058 kitchen sheds in PS as of July 2006.

3.1.10.2 Irregularities in the execution of works

According to policy of decentralisation and instructions issued by RGSM, the money for construction of civil works was to be credited in the account of Village Nirman Samiti (VNS)/ Shala Shiksha Kosh of PTA of the concerned schools. It was observed that DPC Ujjain paid amount of Rs. 3.76 crore to Chief Executive Officers (CEOs^{****}) for construction of all civil works sanctioned during the year 2000-05. According to sanction order all the works were to be completed within three months. But completion certificate was not issued (June 2005) in any case. Moreover the position of status of works was not available in the office. On enquiry DPC Ujjain stated (June 2005) that the process to obtain the utilisation certificate was in progress.

Similarly DPC Dhar procured (2004-05) iron gates and windows worth Rs. 96.42 lakh out of funds to be credited into account of Shala Shiksha Kosh of VNS/PTA. On enquiry it was stated (June 2005) that gates and windows were procured to maintain uniformity in fixtures. The reply was not acceptable as the procurement was to be done by PTA of concerned school. According to instructions of RSK/RGSM Bhopal, IInd and IIIrd instalments of funds for civil works were to be released in Shala Siksha Kosh of PTA/Village Nirman Samiti (VNS) after obtaining the valuation report of work done, but DPC Bhopal released Rs. 59.14 lakh on 31 March 2005 without obtaining the valuation reports from concerned Engineers. On enquiry, DPC Bhopal stated (August 2005) that the instalments were released upon verbal instructions of competent authority. Reply was not tenable as the release of IInd and IIIrd

Rupees 3.76 crore were paid to CEOs of Janpad Panchayats instead of crediting into PTA's account

Irregular procurement of Iron gates and windows worth Rs. 96.42 lakh.

Installments released without obtaining of valuation reports.

^{****} PS building: 6440, MS/UPS building 426, additional room PS/MS/CRC:5802, kitchen shed:2840, Model cluster: 1462.

^{****} Janpad Panchayats: Badnagar, Ghatia, Khachrod, Mahidpur, Tarana and Ujjain.

instalments without obtaining valuation report was in contravention of construction norms.

3.1.10.3 Irregular expenditure for construction of 80 EGS buildings

Rupees 1.24 crore were irregularly paid for construction of 80 EGS Buildings.

The EGS/AIE buildings were not allowed to be constructed out of SSA fund. There was also no provision for construction of EGS building in AWP&B (2002-03) in Hoshangabad district. It was observed that the DPC Hoshangabad sanctioned (December 2002) construction of 80 EGS buildings at Rs. 1.55 lakh each and funds of Rs. 1.24 crore was released to PTA of concerned schools. It was stated (April 2005) that sanction and funds were released according to instruction of RSK Bhopal.

3.1.10.4 Non- establishment of State Institute of Education Management and Training (SIEMAT)

SIEMAT was not established.

State Institute of Education management and Training (SIEMAT) meant for the development of quality of education has not been opened so far. However, expenditure of Rs. 29.11 lakh was reported for July -September 2004. On enquiry it was stated (November 2005) that a cell was created and expenditure was being incurred for payment of salary to officials working in this cell. Further it was also stated (November 06) that a proposal regarding establishment of SIEMAT has been drafted and was under process of submission to GOI.

3.1.11 Conclusion

Due to delay in submission of the AWP&B for the year 2001-02 and 2002-03 and its delayed approval and release of funds, the activities under the scheme could not be taken up in the year 2001-02. The expenditure up to 63 percent could only be incurred during 2002-03. Funds were diverted for various activities viz. adult education programme, village libraries, printing of board examination paper, consolidated educational calendar. Instead of crediting the grant for execution of works into PTA's account, DPC Ujjain paid the same to CEO Janpad Panchayats which in turn delayed the execution of work. Similarly, DPC Dhar procured gates and windows out of civil work grant. There was slow progress in construction of civil works which resulted in non-availability of basic facilities. Against the target to have all children in school by 2003 which was extended upto 2005, number of children remaining out of school at the end of 2004-05 and 2005-06 was 2.8 per cent and 1.7 per cent respectively. Human Development Centres as envisaged were not opened upto 2004-05 for urban deprived children for mainstreaming them. Pupil-teacher ratio was much higher than the prescribed norm of 40:1.

3.1.12 Recommendation

- The time schedule for submission and approval of AWP&B should be adhered to.
- Diversion of funds to other programmes should be stopped immediately and utilisation of funds for the components of the programme should be ensured.

➤ Proper system should be evolved for regular and periodic monitoring to ensure speedy execution of works.

The matter was reported (July 2006) to the Government, but reply was not received (November 2006).

Food, Civil Supplies and Consumer Protection Department

3.2 Food Security, Subsidy and Management of Foodgrains

Highlights

The Government's food management strategy towards ensuring food security involves procurement of foodgrains at Minimum Support Price (MSP) from the growers, its storage, handling, movement and allocation of food grains so procured for eventual distribution to targeted population for ensuring availability of food grains to the public at affordable price for enhancing food security at the micro level. System of procurement and distribution was found to be weak and deficient. Wheat procuring districts were required to transport surplus stock of wheat to the needy districts directly from the procuring centres, but instead of this foodgrains were stored at intermediary locations during 2003-05 resulting in avoidable loss of Rs. 2.67 crore for local transportation, handling, interest etc. Reserved storage space remained vacant resulting in loss of Rs. 24.32 lakh and movement of wheat through longer/circuitous route also resulted in avoidable loss of Rs. 45.27 lakh. There were cases of procurement of substandard quality of food grain. Avoidable expenditure of Rs. 48.56 lakh was incurred towards bank commission. In distribution of food grains, it was noticed that the issue of ration cards was far in excess and the foodgrains were distributed below the prescribed scale. Operation of fair price shops was mired with deficiencies and monitoring mechanism was weak and ineffective. Some other important points noticed during test audit are given below:-

Excess payment of Rs. 58.63 lakh towards transportation charges was made to Madhya Pradesh State Civil Supply Corporation (MPCSC).

(Paragraph 3.2.7.1)

Non-adherence to quality control measures led to procurement of substandard (Non Fair Average Quality) wheat and paddy, resulting in avoidable loss of Rs. 4.08 crore.

(Paragraph 3.2.5.3)

MPCSC neither refunded Rs. 68.15 crore accumulated on account of double margin nor adjusted in subsidy claims preferred for reimbursement.

(Paragraph 3.2.5.6)

Fair price shops were not displaying day to day stock position, issue price, number of beneficiaries, scale of ration admissible and were committing other irregularities.

(Paragraph 3.2.6.4)

The districts were making payments through bank drafts instead of cheques, resulting in avoidable expenditure of Rs. 48.56 lakh as bank commission.

(Paragraph 3.2.5.5)

Irregular drawal of Rs. 2.17 crore towards transportation charges for foodgrains was made and the same was also not refunded into treasury.

(Paragraph 3.2.7.2)

There was delay ranging from three to sixteen months in delivery of foodgrains to executive agencies / Gram Panchayats affecting the quality of foodgrains.

(Paragraph 3.2.7.3)

3.2.1 Introduction

The Government's food management strategy towards ensuring food security involves procurement of foodgrains at reasonable prices from the growers, its storage/handling, movement, maintenance of buffer stocks and implementation of a well Targeted Public Distribution System (TPDS)* for ensuring availability of foodgrains to the public at affordable prices for enhancing food security at the micro level.

Food management consists of procurement of foodgrains from farmers at Minimum Support Price (MSP)^w, allocation of foodgrains so procured for eventual distribution to targeted population at subsidised Central Issue Price (CIP) and retention of buffer stock to ensure food security and to regulate the market rate. Since the CIP for distribution of foodgrains to the targeted population is lower than the cost of procurement and handling (termed as Economic cost), the Government provides subsidy to agencies responsible for handling storage, retention and distribution of the foodgrains.

In addition to procuring foodgrains for meeting the requirements of the TPDS, the Government's policy is to ensure food security in the country by maintaining buffer stocks of foodgrains.

3.2.2 Organisational set-up

The responsibility for the implementation of the scheme rests with the Food, Civil Supplies and Consumer Protection Department (Department) headed by a Principal Secretary. The Commissioner cum Director Food and Civil Supplies was the nodal field officer for overall assessment of the requirement, allotment of district quota, payment of grants/ loans/subsidies to implementing agencies, MP State Civil Supplies Corporation (MPCSC) and MP State

* GOI streamlined the PDS by issuing special cards to BPL families and providing foodgrains to them at specially subsidised prices.

^w It is the pre determined price at which procurement agencies procure food grains.

Marketing Federation (Markfed) for procurement of foodgrains, their storage and distribution to consumers through lead and link societies with the assistance of Central Co-operative Bank (CCB).

The Collectors with the assistance of District Supply Officers (DSO) were responsible for assessing the requirement of foodgrains for the districts and made further allocation to fair price shops. They were also responsible for monitoring, and overall control over the implementation of TPDS in the districts.

3.2.3 Audit Objectives

Objectives of the review were to assess:

- efficiency of the system of procurement by the agencies,
- efficiency and economy in storage and movement operation,
- the effectiveness of distribution arrangements to ensure that beneficiaries have access to food grains and they actually get it when needed,
- effectiveness of the system of monitoring.

3.2.4 Audit coverage and methodology

The review covered the progress of various activities relating to implementation of programme during 2001-06. Stratified statistical sampling was used in selection of districts. Capital district Bhopal and 10 out of 45 districts were selected by adopting Simple Random Sampling without Replacement (SRSWR). From each selected district, three blocks (One from urban areas and two from rural areas) i.e. 32 out of 81 blocks were also selected on the basis of random sampling. The selection of 10 per cent of fair price shops (FPS) was also made at District level. The performance audit covered the period from 2001-06. Records of the Departments, MPCSC, Markfed, eleven districts* alongwith 32 blocks and 318 FPS were test checked.

The audit methodology included scrutiny of records and analysis of data collected from the Department and selected districts/block offices. The entry conference was held on 15 July 2006 with the entity to invite suggestions/ share information in the implementation of programme. Besides, survey reports of other agencies were also utilised. GOI Ministry of Food and Consumer Affairs had entrusted (2003) an evaluation study on TPDS and AAY through M/s ORG Centre for Social Research (ORG Marg) who submitted its final report to the Ministry in September 2005. The Programme Evaluation Organisation (PEO) of Planning Commission, GOI had also conducted performance Evaluation of TPDS. Survey findings of ORG Marg and PEO conducted at All India level have been used to supplement audit findings as included in the respective paragraphs.

* Balaghat, Bhopal, Betul, Dhar, Gwalior, Katni, Khandwa, Khargone, Sidhi, Umaria and Vidisha.

Audit Findings

3.2.5 Procurement

GOI, introduced (1997-98) the scheme of Decentralised Procurement (DCP) of foodgrains under which the States themselves were to procure foodgrains, retain the quantity for TPDS and surrender the rest to FCI for the central pool. Government of MP (GOMP) authorised MPCSC Bhopal as procuring agency for wheat and was also given the responsibility of its distribution under TPDS.

Scrutiny of records of MPCSC revealed the following short comings in the procurement operations of wheat leading to increase in economic cost.

3.2.5.1 Avoidable expenditure due to retention of surplus stock

The Head Office (HO) MPCSC directed (March 2005) its wheat procuring districts to retain wheat stocks required for six months supply under PDS out of current year's procurement. The HO observed (May 2005) that even after storing eight months requirements, there were excess stocks to the extent of 48,266 Metric Ton (MT) at Sehore, Harda, Hoshangabad, Raisen, Ujjain and Satna districts. Though, instructions were issued (June 2005) to transport surplus stocks to other needy districts, the immediate movement of stock was not monitored. The HO reviewed overall surplus stock position and issued (November 2005) instructions for transportation of quantities from Sehore, Ujjain and Satna districts. Consequently, 30809 MT were transported to other districts (viz. 16708 MT from Sehore, 8714 MT from Ujjain and 5387 MT from Satna) during November 2005 to January 2006. Audit noted that delayed movement of above surplus stocks resulted in an avoidable expenditure of Rs 1.01 crore (Rs. 0.44 crore for local transportation and Rs. 0.57 crore on storage for six months). Further, the MPCSC also incurred an avoidable expenditure of Rs. 1.06* crore towards interest on cost of wheat locked up for six months. It was stated (July 2006) that stocks could not be transported due to non availability of storage space and GOI would reimburse transportation cost. The reply was not acceptable as storage arrangements were to be made according to requirement. Unnecessary storage and transportation cost would be included in economic cost and even if reimbursed in a claim amounts to loss to public exchequer.

Similarly, the HO directed (March 2004) Harda, Hoshangabad and Indore district offices to transport 18400 MT wheat to Khandwa, Betul, Barwani and Dhar districts direct from the procurement centres/railway rake points. The district offices transported only 4948 MT Wheat and stored the remaining quantity of 13452 MT within the districts till August 2004. The HO further observed (September 2004) that Harda, Hoshangabad and Indore district offices were holding more than four months requirements and directed them to transport 7150 MT wheat to Khandwa, Dhar, Barwani, Betul and Ratlam districts. The district offices, however, transported 9077 MT wheat to the

The HO MPCSC failed to monitor the movement of surplus stocks to the needy districts, resulting in loss of Rs. 2.07 crore.

Loss of Rs. 60.46 lakh due to under utilization of reserved space.

* 30809 MT at provisional economic cost of Rs. 7540 per MT=Rs. 23.23 crore x Rs. 9.1 percent per annum for six months.

§ Provisional cost comprising of Minimum support Price, procurement incidentals and distribution cost.

specified districts during October to December 2004. It was observed that district offices spent Rs. 13.50 lakh on handling and Rs. 16.77 lakh on intermediary storage of 9077 MT due to non-compliance of specified despatch schedule. Further while 9077 MT was stored in Harda, Hoshangabad and Indore districts between July and December 2004, the needy districts were drawing their requirements from FCI. This resulted in locking up of Rs. 6.64 crore** for six months and Rs. 30.19 lakh was paid as interest for cash credit availed towards this procurement. Thus, there was a total avoidable expenditure of Rs. 60.46^φ lakh. It was stated (July 2006) that surplus stock at Hoshangabad was for their own requirement, stocks at Harda were due to not lifting as per allotment and at Indore due to retention of stock for National Food for Work (FFW) scheme and on account of shortage of space at Dhar and Barwani (needy districts). The reply was not tenable as the requirement of six months as furnished by the Corporation for Hoshangabad district was not correct and district should have not been asked to supply to needy districts if stocks were only sufficient to district itself. If the allotment at Harda was not lifted it should have been brought to the notice of HO, but it was not done till August 2004. There was no shortage of space at Dhar and Barwani since actual storage space utilised was less than the reserved space and there was no allotment / lifting under FFW during April to November 2004.

3.2.5.2 Avoidable expenditure due to under utilisation of reserved storage space

According to the rake movement plan finalised (March 2005) for Rabi Marketing Season (RMS) 2005-06, four rake loads (9200 MT) of wheat were to be transported from Hoshangabad district to Ujjain for onward transportation by road to Indore for issue at other centres of neighboring districts of Khargone, Dhar, Jhabua and Barwani. Similarly, nine rakes of wheat (26700 MT) were to be sent to Gwalior to meet the requirement of Bhind and Morena districts. In-anticipation of wheat stocks, Indore, Bhind, Morena and Shivpuri District Offices, in consultation with their respective Regional Offices and HO, reserved storage space for 45000 MT and 88980 MT respectively for three months in the godowns of State/Central warehousing Corporations. The plan was revised and seven rakes (16032 MT) were despatched (April 2005) to Ujjain which despatched only 8288 MT to Indore and other districts and stored the remaining quantity at Ujjain itself. Against plan of nine rakes only four rakes (9200 MT) were sent to Gwalior. It was observed that due to mismatch in the actual despatch of stocks compared to the rake movement plan, Indore district and Gwalior region (Bhind, Morena and Shivpuri district offices) could utilise space only for 10,200 MT and 54,800 MT (including their own procurement) leaving space for 34,950 MT and 34,120 MT respectively unutilised. Consequently the MPCSC incurred an avoidable expenditure of Rs. 24.32 lakh towards storage charges for unutilised reserved storage space. On enquiry, it was stated (August 2006) that entire

Reserved storage space was under utilised due to non receipt/short receipt of stocks in districts resulting in loss of Rs. 24.32 lakh.

** 9077 MT at provisional economic cost of Rs. 7310 per MT = Rs. 6.64 crore.
^φ Rs. 13.50 lakh + Rs. 16.77 lakh + Rs. 30.19 lakh = Rs. 60.46 lakh.

reserved space was utilised. The reply was not acceptable as the district offices have already confirmed the short utilisation of reserved storage space.

3.2.5.3 Non-adherence to quality control

The MPCSC did not stipulate any quality tests to be conducted by the purchaser society at the time of procurement of wheat from farmers. Even at the time of deposit of wheat into warehouse, the MPCSC did not specify strict inspection to ensure Fair Average Quality (FAQ) specifications, but stipulated only visual inspection of wheat samples of atleast 25 percent of wheat drawn from each truck (260-300 bags). The quality tests were to be conducted only when inferior quality was found on visual inspection with analysis kits supplied to all district offices. When wheat deposited was found of satisfactory quality, only two samples are to be kept at the godowns. It was observed that no recorded evidence was available as to whether 25 percent of the wheat from each truck was visually inspected, and two samples were kept at godowns. It was stated (June 06) that due to rush of procurement, only visual inspection was possible and no record was kept. Only in doubtful situation samples were to be collected and then tested, but no such situation had arisen. The reply was not tenable as the prescribed instructions were to be followed.

Loss of Rs. 20.56 lakh due to procurement of non-FAQ paddy

Similar position was observed in Markfed which was authorised for procurement of paddy. It was noticed that there was substandard (non-FAQ) 5 Ton rice and 528 Ton paddy costing Rs. 35.35 lakh procured out of paddy of Kharif Marketing Season (KMS) 2000-01 and 2001-02 respectively as of 31 March 2005 with the Markfed. They have claimed a loss of Rs. 20.56 lakh to GOMP. The loss could have been avoided, if measures of quality test were adopted.

Excess driage of paddy resulted in loss of Rs. 3.87 crore.

Further, it was also observed that GOI allowed only one percent driage on procurement of paddy, but Markfed claimed more than one percent during the year 2000-02. On a total procurement of 29147.33 MT paddy, the driage permissible was 291.47 MT only whereas Markfed claimed 875.29 MT (3 per cent). This resulted in excess loss claim of 583.82 MT valuing Rs. 3.87 crore. Further the driage was below the admissible one per cent during the year 2002-03 and 2004-05. Thus it was evident that the procurement of paddy during the year 2000-02 was not according to specification prescribed by GOI.

3.2.5.4 Avoidable loss due to uneconomic movement

The movement of 20 rakes by longer route resulted in loss of Rs. 25.20 lakh.

Hoshangabad and Raisen district offices procured 1,17,454 and 86,632 MT wheat respectively during (March to June 2005). According to the revised rake movement plan finalised (May 2005), Hoshangabad district despatched 10 rakes of wheat (24,016 MT) during April to May 2005 to Guna, Ujjain, Bina, Biora, Sagar, Morena and Meghnagar from Itarsi rake point. Similarly, Raisen district office despatched 10 rakes of wheat (23,923 MT) to Satna, Katni, Gondia, Chhindwara and Shahdol from Mandideep rake point during the same period (April to May 2005). Whereas, movement of rakes vice versa could have been made economically as both the routes were shorter in distance by 69 kilometers (km). As a result, the MPCSC incurred an estimated avoidable expenditure of Rs. 25.20 lakh for freight of 20 rakes of wheat by a

longer route. On enquiry, MPCSC intimated (August 06) that though initially rake movement plan was given to move rakes in the right direction, subsequently it was revised due to certain factors like quantum of procurement, availability of rakes and promptness of transport contractor, unloading arrangements etc. The reply was not acceptable as in the proposals for revision in the rake movement plan, the above mentioned factors were not mentioned. Further transport contractor has to transport wheat as per the requirement of the corporation.

Transportation of wheat via circuitous route resulted in loss of Rs. 10.53 lakh.

Hoshangabad district procures large quantities of wheat in each RMS and transports the same by road/railway rakes to other needy districts for utilisation under PDS. Shortest rail route from Itarsi to Shajapur, is via Bhopal-Maksi-Shajapur (262 Km). It was observed that one rake of 2344 MT was sent (April 2003) from Itarsi to Shajapur via Bhopal-Bina-Guna-Biora-Shajapur (536 km) a longer route and freight charge of Rs. 6.87 lakh had to be incurred. Similarly two rakes of wheat (4678 MT) were also dispatched (May 2004) to Shajapur via Bhopal-Bina-Guna, longer route and Rs. 13.71 lakh on freight had to be incurred. Thus transportation of 7022 MT wheat by a longer route resulted in an estimated avoidable expenditure of Rs. 10.53 lakh (Rs. 20.58-10.05 lakh^{#####}) during 2003-05. On enquiry, it was stated (July 2006) that the shorter route was not available for movement of such type of heavy traffic during the period April 2003 to May 2004 and that had the shorter route been available, the Railways would have definitely sent the rake through shorter route. The reply was not tenable as shorter route was available as Raisen district despatched (April 2004) rakes to Biora through the same route.

Additional expenditure of Rs. 9.54 lakh due to non-utilisation of nearest rake point.

Similarly for transportation of wheat from Hoshangabad district to Jabalpur and beyond the railway route is Itarsi-Pipariya-Jabalpur and the railways have rake points both at Itarsi and Pipariya. For despatch of wheat by rake the district office was to prefer Pipariya rake point instead of Itarsi. Audit noticed that for despatch of 26065 MT of wheat by 11 rakes during the period 2003-06, the district office operated Itarsi rake point instead of Pipariya rake point. As a result the MPCSC incurred an additional expenditure of Rs. 9.54 lakh. The district office stated that Pipariya rake point was not used for want of basic facilities and certain other administrative problems. The reply was not acceptable as this rake point was already used for despatch of wheat towards Jabalpur during the year 2002-03.

$7022 \text{ MT} \times 262 \text{ km} \times \text{Rs. } 0.546^{\#} \text{ MT per km} = \text{Rs. } 10.05 \text{ lakh}$

#Railway Receipt No.377523- Rs. 686558/2344 MT/536km = Rs. 0.546 per km per MT.

3.2.5.5 Avoidable expenditure towards bank commission

The MPCSC was lifting stocks of foodgrains from FCI for distribution to consumers under various welfare schemes and TPDS. The FCI directed (December 1993) all its zonal/regional and district offices to accept cheque of MPCSC towards payment of cost of foodgrains at places where FCI maintains bank account and issues release orders for drawal of foodgrains from their godowns. These orders were reiterated (July 2003 and January 2004) for compliance. It was observed that only seven district offices (Bhopal, Indore, Ujjain, Sagar, Satna, Gwalior and Jabalpur) were making payment through cheque to FCI while the remaining 38 out of 45 district offices were depositing cost of foodgrains by demand drafts, instead of cheques. The MPCSC incurred Rs. 48.56 lakh on bank commission for obtaining demand drafts during the years 2003-06 (upto December 2005) toward payment to FCI which could have been avoided if the payment of cost of foodgrains was made by cheques instead of demand drafts. On enquiry, it was stated (July 2006) that the FCI was maintaining its bank account only at seven districts in the State where the payment can be made by cheque while remaining 38 district offices had to make payment by demand draft. The reply is not acceptable as FCI was also maintaining bank accounts in other districts.

Cost of wheat was paid to FCI by demand drafts instead of cheques thereby incurring an expenditure of Rs. 48.56 lakh towards bank commission.

3.2.5.6 Non-refund/adjustment of double margin in subsidy claims of MPCSC

The MPCSC distributes wheat to the beneficiaries under TPDS. The requirement of wheat met from two sources viz. (i) purchase from FCI at Central issue price (CIP) fixed by GOI and (ii) procurement from farmers under decentralised procurement scheme (DCP) on provisional economic cost (MSP including various expenses incurred upto issue point like taxes, handling, storage, wastage, transportation, interest and administration cost). As there cannot be two separate consumer rates for stocks procured from two different sources, provisional economic cost of stocks procured under DCP is restricted to CIP and difference between the CIP and provisional economic cost is reimbursed to the MPCSC as subsidy by GOI.

Double margin accumulated to Rs.68.15 crore which was neither refunded nor adjusted.

Both stocks procured for distribution under TPDS from FCI and DCP stock are distributed to beneficiaries at ex-godown rate fixed by including the margin for incidental expenses upto issue point like taxes, handling, storage, wastage, transportation, interest and administration cost in CIP.

As the margin built in for the ex-godown issue rates of stocks by GOMP were already included in provisional economic cost of stock procured and subsidy for difference was being already paid by GOI for wheat procured under DCP separately, the MPCSC was getting double margin for expenses after lifting from godown for sale to issue point. A team of GOI inspected the records of the MPCSC and concluded that certain expenses which were reflected in the margins fixed for sale price by State Governments were also included in the economic cost resulting in payment of double margin. This fact was also accepted by the MPCSC. The excess or double margin worked out to Rs. 68.15 crore for the period 2001-02 to 2005-06 for which the MPCSC provided liability in its accounts. Audit noted that the MPCSC did not mention

the same in its proposals for fixation of economic cost for the years 2003-06 submitted to GOI and received provisional subsidy in full without effecting deduction for excess margins. Non-refund of double margin has resulted in unwarranted drawal of excess provisional subsidy.

3.2.6 Distribution of foodgrains under TPDS

3.2.6.1 Allocation and distribution of foodgrains

Allocations of foodgrains is made on monthly basis. The position of allocation, and distribution was as follows.

(Quantity in MT)

Year		Allotment		Total available stock (Lifting from FCI +Procurement)		Distributed		Less distribution and Percentage of less distribution:			
		APL	BPL	APL	BPL	APL	BPL	APL		BPL	
2001-02	W	138375	763431	6598	499432	6598	472506	131777	95%	263999	35%
	R	80235	328824	607	142267	1192	144447	79628	99%	186557	56%
2002-03	W	1923790	944541	27135	737728	28436	725894	1896655	99%	206813	22%
	R	841728	329759	687	178682	1243	175082	841040	100%	151076	46%
2003-04	W	2070556	1020397	29526	883612	29526	890163	2041030	99%	136784	13%
	R	464844	210255	756	165554	1198	160919	464088	99.8%	44701	21%
2004-05	W	2155068	1128410	21072	1104795	19757	1059216	2135311	99%	23615	2%
	R	380304	199132	3621	206044	3621	189448	376683	99%	6912	3%
2005-06	W	1901524	951613	125421	1006195	121908	980099	1807927	95.1%	319735	33.6%
	R	633848	245900	6946	247970	6191	240023	627109	98.9%	2413	1%

W-Wheat

R-Rice

The lifting under APL category was very poor and shortage ranged from 95 to 99 per cent. The position of lifting of foodgrains under BPL category was also not very encouraging as the shortage ranged between 13 to 35 per cent in case of wheat and 21 to 56 per cent in case of rice during 2001-04, while it declined to a marginal two to three per cent during 2004-05 for wheat and rice respectively. Lack of demand under APL category was due to CIP being almost equal to the prevailing market price and many of the beneficiaries used the ration cards for identification purposes rather than for drawal of foodgrains. Recurring shortfalls in lifting indicate that the allotment of foodgrains was not properly assessed leading to avoidable carry over charges on the stocks that were not lifted.

3.2.6.2 Issue of ration cards in excess of actual requirement

The GOI estimated (2000) 41.25 lakh BPL population based on NSSO estimation. The Survey for identification of BPL families was got conducted during 1997. Separate Antyodaya Anna Yojana (AAY)* cards were also issued to the poorest out of BPL families. The year-wise details of ration cards under each category were as under:

* AAY was launched (December 2000) with the aim to reduce hunger among the poorest segments of population and to make PDS benefits more substantial in terms of both quantity and nutrition, for this section of the population

As on	APL	BPL	AAY	Total
31-12-2001	82,27,591	50,39,771	6,29,476	1,38,96,838
31-12-2002	82,27,591	52,22,194	6,31,620	1,40,81,405
13-02-2004	84,93,041	56,29,083	6,31,620	1,47,53,744
31-01-2005	85,81,916	53,79,586	9,35,106	1,48,96,608
1-6-2006	1,14,58,814	48,74,999	15,50,210	1,78,84,023

Leakage of subsidised foodgrains were 54.48 per cent.

Process of distribution of new ration cards stayed.

GOMP issued (May 2006) instructions to all districts regarding removal of bogus ration cards from circulation. GOMP have quoted the finding of survey report of ORG Marg and PEO stating that leakage of subsidised food grains issued from central pool were estimated to be 54.48 per cent and only 45.52 per cent of subsidised food grains reaches the targeted groups. Presently, GOI is allocating (December 2005) the foodgrains on the basis of 55.78 lakh APL and 27.97 lakh BPL families whereas there were 85.81 lakh APL families ration card and 53.79 lakh BPL ration card families as of 31 December 2005. As the ration cards that were issued both in APL and BPL categories were more than allocation made by GOI, possibility of existence of bogus ration cards could not be ruled out particularly since GOMP had also acknowledged leakages in distribution system. Work of distribution of new ration cards was commenced in May 2006 but stayed (November 06) by GOMP till further orders. It was evident that delays in carrying out the renewal process resulted in continuance of a large number of bogus ration cards and facilitated leakage of subsidised foodgrains.

3.2.6.3 Distribution of foodgrains below the prescribed scale

For providing sufficient food grains to BPL families, GOI prescribed an allocation of 20 kg from April 2000, 25 kg from July 2001 and 35 kg from April 2002 per month per BPL family. Audit noted that GOI was not allocating foodgrains as required according to ration cards as stated in above para. This resulted in scaling down of ration entitlement than prescribed. It was observed that the distribution of foodgrains was far below the prescribed scale as shown in Appendix 3.3.

3.2.6.4 Operation of Fair Price Shops

According to PDS (Control) order 2001, the FPS owners were required to display on day to day basis the stock position alongwith prevalent issue price, number of beneficiaries, scale of ration admissible to different categories of consumers, sample of foodgrains. Audit noted that the aforesaid requirement was not found maintained in most of fair price shops as shown in Appendix 3.4. Further regular inspections as required were also not carried out by the officers in test checked districts. An intensive inspection of FPS was carried out by the Department during June/July 2006 and 946 FPSs out of 1,047 FPSs, were inspected in districts^w and 364 cases of irregularities in PDS, eight cases of shortages and twenty cases of other irregularities were noticed.

^w Balaghat and Dhar.

3.2.6.5 Undistributed foodgrains remaining with the transporter

Loss of Rs. 24.49 lakh as subsidised foodgrains remained with transporter.

CEO Zila Panchayat (ZP) issued (March 2002) release order of 840 MT foodgrains for distribution to Hail Storm sufferers to National Consumer Co-operative Store Limited Bhopal (transporter) through Gram Panchayats (GP). It was observed that only 350 MT foodgrains were distributed to GPs and 490 MT foodgrains of Rs. 24.49 lakh remained undistributed with the transporter who neither returned the foodgrains, nor deposited the cost with the CEO ZP Bhopal (July 2006). It was stated (November 2006) that the matter has been taken up with the transporter.

3.2.7 Transportation**3.2.7.1 Excess payment for transportation charges**

Excess payment of Rs. 58.63 lakh

The Department fixed the same rates for transportation of foodgrains from base depot to issue centre to be paid to the MPCSC under BPL and Antodaya Anna Yojana (AAY) scheme up to September 2003, but thereafter higher rates were fixed under AAY though transportation of foodgrains were to be made from same place to same destination. Accordingly the MPCSC claimed and excess payment was made as follows:

Sl. No.	Period	Commodity	Quantity distributed (in quintal)	Rate of per quintal (in Rupees)		Difference per quintal (in Rupees)	Excess payment (Rs. in lakh)
				AAY	BPL		
1.	01/10/2003 to 31/03/2004	Wheat	1456110	17.20	17.00	0.20	2.91
2.	01/04/2004 to 31/03/2005	Wheat	2747275	17.20	15.34	1.86	51.10
		Rice	584480	16.13	15.34	0.79	4.62
Total							58.63

Thus, the Department paid Rs. 58.63 lakh in excess to MPCSC. The transportation charges at higher rate under AAY scheme were not justified as the same goods were transported from same place to same destination by the same transporter. Reply was awaited (November 2006) from the Department.

3.2.7.2 Irregular drawal towards transportation charges

According to the orders issued (February 2002) regarding rates of transportation under SGRY for lifting of foodgrains from FCI base depots and to supply upto work site FPS, there were two options viz either the transportation may be got done through MPCSC at the rate of Rs. 75 per quintal or if transportation was available at reduced rate, then the transportation work may be got completed at reduced rate. Audit noted that the transportation of foodgrains was completed by districts^w at reduced rate but drawal of fund on this account was made at Rs. 75 per Quintal and the balance was deposited into bank instead of refunding it into treasury and the funds had accumulated to Rs. 2.17 crore^w as of March 2006. CEO Katni accepted

^w CEO, ZP Umeria Rs. 1.17 crore, ZP Bhopal Rs. 0.09 crore, ZP Katni Rs. 0.54 crore, J.P. Badwara (Katni) Rs. 0.07 crore, ZP Gwalior Rs. 0.30 crore.

(September 2006) the objection and stated that balance amount would be adjusted in 2006-07. CEO Umaria stated (June 2006) that balance amount could not be utilised due to cancellation of allotment of foodgrains under second stream of SGRY for 2005-06, and instructions were being obtained for utilising the balance amount in Gramin Rojgar Guarantee Yojana.

3.2.7.3 Delay in delivery of foodgrains to Gram Panchayat

Delay in delivery of foodgrains ranged from 3 to 16 months.

CEO Zila Panchayat Bhopal issued release orders of foodgrains under SGRY stipulating that the transporter (National Consumer Co-operative Store Limited Bhopal) would deliver the foodgrains within 15 days to the executive agencies of works {Gram Panchayats (GP)}. During the scrutiny of records, it was observed that transporter delivered the foodgrains to GPs with a delay of three to 16 months. Possibility of insect infestation, deterioration of quality of foodgrains and adverse impact on progress of work can not be ruled out. CEO Janpad Panchayat (JP) Manpur- Umaria lifted 149.38 MT rice and 133.87 MT wheat on 29 June 2002 from FCI Katni and started distribution to Gram Panchayat/ Executive agencies from 16 August 2003 onwards after one year and one month. As a result, the possibility of deterioration and infestation can not be ruled out. CEO JP Manpur stated (June 06) that works were sanctioned late which resulted in delayed distribution of foodgrains.

3.2.8 Monitoring

3.2.8.1 Vigilance mechanism in MPCSC

With a view to exercise check on the powers delegated to the district office and to prevent their misuse, MPCSC formed (May 2001) a Vigilance Cell under the supervision and control of the General Manager (Admn.) and issued a check list of important points to be examined in each district office as per roster approved by Managing Director (MD). Accordingly District Managers were to conduct the inspection of their respective districts every month and were to send a report on the same to the concerned Regional Manager (RM) who was to forward the same to Vigilance cell after conducting detailed scrutiny. The RM was also to conduct inspection in the district offices as well as his own office once in three months and was to submit his report to Vigilance Cell. The head office, through its officers at Management level was to arrange inspection of each district offices once in a year. The deficiencies found during inspection were to be submitted to the General Manager (Admn.) and compliance sought from the concerned District Manager. Besides above, Vigilance Cell was also to act on the complaints received from other wings of the Corporation, Lokayukta, Government, Public and the deficiencies pointed out by internal auditors.

It was observed that the inspections were not conducted in respect of 12, 10, 23 and 26 district offices during the years 2001-02, 2002-03, 2004-05 and 2005-06 respectively. Further major wheat /paddy procuring districts like Hoshangabad, Harda, Bhopal, Satna, Rewa, Shahdol and Balaghat were not covered by inspection during 2004-06. The deficiencies pointed out during roster inspection like non-conducting of pre-audit in certain districts, were not complied. Action was also not taken on the report of the inspecting officer

who inspected the records of Indore and Raichur districts, though the report contained important aspects involving avoidable financial losses on storage, transportation of gunnies and wheat by rake. The Show Cause Notices issued to the officials in respect of deficiencies/irregularities found are not centralized at one place but kept in different departments. In the absence of this, the Vigilance Cell was not aware of the cases initiated, settled and outstanding in different departments. Monitoring of the functioning of PDS at the FPS level through computer network was to be implemented but computer network had not been installed for online monitoring and management.

3.2.9 Conclusion

Planning and co-ordination of procurement operations including movement and storage arrangement of wheat was not efficient and economical. Circuitous routes were adopted and nearest rake points were not utilized. Measures for quality control were not strictly adopted resulting in procurement of non-FAQ wheat and paddy. MPCSC neither refunded double margins of profit nor adjusted in subsidy claims. Movement of foodgrains under foodgrains based welfare schemes was not economical. There were short-comings in identification of BPL/AAY families and the ration cards were issued in excess of requirement. Leakage and diversion of subsidised foodgrains had been in knowledge of GOMP but the process of issuance of new ration cards has not taken off. The distribution of food grains to the beneficiaries was found to be below the prescribed scale. Excess payment towards transportation charges was made and transportation charges were also irregularly drawn and retained in the bank instead of refunding these to the treasuries. There were delays in the delivery of food grains to the Gram Panchayats. Proper monitoring was not done and vigilance mechanism was also not effective.

3.2.10 Recommendations

- The allotment and lifting plan should be monitored on regular basis so as to avoid charges on storage and transportation at intermediary locations. Further economical route should be adopted and nearest rake point preferred.
- In order to avoid payment of bank commission, facility of making payment through cheques to FCI should be adopted.
- In order to weed out bogus ration cards, a comprehensive exercise for issue of new ration cards should be initiated and a system of regular periodical monitoring should be evolved.
- Vigilance mechanism should be strengthened and instructions pertaining to regular and timely inspections, follow up action taken consequent upon inspection, should be reiterated and monitored regularly.

The matter was reported (October 2006) to the Government of Madhya Pradesh but reply was not received (November 2006).

Forest Department

3.3 Project Tiger and India Eco-Development Project

Highlights

The Government of India launched Project Tiger, a Centrally sponsored scheme, in 1973 to ensure a viable population of tigers in the country and to preserve such areas as part of our national heritage for the benefit, education and enjoyment of future generations. Initially the project was started in Kanha National Park of the State and later on extended to other four parks of the State. The Management Plans were to form the bases for the implementation of project. The Annual Plans of operation were submitted with delays to Government of India. Final notification to constitute an area as National Park could not be issued. Relocation of people living within Tiger Reserves to ease the biotic pressure on the tiger population was not adequately carried out. The census of tigers was carried out by counting pug marks which is not considered a fool proof methodology.

Management Plans were not got approved by the Tiger Reserves from the competent authority before implementation. There were delays in sending Annual Plans of Operation to Government of India resulting in delay in release of funds. Large incidences of excess expenditure over the annual allotments was observed in the tiger reserves.

(Paragraphs 3.3.5.2, 3.3.5.4 and 3.3.6.5)

Compartment histories were not updated by Tiger Reserves leading to lack of credible consolidated data for planning purposes.

(Paragraph 3.3.5.5)

Even after 23 to 30 years of initial notification declaring intention to constitute National Parks, final notification of the Tiger Reserves, except Pench Tiger Reserve, could not be issued by the State Government.

(Paragraph 3.3.7.1)

The efforts for relocation of villages from core area were found inadequate and 100 villages constituting 5827 families continue to exert biotic pressure in the core zone of tiger reserves.

(Paragraph 3.3.7.3)

Protection measures in the Tiger Reserves were weak due to lack of effective measures to combat poaching such as shortfall in Beat Inspection; insufficient provision of arms, ammunition and communication equipments; and inadequate fire protection measures.

(Paragraphs 3.3.8.3 to 3.3.8.8)

Abnormal growth rates of herbivore population were observed in Panna, Bandhavgarh and Satpura reserves depicting discrepancies in the process of estimation of herbivore population. For census of tigers scientific methods such as camera trapping, DNA analysis were not being used.

(Paragraphs 3.3.8.10 and 3.3.8.11)

3.3.1 Introduction

Project Tiger was started in 1973 as a Centrally Sponsored Scheme to ensure viable population of tigers in the country and to preserve areas of biological importance. The main activities of Project Tiger include wild life management, protection measures and specific eco-development activities. Project Tiger is implemented by the Tiger Reserves under the technical guidance and budgetary support of the Project Tiger Directorate (PTD) in the Ministry of Environment & Forests (MOEF), Government of India (GOI). There are five Tiger Reserves viz. Kanha, Panna, Pench, Bandhavgarh and Satpura in Madhya Pradesh that are implementing Project Tiger.

The India Eco-Development Project (IEDP) was a pilot project initiated with the assistance of the World Bank and the Global Environment facility to conserve biodiversity through eco development. The objective of the project was to improve the capacity of Project Tiger Areas to conserve bio-diversity and increase opportunities for local participation in management activities and decision making, thereby reducing the negative impact of local people on Protected Areas and vice-versa. This Project was only implemented in Pench Tiger Reserve in the State during 1997-98 to 2004-05.

3.3.2 Organizational set-up

The Department of Forests, which includes wildlife, is headed by the Principal Secretary (Forest) at the Government level. The Principal Chief Conservator of Forests (PCCF) (Wildlife) is the functional head of the department and is assisted by Additional Principal Chief Conservator of Forests (Wild life Management and Eco-tourism) at the State level and Field Directors and Deputy Directors in the Tiger Reserves at field level. The Deputy Directors are assisted by Assistant Directors of Forests at the sub-divisional level and Range Officers at the range level.

3.3.3 Audit objectives

The performance audit of the Project Tiger and India Eco Development Project seeks to assess whether:

- the planning for the conservation and protection was adequate and priorities were laid for the various activities of the Tiger reserves;
- the funds sanctioned by the GOI for the recurring and non-recurring expenses were as per the annual plan and the Central/State grants were utilised as per the rules and regulations in force;
- conservation measures were effective and adequate protection measures were carried out as per plan and were effective;

- system of the monitoring and evaluation of the project was in place and was effective; and
- under the IEDP capacity of the project tiger areas to conserve biodiversity and increase local participation in activities was achieved.

3.3.4 Audit Methodology

The performance Audit of the "Project Tiger and India Eco-Development Project" was undertaken by test check of records for the period from 2000-05 at all the five Project Tiger Reserves viz. Kanha, Panna, Pench, Bandhavgarh and Satpura. The records in the office of the PCCF (Wild life) Bhopal were also scrutinized in addition to discussions with the authorities of the Forest Department to get more insight on various issues of wild life management.

The performance of the project was assessed with reference to provisions laid down in the Wildlife (Protection) Act, 1972, Wildlife (Transaction and Taxidermy) Rules 1973, National Wildlife Action Plan (2002-2016), directions and policies made by the Ministry of Environment and Forest and the State Government besides, prescribed financial rules and procedures of the Government. The exit conference about the audit observations in the review was held with the Principal Chief Conservator of forest (wild life) on 9th November 2006.

Audit findings

3.3.5 Planning for Tiger Reserves

Planning for conservation and protection in the Tiger Reserves is carried out through preparation of Management Plans. As per the Wild life Institute of India (WII) guidelines a good Management Plan is a prerequisite for good management of a protected area as it provides the basic framework of wildlife conservation. A Management Plan identifies management needs, sets priorities and organizes the approach for future management of the protected area. Management Plans are approved by the PCCF (Wild Life), who is the head of wild life wing in the State Government. Management Plans are executed through Annual Plan of Operations, and depicts the physical and financial targets.

It was noticed during audit that the higher management in the State Government failed to ensure timely and proper preparation of Management Plans as discussed in the succeeding paragraphs.

3.3.5.1 Non-preparation of Management Plans

It was noticed that Management Plans of Tiger Reserves at Bandhavgarh (since 2003-04) and Kanha (1999-2001) had not been prepared. In reply the Reserves have stated (October 2006) that Management Plans prepared for the preceding years were extended during these periods. Bandhavgarh Tiger Reserve extended the Management Plan prepared for the period 1993-2003 up to 2006 and Kanha Tiger Reserve extended the Management Plan prepared for the period 1989-99 up to 2001 without updating any data. In absence of proper management plan the annual plans of operation which were required to be

Failure to ensure timely and proper preparation of Management Plans

Bandhavgarh and Kanha Tiger Reserves did not prepare Management Plans

developed during the implementation phase were deprived of any systematic guidance that could have been derived from the management plan which was meant to be a planning and guidance document outlining priorities/strategies and operational schedules within a time bound frame work.

3.3.5.2 Delays in obtaining approval of Management Plans

Non-approval of Management Plans before implementation

All the five Tiger Reserves did not get their Management Plans approved from the PCCF before starting their implementation. Management Plan prepared by Satpura Tiger Reserve for the period 2000-05 remained unapproved during the entire period of its implementation. Delays in getting approval of the PCCF for the remaining four Tiger Reserves ranged from 9 to 26 months from the commencement of implementation of Management Plans. The PCCF (Wildlife) stated (November 2006) that a Committee was constituted for reviewing the ongoing Management Plans as well as to oversee the revision of Management Plans that are about to expire.

3.3.5.3 Management Plans not properly prepared

Management Plans prepared on old statistics

Scrutiny of the Management Plans revealed that in many cases, due care had not been taken in their preparation. Management Plans prepared by Panna Tiger Reserve for the period 1997-2007 were got approved as Management Plan for the period 2002-12 without updating any data. The approved Management Plan was based on statistics up to only 1995-96. Recent trends in poaching, fire incidence, illegal felling of trees etc. were not considered while preparing the Management Plans.

There was no clear correlation of activities envisaged in the Management Plans of Tiger Reserves to that laid down in the Annual Plan of Operations. Compartments that were identified for conservation activities in the Management Plan for Satpura Tiger Reserve were not taken up during the implementation stage.

Chief Wildlife Warden (CWLW) in reply has stated that a committee has been constituted in May, 2006 for streamlining management planning. The committee headed by the CWLW would review the ongoing Management Plans and oversee the preparation of Management Plans.

3.3.5.4 Delays in sending Annual Plan of Operations to GOI

Delayed submission of Annual Plans of Operation

According to project guidelines, the Annual Plans of Operations are to be approved by the GOI and the Park Management is required to submit the Annual Plans of Operation by 31st October in each year for getting assistance for the subsequent year. GOI had further indicated to the State Governments that Annual Plans of Operation be sent by at least mid April of the next year to ensure timely release of funds. It was observed during audit that in 95 per cent ***** of cases Annual Plans of Operation were not sent to the GOI by the

2001-02	April - (Nil)	May (Kanha Bandhavgarh, Panna)	June (Pench, Satpura)
2002-03	April (Panna)	May (Kanha, Pench, Bandhavgarh, Satpura)	June (Nil)
2003-04	April (Nil)	May (Kanha, Pench, Bandhavgarh, Panna, Satpura)	June (Nil)
2004-05	April (Nil)	May (Kanha, Pench, Bandhavgarh, Panna, Satpura)	June (Nil)

month of April. This resulted in delay in release of funds by the GOI leading to rush of expenditure and savings at the end of each year by the Tiger Reserves. Five Tiger Reserves spent on an average 21 per cent of the allotted amount in the last one month of the year during 2000-05. Kanha Tiger Reserve spent on an average 30 per cent of the allotted amount in the month of March during 2000-05.

CWLW in reply has stated that since the year 2005 all the Annual Plans of Operations have been sent by end of April as required by the GOI.

3.3.5.5 Non-updation of Compartment history resulting in lack of credible data for planning purposes

Compartment histories not updated

A compartment is the smallest unit of management of a Tiger Reserve. As per the guidelines of WII, Dehradun each compartment should have an annually recorded history. It would be the responsibility of the respective Foresters and Range Officers to complete the compartment history at the end of each financial year.

Audit of the records revealed that the systematic and regular collection, monitoring and evaluation of data to build the compartment history were not done in any of the five Tiger Reserves. Out of 39 compartment histories test checked in Satpura Tiger Reserve, 26 compartment histories were not updated since 1998. In the remaining 13 cases period of last updation was not mentioned. Failure to ensure the above resulted in lack of credible data for deciding management strategies.

The Tiger Reserves have accepted non-updation of the compartment histories.

3.3.6 Financial Management

3.3.6.1 Funding Pattern

Project Tiger is funded by both Central & State Governments. The GOI provides 100 percent and 50 percent assistance to the Tiger Reserves for non-recurring and recurring items of expenditure, respectively⁺⁺⁺⁺⁺. The State Government is required to contribute 50 percent of recurring expenditure as matching grant.

3.3.6.2 Sources and application of funds

Savings and excess expenditure by Tiger Reserves

Funds sought through Annual Plan of Operations, amount released and expended are given in the table below:

⁺⁺⁺⁺⁺ The non-recurring items involve structural inputs to improve the field formations and recovering the habitat for fostering a viable population of tigers. The recurring expenditure involve protection, water development, maintenance of forest roads, veterinary care and the like.

Statement of Budget and Expenditure during 2000-05

(Rupees in lakh)

Name of Tiger Reserve	Amount demanded in APO			Budget allocation			Fund released			Expenditure			Saving (-) Excess (+) against Fund Released
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	GOI	State Govt.	Total	Recurring	Non-recurring	Total	
Bandhavgarh	718.00	1741.41	2459.41	383.54	369.61	753.15	494.97	115.01	609.98	320.97	390.96	711.93	(+) 101.95
Kanha	1097.75	1372.25	2470.00	892.75	510.69	1403.44	1079.44	454.97	1534.41	874.64	433.93	1308.57	(-) 225.84
Panna	544.55	1611.21	2155.76	253.10	1080.64	1333.74	1177.40	96.10	1273.50	274.72	822.01	1096.73	(-) 176.77
Pench	484.83	1063.04	1547.87	300.28	251.47	551.75	431.28	150.03	581.31	274.78	217.05	491.83	(-) 89.48
Satpura	773.14	787.38	1560.52	331.73	316.66	648.39	394.39	60.85	455.24	263.16	188.36	451.52	(-) 3.72
Total	3618.27	6575.29	10193.56	2161.40	2529.07	4690.47	3577.48	876.96	4454.44	2098.27	2052.31	4060.58	(-) 393.86

It was noticed that during 2000-05, the five Tiger Reserves demanded Rs. 101.94 crore for carrying out conservation and protection activities. The GOI sanctioned only 46 per cent of the demanded funds. Out of Rs. 46.90 crore sanctioned, the GOI and State Government released Rs. 44.54 crore and five Tiger Reserves could spend Rs. 40.61 crore leaving an unspent balance of Rs. 3.94 crore (8.84 per cent of the released amount) for the entire five years period. Bandhavgarh Tiger Reserve incurred excess expenditure over total allotment (16.71 per cent) during the period, 2000-05. Remaining four Tiger Reserves made savings that ranged from 0.82 per cent to 14.71 per cent of the total amount released during 2000-05.

3.3.6.3 Shortfall in State's matching contribution

As per the funding pattern of project Tiger the recurring expenditure was to be shared by the State and the Central Governments in equal proportions. It was seen that against the GOI release of Rs. 10.04 crore for recurring expenditure, the State Government released Rs. 8.77 crore only. The matching grant by State Government which fell short by Rs. 1.27 crore (13 per cent) was indicative of lower priority that the State Government has accorded to conservation and protection measures in the Tiger Reserves.

3.3.6.4 Persistent savings over annual allotment

During 2000-05, the Tiger Reserves made both savings as well as excess expenditure over the annual allotment of budget. Kanha made savings between 3.31 and 29.14 percent; Pench made savings between 7.31 and 35.70 percent in 2000-01 to 2003-04, and Satpura made savings between 0.37 and 17 per cent in 2003-04 and 2004-05; Panna made savings between 16.18 and 31.38 percent in two years; and Bandhavgarh made savings of 21.70 percent in 2002-03. The savings made by Tiger Reserves resulted in non-completion of critical activities necessary for conservation as detailed in Appendix 3.5. The persistent savings during the period 2000-2005 resulted mainly in non-achievement of the targets fixed for purchase of wireless sets, tractors, development of grass land etc. and creation of drinking water facility for patrolling camps.

3.3.6.5 High incidence of irregular excess expenditure over annual allotments

Bandhavgarh Reserve incurred excess expenditure over annual allotments in four (2000-01, 2002-03, 2003-04, 2004-05) out of five years during 2000-05.

Short-release of matching contribution

Non-completion of activities due to savings

Excess expenditure by Tiger Reserves

Bandhavgarh incurred excess expenditure of Rs. 47.13 lakh as high as 86 per cent over the released amount during 2000-01, while the excess expenditure amounted to Rs. 52.67 lakh (48 per cent) during 2004-05. Excess expenditure of Rs. 47.13 lakh and Rs. 52.67 lakh during 2000-01 and 2004-05, respectively, have not been regularized by the GOI. Panna Tiger Reserve incurred excess expenditure of Rs. 11.27 lakh, Rs. 22.71 lakh, Rs. 9.15 lakh during 2000-01 to 2003-04 respectively while Satpura incurred excess expenditure amounting to Rs. 20.47 lakh during 2004-05.

The absence of budget control mechanism like the letter of credit (LOC) system had enabled the Tiger Reserves to incur excess expenditure. Such a high incidence of excess expenditure calls for immediate steps to introduce LOC system by the Forest Department in addition to improving the process of estimating budget, timely action on savings as well as excess expenditure to strengthen the financial management.

In reply the PCCF (Wild Life) stated that in a dynamic management system, certain excess or short falls are inevitable and LOC system for Tiger Reserves would only create complications and hindrances in the management of protected areas. Reply is not tenable in view of large incidence of excess expenditure incurred by Tiger Reserves. LOC system as a budgetary control mechanism is already in place in the Works Departments of the State Government as well as Forest Department of other State Governments such as Rajasthan and Karnataka.

3.3.6.6 Diversion of funds

Irregular purchase of computers and irregular payment of project allowance

The GOI approved (July 2003) works relating to fire fighting squad and maintenance of fire lines at a cost of Rs. 25.22 lakh for Satpura Tiger Reserve. Against the above items of work, the Reserve authorities irregularly purchased eight computers (October 2003) at a cost of Rs. 3.46 lakh without approval of the GOI for diversion of funds.

Further considering the harsh and difficult conditions in which the officers and staff of Tiger Reserves work the GOI (in June 1999) approved 100 per cent Central assistance for the payment of project allowance. Project allowance was admissible only to the field staff. Panna Tiger Reserve, however, irregularly utilized Central assistance of Rs. 2.64 lakh meant for payment of project allowance during 2002-03 to 2004-05 to staff attached in offices of the Field Directorate. Such diversion to Ministerial staff was, however, not noticed in any other field directorate.

3.3.7 Conservation measures

3.3.7.1 Tiger Reserves not notified

Final notification not issued

As per Section 35 of the Wildlife Protection Act 1972, the State Government notifies an area as a National Park. The notification provides the legal basis for ensuring protection. However, in Kanha, Panna, Bandhavgarh and Satpura Tiger Reserves, the final notification had not been issued even after 23 to 30 years of initial notification that declared the intention of the State

Government to constitute National Parks. It was observed that the acquisition proceedings for re-allocation of families residing in core areas had either not been commenced or had not been concluded as a result of which the final notification had not been issued. The results of delay in acquisition proceedings are discussed in the succeeding paras.

3.3.7.2 Noncreation of buffer zones

Non-creation of buffer zones

For management purposes each Tiger Reserve is broadly divided in two parts namely Core and Buffer. In the core area, forestry operations, collection of forest produce, grazing, human settlement and other human disturbances are not allowed. Buffer zone is an essential component of Tiger Reserve management as it provides security and habitat supplement to spill over population of wild animals from the core zone.

It was noticed that Panna Tiger Reserve was created without ensuring existence of buffer zones in contravention of basic "Core-Buffer" strategy of Tiger Reserve management. Also, in case of Panch and Bandhavgarh Tiger Reserves buffer zones were not under the unified control of the respective Field Directors. Eighty seven per cent and 75 per cent of the buffer area of Bandhavgarh and Panch Tiger Reserves i.e. 467 and 347 sq. km. respectively, was under territorial forest divisions in contravention of the instructions of GOI who had stipulated that the outlying buffer zone should fall within the full jurisdiction of Field Directors.

3.3.7.3 Relocation of families residing in core areas

Existence of villages in core area

Relocation of human settlements from Tiger Reserves is essential for reviving natural ecosystems and for creating favourable atmosphere to increase the tiger population. Hence, to a great extent, the success of the Project Tiger depends on the relocation of persons living in the Tiger Reserves. During audit it was noticed that a total of 100 villages constituting 5,827 families existed in the core area of the five Tiger Reserves. Several shortcomings reflecting ineffectiveness of the Tiger Reserves in relocation of families were noticed and are discussed in the succeeding paragraphs.

3.3.7.4 Bandhavgarh Tiger Reserve could not relocate even a single family out of 370 families of six villages from the core zone since 1993-94, the year when it was declared as Tiger Reserve. The Bandhavgarh Tiger Reserve failed to utilize Rs. 21.79 lakh released by the GOI in the year 1989-90 and Rs. 6.63 lakh provided by the State Government in the year 1987-89 for this purpose and the amounts have remained in the deposit accounts for the last 15 years. In reply the park authorities stated (October 2006) that the procedure for acquisition of land has begun and the process of relocation of one forest village is in the advanced stage and the moneys previously deposited under civil deposit would be utilized in due course.

3.3.7.5 Panna Tiger Reserve could relocate only 159 out of 1047 families of 13 villages at a cost of Rs. 3.03 crore released by GOI since 1994-95, the year when it was declared as Tiger Reserve. It could not utilize Rs. 79.41 lakh released during 2003-04 by GOI for payment of compensation in lieu of

extinguishment of rights by 584 families of eight villages. The funds remained parked in a bank account since then. In reply the park authorities accepted the delay in relocation of villages and stated that the work for eight villages was under progress and expected to be completed within a year. The work for relocation of five villages would be taken up after approval and provision of adequate fund from GOI.

3.3.7.6 Satpura Tiger Reserve could relocate only one village out of 63 villages (3191 families) since 1999-2000, the year when it was declared as Tiger Reserve. In reply it was stated (October 2006) that sanction for relocation of three villages has been received and proposals for seven villages have been submitted and for balance 53 villages no action for relocation was found to have been initiated.

3.3.7.7 Kanha Tiger Reserve had successfully relocated 27 villages out of 45 since 1974-75 to 1997-98. The Kanha Tiger Reserve, however, had not prepared any detailed plan for relocation of remaining 18 villages comprising 1378 families.

Thus, except Pench the basic objective of providing inviolate environment in the core zones could not be achieved by the remaining four Tiger Reserves. Also, the presence of villages in the core areas had led to severe man-animal conflict resulting in 16 human deaths and 182 human injuries besides 3,971 cattle deaths during 2000-05. A compensation of Rs. 70.20 lakh was paid by the Tiger Reserves towards casualties and damages during 2000-05.

CWLW in reply has stated (October 2006) that the cost of acquisition of rights and property along with relocation and rehabilitation of about 6000 eligible families from 82 villages of the national parks and sanctuaries is estimated to be Rs. 598.16 crore. Since such resources are not readily available, the Central Government has been requested to launch a separate scheme for acquisition of rights, properties and relocation of villages in the XI Plan.

3.3.7.8 Biotic pressure due to other reasons

Encroachment cases
in core area

It was noticed during audit that there were 50 cases of encroachment (related to agricultural activity) in Kanha covering an area of 220 hectare of land in the buffer zone. In Satpura, there were 8 cases of encroachments (6 cases related to commercial activity and 2 related to religious activity) covering an area of 0.8 hectare.

3.3.7.9 There were 15 places of worship in Satpura (4), Panna (8) and Bandhavgarh (3) Reserves. Annual rush of four to six lakh devotees and tourists in the four places of worship was noticed in Satpura Reserve.

Low immunization of
cattles

3.3.7.10 Further, 2.8 lakh livestock population continues to exert biotic pressure on the resources of five Tiger Reserves with the total estimated herbivore population of 1.4 lakh. Possibility of spread of communicable diseases such as foot and mouth disease existed in Kanha and Bandhavgarh Reserves as only 39 per cent of the livestock population was immunized by the Kanha Reserve (during 2004-05) and 24 per cent by the Bandhavgarh

Reserve (during 2003-04). In the other three reserves the immunization however had been carried out. The Kanha and Bandhavgarh Reserve authorities have cited resistance by superstitious villagers as the reason for low percentage of cattle immunization.

3.3.7.11 Management of weed eradication, grasslands and water sources

Low priority for conservation efforts

GOI sanctioned only 28 per cent, 33 per cent and 52 per cent of the funds demanded by the five Tiger Reserves for weed eradication, water management and grassland management, respectively, during 2000-05. Test check in audit revealed low priority was accorded to conservation efforts by the Reserves as well as conservation efforts lagged behind the identified milestones. Shortcomings observed in the conservation efforts are discussed in the succeeding paragraphs.

3.3.7.12 Panna Tiger Reserve had identified 1400 hectare of weed affected area for eradication during 2002-05. Audit scrutiny revealed that only 472 hectare (34 per cent) of land was treated during this period. Pench Reserve had identified 2110 hectare of weed affected area for treatment during 2000-05. About 1213 hectare (51 per cent) of identified area remains un-treated at the end of year 2005. Satpura Reserve did not demand funds for weed eradication during 2003-05 despite weed affected area of 5200 hectare in the Reserve.

3.3.8 Protection of Tigers and wildlife

3.3.8.1 Poaching and mortality of Tigers

As per the data available at the five Tiger Reserves, out of 19 deaths (10 males, 1 female and 8 cubs) of Tigers during 2000-05, two were due to poaching. Out of the remaining, six were due to natural causes and 11 due to infighting. No case of tiger mortality was reported in Satpura Tiger Reserve during 2000-05. A total of 103 cases of poaching of wild animals were registered during 2000-05.

3.3.8.2 Out of two cases of poaching, one case of poaching of radio-collared tigress was detected (December 2002) in Panna Tiger Reserve. Tour report of Joint Director, Project Tiger who visited Panna Tiger Reserve on 23 and 24 December, 2002 pointed out serious deficiencies in the protection of Tigers in Panna Tiger Reserve. These included lack of comprehensive protection plan and intelligence network; lack of a system of maintaining village crime dossiers; existence of traditional methods of single beat guard taking care of protection and development instead of patrolling camp system; shortage of beat guards against sanctioned posts; biotic disturbance due to presence of villages; and communication gap between researchers who track the location of tigers and the park authorities. Panna Reserve authorities in reply have stated (October 2006) that six units of ex-army personnel have been deployed in the year 2006 for patrolling the reserve area. Another case of poaching was reported from Bandhavgarh Tiger Reserve. The tiger was killed by electrocution by poachers (November 2001).

Shortfall in beat inspection

3.3.8.3 Inadequate Beat Inspection

The Tiger Reserves are divided into Ranges, Circles and Beats for operational purposes. Each Range, Circle and Beat is headed by a Range Officer, Forester and Forest Guard respectively. Patrolling by Beat Guards and inspection by higher officials is integral to ensuring protection of wildlife in the Reserves. To minimize the adverse impact on the habitat on account of fire, poaching, illicit timber felling and grazing the State Government prescribed (October 1995) monthly targets for inspection of beats to be carried out by various officers as per roster.

3.3.8.4 The Tiger Reserve Management did not ensure effective and regular inspection of beats by the Range Officers (RO) and Range Assistants (RA). During 2000-05, the average shortfall in beat inspection at ROs and RAs level was 79 per cent for Bandhavgarh Tiger Reserve. The average shortfall was 41 per cent for buffer zone of Kanha, and 26 per cent for Satpura. Regular inspection of the beats was also not carried out by the ROs and RAs in Panna and Pench Reserves. Records regarding beat inspection for the year 2000, 2001 and 2004 were not found maintained by Satpura Reserve.

Inadequate arms and ammunition

3.3.8.5 Inadequate availability of arms and ammunition

The forest staff is required to be armed with sophisticated weapons and other equipments to combat poaching and illicit trade effectively. It was observed that only 85 weapons were available in the five Tiger Reserves to protect an area of 5021 Square Km of forest land comprising 426 Beats and four out of six guns in Bandhavgarh were lying non-functional since September 2004. There was only one functional gun with the Satpura Reserve authorities to protect a vast area of 1428 Square Km. Also, there were no cartridges available in the Satpura Reserve.

3.3.8.6 Besides availability of arms and ammunition, adequate training for their use is essential. As per National Wildlife Action Plan (2002-2016), the States should have adequately trained personnel to man all positions right from park director down to forest guards. It was noticed that none of the Tiger Reserves provided training to the staff on a regular/periodic basis.

Shortfall in communication devices

3.3.8.7 Inadequate communication Network

A good communication network enables timely action against forest fires, poaching, timber felling, grazing, encroachment and other illegal activities. It was noticed that against the requirement of 1122 communication devices, 971 devices were available in the five Tiger Reserves resulting in a shortfall of 13 per cent^{####}. Further, 35 (18 per cent) and 23 (16 per cent) wireless devices in Bandhavgarh and Pench were not functional, respectively.

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	Requirement	Available	Shortfall	Shortfall(in percentage)
Kanha	376	312	64	17%
Panna	124	98	26	21%
Pench	149	126	23	15%
Satpura	269	212	57	21%
Bandhavgarh	204	223	-	-
	1122	971		13%

3.3.8.8 Large number of fire casesAbnormal
increase in fire
incidences

The forest fires destroy the valuable flora/fauna and cause severe damage to the eco-system. Audit scrutiny revealed that in Satpura, Kanha and Panna reserve, the reserve area of 2870, 1542 and 1269 hectare was effected by the forest fires respectively. There was abnormal increase in the fire incidence from 31 to 102 in Kanha and from 4 to 40 in Bandhavgarh during the year 2003-04. Further the preparedness of the reserves was not adequate as the human labourers with the fire beaters was the only mechanism being used for fighting fire and Rs. 4.41 crore was expended under wages during the period 2000-05. No fire fighting equipment was purchased during the above period by any of the reserves.

3.3.8.9 Pendency of Wildlife offencesPending court
cases

Poaching and illegal trade of wild animals emerged as one of the serious threats to the wildlife and in order to have effective control, the Ministry of Environment and Forest (GOI) in its report of August 1994 specially recommended that pending court cases of wildlife offences/crimes need immediate attention to overcome the pendency of court cases and the State Governments were directed to provide adequate professional skills to the front line staff in the prosecution matters related to wildlife. Besides, though the Subarmanian Committee and the National Wildlife Action Plan 2002-16 specially stipulated setting up of special courts for the expeditious disposal of forest offence cases registered under the Protection Act, no such courts were however established in the State.

As per an affidavit filed by the MOEF, New Delhi (August 2000) in the Supreme Court, the State Government had agreed to consider establishment of Forest stations on the pattern of police Stations/creation of strike forces on the pattern of Provincial Armed constabulary. During scrutiny of records it was seen that no such orders were issued for the establishment of Forest Stations or strike forces by the State Government.

3.3.8.10 Discrepancies in estimation of herbivore populationAbnormal
increase in
herbivore
population

Audit scrutiny revealed abnormal rates of growth of herbivore Population in Panna Reserve which ranged from 258 to 318 per cent during the period 2000-05. In Bandhavgarh Reserve it registered an increase of 53 per cent during 2000-03 and thereafter showed a decrease of 40 per cent in the year 2003-04. Similarly, in Satpura Reserve the population decreased from 11945 in 2000-01 to 6143 in 2003-04; it again increased to 9450 (54 per cent) in 2004-05. The details of Herbivore Population in three reserves are tabulated below:

Year	Bandhavgarh	Satpura	Panna
2000-01	29,801	11,945	7,199
2001-02	45,087	8,235	27,901
2002-03	45,087	7,976	30,161
2003-04	27,187	6,143	28,700
2004-05	29,272	9,450	25,829

Change in methodology from direct counting to pellet count and line transect methods (Panna) and from pellet count to block count and line transect methods (Satpura) has been cited as the reason for sharp increase in herbivore population.

In view of discrepancies in estimation of herbivore population there is an urgent need to streamline the process of estimation of herbivore population.

CWLW in reply has stated that attempts were being made to streamline the estimation process and to follow one single methodology in all the protected areas with the help of WII, Dehradun.

3.3.8.11 Deficiencies in methodology of census

It was noticed that estimation of tigers was being done by capturing pugmarks on glass tracings and plaster cast method since inception, which is not considered a fool proof methodology by experts. Other scientific methods like camera trapping, DNA analysis etc. were not used. Also, the pugmark samples collected each year were not compared to confirm whether the same tigers continued to exist in the reserve or had moved.

3.3.9 India Eco-Development Project

3.3.9.1 Funding Pattern

The scheme was implemented as an externally aided Centrally Sponsored Plan Scheme (CSS) of the GOI. All funds to the Protected Area were transferred through the State Government. Funds were released by the GOI on receipt of Annual Plan of Operations prepared for the Protected Area. The recurrent cost of staff salary was to be borne by the State Government. Project beneficiaries were also required to contribute (25 per cent) towards creation of village development funds.

3.3.9.2 Sources and application of funds

Detailed data about sources and application of funds and component wise savings by the Pench Tiger Reserve is depicted in table given below:

(Rupees in lakh)

Year	Amount required as per APO	Amount of Central Assistance to be provided	Total amount of Central Assistance released including revalidation	Expenditure excluding pay of staff and villager contribution	Savings (-) Excess (+)
2000-01	1138.53	952.80	617.65	461.84	(-) 155.81
2001-02	1458.00	800.00	800.00	477.21	(-) 322.79
2002-03	1019.00	862.00	862.00	634.22	(-) 227.78
2003-04	513.35	423.21	478.70	478.70	-
2004-05	213.77	170.00	65.45	67.22	(+) 1.77
Total	4342.65	3208.01	2823.80	2119.19	(-) 704.61

3.3.9.3 Eco-development under IEDP

Eco-development is an integral part of Tiger Reserve development. Through eco-development activities, the interests of the tiger can be dovetailed with the

need of the people sharing habitat with tigers. India Eco-development Project (IEDP) funded by external sources was operated for eco-development in the Pench Tiger Reserve. Audit observed deficient planning and inefficient execution of the project resulting in avoidable and infructuous expenditure and non-accrual of benefits to the targeted groups in many cases.

3.3.9.4 Deficiencies in micro planning

The Staff Appraisal Report (SAR) of the IEDP stipulated that participatory micro plans were to be prepared for implementing various activities like construction of ponds wells, dams, farm bunding biogas plants, alternative employment sources under the 'Village Eco-development' component of the project. Audit revealed that during 2000-01, 34 Eco-Development Committees (EDC) spent Rs. 44.69 lakh on activities that were not included in the micro plans and on the other hand activities amounting to Rs. 71.54 lakh, which were included in the micro plans, were not undertaken at all by these Eco Development Committees during 2000-01. During 2001-05, these 34 Eco Development Committees spent Rs. 221.72 lakh without even preparing micro plans defeating the objective of involving local communities through preparation and implementation of micro plans. The PCCF (Wild life) stated in October 2006 that on the basis of new demand few works of micro plan were not implemented and some new works approved by World Bank were taken. It was also stated that since the period of IEDP was extended, there was no need of preparing separate micro plan for extended period. Reply is not acceptable as IEDP stipulations were not adhered to.

3.3.9.5 Incomplete coverage of Energy Conservation measures

To ease the pressure on the Tiger Reserve for fuel wood, it was decided by Pench Tiger Reserve authorities to reduce fuel wood consumption by 50 percent. This was to be achieved by installation of biogas plants for 5,100 families during 2000-05. Against the target of 5,100 families, biogas plants for only 1288 families (25 percent of the target) could be installed during the period. CWLW in reply has stated (October 2006) that during the implementation it came to the notice of Park Authority that only few families could support the Biogas units. Evidently the projections were not based on realistic data.

3.3.9.6 Non-recovery of interest free loan

The Pench Reserve Management had provided Rs. 26.03 lakh of interest free loans to 142 landless members of the Eco Development Committees during 2000-05. The loans were provided out of the Village Eco-Development Fund created by villagers' contribution (25 per cent) and matching contribution by GOI (75 per cent). The loans were to be repaid in easy monthly installments. It was noticed in audit that only Rs. 2 lakh out of Rs. 26 lakh could be recovered till December, 2005. Non-recovery of Rs. 24 lakh deprived the Eco-Development Committees for additional investment opportunity that was envisaged under the project.

Objective of setting up of laboratory not achieved

3.3.9.7 Infructuous expenditure on construction of veterinary laboratories

The Pench Reserve Management had incurred Rs. 18.35 lakh (1998-2003) for constructing three buildings for using as field veterinary laboratories. Lab equipments such as freezers, generators etc. worth Rs. 4 lakh (2000-03) were also purchased. Audit observed that these buildings could not be put to proper use because neither any pathologist/lab assistant was posted nor were any required instruments stocked after 2002-03. No records about the functioning of the labs were available. Thus, the objective of setting up of laboratories was not achieved thereby rendering expenditure of Rs. 22.35 lakh as infructuous.

3.3.10 Monitoring and evaluation

The Wild Life Protection (Amendment) Act, 2002 provided for constitution of State Board for Wild Life (SBWL) that would meet twice in a year for advising the State Government on matters of wildlife conservation and protection. In Madhya Pradesh, the State Wild Life Board held only two meetings since September, 2003. GOI had directed the States (September, 2001) to form a Monitoring and Evaluation Committee for monitoring and evaluation of initiatives executed under the Project. The committee was to be constituted with representation from the PCCF office, field units and regional CCF offices. The State Government had not set up any such committee.

3.3.11 Conclusion

The performance review of five tiger reserves for the period from 2000-2005 revealed that the planning process was found to be deficient as even after 23 to 30 years of initial notification, the basic objective of providing inviolate environment to wildlife in the core zone of Tiger reserve could not be achieved. There were persistent savings under the various activities which resulted in non-achievement of the set targets and non-percolation of the benefits. Besides there was excess expenditure under the various activities which was not got regularised. Adequate attention was not paid for the conservation and protection measures such as weed, grass land, fire protection measures and availability of adequate arms and ammunition. Discrepancies were noticed in estimation process of herbivore population and no scientific/reliable methods were observed for the tiger census. IEDP was not implemented as per plan and there were shortfalls in achievement of targets under energy conservation measures and infrastructure creation for providing veterinary care. Monitoring mechanism was inadequate and weak.

3.3.12 Recommendations

- Each Tiger Reserve should have a well formulated Management Plan, clearly identifying long and medium term goals and it should be ensured that the Annual Plans of Operation are based on Management Plans and these are submitted in time to the GOI for obtaining timely release of funds.

- **Compartment Histories should be updated annually to serve as a credible source of wildlife information for planning purposes.**
- **Letter of Credit system should be introduced to strengthen budgetary control and to avoid wide spread excess expenditure over annual allotments by the Tiger Reserves.**
- **The Government should make firm commitment to relocate the families from the core and buffer areas of Tiger Reserves and should draw a comprehensive resettlement plan for this purpose. Final notification of all the Tiger Reserves in the State should be done in a time bound manner and effective steps need to be taken to evict the encroachments.**
- **Efforts should be made to improve communication and intelligence network; and to provide adequate arms and ammunition to the project personnel.**
- **Techniques of tiger census and estimation of herbivore population need to be refined so that their reliability is enhanced. More reliable and scientific techniques such as Camera trapping and DNA analysis for estimating the number and monitoring the movement of tigers may be introduced.**

WATER RESOURCES AND NARMADA VALLEY DEVELOPMENT DEPARTMENTS

3.4 CONSTRUCTION OF IRRIGATION PROJECTS WITH NABARD LOAN

Highlights

Six hundred twenty seven projects of Water Resources Department (WRD) and thirty-five projects of Narmada Valley Development Authority (NVDA) were sanctioned with National Bank for Agriculture and Rural Development (NABARD) loan at a total outlay of Rs. 1418.17 crore and Rs. 1163.25 crore to create additional irrigation potential of 2.98 lakh hectare (ha) and 2.51 lakh ha respectively till March 2006. Rs. 161.26 crore and Rs. 74.46 crore were unauthorisedly spent in excess of the sanctioned cost by WRD and NVDA respectively due to incorrect estimation. Thirteen projects of WRD on which Rs. 2.07 crore was spent were abandoned due to infeasibility and other constraints. Possibility of completion of 12 projects is remote due to uncertain position of forest clearances. The implementation of the much needed programme was tardy because 232 projects of WRD and 32 projects of NVDA were still in pipeline. Work on 51 projects of WRD was not started. Rupees 249.70 crore and Rs. 83.91 crore spent by WRD and NVDA respectively on unapproved items of works were disallowed by NABARD. Investment of Rs. 75.19 crore on construction of 12 projects was nugatory/ill conceived, as they did not yield envisaged benefits. The utilization of irrigation potential created was 0.53 lakh ha and 0.04 lakh ha against projected potential 1.69 lakh ha and 0.51 lakh ha for schemes undertaken by WRD and NVDA respectively. Some important findings of the performance audit are given below:

Rupees 249.70 crore and Rs. 83.91 crore of WRD and NVDA respectively spent on unapproved items were disallowed by NABARD till June 2006.

(Paragraph 3.4.5.2)

Substantial shortfall in utilization of the irrigation potential was noticed in 49 Lift Irrigation Schemes completed at an expenditure of Rs. 57.29 crore.

(Paragraph 3.4.6.6)

Investment of Rs. 65.78 crore has been blocked due to uneven physical progress of 38 projects.

(Paragraph 3.4.7.6)

Investment of Rs. 51.64 crore and Rs. 23.55 crore on completion of seven projects and five projects respectively was nugatory or ill conceived, as they did not yield projected benefits.

(Paragraphs 3.4.7.1 and 3.4.7.2)

Purchase of articles worth Rs. 3.05 crore from Dewas Udyog, Dewas was in violation of store purchase rules. Purchase of survey instruments of Rs. 59.56 lakh with NABARD loan was irregular.

(Paragraph 3.4.7.4)

Debitable cost of Rs. 4.32 crore was not recoverable from contractors due to deviation from the agreements.

(Paragraph 3.4.7.5)

3.4.1 Introduction

The Government of India (GOI) has set up a Rural Infrastructure Development Fund (RIDF) in 1995-96 to be operationalised by National Bank for Agriculture and Rural Development (NABARD) for financing as well as motivating the State Governments to take up implementation of the on going as also the new infrastructure projects in the rural areas as a crash programme. The irrigation potential in the State was 39.6 per cent (1997-98) of the net sown area (NSA) as against the national average of 65.2 per cent for the same base year. With a view to create additional irrigation potential, the State Government decided (April 1995) to complete 855 incomplete irrigation projects of WRD with NABARD loan for unlocking of sunken investments of Rs. 3377.04 crore already made in order to realize their full benefits. Subsequently in 1996-97 NVDA also decided to avail NABARD loan facility for creation of additional irrigation potential.

3.4.2 Organisational set-up

The WRD is headed by a Principal Secretary (PS) at Government level. Seven Chief Engineers (CE)^{*****} working under the Engineer-in-Chief (E-in-C) are responsible for implementation of projects. NVDA is a high power body with a Chairman and six Members for Engineering, Finance, Power, Planning, Environment & Forest and Rehabilitation. In case of NVDA three CEs^{*****} working under the Member, Engineering were responsible for implementation of projects. The Water Resources (WR) Divisions and Narmada Development (ND) Divisions of the WRD and NVDA headed by the Executive Engineers (EE) are executing the projects respectively under the direction and control of Superintending Engineers (SE) of circles.

3.4.3 Audit objectives

The performance audit of construction of irrigation projects with NABARD loan was conducted with a view to assess whether:

- the funds were utilized efficiently and economically;
- systematic planning was done in fixation of the targets and their achievement;
- execution of the projects was managed efficiently and effectively with due adherence to quality standards;
- the monitoring, control and evaluation were effective.

^{*****} Narmada Tapti Basin, Indore, Chambal Berwa Basin, Bhopal, Operation & Maintenance, Bhopal, Wain Ganga Basin, Seoni, Dhasan Ken Basin, Sagar, Yamuna Basin, Gwalior and Ganga Basin, Rewa.
^{*****} CE, RABLS Jabalpur. CE Lower Narmada Basin, Indore and CE (Power), Bhopal.

3.4.4 Scope of audit

The records in the office of the E-in-C WRD, seven CEs and 10 divisions out of 43 divisions and three CEs of NVDA and four divisions out of 10 divisions were test checked in audit from May 2006 to September 2006. Of the 662 projects (WRD 627 projects and NVDA 35 projects) 335 projects were test checked. Rupees 758.51 crore was spent as of June 2006 on the test checked projects, which was 40.45 per cent of the total expenditure that was incurred on these irrigation projects that were financed by NABARD. Further for these test-checked projects NABARD loan of Rs. 877.97 crore was availed which was 38.86 percent of the total sanctioned NABARD loan.

3.4.5 Funding pattern

3.4.5.1 Utilisation of funds

For execution of projects allotment was made in budget and expenditure incurred there against was claimed on monthly basis from NABARD. Financing by NABARD up to 90 per cent of the project cost incurred on the sanctioned projects by the Government was on reimbursement basis, which was repayable in seven years in five equal installments commencing from 3rd year of the sanction of loan. The interest on loan was payable from date of release on quarterly basis and the rate of interest depended upon the agreement entered in for specific tranche ranging from 6.5 per cent to 13 per cent.

Loans of Rs. 843.76 crore and Rs. 664.66 crore were released by NABARD till June 2006 against cumulative sanction of Rs. 1246.36 crore and Rs. 1012.78 crore leaving a gap of Rs. 402.60 crore and Rs. 348.12 crore for WRD and NVDA respectively. Financing of projects of tranche I to V has ended on June 2006 and unavailed loan of Rs. 60.94 crore also lapsed. FD and NABARD had also expressed their concern on poor monitoring of the programme.

Two hundred thirty two projects of WRD were incomplete as of June 2006 that included 7 and 11 projects of tranche III (1997-98) and IV (1998-99) respectively. In 113 schemes out of 232, the proposals for land acquisition had not been submitted, whereas in 108 schemes the process of land acquisition was in progress. The work on 51 schemes has not started for want of land acquisition or various other constraints. The work of Mini hydel power project of 15 MW in Khandwa sanctioned (2001-02 tranche VIII) at an outlay of Rs. 62.01 crore had not started and mobilization advance of Rs. 7.02 crore obtained (2002-03) had also remained unutilized.

3.4.5.2 Expenditure on unapproved items of works

Appropriate administrative and financial control was not in place to secure optimum utilization of funds. Funds were also not released by State as per sanctioned cost of the projects. NABARD had reimbursed the amount spent in accordance with terms and conditions agreed upon. Rs. 249.70 crore spent by WRD and Rs. 83.91 crore spent by NVDA on unapproved items of works, excess over sanctioned cost, wages of work charged/daily wage staff and petty purchase during 1995-96 to 2005-06, were disallowed by NABARD. Tranche wise amounts disallowed are given in **Appendix 3.6**. It has disturbed the entire

The implementation of the programme was tardy. Work in 51 projects had not been started. In 113 projects proposal to acquire land was under process.

Rupees 249.70 crore spent by WRD and Rs. 83.91 crore by NVDA on unapproved items of work was disallowed by NABARD

economics of the projects. The FD had expressed (May 2005) their concern on this matter. Fact remains that close monitoring, adherence to schedule, approval of deviations by competent authority could alone have prevented such cases of non reimbursement by NABARD and these steps were however, not found to have been adequately taken.

3.4.5.3 Non-accountal of interest element

Interest paid on loan was neither debited to the cost of the project nor considered for evaluating the economic return rate of the projects.

The project wise amount of interest paid on the loan was not available. The element of interest was neither debited to cost of projects nor was it considered for evaluating benefit cost (BC) ratio and economic rate of return (ERR) of the projects. Further, rate of interest for earlier tranches (tranche -I 1995-96 13%, tranche-II & III 1996-98 12%) was higher as compared to subsequent tranches (tranches IV to VII 1998-2002 7%, tranches VIII to XI 2002-2006 6.5%). The extensions of implementation period of the projects, therefore, attracted additional interest liability at higher rates besides denial of envisaged benefits due to non-completion. The E-in-C admitted (July 2005) the fact and assured that element of interest would be considered in future.

3.4.5.4 Unauthorised sanction of extra items

Work of additional quantities for Rs. 7.40 crore was executed without Government sanction.

The agreement lays down that specific sanction of Government has to be obtained if quantities of any item exceeds by 30 per cent of the estimated quantity or Rs. 15 lakh. A test check in audit disclosed that in 10 cases⁺⁺⁺⁺⁺ the quantities exceeded were as high as 861 per cent but instead of obtaining Government sanction it was chosen to get the work of Rs. 7.40 crore done on separate contracts. Commencement of work on extra quantity without obtaining sanction of Government was not only irregular but also had adverse implication on economic feasibility of projects.

3.4.5.5 Delay in submission of project completion certificate

Audit scrutiny revealed that completion reports (Appendix 2.27 of the Manual) justifying and as also regularizing expenditure in excess of sanctioned estimates were not submitted through Accountant General as laid down in Works Manual.

PCRs were not submitted through AG duly regularising excess expenditure.

The project completion certificates (PCRs) in respect of 63 projects⁺⁺⁺⁺⁺ reported complete between June 2002 and March 2006 were awaited despite several reminders by the E-in-C / NABARD. The CE, BODHI also reported (November 2005) that completion drawings and completion reports in proforma prescribed by CWC were awaited.

The E-in-C has assured (October 2005) in reply that instructions have been issued to all the CEs and EEs to submit the completion certificates of the projects to Accountant General within a month.

⁺⁺⁺⁺⁺ Kaka Saheb Gadgil-Mandsaur Rs. 0.71 cr, Junapani-Khargone Rs. 0.35 cr, Satkinalla-chhindwara Rs. 0.31 cr, Kevlari-Raisen Rs. 0.16 cr, Shankarpura-Rajgarh Rs. 0.16 cr, Shahpura distributory-Narsighpur Rs. 1.80 cr and Rs. 0.47 cr, Andia Kandel-Narsighpur Rs. 2.25 cr, Gawlan Khargone Rs. 0.94 cr, Navalpura-Khargone Rs. 0.25 cr. ⁺⁺⁺⁺⁺ CE NT Basin, Indore (31), CE Dhasan Ken Basin, Sagar (4), CE Yamuna Basin, Gwalior (2), CE Wain Ganga Basin, Seoni (8), Chambal Betwa Basin Bhopal (16), Operation & Maintenance Bhopal (2).

3.4.6 Planning

3.4.6.1 Non-achievement of targets

Out of 627 projects of WRD and 35 projects of NVDA, 382 projects of WRD and 3 projects of NVDA could only be completed.

There were 855 incomplete irrigation projects of WRD but construction of 627 projects including 349 new projects at a sanctioned cost of Rs. 915.40 crore was taken up with NABARD loan under tranche I to XI at a total outlay of Rs. 1418.17 crore (NABARD loan Rs. 1246.36 crore and State share Rs. 171.81 crore) during 1995-96 to 2005-06 to create additional irrigation potential of 2.98 lakh ha. Three hundred eighty two projects were reported complete and 232 projects were in progress as of June 2006. An expenditure of Rs. 1087.75 crore has been incurred so far (June 2006). Thirteen projects have been abandoned.

Construction of 35 projects including two mini hydel power projects of 10 and 15 MW of NVDA was taken up with NABARD loan under tranches II to X at a total outlay of Rs. 1163.25 crore (NABARD loan Rs. 1012.78 crore and State share Rs. 150.47 crore) between 1996-97 and 2004-05 to create additional irrigation potential of 2.51 lakh ha. Three projects were reported complete at a cost of Rs. 48.31 crore and irrigation potential of 0.51 lakh was created. Thirty-two projects were in progress on which Rs. 738.92 crore was spent as of June 2006. The tranche wise position of projects sanctioned, loan sanctioned and released, amount spent, amount disallowed and projected irrigation potential is given in **Appendix 3.6**.

3.4.6.2 Delay in availing of loan

According to terms and conditions of NABARD loan, each project was to be completed within two to three years. The position of NABARD loan sanctioned for 627 projects of WRD and amount of loan availed as well as targets fixed to complete the projects and actual achievement was as under:

(Rupees in crore)

Year	Sanctioned		Amount of Loan availed	Projects completed	Shortfall in loan	Shortfall in Project
	Loan	Projects				
Upto 2000-01	534.91	343	480.00	150	54.91	193
2001-02	73.70	25	64.72	61	8.98	157
2002-03	142.04	55	109.71	63	32.33	149
2003-04	175.97	73	104.32	37	71.65	185
2004-05	143.66	83	66.21	19	77.45	249
2005-06	176.08	48	18.80	52	157.28	245*
Total	1246.36	627	843.76	382	402.60	232

* Thirteen projects have been abandoned, 28 and 48 projects are targeted to complete by March 2007 and March 2008 respectively.

As could be seen the progress in availing of loan was very tardy. Further there were delays in execution of the projects. As against 156 projects to be completed during 2005-06 only 52 projects were completed. The projects were not being implemented even within the extended tranche period due to abnormal delays in land acquisition and also delays in finalizing the executing agencies. The targets fixed were unrealistic to achieve the projected objectives. NABARD had also reiterated their concern on the slow pace of implementation of the projects.

The E-in-C admitted (October 2005) that delay in completion of projects resulted in increase of interest liability besides denial of irrigation benefits.

3.4.6.3 Inadequate survey and inaccurate estimation

Rupees 161.26 crore by WRD and Rs 74.46 crore by NVDA were spent in excess over the sanctioned cost due to inadequate survey and inaccurate estimation.

According to terms and conditions of NABARD loan the project should be technically feasible, financially viable, and economically beneficial with high priority. The State Government directed the department (December 2002 and June 2003) to submit technically sound and economically feasible schemes. It was observed in audit that there has been substantial increase in cost due to high cost of land compensation, increase in quantities, additional/extra items during the course of execution of projects due to inadequate survey or unrealistic estimation which contributed to delay in completion, and denial of irrigation facilities to the beneficiaries. NABARD also opined (December 2002 and June 2003) that the projects were proposed without adequate scrutiny. Scope of projects was also revised in implementation stages without obtaining approval of proper authority.

NABARD sanctioned loan of Rs. 228.74 crore on 69 projects of WRD but Rs. 390 crore was spent on these projects as of June 2006. Thus, Rs. 161.26 crore spent in excess of the sanctioned cost due to inadequate estimation of land compensation, additional/extra items was unauthorized. The estimates were revised to Rs. 408.95 crore but sanctions were awaited as of June 2006.

Similarly it was observed that even after obtaining sanction for revision in cost of 3 projects^{sssssss} of NVDA from Rs. 179.26 crore to Rs. 231.91 crore (March 2003), an amount of Rs. 21.81 crore was incurred over and above the revised cost. It was irregular to provide allotment of funds and issue of LOCs in excess of the revised sanctions.

3.4.6.4 Selection of unfeasible projects

Thirteen projects sanctioned with an outlay of Rs. 8.80 crore were abandoned after incurring an expenditure of Rs 2.07 crore as these were not feasible.

Thirteen projects^{*****} sanctioned between 1995-96 and 2003-04 at an outlay of Rs. 8.80 crore to create additional irrigation potential of 2336 ha were abandoned (February 2002 to May 2005) being not feasible and other constraints when Rs. 2.07 crore had already been spent besides interest liability on loans. One more project⁺⁺⁺⁺⁺⁺⁺ was also proposed to be abandoned.

The FD directed (October 2004) that WRD should fix the responsibility and take action for taking up of projects without planning and obtaining mobilization advance from NABARD. No action was however found to have been taken as of June 2006.

3.4.6.5 Construction of uneconomic project

The cost of construction exceeded the prescribed ceiling of Rs. 1 lakh per hectare in 41 cases.

Cost of construction was one of the important criteria for selection of projects. It was not to exceed Rs. 0.75 lakh per ha (up to March 2002) and Rs. 1 lakh per ha from May 2002 onwards. Audit scrutiny revealed that the cost of construction exceeded the prescribed ceiling in as many as 41 cases as detailed in Appendix 3.7 that disturbed the entire economics of the projects and many of them were incomplete as revised sanctions were awaited. The investment of Rs. 128.06 crore has remained unfruitful. The escalation in cost was also not

^{sssssss} Man Project (Dhar), Jobat Project (Jhabua), and RABLS (Jabalpur).
^{*****} Tranche I (Bagwaj LIS Morena, Bawli Mandla, Parheta Khandwa, Simaria No.2 Gwalior) Tranche II (Budhana Seoni), Tranche III (Mangora Betul), Tranche IV (Funga and Khodary Shahdol, Van LIS Vidisha, Sahasthradhara Khargone and Talatali Seoni) Tranche IX (Biral and Julwani Khargone).
⁺⁺⁺⁺⁺⁺⁺ Nimoni tank (tranche X) in Khargone.

reimbursable. The E-in-C also assured (October 2005) that all the CEs have been reminded to obtain revised sanction of the Government.

3.4.6.6 Implementation of Lift Irrigation Schemes

Rupees 57.29 crore spent on 49 LIS to irrigate 18470 hectare did not yield the desired results.

Fifty two lift irrigation schemes (LIS) were taken up with NABARD loan tranche I to IV and forty nine of these were reported complete during 1996-97 to 2005-06 at a cost of Rs. 57.29 crore including NABARD loan of Rs. 45.85 crore. The irrigation potential created was 18470 ha but actual utilization of potential was as low as 55 ha in 2005-06 and as high as 1109 ha in 2000-01. There was no irrigation from 18 LIS*. Looking at the abysmal performance and heavy recurring maintenance cost of LIS the WRD decided (May 1999) that all the LIS of the Department be transferred to respective societies by June 2000 and no new LIS be sanctioned. Even then six more LIS at an outlay of Rs. 9.22 crore were taken up with NABARD loan under tranche VIII and X to create additional irrigation potential of 2982 ha. Rupees 4.25 crore was spent on these six LIS as of June 2006. In view of limited utility of LIS, investment in new schemes was unwarranted.

3.4.6.7 Unrealistic sanction of projects

Sanction of nine projects at an outlay of Rs. 7.05 crore with expectations from the cultivators to lift the water from dam at their own cost and bear the cost of maintenance was not realistic.

The Government decided (March 2002) that in minor schemes with irrigation potential from 40 ha to 200 ha, construction of canals or lifting of water by pumps and their maintenance would be done by the cultivators at their own. Water rates applicable for LIS would also be recovered by WRD.

Nine projects⁺⁺⁺⁺⁺ involving lifting of water by pumps with an outlay of Rs. 7.05 crore were sanctioned with NABARD loan to provide irrigation in 1255 ha. Rupees 5.87 crore was spent as of March 2006. Four projects^{ssssss} were reported complete (March 2006) and five^{*****} were in progress. The possibility of translation of expectations of the Government in to action is very remote looking to the poor performance of the completed LIS in light of their high operation and maintenance cost.

3.4.6.8 Projects incomplete for want of forest clearance of land

Completion of 12 projects was uncertain as forest clearance of land was pending.

Twelve projects sanctioned with an outlay of Rs. 32.06 crore to irrigate 4382 ha between September 1997 and March 2005 were incomplete in the wake of uncertain position of forest clearance as detailed in Appendix 3.8. The investment of Rs. 23.72 crore made till June 2006 would not yield any fruits till the projects are completed. The CE proposed (May 2005) to withdraw Kalmoda tank of Jhabua on which Rs. 75.50 lakh was spent.

Amanall tank (Balaghat) was reported complete in May 2003 without transfer of 84.52 ha forest land. The case was still pending under Forest Conservation

* CE Dhasan Ken Basin Sagar-6, CE Chambal Betwa Basin Bhopal-7, CE Yamuna Basin, Gwalior and CE Ganga Basin Rewa 2 each, CE N/T Basin, Indore-1

+++++ Veda Barrage, Dedgaon, Roopkheda, Sattalai and Mejampura in Khargone, Chotiyabardi and Khobaranala in Jhabua, Sejwani in Indore and Shankarpura in Rajgarh.

ssssss Veda Barrage, Dedgaon, Roopkheda, and Sattalai in Khargone.

***** Mejampura in Khargone, Chotiyabardi and Khobaranalla in Jhabua, Sejwani in Indore and Shankarpura in Rajgarh.

Act 1980. The execution of the project was unauthorised and the E-in-C admitted (October 2005) that projects were taken up in anticipation of sanction of forest clearance from GOI.

Construction of part canal could not progress due to absence of forest clearance.

The construction of the Left Bank Main Canal (LBMC) and its distribution system with structures of Rani Awanti Bai Lodhi Sagar (RABLS) at Narsinghpur from Km 111.00 to 117.50 and 119.50 to 130.67 was awarded (August – November 2004) at a tendered cost of Rs. 42.66 crore. The work from Km. 117.50 to 119.50 was not awarded due to non-acquisition of 11.52 ha forest land. Though Collector, Narsinghpur ordered (May 2005) transfer of 20 ha revenue land of adjoining forest area as desired by the Chief Conservator of Forest (Land Management), Bhopal, the work has not been tendered. The non-construction of missing link will result in non-utilisation of potential created and may involve extra cost in construction of missing link due to time gap.

3.4.7 Execution of works

3.4.7.1 Nugatory expenditure

Seven projects completed at an investment of Rs. 51.64 crore between March 2000 and September 2003 did not yield projected benefits and investment therefore proved nugatory as discussed below:

Investment of Rs. 51.64 crore on construction of 7 projects was nugatory, as they did not yield envisaged benefits.

- The remaining work of Matiyari medium project in Mandla district was sanctioned (September 1995) at an outlay of Rs. 21.32 crore to utilize irrigation potential of 10120 ha already created. The work was reported (March 2000) complete after spending Rs. 10.41 crore. The work executed did not match with sanctioned scope of works. Chute fall, widening of spill channel, watercourses, field channels and drainage works, were not executed. No additional irrigation was done as was envisaged. The maximum irrigation done was 4751 ha that was achieved even before obtaining NABARD funding. Liabilities of Rs. 97.70 lakh of eight contracts executed during 1998-2000 were pending for want of allotment of funds.
- Kaka Sahib Gadgil Sagar Project in Mandsaur was sanctioned (2001-02) with NABARD loan at an outlay of Rs. 27.36 crore to irrigate 3400 ha. Rupees 35.42 crore was spent till June 2006 but no irrigation could be done due to non-construction of railway crossing across main canal at RD 3360 M. Rupees 75.85 lakh was deposited (May 2005) with Railway authority.
- Nimb tank project in Khandwa (1996-97) and Barelipar tank project in Seoni (1998-99) were stated to be complete at an expenditure of Rs. 2.10 crore and Rs. 1.41 crore in December 2001 and June 2002 respectively. Audit scrutiny however revealed that Rs. 40 lakh for Nimb tank and Rs. 21.15 lakh for Barelipar tank were deposited with Railways in February 2002 and September 2002 respectively for construction of railway crossing. Irrigation potential of 270 ha out of 445 ha from Nimb tank and 150 ha from Barelipar tank thus remained

unutilized due to non-construction of railway crossing across main canals of these tanks. The investment was thus nugatory. The CEs assured (July 2006) early completion of works.

- Utawad tank in district Khargone was constructed in 1992 to irrigate 513 ha. As its catchment area was inadequate Nimgulnala diversion project was sanctioned (1998-99) at an outlay of Rs. 1.18 crore to feed Utawad tank by diverting water of 12.5 sq km catchment area. In light of cultivator's protest the widening of Nalla was executed in 960 metre length against sanctioned 150 metre for increasing discharge of water so that the fields of farmers will not be flooded during rains. The work was reported (March 2002) complete at an investment of Rs. 1.72 crore. The widened Nalla was still insufficient to carry huge discharge of water during rains. So the fields of farmers continued to be flooded during rains and there was no increase in storage of water in or irrigation from Utawad tank as of March 2006. The EE WR Division Khargone assured (July 2006) that remaining work would be completed with State Plan Fund.
- Bagwanalla tank in Khargone was sanctioned (1997-98) with NABARD loan at an outlay of Rs. 17.79 lakh to irrigate 50 ha. The work was reported (June 2000) complete at an investment of Rs. 17.79 lakh. Created irrigation potential remained unutilized, as there was no flow of water in the river as of March 2006. The investment was nugatory due to incorrect survey of catchment areas.
- Singhantalai tank in Katni was sanctioned (1995-96) at an outlay of Rs. 33.85 lakh to irrigate 172 ha. The tank was reported (June 1998) complete at an investment of Rs. 39.70 lakh. Created irrigation potential remained unutilized, as of March 2006 due to damages in canals and its structures.

3.4.7.2 Ill conceived execution

Execution of five projects sanctioned with an outlay of Rs. 22.67 crore was ill conceived due to various constraints on which Rs. 23.55 crore was spent till June 2006 as discussed below:

Execution of five projects sanctioned with an outlay of Rs. 22.67 crore was ill conceived due to various constraints.

- Balance work of Bandianalla Medium Project in Guna district was sanctioned (1995-96) with NABARD loan at an outlay of Rs. 7.98 crore. As the funding from NABARD loan was last extended to March 2000, the work was reported complete (March 2000) after incurring an expenditure of Rs. 13.71 crore, which includes the amount spent prior to sanction of NABARD loan. However re-sectioning of canal and construction of two R-minors with structures was not completed. The sanction of canal work estimated to cost Rs. 2.73 crore sent to CE (June 2005) was still awaited (June 2006). Due to non-execution of canal work to carry designed water flow, the irrigation in only 430 ha was achieved as against envisaged potential of 2040 ha. The E-in-C had directed (July 2002) to fix the responsibility for

non-revision of canal section but no action was taken against the delinquent officers (June 2006).

- Khedi tank in Khargone sanctioned (June 1997) at an outlay of Rs. 0.60 crore to irrigate 97 ha was abandoned in March 2000 due to subjudice case of land acquisition. The project was again taken up in July 2002 and Rs. 1.20 crore was spent till June 2006 when 100 per cent headwork was completed without canal work. The case to acquire land for canal was pending (July 2006) as its command area was to overlap with the command area of Indira Sagar Project. The expenditure of Rs.1.20 crore on unviable project was thus unfruitful.
- Junapani tank in Khargone was sanctioned (2003-04) at an outlay of Rs. 2.26 crore to irrigate 259 ha. Rupees 1.63 crore was spent till June 2006. The site and drawing of spill channel technically sanctioned (October 2002) on right flank was changed (January 2005) to left flank in the light of public protest. Inadequate survey and incorrect sanction entailed extra cost of Rs. 55.64 lakh. The project was still incomplete as of June 2006. The CE N/T Basin, Indore admitted (July 2006) the facts and assured early completion of project.
- Bargoliya tank in Rajgarh was sanctioned (2002-03) at an outlay of Rs. 8.69 crore to irrigate 1134 ha. Even after incurring an expenditure of Rs. 6.38 crore on tank work and Rs. 0.23 crore on canal work, the head work was not complete and the canal work not even started (June 2006). Though Nalla closure was done in September 2005, the proposal for acquisition of 48.00 ha land for canal work was moved only in June 2006. This resulted in denial of irrigation facility to farmers. The EE WR Division, Rajgarh admitted (August 2006) the facts.
- Maniyapura tank in Rajgarh was sanctioned (2004-05) at an outlay of Rs. 3.14 crore to irrigate 315 ha. Thirty ha land acquired for the project at a cost of Rs. 0.40 crore has been encroached (May 2006) by the cultivators and work could not go ahead. The EE, WRD Division, Rajgarh admitted (August 2006) the facts.

3.4.7.3 Excess payment due to non-deduction of Shrinkage allowance

The SE, RABLS Canal Circle, Jabalpur directed (February 2002) that while laying Cohesive Non-Swelling (CNS) layer in lining work of canal, ten per cent shrinkage from the gross quantity worked out by sectional measurements should be deducted. In construction of LBMC from Km 97 to 111 and construction of Andia, Kandeli and Surghi distributaries Rs. 7.95 lakh and Rs. 36.10 lakh respectively was excess paid due to non-deduction of shrinkage. The EE, Narsinghpur stated (June 2006) in reply that no shrinkage was deducted due to execution of compacted work. The reply was not acceptable as it was not in conformity with the instructions of Superintending Engineer.

3.4.7.4 Unauthorised and irregular purchases

Irregular purchase of Rs. 3.05 crore made from Dewas Udyog Dewas without obtaining NOC from MPLUN

Purchase of MS pipes, steel aqueduct, columns and foot bridge etc. for Rs. 3.05 crore between November 2000 and July 2005 from Dewas Udyog, Dewas (a unit of the MP State Industries Corporation Limited) with the permission of CE was irregular because it was not registered with MPLUN under Store purchase rules. It was also clarified and confirmed (October 2004) by the Commerce and Industry (C&I) Department. Further, the divisions with the permission of CEs had also purchased survey instruments of Rs. 59.56 lakh with NABARD loan. Provision was not made in the sanctioned estimates of the projects for these instruments. The CE, Chambal Betwa Basin, Bhopal stated (September 2005) in reply that purchase from Dewas Udyog was made as per directions of the WRD and when letter from C&I Department was received no purchases have been made thereafter from Dewas Udyog.

3.4.7.5 Irrecoverable debit cost

Debit cost of Rs. 4.32 crore was not recoverable from original contractors.

The construction of canal with mild steel siphon cum aqueduct of Bagedi tank in Dhar was awarded (November 2003) for Rs. 3.84 crore to be completed in 24 months. Rupees 91.83 lakh was paid (July 2005) to the contractor. The contractor stopped the work from July 2005 but also removed the machinery from work site. His contract was rescinded (January 2006) in the wake of slow progress of work with the condition that extra cost in completing the left over balance work will be recovered from the contractor. The balance work was splitted up. The construction of canal siphon cum aqueduct was awarded (February 2006) to one agency for Rs. 5.46 crore. The construction of canal was awarded (June 2006) to another agency for Rs. 2.09 crore to be completed in 12 months. The award of siphon cum aqueducts through other agency involved extra cost of Rs. 4.32 crore as compared to tendered cost of Rs. 1.14 crore of original contractor. The extra cost was irrecoverable from the original contractor as the balance work was split up and not awarded to other agency on same terms and conditions as in original contract.

3.4.7.6 Uneven physical progress of projects

Rupees 65.78 crore spent on 38 projects did not yield any benefits due to non-construction of canal simultaneously with dam work.

Dam and canal work of the project were required to be taken up simultaneously and nalla closure should not have been done unless 75 per cent canal work is completed. Audit scrutiny disclosed that in 22^{*****} projects test checked the canal work has not been started whereas dam works were completed due to canal alignment not being finalized, land not being acquired and agency not fixed. In 15 cases* canal work was lagging much behind and in one case (Kalmoda Tank, Jhabua) that even though canal was completed but physical progress of dam was 30 per cent only. Consequently spending of interest-bearing loan of Rs. 65.78 crore against the sanctioned cost of

***** Narmada Tapti Basin, Indore-10, Chambal Betwa Basin, Bhopal-8, Wainganga Basin Seoni-2, Dhasan Ken Basin Sagar, and Yamuna Basin, Gwalior-1 each.

* Narmada Tapti Basin, Indore-9, Chambal Betwa Basin Bhopal-3, Wainganga Basin Seoni, Ganga Basin wa and Yamuna Basin Gwalior-1 each.

Rs. 84.63 crore did not yield any benefits to the beneficiaries due to unplanned execution of works and ineffective monitoring of the programme. The CE Narmada Tapti (N/T) Basin, Indore assured (July 2006) early completion of these projects.

3.4.7.7 Execution of sub standard work

Execution of substandard work resulted in heavy seepage and leakage in foundation of dam.

The reservoir as per instruction is required to be filled up up to 1/3rd level in first year, 2/3rd in second year and full in 3rd year on technical grounds. It was however observed that Salaiya tank in Katni district completed in June 2003 was first filled up to 0.36 M above FTL. During rains of 2003, heavy seepage and leakage below the foundation was noticed in September 2003 revealing execution of sub standard earthwork of the bund. Rupees 20 lakh spent on drilling percolation and permeability test of the dam as per sanctions accorded (March 2004) by the CE could not also solve the problem. No responsibility was fixed for execution of sub standard work and filling of reservoir above FTL during first rain in violation of the instructions.

3.4.7.8 Loss due to non-recovery of royalty charges

Government sustained loss of Rs. 8.83 crore due to non-recovery of royalty charges.

Scrutiny in audit disclosed that for construction of casing zone of earthen dams soil mixed with moorum, kankar or similar non-cohesive soil was used. However, royalty at Rs. 15 per cum included in the rates was not recovered from the contractors and furnishing of royalty clearance certificate from Mining Department was also not insisted upon. As a result, Government was put to a loss of Rs. 8.15 crore^{*****}. The CE N/T Basin stated in reply that soil available in the basin of the dam or borrow area of the department was used on which no royalty was levied. The reply was not tenable as the Collector (Mining) Dhar upheld the contention of Audit.

Construction of LBMC from Km 97 to 111 and construction of Andia, Kandeli and Surghi distributaries were awarded (2002-03) to two different agencies. Royalty at Rs. 15 per cum for 454367.12 cum CNS material used in construction, was not recovered from contractors nor furnishing of clearance certificates from Mining Department was insisted upon. As a result, Government was put to a loss of Rs. 0.68 crore. The EE, RABLS Canal Division, Narsighpur stated (June 2006) in reply that contractor had produced no dues certificate from collector (Mining) Narsighpur. The reply was not acceptable because contractors had not furnished this required certificate for CNS material.

3.4.7.9 Water Users Associations not constituted

Water user associations have not been constituted in 50 completed projects.

According to the terms and conditions of NABARD loan, Water Users Associations (WUAs) were to be formed before the commencement of the project in each case to have active participation of farmers in irrigation

***** CE N/T Basin, Indore (95 Projects) Rs. 4.97 crore, CE Dhasan Ken Basin, Sagar (15 Projects) Rs. 0.58 crore, CE Wainganga Basin, Seoni (27 Projects) Rs. 1.65 crore, CE Chambal Betwa Basin, Bhopal (24 Projects) Rs. 0.95 crore.

management to lessen the burden of operation and maintenance and also to increase irrigation efficiency.

Scrutiny in audit revealed that in 50^{*****} cases test checked, the WUAs have not been constituted even after completion of the projects.

3.4.8 Monitoring control and evaluation

Monitoring, control and evaluation of the programme was not effective.

Progress of the programme was not being reviewed regularly in each quarter by the HPC. Monthly meeting to review the physical and financial progress of projects was conducted by the E-in-C/CEs. Result oriented remedial measures were not taken to ensure timely completion of the projects. Proper coordination amongst the different agencies for realization of desired objectives was not there. Monitoring, control and evaluation of the programme were not adequate and effective. Performance indicators and benchmarks were not prescribed to assess the effectiveness and evaluation of the much ambitious and much needed programme.

Though additional irrigation potential of 1.69 lakh ha and 0.51 lakh ha. by WRD and NVDA was created but utilization was only 0.53 lakh and 0.04 lakh ha by WRD and NVDA respectively.

3.4.8.1 Dismal performance of projects completed with NABARD loan

Completion of 382 projects of WRD and three projects of NVDA between 1996-97 and 2005-06 registered additional irrigation potential of 1.69 lakh ha and 0.51 lakh ha but the utilization was only 0.53 lakh ha and 0.04 lakh ha respectively. Performance growth was minimal in creation of irrigation facility. Thus creation-utilisation gap continued to persist. Though shortfall in utilization of irrigation potential created was attributed to (i) filling of reservoirs up to 1/3rd in first year, 2/3rd in second year and full in 3rd year on technical grounds, (ii) protective irrigation only in Kharif (iii) non filling of reservoirs due to scanty or no rains in many areas, (iv) to keep reserve the water for drinking/nistar purpose by the district administration during draught conditions, and (v) cultivation of high breed crops requiring more waters in command areas but the justifications are not fully acceptable because the construction of distributaries, field channels and on farm development etc. were neither provided in the estimates as also advised by NABARD nor executed so as to harness the irrigation potential created. Inadequate allotment of funds was noticed for the work of maintenance. Heavy recurring expenditure on petty purchase and improper attention on maintenance work as well were the other reasons for shortfall in utilization of the created irrigation potential. Consequently conditions of canal were deteriorating. A special repair in many cases was carried out from other programmes (MP/MLA, local area development funds or Special central assistance). Effective performance appraisal was not ensured. Consequently objectives of the programme remained unachieved.

***** Khargone (24 projects) Mandasour (9 projects) Dhar (7 projects) Barwani (3 projects) Khandwa (3 projects), Jhabua (2 projects) Indore and Ratlam (1 project each).

3.4.9 Conclusion

Financial management was deficient as large amount of sanctioned loans could not be availed due to slow progress and poor monitoring. Expenditure was incurred on unapproved items of works resulting in amounts being disallowed by NABARD. Due to delay interest element had adverse impact and feasibility of projects, but the element of interest was not computed in evaluation of benefit cost ratio. Extra items were sanctioned without authorisation and there were delays in submission of project completion certificates. The projects were taken up without proper survey and on the basis of inaccurate estimates. Despite poor performance of the existing irrigation schemes, further such schemes were sanctioned and large number of projects could not progress for want of forest clearance. Large number of projects yielded no benefits due to various constraints in execution as the works were commenced without proper planning. Cases of unauthorised and irregular purchases were noticed and physical progress of the projects was not synchronised resulting in non-achievement of objectives. There were cases of execution of substandard work and due to non-recovery of royalty charges, state exchequer was put to a loss. Water Users Associations were not found to have been constituted and the overall utilisation of irrigation potential created, despite huge investments, were very low.

3.4.10 Recommendations

- The State Government may establish a meaningful communication between the implementing departments and revenue department and other Departments for early land acquisition and obtaining of expeditious forest clearances.
- In light of huge amount being disallowed by NABARD, a system should be evolved for proper vetting of estimates and strict instructions should be issued for execution of works in line with sanctions and estimates.
- The State Government should provide sufficient budgetary allocation for repair and maintenance of the completed projects based on the norms prescribed to ensure sustained availability of benefits.
- Water user associations should be formed expeditiously so as to share the burden towards operation and maintenance and to ensure active participation of farmers in irrigation.
- The progress of works should be monitored at various levels on periodic and regular basis so as to identify impediments and remove bottlenecks with an aim to complete these works in a time bound framework.

The matter was reported (October 2006) to the Government of Madhya Pradesh but reply was not received (December 2006).

Home Department

3.5 Modernisation of Police Force

3.5.1 Introduction

Modernisation of Police Force (Scheme) was introduced (1969) by Government of India (GOI), the Ministry of Home Affairs (MHA) to improve the efficiency of Police force, and remove the deficiencies in infrastructure viz., buildings, mobility, communication, weapons, training, Forensic Science laboratory (FSL), Finger Print Bureau (FPB), security equipment, computerisation and office automation to enable the state police to deal with the growing crime, terrorist and naxalite activities and meet the internal security threat effectively on cost sharing basis. At Government level, Principal Secretary, Home Department was responsible for the implementation and monitoring of the scheme. The State Level Empowered Committee (SLEC) constituted under the chairmanship of Chief Secretary was responsible at apex level, to finalise the Annual Action Plans (AAPs) and monitor the implementation of the scheme. At the department level Director General of Police (DGP) Additional Director General (ADG) (Communication), Director FSL and MD Police housing corporation (MPPHC) and at district level Superintendent of Police (SP) were responsible for implementation of the scheme.

3.5.2 Financial management

The funding under the Modernisation scheme was to be shared in the ratio of 50:50 percent by the Central and State Governments upto 2002-03. The Central share comprised 50 percent as grant and 50 percent as loan. For 2003-04 and 2004-05 the funding pattern was revised to 60:40. From the year 2005-06 the Central assistance was increased to 75 per cent as grant.

The details of plan approved, funds released by the GOI and State Government and expenditure incurred thereagainst during 2000-06 were as under:

(Rupees in crore)

Year	Approved Plan	Central Share		State Share		Central release	State release	Total (Co.7+8)	Total Expenditure	Balance
		Percentage	Amt	Percentage	Amt					
1	2	3	4	5	6	7	8	9	10	11
2000-01	108.97	50	54.49	50	54.48	54.49	58.04	112.53	10.00	102.53
2001-02	106.00	50	53.00	50	53.00	53.00	53.07	106.07	81.56	24.51
2002-03	106.00	50	53.00	50	53.00	51.33	51.33	102.66	57.19	45.47
2003-04	98.07	60	58.84	40	39.23	48.24	40.32	88.56	80.95	7.61
2004-05	99.74	60	59.84	40	39.90	42.07	28.05	70.12	189.23	(-)119.11
2005-06	104.24	75	78.18	25	26.06	30.29	10.10	40.39	71.45	(-)31.06
	623.02		357.35		265.67	279.42	240.91	520.33	490.38	29.95

Balances at the year end were transferred to civil deposit after approval of the Finance Department (FD).

3.5.2.1 Shortfall of Central share and short utilization of funds

The GOI share of Rs. 77.93 crore could not be availed by the State Government due to slow progress of programme implementation

Against sanctions of Rs. 623.02 crore for 6 annual plans, GOI share was Rs. 357.35 crore, but due to slow progress of the programme implementation, GOI released only Rs. 279.42 crore. Thus the GOI share of Rs. 77.93 crore could not be availed by the State Government for implementation of scheme.

Out of total assistance of Rs. 520.33 crore released during 2000-06 department could not utilize Rs. 29.95 crore as of March 2006. Further out of Rs. 490.38 crore shown as expenditure, Rs. 159.42 crore was lying with the construction agencies* as of March 2006.

Inflated reporting of expenditure by Rs. 159.42 crore which was lying with construction agencies.

The State Government, however, reported the entire amount as expenditure and utilization certificates were issued to the GOI. This resulted in inflated reporting of expenditure by Rs. 159.42 crore which was lying with construction agencies.

3.5.2.2 Non-refund of unspent balance

The unspent balance of Rs. 0.76 crore, out of Rs.4.72 crore provided for 103 buildings, was not refunded by the agencies.

Construction of 103 residential and non-residential buildings was completed and handed over during May 2003 to September 2005 by MPPHC by incurring an expenditure of Rs. 3.96 crore. However, the unspent balance of Rs. 0.76 crore, out of Rs. 4.72 crore provided for these buildings, was not refunded to the Department by MPPHC.

The Department instructed (July 2006) the construction agencies to refund the balance amount. However, the same had not been refunded as of August 2006.

3.5.3 Housing

MPPHC earned an interest of Rs. 11.45 crore during 2000-06 on funds provided to them for construction works and utilised the same to meet out their own expenses.

The scheme laid special emphasis on construction of residential, administrative and other buildings with a view to providing a better working environment to the police personnel and an amount of Rs. 243.74 crore was released to construction agencies during 2000-06 for construction of buildings against which an expenditure of Rs. 84.32 crore was incurred as of June 2006. The balance amount (Rs. 159.42 crore) was lying with the construction agencies.

MPPHC parked the fund with the Banks and earned interest of Rs. 11.45** crore during 2000-06 on the funds provided to them for construction work and it was utilized by them to meet out their own expenses. The position of construction of buildings is discussed in the succeeding paragraphs.

* M.P. Police Housing Corporation (Rs.155.17 crore), M.P. Housing Board (Rs. 2.21 crore), PWD (Rs. 0.49 crore), RES (Rs. 1.55 crore).

** (Rs. 0.46 crore in 2000-2001, Rs. 1.77 crore in 2001-2002, Rs. 2.21 crore in 2002-2003, Rs. 0.89 crore in 2003-2004, Rs. 2.68 crore in 2004-05 and Rs. 3.44 crore in 2005-06).

3.5.3.1 Completed buildings not handed over to the Departments

Seventy eight completed buildings costing to Rs. 15.76 crore were not handed over to Department

Construction of 6080 buildings were taken up during 2000-2006 at a cost of Rs. 243.74 crore of which 1739 buildings pertaining to the year 2000-03 were completed by incurring an expenditure of Rs. 62.44 crore of which 78 buildings costing Rs. 15.76 crore (MPPHC-6 buildings Rs. 0.94 crore, MPHB-34 buildings Rs. 10.49 crore and PWD-38 buildings Rs. 4.33 crore) completed during February 2004 to August 2005 were not handed over to the Department by the construction agencies as of August 2006. The buildings included 44 thana bhawans in 23 districts, 18 administrative buildings in 12 districts and 293 residential buildings in 10 districts as per details given in Appendix 3.9.

3.5.3.2 Delay in construction of buildings

Construction of 868 works remained incomplete even after incurring expenditure of Rs. 12.82 crore.

The construction of 868 buildings costing Rs. 37.56 crore sanctioned during 2000-03 and taken up during 2001-05 was however incomplete as of August 2006 after incurring an expenditure of Rs. 12.82 crore. The scrutiny of records revealed that the work of these buildings was started very late due to the fact that funds for the years 2000-01, 2001-02 and 2002-03 were released to the agencies in August 2001, October 2002 and March 2005 respectively. Though these works were started in October 2001 to March 2005, these could not be completed even after lapse of more than three years.

These works mainly included 218 residential quarters pertaining to the year 2000-2001 and 2001-02 at Dhar, Satna, Katni, Sheopur, Morena and Mandsaur districts on which expenditure of Rs. 4.06 crore was incurred. Similarly five administrative buildings, 22 thana bhawan and 14 other buildings remained incomplete in Bhopal, Indore, Sheopur, B.hind, Shivpuri and Umaria on which expenditure of Rs. 2.12 crore was incurred. At Dhar, work for 54 residential quarters was sanctioned at the cost of Rs. 1.48 crore and after incurring an expenditure of Rs. 0.90 crore upto October 2005 the contract of work was cancelled in October 2005 and process for re-tendering was in progress as of August 2006.

On the above being pointed out the Department stated (July 2006) that no time limit was prescribed to complete these works. However, the agencies were being regularly directed to complete the work at the earliest in the monthly meetings. The reply was not tenable as the monitoring with construction agencies was not effective and works sanctioned more than five years back had also remained incomplete.

3.5.3.3 Non-commencement of construction works

The work of 2658 buildings was not started inspite of timely release of funds to the agencies.

Construction of 2658 buildings costing Rs.109.75 crore sanctioned during 2000-06 (01 building in 2000-01, 03 in 2001-02, 752 in 2002-03, 333 in 2003-04, 1053 in 2004-05 and 516 in 2005-06) could not be started as of June 2006 for want of administrative approval (444), finalisation of drawing, designs and estimates (162), finalisation of tender (451), non-availability of land (1557) and other reasons (44). This was despite the fact that Rs.109.75 crore were

already released to the construction agencies*. The main works where the construction had not commenced include one thana bhawan each at Bhopal, Jhabua, Barwani, and Satna, quarters at Shivpuri (80), Gwalior (53) and Morena (13) and administrative buildings at Dhar (02) and Dabri Chowki (01).

3.5.4 Procurement of vehicles

3.5.4.1 Insufficient number of drivers

There are 932 Police Stations (PSs) in the State. At the beginning of the year 2000 only 16 percent PSs were equipped with vehicles. During the period of 2000-2005 total 3737 vehicles were purchased by the Department by incurring an expenditure of Rs.110.90 crore and all the PSs were provided with vehicles.

In the eight** test checked districts there were 287 vehicles in the year 2000 and after implementation of scheme 401 additional vehicles were provided to these districts during 2000 -2005 and hence 688 vehicles were available as of January 2006 in these districts. Against the availability of 688 vehicles only 412 drivers were in position in these districts which had an adverse impact on utilization of the vehicles and thus the procurement of vehicles without ensuring services of requisite drivers was injudicious.

3.5.4.2 Delayed response time

The Saraf Committee opined that fixing of maximum response time is necessary to induct sense of purpose and direction and recommended a maximum response delay time of five minutes in reaching to the crime site. The State Government did not fix the maximum response time. The 311 vehicles were provided during 2000-2006 to the seven^s districts

The test check of records of 32 PSs in seven districts revealed that in 356 out of 575 cases during 2003 and 253 cases out of 517 during 2005 police reached the crime site between 1 hour to 2 hours and in 103 cases of 2003 and 122 cases of 2005 the police reached the crime site even after more than two hours. Response time taken was thus far from satisfactory and no significant improvement was witnessed in reduction of response time even after providing additional vehicles to these districts.

3.5.5 Computerisation

3.5.5.1 Non-achievement of object of computerisation

Under Modernisation of Police Force Scheme computerisation of 914 police stations, SDOP Offices, SP Offices and range IG Offices in the state with on line connectivity with the State Police Headquarters was envisaged with a view to enhance efficiency and effective supervision and monitoring. Keeping above in view Rs. 29.10 crore were sanctioned by GOI during the period 2000-06 for computerisation, finger print bureau, questioned document work, etc. of which the expenditure worth Rs. 18.56 crore (Rs. 15.62 crore by State Crime Record Bureau (SCRB) and Rs. 2.94 crore by SP offices) was incurred

The objectives of computerization were not achieved even after incurring an expenditure of Rs. 18.56 crore.

* MPPHC Rs. 108.21 crore (Rs. 0.10 crore August 2001, Rs. 26.62 crore in March 2005, Rs. 11.55 crore in May 2005, Rs. 37.34 crore March 2005, Rs. 32.60 crore in March 2006) MPHB Rs. 1.54 crore (Rs. 0.36 crore in October 2002, Rs. 1.04 crore in March 2005 and Rs. 0.14 crore in March 2005)

** Badwani, Bhopal, Gwalior, Jabalpur, Jhabua, Katni, Mandasaur and Sagar

^s Badwani, Bhopal, Jabalpur, Jhabua, Katni, Mandasaur and Sagar

leaving unutilized balance of Rs. 10.54 crore (Rs. 6.90 crore with SCRB and Rs. 3.64 crore with SP offices) as of August 06.

Scrutiny of records revealed that computer hardware and peripherals were provided to district offices, Headquarter office and 114 PSs. Though the Local Area Network (LAN) was provided at Headquarters office and district office, but online connectivity of PSs, district offices and Headquarter office was not provided. Scrutiny further revealed that the scheme was not included in the AAP from 2004-05 onwards. This resulted in non-achievement of object of the computerisation scheme of having on line connectivity.

The Department stated (August 2006) that scheme could not be completed because funds for interconnectivity were not provided by the Government. The reply was not acceptable as the unutilized balance of Rs. 10.54 crore was already available with the Department.

3.5.5.2 Deficiency in Implementation of Common Integrated Police Application (CIPA) project

CIPA was introduced by GOI (2003-04) with a view to record data regarding crime and criminals by computerizing Head Office, range offices, SP offices, SDOP offices and all PSs in the state with online connectivity with each other together with access/transfer of data of crime and criminals to / from each other.

GOI approved Rs. 5.40 crore and Rs. 13.86 crore in AAPs of 2004-05 and 2005-06 respectively for the project. In the first year 94 PSs and in second year 274 PSs were to be covered under the project. The work of site preparation was to be done by SCRB and the supply of hardware, as per configuration fixed by GOI, development of software and installation thereof was to be done by NIC. GOI did not release the funds approved for 2005-06.

The hardware in 93 PSs was supplied by vendor but installation thereof was completed only in 3 PSs as of August 2006. The supply of hardware in 275 PSs and installation thereof was not started so far due to non-release of funds by GOI. The ACs required were not provided in any of the 94 PSs for which sites were prepared by SCRB.

The delivery and implementation schedule was not known to SCRB and configuration of hardware and peripherals was also not checked by them, to ensure that all the items required were received. Thus due to lack of coordination between implementation agency and SCRB, and lack of monitoring the hardware received in 90 PSs was lying idle.

The Department admitted that hardware and software were not installed in PSs (October 2006) and the difficulty was being faced due to lack of co-ordination between SCRB and implementing agency. It was also stated that the CIPA software was not found to be useful due to deficiencies found during demonstration.

3.5.6 Telecommunication

3.5.6.1 Deficiency in Implementation of Police Network (POLNET) project

POLNET is a satellite based network that provides voice, data and message communication between police station, district offices, Range office, State

The computers were installed only in three PSs against targeted 94 PSs. The CIPA software was also not found to be useful.

Head office, National Capital. The project network consists of hybrid station at Bhopal, 37 Very Small Aperture Terminals (VSAT) in 37 districts with connectivity to 825 PSs using Multi Access Radio Telephony (MART) via Base Station Unit (BSU) located at VSAT sites. GOI sanctioned Rs. 4.75 crore in AAP for the year 2002-03 to 2005-06 and MHA placed the sanction at the disposal of Directorate of Coordination Police Wireless (DCPW) for implementation of the project. The project was targeted to be completed by May 2005, which was extended upto November 2006.

Scrutiny revealed that the instruments/equipment for VSAT and MART were received in the districts and PSs during January 2003 to April 2004 and Hybrid Station at Bhopal and VSATs of 37 districts were installed upto May 2005. Scrutiny further revealed that out of 825 PSs the use of the material was made in 470 PSs as these were feasible being within range of BSU. Therefore the material of MART worth Rs. 1.39 crore, supplied to the remaining 355 PSs which were out of range of BSU proved infructuous.

Department stated (October 2006) that the proposal for utilisation of the material was being prepared by incorporating the PSs which are within the range but not covered in the original plan.

3.5.7 Functioning of Forensic Science Laboratory

3.5.7.1 Delay in Establishment of DNA Laboratory

The Perspective Plan 2000-05 envisaged the establishment of DNA laboratory at Sagar. The Department purchased (February 2004 to April 2005) equipment worth Rs. 3.35 crore for DNA laboratory. The commissioning of the equipment was not started as of November 2006 and benefit of the DNA analysis could not be extended to the criminal cases.

The analytical procedure of a forensic physical evidence in the laboratories invariably involves high degree of knowledge, competence and expertise. A technical manager or leader of a laboratory must have a minimum of three years of forensic DNA laboratory experience and who are actually engaged in DNA analysis shall undergo at regular intervals of not less than 180 days external proficiency testing in accordance with the standards. He must have completed a qualifying test before beginning independent case work. The technicians and laboratory support personnel must have training, education and experience commensurate with their responsibility as outlined in their job description. But no such person having the qualification mentioned was posted. The scrutiny further revealed that the Government did not sanction any post of scientist, technician and assistant for DNA laboratory. But four scientists working in other discipline were posted in the laboratory, who did not fulfill the required qualifications as envisaged in the manual for independent functioning of the DNA testing. Post supply training was also not imparted by the vendor to these scientists of the Department.

The Director FSL stated (November 2006) that the laboratory has begun on trial run basis. The standardization of work was in progress and Genotyping of isolated DNA is to be taken up as next step in DNA profiling. So far as the qualification of scientists are concerned it was stated that they have had the requisite training under the MOU signed between the Government of MP and the CDFD Hyderabad.

The material worth Rs. 1.39 crore supplied for POLNET project could not be used.

The DNA analysis in laboratory was not started up to November 2006 even after incurring an expenditure of Rs. 3.35 crore.

The reply was not acceptable as the DNA analysis in the laboratory was not started upto November 2006 and the scientists had not completed minimum 180 days external proficiency testing as per DNA standard

3.5.7.2 Delay in receipt of samples for scientific analysis

In accordance with the instructions issued by the Police Headquarters the samples collected by the police from the crime site should be sent to FSL within two weeks of memo issued from SP offices.

Test-check of the records (August 2006) of Director FSL Sagar revealed that samples collected by the police in criminal cases were sent by Police with delay ranging from one year to seven years to the laboratory. As the PSs did not have any preservation facilities as per requirement of laboratory, the Director FSL admitted (August 2006) that the quality of the samples deteriorates due to bacteria/fungus/rusting with passage of time which may adversely affect the test results.

3.5.7.3 Huge pendency in analysis of samples

The samples received in the laboratory were required to be analysed as soon as possible. Year wise details of test analysis of samples conducted by FSL were as under:

Year	Opening Balance	Cases received during the year	Total	Cases examined during the year	Pending at the end of the year
2000	22796	14443	37239	32792	4447
2001	4447	14818	19265	12308	6957
2002	6957	13848	20805	12169	8636
2003	8636	12987	21623	15144	6479
2004	6479	11292	17771	13015	4756
2005	4756	9081	13837	9171	4666
2006 upto 6/06	4666	4224	8890	4870	4020

The review of the progress report of analysis of cases revealed that number of cases analysed during a year reduced from 32792 in 2000 to 9171 in 2005. Out of 4020 cases shown pending at the end of June 2006, 2814 cases pertained to the year 1992 to 2005 (2394 cases 10 to 14 years old, 399 cases five to ten years old and 21 case one to five years old). In reply it was stated that the files were kept in the toxicology wing and analysis result would be intimated as and when required by concerned unit.

3.5.8 Non-creation of infrastructure and shortfall in numbers of training courses

Out of 49 housing units and administrative buildings including classrooms approved during 2000-05 at the cost of Rs. 9.37 crore of which the construction of 33 buildings was taken up and completed after incurring expenditure of Rs. 4.02 crore and the work of remaining 16 units was not started as of August 2006 for want of estimates, approval of design drawing and site selection. ADG (Training) was responsible to chalk out and monitor the implementation of training calendar and to assess the impact of various trainings in the field. Scrutiny of information and records revealed that out of 204 courses targeted in PTS Indore, Pachmarhi, Rewa, Tigara and Umaria meant for 11750 police personnel during 2002, 2003 and 2005 only 5758 personnel were trained in 138 courses conducted during these years and the shortfall in number of courses was 66 (32 per cent) and shortfall in number

of trainees was 5992 (51 per cent). The number of courses planned and slots allotted for police personnel for the year 2000, 2001 and 2004 was not available with the office of the ADG (Training).

3.5.9 Conclusion

Due to slow pace of utilization, GOI share amounting to Rs. 77.93 crore could not be availed by State Government for implementation of scheme. The financial management of the scheme was deficient as unspent balance lying with construction agencies after completion of work had not been recovered. There were large sums of money lying with construction agencies which were shown to be expended in the returns sent to GOI. Despite their completion, buildings were not handed over to the Department. Therefore, the objectives for which these were constructed were not fulfilled. There was delay of construction of thana bhawans, residential quarters and many of the works which were sanctioned could not be commenced for want of approval, finalisation of drawing, design and non-availability of land etc. Though the vehicles have been purchased and supplied, commensurate number of drivers were not available and the response time was also found to be poor. On line connectivity was not ensured and hardware and software purchased for CIPA project was not put to use. There was delay in establishment of DNA laboratory and there were huge pendency of cases in FSL. Requisite infrastructure for training was not created and there were large number of training slots which were not utilized.

3.5.10 Recommendations

- Amount lying with construction agencies should not be reported to GOI as expended and unspent balance lying with agency after completion of work should be immediately recovered.
- Expeditious efforts should be made for getting the possession of buildings that have been constructed so that they are put to use for the purpose for which these have been constructed.
- In light of large number of construction works being delayed and also not having commenced; a review of these constructions work should be carried out and coordinated steps be initiated with other agencies and a system of periodical and regular monitoring should be introduced so as to ensure early commencement and completion of these works.
- On line connectivity should be ensured at various levels so as to derive optimum benefit of computerisation.

The matter was reported to Government in September 2006; reply had not been received (December 2006).

Revenue Department

3.6 Computerisation of Land Records (Land Record Management System "Bhu Abhilekh")

Highlights

Government of India launched the Centrally Sponsored Scheme of computerisation of land records in 1988-89 with the objective to provide timely and accurate copies of Records of Rights (RORs) to landowners and updating of changes which occur in the Land Record database. The Department failed to implement the scheme completely due to non-installation of computer centres in three districts and 97 sub-divisions and non-functional computer centres at three districts and five tehsils computer operators were not made available. In 7 tehsils RORs were being issued in manuscript and data entries for 18440 villages were not updated in absence of monitoring at district level.

Computerisation of land records was not yet complete as RORs were still being issued to landowners in manuscript.

(Paragraph 3.6.7.4)

Updation work of database was not carried out in 18440 villages due to diversion of services of EDP staff and because of lack of monitoring.

(Paragraph 3.6.7.5)

Discrepancies were noticed in the database due to absence of input controls and lack of proper validations at tehsil levels.

(Paragraphs 3.6.9.1 & 3.6.9.2)

There was lack of general IT controls in the absence of any IT policy/strategy in the department.

(Paragraph 3.6.10)

3.6.1 Introduction

The scheme of computerisation of Land Records was launched in 1988-89 by Government of India (GOI) and executed as a Centrally Sponsored Scheme. The scheme was initially started as a pilot project in the district of Morena and subsequently extended to the rest of the districts of the State.

All expenditure was to be borne by GOI. The scheme envisaged to provide computerised copies of Records of Rights (RORs) at a reasonable price to landowners besides ensuring speed, accuracy transparency, dispute resolution and on-line management of land records.

Non-availability of comprehensive database and properly updated land records in manual system hampered implementation of decisions concerning land reforms and the dearth of databases on land reforms continued. For effective

planning, implementation and monitoring of land reforms and related activities, a computerised land records system was considered crucial. This necessitates creation of a comprehensive computerised database on land records, which would help in land tenancy, land ceiling, and land consolidation.

Bhu-Abhilekh is an ISO certified application software designed and developed by National Informatics Centre (NIC) for the Commissioner, Land Records & Settlement, Department of Revenue, Government of Madhya Pradesh (Commissioner), to deliver grass root (up to tehsil level) governance within the domain of Land Management. Computerisation of Land Records (CLR) is a joint venture of NIC, Ministry of Rural Development (MRD) and State Government. Presently, version 2.0 of BHU-ABHILEKH, i.e. a superset of BHU-ABHILEKH version 1.0 had been implemented in all Tehsils of 48 districts of the State. Visual Basic 6.0 was being used as front end software and SQL server was being used for the maintenance of database.

As per GOI instructions (December 2002), initial data entry of Land Records was done by private vendors and updation work of the database was being done by the Data Entry Operators of the Department. Updation of Land Records and distribution of Khasra* (ROR) and Khatauni** (BI) were being done using this software. BHU-ABHILEKH version 3.0 was under pilot implementation for subsequent utilisation in all tehsils.

3.6.2 Objectives of the scheme

The objectives of the scheme, interalia are:

Facilitate easy maintenance and updation of the land data base, plot-wise details for issue of timely and accurate copies of the RORs to the landowners, creation of 'Land Information System' (LIS) and database for effective land reforms, revenue administration and developmental planning at the grass root level and low cost and easily reproductive storage media for reliable preservation for longtime. Fast and efficient retrieval of information, both graphical and textual.

3.6.3 Organisational set-up

Principal Secretary, Revenue Department was responsible for planning, implementation, monitoring of the scheme at Government level whereas Commissioner, Land Records was the nodal officer for planning, implementation monitoring and supervision at State level. District Collectors and Tehsildars were responsible for implementation, monitoring and supervision of the scheme at District and Tehsil level respectively. Revenue Inspectors and Patwaris responsible for field were to feed the basic information.

3.6.4 Audit objectives

Audit of the computerisation of Land Records was taken up to assess whether there was proper and easy maintenance and updating of land record database. It was also to be examined whether the accurate computerised copies of the

* Khasra: Crop inspection register, giving details of the cultivator, crop and area under such crop.

** Khatauni: Record of rights that indicates the ownership of each parcel.

RORs to the landowners were being issued on time. Besides this it was also to be checked whether various controls relating Information Technology were built in and were being adhered to during computerisation of Land Records.

3.6.5 Audit coverage

Test check of records of the implementation of the scheme during 1988-2006 was conducted in the Commissionerate of Land Records, Gwalior, Collector Land Records in 11* out of 48 districts and 11 tehsils one each in district during March 2006 to August 2006. The application software was examined for its correctness, suitability and availability of controls. Data in the 11 selected Tehsils for the crop year 2004-05 (July 2004 to June 2005) were analysed in audit using Structured Query Language (SQL). Results of test-check are mentioned in succeeding paragraphs:

3.6.6 Financial management

The scheme was Centrally sponsored with cent percent financial assistance from GOI with the conditions that after completion of the project in a district, financial assistance would be stopped and the State Government would bear the expenditure required for its continuation and maintenance in future.

The budget provision and expenditure alongwith Central assistance received during 1988-2006 are as under:

(Rupees in crore)

Year	Central assistance received	Expenditure	Excess(+)/ Savings(-)	Transferred to Chhattisgarh State
From 1988 to 3/98	4.66	4.66	--	--
1998-99	5.46	5.46	--	--
1999-2000	6.81	4.55	--	2.26
2000-01	5.01	3.21	--	1.80
2001-02	7.70	6.70	(-) 1.00	--
2002-03	--	--	--	--
2003-04	5.43	4.82	(-) 0.61	--
2004-05	2.86	2.01	(-) 0.85	--
2005-06	3.88	--	(-) 3.88	--
TOTAL	41.81	31.41	(-) 6.34	4.06

Out of Central assistance of Rs. 41.81 crore received from GOI during 1988-2006, Rs. 4.06 crore were transferred to Chhattisgarh State during 1999-2001. Of the balance assistance of Rs. 37.75 crore pertaining to the State, expenditure of Rs. 31.41 crore was incurred during 1988-2005. Of the unutilised assistance of Rs. 6.34 crore remaining with State Government, Rs. 3.56 crore meant for establishment of computer centres in 97 sub-divisions of the State were parked in 'Civil Deposit' during 2005-06 while Rs. 2.78 crore related to Data Entry Work (Rs. 76.02 lakh-2001-02), Digitization pilot Project II installment (Rs. 24.33 lakh-2001-02) and establishment of computer centres at Divisional, district, sub-division and tehsil level (Rs. 1.77 crore-2003-06) were not drawn although sanctions from GOI had been received in respective years.

Betul, Bhind, Chhatarpur, Damoh, Datia, Dhar, Morena, Satna, Shivpuri, Ujjain, Vidisha.

On being pointed out, Commissioner intimated (March 2006) that Finance Department had permitted (March 2006) withdrawal of Rs. 3.56 crore from Civil Deposits, which is being utilised for establishment of centres and Rs. 2.78 crore would be utilised after revalidation of sanction by GOI.

3.6.7. System Implementation

3.6.7.1 Lack of definite time frame

Lack of definite time frame to complete the computerization of Land Records.

As per Government of India guidelines (1994), a time limit of three years from release of funds was set for completion of programme of Computerisation of Land Records in project districts. No records showing completion of programme in project districts within the prescribed timeframe of three years for which funds were released during 1994-2002, were made available. Even in the 11 tehsils selected for a audit, it was observed that manually prepared Record of Rights (RORs) etc. were given and as such the computerization was not complete. However, the revised guidelines (2002) did not provide any specific target date for the completion of the project. State Government also did not frame any time bound action plan for the implementation of the project, which contributed to the delays in the implementation of scheme.

3.6.7.2 Networking

Networking connectivity not established.

As per the guidelines issued by GOI (1999/ 2002) it was decided to establish the networking among the computer centres established at tehsil, subdivision, district and state level. However, networking connectivity was not established among the Computer Centres by August 2006.

3.6.7.3 Non-installation of computer centres in districts and sub-divisions

Commissioner, Land Records had shown cent percent computerisation of land records in the State in their progress report of January 2005.

Scrutiny of records of Commissioner and districts revealed, that the computer centres in 3 district¹ headquarters, and 97 sub-divisions were not installed, in spite of availability of Central assistance.

Computer centers at three district headquarters and 97 sub-divisions were not established in spite of availability of funds.

Computer materials costing Rs. 19.41 lakh supplied to the above mentioned three districts during 2004-05 had remained unutilised as of June 2006.

Funds of Rs. 3.88 crore released by GOI (2005-06) for establishment of computer centres at 97 sub-divisions, as shown in **Appendix 3.10**, at the rate of Rs. 4 lakh per sub-division remained unutilised.

On being pointed out in audit, Commissioner assured (April 2006) to take necessary action. However, the fact remains that in spite of availability of funds the computerization at district and sub-division level has not yet been completed and progress report (January 2005) of the Commissioner, Land Record office showing hundred per cent computerization was therefore not correct.

¹ Bhind, Morena, Shivpuri

3.6.7.4 Non functional computer centre at district and tehsil level due to non-availability of computer operators

Computer centers at three district headquarters and five tehsils were not operational due to non availability of DEOs.

During test check of records of 3 district² headquarters and 5³ tehsils it was found that though the computer centres were installed and initial data entry work was completed excluding 5 villages of Datia district yet they were not operational as on August 2006 due to non-availability of computer operators.

Further, test check of records of Datia district, revealed that out of 256 villages, the data input work in five villages (Kamrari, Datia Gird, Basai, Jujharpur and Chanderia) was also not completed (May 2006).

As per the booklet (Procedure of Computerisation of Land Record in MP Part I) issued (2004) by the Commissioner, only computerised copies of RORs were to be distributed or issued to the land owners.

However it was observed in audit that in seven Tehsils as detailed below, RORs were still issued to the landowners in manuscript thus defeating the objective of providing computerized RORs.

RORs were distributed in manuscript in place of computerised copies in 7 tehsils.

Sl. No.	Name of tehsil	2001-02		2002-03		2003-04		2004-05		2005-06	
		RORs issued in manuscript	Computerised RORs issued	RORs issued in manuscript	Computerised RORs issued	RORs issued in manuscript	Computerised RORs issued	RORs issued in manuscript	Computerised RORs issued	RORs issued in manuscript	Computerised RORs issued
1.	Chhatarpur	--	--	4260	--	3599	--	2387	3000	897	6500
2.	Damoh	--	--	117	--	132	--	602	--	946	118
3.	Bhind	--	--	438	--	772	--	796	--	839	--
4.	Datia ⁴	--	--	3115	10911	7350	6946	2900	11286	3370	9327
5.	Satna	3425	1993	3489	6864	3680	3631	3989	2369	4253	2583
6.	Shivpuri	960	5623	982	11093	1019	10373	1116	8370	520	5736
7.	Betul	2786	Nil	3076	1421	3679	557	4342	1308	4726	1288

3.6.7.5 Non-updating of Data entries

As per instructions laid down in the guidelines issued by GOI in 1999, data was to be updated each year and expenditure on data updating was to be borne by State Government. However, it was found that the updating of database was not done (February 2006) for 18,440 out of 55,657 villages in the State as given below:

Database in 18440 villages was not updated.

Year	Total number of villages in MP	No of villages for which data was updated	No of villages for which data was not updated
2003-04	55657	55626	31
2004-05	55657	55265	392
2005-06	55657	37640	18017
			18440

² Computer installed in Chhatarpur (July 2005), Datia (February 2006) and Damoh (February 2006).

³ Computers installed in Khachrod (December 1999), Badnagar (December 1999), Ghatiya (December 1999), Nagda (August 2001) and Damoh (August 2001).

⁴ Data entry work in respect of 5 villages (Kamrari, Datia gird, Basai, Jujharpur and Chanderia) of Datia district was not completed).

On being pointed out, the Commissioner intimated (March 2006) that the responsibility of updating of data rests on the districts. Reasons advanced for not updating the database was irregular power supply, non-maintenance of hardware at district level and engagement of EDP staff in other miscellaneous work along with data entry work at tehsil level.

3.6.7.6 Non-refund of unspent balance of Rs. 11.98 Lakh by the districts

The Commissioner, provided a sum of Rs. 14.52 crore to the districts for data entry work during 1997-98 to 2001-02. On verification of expenditure statements as of Feb 2006 sent by 8 districts shown in Appendix 3.11, an amount of Rs. 11.98 lakh was found lying unspent in Banks, while the work of data entry was completed in all the districts. After completion of data entry work, unspent amount was required to be refunded, which was not done.

Unspent balance of Rs. 11.98 lakh not refunded by eight districts after the completion of data entry work.

On being pointed out, Commissioner assured (April 2006) to clarify the position from the districts concerned.

3.6.7.7 Non-furnishing of utilisation certificates

GOI issued instructions that interim utilisation certificates along with item wise expenditure against expenditure incurred should be sent by the State Government. Details of assistance received, expenditure incurred, and utilisation certificates sent were as under:-

(Rs. in lakh)

Year	Grants received	Expenditure incurred	Utilisation Certificate sent	Amounts for which Utilisation Certificates not sent
2003-04	542.50	482.08	284.00	198.08
2004-05	286.30	201.13	--	201.13
Total	828.80	683.21	284.00	399.21

Utilisation certificates of Rs. 3.99 crore not furnished to GOI.

Thus, utilisation certificates for Rs. 3.99 crore were not sent to GOI. The Commissioner stated (June 2006) that the utilisation certificates would be sent to GOI at the earliest.

3.6.7.8 Excess payment to the contractor

District Collector, Ujjain, invited (November 1997) sealed tenders for data entry work of land records. Lowest rate of Rs. 1.25 per record offered by M/s Pick Computer Technique Pvt. Ltd, Ujjain was accepted by the Collector, Ujjain in January 1998. As per the agreement (January 1998) the data entry work was required to be completed by the end of March 1998. After completion of 30 per cent work, the firm requested the Collector, Ujjain to enhance the rates which were accepted by the Commissioner Land Records in December 1999 and the rates were enhanced from Rs. 1.25 per record to Rs. 2.15 per record with the condition that the enhanced rate shall be paid for remaining 70 per cent work.

Excess payment of Rs. 6.30 lakh were made to the contractor due to irregular acceptance of higher rates.

Test check of records of collector, Ujjain in August 2006 revealed that there was no provision in the agreement for enhancement of rate midway. Against the payment of Rs. 12.50 lakh (at Rs. 1.25 per record for 9,99,856 records) Rs. 18.80* lakh were actually paid upto August 2006. As a the result, Rs. 6.30 lakh were excess paid to the firm.

On being pointed out, Commissioner stated (September 2006) that the accepted rates of the firm were very low and the data entry work was also to be completed timely and in full accuracy, therefore the data entry rates were enhanced. The reply was not tenable, as there was no provision in agreement to enhance the rates midway.

3.6.8 Application Controls

Discrepancies found due to lack of input controls.

Application controls are those controls which ensure that the transactions are done according to the business rules of the organization. These controls cover the input, processing and output operations of the systems. Input controls ensure that the procedures and controls inbuilt into the system guarantee that the data received for processing are genuine, complete, accurate and properly authorised and also to ensure that the data is entered accurately and without duplication. Existence of input controls also assumes importance as it helps in preventing incorrect or fraudulent input. Following discrepancies in feeding of data by department were noticed in audit:

- No procedure was laid down and no checks were carried out to ensure that all source documents were received and data were updated properly. The accuracy and completeness of data held in the computer at the tehsil level would thus always be suspect.
- In the traditional system of maintenance of Land Records, patwari was having the monopoly on the maintenance of land record data and possibility of unauthorised changes in the data was always present. Landowners were also not getting copies of RORs timely. Therefore, one of the objectives of the guidelines (1991) issued by Commissioner, Land Record was to reduce the burden of patwaris. However, it was found that the scenario was still the same after the computerisation and department was still heavily dependent upon the patwaris for keeping the track of the changes in land record database.
- Possibility of the malicious manipulation in the data was always present as the Data Entry Operators were also authorised to distribute the RORs to the land owners in 4^s test checked tehsils.
- Only P-II forms received from the Patwaris were kept as the source input documents. No register or other document was maintained to keep a watch on the amendments in the records. Even the office copies of the RORs issued by the computer centre were not kept in hard copy at three tehsils*.

* 30% of 9,99,856 records = 2,99,257 records @Rs. 1.25 = 3,74,946.00
 70% of 9,99,856 records = 6,99,899 records @Rs. 2.15 = 15,04,783.00
 Total Rs. 18,79,729.00

^s
 * Bhind, Dhar, Morena and Ujjain
 Dhar, Moren, and Ujjain

- A separate provision was made in the application software to record the changes in land records in case of any mutation to prevent the unauthorised modifications in original data entry. But it was noticed in 10[#] tehsils that changes were carried out by using Khasra Modification module. In this scenario it was not possible to exercise the various checks such as mode of mutations, name of court and case number etc, which were available in the mutation module
- Data Entry Operators were made responsible for data validation at five tehsil[@] level and no system restricting any change after the validation was provided in the software. Therefore, possibility of unauthorised changes in the original database was always present in this scenario.
- Though, provision was available in software to record the revenue collection figures for the individual owners but these figures were not found fed into the database, due to which it was not possible to ascertain the revenue collection figures through this software.

3.6.9 Discrepancies in the Computerisation of Land Record (CLR) database

Discrepancies in the CLR database due to lack of input and validation controls.

Key to the success of the CLR Scheme depended on the reliability of data captured. An examination of the backup data of 21.61 lakh records for the crop year 2004-05 of 11 selected tehsils^{*} disclosed that there were several inconsistencies in the data that was captured rendering the data undependable/unreliable as brought out hereunder. Most of the errors were due to lack of appropriate input and validation controls at the data entry stage.

3.6.9.1. Discrepancies due to lack of input controls

Area of the land was not mentioned in the database in 17,816 cases. Names of the owner of the land were left blank in 162 cases. It has been found that the father's name of the owners of the land were left blank in 3.42 lakh cases. Address of the owners was not found mentioned in 0.86 lakh cases. Instead of feeding owner's names one meaningless character was found fed in 1,307 numbers of cases. Caste of the owner was not indicated in 3.84 lakh cases. Fathers' names were left blank in 182 tenancy cases. Instead of feeding fathers' names, one meaning less character was found fed in 116 tenancy cases. In 180 tenancy cases address fields were left blank. Instead of mentioning name of encroachers one meaning less character was found fed in 410 cases of encroachment of land. In 19 encroachment cases, names of the encroacher were not mentioned. Father's name of the encroacher of the land was not found mentioned in 4,641 cases. In 5,084 cases of encroachment, addresses of encroachers were not found mentioned in address field.

3.6.9.2 Discrepancies due to lack of proper validation checks in the system

Amount of the lagan (land revenue) due on farmers was not mentioned in 8.08 lakh cases though the type of land in these cases was "PRIVATE". Other taxes were not mentioned on private holdings in 16.92 lakh cases. In 1.53 lakh cases, lagan of Rs. 0.37 lakh was mentioned against the Government land. In

[#] Bhind, Chhatarpur, Damoh, Datia, Morena, Satna, Dhar, Ujjain, Betul and Vidisha

[@] Datia, Bhind, Satna, Ujjain and Dhar

^{*} Betul, Bhind, Chhatarpur, Damoh, Datia, Dhar, Morena, Satna, Shivpuri, Ujjain, Vidisha.

41 cases, total area of land under encroachment was more than the actual area of these survey numbers. In 8,768 cases, crops sown on the land were mentioned, but the area on which the crops were sown was not found mentioned. In the absence of land area it was not possible to calculate the taxes by the patwaris. Land area was shown as 0 in 165 cases, but some amount of taxes was found indicated against these cases. In 7,809 cases, land was shown irrigated but mode of irrigation was not mentioned. In 131 cases total tax collection was greater than the actual tax to be collected.

On being pointed out by the Audit, Commissioner assured (September 2006) that all these discrepancies would be rectified through the concerned topsiders.

3.6.10. General Controls

General controls are those controls which regulate the environment in which the IT operations are run. These cover areas pertaining to IT security and information protection, software change management, segregation of duties, business continuity planning and system documentation. Major deficiencies in General Controls are detailed below:

3.6.10.1 Absence of Information Technology Policy

No IT policy/strategy, for coverage of the information system of the department was formulated by the department. On being pointed out by the audit, Commissioner assured (September 2006) to formulate an IT policy for the department.

Department was not having adequate documentation policy. In the absence of any policy, system documentation was not found to be up to date. Documentation in respect of BHU-ABHILEKH version 2.0 was not available. Also, there was no policy for retaining electronic documents and computer prints thereby increasing the risk of unauthorised working practices being adopted. Department had also not framed any security policy. Poor or lack of documentation could cause problems such as system unavailability, loss of data integrity or delays in recovering from system failures. Internal Audit of the computerised system was also not carried out by the Internal Audit wing of the Department.

On being pointed out by the Audit, Commissioner stated (September 2006) that the on line help is available in the software and user manuals are being prepared.

3.6.10.2 Deficiencies in maintenance policies

- Business Continuity Planning and Disaster Recovery Plan was not formulated by the department. However, back up copies of the data were kept in CDs on different locations. But fire proof storage is not available at the State as well as Tehsil level. Commissioner stated that the District data centres and computer centres established at the tehsils will be connected through networking and in case of any disaster at tehsil level, RORs would be issued through district data centres. This confirms that the present system is not integrated and lacks prompt restoration of IT operations in the event of a disaster.
- Though adequate protection for Fire and Water logging was made and Air conditioning with backup power supplies for IT infrastructure was

available in Commissioner office but at tehsil levels no arrangement for Fire protection was found made in any of the selected 11 tehsils. Inadequate environmental controls could lead to system damage and the subsequent loss of computer facilities/database.

- Annual Maintenance contract for the hardware items which were not covered under the warranty was not available. Thus the work relating to updation of data entry and issuance of RORs was delayed due to frequent breakdown of hardware items.

3.6.10.3 Access Controls

- The systems designing, programming and systems support work were being done by NIC and Data input and database administration by the employees of the department. But the responsibilities of IT staff and functional areas of sections were not clearly set out. Department had not given appropriate job descriptions, IT employees were engaged in other miscellaneous works.
- Any formal documented logical access control policy was not available in the department. However, restricted menus for users were available in the software. User Ids and passwords were issued for the users. However, no password policy was formulated in the Department for BHU ABHILEKH version 2.0.
- Facility to maintain unauthorised attempt logs was not available in the application. Automatic terminal time-out facility was not available in the application. There was no limit on multiple sign-ons in the application. However, restricted access through password was available to restrict the unauthorised person's access to use some system utilities and audit tools. But staff had not been prohibited from sharing the machines. Therefore, data was always at the risk of manipulations.

On being pointed out, Commissioner assured (September 2006) that Password security controls will be included in the IT policy of the department.

3.6.10.4 System of change management

A committee headed by Commissioner was formed for the authorisation of changes and all the changes in the software were done on the request of the committee by NIC. Prior to transfer to the live environment, these updated application software were checked with sample data. During the pilot run, officials of the department were involved for acceptance testing. However, proper and up to date documentation for the amendment in application software was not kept. To make the emergency changes in the application software, patches were loaded by the NIC, as and when required. Thus, due to absence of documentation it is not possible to ascertain whether only authorised amendments were transferred from the test to the live environment.

On being pointed out by the audit, Commissioner stated (September 2006) that all the amendments in the software are being implemented after checking of departmental supervisors. The reply was not tenable as no documentation in support of reply was shown to Audit.

Lack of monitoring and supervision at District and State Headquarters level.

3.6.11 Monitoring and supervision

As per the revised guidelines issued by GOI (December 2002), all the districts were to have district level implementation and review committee under the chairmanship of collector/Dy. Commissioner/District Magistrate with Local MP/MLAs as members alongwith ADMs/SDMs and District Information Officer, NIC. This committee was to formulate the district level implementation plan for effective and speedy implementation of the project and submit the status report to the Revenue Department by 10th of every month. Revenue Department was to compile the status report of all the districts and submit the same to Department of Land Resources, Ministry of Rural Development on quarterly basis.

On verification of records of Commissioner and 11 districts* it was noticed that though District level committees were constituted (March 2004-Jan 2005) but neither monthly meetings were held nor implementation plans were formulated and status reports submitted to Revenue Department. In absence of receipt of status reports from Districts, the same was not being submitted to GOI by the State Revenue Department which shows that the performance of the scheme was not being properly monitored.

On being pointed out, Commissioner intimated that to evaluate the project, no agency has been nominated by the Ministry of Rural Development.

3.6.12 Conclusion

Despite incurring huge expenditure of Rs. 31.41 crore the department has not been able to implement the scheme as per target and guideline. Due to non installation of computer centres at districts and sub divisions, the hardware and software worth Rs. 19.41 lakh procured during 2004-05 remained idle and unutilised in 3 Districts. The State Government could not utilise Central assistance worth Rs. 6.34 crore, which was kept in 'Civil Deposit'. Due to abnormal delay in the execution of scheme, desired objectives could not be achieved. The landowners were not getting intended benefits of the scheme and in large number of cases manual RORs were issued.

Due to lack of data validation control, reliance on Land Record Database for major policy decisions for land reforms was not possible. Systematic monitoring and control mechanism was weak.

3.6.13 Recommendations

- A comprehensive written formal IT policy/strategy involving various aspects such as documentation policies, separation of duties, physical access and environmental controls, change management controls, logical controls, coverage of the information system of the department may be formulated. A Business Continuity Plan and Disaster Recovery Plan to minimise the impact of the natural or manmade disaster on the critical IT infrastructure of the department may also be formulated.
- Networking connectivity may be established among the computer centres established at State, District and Tehsil level so that, the Land Record Data could be assessed at various levels.

* Betul, Bhind, Chhatarpur, Damoh, Datia, Dhar, Morena, Satna, Shivpuri, Ujjain, Vidisha.

- Posting of the DEOs at tehsil level, where vacant, may be done at the earliest so that, computerisation work is properly maintained and regularly updated.
- Involvement of the District level committees for the monitoring and speedy implementation of the scheme may be ensured and their report may be reviewed at the State Level.

The matter was referred to the Government in September 2006; reply had not received (December 2006).

Public Works Department

3.7 Widening, Strengthening and Upgradation of roads from Central Road Fund (CRF), Rural Infrastructure Development Fund (RIDF) and Fast Track Scheme.

Highlights

Government of India, Ministry of Surface Transport (Department of Roads and Transport) approved 102 works of State Highways and Major District Roads in Madhya Pradesh, between 2001-06 for widening, strengthening and upgradation at a cost of Rs. 437.60 crore. During the same period, Government of Madhya Pradesh (GOMP) approved 167 works of village roads for construction and improvement at a cost of Rs. 309.97 crore from NABARD loan assistance. Government had also taken up (2003-04 and 2004-05) renewal and strengthening of 7751 kms of State Highways and Major District Roads under Fast Track at a cost of Rs. 309.86 crore. As of March 2006, 59 works under CRF, 42 works under NABARD and 3014 km roads under fast track were actually completed after spending Rs. 286.55 crore, Rs. 119.94 crore and Rs. 275.56 crore respectively. The fast track scheme was to be completed by March 2005 and the achievement as on date was 39 per cent only; the scheme was not a success. CRF funds of Rs. 21.54 crore were misutilised on improvement of village roads and other district roads. Premature selection of roads led to wasteful expenditure of Rs. 66.54 lakh. Proportionate recovery of Rs. 1.58 crore was not made from the contractors for below specification work and Rs. 1.98 crore were also paid for rejected work. Management Information System (MIS) had not been operationalised though Rs. 2.17 crore were spent on purchase of computers. Major deficiencies noticed during audit are as under:

Contrary to Ministry of Road Transport & Highways (MORT&H) specifications, extra cost of Rs. 12.68 crore was incurred in designing of embankment, with granular sub-base providing excessive thickness in crust of the road and bituminous surfacing and surface dressing.

(Paragraphs 3.7.8.1 and 3.7.8.4)

Despite instructions from MORT&H, Rs. 9.72 crore were spent in excess of administrative approval. There was excess expenditure of Rs. 4.36 crore due to payment for the works which were not sanctioned. Rupees 2.27 crore were diverted for other works.

(Paragraphs 3.7.6.1 and 3.7.6.2)

Lack of proper work management led to extra expenditure of Rs. 2.69 crore on change of specification of earth brought from outside.

(Paragraphs 3.7.8.5)

Additional works worth Rs. 2.11 crore were awarded at higher rates without inviting tenders and disregarding the codal provisions.

(Paragraph 3.7.8.7)

The works of Bituminous Macadam worth Rs. 2.23 crore and semi-dense bituminous concrete worth Rs. 8.50 crore executed were below specification. Thickness of granular sub base on weak soil was reduced, work valuing Rs. 1.07 crore was substandard and liable to premature damage.

(Paragraphs 3.7.9.1, 3.7.9.2 and 3.7.9.3)

Excess payment due to non recovery of liquidated damages, incorrect application of rates, utilisation of extra bitumen and price variation and non renewal of bank guarantee of Rs. 9.87 crore were noticed in audit.

(Paragraphs 3.7.8.8 to 3.7.8.12)

3.7.1 Introduction

Government of India (GOI), Ministry of Surface Transport (Department of Road Transport and Highways) decided (October 2000) to revamp the Central Road Fund (CRF) by crediting in to it cess of Re. 1 per litre on diesel and petrol and also to utilise 15 percent of cess on diesel and 30 percent of cess on petrol for development and maintenance of State Highways (SH), and Major District Roads (MDRs) carrying heavy traffic with emphasis on construction of missing link, cross drainage, widening of two lanes to four lanes, strengthening of weak pavement sections, research and development and data base and training of Highway Engineers.

The Government of India approved between January 2001 and December 2005 strengthening and widening of 2150 kms of road (102 works) out of 72,462 km in Madhya Pradesh at a cost of Rs. 437.60 crore. GOMP also got (2001-06) approval of the National Agricultural Bank for Rural Development (NABARD), for improvement of 2420.87 kms of village roads (167 works) at a cost of Rs. 309.97 crore under phase VII to Phase XI. GOMP also decided (February 2002) for renewal/strengthening of 7751 km of SHs and MDRs not taken up under any of the above programme at a cost of Rs. 309.86 crore during the period of 2003-04 and 2004-05. The funds were provided from State plan and the scheme was named as "FAST TRACK".

3.7.2 Organisational set-up

The implementing agency for all the three schemes was the Public Works Department headed by the Principal Secretary (PS) at Government level. At apex level Engineer-in-Chief (E-in-C), Public Works Department and seven Chief Engineers (CE) of the zone are responsible for implementation of projects. The work is being executed through the 66 divisions of Public Works Department (PWD) out of 48 Districts, headed by the Executive Engineer (EE).

3.7.3 Audit objectives

The objectives of audit were to assess whether:

- fund management was efficient and was as per rules and regulations,
- methodology for selection of roads was as per guidelines of the programme and proper planning was done for execution of works,

- execution of project was carried out economically and efficiently,
- system of quality control and monitoring was in existence and was effective.

3.7.4 Audit criteria

The audit findings are based on the following criteria:

- Guidelines issued by the MORT&H, NABARD and GOMP for upgradation of roads.
- Specifications for Road & Bridge works issued by the MORT&H
- Practices, recommendations published by the Indian Road Congress for Road works.
- Rules and orders contained in the agreements for execution of work.

3.7.5 Scope of audit

Performance audit is based on test check of works executed/under execution in 14 Districts out of 48 Districts selected for the period 2001-05 conducted between February 2006 covering the expenditure of Rs. 177.27 crore (40.50 per cent of the expenditure) incurred for 62 works under CRF out of 102 works, Rs. 49.56 crore (15.99 per cent) for 53 works under NABARD out of 167 works and Rs. 58.58 crore (18.91 per cent) for 97 works under Fast Track Scheme out of 192 works.

3.7.6 Fund Management

Under CRF, GOI has to provide funds to State Government. The NABARD releases loan to State Government on monthly basis to be reimbursed against the claims submitted by State Government; under fast track the funds are made available by the State Government from its own budget. Table given below indicates that there were no financial constraints. There was firm commitment of funds from the Government for implementation of the works. The funds were underutilised due to delay in execution of works by the contractors.

(Rupees in crore)

Year	CRF		NABARD		FAST TRACK*	
Total project cost	BP	Exp.	BP	Exp.	BP	Exp.
2001-02	100.00	36.32	179.30	100.07	-	-
2002-03	110.65	83.41	138.75	94.33	-	-
2003-04	100.00	56.98	73.75	50.06	200.00	118.17
2004-05	60.00	42.89	111.60	50.43	156.82	104.98
2005-06	52.01	66.95	95.77	107.57	40.00	52.41
Total	422.66	286.55	598.67	402.46	396.82	275.56

BP = Budget Provision, Exp. = Expenditure

*The works under Fast Track were projected for 2003-04 & 2004-05 only.

\$ The expenditure on works taken up from 2001-02 to 2005-06 was Rs 119.94 crore and rest of expenditure was on previous works taken up during 1993-2001.

3.7.6.1 Diversion of funds

Rupees 2.27 crore from CRF/NABARD and Fast Track were diverted for other works.

Rupees 2.27 crore out of the funds provided under CRF (Rs. 0.97 crore), NABARD (Rs. 0.26 crore) and Fast Track (Rs. 1.07 crore) were diverted (2005) for construction of other items of work like construction of guard wall, road marking and construction of hard shoulders and purchase of sign boards. These items were not provided in the original estimate and the saving from negative^v tender premium was utilized for it.

Incurring expenditure out of saving of the sanctioned estimate was irregular in view of the MORT&H guidelines (October 2000) and NABARD stipulations.

3.7.6.2 Unauthorised expenditure

Revised approvals were not obtained from MORT&H; unauthorized expenditure of Rs. 9.72 crore was incurred.

MORT&H instructed (2000) that the estimates should be approved within 10 percent of Administrative Approval (AA) and no expenditure should be incurred in excess of the approved cost. It was noticed that in Jabalpur and Rewa Districts the expenditure incurred exceeded by Rs. 1.87 crore in three works, but Revised Administrative Approvals (RAAs) were not obtained.

The EE stated (January 2006), that due to site condition, the quantities of WBM increased and the revised estimates were submitted to the CE. The fact remained that the RAAs were not obtained.

Similarly against the approved cost of Rs. 17.33 crore (2001-02) under CRF for Sleemabad Umariyapan Vilayatkala road and Bandhi Jhirri ROAD (District Katni), Rs. 25.18 crore were actually spent. The excess of Rs. 7.85 crore over AA was not regularized through RAA. Excess of Rs. 4.36 crore was noticed due to providing extra BM in 40.10 kms and SDBC in 28 kms which were not sanctioned in the estimate.

3.7.7 Planning**3.7.7.1 Physical targets and achievement**

Though, there was no financial constraint, yet there was shortfall in progress of construction.

Year-wise targets for completion of works were not fixed. Actual progress of work was only maintained at the office of the E-in-C. As against 167 works, 42 works sanctioned under NABARD were only completed by March 2006. Under RIDF IX (2003-04), three works and RIDF-XI (2005-06), 21 works were not started as of March 2006 because the tenders have still not been finalized.

Under CRF 59 works⁴ out of 102 works had been completed by the end of March 2006. The time allowed for completion of individual work under

^v Tendered rates below than estimated rates.

⁴ Year-	No. of works
2002-03	11
2003-04	22
2004-05	4
2005-06	22
Total	59

Central Road Fund, ranged between 8 months to 24 months. Therefore, 82 works taken-up between 2000-01 to 2004-05 should have been completed by March 2006, while only 59 works were actually completed. Thus there was a short fall of 28 percent.

The Government has also not reviewed the position to find out the cause for shortfall in achievement.

The Fast Track scheme was to be completed by March 2005. Despite no financial constraints 3014 kms of road out of 7751 kms, (39 percent) was only completed. The works were not completed mainly due to slow progress in works by the contractors.

3.7.7.2 Incorrect selection of the roads

Incorrect selection of roads led to misutilisation of Rs 21.54 crore.

According to the guidelines issued (May 2000) by the Ministry of Road Transport and Highway, only State Highways (SH) and Major District Roads (MDR) had to be renewed from CRF. Audit observed that eight works of Village roads (VRs) and seven works of other District Roads, (ODRs) with a length of 262.6 kms were incorrectly selected under CRF and therefore Rs. 21.54 crore spent on these roads were misutilised.

The EE stated (September 2006) that due to heavy traffic, the road was taken up under CRF. The reply was not tenable as Government instructions were disregarded in making selection of the roads.

3.7.7.3 Under NABARD, the work was to be taken up after its approval. It was observed that in Shajapur District two works were taken up (2003) in anticipation of their approval and were subsequently closed as approval was not given in that year. The WBM works done in 2003 worth Rs. 30.21 lakh were rendered wasteful, as this had to be redone at a cost of Rs. 26.23 lakh upon receiving approvals in 2005.

On being pointed out the EE admitted (March 2006) that the WBM works were redone.

3.7.7.4 Under Fast Track Scheme, 24.80 kms of Agar Barod road of Shajapur District, renewed (July 2003) was under performance security upto July 2006, but was prematurely reselected (2004-05) for strengthening and widening at a cost of Rs. 2.49 crore under CRF; and the work of BT executed earlier amounting to Rs. 35.93 lakh had to be redone.

On this being pointed out in audit, the EE stated (March 2006) that under Fast Track the road was renewed in 3.75 m, while under CRF, the road was widened to 7 m. The reply was not tenable because if the widening was considered essential, the road should have been selected originally under CRF to avoid the loss of BT renewal that had to be carried out on account of subsequent widening.

3.7.8 Execution

3.7.8.1 Extra cost in designing of the embankment

According to MORT&H specifications, the granular sub base (GSB) to be provided in crust portion of the road, could be extended to full formation width where the CBR of sub grade was less than 2 percent, permeability was low and box type drains had to be constructed. Contrary to these specifications GSB was provided in full formation width of the road in three works under CRF and six works under NABARD, resulting in extra cost of Rs. 3.12 crore. On this being pointed out in audit, the EE stated (March 2006) in reply that the road passes through the black cotton soil reach and as per MORT&H specification, the GSB should be on entire width of formation. The reply was not tenable because the CBR of soil was more than 2 percent and its permeability also was not tested.

3.7.8.2 Extra cost due to providing excessive crust

The specification required that while strengthening of the road, the existing crust of the road should be utilised and deducted from the total requirement of the crust. In five works under CRF (1.76 kms) and two works under NABARD (235 kms) the existing Water Bound Macadam (WBM) Grade-I and Grade-II was not utilised for the total crust and was redone which resulted in extra cost of Rs. 4.61 crore.

On being pointed out in audit the EE stated (January 2006) in reply that the work was executed as per approved estimate. The reply was not acceptable as specifications were disregarded.

3.7.8.3 Extra cost due to unwanted bituminous courses

According to MORT&H instructions, the strengthening of road having traffic density of 2500 commercial vehicles per day (CVD) or more was to be done with 50 mm thick Bituminous Macadam (BM) or 75 mm thick Built up spray grout (BUSG).

Contrary to these instructions in two works under CRF in Raisen and Indore District where the traffic density was less than 2500 commercial vehicles per day both BM and BUSG were provided in strengthening whereas only one bituminous base course was required which resulted in extra cost of Rs. 2.89 crore.

On being pointed out the EE stated (April 2006) that the work was done as per estimate technically sanctioned by the CE. The reply was not correct because the estimate approved by the CE was proposed by the EE and these estimates were not prepared as per MORT&H stipulations.

* CRF (Bhopal 75.81 lakh, Shajapur 15.60 lakh, Indore 24.78 lakh = 116.19 lakh)

NABARD (Shajapur 25.89 lakh, Indore - I, 31.12 lakh, Rewa 55.38 lakh, Katni 21.78 lakh, Vidisha 61.51 lakh = 195.68 lakh) Total: 3.12 crore.

* CRF (Sehore 59.68 lakh, Jabalpur 42.78 lakh, Dewas Rs. 44.97 lakh, Rewa Rs. 17.54 lakh and Katni Rs. 191.98 lakh = 356.95 lakh)

NABARD (Shajapur 57.76 lakh, Dewas 45.80 lakh = 103.56 lakh) Total Rs. 460.51 lakh, Say 4.61 crore.

3.7.8.4 Extra cost and undue advantage to the contractors

As SD was paid between WBM and BM contractors were given undue advantage amounting to Rs. 2.06 crore

The surface dressing (SD) was recommended to protect the freshly laid Water Bound Macadam (WBM) but it neither enhances structural strength nor improves the riding quality of the pavement. The Surface Dressing was provided and executed in between WBM and Bituminous Macadam surfaces (BM) in four works under CRF and one work each under NABARD and Fast Track, where the same contractor after executing the WBM had to provide Bituminous Macadam over it, and was also responsible for maintenance and protection of Water Bound Macadam, during construction. Therefore, the provision and execution of Surface Dressing was unwarranted and resulted in extra cost to the tune of Rs. 2.06 crore.

On this being pointed out in audit, the EE stated (August 2006) that the SD over WBM layer had been provided/sanctioned in the estimate. The reply was not tenable in view of the specification.

3.7.8.5 Deficiencies in management of works

According to the guidelines, each proposal should include broad features of the project and shall include, index map (showing the location of project) scope for proposal (showing brief discussion and need for improvement), existing position and improvement (designed preliminary survey and traffic), cost estimate and basis of rates (showing the basis of rates adopted) and report of utility (indicating how existing infrastructure was useful and the land was available for it).

It was however noticed that in the following works, either projects were prepared without proper survey/traffic census or the items of work were uneconomically revised.

As per project report and estimate the earth available from borrow area was to be used but in three works under CRF and one work under NABARD it was bought from out side incurring extra cost of Rs. 2.69* crore.

The EE stated (February 2006), that the CE had sanctioned the rates after careful consideration. The reply was not tenable because no such mention was made in the sanctions by the CE.

3.7.8.6 Government instructed not to include construction of hard shoulders and berm filling from the funds made available under fast track, and it was to be done departmentally. Accordingly in the estimate and agreement for renewal of 38.8 kms of Chambal Ingoriya Unhel Nagda road (Ujjain District) no such provision was made. The CE however approved (February 2005) supplementary schedule for item of work for berm filling and Rs. 32.88 lakh were also spent on berm filling. As a result of this change only 21.60 km of

* CRF (Bhopal 17.98 lakh, Raisen 107.38 lakh, Dewas 9.23 lakh, Sagar 51.08 lakh) NABARD (Sagar 10.90 lakh), FAST TRACK (Dewas 9.76 lakh), Total Rs. 2.06 crore

*CRF : Bhopal 10.25 lakh, Katni Rs. 123.18 lakh, Sagar Rs. 70.59 lakh, NABARD: Dewas Rs. 64.56 lakh., Total : Rs. 2.69 crore

road had been renewed as the funds were also diverted and spent on incorrect items.

As Sagar District on Rahatgarh Khurai road and Ashok Nagar District Deharda Rajghat road hard shoulders were not provided in the estimate, yet Rs. 25.19 lakh and Rs. 17.48 lakh respectively were paid without sanction of CE.

On this being pointed out, the EEs stated (August 2006) that the shoulders work was taken up as previous shoulders had deteriorated and representations in this regard were received. The replies were not acceptable as the Government instructions were disregarded.

3.7.8.7 Awarding of work without inviting tenders

Pending approval of estimate, construction of Katangi Pola Majholi road Probable amount of contract Rs. 2.60 crore was awarded (August 2004) at 19.80 percent above schedule of rates. Technical Sanction for Rs. 4.10 crore including provision for Cement Concrete road was accorded as late as in May 2005. The Schedule for Rs. 2.60 crore attached in NIT was not available in the division. Rules required that the work valuing Rs. 2 lakh or more should be awarded after inviting open tender, however this instruction was disregarded in awarding of this contract.

Works of Rs. 2.11 crore were awarded without inviting tender.

At Bhopal District, the CE awarded additional works valued Rs. 2.11 crore to two contractors without inviting tenders at the rates of their previously accepted tenders under CRF works.

On being pointed out, the EEs stated (February 2006) that the work was awarded as per supplementary schedule approved by the CE. The reply was not tenable because the additional work was awarded disregarding the codal provisions.

3.7.8.8 Short recovery of liquidated damages

The agreements required that liquidated damages at the rate 1/16 percent of value of works per week limited to 6 percent of contract price for delay in works should mandatorily be recovered from the contractor. Though the works were delayed for 14 weeks to 144 weeks yet Liquidated Damage recoverable amounting to Rs. 4.90 crore was not recovered. In few cases the CE had accorded the extension of time with nominal penalty of Rs. 0.35 crore, in violation of provisions of agreement resulting in undue advantage to the contractors to the tune of Rs. 4.55 crore as shown in **Appendix 3.12**.

Liquidated damages to the tune of Rs. 4.55 crore were not recovered from the contractor.

On being pointed out, the EEs stated (August 2006) that the penalty decided by the CE was only leviable. The reply was not tenable as the liquidated damage had to be recovered as per agreement.

Incorrect application of rates for excavation led to over-payment of Rs. 1.84 crore.

3.7.8.9 Overpayment to the contractors due to incorrect application of rates

According to Schedule of Rates (SOR) forming part of the agreement, the item for excavation in embankment for widening at Rs. 86 per cum (rounded off) included, (i) excavation for widening at Rs. 43 per cum and (ii) construction of embankment from the excavated soil at Rs. 43.20 per cum. Though the contractors were separately paid for construction of embankment at Rs. 43.20 per cum (or at Rs. 133 per cum for soil brought from outside) even then the contractors were also incorrectly paid full rates for excavation and for construction at the rate of Rs. 86 per cum. As the construction work was separately paid only payment of excavation was to be paid which however had not been done.

Incorrect application of rates resulted in overpayment of Rs. 1.84* crore (CRF Rs. 1.31 crore and NABARD Rs. 0.53 crore) to the contractors.

On being pointed out the EE stated (February 2006), that the payment was made as per approval of the CE. The reply was not correct because for excavation only the rate of Rs. 43 per cum was payable.

3.7.8.10 Excess payment towards bitumen in SDBC

The agreements for CRF works (2000-2001) included an item of Semi-Dense Bituminous Concrete (SDBC), to be provided with 4 percent bitumen contents by weight of total mix, including preparation of job mix formula (JMF) and the contractor should provide at his own cost the weigh bridge receipt in support of the quantity of mix material laid. The contractors during execution submitted the JMF showing use of bitumen contents four percent and five percent, which was neither approved nor disapproved by the Engineer. As per specifications the work was to be tested for its density (1 test /200 sqm), marshal stability (3 tests/400 tonnes) and binder contents (2 test/400 tonnes) of mix and the cost of bitumen adjusted accordingly. On the basis of job mix formula, an amount of Rs. 1.09 crore was paid extra in Raisen and Katni District towards extra bitumen. The payment was not admissible because the contractor did not submit the weigh bridge receipt of mix material laid. Further detailed tests were carried out only at Raisen District according to which actual bitumen used was only 4 percent and; in Katni District, in one case out of six the actual work was done with 4 percent bitumen while in all other cases grading used was not conforming to SDBC as given vide **Appendix 3.13.**

The EE PWD Division Raisen stated (April 2006) that the amount would be recovered from the final bill, while the EE PWD division Katni did not offer any comment.

* CRF (Sehore 15.75 lakh, Bhopal 33.53 lakh, Indore 29.72 lakh, Katni 42.62 lakh, Shajapur 8.97 lakh) NABARD (Bhopal 42.40 lakh, Indore 11.28 lakh; Total Rs. 1.84 crore)

3.7.8.11 Excess payment towards price variation

Contrary to the agreement provisions excess payment of Rs. 1.33 crore towards price variations was made to the contractors.

As per agreement, the price variation due to rise/fall in the price of Material/Labour and POL was payable provided contract period was exceeding 12 months and the contractor had brought and used the material as per the agreement. Contrary to these provisions, excess payment of Rs. 1.33 crore was made in Raisen and Sagar District. Details are shown in *Appendix 3.13*. These included excess payment of Rs. 94.32 lakh on account of utilisation of bulk bitumen instead of packed bitumen.

The EE stated (August 2006), that the price variation was paid on bulk bitumen which was same as packed bitumen. The reply was not tenable because as per agreement the price variation had to be paid only for material given in the agreement and packed bitumen was only specified in the agreement.

3.7.8.12 Non-renewal of performance guarantees

Bank Guarantee of Rs. 1.06 crore taken in lieu of security was not renewed.

According to the agreements, the contractors had to perform and maintain the works for a period of 3 years from the date of completion. Performance security at 5/10 percent had to be recovered from each bill and during performance period could be refunded against the bank guarantee. The contractors had to carry out all necessary repairs within 15 days of receipt of communication from the Engineer-in-Charge, failing which the repairs would be carried out by the Department at the risk and cost of the contractor and cost recovered from the performance security.

In three districts[@], it was noticed that works completed between July 2003 and October 2005, were under performance guarantee between July 2006 and October 2008, yet the bank guarantee of Rs. 1.06 crore taken in lieu of security was not renewed and had lapsed.

The EE stated (July 2006), that for the renewal of bank guarantees was under correspondence.

3.7.9 Quality assurance and monitoring mechanism**3.7.9.1 Execution of work below specifications and payments made for rejected works**

BM works worth Rs. 3.23 crore were substandard; Rs. 48.74 lakh were not recovered.

The specifications required that, the work of Bituminous Macadam (BM) shall be covered with the wearing course of Semi Dense Bituminous Concrete (SDBC) within 48 hours. If there was a delay, the BM shall be covered with a seal coat to be treated as incidental part and not to be paid to the contractors separately. It was noticed that the Bituminous Macadam executed on 159917.18 sqm at a cost of Rs. 1.98 crore on Sleemnabad-Vilayat Kala road upto April 2003, was not covered with the Semi-Dense Bituminous Concrete or seal coat up-to October 2004 even after passing of two rainy seasons. Similarly the BM executed on 59362.265 sqm at cost of Rs. 70.11 lakh up to April 2004, on Bandhi Jhiri road was not covered with SDBC or seal coat upto

[@] Indore, Raisen, Rewa.

November 2004. BM on 65319.88 sqm executed up to June 2005 at cost of Rs. 54.46 lakh on Chanderi Mungawali Vidisha road of Ashok Nagar District was also not covered with SDBC upto October 2006. Thus the work executed worth Rs. 3.23 crore was below specification.

It was also noticed that the CE rejected (April 2003) the below specification work on Sleemnabad-Vilayat Kala road, yet full payment was made to the contractor and in all the cases the cost of seal coat amounting to Rs. 48.74 lakh was also not recovered from the contractors.

The EEs stated (August 2006) that the BMs could not be covered with SDBCs timely because the amounts of the agreements was exceeding.

The specifications required that the SDBC should be provided on firm bituminous course. Contrary to these specifications, the SDBC on 13.60 kms of Sironj Berasiya road (district Vidisha), was provided on WBM surface resulting in below specification work valuing Rs. 52.51 lakh.

The EE stated (October 2006), that the work was done as per estimate. The reply was not tenable as specifications were disregarded.

3.7.9.2 Non-execution of work as per design

Widening, strengthening of Kishanpura Mugaryau road (District Sagar), length 15.80 kms was taken up (2005) under NABARD at a cost of Rs. 2.09 crore. The crust of the road was designed at 70 cm for 10 years life. As the sub-grade soil was weak, in addition to 15 cm layer of Granular Sub Base (GSB), one capping layer of 15cm thick GSB was also provided to the requirement of IRC -37. It was noticed that during execution, only layer of GSB was provided. In view of weaker soil, it was incorrect to reduce the capping layer thickness of GSB. Execution of work worth Rs. 1.07 crore, contrary to approved design was not only below specifications but also likely to get damage.

Approved design was altered.

On being pointed out the EE stated (September 2006) that during excavation, hard soil was found and as per revised crust design, the revised treatment was done. The reply was not tenable because CBR of sub-grade was less than 2 percent and as per IRC, one capping layer of 15 cm GSB was essential.

3.7.9.3 Execution of sub-standard work without proportionate recovery

MORT&H specifications required that wearing course of Semi-Dense Bituminous Concrete should be provided on the basis of job mix formula duly approved by the Engineer. The contractors were to submit the job mix formula either from Engineering College or private laboratory. Against the requirement of job density 2.30 gm/cc to 2.34 gm/cc and bitumen content in the mix being 5 percent to 5.17 percent by weight of total mix, the density of mix was recorded as low as 2.0 gm/cc to 2.10 gm/cc and bitumen contents 2.17 percent to 5 percent. Therefore the execution of work worth Rs. 7.98 crore, (CRF Rs. 1.10 crore, Fast Track Rs. 6.87 crore) was sub-standard.

SDBC worth Rs. 7.98 crore was sub standard and no proportionate recovery was made.

On being pointed out, the EEs stated (June 2006) in reply that the density achieved was within 90 percent of designed density. The reply was not tenable because no such deviation was also permissible as per MORT&H specifications.

3.7.9.4 Monitoring

As per instructions the implementation of the programme was required to be monitored by the E-in-C and the CE's of the zone for achieving the targets within time and realisation of full economic benefits. Financial and physical status of the works was prepared by the E-in-C, but year wise targets were not fixed for effective monitoring of the programme and timely completion of project. Therefore the works were delayed. Uniform specifications and instructions were neither prepared nor issued for successful execution and quality assurance. Lack of effective monitoring has hampered the progress and quality assurance of the works.

3.7.9.5 Management information system (MIS)

GOMP decided (November 2004) to purchase computers for PWD from CRF and connect all PWD divisions. Accordingly the CE (planning) purchased 171 computers through the State Electronic Development Corporation (SEDC) at a cost of Rs. 2.17 crore. The computers were installed (May 2005) at E-in-C office and the PWD divisions.

As the computers have not been connected to Headquarter and the divisions were not having trained data entry operator (DEO), MIS could not be developed (March 2006). The expenditure incurred thus remained unfruitful.

3.7.10 Conclusion

The fund management under these programmes was deficient, as funds were diverted and also unauthorised expenditure was incurred. Planning and monitoring was weak, as there were delays in completion of works due to slow progress by the contractors. Village and ODRs were also incorrectly selected and in some of the cases the work was commenced without stipulated sanction. Execution of work was deficient as in large number of cases MORT&H specifications were disregarded during preparation and approval of estimates. Works were awarded without invitation of tenders and liquidated damages were not recovered. There were overpayments due to incorrect application of rates and stipulated performance bank guarantees were not found to have been renewed in time. Execution of substandard works was indicative of deficient quality control mechanism. Monitoring was weak.

3.7.11 Recommendations

- The technical estimates should be made strictly according to the MORT&H specifications and during approval of estimates, appropriate checks should be ensured for adherence to these specifications.

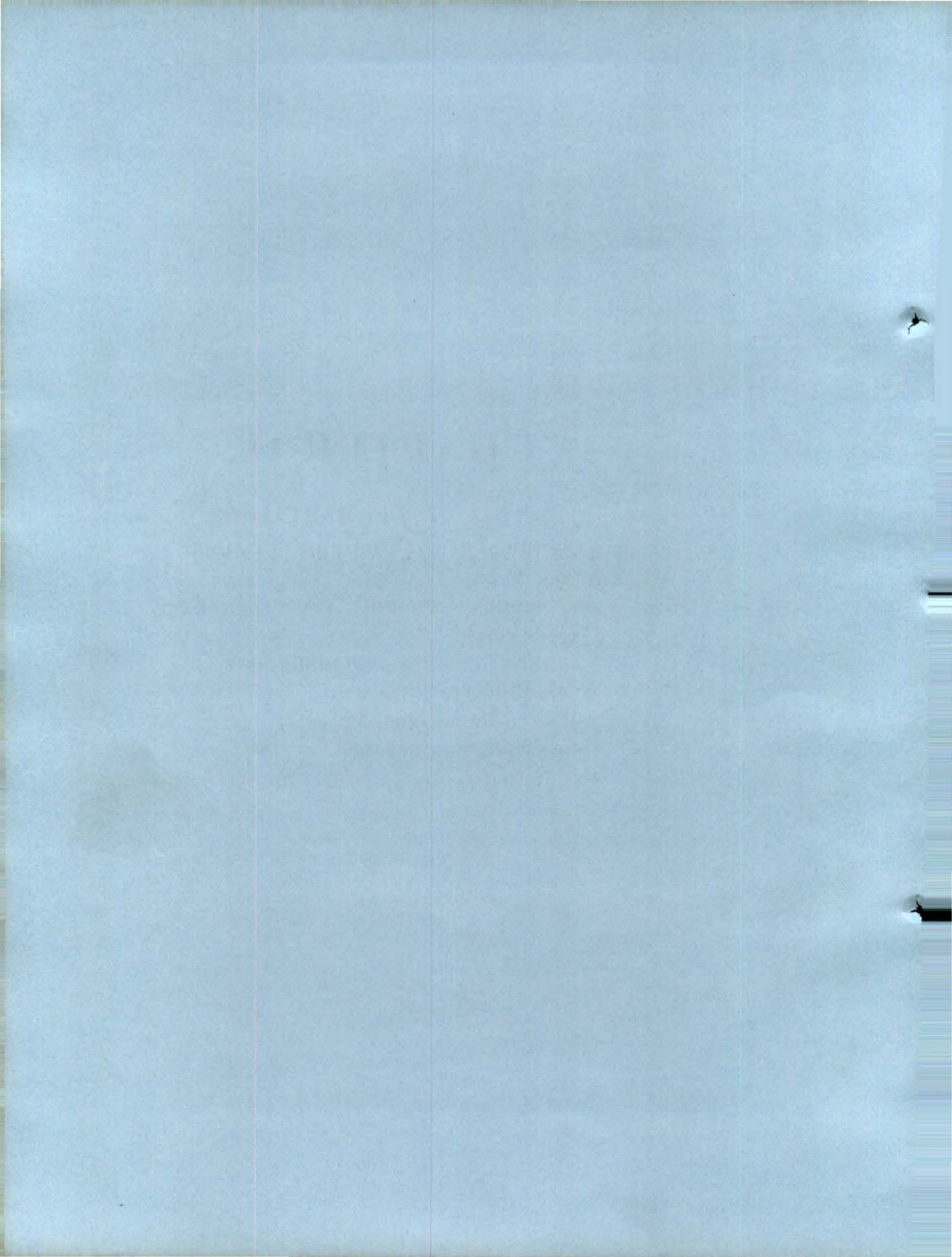
- A system of monitoring over timely receipt and renewal of performance bank guarantee should be evolved.
- The progress of the various work should be reviewed at periodic and regular basis at various levels so as to identify bottlenecks and ensure speedier completion.

The matter was referred to the Government in September 2006; reply had not been received (December 2006).

CHAPTER IV

Audit of Transactions

- **Fraudulent drawals/misappropriation/ losses**
- **Infructuous/Wasteful/Excess expenditure/ Overpayment**
- **Violation of contractual obligation**
- **Avoidable expenditure**
- **Idle investment/blockage of funds/Diversion of funds**
- **Regulatory issues and other points**



CHAPTER IV

Audit of Transactions

4.1 Fraudulent Drawal / Misappropriation/losses

Agriculture Department

4.1.1 Suspected defalcation of Government money

Non-observance of codal provisions resulted in defalcation of Rs. 1.84 lakh.

According to the provisions of the Madhya Pradesh Treasury Code Volume-I, all monetary transactions should be entered in cash book as soon as they occur and should be attested by the officer in-charge of the cash book in token of check. The head of an office where money is received on behalf of the Government must give a receipt in Form MPTC 6. Moneys received should be credited into treasury without delay.

Test-check (March 2004 and March 2006) of the records of the Assistant Director of Horticulture (Principal Garden) Bhopal (ADH) and further information collected in July 2006 revealed that six Garden Superintendents (Park No.1, 2, 3, Gulab Udhyan, Vallabh Bhawan Udhyan and Udhyan Sewa Kendra) sold plants worth Rs. 1.84 lakh during the period 1st April 2003 to 13th August 2003, for which they issued Departmental receipts. The amount of sale proceeds was handed over to Assistant Director of Horticulture who issued them receipts for Rs. 1.63 lakh only on simple paper. The amount was neither accounted for in the cash book of ADH, nor was the amount remitted into treasury. This has resulted in defalcation of Rs. 1.84 lakh.

On being pointed out (March 2004) in Audit, the ADH stated (March 2004) that matter was reported to Director of Horticulture in November 2003. Further scrutiny of case revealed (March 2006) that a First Information Report was lodged on 2 December 2004 at Police Station, Economic Offence Wing Bhopal against the then Assistant Director of Horticulture after expiry of 15 months. The officer retired from service on 31 December 2004.

Thus, non-observance of codal provisions by ADH and laxity on the part of higher authorities led to defalcation of Rs. 1.84 lakh.

The matter was reported to Government in April 2004/2006; reply had not been received (October 2006).

Narmada Valley Development Department

4.1.2 Loss due to pilferage of material

Pilferage of material / non-returning of unused material resulted in loss of Rs. 92.76 lakh to the Government.

Central Public Works Accounts Code (adopted by State PWD) vide paragraph 10.3.11 provides that in all cases, material issued directly to work should, as soon as received, be brought to accounts and full value should be debited to the work, and quantities entered in the Register of *Material-at-site (MAS)* account (Form 35), in cases in which the works accounts are maintained by sub-heads. An account of all the transactions should be prepared and submitted to sub-division/ division office every month.

If the officer or the subordinate in direct charge of work, the accounts of which are kept by sub-heads, is transferred before the accounts of it are closed, the unused materials at site of work should be verified by the relieving officer in company with the relieved officer and the report prescribed under paragraph 10.3.14 should be prepared by the Sub-divisional officer and submitted to the Divisional Officer.

Scrutiny in audit (December 2005) of accounts of the Executive Engineer (EE), Rani Awanti Bai Lodhi Sagar, Distributory Division, Patan, revealed that RCC Hume Pipes (1607 Running Meters valuing Rs. 68.20 lakh) and LDPE Film (30.706 MT valuing Rs. 24.56 lakh) were issued to Sub Engineer "A" from stock of the division. The Sub Engineer did not render MAS account to sub division/ division and consequent upon his transfer to the office of the Engineer-in-Chief, Water Resources Department, Bhopal, was relieved of his duties on January 4, 2006. The Sub Engineer also failed to hand over the material valued at Rs. 92.76 lakh to his successor. Due reports were neither furnished by Sub Engineer nor were received by the EE. Thus, failure to follow the control mechanism prescribed in CPWA code on the part of EE resulted in pilferage of stores and the resultant loss of Rs. 92.76 lakh to the Government. On being pointed out in audit, the Executive Engineer admitted the facts and requested (January 2006 and August 2006) the Station Officer, Police Station, Patan for registering First Information Report (FIR) against the delinquent official, which was lodged on August 22, 2006. Charge-sheet against the official was stated to be in process (November 2006).

The matter was reported to the Government in February 2006, reply had not been received as of November 2006.

Public Health Engineering Department

4.1.3 Fraudulent drawals of Government money

Fraudulent drawals of Government money through cheques by tampering with or manipulating figures resulting in fraud of Rs. 1.89 crore.

Paragraph 3.2.1 of Central Public Works Accounts Code (CPWA Code adopted by State PWD) stipulates that the *Divisional Officer* is the primary disbursing officer of the division, who is permitted to obtain by cheque on civil treasuries or on the bank, the funds required for all disbursements in connection with the execution of works. He also collects some of the departmental receipts and remits them into civil treasuries or the Bank. The accounts of these receipts and disbursements (including the transactions of subordinate officials acting on his behalf) are compiled under his supervision by an Accountant posted to his office by the Accountant General, and are submitted monthly to the Accountant General who audits them against sanctions and appropriation of funds and then incorporates them in the general accounts of Government.

Paragraph 22.3.3, further lays down that for cheques drawn, the pass books, duly completed for the months, should be obtained from Treasury Officers with the certificate of issues from treasuries and their agreement with the cash books of the division should be effected in Part II of Form 51- Schedule of Monthly settlement with treasuries, which also gives details of the differences. This form 51 is required for submission to Audit in original.

Scrutiny in audit (November 2005) of accounts of the Executive Engineer (EE), Public Health Engineering (PHE) Division, Bhind, revealed that the divisional officer failed to submit schedule of settlement of accounts with treasury (Form 51) after August 2003. During reconciliation of cheques drawn from treasury and divisional cash book, it was observed that 72 cheques (as detailed in Appendix 4.1) were shown to be issued to replenish the cash for chest aggregating to Rs. 18,37,000 between October 1998 and June 2005, whereas cheques amounting to Rs. 2,07,37,000 were actually encashed from the bank by tampering with or manipulating figures as compared to amount shown on the counterfoil of chequebook and amount entered in the cashbook. The drawals during the period from 17 June 1999 and 30 June 1999 could not be reconciled by Audit as the Treasury Officer; Bhind did not furnish the details. Malpractice in the Division had thus resulted in fraudulent drawal of Rs. 1.89 crore.

The matter was referred (September 2005) by the Accountant General (A&E) to Finance Department of State Government desiring thorough investigation. Thereafter two First Information Reports (FIRs) were lodged (September 2005 and January 2006) with Bhind Police against the delinquent officers/ officials. The case was still under investigation with the State Government.

Failure in reconciliation of amount of cheques issued and actually encashed from the bank/ treasury and non-preparation/ submission of schedule of settlement with treasury (Form 51), thus resulted in this persistent fraudulent draws.

The matter was reported to the Government (September 2005 and April 2006); reply had not been received as of November 2006.

Food, Civil Supplies and Consumer Protection Department

4.1.4 Loss of interest

Savings from rounding of the rates of Kerosene were kept for two years in a fixed deposit account with Post Office instead of co-operative bank depriving the Government from interest income of Rs. 37.50 lakh.

State Government framed rules (March 2001) to ensure supply of Kerosene at a uniform rate to the consumers of the State. Consumer Price of Kerosene as determined by the State Government is to be rounded off after adding transportation, Commission etc. at the discretion of Collector to ensure supply of Kerosene at uniform rate in rural and urban area of the district. The amount of savings from rounding off was to be deposited in the saving account and/or fixed deposit account of the Collector with the District Central Co-operative Bank and utilized for strengthening the Public Distribution System.

A test-check (February 2006) of the records of Controller, District Supply, Bhopal revealed that in contravention of the rules an amount of Rs 3 crore from the savings of rounding off was deposited (March 2003) in an account with the General Post Office, Bhopal for two years without ascertaining the fact whether the interest was payable on it. Post Office did not allow interest on it, as it was Government deposit. This deprived the Government from earning interest amounting to Rs. 37.50 lakh (computed at the rate 6.25 per cent per annum).

On being pointed out, Controller stated (February 2006) that in anticipation of higher interest, the funds were kept with the Post Office and on denial of interest by the Post Office, necessary action was initiated.

The reply was not tenable because as per rules, the funds were to be deposited in District Central Co-operative Bank. Thus, Rs. 37.50 lakh that could have been earned as interest was lost due to non-adherence to the rules.

The matter was referred to the Government in April 2006; reply had not been received (November 2006).

Public Works Department

4.1.5 Loss of interest

Loss of interest to the tune of Rs. 38.57 lakh due to unauthorized opening of current account and on account of blockage of funds.

As per orders of Government (May 2002) and instruction (December 2002) of Engineer-In-Chief, saving bank accounts were to be opened in the name of the Executive Engineer (EE) for Mandi funds received from Madhya Pradesh Rural Roads Development Authority (MPRRDA) for upgradation/improvement of roads. The funds were also to be demanded from MPRRDA only on the basis of actual requirement for works already awarded. The funds that are not likely to be utilized within 15 days should be refunded to the MPRRDA immediately to avoid blockage of funds.

It was, however, seen in audit (November 2005) that the EE, PWD (B/R), Division-Sidhi had unauthorisedly opened current account (No-01079959101) in Sidhi Branch of State Bank of Indore. As a result, the interest on amounts deposited could not be earned during November 2002 to October 2005. Further, the funds were also demanded in excess of requirement and kept in current account for a period more than six months instead of surrendering it to the MPRRDA during the same period. Government orders were thus disregarded resulting in a loss of interest of Rs. 38.57 Lakh.^a

Engineer-in-Chief, PWD, Bhopal accepted (November 2006) the audit objection and stated that EE was responsible for not keeping the amount in Saving Bank Account.

The matter was reported to Government in April 2006; reply had not been received as of November 2006.

Urban Administration and Development Department

4.1.6 Loss due to cancellation of contract for parking of vehicles in the 'Mela Area'

Cancellation of parking contract deprived the Government of Rs. 23.14 lakh during Simhashta Mela-2004.

An agreement was executed on 5 March 2004 between Bhartiya Sewa Samittee Indore (BSS) and Simhashta Mela Officer Ujjain for awarding contract of parking the vehicles at seven spots in seven satellite towns around Ujjain town and an amount of Rs. 99.18 lakh was also deposited by BSS. As

^a Period	Interest lost	Reasons
11/02 to 11/03	9,40,729.00	Amounts in current A/c (as per cash book)
12/2003 to 10/05	9,87,897.00	Amounts in current A/c (as per Bank-statement)
11/02 to 10/05	19,28,626.00	Blocking of fund in savings account
Total	38.57 Lakh	

per clause 14 of agreement if contract is cancelled due to change in procedure the deposited amount would be refunded proportionately.

Scrutiny (November 2005) of the records of Mela Officer, Ujjain revealed that a 'High Level Committee', headed by the Minister-in-charge of the Mela, met on 10 April 2004 and decided to cancel the parking contract awarded to BSS, Indore, stating that the load of vehicles was lower than expected number of vehicles at the identified parking spots. Accordingly, Commissioner, Ujjain informed the contractor on 12 April 2004 and refunded whole amount deposited by BSS and did not recover from BSS Rs. 23.14 lakh (proportionate amount for seven days running of contract) though BSS was allowed to retain the amounts collected by it as parking fees during that period.

Thus, cancellation of the parking contract by Commissioner, Ujjain, just seven days after the start of mela, and refunding the whole amount deprived the Government from realizing revenue to the tune of Rs. 23.14 lakh.

The matter was referred to the Government in March 2006; reply has not been received till date (November 2006).

4.2 Infructuous/Wasteful / Excess expenditure and overpayment

Narmada Valley Development Department

4.2.1 Overpayment of escalation and non-levy of liquidated damages

Unauthorised revision of sanction for extension of time and adoption of incorrect indices for escalation resulted in overpayment of Rs. 22.16 lakh besides non-levy of liquidated damages of Rs. 13.91 lakh for delay.

The Works "Construction of Earth Work with structures and cement concrete lining of *Belkhedi Distributory*" estimated to cost Rs. 13.91 crore and "*Pipariya Sub Distributory*" estimated to cost Rs. 14.76 crore were awarded (April & June 2003) to a contractor by the Executive Engineer (EE) RABS Rehabilitation Division, Jabalpur, at tendered cost of Rs. 14.73 crore and Rs. 15.97 crore respectively for completion in 21 months including rainy season. The works were in progress as of March 2006 and contractor was paid Rs. 13.34 crore and Rs. 9.32 crore which included price adjustment of Rs. 75.45 lakh and Rs. 57.60 lakh respectively till December 2005. Scrutiny in audit revealed the following:

Clause 2.40.2 of agreement provides that the price escalation shall be applicable only for work that is carried out within the stipulated time or extension there of due to reasons not attributable to contractor.

The work of *Belkhedi Distributory* was scheduled for completion by 16 January 2005 but the contractor failed to complete the work within

stipulated period and the Chief Engineer (CE) granted (February 2005) extension of time up to 31 March 2005 under *penal clause* (Clause 4.3.2). In terms of agreement the contractor was, therefore, not entitled for price escalation during the extended period. It was, however, noticed that the CE revised (May 2005) his earlier sanction (February 2005) and granted extension of time under non-penal clause (Clause 4.3.5.2) and accordingly, the EE paid price escalation of Rs. 17.85 lakh for the extended period.

According to the clarification issued (July 1961) by the Government of Madhya Pradesh (GOMP) the decision once given can neither be reviewed by the officer nor by his successor. Thus, the CE was not competent to review and revise his own sanction. Unauthorised revision of time extension thus resulted in overpayment of Rs. 17.85 lakh.

Further, NVDD did not prepare the contract documents with due care which resulted in inconsistent and faulty contract clauses. The agreement was defective, in as-much as the clause regarding levy of liquidated damages was missing. As per standard clause, liquidated damages at the rate of one *per cent* of estimated cost or such smaller amount as the EE/ SE may decide for each day of default subject to a maximum of 8 *per cent* was leviable. However, no such penalty was levied due to defects in agreement. Had the penalty of minimum one per cent of estimated cost been provided, the amount of liquidated damages would have worked out to Rs. 13.91 lakh (Limited to 8 per cent).

The amount of escalation paid included payment of escalation on the basis of incorrect indices. The price bid of the work of *Pipariaya Sub-Distributory* was opened on 29 April 2003. Accordingly the base indices for labour and material were 475 and 173.1 against which division incorrectly adopted base indices of 473 and 171.06 respectively which pertained to March 2003, resulting in excess payment of Rs. 4.31 lakh.

When pointed out in audit EE stated (December 2005) that after examining the site condition the extension of time granted under penal clause was changed by the competent authority without penalty. Reply was not tenable in view of clarification issued by GOMP. As regards excess payment of escalation, it was stated that the tenders were opened on 28 March 2003, hence base indices of March 2003 were taken for escalation. The reply was not tenable as pre-qualification documents only were opened on 28 March 2003 and price bid was opened on 29 April 2003, as such base indices of April 2003 were to be adopted.

The matter was reported to Government in April 2006, but reply had not been received as of November 2006.

4.2.2 Recovery of excess payment at the instance of Audit

Payment of watering and compaction twice resulted in excess payment of Rs. 23.55 lakh to the contractor.

The Executive Engineer (EE), Narmada Development Division No.4, Jabalpur awarded (September 2004) the work of Excavation, Earthwork, Cement concrete lining and structures from RD 36.50 to 42 km of Bargi Right Bank Main Canal to a contractor on item rate tender under agreement No. 3 DL of 2004-05 at a cost of Rs. 21.48 crore for completion within the stipulated period of 9 months excluding rainy season. The work was in progress and the payment of 19th R A bill amounting to Rs. 11 crore was made to the contractor in May 2006.

Item 4(a) of the schedule of quantities appended with the agreement provided Earth work (E/W) for bunds and canal embankments as per dam specifications including all lead and lifts of all materials and all other charges, watering and compaction of earthwork at Optimum Moisture Contents (OMC) to achieve dry density not below 90 percent by Sheep Foot Roller (SFR) as per specification and as directed by Engineer-In -Charge. The contractor had quoted the rate of Rs. 50 per cum for this item.

Another item 4(b) provided watering and compaction of earthwork at OMC to achieve dry density not below 90 percent by SFR as per specification and as directed by Engineer-in-Charge. The contractor had quoted the rate of Rs. 22.10 per cum for this item.

From the aforesaid nomenclature of item 4(a) it would be evident that the item was inclusive of watering and compaction in respect of borrowed soil and item 4 (b) was meant for watering and compaction of embankment constructed with soil obtained from canal excavation.

Audit scrutiny revealed (January 2006) that contractor constructed canal embankment of 106543 cum from borrowed soil and was paid Rs. 53.27 lakh @ Rs.50 per cum under item 4(a). The contractor also executed 73641 (180184 -106543) cum of E/W with soil obtained from canal excavation. The item of watering and compaction for this quantity was payable at Rs. 22.10 per cum only. However the watering and compaction of 106543 cum borrowed quantity was again included in the total quantity (180184 cum) for payment under item 4(b).

Thus watering and compaction for 106543 cum was paid twice. This has resulted in excess payment of Rs. 23.55 lakh (106543 cum x Rs. 22.10 = Rs. 23,54,600 i.e. 23.55 lakh).

Although the Executive Engineer did not accept (January 2006) the Audit objection, the Government, to whom the matter was reported in May 2006, admitted the overpayment and stated (September 2006) that the amount of Rs. 23.55 lakh had since been recovered in June 2006.

Public Health Engineering Department

4.2.3 Over payment due to incorrect application of rate

Incorrect application of rate for yield test and development of tube wells by power pumps instead of hand pump resulted in extra payment of Rs. 78.02 lakh.

An amendment to Unified Schedule of Rates (USR) in force from May 2002, issued (July 2004) by the Engineer-in-Chief, Public Health Engineering Department, stipulated that yield test and development of tube wells, intended for installation of hand pumps only, shall be done manually for four hours at the rate of Rs. 75 per tube well.

Scrutiny of the records of six divisions* revealed that in total disregard to the above provision of USR, yield test and development of 3303 tube wells, intended for installation of hand pumps, was carried out through various percentage rate contracts by submersible power pumps instead of hand pumps manually, at the rate of Rs. 2437 (labour for installation of power pumps- Rs. 698, conducting yield test by power pumps for nine hours- Rs. 1143 and labour for taking out power pumps- Rs. 596) per tube well.

Incorrect application of rates in violation of USR, thus resulted in overpayment of Rs. 78.02* lakh (Rs. 2437 minus Rs. 75= Rs. 2362 per test on an average excluding tender percentage which varies agreement to agreement) to the contractors.

On these being pointed out the Executive Engineers (EEs) stated (January 2006 and May 2006) that payments were made in accordance with the rate of USR applicable and matter would be referred to higher authorities for guidance. The replies were not acceptable in view of amendment issued by the highest authority of the Department.

The matter was reported to the Government in June 2006, reply had not been received as of November 2006.

* 1.PHE Dn. Betul	538 x 2362	=12,70,756
2.PHE Dn. Rewa	254 x 2362	= 5,99,948
3. PHE Dn. Dindori	1195 x 2362	=28,22,590
4. PHE Dn. Chhindwara	664x 2362	=15,68,368
5.PHE Dn. Seoni	137*2362	= 3,24,000
6.PHE Dn Khargone	515*2362	=12,16,000
	Total	= 78,01,662

Public Health and Family Welfare Department

4.2.4 Infructuous expenditure on construction of hospital building on a hilly track

Due to construction of hospital at unsuitable site the intended objective of augmentation of medical facility was not achieved and expenditure of Rs. 3.37 crore on construction proved infructuous.

To augment the medical facilities at Tehsil level, Government decided (July 1997) upgradation of the existing 30-bedded Community Health Centre (CHC), Saunsar, District Chhindwara, to a 100-bedded hospital. The work of construction of hospital building was awarded to the Public Works Department (July 1997). A new building was constructed, around 4 km away from the existing CHC on a hilly track, at a total cost of Rs. 3.37 crore. The building was handed over (January 2003) to the Health Department for utilisation.

A test-check (December 2005) of the records of Chief Medical and Health Officer, Chhindwara (CMHO) and further information collected in May 2006 revealed that despite the Health Commissioner's direction (January 2003) to shift the existing CHC to the newly constructed 100-bedded hospital building on priority, the CHC was not shifted to the new building due to lack of facility of water supply, sanitation and approach road. Further, the District Planning Committee (headed by minister in charge of the district) also ordered (January 2003) to continue to run the CHC from the old building in view of difficulty being faced by the public at large. Only X-Ray machine and store was shifted (January 2003) to new building and other departments including OPD were running in old CHC Building.

On being pointed out in audit, CMHO admitted (December 2005) the above facts.

Thus, despite incurring an expenditure of Rs. 3.37 crore and lapse of three years, the intended objective of augmenting medical facilities at Saunsar were not achieved and the expenditure of Rs. 3.37 crore on construction of 100 bedded hospital proved infructuous. Further, improper planning as evident from selection of site for new building at a hilly track 4 km away from the existing CHC, lack of proper conveyance, medical facilities being scattered at two different places and non-completion of water supply, sanitation and approach road at the new building increased the inconvenience to the public.

The matter was referred to the Government in March 2006; reply has not been received till date as of November 2006.

Public Works Department

4.2.5 Excess payment due to violation of contractual obligations

Use of bulk bitumen instead of packed bitumen violated special condition of contracts resulting in excess payment to the tune of Rs. 61.38 lakh to the contractors.
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With a view to preventing adulteration in the bitumen used in construction / improvement of Black Topped (BT) roads the additional special condition forming part of the contracts stipulated that all bituminous works shall be carried out by using packed bitumen of grade 60/70 only.

Scrutiny in audit of three Public Works Divisions conducted during March 2005 and December 2005 revealed that notwithstanding the above contractual provision, bituminous works such as BT renewal, strengthening and upgradation of various roads were executed through eight item rate contracts, under which the contractors were allowed to use bulk bitumen instead of packed bitumen. Since the cheaper input was provided for execution of these works, the Department was entitled to recover the cost difference from the erring contractors. But except one (EE, Ashoknagar for part quantity), the remaining two Executive Engineers (EE) failed to effect recovery on this account. Use of cheaper input in violation of contract provisions and non-recovery of cost difference, thus resulted in excess payment of Rs. 65.90* lakh, of which only Rs. 4.52 lakh was recovered by EE, Ashoknagar division.

On these being pointed out in audit, the Executive Engineers of Ashoknagar and Katni Divisions, while admitting the facts stated that appropriate action to recover the amount would be taken after scrutiny, whereas EE, Rajgarh stated (December 2005) that the agreement did not provide for recovery of cost difference due to use of bulk bitumen instead of packed bitumen. The reply, being not in consonance with the provisions of contract, was not acceptable in audit.

The matter was reported to the Government in May 2006, reply had not been received as of November 2006.

4.2.6 Overpayment due to incorrect application of rates
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Incorrect application of rates for backfilling of Hume Pipe Culverts resulted in over payment of Rs. 33 lakh.
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Ministry of Road Transport & Highways (MORT&H) Specifications for Road and Bridge Works (Fourth Revision- 2001) provided that in construction of Hume Pipe (HP) culverts, two or more pipes required to be laid adjacent to each other shall be separated by a distance equal to at least half the diameter of the pipe subject to a minimum of 450 mm. Trenches shall be backfilled up to

* PWD (B/R) Dn. Katni-Rs. 33.78 lakh, PWD (B/R) Dn. Rajgarh-Rs. 23.61 lakh and PWD (B/R) Dn. Ashoknagar-Rs. 8.51 lakh = Total Rs. 65.90 lakh (-) Rs. 4.52 lakh recovered = Rs. 61.38 lakh

300 mm above the pipes immediately after the pipes have been laid and jointing material has hardened. The backfill soil shall be clean, free from boulders, large roots, excessive amounts of sods or the vegetable matter and shall be approved by the Engineer.

Accordingly the Schedule of Rates (SOR) for Bridge Works issued by the Engineer-in-Chief, PWD, provided an item (D-26) for the work of backfilling between abutments and returns, at the rate of Rs. 165 per cum.

During test check (between December 2005 and May 2006) of records of three divisions*, it was noticed that another item (D-11) of SOR applicable for moorum filling in haunches* of arch type major bridges and payable @ Rs. 467 per cum. was incorrectly applied for payment of backfilling of 13029.26 cum in Hume pipe culverts which was payable at the rate of Rs. 165 per cum (D-26). The payment was incorrect because the distance between the two adjacent pipes was minimum 450 mm, and thus there were no haunches. Further, in similar works of HP culverts executed under Pradhan Mantri Gram Sadak Yojana (PMGSY) the payment under item D-11 of SOR was prohibited through a general circular (August 2003) issued by Madhya Pradesh Rural Road Development Authority at the instance of Audit. Incorrect application of rates in Public Works Divisions resulted in overpayment of Rs. 33 lakh* to the contractors.

On this being pointed out, Executive Engineers (EEs) stated (December 2005-May 2006) that the items were executed as per provisions of sanctioned estimates and site conditions. The reply was not tenable because item (D-11) was incorrectly provided in the estimates and sanctioned.

Matter was reported to the Government in June 2006, reply had not been received as of November 2006.

4.2.7 Sub-standard execution of work resulting in wasteful expenditure

Execution of sub-standard bituminous work led to premature failure of road rendering the entire work wasteful (Rs. 54.36 lakh) besides non-recovery of extra cost Rs. 62.04 lakh spent by department for restoration of traffic.

The work "Improvement of riding quality in km 299 to 306 of National Highway No. 7", was sanctioned (June 2002) by Government of India, Ministry of Road Transport & Highways (MORT&H) for Rs. 2.73 crore. The work was awarded (August 2002) to a contractor on percentage rate contract at 17 per cent below the Schedule of Rate (SOR of August 1999) for completion in four months. However, after executing work valuing Rs. 54.36 lakh, the contractor abandoned the work. The contract was, therefore, rescinded

* PWD(B/R) Division, Gwalior, Tikamgarh and Balaghat.

* It is the lower part of the flanks of the arch

* PWD (B/R) Dn. Gwalior-Rs. 16.55 lakh, PWD (B/R) Dn. Tikamgarh-Rs. 4.94 lakh and PWD (B/R) Dn Balaghat-Rs. 11.51 lakh = Total Rs. 33.00 lakh

(September 2004) by the Executive Engineer, National Highway Division, Kātni. Scrutiny in audit (November 2005) revealed the following lapses:

Sanctioned estimate, among other items, included 40 mm thick profile corrective course (PCC) with Bituminous Macadam (BM), 75 mm thick BM in uniform thickness and 25 mm thick Semi Dense Bituminous Concrete (SDBC). MORT&H in its technical note categorically mentioned that since richer specifications are being provided, no deficiency in riding quality shall be acceptable. In case work is executed of inferior quality the agency shall rectify defects without any extra cost.

MORT&H specifications also provide that BM shall be covered either by next pavement course or wearing course within 48 hours. If there is to be any delay, the course shall be covered by seal coat which shall be incidental to the work and shall not be paid for separately.

It was, however, observed that after executing PCC (1713.833 cum) and BM (810.15 cum) the surface was neither covered with wearing course (SDBC) nor was it covered by seal coat before opening the road to traffic. Due to non-adherence to the technical specifications and provisions of sanctioned estimate, the BM layer completely deteriorated. The Superintending Engineer, MORT&H, during his inspection observed (October 2003) that damages transformed into no road condition causing inconvenience to traffic. A joint inspection was also conducted (November 2003) by Principal Secretary, Secretary and Engineer-in-Chief and they also conclusively found that work was sub-standard; hence Engineer-in-Chief rejected the work executed. It was imperative on the part of EE to stop further payment. The EE, however, injudiciously allowed (March 2004) net payment of Rs. 11.12 lakh to contractor towards 4th running bill.

Further, rectification of defects was responsibility of contractor but the defects were rectified by Department at a cost of Rs. 62.04 lakh to restore the traffic worthiness of the road. This amount was also recoverable from the erring contractor in terms of contract. Thus, due to non-adherence to specifications and execution of sub-standard work the expenditure of Rs. 54.36 lakh was rendered wasteful.

On being pointed out the Executive Engineer while admitting the facts, stated (November 2005) that the contractor was jailed in connection with some case hence defects were rectified by Department. The fact remains that no action to recover the cost was initiated by the Department.

Matter was reported to the Government in July 2006, reply had not been received as of November 2006.

Scheduled Tribes and Scheduled Castes Welfare Department

4.2.8 Irregular excess expenditure on purchase of uniforms

Providing two sets of uniforms to girl students instead of one resulted in irregular extra expenditure of Rs. 24.48 lakh.

Government of Madhya Pradesh Scheduled Tribes and Scheduled Castes Welfare Department launched a scheme (2000-01) to provide one set of uniform to Scheduled Caste and Scheduled Tribe girl students studying in first to fifth class.

Test-check of records (June 2005) of Assistant Commissioner Tribal Development (ACTD), Shahdol revealed that the ACTD purchased a total of 27,808 numbers of uniforms (2002-03: 13,124; 2003-04: 14,684) valuing Rs. 48.95 lakh against 13,904¹ number required to be provided to scheduled caste girl students. Thus contrary to the directions of Government, two sets of uniform were purchased and provided instead of one set. This resulted in irregular excess expenditure of Rs. 24.48 lakh.

The ACTD accepted the excess expenditure stating that supply of two sets of uniforms instead of one was irregular. During 2004-05 supply was made as per norms.

The matter was reported to the Government in August 2005; reply had not been received (October 2006).

Water Resources Department

4.2.9 Over payment due to incorrect application of rates

Contractor executing work of an Earthen Dam was overpaid Rs. 1.14 crore due to incorrect application of rates for excess quantities.

The Executive Engineer (EE), Sindh Project Earthen Dam Division, Narvar, Shivpuri awarded (January 1994) the work of 'Construction of 607 m. long Madikheda main earthen dam and Ukaila saddle dam' to a contractor on an item rate contract for Rs. 25.91 crore (evaluated at 6.39 percent above estimated cost of Rs. 24.35 crore). The stipulated period of completion was 48 months excluding rainy season. The work was however, in progress as of April 2006 and 84th Running Account bill of contractor amounting to Rs. 58.08 crore was paid in February 2006.

According to the contract clause, if quantity of any item exceeded by more than 10 percent of the quantities shown in the tender document, the payment for such excess quantity shall be made at the estimated rate of the item, plus or minus the overall tender percentage.

¹ (Number of SC girls 2002-03: 6562; 2003-04: 7342).

Scrutiny in audit revealed that in respect of an item 'Providing vertical Chimney filter,' the tendered rate was Rs. 225 per cum for the quantity of 44,330.30 cum. The contractor executed 84,534 cum. of this item till 84th Running Account bill. According to the contract provision 48,763 cum was payable at his tendered rate Rs. 225 per cum and the remaining quantity of 35,771 cum. was payable at the rate of Rs. 96.17 per cum (estimated rate Rs. 90.39 plus 6.39 tender percentage). The contractor was however, paid at Rs. 225 per cum for 57623 cum and @ Rs. 118.71 per cum for 26911 cum quantity, which resulted in excess payment of Rs. 34.08 lakh (including proportionate excess payment of Rs. 16.61 lakh towards price escalation.)

On being pointed out in audit, the EE stated (May 2006) that the relevant clause of agreement regulating payment for quantities in excess of 10 percent was altered by the Chief Engineer(CE); hence payment was made to the contractor at his tendered rate. He further stated that excess payment would be recovered from the contractor if Government disapproves the amendment made by CE. Reply is not tenable as CE was not competent to alter the contract clause which was approved at Government level.

(ii) Another item of contract, 'providing horizontal and inclined filter with 40 mm grade metal and sand' specified execution of 97,610 cum. During execution the CE instructed the contractor to execute this item of work with 'gravel and sand' in place of '40mm grade metal and sand', but subsequently (January 2003) instructed him to resume execution with '40 mm grade metal and sand'. The drawings approved by the Central Water Commission, New Delhi specified both the options.

Scrutiny in audit revealed that the contractor executed 1,07,344.80 cum of this item with '40 mm metal and sand' representing quantity up to 10 percent over tender quantity and he was paid at his tendered rate of Rs. 180 per cum. However, in respect of 66,454.50 cum representing quantities in excess of 10 percent of tendered quantity, the same was paid erroneously as an 'extra item' at the rate of Rs. 172.32 per cum, instead of payable rate of Rs. 110.99 per cum (estimated rate Rs. 104.32 plus 6.39 tender percent). The erroneous payment as 'extra item' for the scheduled item of work resulted in excess payment of Rs. 79.52 lakh (including proportionate excess payment of Rs. 38.74 lakh towards price escalation).

On being pointed out, the EE stated (May 2006) that as the contractor was facing difficulty in installing stone crusher at the site due to forest area, he was permitted to execute the work with 'gravel' in place of "40 mm graded metal" and the quantity of work executed with the item of 'gravel' was treated as 'extra item' and paid accordingly. Reply is not tenable because i) execution with 'gravel' in place of '40 mm grade metal' was permitted owing to contractor's convenience, ii) design approved by CWC New Delhi permitted use of both '40 mm grade metal' or 'gravel', and iii) CE was not competent to sanction extra item rate beyond Rs. 15 lakh as per Government Orders (20 October 1987) specified in the agreement.

The matter was reported to Government (June 2006), reply had not been received as of November 2006.

4.3 Violation of contractual obligation

Narmada Valley Development Department

4.3.1 Defective terms of contract resulted in loss to the Government and non-recovery of debitible extra cost

Non-invoking of condition for additional security deposit due to unbalanced rates of items of work resulted in avoidable loss of Rs. 37.18 lakh and non recovery of debitible extra cost of Rs. 7.72 crore.

The work "Construction of Bargi Right Bank Canal from RD 63 to 72 km", estimated to cost Rs. 26.81 crore was awarded (October 2003) by the Executive Engineer (EE) to a contractor for Rs. 25.27 crore (evaluated at 5.74 per cent below the estimated rates) for completion within 12 months from the date of commencement of work. Owing to slow progress and failure to complete the work till June 2005, the contract was rescinded (June 2005) at risk and cost of the defaulting contractor. However, the contractor was paid Rs. 8 crore till June 2005. Scrutiny in audit revealed (December 2005) the following.

According to the terms of the contract, in case the approving authority considers that the tenderer has quoted disproportionately high rates for some items or the tender is unbalanced⁹, the payment of such items shall be limited to the estimated rates plus or minus overall percentage and the balance payment of such items shall be retained as additional security deposit, which shall be released after completion of entire work. In case of failure to complete the work, the entire additional security deposit shall also be forfeited. The Narmada Valley Development Department (NVDD) also directed (April 1993) that item rate tenders should be accepted with the above stipulations.

Though the contractor had quoted disproportionately high rates for 11 items, and a specific undertaking for retention of additional security deposit was also signed by the contractor (forming part of contract), the contractor was paid at his tendered rates without recovering additional security deposit in respect of items bearing rates higher than the estimated rates.

Had the additional security deposit been retained, the same could have been forfeited upon rescission of contract. Thus, by not invoking the condition, Department foreclosed the opportunity to retain additional security deposit resulting in avoidable loss of Rs. 37.18 lakh, as detailed in **Appendix 4.2**.

After rescission of the contract (June 2005), work left incomplete estimated to cost Rs. 19.17 crore (cost of original contractor Rs. 18.07 crore) was awarded for Rs. 25.79 crore (at 34.54 percent above SOR 1998) in August 2006 to another contractor at the risk and cost of defaulting contractor during November 2005. Thus award of work on unworkable rates led to work being left incomplete and contract had to be terminated midway resulting in

⁹ As per Government NVDD circular dated 21-06-93, if the quoted rate for any item is more than the corresponding estimated rate of those items (plus/minus tender percentage), that rate is treated as unbalanced.

debitable extra cost of Rs.7.72* crore recoverable from erring contractor. However, Department failed to initiate action for recovery of debitible extra cost as of December 2005.

On this being pointed out in audit (December 2005), CE, Upper Narmada Zone, Jabalpur admitted (November 2006) the facts and stated that efforts would be made to effect recovery from the contractor's available deposits and through revenue Recovery Certificate.

The matter was reported to the Government in February 2006, reply had not been received as of November 2006.

4.3.2 Defective terms of contract resulted in undue aid to contractors

Non-recovery of additional security deposit in five contracts resulted in undue aid amounting to Rs. 4.77 crore to the contractors.

Government of Madhya Pradesh, Narmada Valley Development Department (NVDD) instructed (June 1993) that in item rate tenders, the items for which the contractors had quoted disproportionately high rates, payment for such items should be limited to the estimated rates plus or minus overall tender percentage. The balance payment may be retained as additional security deposit, which would be released only after successful completion of the entire work. If the contractor leaves the work incomplete for any reason, the additional security deposit so retained shall be forfeited to the Government. With a view to safeguarding the interests of the Government this clause was to be incorporated invariably in all the tenders.

Notwithstanding the above instructions and also in contravention to clause 3.47 appearing in other tender documents of the department, it was observed that this condition was not found included in five contracts for construction of Indira Sagar Project main canal being executed under Narmada Valley Development Divisions No.8 and 21, Sanawad and Division No.32 Barwaha. As a result, NVDD foreclosed opportunity to recover Rs. 4.77 crore from five contracts as detailed in Appendix 4.3.

NVDD did not prepare the contract documents with due care, which resulted in inconsistent and faulty contract clauses. Missing contract terms with regard to retention of additional security deposit provided extra financial assistance to the contractors affecting the economy of the project.

On these being pointed out in audit, the Executive Engineers (EEs) stated that there was no provision in the agreements to recover additional security deposit for unbalanced rates of items of work. The replies were not tenable because non-inclusion of such clause was against the instructions of the Government to safeguard its interests.

The matter was reported to the Government in August 2005; reply had not been received as of November 2006.

* Estimated cost of balance work:	Rs.19.17 crore
Cost of original contractor (5.74% below)	18.07 crore
Cost of subsequent contractor (34.54% above)	25.79 crore
Debitible extra cost	7.72 crore

4.3.3 Non-recovery of royalty charge

Unauthorised extraction of minor mineral without payment of royalty charges Rs. 1.45 crore in advance and failure of the department to recover the same from contractors.

Clause 4.3.36.2 of agreement provided that, the royalty charges for extracting the minor minerals[†] for Government work will be paid by the contractor as per rules and amount so recovered shall not be refundable to the contractor. According to MP Minor Mineral Rules 1996, the contractor is required to obtain the permission from District Collector for extraction of minor-minerals for the use in Government works after depositing royalty charges in advance and amount so deposited shall not be refundable to the contractor. The Government (NVDD) also instructed (October 2002) that tenders should be invited with above stipulations.

Test check of records of two Divisions of Rani Avanti Bai Sagar Project (RABS)^{*} revealed that the contractors executing works on four agreements neither obtained permission of the Collector, Jabalpur for extraction of minor minerals nor deposited the royalty in advance.

Despite specific request by Collector, Jabalpur (August 2005) and repeated instructions (August 2005 to January 2006) issued by the Executive Engineers (EE), neither the contractors deposited the royalty charges amounting to Rs. 1.45 crore[†] to the Mining Department nor EEs deducted royalty charges from the payments of their running bills in respect of minor minerals extracted and used in Government works.

On being pointed out in audit both the EEs, stated (December 2005) that the final bills of the contractors would be paid only after receipt of royalty clearance certificate. EE, Rehabilitation division, Bargi Hills further stated that soil was used by the contractor as Cohesive Non-swelling (CNS) layer for which no royalty was payable.

The replies were not in consonance with the rules because the contractors having failed to deposit royalty charges in advance, it was imperative on the part of the EEs to recover the royalty from the contractor's running bills to ensure proper and timely flow of revenue to the government. Further, the reply of the EE, Rehabilitation Division Bargi Hills that soil was used as CNS on which no royalty is recoverable is also not tenable because soil of swelling characteristic cannot be used as CNS and as per clarification (9th August 2005) issued by the Collector, Jabalpur, royalty @ Rs. 15 per cum is chargeable even on Kankar mixed yellow soil which was inter-alia used in these works.

The matter was reported to Government (May 2006); reply had not been received as of November 2006.

[†] Sand, Morrum, Metal and Granular soil

^{*} Rehabilitation Dn., Bargi Hills, Jabalpur and Distributory Division, Patan, Jabalpur

Item	Quantity (cum.)	Rate/cum.	Amount
Moorum	712497	Rs. 15.00	Rs. 106.90 lakh
Sand	56197	Rs. 25.00	Rs. 14.05 lakh
Metal	81500	Rs. 30.00	Rs. 24.45 lakh
Total			Rs. 145.40 lakh

Public Health Engineering Department

4.3.4 Violation of contractual obligations and sub-standard execution

Non-recovery of an amount of Rs 53.80 lakh towards cost of hard rock and payment of Rs 11.36 lakh towards work which was not done.

Construction of earthen dam with side spillway across Bebus river for Sagar Augmentation Water Supply Project, Sagar was entrusted (February 1998) to a contractor on item rate contract for Rs. 18.09 crore to complete the work within 32 months including rainy season. The work had been completed and 56th & final bill of the contractor for an aggregate amount of Rs. 19.54 crore with net amount of Rs. 67.06 lakh was pending (May 2005) for payment. Scrutiny in audit revealed the following inconsistencies:

According to the agreement hard rock excavated by the contractor, was to be issued at the rate of Rs. 40 per cum. The contractor excavated 183593.758 cum hard rock which was issued to him for bonafide use on works. It was however, noticed that as against recoverable amount of Rs. 73.44 lakh, Rs. 19.64 lakh were only recovered leaving a balance of Rs. 53.80 lakh.

Further, item of excavation in hard rock paid to the contractor at the rate of Rs. 120 per cum included the work of stacking of rock excavated. The contractor, however, did neither stack the rock nor was the rate for item proportionately reduced while making payment. Thus, the contractor was allowed payment of Rs. 11.36 lakh at the rate of Rs. 6.19 per cum for stacking work not actually done.

On being pointed out, the Executive Engineer while admitting (April 2005) the facts of non – stacking assured to recover the amount. As regards recovery of cost of hard rock, he stated that entire quantity of rock excavated was issued but recovery has been made for the quantity utilized. The reply was not tenable in view of the provisions of contract.

Matter was reported to the Government in June 2005 reply had not been received as of November 2006.

4.4 Avoidable expenditure

Housing and Environment Department

4.4.1 Avoidable expenditure

Avoidable expenditure of Rs. 35.37 lakh on maintenance in developed colonies not handed over to Municipal Corporation.

In compliance to notification issued by the Government of MP, Housing and Environment Department (March 1991), the Madhya Pradesh Housing Board (MPHB) issued orders (April 1991) to all the Executive Engineers (EEs) that the colonies having roads declared as 'Lok Marg' under section 42(1) of MPHB Rules 1972, should be handed over to Municipal Corporation/Local

bodies and no further expenditure should be incurred from May 1991 onwards on maintenance in these colonies.

A test check of records of EE, MPHB, Division No.1, Gwalior (December 2005) and EE MPHB Division No.1 Bhopal (October 2006) and further information collected (November 2006) revealed that the colonies (Madhav Nagar, Gwalior and Kohfiza Bhopal) having roads declared as 'Lok Marg' by the Government of Madhya Pradesh vide notification (March 1991) were not handed over to Municipal Corporation Gwalior and Bhopal even after a lapse of 15 years. The expenditure on maintenance in these developed colonies was still being incurred by the MPHB and the actual expenditure from 2001-02 to 2005-06 worked out to Rs. 35.37 lakh. (Gwalior: Rs. 12.35 lakh; Bhopal: Rs. 23.02 lakh.)

The Commissioner, MPHB stated (July 2006) that even after repeated correspondence to handover these colonies, the officers of Municipal Corporation were not extending the desired cooperation, as such the colonies could not be handed over and the Board had to incur expenditure on maintenance of these colonies.

Thus, lack of coordination between MPHB and Municipal Corporation led to avoidable expenditure of Rs. 35.37 lakh on maintenance of these colonies in contravention to Government notification (March 1991) and MPHB orders (April 1991).

The matter was reported to Government in February 2006; reply had not been received (November 2006).

Public Works Department

4.4.2 Unwarranted execution of surface dressing and tack coat resulted in avoidable expenditure

Execution of surface dressing and tack coat on granular surface followed by bituminous base and wearing courses was unwarranted and contrary to the specifications resulting in avoidable extra expenditure of Rs. 47.66 lakh.

Ministry of Road Transport and Highways (MORT&H) specifications provide for various types of bituminous base or wearing courses for road works. Surface Dressing is one of the wearing courses used for surfacing of granular base course. The Rural Roads Manual published by Indian Road Congress (IRC:SP:20-2002) also provides that surface dressing is an age-old technique of surfacing roads, which has been continually modernized in recent years. The merits of this type of construction which mainly seals granular surface are:

- ❖ binder ensures water proofing of base layer as well as fixation of aggregates and prevents further oxidation of old surface;
- ❖ aggregates serve to ensure contact between the traffic and pavement and provide skid resistant surface.

If, the granular surface (Water Bound Macadam) is to be strengthened by Bituminous Macadam (base course) followed by Semi Dense Bituminous Concrete (wearing course), Surface Dressing is not required as per technical specifications. The Chief Engineer, PWD, Rewa Zone, issued (November 2003) orders to delete surface dressing from all road works in his zone, where Bituminous Macadam (BM) and Semi Dense Bituminous Concrete (SDBC) were provided in the estimates and the agreements for ongoing works.

Scrutiny in audit (September 2005), however, revealed that in total disregard to the above instructions, Surface Dressing over 189663.08 sqm area costing Rs. 47.66 lakh*, followed by BM & SDBC, was got executed under the two agreements by Executive Engineer (EE), PWD Division, Satna, Execution of surface dressing prior to BM & SDBC was not only unwarranted but also was contrary to the instructions and specifications.

The matter was reported to the Government in October 2005. Government stated (October 2006) that single coat Surface Dressing was provided and executed in accordance with Guidelines issued by Engineer-in-Chief in September 2001. The reply is not acceptable as the Guidelines were not in conformity with the MORT&H specifications adopted by State Government.

Water Resources Department

4.4.3 Avoidable expenditure due to defective planning

Failure to take timely corrective measures for foundation treatment led to avoidable expenditure of Rs. 79.37 lakh on escalation.

Central Soil and Material Research Station (CSMRS), New Delhi conducted (July 1990) Plate Jacking, Shear and Anchor Pullout tests at Gulab Sagar (Mahan) Project, District Sidhi. The report on these tests clearly indicated weak zone at foundation block requiring foundation treatment before taking up further execution of work. Thereafter the work remained closed for about 10 years.

In total disregard to the above report and even without taking up remedial measures for foundation treatment, the balance work "Masonry dam and its appurtenant works" of the project estimated to cost Rs. 14.40 crore was awarded (November 2002) to a contractor for Rs. 13.71 crore (evaluated at 5.06 per cent below estimated cost) for completion in 20 months (up to 17 July 2004). The work was in progress and time extension up to 30 June 2006 was granted (July 2005) on the grounds that hair cracks were observed in previously executed work for which necessary tests had been conducted by Central Water Commission (CWC) and Geological Survey of India (GSI).

- Agt.No.235/02-03- Surface Dressing 62143.08 sqm @ Rs. 22/- (13.85 % above)= Rs. 15.56 lakh
- Agt. No.152/02-03, Surface Dressing-127520.00 sqm @ 21.34 (17.95 % above)=Rs. 32.10 lakh

Total = Rs. 47.66 lakh

CSMRS reminded (January 2005) that the project authorities were already having reports on tests conducted by them in July 1990 and *in-situ* testing at present is not required. Thus, defective planning by project authorities and failure to take corrective measures in time delayed the work abnormally resulting in avoidable expenditure of Rs. 79.37 lakh on escalation in extended period.

On being pointed out, the Executive Engineer stated (September 2005) that after execution of agreement hair cracks were seen in old work and after inspection by CWC and GSI, the drawings for foundation treatment were provided which delayed the work.

Reply was not tenable because problem of existence of weak zone in foundation was already in the knowledge of the authorities since 1990, for which timely remedial steps, before awarding of works, were not taken by the Department. Consequently during execution when these defects again came to notice the work completion period had to be extended and escalation was paid which could have been avoided.

Matter was reported to the Government in April 2006, reply had not been received as of November 2006.

4.5 Idle investment/blockage of funds / Diversion of funds

Jail Department

4.5.1 Blocking of funds

Lack of proper planning resulted in blocking of Rs. 28 lakh allotted for installation of powerlooms in Jails.

The scheme of modernisation of Prison Administration included establishment of power looms in Central Jails for production of cloth in Jails for use of prisoners. Government of India released (March 2002) Rs. 14 lakh towards 50 per cent Central share for installation of powerlooms at three Central Jails (Bhopal, Sagar and Satna). The State Government provided (February 2003) matching contribution of Rs. 14 lakh for purchase of 12 powerlooms and its accessories from its own budgetary resources.

Test-check (December 2005) of the records of the Inspector General of Prisons, M.P. Bhopal revealed that Rs. 28 lakh meant for purchase of 12 Powerlooms was kept (March 2003) under Civil Deposits. Jail Headquarters Bhopal placed the orders (March 2005) with Madhya Pradesh Laghu Udyog Nigam Bhopal (MPLUN) for establishment of 11* powerlooms (Bhopal : 4; Sagar:3; and Satna : 4) within 45 days. The amount of Rs. 28 lakh was withdrawn from Civil Deposit and deposited (March 2005) into Personal Deposit Account of MPLUN. The MPLUN intimated (July 2005) that

* Against 12 powerlooms supply order for only 11 powerlooms were placed as per availability of fund

powerlooms could not be installed because arrangements such as shed/platform/ power connection were not found ready. Due to non-availability of sufficient space at Central Jail, Sagar, it was decided (September 2005) to install the powerlooms at Central Jail, Rewa. Although looms were installed at Bhopal in May 2006, the installation of powerlooms at Central Jail Satna and Rewa was not commenced as the infrastructure developed by Jails for powerlooms was found inadequate by technical experts of the firm and technical inspection of powerlooms installed at Bhopal was not done (October 2006).

On this being pointed out in Audit, Inspector General of Prison intimated (October 2006) that the delay in placing order was due to non-availability of MPLUN/ DGSD rates for supply of powerlooms and MPLUN is pursuing with the firm to install the loom at other places. The reply was not tenable because due to lack of planning, powerlooms could not be installed though a period of four years has elapsed. Besides blocking of funds due to non-installation/commissioning of powerlooms the object of the scheme was also not achieved.

The matter was referred to Government in February 2006; reply had not been received (October 2006).

Medical Education Department

4.5.2 Idle outlay on medical equipment

Medical equipment worth Rs. 3.50 crore were purchased without ensuring availability of staff for making them functional.

Directorate of Medical Education Bhopal (Madhya Pradesh) purchased imported medical equipment and supplied for immediate installation and use thereof for treatment of patients in newly established Sanjay Gandhi Memorial Hospital at Rewa.

Test-check of records (October 2005) of Superintendent Medical College, Rewa revealed that during the year 2000-02 medical equipment (Brechy Therapy Machine, Cobalt 60, Dosimeter, Pitutary Surgery Complete Set and Laminotomy and Lumber dissectomy Set) worth Rs. 3.50 crore were purchased by the Directorate of Medical Education, Bhopal for Sanjay Gandhi Memorial Hospital, Rewa. The purchased medical equipment was for immediate installation and proper use thereof. Although equipment were installed during 2001-2003 but could not be put to use due to non-availability of technical staff (October 2006). Non-functioning of the installed medical equipment resulted in idle expenditure on purchase of these medical equipment and patients were deprived of the desired medical care thereby defeating by purpose of procurement of the equipment.

On this being pointed out in Audit, Superintendent stated (October 2005 and November 2006) that due to vacant posts of technical staff and Assistant Professor Neuro surgery being on deputation in other institution who could not join back, these equipment could not be put to use.

The matter was reported to Government in February 2006; reply is still awaited (October 2006).

Scheduled Tribes and Scheduled Castes Welfare Department

4.5.3 Diversion of untied fund for procurement of utensils

ACTD Dindori diverted Rs. 69.60 lakh from untied funds for procurement of utensils.

Government of Madhya Pradesh, Panchayat and Rural Development Department being the State Coordinator for midday meal programme decided (February 2004) to introduce revised arrangement for midday meal under which cooked food was to be served to children in the schools. GOI was to provide wheat and rice at cent percent grant basis and other material, fuel and labour required for cooking was to be met by State Government from its own budget as well as from untied funds.* Purchase of utensils from untied fund was not permissible. However, non-recurring expenditure on procurement of utensils, Gas chullaha etc was to be met from the school grant of Rs. 2000 per year available from Rajiv Gandhi Shiksha Mission.

Test-check (January 2006) of records of Assistant Commissioner Tribal Welfare Dindori revealed that Chief Executive Officer Jila Panchayat Dindori allocated Rs. 69.60 lakh out of untied fund to ACTD Dindori for purchase of mid day meal material through Shikshak Palak Sangh. ACTD Dindori in turn diverted the whole amount and issued cheques in favour of Block Education Officers to deposit the amount at Rs. 5000 per school in the banks accounts of Palak Shikshak Sangh for purchase of utensils for midday meal scheme. The utilisation of untied funds of Rs. 69.60 lakh for the purpose of purchase of utensils was against the norms fixed for utilisation of untied funds. Further funds for purchase of utensils was already provided under Rajiv Gandhi Primary Education Mission. This resulted in diversion of untied funds for procurement of utensils for mid day meal scheme.

On this being pointed out in Audit while reasons for diversion were not intimated, the ACTD replied (January 2006) that position of utilisation of funds is being ascertained from the units.

The matter was reported to the Government in July 2006; reply has not been received (October 2006).

Untied funds (Anabaddha Rashi) are provided to meet the expenditure on petty works of local importance such as construction of bridges, culverts and stop dam, drinking water arrangement, incomplete works under DPAP, construction of residential accommodation for doctors in remote localities, etc.

4.6 Regulatory issues and other points

Home Department

4.6.1 Non-reimbursement of Central share

Non- rendition of prescribed returns by Director, Sainik Welfare, Madhya Pradesh, Bhopal to the Kendriya Sainik Board deprived the State exchequer of Central share amounting to Rs. 4.89 crore on a count of maintenance expenditure of Rajya/Zila Sainik Boards.

According to the existing procedure, 50 per cent of the maintenance expenditure incurred by Rajya/Zila Sainik Boards (RSB) was shared by the Government of India (GOI). GOI issued (August 1983) orders for adoption of a new system for reimbursement of the Central share by the Kendriya Sainik Board (KSB) to the States. Under the new system, 90 per cent of the Central share could be obtained by the States in advance from KSB (50 per cent in June on furnishing sanctioned budget estimates and 40 per cent in November-December on furnishing sanctioned revised estimates to the KSB). The balance 10 per cent could be obtained only after rendition of the audited expenditure statement to the KSB. A schedule for furnishing the requisite returns was also prescribed (December 1983) by the KSB.

A test-check (March 2006) of records of Director, Sainik Welfare, Madhya Pradesh, Bhopal, (Director) revealed that an expenditure of Rs. 17.94 crore was incurred on maintenance of Rajya/Zila Sainik Boards during 1999-2000 to 2004-05. Of which the 90 per cent of Central share (Rs. 8.07 crore) was reimbursable by GOI without submitting audited accounts against which only Rs. 4.08 crore was received. The balance amount of Rs. 4.89* crore could not be obtained as the prescribed returns/ audited accounts were not furnished to the KSB in these years.

On being pointed out in audit, Director did not attribute any reason for non-furnishing of the prescribed returns in due time. However, Director assured (March 2006) that prescribed returns/audited statements would be furnished to GOI in future. Thus due to non- rendition of prescribed returns/audited statements to GOI, the State exchequer was deprived of Central share amounting to Rs. 4.89 crore.

The matter was referred (May 2006) to the Government; reply had not been received (November 2006).

* Rs. 0.40 crore towards 50 per cent; Rs. 3.59 crore towards 40 per cent; and Rs. 0.90 crore towards 10 per cent central share.

Jail Department

4.6.2 Non-utilisation of common fund meant for assistance to victims

In five Central Jails Rs. 2.38 crore were lying unutilised in common fund due to imposition of restrictions.

With a view to provide financial assistance to the victims and their family members Government of Madhya Pradesh introduced an Act effective from 3rd January 2000 namely Prisons (Madhya Pradesh Amendment) Act 1999, thereby amending the Prisons Act 1894. Accordingly a new section 36 A was inserted which provides that the amount of fifty per cent of the total amount of wages earned by the prisoner in a month shall be kept and deposited in a separate common fund which shall be exclusively used for the payment of compensation to the deserving victims or his family of the offence the commission of which entailed the sentence of imprisonment to the prisoner. The amount of common fund shall be deposited in a personal deposit account in a treasury. The rate of compensation to be paid to the victims was to be fixed by a committee consisting of such persons as was to be prescribed. Subsequently Government of Madhya Pradesh inserted Rules 647 A and 647 B effective from 27th April 2001 regarding constitution of Committee, powers to determine deserving victims and management of wages and common fund. Further, Government of MP issued instructions (January 2002) that compensation is to be paid to only the victims of BPL families of the offender under section 302 of IPC 1860 where prisoner was sentenced to life imprisonment or death with maximum limit of Rs. 10000.

Test-check (August 2005) of records of Central Jail Gwalior and further information collected (July 2006) from Jail Headquarters revealed that an amount of Rs. 2.46 crore (Central Jail Gwalior: Rs. 25.19 lakh, Bhopal: Rs. 123.59 lakh, Satna: Rs. 28.38 lakh, Sagar: Rs. 26.07 lakh, Ujjain: Rs. 43.19 lakh) was deposited in the common fund up to March 2006, out of which an amount Rs. 8.10 lakh only (Central Jail Gwalior: Rs. 0.6 lakh, Bhopal: Rs. 0.6 lakh, Satna: Rs. 2.9 lakh, Sagar: Rs. 2.7 lakh, Ujjain: Rs. 1.3 lakh) could be disbursed to 81 beneficiaries and balance of Rs. 2.38 crore was lying unutilized against which 25 cases were pending at the end of March 2006. The reasons for such meagre utilisation of funds and in continuous increase in unutilised fund seems to be delay in framing of rules and imposing restriction on eligibility and amount of compensation vide instructions of January 2002 which does not match with new section 36 A of Prisons Act 1894, non-provision of publicity of the scheme for awareness of beneficiaries and lack of coordination between the members of the implementing committee. For utilization of amount lying idle in common fund, the Director General of Prisons had also proposed (October 2005) to waive clause of BPL and to increase the amount of compensation to Rs. 20,000.

Thus huge amount of common fund was lying unutilised and the object of the scheme to provide financial assistance to the victims was defeated. The

victims of offence other than section 302 of IPC 1860 were deprived of the compensation available under section 36 A of Prison Act 1894.

The matter was referred to Government in October 2005; reply had not been received (October 2006).

Panchayat and Rural Development Department

4.6.3 Non-recovery/short recovery of Labourer Welfare Cess

Deduction on account of Labourer Welfare Cess amounting to Rs. 32.82 lakh was not made by Executive Engineers, Rural Engineering Services Mandla, Sehore and Khandwa.

State Government in Rural Development Department decided (May 2003) to levy Labourers Welfare cess at one per cent on the amount related to the construction works of different types. These instructions were effective from 01 May 2003 and the amount so deducted was liable for rendition to Welfare Board for welfare of labourers under Bhawan and Sannirman Adhiniyam 1996.

Test-check of the records of Executive Engineers Rural Engineering Services (RES) Mandla, (September 2005) Sehore and Khandwa (April 2006) and further information collected (November 2006) revealed that expenditure of Rs. 30.35 crore was incurred during 2003-04 to 2005-06 on construction works and Rs. 30.35 lakh was deductible as cess from the bills; but cess to the tune of Rs. 25.20 lakh (Mandla: Rs. 10.20 lakh; Sehore: Rs. 1.77 lakh; and Khandwa: Rs. 13.23 lakh) was not deducted.

On being pointed out Executive Engineer, RES Mandla replied (September 2005) that in future one per cent cess would be deducted. Executive Engineer, RES, Sehore replied (April 2006) that the deduction of cess was not made on the material purchased from Madhya Pradesh Laghu Udyog Nigam. Executive Engineer, RES Khandwa replied (April 2006) that there was no clear instruction for deduction of cess on departmental works.

The replies were not tenable as the cess was recoverable on all payments relating to construction works including departmental works. Thus DDO's failed to comply the Government decisions (May 2003) which defeated the motto of establishing the funds for the welfare of labourers. Even during 2006-07, Rs. 7.62 lakh* were not recovered on construction works till November 2006.

The matter was referred to the Government in June 2006; reply had not been received (November 2006).

* EEs RES Khandwa Rs. 3.42 lakh; Mandla Rs. 2.66 lakh and Sehore Rs. 1.54 lakh.

Public Health Engineering Department

4.6.4 Pollution abatement scheme in Chambal River

Non-functioning of the scheme for pollution abatement in Chambal River led to unfruitful expenditure of Rs. 2.66 crore.

Pollution Abatement Scheme for river Chambal under National River Conservation Plan (NRCP) was administratively approved (December 1999) by Government of India (GOI) at an outlay of Rs. 3 crore. The scheme envisaged construction of Interception and Diversion, Waste Stabilisation Pond, River Front Development (RFD) and Sewage Treatment Plant for the river at Nagda. The scheme was funded by the GOI. The State Government nominated Madhya Pradesh Pollution Control Board (MPPCB), Bhopal as Nodal Agency for the work. The MPPCB provided Rs. 2.55 crore (during 2004-05) to the Executive Engineer (EE), Public Health Engineering (PHE) Project Division Ujjain (Implementing Agency). However, Rs. 2.66 crore had been spent by the PHE Department as of February 2005.

Scrutiny of records revealed (August 2004) that the scheme was sanctioned with the stipulation that its operation and maintenance was the full responsibility of State Government/local body. After completion, the scheme was to be handed over to respective local body for its operation and maintenance. Though the interception and diversion (I&D) scheme with sewage treatment plants (STP) at Nagda for Chambal River was constructed and commissioned in June 2001 at a cost of Rs. 2.66 crore, however, the local body did not take possession of the scheme because of non-availability of funds. The PHE Department, as per directives of Government, operated and maintained the scheme of Nagda town from July 2001 to August 2003 by diverting funds to the tune of Rs. 16.13 Lakh. The scheme became non-functional since September 2003 due to non-availability of funds from the State Government. Government of India had also insisted (March 2004) that the State Government should provide funds for operation and maintenance and for handing over the completed assets to the local body.

Non-functioning of the scheme rendered the entire investment of Rs. 2.66 crore unfruitful and the very purpose of pollution abatement was defeated. Besides, the possibility of deterioration and damage of created assets cannot be ruled out.

On this being pointed out in audit (August 2004), the Superintending Engineer/Chief Engineer stated (February 2006) that the scheme of Chambal has been transferred (September 2003) to Nagar Palika, Nagda unilaterally but at present it is not being run by them. Efforts are being made through Collector/Commissioner to run the scheme by Nagar Palika, Nagda.

The reply was not tenable as the scheme completed by investing Rs. 2.66 crore even if transferred to Nagar Palika, Nagda, remains responsibility of State Government for ensuring that the scheme is successfully operated. Non-functioning of the scheme since September 2003 has thus, resulted in unfruitful expenditure.

The matter was reported to the Government in January 2005, reply had not been received as of November 2006.

Scheduled Tribes and Scheduled Castes Welfare Department

4.6.5 Non-implementation of the scheme of training

Idle retention of Central assistance worth Rs. 80.30 lakh outside government account since March 2004 deprived unemployed ST weaver families from the intended training and from receipt of looms.

Government of Madhya Pradesh sanctioned (March 2004) Rs. 80.30 lakh out of Special Central assistance received during the year, for providing self employment opportunities to unemployed persons belonging to Scheduled Tribes (ST) category in Shahpur block of Betul District by way of running Weavers Training Centre by Madhya Pradesh Bunkar Gramodyog Vikas Samiti Headquarter Bhopal. Under the scheme, six months training in weaving was to be imparted to the selected trainees and thereafter looms were to be provided free of cost to them by the Samiti.

Test-check (October 2005) of the records of Assistant Commissioner, Tribal Development (ACTD), Betul, revealed that the entire amount of Rs. 80.30 lakh was drawn and deposited (March 2004) in the joint account of Collector and ACTD, Betul with the Post office under the orders of the Collector, Betul. Further due to dispute between President Bunkar Samiti and Collector regarding type of training, collector sought (April 2004) clarification from Government as to what type of training was to be given, but due to non receipt of clarification from State Government training to the beneficiaries could not be provided and the amount was lying unutilised in the Post office till July 2006. Government decided (July 2006) to implement the scheme through Udhyami Vikas Sangthan instead of Bunkar Samiti and directed the Collector Betul to hand over the entire amount to General Manager Udhyami Vikas Sangthan, Bhopal. Accordingly, Collector handed over the amount to Sangthan in August 2006. Lack of coordination between authorities and Government deprived ST unemployed youth from the intended training besides non-utilisation of funds.

On being pointed out, ACTD, Betul replied (September 2006) that Karya Yojna would be prepared for the scheme and would be intimated to Audit.

The matter was referred to the Government in April 2006; reply had not been received (November 2006).

General

4.6.6 Failure of senior officials to enforce accountability and protect the interests of Government

Principal Accountant General (Civil and Commercial Audit), Madhya Pradesh (PAG) arranges to conduct periodical inspection of the Government

departments to test check, inter alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities etc. detected during inspection are not settled on the spot, Inspection Report (IRs) are issued by the PAG to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects with the omission promptly and report their compliance to the PAG. The PAG also brings serious irregularities to the notice of the Heads of Departments. A half-yearly report of pending IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

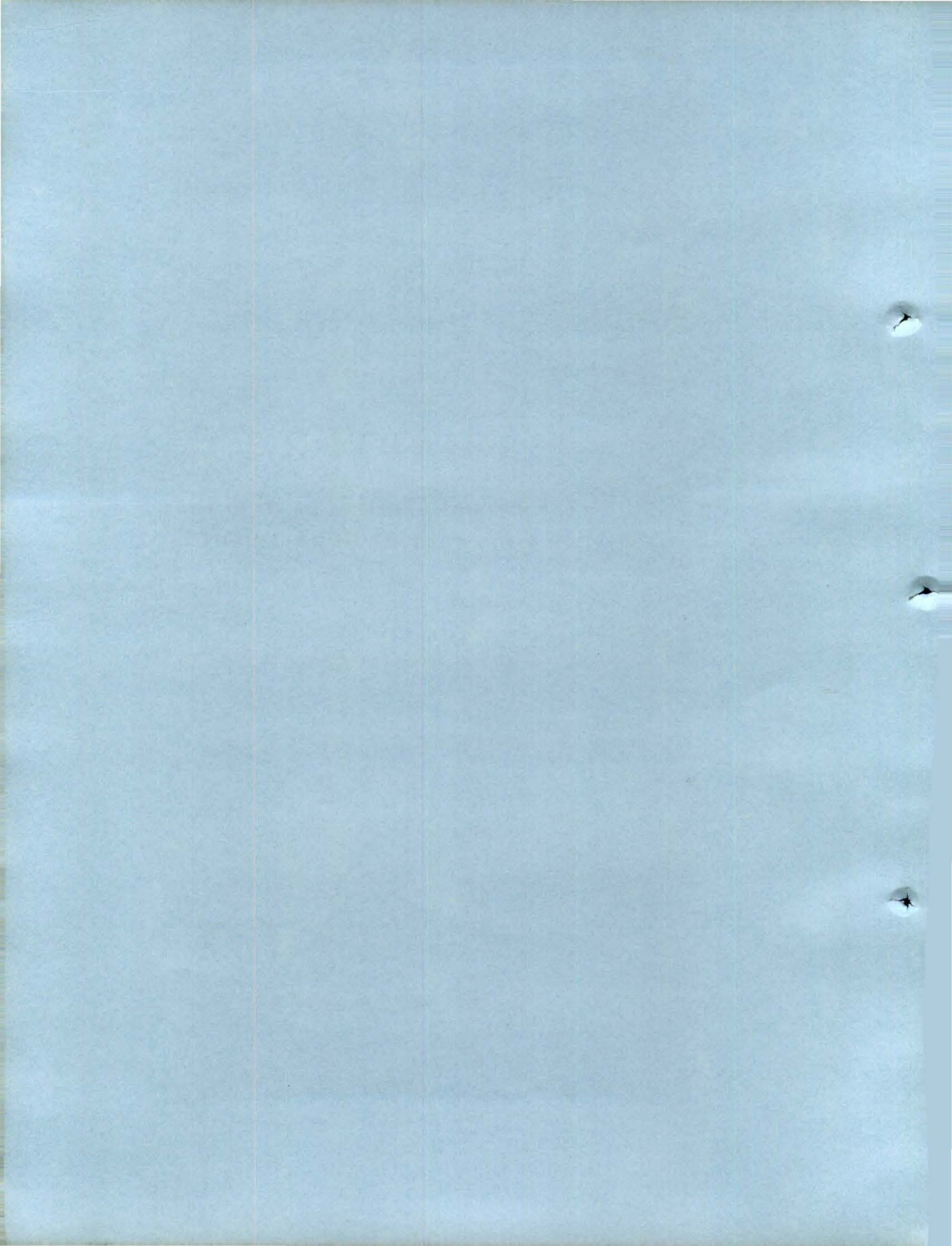
Inspection Reports issued upto March 2006 pertaining to Civil Departments (except Forest Department, Public Works Department, Public Health Engineering Department and Water Resources Department) disclosed that 20688 paragraphs relating to 7880 Inspection Reports remained outstanding as on 30 September 2006. This includes 2328 paragraphs of 1396 Inspection Reports outstanding for more than ten years. Department wise and year wise position of outstanding Inspection Reports and paragraphs in respect of some selected department was as shown in **Appendices 4.4** and **4.5** respectively.

A review of the IRs which were pending owing to non-receipt of replies revealed that the Heads of the Offices (whose records were inspected by the PAG) and the Heads of the Departments did not send any reply to a large number of IRs/paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. The Principal Secretary/Secretaries of the Departments, who were informed of the position through half yearly reports, also did not ensure that the concerned offices of the Department took prompt and timely action.

Absence of any action against the defaulting officers facilitated the continuance of serious financial irregularities and loss to the Government, though these were pointed out in Audit. It is recommended that Government have a re-look into the procedure for fixing responsibility on the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule. Action made to be initiated to recover losses, outstanding advances, over payments, etc. in a time bound manner and revamp the system to ensure proper response to the audit observations.

CHAPTER V

**Internal Control System in
Government Department**



CHAPTER V

Internal Control System in Government Departments

Animal Husbandry Department

5.1 Internal Control System in Animal Husbandry Department

Highlights

Internal controls are essential for good governance. These are activities and safeguards that are put in place by the management of an organisation to ensure that its activities are proceeding as planned. Internal control mechanism in animal husbandry Department was found to be not functioning properly. System of maintenance of initial cash account records was defective. Expenditure figures were not reconciled. Deficiencies in functioning of cattle breeding farms were noticed. Veterinary care was being provided by unregistered Assistant Veterinary Field Officers (AVFO). Despite providing funds by GOI, the Milk Quality Control Laboratory was not established in the State. Departmental manual was not updated since 1927.

Budget estimates were grossly deficient, persistent savings occurred, and Rs. 7.91 crore were parked in Civil Deposit and with Corporations.

(Paragraphs 5.1.5.1 and 5.1.7.2)

Security deposit from officials handling cash/store was not obtained.

(Paragraph 5.1.6.2)

Irregular drawal of salary worth Rs. 46.72 crore was made without continuation of temporary posts and irregular *insitu* promotions to 95 AVFOs resulted in an overpayment of salary amounting to Rs. 14.66 lakh.

(Paragraphs 5.1.7.5 and 5.1.8.3)

Non-posting of VAS and AVFO in 35 hospitals and 171 dispensaries respectively deprived the facility of treatment to cattle resulted in an unfruitful expenditure of Rs. 5.89 crore on salary of para veterinary staff and medicines.

(Paragraph 5.1.8.4)

No record of investment amounting to Rs. 1.93 crore was available with the Directorate and Veterinary kits worth Rs. 45.38 lakh were lying idle.

(Paragraphs 5.1.8.11 and 5.1.8.15)

Medicines worth Rs. 12.59 crore were used without testing and prohibited drugs worth Rs. 4.84 lakh were procured and used on cattle.

(Paragraph 5.1.8.14)

5.1.1 Introduction

Internal Control Mechanism (ICM) safeguards against errors and irregularities in operational and financial matters. It also assures Senior Management on the adequacy of risk management and internal control framework of the Department. It ensures that provisions of codes, manuals and rules laid down by the Government provide fool-proof and workable system for smooth performance of duties and responsibilities at the various levels of staff. In order to ensure these objectives, establishment and effective functioning of internal audit wing in the Department is a necessity. Animal Husbandry Department (AHD) is responsible for augmenting the production potentials of livestock and poultry, to provide veterinary health cover, providing awareness about AH to the farmers and managing training to its staff on basic and latest AH practices.

5.1.2 Organisational set up

The Principal Secretary is the administrative head of the Department at Government level and is responsible for implementation of the Government policies relating to programmes/ schemes. The Commissioner-cum-Director of Veterinary Services (CVS) is the head of the Department who is assisted by Joint Directors (JDVS) and Deputy Directors of Veterinary Services (DDVS) at Headquarters. In the field there are 9 JDVS and 39 DDVS at division and district level respectively. As of March 2006, there were 565 veterinary hospitals; 1742 dispensaries and 2243 Artificial Insemination Centres, in the State for providing veterinary care.

5.1.3 Audit objectives

The objectives of the review were to assess the adequacy and effectiveness of:

- budgetary controls;
- cash controls;
- expenditure controls;
- operational controls;
- system of internal audit and vigilance mechanism.

5.1.4 Audit coverage

Test check of records of the Directorate of Veterinary Services and veterinary offices of 11 districts* out of 48 alongwith 140 hospitals and 913 dispensaries/ sub-centres of these districts for the period 2001-06 was conducted during

* Balaghat, Betul, Bhind, Bhopal, Chhatarpur, Khandwa, Morena, Panna, Sagar, Sidhi and Ujjain.

March to November 2006. The results of test check are given in the succeeding paragraphs.

5.1.5 Budgetary controls

5.1.5.1 Persistent savings

According to the Budget Manual, Drawing and Disbursing Officers (DDOs) are required to send the Revised Estimates for the current year and Budget Estimates (BE) for ensuing year to the Directorate in the month of October each year, which in turn, are required to be submitted to Finance Department by November each year. The subordinate DDOs/units however, did not send their budget proposals to Directorate during all the years covered under audit. Consequently, the Department framed the BE on assumptions without any inputs from estimating officers and submitted these to Finance Department. This indicated disregard to the procedure as laid down in financial rules. Details of budget provisions and actual expenditure as per appropriation account for the period 2001-06 were as under:-

(Rupees in crore)

Year	Budget provision	Expenditure	Excess (+) Savings (-)	Surrender out of col. 4	Provision allowed to lapse out of col. 4
1	2	3	4	5	6
2001-02	165.33	130.99	(-) 34.34	(-) 17.99	(-) 16.35
2002-03	165.89	139.94	(-) 25.95	(-) 21.49	(-) 4.46
2003-04	162.91	142.98	(-) 19.93	--	(-) 19.93
2004-05	178.16	165.60	(-) 12.56	(-) 07.63	(-) 4.93
2005-06	181.09	160.43	(-) 20.66	(-) 11.24	(-) 9.42
Grand total	853.38	739.94	(-)113.44	(-)58.35	(-)55.09

Analysis of above table revealed that budget estimates were prepared on the basis of assumptions as there were persistent savings ranging between Rs. 12.56 crore and Rs. 34.34 crore during 2001-06.

The CVS stated (April 2006) that the persistent savings occurred due to non-receipt of monthly expenditure statements from subordinate DDOs in time and due to making provisions for vacant posts by the units and on account of ban imposed by the Finance Department on drawals from treasury after 15th of January each year. The reply of the Department was not acceptable as the imposition of ban on drawals remained regular feature of each year as such these should have been kept in view while framing the budget estimates. Further as per Budget manual provision for vacant posts is not to be made. It was also observed that budget manual required for preparation of budget estimates was also not available with the Directorate and units.

5.1.5.2 Irregular re-appropriation of fund

Condition No. 7 (i) of item 1 of Section III of Book of financial power Volume-II and executive instructions (26 August 1996) provide that re-appropriation from detailed head 'salary and wages' under non-plan can not be made. It was observed in audit that Rs. 2.25 crore were re-appropriated (March 2006) by the Department from salary irregularly to other charges Rs. 1.35 crore; Medicines Rs. 0.80 crore; POL Rs. 0.08 crore and travelling allowance Rs. 0.02 crore. CVS stated (May 2006) that re-appropriation was made due to natural calamities (bird flu). The reply was not acceptable as the

Irregular practice was followed to re-appropriate funds.

proposal of CVS and approval by the Government was against the codal provisions. Further there were already sufficient budget provisions available with the Government under Grant no. 58 - Natural calamities which could have been utilised instead of this irregular re-appropriation.

5.1.6 Cash controls

5.1.6.1 Defective maintenance of cash book and non-review of bill register

Treasury rules provide that DDO is required to verify cash personally at the end of each month under his dated signature and to record analysis of cash balance in the cash book. Daily totals of the cash book were to be checked by a person other than the writer of the cash book. Fortnightly verification of drawals is to be conducted with reference to the treasury voucher slips and computerised list of drawals obtained from treasury at the end of each month. Temporary advances should be recorded in red ink and should not be shown as final payment.

Records of the Directorate and test checked DDOs* revealed that details of cash balance at the end of each month were not worked out and recorded by the DDOs. DDOs also did not get the totals of the cash book checked by a person other than the writer of the cash book. Fortnightly verification of drawals with reference to treasury voucher slips and monthly verification with reference to computerised list of drawals issued by treasury were also not done. Physical verification of cash at the end of each month was not done by DDOs during 2001-06.

Maintenance of cash books and bill registers were defective

According to Rule 197 of MP Treasury Code Volume-I each DDO should review bill register monthly and record the results of such review. It was noticed that 15 DDOs^W of test checked districts did not review the bill register during 2001-06.

DDVS Balaghat did not enter the amount of temporary advance of Rs. 4.83 lakh paid (30 March 2005) to the VAS Baihar, Paraswada and Virsa for purchase of cattle feed and Rs. 18.35 lakh paid to Madhya Pradesh Live Stock and Poultry Development Corporation (MPLPDC) for supply of cattle in cash book in red ink but instead this was shown as final payment in cash book. These advances were not recovered/adjusted as of May 2006 and were also not noted in the register of temporary advances.

5.1.6.2 Handling of cash/store by officials without security deposit

Rule 252 of MPTC Volume-I provides that officials handling cash/store are required to deposit security deposit. Test check however revealed that 19 DDOs have not ensured receipt of requisite security from officials who were handling cash (12) as also officials who were responsible for the store

* Balaghat (2), Betul (2), Bhind (1), Bhopal (5), Chhatarpur (2), Khandwa (1), Morena (1), Panna (2), Sagar (3), Sidhi (1) and Ujjain (2) and Directorate.

^W Directorate, Balaghat, Betul, Bhind, CBF Garhi, Morena, Panna, Khandwa, CBF Bhopal, AI TI, Bhopal, CBF Ratona, State Hospital Bhopal, Sagar, Sidhi Ujjain and RP Ujjain.

(9). DDVSSs stated (April to October 2006) that required security deposit would be obtained from the concerned officials.

5.1.7 Expenditure controls

5.1.7.1 Non-reconciliation of expenditure figures

The Department neither monitored the receipt of monthly expenditure statements from its subordinate DDOs nor watched the progress of expenditure as required under budget Manual. It also did not consolidate the expenditure figures of DDOs and did not reconcile these with the expenditure figures of AG (A&E) during 2001-06 as can be seen from table given below:

(Rupees in crore)			
Year	Expenditure as shown in appropriation account	As shown by the Department	Difference with reference to figures of AG (A&E)
2001-02	130.99	132.09	(+)1.10
2002-03	139.84	132.97	(-)6.87
2003-04	142.98	131.26	(-)11.72
2004-05	165.60	158.48	(-)7.12
2005-06	160.43	165.45	(+) 5.02

Few instances which indicated deficient functioning of expenditure controls in the Department are mentioned below.

5.1.7.2 Drawal of funds without immediate requirement

Rule 284 of MP Treasury Code Volume-I provides that no money shall be drawn from the treasury unless required for immediate disbursement. Nevertheless, Rs. 5.75 crore and Rs. 0.33 crore were drawn (March 2002) for rehabilitation of Dugdha Sanghs and establishment of Milk Testing Laboratory respectively to avoid the lapse of budget provision. Rupees 5.75 crore were redrawn during next financial year (June 2002) and of Rs. 0.33 crore, Rs. 0.08 crore was redrawn (March 2004) and remaining amount was allowed to lapse.

Similarly, Rs. 1.83 crore drawn (March 2005) under "Assistance to states for control of animal diseases" scheme were parked with MPLPDC, of which Rs. 0.72 crore were utilised. The balance Rs. 1.11 crore were lying with MPLPDC as of November 2006. This was despite the directive (March 2006) of the Government to credit the amounts to Civil Deposits.

5.1.7.3 Delays in payment of salaries

Treasury Rules provide that monthly salary should be disbursed on the first day of the succeeding month. Audit observed that the delay in disbursement of salary to its staff member in the 10 test checked DDOs out of 23 had ranged upto 27 days. Delay in disbursement of salary upto 27 days reflected on the deficient system of expenditure control and is a matter of serious concern. The DDOs stated (April to October 2006) that the delay was on account of late receipt of cheques from treasury.

Funds remained unutilised due to parking in Civil-Deposit and deposits with corporations

5.1.7.4 Non-adjustment/recovery of Government dues

Financial prudence calls for ensuring an effective mechanism for watching recovery of outstanding dues. Audit, however observed that Rs. 20.98 lakh pertaining to the outstanding dues on account of sale of milk and milk products of the Government dairies, now transferred to Madhya Pradesh Cooperative Dairy Federation (MPCDF), were pending for recovery from Federations for the period ranging between 6 to 25 years as detailed below:

Sl. No.	Name of the Government dairy	Name of Federation from whom amount was recoverable	Period since dues were outstanding	Total dues	Recovered	Balance
				Rupees in lakh		
1	Balaghat	Jabalpur	1986-92	48.48	45.40	3.08
2	Narsinghpur	Jabalpur	1999-2000	0.02	--	0.02
3	Chhatarpur	Sagar	1996	0.18	--	0.18
4	Guna	Sagar	1997-98	1.35	--	1.35
		Bhopal	1981-82	0.05	--	0.05
5	Chhindwada	Jabalpur	1982-83	15.79	--	15.79
6	Singroli	Jabalpur	1999-2000	0.51	--	0.51
Total				66.38	45.40	20.98

Neither this amount was recovered in cash nor the Directorate was prompt to adjust the dues from the grants-in-aid paid to these Federations each year. Director, however assured (June 2006) to recover the dues early, however recovery of the dues had not been effected as of November 2006.

5.1.7.5 Irregular drawal of pay and allowances without continuation of temporary posts

Rupees 46.72 crore were irregularly drawn without continuation of temporary posts.

Financial rules provide that pay and allowances of the staff can be drawn against the temporary establishment provided that sanction for continuation of temporary posts is accorded by the Government. Audit observed that sanction for continuation of temporary posts for district establishment were not accorded for the years 2001-02 to 2005-06. Despite this, salaries amounting to Rs. 46.72 crore for employees working against 1626 temporary posts were unauthorisedly drawn by DDVSs during 2001-06 in the test checked districts. DDVSs stated (April-October 2006) that salary was drawn on receipt of instructions from CVS to the District collectors that the proposal for continuation of post had been sent to the Government. Audit however observed that no sanction was issued by the Government against these proposals. CVS admitted (October 2006) that the proposals for continuation of posts were sent to the Government but sanctions were still awaited.

5.1.8 Operational controls

5.1.8.1 Non-updation of departmental manual

Departmental manual not updated since 1927.

Audit observed that the operational control mechanism was not effective as the Departmental code and manual were not available with any of the field functionary and branch of the Directorate. It was stated by the Director that manual prepared by Ex-Central Province and Brar State during 1927 is available with them and its updation was in progress. Non-availability of updated Departmental manual with field functionaries and its non-updation

even after lapse of a period of 50 years from formation (1 November 1956) of the State had adverse impact on the functioning of the Department at grass root level.

5.1.8.2 Non-submission of statement of arrears to the CVS

Non-submission of weekly and monthly arrear reports to CVS.

According to para 76 of manual of office procedure for Directorate of Veterinary services and sub offices (manual), a weekly arrears statement was to be prepared in respect of each section/cell/branch office, which was to be consolidated weekly by the general section and submitted to the CVS. Similarly, para 77 of manual provides that a monthly statement of cases pending disposal for over a month, was to be submitted to the CVS on the last day of each calendar month. Audit observed that neither weekly arrears report nor monthly statement of cases pending disposal for over a month were submitted to the CVS which was indicative of deficient control over the working of the Directorate. CVS noted (May 2006) the point for future compliance.

5.1.8.3 Irregular *insitu* promotions to AVFOs

Contrary to Government orders, *insitu* promotion to AVFOs was made irregularly by CVS.

State Government in its AHD orders dated 20 November 2003 have clarified that the AVFO's are not eligible for *insitu* promotion. Audit observed that *insitu* promotions were however, ordered by the Directorate during April 1999 to March 2006 to 95 AVFOs¹ which had resulted in an overpayment of Rs. 14.66 lakh and recurring liability towards one increment plus allowances allowed from time to time. DDVSs stated (April to October 2006) that *insitu* promotions had been granted by the Director. No reply was received from Director and irregularity was found to be unrectified during verification in November 2006.

5.1.8.4 Hospitals and dispensaries functioning without doctors and Assistant Veterinary Field Officers

Non-posting of VAS/AVFO in the hospital and dispensary deprived the cattle from treatments.

With a view to provide veterinary care to animals, veterinary hospitals and dispensaries were established. According to staffing pattern one VAS for each hospital and one AVFO for each dispensary independently alongwith para veterinary staff for providing veterinary care and health facilities under Minimum Need Programme were to be provided. Scrutiny of records of 10 test checked districts revealed that 35 hospitals and 171 dispensaries, as detailed in Appendix 5.1, were functioning without VAS and AVFO from 1 to 16 years. The veterinary care facilities for the animals of these areas could not be extended from these hospitals and dispensaries in the absence of VAS and AVFO while Rs. 5.89 crore were incurred on account of pay and allowances of para veterinary staff, medicines and equipments during April 2001 to March 2006. DDVSs stated (April-October 2006) that the services of VAS and AVFO were managed from nearby hospitals and dispensaries twice a week and cattle attendants (Group-D employees) provided medicines and guidance to the owners of animal patients. The reply was not tenable as para veterinary

¹ DDVS Betul (20) Rs. 3.56 lakh, VAS KVS Betul (8) Rs. 0.82 lakh, DDVS Bhind (15) Rs. 0.25 lakh, DDVS Khandwa (5) Rs. 1.55 lakh, JDVS Sagar (14) Rs. 2.63 lakh, DDVS Sidhi (12) Rs. 2.39 lakh, JDVS Ujjain (20) Rs. 3.24 lakh and VAS RP Ujjain (1) Rs. 0.22 lakh.

staff was not legally authorised to provide medicines and guidance. CVS however, stated (November 2006) that action to post VAS/ AVFOs was being taken.

5.1.8.5 Non-establishment of Milk and Milk Product Quality Control Laboratory in the State

As the milk is a complete food as such its quality testing was made essential as provided in ISI- Act 1956. With a view to test milk and milk product quality as fixed by Government of India, a State level quality control laboratory (QCL) was proposed (21 August 2001) by the Government to be established at Bhopal as required under Milk and Milk Product order 1992 issued by GOI. Proposal was sanctioned (18 October 01) by GOI to establish QCL and an amount of Rs. 32.90 lakh was also made available to the CVS by the GOI to safe guard the interest of public at large as many cases of preparation of synthetic milk were reported in the State. Test check of records revealed that even after lapse of five financial years, the QCL could not be established by the Directorate. Instead of expeditious efforts to establish QCL the amount was deposited (30 March 2002) in Civil Deposit and allowed to lapse (March 2005) to its revenue head.

CVS stated (June 2006) that the QCL could not be established due to delays in procurement of equipment.

5.1.8.6 Deficiencies in functioning of cattle breeding farms (CBF)

With a view to improve the quality of live stock, increasing production of milk and disseminating new veterinary technologies in the State, cattle breeding farm Bhadbhada, Garhi and Ratona were established in 696, 1080 and 688 acres of land respectively. Test check revealed that targets of average milk production and reduction in mortality rates of calves were never achieved as discussed below:

- The average targets of milk production of 7 litres per cow per day at Garhi, 6 litres at Ratona and 8 litres at Bhadbhada during 2001-06 were never achieved. This resulted in a total loss of Rs. 32.15 lakh which reflected the poor management of farms. Farm Managers attributed this to feeding of calves by cows and non-replacement of old cows.
- The CVS prescribed the mortality rate of male calf as upto 2 per cent per year. The mortality of calves during 2001-06 however ranged between 14 and 62 per cent at CBF Garhi and 15 to 42 per cent at CBF Bhadbhada. FM Garhi stated that the mortality rate was higher due to non-posting of VAS and AVFO for immediate veterinary care against the sanctioned posts and FM Bhadbhada stated that death was natural as the calves are sensitive to change of weather.

5.1.8.7 Supply of substandard cattle feed

With a view to provide standard cattle feed, it was made (December 1999) mandatory to test each batch of cattle feed from Cattle Feed Testing Laboratory Bhopal so as to ascertain whether the feed being provided to cattle is as per the prescribed standards or not. Scrutiny of records of these farms revealed that during 2001-06, 2091.07 ton cattle feed costing Rs. 1.23 crore

Milk production targets fixed by CVS were never achieved by the CBFs.

Mortality rate of calf was more than the prescribed maximum rate.

Supply of substandard cattle feed adversely affected production of milk.

was purchased in 121 lots. The testing of 59 lots was not got carried. Out of the remaining 62 lots, in 25 lots (410.49 ton) cattle feed supplied to the milching animals worth Rs. 23.14 lakh was found substandard. However, proportionate cost of substandard cattle feed was not recovered from the supplier.

FMs Bhadbhada and Garhi stated (October 2006 and May 2006) that the cattle feed can not be preserved for more time till receipt of test report as it starts spoilage and it had to be served to the cattle as it was received. Arrangement needs to be made to get the test reports before supplying the feed to cattle and recovery of proportionate cost of sub-standard feed.

5.1.8.8 Un-authorized veterinary care by unregistered AVFOs

According to the Indian Veterinary Council (Council), Act, 1984, AVFOs are not allowed to render veterinary services independently without registration with the Council. Audit observed that AVFOs posted independently in 1742 dispensaries (established in rural areas) were unauthorisedly rendering all type of veterinary services without registration from the Council and without supervision and direction from VAS. Director stated (April 2006) that they were rendering veterinary health services under the weekly supervision and direction of VAS on his weekly visit to concerned dispensary. On enquiry, the Registrar of Indian Veterinary Council MP, Bhopal confirmed (May 2006) that the AVFOs are not legally authorised to render veterinary services without registration from council.

5.1.8.9 Short realization of artificial insemination fees

No control existed to watch the recovery of AI fees, which resulted in short realisation.

As per Government orders, (December 1994) fee at the rate of Rs. 5 per AI was to be recovered from the owners of animals up to January 2005 and there after at enhanced rates. Audit scrutiny revealed that test checked units had realised Rs. 11.19 lakh against the prescribed fees of Rs. 22.25 lakh for 3.98 lakh number of AI cases. Thus Rs. 11.06² lakh were short realised. DDVSS stated (April-October 2006) that the short amount will be realized from subordinate officials. Chances of recovery appeared to be remote as many of these officials were retired/ transferred from their original place of posting.

5.1.8.10 Non-recovery of AI fees at enhanced rate

Non-implementation of Government orders resulted in loss of revenue.

Government enhanced (January 2005) the rate of fees for artificial insemination (AI) from Rs. five to Rs. 30 per AI for urban areas and Rs. 20 for rural areas. Audit observed that the test checked units (except DDVS Bind) were not recovering AI fees at enhanced rate which had resulted in a loss of revenue amounting to Rs. 28.47³ lakh during February 2005 to March 2006. DDVSS stated (April-October 2006) that fees at enhanced rate will be recovered on receipt of specific orders from Government and DDVS Morena

² DDVS Balaghat (2001-04) Rs. 0.12 lakh, DDVS Betul (2001-06) Rs. 2.01 lakh, VAS KVS Betul (2001-06) Rs. 0.87 lakh, DDVS Bind (2001-06) Rs. 0.66 lakh, DDVS Chhatarpur (2003-06) Rs. 0.49 lakh, DDVS Khandwa (2001-06) Rs. 1.64 lakh, DDVS Morena (2001-06) Rs. 2.74 lakh, JDVS Sagar (2001-06) Rs. 1.59 lakh and DDVS Sidhi (2001-06) Rs. 0.94 lakh.

³ DDVS Balaghat-Rs. 2.09 lakh, DDVS Betul-Rs. 4.55 lakh, VAS KVS Betul-Rs. 0.91 lakh, DDVS Chhatarpur-Rs. 1.60 lakh, DDVS Khandwa-Rs. 3.38 lakh, DDVS Morena-Rs. 5.77 lakh, DDVS Panna-Rs. 1.37 lakh, DDVS Sidhi-Rs. 2.49 lakh and JDVS Ujjain-Rs. 6.31 lakh.

stated (April 2006) that he had started recovery with effect from 1st April 2006. CVS stated (November 2006) that the said orders were issued to all district units and forwarded to the implementing agency of National project for Cattle and Buffalo breeding unit for re-issue of orders. Thus despite decision of the Government of enhancing the fees, the recovery at the enhanced rate was not being effected uniformly by all DDVS.

5.1.8.11 No control on investments made by Government

Records of investments made by the Government from time to time should be maintained at Directorate to avoid any lapse. Audit observed that no such records were maintained by the Directorate where as the Government had invested Rs.1.93 crore in MP Cooperative Dairy Federation (MPCDF) between August and November 2000. However, on verification of records of MPCDF it was noticed that share certificates were issued only for Rs.97.10 lakh. It was further noticed that cost of the then Government dairies now transferred to MPCDF amounting to Rs.96.13 lakh were also invested as share capital but this amount was not appearing in share capital register of MPCDF. MPCDF also did not pay any dividend during 2000-06. On being pointed out, CVS forwarded (April 2006) the reply from MPCDF who endorsed the audit contention.

No control existed to watch the investments made in corporations.

5.1.8.12 Shortfall in departmental inspections

Periodic inspections by departmental officers are important tools to ascertain the accuracy and effectiveness of internal control mechanism of the department. Year wise number of inspections targeted, actually carried out and the shortfalls noticed in test checked districts and by CVS and DDVSs were as follows:

Inadequacy of departmental inspections of hospitals/dispensaries by DDVSs and district offices by CVS was noticed

Year	Inspection of DDVS offices to be conducted by the CVS in a year			Inspection of Hospitals/Dispensaries to be conducted by DDVS in a year.			
	No of inspections due	No. of inspections carried out	Shortage (percentage)	No. of DDOs	No of inspections due	No. of inspections carried out	Shortage (percentage)
2001-02	97	Nil	97 (100)	10	998	412	586 (59)
2002-03	97	Nil	97 (100)	10	990	444	546 (55)
2003-04	97	Nil	97 (100)	10	963	523	440 (46)
2004-05	97	Nil	97 (100)	10	913	342	571 (63)
2005-06	97	Nil	97 (100)	10	929	411	518 (56)

Thus huge shortfall in departmental inspection showed that this important tool was largely ineffective.

5.1.8.13 Non-preparation of store and stock account

Financial Rules provide to maintain store and stock account by each office dealing with purchase and issue of medicines, equipments and machineries annually. Physical verification of stores must be conducted annually and the store keeper should be trained in inventory control. Test check of records of field functionaries revealed that stores and stock accounts were not maintained by 12* units for more than three years and five units** for the last three years.

Prescribed store and stock accounts were not maintained by the DDVSs and compiled by the Directorate

* Bhopal (3), Betul (2), Chhatarpur, Khandwa, Morena, Panna (2), RP Ujjain and Directorate.
 ** Balaghat, Bhind, Sagar, Sidhi and Kukku Farm Bhopal.

Physical verification of stores was also not conducted in 8⁴ units and Directorate out of 23 test checked units for the last three years. DDVSs stated (April to October 2006) that the maintenance of store and stock account and physical verification of stores was in progress.

5.1.8.14 Use of prohibited/non-tested medicines

Medicines were being used without testing as also prohibited drugs were being used by the DDVSs.

As per provisions of drugs and cosmetics Act, 1940 batchwise sample of medicines purchased were required to be got tested at laboratory before use. Audit scrutiny revealed that medicines worth Rs. 12.59 crore provided during 2001-06 were being used without sample testing. CVS stated (October 2006) that the directions for testing of medicines before use were being issued to district officers.

CVS had prohibited (October 2004) use of Diclofenac, an allopathic drug. Despite the prohibition it was observed that the JDVS and DDVS continued procurement of the drug during October 2004 to March 2006 amounting to Rs. 4.84 lakh as shown in Appendix 5.2. These medicines were also found utilised during this period.

5.1.8.15 Irregular purchase of veterinary kit

Irregular purchase of kits worth Rs. 45.38 lakh.

Store purchase rules provide that purchases should be made in most economic manner by calling State level tenders by giving wide publicity through State level news papers and the items which are reserved must be purchased through MPLUN. Test check of records revealed that instead of calling tenders, Directorate called (20 November 2003) quotations from four specific Delhi based firms for purchase of veterinary kits. Before making purchase administrative approval of competent authority was not obtained and the items reserved to be purchased from MPLUN, were not purchased from MPLUN. Samples of items are normally called for alongwith tender for checking quality of product, but these were ordered to be supplied at the time of issuing purchase orders, which shows that quotations were finalised without verification of quality. Deputy Director (Hqrs.) was also not competent to issue purchase orders worth Rs. 45.38 lakh without approval from CVS and Government.

CVS admitted (March 2006) the above omissions and stated that purchase orders issued by the then Deputy Director (Headquarters) had been cancelled (November 2004) and the suppliers were asked to lift the kits. But the supplier had not lifted the kits as of November 2006 and had filed a suite in the court of law for making early payment.

5.1.9 Weaknesses in system of Internal Audit

Shortage of staff in internal audit wing.

A separate Internal Audit Wing (IAW) was set up in the Directorate under the supervision of JDVS for which posts of one Accounts officer, seven auditors, seven sub auditors and two assistant grade III were sanctioned. Against which one Accounts Officer, three auditors, two sub auditors and two assistant grade III remained posted in the IAW during 2001-05 and only one Sub Auditor was

⁴ Directorate, DDVS Betul, VAS KVS Betul, DDVS DI Lab Bhopal, DDVS Chhatarpur, DDVS Khandwa, DDVS Morena, DDVS Panna and VAS KVS Panna.

Lack of planing for conducting of internal audit of units

available during 2005-06 besides one Accounts officer, three auditors and two assistant grade III. Thus, the shortage of four auditors and five/six sub auditors in IAW adversely affected audit as against the 353 units due, only 45 units could be covered during 2001-06 leaving 308 unaudited. The units also did not furnish first compliance reports of 15 Inspection Reports having 58 paras to the CVS, which led to increase in the pendency of inspection reports.

The planning of IA should be based on risk indicators corroborated through risk analysis considering the expenditure and size of the units. Audit observed that IA of units was being conducted on adhoc basis without observing roster, cycle and fixed periodicity. No auditing guidelines such as basis for selection of units for departmental audit, audit performing identification of key areas for check in audit, detailed duties and responsibilities assigned to each member of the audit team etc were provided for the IAW.

5.1.10 Vigilance mechanism

Thirty departmental enquiry cases were pending with Directorate.

A departmental enquiry cell was functioning in the Directorate to deal with the departmental enquiry cases. At the beginning of financial year 2005-06, 35 departmental enquiries (DE) were pending, against which five DEs were decided during 2005-06. However, 30 departmental enquiry cases were also pending for compliance at the directorate level. CVS stated (April 2006) that appropriate action was being processed in each case.

5.1.11 Conclusion

The internal control mechanism of the Directorate was weak, the budget estimates were grossly deficient as persistent savings occurred and re-appropriation of funds was made irregularly. System of maintenance of cash book and verification of cash was defective and security deposit from officials handling cash/store was not obtained. Departmental figures were not reconciled with AG (A&E)'s figures. Payment of salaries were delayed up to 27 days. Weekly and monthly arrear reports were not being submitted to CVS. Operation controls were rendered ineffective as *insitu* promotion to AVFOs was made irregularly, substandard cattle feed was being provided to cattle and orders for enhancing AI fees were not implemented by District offices. Further prohibited drug was being provided to animals and medicines were used without testing. CVS never inspected offices of his 97 subordinate DDO. Deficiencies in conducting internal audit ranged from 71 to 100 per cent during 2001-06 which defeated the object of establishment of internal audit system.

5.1.12 Recommendations

- In order to ensure timely and accurate preparation of budget estimate inputs of subordinate units should be obtained well in time and provision of vacant posts should not be made. In this respect copies of budget manual should immediately be made available to subordinate units.
- In light of the fact that instructions pertaining to maintenance of cash book and verification of cash book are not being adhered to by the

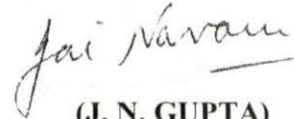
DDOs, it would be imperative that the consolidated instructions in this respect are again reiterated and re-emphasized to all DDOs and a system of regular monitoring of this matter may be evolved and implemented by the Directorate.

- Drawal of pay and allowances towards temporary posts without obtaining sanction for continuation by Government should not be made and irregular grant of insitu promotion made to AVFOs should be immediately stopped.
- A comprehensive review of vacant posts in the cadre of VAS/AVFOs should be made with an aim to rationalise deployment so as to ensure optimal utilisation of available veterinary infrastructure for providing relief and treatment to cattle.
- Expeditious action should be taken for setting up of Milk and Milk Product Quality Control Laboratory in the State and instructions be immediately issued ensuring requisite testing of medicines before use and for preventing procurement and usage of prohibited drugs.

The matter was referred to the Government in October 2006; reply had not been received (December 2006).

Gwalior
The

28 MAR 2007



(J. N. GUPTA)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh

Countersigned

New Delhi
The

29 MAR 2007

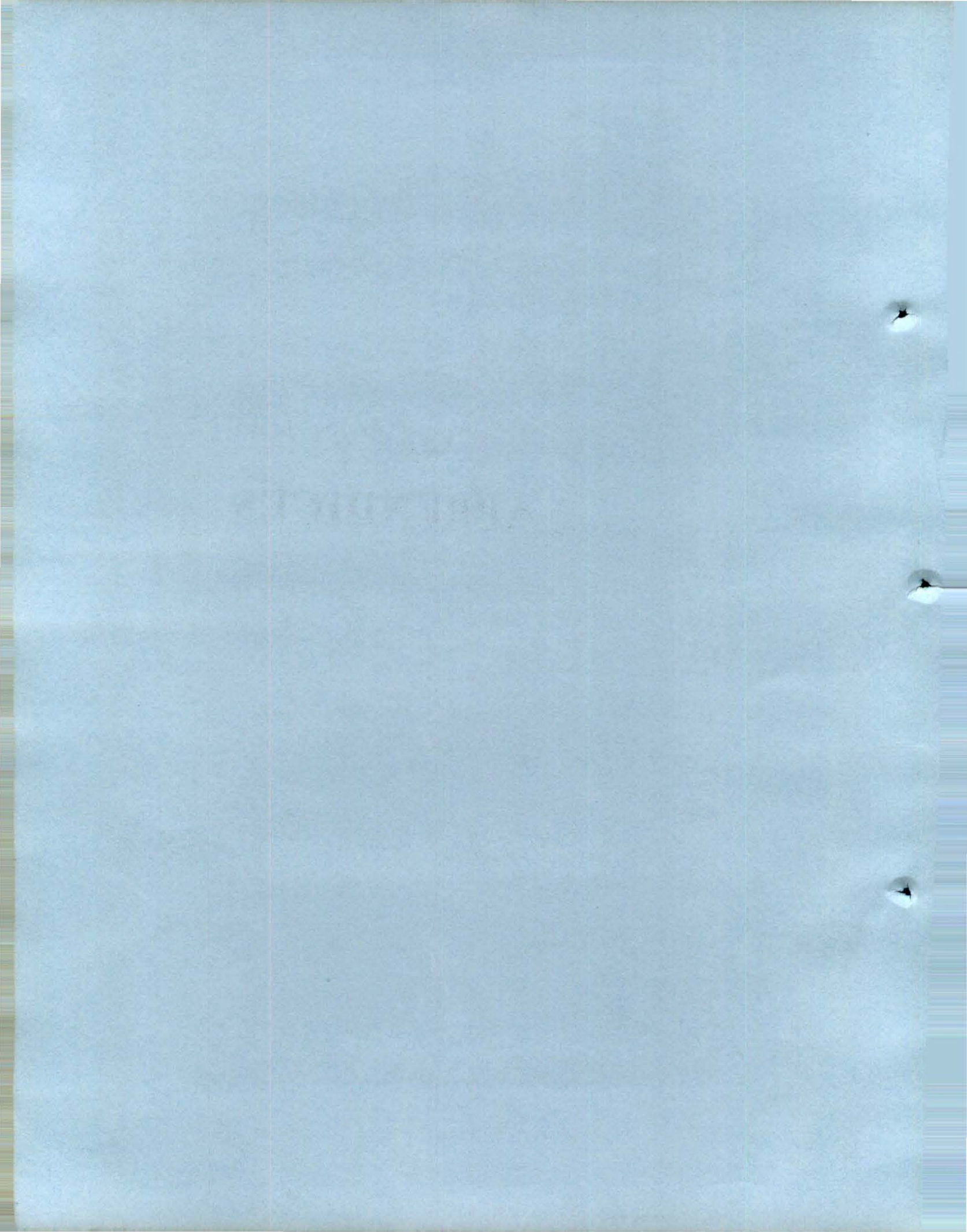


(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

S 8 MAR 2003

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APPENDICES



Appendix 1.1

Part A: Structure and Form of Government Accounts
(Reference: Paragraph 1.1 Page 1)

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

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the 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.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

PART B

Layout of Finance Accounts

(Reference: Paragraph 1.1 Page 1)

Statement	Lay Out
Statement No.1	Presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2004-05.
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 borrowing from intern 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 Account as on 31 March 2005.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2004-05 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 and plan separately and capital expenditure by major head wise.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2004-05.
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 2005-06.
Statement No.15	Depicts the capital and other expenditure to the end of 2004-05 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of accounts relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of M.P.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Maharashtra, the amount of loan repaid during the year, the balance as on 31 March 2005.
Statement No.19	Gives the details of earmarked balances of reserve funds.

PART C

**List of Terms Used in the Chapter 1 and basis of their Calculation
(Reference: Paragraph 1.3 Page 4)**

Terms	Basis of calculation
Buoyancy of a parameter	<u>Rate of Growth of the parameter</u> GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	<u>Rate of Growth of the parameter (X)</u> <u>Rate of Growth of the parameter(Y)</u>
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{previous year Amount})-1]*100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100
Weighted Interest Rate (I_w)	$I_w = \sum_i^n I_i W_i$, where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as per cent to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts minus all plan grants and Non-plan Revenue Expenditure excluding debits under 2048 - Appropriation for Reduction of Avoidance of Debt

Appendix 1.2

(Reference: Paragraph 1.1.4 Page 3)

Trends in Select Fiscal Indicators

(Rupees in crore)

S.No.	Fiscal Indicators	Previous Year	Current Year	Ensuing Year	% change in current year over previous year	% change in Ensuing year over current year
		2004-05 A/C	2005-06 R.E	2006-07 B.E.		
1	2	3	4	5	6	7
1	Revenue Receipts (2+3+4)	19743.25	21344.41	23480.19	8.11	10.01
2	Tax Revenue (2.1+2.2)	12849.65	15310.67	17044.63	19.15	11.33
2.1	State Tax	7769.91	8933.34	10029.46	14.97	12.27
2.2	Share in Central Taxes	5079.74	6377.33	7015.17	25.54	10.00
3	Non-Tax Revenue	4461.86	2239.16	2059.08	-49.82	-8.04
4	Grant-in-aid from Central Govt.	2431.74	3794.58	4376.48	56.04	15.34
5	Capital Receipts (6+7+8)	6504.54	7271.34	5137.52	11.79	-29.35
6	Recovery of loans and advances	53.20	2796.04	43.69	5155.71	-98.44
7	Net public debt	5457.62	4565.69	5169.58	-16.34	13.23
8	Net Receipts from Public Account	993.72	-90.39	-75.75	-109.10	-16.20
9	Total Receipts (1+5)	26247.79	28615.75	28617.71	9.02	0.01
10	Revenue Expenditure (10.1+10.2)	18026.38	21369.90	22509.97	18.55	5.33
10.1	Non-Plan Revenue Expenditure	14861.20	16563.71	17347.08	11.46	4.73
10.2	Plan Revenue Expenditure	3165.18	4806.19	5162.89	51.85	7.42

1	2	3	4	5	6	7
10.3	Revenue Expenditure of which					
10.3.1	Interest payments	3661.14	3685.97	4145.03	0.68	12.45
10.3.2	Subsidies	4676.65	6731.72	6063.78	43.94	-9.92
10.3.3	Ages & Salaries	6090.16	6376.01	7040.42	4.69	10.42
10.3.4	Pension Payments	1329.89	1548.07	1766.37	16.41	14.10
11	Capital Expenditure (11.1+11.2)	4950.98	6852.95	5168.54	38.42	-24.58
11.1	Non-Plan Capital Expenditure	1382.99	2361.68	383.46	70.77	-83.76
11.2	Plan Capital Capital Expenditure	3567.99	4491.27	4785.08	25.88	6.54
12	Loans and Advances	3310.86	686.50	719.04	-79.27	4.74
12.1	Non Plan Loans and Advances	2774.65	378.44	269.27	-86.36	-28.85
12.2	Plan Loans and Advances	536.21	308.06	449.77	-42.55	46.00
13	Total Expenditure	26288.22	28909.35	28397.55	9.97	-1.77
13.1	Non-Plan Expenditure (10.1+11.1+12.1)	19018.84	19303.83	17999.81	1.50	-6.76
13.2	Plan Expenditure (10.2+11.2+12.2)	7269.38	9605.52	10397.74	32.14	8.25
14	Revenue Deficit (1-10)	1716.87	-25.49	970.22	-101.48	-3906.28
15	Fiscal Deficit (1+6-13)	-6491.77	-4768.90	-4873.67	-26.54	2.20
16	Primary Deficit [1+6-(13-10.3.1)]	-2830.63	-1082.93	-728.64	-61.74	-32.72

Appendix 1.3

(Reference: paragraph 1.1, page 1)

Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2006 between successor States of Madhya Pradesh and Chhattisgarh

(Rupees incrore)

Items	Balance as on 31 October 2000	Apportioned to		Balance retained in MP accounts pending apportionment	Reference to Finance Accounts Statements No.
		Madhya Pradesh	Chhattisgarh		
I- Liabilities-					
1. Small savings, provident funds, etc.	7371.51	5570.57	1239.45	561.49	4, 16 and 17
2. Deposits	1872.19	1516.52	358.05	(-) 2.38	4 and 16
3. Reserve Funds	657.94(a)	45.49	11.55	102.46(b)	4 and 16
4. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19(c)	16
II- Assets-					
1. Gross Capital Outlay	15760.57	4950.27	1484.59	9325.71	2 and 13
2. Loans and Advances	2883.18	559.83	135.91	2187.44 (d)	5 and 18
3. Guarantees	9709.60	--	--	10549.04 (e)	

N.B.: For further details, see Finance Accounts.

- (a) Dropped Rs.498.44 crore out of total of Rs.657.94 crore, in terms of second proviso to Section 42(1) of M.P. Re-organisation Act, 2000.
- (b) Retained in M.P. pending decision of GOI.
- (c) Retained in M.P for want of details.
- (d) Retained in M.P due to non-receipt of decisions/details from successor States.
- (e) Differs from the figures of Rs.10773.99 crore of 2004-05 by Rs.224.95 crore due to (i) old guarantee cancelled Rs.239.95 crore (ii) Old guarantee received Rs.15.00 crore.

Appendix 1.4

(Reference: paragraph 1.3 and 1.7, page 4 and 18)

**SUMMARISED FINANCIAL POSITION OF THE
GOVERNMENT OF MADHYA PRADESH AS ON 31 MARCH 2006**

(Rupees in crore)

As on 31.03.2005	Liabilities	As on 31.03.2006
24156.09	Internal Debt-	28483.94
9298.91	Market Loans bearing interest	10244.62
2.88	Market Loans not bearing interest	1.46
5725.06	Loans from other Institutions (Autonomous bodies)	6110.05
9129.24	Special Security issued to NSS fund of Central Government	12127.81
9112.17	Loans and Advances from Central Government-	8991.02
220.46	Pre 1984-85 Loans	192.27
270.97	Non-Plan Loans	243.85
8464.94	Loans for State Plan Schemes	8405.68
33.39	Loans for Central Plan Schemes	30.62
122.41	Loans for Centrally Sponsored Plan Schemes	118.60
40.00	Contingency Fund	31.86
7488.20	Small Savings, Provident Funds, etc.	7489.40
2260.64	Deposits	2858.85
1217.53	Reserve Funds	1463.86
--	Suspense & Miscellaneous	72.12
44287.90		49391.05

Note: Apportionment of assets and liabilities except Public debt of the composite state of Madhya Pradesh immediately prior to the appointed day i.e. 1 November 2000, is yet to be finalized.

As on 31.03.2005	Assets	As on 31.03.2006
26417.31	Gross Capital Outlay on Fixed Assets -	33040.60
4151.65	Investments in shares of Companies, Corporations, etc.	6965.99
22265.66	Other Capital Outlay	26074.61
5866.09	Loans and Advances -	3848.55
4195.93	Loans for Power Projects	1557.40
1637.01	Other Development Loans	2257.96
33.15	Loans to Government servants and Miscellaneous loans	33.19
6.29	Advances	9.01
442.06	Remittance Balances	403.43
23.29	Suspense and Miscellaneous	--
259.84	Cash -	827.87
1.90	Cash in Treasuries and Local Remittances	2.41
22.99	Deposits with Reserve Bank	41.67
17.10	Departmental Cash Balance including permanent cash imprest	19.13
217.85	Cash Balance Investments and investment of earmarked funds	764.66
11273.44	Deficit on Government account -	11261.59
12990.95	(i) Accumulated deficit brought forward	11273.44
(-) 1716.88	(ii) Revenue Surplus of the current year	(-)33.32
--	(iii) Inter-State Settlement	--
	(iv) Amount closed to Government account	35.16
(-) 0.63	(v) Proforma transfer to Chhattisgarh during the year	(-)13.69
44287.90		49391.05

Appendix 1.5

(Reference: paragraph 1.3, page 4)

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2005-06

(Rupees in crore)

2004-05		2005-06	2004-05		2005-06			
					Non-plan	Plan	Total	
		Section-A: Revenue						
19743.25	I.	Revenue receipts	20596.79	18026.37	I. Revenue expenditure	16351.00	4212.47	20563.47
7772.97		- Tax Revenue	9114.70	7468.35	General Services	7563.32	29.79	7593.11
				5672.45	Social Services	4397.92	2260.42	6658.34
4461.86		- Non tax revenue	2208.20	2552.40	-Education, Sports, Arts and Culture	2240.49	665.27	2905.76
				856.17	-Health and Family Welfare	699.93	224.82	924.75
5076.68		-State's share of Union Taxes	6341.35	479.01	-Water Supply, Sanitation Housing and Urban Development	264.85	291.03	555.88
458.82		-Non Plan grants	767.86	23.24	- Information and Broadcasting	25.67	0.35	26.02
				1006.61	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward classes	470.30	692.43	1162.73
1313.75		-Grants for State Plan Schemes	1263.60	57.51	-Labour and Labour Welfare	45.13	11.33	56.46
				686.31	-Social Welfare and Nutrition	640.80	375.19	1015.99
659.17		-Grants for Central and Centrally Sponsored Plan Schemes	901.08	11.20	-Others	10.75	--	10.75
				3968.91	Economic Services	3475.06	1719.64	5194.70
				1243.77	-Agriculture and Allied Activities	823.20	462.02	1285.22
				703.23	-Rural Development	121.70	996.65	1118.35

2004-05			2005-06	2004-05		2005-06		
						Non-plan	Plan	Total
				--	-Special Areas Programme	--	--	--
				299.68	-Irrigation and Flood control	246.60	80.61	327.21
				1465.94	-Energy	1917.45	66.02	1983.47
				78.03	-Industries and Minerals	38.22	68.59	106.81
				140.48	-Transport	298.10	--	298.10
				4.83	-Science, Technology and Environment	1.90	38.42	40.32
				32.95	-General Economic Services	27.89	7.33	35.22
				916.66	Grants-in-aid and contributions	914.70	202.62	1117.32
--	II.	Revenue deficit carried over to Section B		1716.88	II-Revenue surplus carried over to Section B	33.32	--	33.32
19743.25		Total	20596.79	19743.25	Total	16384.31	4212.48	20596.79
		Section-B						
94.21	III	Opening cash balance including Permanent Advances and Cash Balance investment	259.84	--	III.Opening overdraft from RBI	--	--	--
				4950.98	IV. Capital outlay	2923.47	3699.81	6623.28
	IV	Miscellaneous Capital receipts		146.20	General Services	33.27	88.06	121.33
				431.60	Social services	5.73	629.45	635.18
				23.58	-Education, Sports, Arts and Culture	--	42.02	42.02
				42.66	-Health and Family Welfare	0.37	63.98	64.35
				241.74	-Water Supply, Sanitation Housing and Urban Development	3.56	390.68	394.24
				--	- Information and Broadcasting	--	--	--
				109.67	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	--	130.28	130.28
				13.55	-Social Welfare and Nutrition	1.80	1.84	3.64
				0.40	-Other Social Services	--	0.65	0.65
				4373.18	Economic Services	2884.47	2982.30	5866.77
				58.93	-Agriculture and Allied Activities	7.49	30.16	37.65
				305.03	-Rural Development	--	385.76	385.76
				1699.06	-Irrigation and Flood control	--	1253.77	1253.77
				1747.04	-Energy	2874.22	361.95	3236.17
				9.64	-Industries and Minerals	0.21	118.98	119.19
				546.72	-Transport	2.50	806.66	809.16
				6.76	-General Economic Services	0.05	25.02	25.07
		Total		4950.98	Total	2923.47	3699.81	6623.28

2004-05			2005-06	2004-05		2005-06
53.20	V	Recoveries of Loans and Advances	2851.98	3310.86	V. Loans and Advances disbursed	834.45
9.03		-From Power Projects	2816.82	3220.55	-For Power Projects	178.29
7.96		-From Government Servants	0.08	0.30	-To Government Servants	0.12
36.21		-From others	35.08	90.01	-To others	656.04
--	VI	Inter-State Settlement	--	--	VI. Inter State Settlement	--
1716.88	VII	Revenue Surplus brought down	33.32	--	VII. Revenue deficit brought down	--
8849.00	VIII	Public debt receipt	5160.65	3391.38	VIII. Repayment of Public debt	953.96
6967.99		-Internal debt other than ways and means advances and overdraft	4866.82	1147.01	-Internal debt other than ways and means advances and overdraft	538.97
1881.01		-Loans and advances from Central Government	293.83	1977.59	-Repayment of loans and advances to Central Government	414.99
--		-Net transactions under Ways and means advances including overdraft	--	266.78	-Net transactions under Ways and means advances including overdraft	
1.00	IX	Amount transferred to Contingency Fund	--	--	IX. Expenditure from Contingency Fund	8.14
24790.22	X	Public Account receipts	29037.68	23591.45	X. Public Account disbursements	28095.77
1810.50		-Small Savings and Provident Funds	1329.68	1169.75	-Small Savings and Provident Funds	1328.48
350.69		-Reserve funds	675.45	15.03	-Reserve Funds	429.13
13435.69		-Suspense and Miscellaneous	16559.13	13258.34	-Suspense and Miscellaneous	16498.86
5318.04		-Remittances	6317.03	5302.06	-Remittances	6278.40
3875.30		-Deposits and Advances	4156.39	3846.27	-Deposits and Advances	3560.90
--	XI	Closing Overdraft from Reserve Bank of India		259.84	XI Cash Balance at end of the year	827.87
--				1.90	-Cash in Treasuries and Local Remittances	2.41
--				22.99	-Deposits with Reserve Bank	41.67
--				17.10	-Departmental Cash Balance including permanent cash imprest	19.13
--				217.85	-Cash Balance Investment and Investment of Earmarked Funds	764.66
55247.76		Total	57940.26	55247.76	Total	57940.26

Appendix 1.6

(Reference: paragraph 1.3, page 4)

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2004-05		Source	2005-06	
Amount	Per cent		Amount	Per cent
19743.25	74.64	Revenue receipts	20596.79	72.28
53.20	0.20	Recoveries of Loans and Advances	2851.98	10.01
5457.62	20.63	Increase in Public debt	4206.69	14.76
1198.77	4.53	Receipts from Public account	941.92	2.95
640.75		a. Increase in Small Savings	1.20	
29.03	--	b. Increase in Deposits and Advances	595.49	
335.66	--	c. Increase in Reserve Funds	246.33	
15.97	--	d. Effect of Remittances transactions	38.63	
177.36	--	e. Increase in suspense and miscellaneous	60.27	
26452.84		Total	28597.38	
		Application		
18026.37	68.14	Revenue expenditure	20563.47	72.16
4950.98	18.72	Capital expenditure	6623.28	23.24
3310.86	12.52	Lending for development and other purposes	834.45	2.93
(-)1.00	(-) 0.01	Net effect of Contingency Fund transactions	8.15	0.03
--	--	Net effect of Inter State settlement		
--	--	Application from Public Account-		
--	--	a. Net effect of Suspense and Miscellaneous		
--	--	b. Miscellaneous Government Account	--	
--	--	c. Decrease in Deposits and Advances	--	
--	--	d. Effect of Remittances transactions	--	
165.63	0.63	Increase in closing cash balance	568.03	1.64
26452.84		Total	28597.38	

Explanatory Notes to Statements I, II and III:

- The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
- Government accounts being mainly on cash basis, the deficit on government account, as shown in Appendix 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.
- Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and inter-departmental and inter-Government payments and others awaiting settlement.
- There was a difference of Rs.1928.98 lakh (credit) between the figures- Rs.4166.59 lakh (debit)- reflected in the Accounts and that intimated by Reserve Bank of India - Rs.6095.57 lakh (credit)- Under "Deposits with Reserve Bank". After close of May 2006 accounts, the net difference to be reconciled was Rs.2368.60 lakh (credit).

APPENDIX 1.7

(Reference: Paragraph 1.6.5 Page 17)

Details of Department-wise Break up of outstanding utilisation certificates

(Amount in rupees crore)

Sl No.	Name of Institutions	No. of Institution	1997-2001		2001-02		2002-03		2003-04		2004-05		2005-06		Total	
			No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1.	Educational Institutions	04	--	--	20	0.32	45	0.58	45	56.53	45	33.88	44	115.24	199	206.55
2.	Municipal corporation and Municipalities	01	--	--	--	--	--	--	4	1.88	16	5.69	368	1027.34	388	1034.91
3.	Zilla Parishads and other Panchayati Raj Institutions	03	--	--	89	3.79	89	5.71	89	24.20	89	437.31	121	684.88	477	1155.89
4.	Development agencies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
5.	Hospitals and other charitable Institutions	03	4	0.09	10	0.14	11	0.15	12	0.14	12	0.14	16	7.14	65	7.80
6.	Other Institutions	13	4	8.69	120	23.08	168	27.96	316	57.70	337	103.42	404	233.86	1349	454.71
	Total	24	8	8.78	239	27.33	313	34.40	466	140.45	499	580.44	953	2068.46	2478	2859.86

Appendix 1.8
(Reference:- Paragraph 1.6.7 Page 17)
Abstract of performance of the Autonomous Bodies

Sl No.	Name of bodies	Submission of account	Present position of pendency
1.	Madhya Pradesh Housing Board Bhopal	2000-01	2001-02 to 2005-06
2.	Madhya Pradesh khadi and Village Industry Bhopal	2004-05	2005-06
3.	Madhya Pradesh Human Right Commission Bhopal	2004-05	2005-06

Appendix 1.9

(Reference: paragraph 1.6.8, page 18)

Department/year-wise break-up of Misappropriation, Defalcations etc.

(Amount in Rupees)

Sl. No.	Major Head	Name of Department	Upto March 2002		2002-03		2003-04		2004-05		2005-06		Grand Total	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Total Amount
1.	2210	Medical & Public Health Department	62	93,48,287=39	--	--	--	--	--	--	--	--	62	93,48,287=39
2.	2245	Natural Calamities & Assistance.	2	46,83,536=05	--	--	--	--	--	--	--	--	02	46,83,536=05
3.	2051	Public Service Commission	1	23,109=71	--	--	--	--	--	--	--	--	01	23,109=71
4.	2040	Sales Tax	1	85,518=50	--	--	--	--	--	--	--	--	01	85,518=50
5.	2014	Administration of Justice	8	6,92,086=00	--	--	--	--	--	--	--	--	08	6,92,086=00
6.	2054	Treasury and Accounts (Finance Deptt.)	10	33,03,481=97	--	--	--	--	--	--	--	--	10	33,03,481=97
7.	2029	Land Record & Settlements	14	4,67,663=49	--	--	--	--	--	--	--	--	14	4,67,663=49
8.	2053	Finance & General Administration	3	86,919=68	--	--	--	--	--	--	1	1575=00	04	88,494=68
9.	2058	Printing and Stationery	1	66,739=00	--	--	--	--	--	--	--	--	01	66,739=00
10.	2211	Family Welfare Department	19	7,10,520=15	--	--	--	--	--	--	--	--	19	7,10,520=15
11.	2853	Non-ferros mining	2	42,879=00	--	--	1	23600=00	1	3,000=00	--	--	04	69,479=00
12.	2403	Animal Husbandry Deptt.	15	11,17,293=06	2	34616=00	--	--	8	80257=00	4	36954=00	29	12,69,120=06
13.	2225	Welfare of SC/ST & OBC	50	28,03,530=81	--	--	--	--	--	--	--	--	50	28,03,530=81
14.	2030	Stamp & Registration	1	95,980=00	--	--	--	--	--	--	1	34155=00	02	1,30,135=00
15.	2055	Police	164	73,22,713=90	42	1185789=00	43	2588405=00	38	869610=00	47	610406=00	334	1,25,76,923=90

Sl. No.	Major Head	Name of Department	Upto March 2002		2002-03		2003-04		2004-05		2005-06		Grand Total	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Total Amount
16.	2041	Transport	1	5,63,756=00	--	--	--	--	--	--	--	--	01	5,63,756=00
17.	2235	Panchayat and Social Welfare	6	1,55,254=15	--	--	--	--	1	159412=00	--	--	07	3,14,666=15
18.	2235	Women and Child Welfare	8	3,20,521=00	--	--	--	--	1	131102=00	--	--	09	4,51,623=00
19.	2235	Rehabilitation Department	4	27,960=49	--	--	--	--	--	--	--	--	04	27,960=49
20.	2401	Agriculture Deptt.	17	6,01,154=10	1	4292=00	3	266878=00	4	--	3	793900=00	28	18,57,064=10
21.	2402	Agriculture Deptt.	6	91,325=25	1	90,000=00	1	3500=00	--	--	1	40487=00	09	2,25,312=25
22.	2851	Gramodyog	3	2,82,287=40	--	--	1	5000=00	--	--	--	--	04	2,87,287=40
23.	2230	Labour	5	7,17,427=00	1	13,000=00	1	43905=00	3	--	1	4800=00	11	7,95,784=00
24.	2039	State Excise	10	4,71,674=72	2	8629=00	--	--	--	--	--	--	12	4,80,303=72
25.	2408	Food & Civil Supply	1	52,357=35	--	--	--	--	1	--	--	--	02	53,457=35
26.	2425	Co-operative	2	1,11,774=00	--	--	--	--	--	--	--	--	02	1,11,774=00
27.	2202	School Education Deptt.	107	41,35,211=74	9	746603=00	3	465414=00	--	--	10	1741981=00	129	70,89,209=74
28.	2202	Higher Education Deptt.	10	9,51,021=60	1	6430=00	--	--	1	3545=00	6	171325=00	18	11,32,321=60
29.	2203	Technical Education Deptt.	3	2,23,651=00	--	--	2	661464=00	2	95531=00	3	196753=00	10	11,77,399=00
30.	2205	Art & Culture Deptt.	1	13,12,117=70	--	--	--	--	1	25000=00	--	--	02	13,37,117=70
31.	2501, 2505, 2515	Rural Development Department	9	4,92,180=44	1	1,33,000=00	--	--	--	--	--	--	10	6,25,180=44
32.	2217	Urban Development Department	--	--	--	--	--	--	1	2000=00	--	--	01	2,000=00
33.	2852	Industries	--	--	--	--	--	--	1	103000=00	--	--	01	1,03,000=00
		Total	546	41359932=65	60	2222359=00	55	4058166=00	63	1681049=00	77	3632336=00	801	52953842=65

Appendix 1.10

(Reference: paragraph 1.6.9, page 18)

Write off of losses, etc.

Sl. No.	Major Head	Department	Number of cases	Amount (in Rupees)
1.	2029	Land Records & Settlements	1	113071=80
2.	2210	Medical & Public Health	71	2578890=49
3.	2053	Finance and General Administration	5	260797=26
4.	2202	School Education	2	24800=00
5.	2501	Rural Development	1	7031=00
		TOTAL	80	29,84,590=55

Appendix 1.11

(Reference paragraph 1.7 page 18)

TIME-SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
1. Revenue Receipts	12839	11211	13391	14289	19743	20597
(i) Tax Revenue	5640(44)	4679(42)	6165(46)	6789(48)	7773(39)	9115(44)
Taxes on Sales, Trade, etc.	2766(49)	2361(50)	2906(47)	3293(49)	3913(51)	4508(50)
State Excise	975(17)	705(15)	890(15)	1086(16)	1193(15)	1370(15)
Stamps and Registration fees	477(8)	445(10)	535(9)	614(9)	789(10)	1009(11)
Taxes on Vehicles	406(7)	393(8)	429(7)	455(6)	489(6)	556(6)
Other Taxes	1016(19)	775(17)	1405(22)	1341(20)	1389(18)	1672(18)
(ii) Non Tax Revenue	1724(13)	1602(14)	1635(12)	1480(10)	4462(23)	2208(11)
(iii) State's share in Union taxes and duties	3955(31)	3439(31)	3729(28)	4247(30)	5077(26)	6341(31)
(iv) Grants-in-aid from GOI	1520(12)	1491(13)	1862(14)	1773(12)	2431(12)	2933(14)
2. Misc. Capital Receipts	--	--	--	--	--	--
3. Total revenue and Non debt capital receipts (1+2)	12839	11211	13391	14289	19743	20597
4. Recovery of Loans and Advances	13	1588	43	36	53	2852
5. Public Debt Receipts	3101	3281	4949	9938	8849	5161
Internal Debt (Excluding Ways & Means Advances and Overdraft)	1876(61)	1830(56)	3169(64)	7949(80)	6968(79)	4867(94)
Loans and Advances from Government of India ^s	994(32)	1451(44)	1780(36)	1722(17)	1881(21)	294(6)
Net Transactions under Ways and means advances and overdraft	231(7)	--	--	267(3)	--	--
6. Total receipts in the Consolidated fund (3+4+5)	15953	16080	18383	24263	28645	28610
7. Contingency Fund receipts	7	--	--	--	1	--
8. Public Account receipts	16520	15013	20120	22285	24790	29038
9. Total receipts of the Government (6+7+8)	32480	31093	38503	46548	53436	57648
10. Revenue expenditure	14985(91)	14369(87)	14560(83)	18765(87)	18026(69)	20563(73)
Plan	2683(18)	2516(18)	3520(24)	2816(15)	3165(18)	4212(20)
Non-Plan	12302(82)	11853(82)	11040(76)	15949(85)	14861(82)	16351(80)
General Services (including interest, payments)	5323(36)	5049(35)	5445(37)	6574(35)	7468(41)	7593(37)
Social Services	5836(39)	4583(32)	5284(36)	5322(28)	5672(32)	6658(32)
Economic Services	3298(22)	4364(30)	3425(24)	6278(34)	3969(22)	5195(25)
Grants-in-aid and contributions	528(3)	373(3)	406(3)	591(3)	917(5)	1117(6)
11. Capital Expenditure	1110(7)	1471(9)	2455(14)	2679 (12)	4951(19)	6623(24)
Plan	1105(100)	1466(100)	2449(100)	2673(100)	3568(72)	3700(56)
Non-Plan	05	05	6	6	1383(28)	2923(44)
General Services	16(2)	22(1)	36 (1)	36(1)	146(3)	121(2)
Social Services	136(12)	172(12)	536(22)	535(20)	432(9)	635(10)
Economic Services	958(86)	1277(87)	1883(77)	2108(79)	4373(88)	5867(88)

-contd..

^s Includes ways and means advances from GOI.

Appendix 1.11 (continued)

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
12. Disbursement of Loans and Advances	296(2)	599(4)	481 (3)	204(1)	3311(12)	834 (3)
12A Inter-State settlement	--	5-	-	--	--	--
13. Total expenditure (10+11+12)	16391	16444	17496	21648	26288	28020
14. Repayment of Public Debt	818	522	1494	2275	3391	954
Internal Debt (excluding Ways & Means Advances and Overdraft)	123	150	153	278	1147	539
Net transactions under Ways and Means Advances and Overdraft	294	--	-	--	267	--
Loans and Advances from Government of India ^s	401	372	1341	1997	1977	415
15. Appropriation to Contingency Fund	--	--	-	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	17209	16966	18990	23923	29679	28974
17. Contingency Fund disbursements	--	--	-	--	--	8
18. Public Account disbursements	15836	13569	19935	22439	23591	28096
19. Total disbursements by the Government (16+17+18)	33045	30535	38925	46362	53270	57078
20. Revenue Deficit /Surplus (+)	2146	3158	1169	4476	(+)1717	(+) 34*
21. Fiscal Deficit (3+4-13)	3539	3645	4062	7323	6492	4571
22. Primary Deficit (21-23)	1128	1391	1560	4117	2831	1149
Part D. Other data						
23. Interest payments (included in revenue expenditure)	2411	2254	2502	3206	3661	3422
24. Arrears of Revenue (percentage of Tax & non-Tax Revenue receipts)	347(5)	204(3)	839 (11)	758 ^s (9)	34 (0.28)	986 (8.71)
25. Financial assistance to local bodies etc.	813	2304	525	3324	1143	2081
26. Ways and Means Advances/ Overdraft availed (days)	165/47	117/172	103/176	200/60	127/00	--
27. Interest on WMA/Overdraft	8/3	11/5	11/7	13/4	4/00	--
28. Gross State Domestic Product (GSDP)	88445	81286(Q)	83011(Q)	101027 ^Q	107926 ^A	109055 ^A
29. Outstanding debt (year-end)	22548	26487	30340	37525	44235	49173
30. Outstanding guarantees (year-end)	467	472	585	974	2016	613
31. Maximum amount guaranteed (year-end)	9673	9701	11572	12131	12507	12637
32. Number of incomplete projects	185	180	301	453	436	NA
33. Capital blocked in incomplete projects	4983	5589	6459	7447	9031	NA

(Q) Quick estimates for the successor State of Madhya Pradesh.

(S) Revenue figure of some principal heads of revenue

A Advance estimates

Figure pertains to Revenue Surplus

* Actual Revenue surplus is 33.32 crore. Revenue Surplus is understated by Rs.814.78 crore due to conversion of investment under rural electrification Corporation into grant by State Government.

Appendix 1.12

(Reference: Paragraph 1.7.2 Page 18)

Financial position of Statutory Corporations/Government Companies as on 31.07.2006 running in loss for the latest year for which accounts were finalised

Sl.No	Name of the Companies/ Corporations	Years up to which accounts furnished.	Amount invested (paid-up-capital) at the end of the year				Accumulated loss(-) at the end of 31 March of the year	Remarks.
			State	Central	Others	Total		
(Rs. in lakh)								
1.	2.	3.	4.	5.	6.	7.	8.	9.
A	Companies							
1.	M.P.State Agro Industries Development Corporation Limited, Bhopal	2003-04	209.50	120.00	-	329.50	256.21	
2.	M.P.Audyogik Kendra Vikas Nigam (Rewa) Ltd, Rewa	2005-06	--	--	80.00	80.00	45.69	
3.	M.P.State Industrial Development Corporation Limited, Bhopal	2003-04	8109.18	--	-	8109.18	64867.91	
4.	M.P.State Electronic Development Corporation Limited, Bhopal	2004-05	2191.25	--	--	2191.25	134.81	
5.	M.P.Pichhara Varg तथा Alpsankhyak Vitta Aivam Vikas Nigam, Bhopal	1998-99	674.85	--	--	674.85	7.21	
6.	M.P.Tourism Development Corporation Limited, Bhopal	2003-04	2497.29	--	--	2497.29	1255.63	
7.	M.P.Urja Vikas Nigam Limited, Bhopal	2004-05	68.92	--	--	68.92	263.91	

1.	2.	3.	4.	5.	6.	7.	8.	9.
B	Defunct Companies							
1.	M.P.Lift irrigation Corporation Limited, Bhopal	1992-93	592.29	--	--	592.29	629.73	
2.	Optel Telecommunication Limited, Bhopal	2004-05	--	--	1500 896.71(Private share holders)	2396.71	11238.95	
3.	M.P. State Industries Corporation Limited, Bhopal	2002-03	1511.67	--	--	1511.67	4883.39	
4.	M.P.State Textiles Corporation Limited, Bhopal	2003-04	685.95	--	--	685.95	10021.06	
5.	M.P.Rajya Setu Nirman Nigam Limited,Bhopal	1989-90	500	--	--	500.00	205.04	
C	619(B) Companies							
1.	M.P.Vidyut Yantra Nigam Limited,Bhopal	1989-90	126.00	24.00	--	150.00	378.00	
D	Statutory Corporations							
1.	M.P State Electricity Board	2004-05	16961.71	--	--	16961.71	94924.74	
2.	M.P.Road Transport Corporation	2004-05	14140.34	4096.38	--	18236.72	78123.71	
3.	M.P.Financial Corporation	2005-06	6253.91	--	2554.45	8808.36	22707.59	
	Total		54027.86	4240.38	5031.16	63794.40	289943.58	

Appendix 2.1

(Reference : paragraph 2.3.1, page 33)

Cases where entire budget provision under Central schemes remained unutilized

(Rupees in crore)

Sl. No.	Number and name of grant	Head of account	Budget provision not utilized
(1)	(2)	(3)	(4)
A- Centrally Sponsored Schemes			
1	12- Energy	4801-06-190-0701-6869-Rajiv Gandhi Rural Electrification Scheme	32.40
2	13- Agriculture	2401-119-0701-1580-Macro Management Scheme	7.24
3	17- Co-operation	2425-800-0701-6312-Macro Management of Agriculture Supplementation	9.86
4	17- Co-operation	6425-107-0701-6312--Macro Management of Agriculture Supplementation	2.17
5	21- Housing and Environment	2217-02-800-0701-6917-Construction of Rani Talab at Rewa and Sagar Talab	1.29
6	40- Expenditure pertaining to Water Resources Department-Command Area Development	4705-202-0701-6852-Correction of System Deficiency	1.00
6	40- Expenditure pertaining to Water Resources Department-Command Area Development	4705-203-0701-6852- Correction of System Deficiency	1.82
7	41- Tribal Areas Sub-plan	14-Agriculture Department-2401-796-119-0702-1580-Macro Management Scheme	1.62
8	41- Tribal Areas Sub-plan	50-Women and Child Development Department-2236-02-796-101-0702-414-Special Nutrition Programme in Tribal Areas	15.58
9	45- Minor Irrigation Works	4702-101-0701-3803-Minor and Micro minor Irrigation Scheme	12.42
10	64-Special Component Plan for Scheduled Castes	50-Women and Child Development Department-2236-02-789-101-0703-2179- Special Nutrition Programme for Urban Slums	24.00
11	64- Special Component Plan for Scheduled Castes	55- Scheduled Caste Welfare Department-4225-01-789-277-0703-5220-College Hostels	1.72
Total-A			111.12
B- Central Sector Schemes.			
12	11- Commerce and Industry	4875-60-800-0801-705-Development and Construction Work in Industrial Area Institutes	2.70
13	13- Agriculture	2401-119-0801-6893-State Horticulture Mission	40.50
14	19- Public Health and Family Welfare	2210-06-800-0801-1801-Cost of Material and equipments under T.C.A. Programme	10.17
15	19- Public Health and Family Welfare	2211-800-0801-2498- Supply of Conventional Contraceptives	10.00

16	19- Public Health and Family Welfare	2211-800-0801-6106- Universal Immunisation	15.00
17	41- Tribal Areas Sub-plan	14-Agriculture Department- 2401-796-119-0802-6893-State Horticulture Mission	2.17
18	55- Women and Child Development	2236-02-101-0801-8743-Pradhan Mantri Gramoday yojana	60.00
19	55- Women and Child Development	4235-02-102-0801-5357-Construction of C.D.P.O. Office cum Godown (Externally Aided)	6.28
20	64- Special Component Plan for Scheduled Castes	14-Agriculture Department- 2401-789-119-0803-6893-State Horticulture Mission	7.33
21	66- Welfare of Backward Classes	2225-03-277-0801-2676-Post Metric Scholarship	2.00
		Total - (B)	156.15
	C Corporation Sponsored Scheme		
22	21-Housing and Environment	6217-02-001-0900-5244-Assistance by Ministry of under counter Magnet Scheme	32.00
		Total - (C)	32.00
		Grand Total (A+B+C)	299.27

Appendix 2.2

(Reference : paragraph 2.3.1, page 33)

Cases involving substantial excesses under the schemes

(Rupees in crore)

Sl. No.	Number and name of Grant/ appropriation	Name of scheme	Amount of excess	Percentage of excess
1	2	3	4	5
	A-Revenue Voted			
1	07- Commercial Tax	2030-02-102-2455-Expenses on sale of Non judicial Stamps	6.14	102.3
2	19- Public Health and Family Welfare	2210-01-110-748-Dispensaries	11.70	166.4
3	19- Public Health and Family Welfare	2210-06-101-859-Leprosy Disease Control Programme	9.95	122.8
4	41- Tribal Areas Sub-plan	25-Tribal Welfare Department-2225-02-796-277-0102-8832-Strengthening of Ashrams/Hostels	16.08	268
5	58- Expenditure on relief on Account of Natural Calamities and Scarcity	2245-01-101-7102-Implementation of Relief Works through Tehsildars	22.25	818
6	67- Public Works-Building	2059-80-799-1051-Stock	12.09	151.1
7	67- Public Works-Building	2216-80-001-2300-Direction and Administration	5.53	55334
8	95- Other Expenditure pertaining to School Education Department (excluding Primary Education)	2202-02-109-6866-Maintenance of High School and Higher Secondary Schools Buildings	16.47	549
		Total-(A)	100.21	
	B-Revenue- Charged			
9	-Interest Payments and Servicing of Debt	2049-01-101-6767-5.85% Madhya Pradesh State Development Loan 2015	46.80	363.6
10	-Interest Paymenst and Servicing of Debt	2049-01-101-8301-12.50% Madhya Pradesh State Development Loan 2004	5.18	34556
11	-Interest Payments and Servicing of Debt	2049-01-200-6904-Interest Payable on Loan taken from HUDCO	42.87	Token Provision
		Total (B)	94.85	
	(C) Capital Voted-			
12	06- Finance	6075-800-6787-Provision for settlement of guaranteed Loans	34.78	347.8
13	41- Tribal Areas Sub-plan	27-Narmada Valley Development Department-4701-01-796-235-0102-8905-Share of Project Paid to N.H.D.C.	60.51	605100
14	57- Externally Aided Projects pertaining to Water Resources Department	4701-01-211-1201-2884-Canal and Appurtenant Works	66.25	245
		Total (C)	161.54	
		Grand Total (A+B+C)	356.60	

* Excess against token provision.

Appendix 2.3

(Reference: paragraph 2.3.1, page 34)

Cases involving substantial savings under the schemes

(Rupees in crore)				
Sl. No.	Number and name of Grant/ Appropriation	Name of scheme	Amount of savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)
	A-Revenue- Voted			
1	06- Finance	2070-797-6856-Recovery of Loans Sanctioned to Government Servants, through Banks.	37.44	93.6
2	06- Finance	2070-800-0101-224-Other Expenditure	150.00	100
3	06- Finance	2071-01-102-9998-For successor state of Madhya Pradesh	16.74	93
4	06- Finance	2071-01-102-9999-For combined state of Madhya Pradesh	31.12	88.9
5	07- Commercial Tax	2030-01-001-0101-8808-Work related to Information Technology	9.83	99.9
6	07- Commercial Tax	2039-800-4034-Running of Departmental Liquor Shops	22.44	90.5
7	08- Land Revenue and District Administration	2029-103-0101-5045-Digitisation of Cadastral Survey Maps	7.00	100
8	10- Forest	2406-01-101-0101-6699-Expenditure from Forest Development Cess Fund	8.30	100
9	13- Agriculture	2401-119-0701-1580-Macro Management Scheme	7.24	100
10	13- Agriculture	2401-119-0801-6893-State Horticulture Mission	40.50	100
11	17- Co-operation	2425-800-0701-6312-Macro Management of Agriculture Supplementation	9.86	100
12	19- Public Health and Family Welfare	2210-06-101-0801-859- Leprosy Disease Control Programme	10.73	99.4
13	19- Public Health and Family Welfare	2210-06-800-0801-1801-Cost of Material and equipments under T.C.A .Programme	10.17	100
14	19- Public Health and Family Welfare	2211-105-0801-4602 Sterilisation	23.62	98.4
15	19- Public Health and Family Welfare	2211-800-0801-2498-Supply of Conventional Contraceptives	10.00	100
16	19- Public Health and Family Welfare	2211-800-0801-6106-Universal Immunisation	15.00	100
17	19- Public Health and Family Welfare	3606-237-0101-2498-Supply of Conventional Contraceptives	10.00	100
18	19- Public Health and Family Welfare	3606-237-0101-4245- Malaria	10.00	100
19	19- Public Health and Family Welfare	3606-237-0101-6106- Universal Immunisation	15.00	100

20	20- Public Health Engineering	2215-01-799-001-Stock	6.43	80.4
21	21- Housing and Environment	2216-02-103-0101-6908- Assistance to Madhya Pradesh Housing Board for Construction of Houses for Gujrat Flood Victims	5.00	100
22	29- Law and Legislative Affairs	2015-105-4311-Charges for conduct of elections to Parliament	20.12	95.8
23	29- Law and Legislative Affairs	2015-108-9503- Issue of Photo Identity Cards to voters	8.69	80.8
24	30- Rural Development	2515-800-0801-7886- Transportation of Mid-day meal material	45.66	97.9
25	39- Food, Civil Supplies and Consumer Protection	2408-01-102-3248-Recoupment of losses to M.P.State Co-operative Marketing Federation for procurement of food grains	6.90	86.3
26	41- Tribal Areas Sub-plan	07- Revenue Department- 2029-796-800-0102-8850- Scheme for purchase of private land to allot the landless on lease	9.58	95.8
27	41- Tribal Areas Sub-plan	14-Agriculture Department- 2401-796-110-0102-8792- National Agriculture Insurance Scheme	8.00	86.8
28	41- Tribal Areas Sub-plan	17-Public Health and Family Welfare Department- 2210-01-796-110-0102-7892- Medical Guarantee Scheme	10.50	100
29	41- Tribal Areas Sub-plan	17-Public Health and Family Welfare Department- 2210-03-796-103-0102-2779- Primary Health Centres	14.42	100
30	41- Tribal Areas Sub-plan	25-Tribal Welfare Department- 2225-02-796-800-0102-8849- Lump-sum provision for Scheduled Tribe Areas Schemes	18.12	90.6
31	41- Tribal Areas Sub-plan	50-Women and Child Development Department- 2236-02-796-101-0702-414- Special Nutrition Programme in Tribal Areas	15.58	100
32	48- Narmada Valley Development	2801-01-001-0101-6818-Sardar Sarovar Project-Sales, operation and maintenance expenditure to M P Electricity Board	15.00	100
33	48- Narmada Valley Development	2801-80-800-6811-Generation of electricity by Indira Sagar Project - Sale of electricity of M.P. State (N.V.D.A.) to Electricity Board	516.66	100
34	55- Women and Child Development	2236-02-101-0801-8743- Pradhan Mantri Gramodaya Yojna	60.00	100

35	58- Expenditure on relief on Account of Natural Calamities and Scarcity.	2215-01-102-4379-Drinking Water Supply in problem Villages	5.00	100
36	58- Expenditure on relief on Account of Natural Calamities and Scarcity.	2245-01-102-2661-Drinking Water Supply	40.13	80.3
37	64- Special Component Plan for Scheduled Castes	07-Revenue Department- 2029-789-800-0103-8850- Scheme for purchase of Private land for allotment to the landless on lease	9.70	97.0
38	64- Special Component Plan for Scheduled Castes	14-Agriculture Department- 2401-789-119-0803-6893-State Horticulture Mission	7.33	100
39	64- Special Component Plan for Scheduled Castes	17-Public Health and Family Welfare Department- 2210-01-789-110-0103-7892-Medical Guarantee Scheme	7.34	100
40	64- Special Component Plan for Scheduled Castes	17-Public Health and Family Welfare Department- 2210-03-789-103-0103-1228-Rural Health Centres and Dispensaries	5.25	100
41	64- Special Component Plan for Scheduled Castes	17-Public Health and Family Welfare Department- 2210-03-789-103-0103-2779-Primary Health Centres	5.00	100
42	64- Special Component Plan for Scheduled Castes	17-Public Health and Family Welfare Department- 2210-03-789-103-0103-6159-Establishment of Community Health Centres	5.49	100
43	64- Special Component Plan for Scheduled Castes	20-School Education Department- 2202-01-789-101-0703-7420-Continual Education Programme	5.90	93.9
44	64- Special Component Plan for Scheduled Castes	50-Women and Child Development Department- 2236-02-789-101-0703-2179-Special Nutrition Programme for Urban Slums	24.00	100
45	82- Financial assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions	58-Rural Development Department- 2216-03-796-102-0102-8743-Pradhan Mantri Gramoday Yojna	6.54	100
		Total (A)	1327.33	
	B- Revenue Charged			
46	-- Interest Payments and Servicing of Debt	2049-01-101-7887-5.85% Madhya Pradesh State Development Loan- 2017	46.80	100
47	-- Interest Payments and Servicing of Debt	2049-01-200-3087-Interest on Loans from the Life Insurance Corporation of India	59.94	93.7
48	-- Interest Payments and Servicing of Debt	2049-01-200-3089-Interest on Ways and Means advances to meet short fall in cash balance received from the Reserve Bank of India	20.00	100

49	-- Interest Payments and Servicing of Debt	2049-01-200-6848-Interest on P.D. Accounts of Corporation/ Board	10.00	100
50	-- Interest Payments and Servicing of Debt	2049-03-104-4033-Interest on Departmental Provident funds	16.09	91.9
51	-- Interest Payments and Servicing of Debt	2049-03-104-807- Interest on Workmen's Contributory Provident funds	5.67	88.7
		Total - (B)	158.5	
	C-Capital- Voted			
52	01- General Administration	4059-01-051-0101-6925- Construction of proposed Madhyanchal Bhawan in New Delhi	6.00	100
53	06 Finance	6075-800-6788-Provision for settlement of S.L.R. Bonds Issued by Government Undertakings and Subordinate Institutions	5.00	100
54	12- Energy	4801-06-190-0701-6869-Rajiv Gandhi Rural Electrification Scheme	32.40	100
55	12- Energy	6801-800-0101-6454-Rural Electrification Programme (M.N.P)	8.00	100
56	12- Energy	6801-800-0101-8743-Pradhan Mantri Gramoday Yojna	10.50	100
57	17- Co-operation	4425-107-0101-2753-Investment in Share Capital of Primary Agriculture Credit/Farmer Service/Large Scale Multipurpose Co-operative Societies	9.97	373.4*
58	21- Housing and Environment	6217-02-001-0900-5244- Assistance by Ministry of Urban Development under Counter Magnet Scheme	32.00	100
59	22- Urban Administration and Development - Urban Bodies	4217-04-052-1201-7905- Development of Basic Facilities in four Municipal Corporations	30.00	100
60	23- Water Resources	4701-03-800-0101-2304-Direction and Administration	22.06	100
61	24- Public Works- Roads and Bridges	5054-03-101-0101-4149- Construction of Major Bridges	8.61	86.1
62	24- Public Works- Roads and Bridges	5054-03-337-0101-4090-Special Repairs	10.30	100
63	24- Public Works- Roads and Bridges	5054-04-337-0101-4090- Special Repairs	23.09	100
64	24- Public Works- Roads and Bridges	5054-04-800-0101-7087- Upgradation, Bitumenisation and Renovation	25.00	100
65	24- Public Works- Roads and Bridges	5054-80-800-0101-6841- Construction of Roads through Madhya Pradesh Road Development Corporation	6.00	100

* Due to minus expenditure.

66	41- Tribal Areas Sub-plan	25-Tribal Welfare Department-4225-02-794-102-0602-5211-Local Development Programme in Integrated Tribal Development Projects	9.26	91.8
67	41- Tribal Areas Sub-plan	25-Tribal Welfare Department-4225-02-796-277-0102-6859-Construction of buildings for Educational Institutes (NABARD)	8.23	100
68	41- Tribal Areas Sub-plan	27-Narmada Valley Development Department-4701-01-796-235-0102-9091-Ormkareshwar Project	116.13	96.3
69	41- Tribal Areas Sub-plan	27-Narmada Valley Development Department-4701-01-796-800-0102-5091-Lower Goi Project	8.13	87.0
70	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	19- Public Works Department-5054-03-796-101-0102-4149-Major Construction works	5.12	94.3
71	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	19- Public Works Department-5054-04-796-800-0102-7081-Renovation, Upgradation and Bitumenisation of State Highways/Main District Roads	10.00	100
72	45- Minor Irrigation Works	4702-101-0701-3803-Minor and Micro minor Irrigation Schemes	12.42	100
73	45- Minor Irrigation Works	4702-800-0101-2304-Direction and Administration	19.25	100
74	48- Narmada Valley Development	4701-80-800-0101-6399-Indira Sagar Project Unit-1	8.28	100
75	55- Women and Child Development	4235-02-102-0701-5360-Construction of Buildings for Anganwadi Centers (Externally Aided)	17.16	95.0
76	55- Women and Child Development	4235-02-102-0801-5357-Construction of C.D.P.O. Office cum Godowns (Externally Aided)	6.28	100
77	57- Externally Aided Projects pertaining to Water Resources Department	4701-01-253-1201-6825-Service Providing Irrigation and Water Drainage Institutes- Water Resources Department	12.35	96.1
78	57- Externally Aided Projects pertaining to Water Resources Department	4701-01-253-1201-6826-Improvement in Productivity of Pre constructed Irrigation Schemes of 5-Basins -Agriculture Department	6.25	98.2
79	57- Externally Aided Projects pertaining to Water Resources Department	4701-01-253-1201-6831-Improvement in Productivity of Pre Constructed Irrigation Scheme of 5-Basins- Water Resources Department	80.83	90.1

80	64- Special Component Plan for Scheduled Castes	19-Public Works Department-5054-04-789-800-0103-7081-Renewal, Upgradation and Bitumenisation of State Highways/Main District Roads	5.00	100
81	67- Public Works- Building	4059-01-051-0101-7094-Construction Work under the Scheme of Jail Improvements	28.04	100
82	75- NABARD Aided Projects pertaining to Water Resources Department	4702-101-0101-2304 Direction and Administration	9.14	100
83	76- NABARD and Externally Aided Projects pertaining to Public Works Department	5054-04-800-0101-6657-Bitumenisation of district W.B.M. Roads under Nabard Loan Assistance	12.75	100
84	78- NABARD Aided Projects pertaining to Narmada Valley Development	4801-01-203-0101-6401-Indira Sagar Canal Bed Power House	24.93	99.7
		Total (C)	628.48	
	D-Capital- Charged			
85	-Public Debt-	6003-110-637-Ways and Means Advances	5000.00	100
86	-Public Debt-	6003-110-779-Advance to meet shortfall	2500.00	100
		Total (D)	7500.00	
		Grand Total (A+B+C+D)	9614.31	

Appendix 2.4

(Reference : Paragraph 2.3.2, page 34)

Cases of persistent savings

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Amount of saving (percentage of saving in brackets)		
		2003-04	2004-05	2005-06
(1)	(2)	(3)	(4)	(5)
A-Revenue Voted				
1.	01- General Administration	18.38 (21.8)	28.52 (23.2)	23.52 (23.7)
2	17- Co-operation	16.90 (34.3)	10.74 (23.1)	18.79 (35.2)
3	21- Housing and Environment	22.13 (42.5)	11.63 (26.3)	10.60 (22.7)
4	25- Mineral Resources	2.80 (29)	2.59 (24.9)	2.88 (26.2)
5	29- Law and Legislative Affairs	60.11 (32.3)	79.24 (35.5)	63.50 (33.5)
6	48- Narmada Valley Development	3.97 (43.1)	7.03(63.7)	538.57 (99.6)
7	51- Religious Trusts and Endowments	2.10 (20.8)	2.08 (21.2)	2.38 (23.2)
8	55- Women and Child Development	89.74 (27.9)	102.36 (30.7)	140.50 (37.2)
9	64- Special Component Plan for Scheduled Castes	118.07 (29.4)	82.96 (22.6)	135.30 (26.5)
10	71- Biodiversity and Biotechnology	4.61 (92.2)	1.39 (63.2)	3.37 (69.1)
11	74- Externally Aided Projects pertaining to Finance Department	22.17 (100)	5.00 (100)	2.00 (100)
12	93- Expenditure pertaining to Accelerated Energy Development	28.98 (55.2)	69.07 (93.2)	62.39 (73.5)
B- Revenue Charged				
13	06- Finance	1.51 (88.8)	2.18 (82.3)	2.56 (91.8)
C-Capital Voted				
14	07- Commercial Tax	6.38 (62.9)	1.23 (81.5)	1.34 (61.2)
15	17- Co-operation	53.53 (48.3)	18.30 (45.5)	15.67 (34.3)
16	27- School Education (Primary Education)	14.13 (100)	3.69 (36.7)	7.20 (51.9)
17	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	34.85 (36.1)	48.75 (47.3)	51.70 (28)
18	45- Minor Irrigation Works	19.61 (53.2)	20.02 (52.4)	24.14 (30.5)
19	55- Women and Child Development	14.42 (55.7)	11.46 (46.6)	23.74 (96)
20	64- Special Component Plan for Scheduled Castes	39.88 (21.3)	83.57 (35.1)	80.75 (26)
21	67- Public Works-Buildings	29.94 (54.6)	32.14 (46.1)	35.38 (44.7)
22	87- Externally Aided Project pertaining to Technical Education and Training Department	7.75 (81.6)	3.24 (48.7)	4.67 (46.4)
23	93-Expenditure pertaining to Accelerated Energy Development	28.98 (55.2)	69.07 (93.2)	62.39 (73.5)

Appendix 2.5

(Reference: paragraph 2.3.5, page 35)

Cases where supplementary provision proved unnecessary

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	01- General Administration	90.75	8.69	75.92	23.52
2.	02- Other Expenditure pertaining to General Administration Department	17.52	0.50	14.77	3.25
3.	04- Other expenditure pertaining to Home Department	10.49	0.27	9.44	1.32
4.	05- Jail	67.41	3.60	67.01	4.00
5.	06- Finance	1786.72	100.06	1713.86	172.92
6.	08- Land Revenue and District Administration	332.79	10.88	299.49	44.18
7.	09- Expenditure pertaining to Revenue Department	23.38	0.50	19.49	4.39
8.	11- Commerce and Industry	40.71	8.32	38.56	10.47
9.	13- Agriculture	298.75	43.44	230.42	111.77
10.	14- Animal Husbandry	157.19	9.20	146.89	19.50
11.	16- Fisheries	11.93	0.48	10.33	2.08
12.	17- Co-operation	49.06	4.37	34.64	18.79
13.	19- Public Health and Family Welfare	607.68	72.92	600.85	79.75
14.	20- Public Health Engineering	253.47	8.51	235.61	26.37
15.	21- Housing and Environment	37.13	9.60	36.13	10.60
16.	23- Water Resources Department	281.87	18.20	276.97	23.10
17.	25- Mineral Resources	10.35	0.64	8.11	2.88
18.	28- State Legislature	24.99	2.09	22.57	4.51
19.	29- Law and Legislative Affairs	187.10	2.50	126.09	63.51
20.	31- Planning, Economics and Statistics	25.45	0.67	18.80	7.32
21.	34- Social Welfare	27.85	0.28	25.07	3.06
22.	39- Food, Civil Supplies and Consumer Protection	65.10	10.30	57.66	17.74
23.	44- Higher Education	336.41	4.17	304.87	35.71
24.	45- Minor Irrigation Works	58.45	0.05	51.82	6.68
25.	47- Technical Education and Training	118.16	2.67	96.94	23.89
26.	48- Narmada Valley Development	540.63	0.04	2.11	538.56
27.	49- Scheduled Caste Welfare	44.43	0.52	41.64	3.31
28.	55- Women and Child Development	367.69	2.83	230.02	140.50
29.	62- Panchayat	46.97	0.56	45.15	2.38
30.	64- Special Component Plan for Scheduled Castes	445.47	64.46	374.63	135.30
31.	72- Gas Tragedy Relief and Rehabilitation	25.30	0.46	22.66	3.10

32	79- Medical Education Department	186.27	6.34	181.44	11.17
	Total (A)	6577.47	398.12	5419.96	1555.63
	B- Revenue- Charged				
33	01- General Administration	6.54	0.68	6.24	0.98
34	06- Finance	2.77	0.02	0.23	2.56
35	10- Forest	13.29	1.00	13.19	1.10
36	13- Agriculture	0.25	0.06	0.18	0.13
37	29- Law and Legislative Affairs	21.48	1.29	20.40	2.37
	Total (B)	44.33	3.05	40.24	7.14
	C- Capital- Voted				
38	01- General Administration	0.10	6.00	-Nil-	6.10
39	07- Commercial Tax	1.35	0.84	0.85	1.34
40	16- Fisheries	-Nil-	4.82	-Nil-	4.82
41	19- Public Health and Family Welfare	32.80	1.50	32.14	2.16
42	21- Housing and Environment	51.03	11.01	29.74	32.30
43	23- Water Resources Department	504.47	2.87	400.89	106.45
44	24- Public Works- Roads and Bridges	417.32	21.00	383.19	55.13
45	27- School Education (Primary Education)	12.06	1.82	6.68	7.20
46	41- Tribal Areas Sub-plan	578.30	88.67	474.67	192.30
47	42- Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	174.11	10.51	132.92	51.70
48	45- Minor Irrigation Works	55.79	23.45	55.10	24.14
49	57- Externally Aided Projects pertaining to Water Resources Department	166.74	3.49	120.54	49.69
50	58- Expenditure on relief on Account of Natural Calamities and Scarcity.	0.66	15.64	-Nil-	16.30
51	64- Special Component Plan for Scheduled Castes 284.31	284.31	26.43	229.99	80.75
52	67- Public Works – Buildings	46.29	32.91	43.82	35.38
53	72- Gas Tragedy Relief and Rehabilitation	3.51	2.00	2.17	3.34
54	75- NABARD Aided Projects pertaining to Water Resources Department	169.14	0.40	123.58	45.96
55	76-NABARD and Externally Aided Projects pertaining to Public Works Department	257.02	4.50	243.06	18.46
56	78- NABARD Aided Projects pertaining to Narmada Valley Development	171.28	71.47	160.50	82.25
57	81- Financial assistance to Urban Bodies	16.23	0.35	4.30	12.28
	Total (C)	2942.51	329.68	2444.14	828.05
	Grand Total (A+B+C)	9564.31	730.85	7904.34	2390.82

Appendix 2.6

(Reference: paragraph 2.3.5, page 35)

Cases where supplementary provision proved excessive

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplemen- tary grant/ Appropriation	Actual Expen- diture	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	03- Police	979.17	51.57	987.51	43.23
2.	07- Commercial Tax	368.00	34.81	378.20	24.61
3.	10- Forest	487.04	60.49	501.32	46.21
4.	12- Energy	1616.76	509.01	1929.01	196.76
5.	15- Financial assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Schedule Castes	254.49	63.45	272.67	45.27
6.	18- Labour	43.59	6.48	44.27	5.80
7.	26- Culture	17.65	3.84	19.86	1.63
8.	27- School Education (Primary Education)	1478.32	151.28	1556.65	72.95
9.	30- Rural Development	255.16	48.86	268.31	35.71
10.	32- Public Relations	42.82	3.09	43.21	2.70
11.	36- Transport	26.50	8.33	29.00	5.83
12.	37- Tourism	5.23	1.15	5.79	0.59
13.	41- Tribal Areas Sub-plan	665.33	163.67	700.50	128.50
14.	43- Sports and youth Welfare	8.48	2.96	10.00	1.44
15.	52- Externally Aided Projects, pertaining to Agriculture Department	3.58	1.62	4.68	0.52
16.	53- Financial Assistance to Urban Bodies under Special Component Plan for Schedule Castes	16.15	12.41	25.89	2.67
17.	56- Rural Industries	19.12	5.81	23.50	1.43
18.	58- Expenditure on relief on Account of Natural Calamities and Scarcity	241.71	295.95	421.81	115.85
19.	59- Externally Aided Projects pertaining to Rural Development Department	2.28	12.42	14.25	0.45
20.	65- Aviation	5.13	0.51	5.43	0.21
21.	66- Welfare of Backward Classes	86.02	37.69	119.88	3.83
22.	69- Information Technology	0.84	34.17	34.66	0.35
23.	80- Financial assistance to Three Tier Panchayati Raj Institutions	874.91	201.53	1036.03	40.41
24.	81- Financial assistance to Urban Bodies	994.63	119.86	1077.86	36.63
25.	82- Financial assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub-Plan	365.85	143.44	478.84	30.45
26.	83- Financial assistance to Urban Bodies under Tribal Area Sub-Plan	10.08	9.94	17.80	2.22

27	95- Other Expenditure pertaining to School Education Department (excluding Primary Education)	371.22	26.74	385.46	12.50
28	96- Expenditure pertaining to Forest Department under recommendation of Twelfth Finance Commission	-Nil-	23.00	19.29	3.71
	-Total (A)	9240.06	2034.08	10411.68	862.46
	B-Capital- Voted				
29	08- Land Revenue and District Administration	0.92	21.56	20.01	2.47
30	11- Commerce and Industry	11.91	103.22	112.22	2.91
31	12- Energy	998.82	3845.00	4726.56	117.26
32	17- Co-operation	28.36	17.27	29.95	15.68
33	20- Public Health Engineering	144.32	100.27	237.72	6.87
34	26- Culture	-Nil-	1.35	1.20	0.15
35	37- Tourism	21.53	5.20	25.02	1.71
36	48- Narmada Valley Development	733.37	524.99	942.51	315.85
37	66- Welfare of Backward Classes	2.70	7.20	4.81	5.09
38	96- Expenditure pertaining to Forest Department under recommendation of Twelfth Finance Commission	-Nil-	4.60	2.48	2.12
	Total (B)	1941.93	4630.66	6102.48	470.11
	Grand Total (A+B)	11181.99	6664.74	16514.16	1332.57

Additional requirement: - Rs.16514.16 crore (-) Rs.11181.99. crore = Rs.5332.17 crore.

Appendix 2.7

(Reference: paragraph 2.3.5, page 35)

Cases where supplementary provision was insufficient

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Actual expenditure	Final Excess
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue Voted				
1	24- Public Works- Roads and Bridges	140.07	147.59	295.41	7.75
2.	67- Public Works- Building	202.01	6.04	208.65	0.60
	Total (A)	342.08	153.63	504.06	8.35
	B-Capital- Voted				
3	06-Finance	267.47	264.00	558.43	26.96
	Total (B)	267.47	264.00	558.43	26.96
	Grand Total (A+B)	609.55	417.63	1062.49	35.31

Appendix 2.8

(Reference: paragraph 2.3.6, page 35)

Injudicious/ Irregular/ Incorrect Re-appropriations/ Surrenders

(a) Some of the cases in which funds were injudiciously withdrawn by re-appropriation/ surrender, although accounts already showed excess over provision

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation/ surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	07- Commercial Tax- 2030-02-102-2455-Expenses on sale of Non-judicial Stamps	6.00	12.14	6.14	1.64	7.78
2	07- Commercial Tax- 2039-104-4173-Purchase of Sprits	26.00	33.66	7.66	1.36	9.02
3	19- Public Health and Family Welfare- 2210-03-103-0101-2777 Primary Health Centres	76.46	103.32	26.86	2.04	28.90
4	23- Water Resources- 2701-80-799-0101-1051-Stock	4.50	6.22	1.72	1.96	3.68
5	41- Tribal Areas Sub-plan- 50-Women and Child Development Department- 2236-02-796-101-0102-414-Special Nutrition Programme in Tribal Areas	16.37	21.77	5.40	2.28	7.68
6	81- Financial assistance to Urban Bodies- 2202-01-103-0101-2669-Maintenance Grant to Local Bodies- Rural and Urban	27.06	36.27	9.21	10.64	19.85

(b) Some of the cases, in which funds were withdrawn by re-appropriation/surrender, in excess of available saving, resulting in final excess of more than Rs.10 lakh

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Available saving	Re-appropriation/ surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	06- Finance- 2047-103-2696-Publicity	32.79	21.07	11.72	13.90	2.18
2	06- Finance- 6075-800-6842-Loan Assistance for restoration of State Government Undertakings	450.00	449.54	0.46	30.00	29.54
3	12- Energy- 2801-02-800-7023-Financial Assistance to M.P.State Electricity Board/ Succeeding Companies	661.00	473.34	187.66	187.81	0.15
4	15- Financial assistance to Three Tier Panchayti Raj Institutions under Special Component Plan for Schedule Castes- 20- School Education Department- 2202-01-789-101-0103-4398-Government Primary Schools	15.53	8.82	6.71	6.94	0.23

5	19- Public Health and Family Welfare- 2210-01-110-7892-Medical Guarantee Scheme	17.84	11.73	6.11	15.37	9.26
6.	19- Public Health and Family Welfare- 2210-03-103-2779-Primary Health Centre	19.42	16.34	3.08	14.51	11.43
7.	19- Public Health and Family Welfare- 2211-101-0801-621-Additional Sub Health Centres	78.70	62.32	16.38	17.24	0.86
8.	19- Public Health and Family Welfare- 2211-105-0801-4602-Sterilisation	24.00	0.38	23.62	24.00	0.38
9.	19- Public Health and Family Welfare- 4210-01-110-0101-7648-Construction of Buildings for Hospitals and Dispensaries	20.00	12.31	7.69	10.00	2.31
10.	21- Housing and Environment- 2217-01-001-0101-6755- Renovation/Beautification of Ponds	5.01	2.50	2.51	4.86	2.35
11.	23- Water Resources Department - 2701-01-800-5422-Barrage Safety Works	2.00	0.42	1.58	1.75	0.17
12.	24- Public Works- Roads and Bridges- 5054-04-800-0101-1513-Construction of Major Roads of District	9.15	7.95	1.20	3.49	2.29
13.	24- Public Works- Roads and Bridges- 5054-04-800-0101-2457-Minimum Needs Programme (Including Rural Roads)	10.00	3.99	6.01	6.62	0.61
14.	27- School Education (Primary Education)- 2202-02-110-0101-3491-Middle Schools	17.51	15.43	2.08	2.42	0.34
15.	39- Food, Civil Supplies and Consumer Protection- 2408-01-001-1471-District Offices	8.47	7.18	1.29	1.72	0.43
16.	39- Food, Civil Supplies and Consumer Protection- 3475-106-6112-Headquarter and Divisional Offices	5.31	3.66	1.65	1.84	0.19
17.	41- Tribal Areas Sub-plan- 17-Public Health and Family Welfare Department- 4210-02-796-103-0102-1209- Construction of Primary Health Centres under Rural Scheme	8.07	6.18	1.89	4.00	2.11
18.	41- Tribal Areas Sub-plan- 25- Tribal Welfare Department- 2225-02-796-800-0802-6500-Development of Special Backward Tribes	3.28	2.64	0.64	1.05	0.41
19	41- Tribal Areas Sub-plan- 25- Tribal Welfare Department- 4225-02-794-800-0602-5211-Local Development Programme in Integrated Tribal Development Projects	13.48	10.15	3.33	12.61	9.28
20	41- Tribal Areas Sub-plan- 27-Narmada Valley Development Department- 4701-01-796-235-0102-9091-Omkareshwar Project	120.59	4.45	116.14	119.37	3.23
21	48- Narmada Valley Development- 4801-80-800-0101-4406-Expenditure for Land acquisition and other works in submerged areas of Sardar Sarovar	215.83	143.33	72.50	92.75	20.25

22	55- Women and Child Development- 2235-02-102-0801-5354-Integrated Service Scheme (Externally Aided Scheme)	94.68	70.76	23.92	24.05	0.13
23	55- Women and Child Development- 2235-02-102-0801-5355-Training to Anganwadi Workers under Integrated Child Development Programme (Externally Aided Scheme)	8.69	3.60	5.09	5.72	0.63
24	55- Women and Child Development- 2236-02-101-0101-9050-Minimum Needs Programmes Special Nutrition Programme	72.12	61.83	10.29	12.20	1.91
25	58- Expenditure on relief on Account of Natural Calamities and Scarcity.- 2245-01-101-8874-Additional Provision for Drought Relief and Employment	90.00	73.28	16.72	22.94	6.22
26	58- Expenditure on relief on Account of Natural Calamities and Scarcity.- 2245-02-101-747-Relief to Hailstorm Sufferers	25.00	22.28	2.72	9.03	6.31
27	64- Special Component Plan for Scheduled Castes- 20-School Education Department- 2202-01-789-101-0703-7420-Continual Education Programme	6.28	0.38	5.90	6.01	0.11
28	64- Special Component Plan for Scheduled Castes- 50-Women and Child Development Department- 2236-02-789-101-0103-2179- Special Nutrition Programme for Scheduled Castes in Urban Slums	24.00	12.96	11.04	11.34	0.30
29	64- Special Component Plan for Scheduled Castes- 55-Scheduled Caste Wefare Department- 2225-01-789-800-0103-7560-Lumpsum provision for Special Component plan	15.00	6.28	8.72	8.83	0.11
30	64- Special Component Plan for Scheduled Castes- 55-Scheduled Caste Wefare Department- 4225-01-789-800-0703-1400-Ashram and Hostel Buildings	24.05	11.99	12.06	12.22	0.16
31	76- NABARD and Externally Aided Projects pertaining to Public Works Department- 5054-03-101-0101-6589-Construction of Major Bridges under NABARD Loan Assistance	33.69	27.11	6.58	8.19	1.61
32	80- Financial assistance to Three Tier Panchayti Raj Institutions- 2202-01-103-0101-8403-Grant for Salary of Shiksha Karmees	230.61	228.90	1.71	6.28	4.57

(c) Unnecessary augmentation of funds, despite available saving.

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Available Saving	Re-appropriation	Final Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	58- Expenditure on relief on Account of Natural Calamities and Scarcity.- 2245-02-101-2018-Cash Doles	25.00	18.80	6.20	14.00	20.20
2	58- Expenditure on relief on Account of Natural Calamities and Scarcity.- 2245-80-800-8030-Assistance for Restoration of other Works	13.29	3.01	10.28	45.00	55.28

(d) Funds augmented by re-appropriation, more than the amount required to cover the excess.

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation	Final saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	-Interest Payments and Servicing of Debts- 2049-01-200-6235-Interest on Loan from National Capital Region Planning Board	4.85	5.75	0.90	3.45	2.55
2	-Interest Payments and Servicing of Debts- 2049-01-200-6973-Interest Payable on Local Fund Deposits	Token	0.86	0.86	6.00	5.14
3	-Public Debt- 6003-108-3751-Loans from the National Cooperative Development Corporation	25.00	43.01	18.01	20.28	2.27
4	07- Commercial Tax- 2039-001-123-Superintendence	213.10	227.20	14.10	45.42	31.32
5	13- Agriculture- 2401-109-0701-6891-State Level Agriculture Extension and Training Institutes	Token	0.95	0.95	1.11	0.16
6	19- Public Health and Family Welfare- 2210-01-001-2283-Direction and Administration	11.20	13.83	2.63	4.72	2.09
7	19- Public Health and Family Welfare- 2210-01-110-1473-District Hospital	96.57	134.29	37.72	41.34	3.62
8	19- Public Health and Family Welfare- 4210-02-103-0101-7871-Construction of Primary Health Centres, Sub Health Centres and Community Health Centres for basic services	8.00	12.92	4.92	10.00	5.08
9	20-Public Health Engineering- 2215-01-101-545-Establishment and Maintenance of Water Works of the State	33.58	35.35	1.77	2.04	0.27
10	23-Water Resources Department- 2701-01-203-2894-Barrage and Canals	8.48	9.26	0.78	1.33	0.55
11	23- Water Resources Department- 4701-01-203-0101-2884-Canal and Appurtenant Works	75.59	83.82	8.23	12.50	4.27
12	24- Public Works- Roads and Bridges- 5054-03-101-0101-6651-Construction of Railway Over Bridge	1.28	2.27	0.99	2.00	1.01

13	41- Tribal Areas Sub-plan- 17-Public Health and Family Welfare Department- 4210-02-796-104-0102-5056-Construction of building of Community Health/Sub Health/Primary Health Centers	Token	1.19	1.19	4.00	2.81
14	41- Tribal Areas Sub-plan- 25-Tribal Welfare Department- 2225-02-796-277-0102-2773-Primary Schools	33.28	37.80	4.52	5.47	0.95
15	41- Tribal Areas Sub-plan- 25-Tribal Welfare Department- 2225-02-796-277-0102-8832-Strengthening of Ashrams/Hostels	6.00	22.08	16.08	16.48	0.40
16	41- Tribal Areas Sub-plan- 27-Narmada Valley Development Department- 4701-03-796-201-0102-5223-Man Project (NABARD)	1.72	3.41	1.69	2.11	0.42
17	41- Tribal Areas Sub-plan- 27-Narmada Valley Development Department- 4701-03-796-202-0102-4647-Jobat Project (NABARD)	16.80	21.61	4.81	4.97	0.16
18	44- Higher Education- 2202-03-102-0101-1565-Chitrakut Gramodaya University	2.20	2.95	0.75	1.30	0.55
19	44- Higher Education- 2202-03-102-1437-Jabalpur University	6.88	7.71	0.83	1.51	0.68
20	44- Higher Education- 2202-03-102-1561-Indore University	6.95	7.82	0.87	1.57	0.70
21	44- Higher Education- 2202-03-102-3939-Vikram University Ujjain	7.00	7.71	0.71	1.41	0.70
22	44- Higher Education- 2202-03-102-4460-Sagar University	13.10	15.33	2.23	3.54	1.31
23	79- Medical Education- 2210-01-110-0101-1353-Medical Colleges and Attached Hospitals	41.14	41.69	0.55	2.30	1.75
24	82- Financial assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub-Plan 25-Tribal Welfare Department- 2225-02-796-277-0102-1392-Scholarship and Stipends	8.50	12.21	3.71	3.85	0.14
25	95- Other Expenditure pertaining to School Education Department (Excluding Primary Education)- 2202-02-109-6866-Maintenance of High School and Higher Secondary School Buildings	3.00	19.47	16.47	17.00	0.53

Appendix 2.9

(Reference : Paragraph 2.3.7 (a), page 35)

Non-surrender of significant savings (Rs. 5 crore and above)

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Total available saving	Amount not surrendered (percentage to total saving in brackets)
(1)	(2)	(3)	(4)
	A - Revenue- Voted		
1.	01- General Administration	23.52	12.90 (54.9)
2.	06- Finance	172.92	158.83 (91.9)
3.	07- Commercial Tax	24.61	22.61 (91.9)
4.	08- Land Revenue and District Administration	44.18	44.10 (99.8)
5.	10- Forest	46.21	26.39 (57.1)
6.	11- Commerce and Industry	10.47	10.47 (100)
7.	13- Agriculture	111.77	111.77 (100)
8.	14- Animal Husbandry	19.50	9.01 (46.2)
9.	15- Financial assistance to Three Tier Panchayti Raj Institutions under Special Component Plan for Schedule Castes	45.27	15.18 (33.5)
10.	17- Co-operation	18.79	18.79 (100)
11.	19- Public Health and Family Welfare	79.76	28.73 (36)
12.	20- Public Health Engineering	26.37	26.37 (100)
13.	21- Housing and Environment	10.60	5.79 (54.6)
14.	23- Water Resources Department	23.10	18.67 (80.8)
15.	27- School Education (Primary Education)	72.95	21.95 (30.1)
16.	29- Law and Legislative Affairs	63.50	25.21 (39.7)
17.	31- Planning, Economics and Statistics	7.32	7.32 (100)
18.	33- Tribal Welfare	17.37	13.17 (75.8)
19.	36- Transport	5.83	5.83 (100)
20.	41- Tribal Areas Sub-plan	128.50	54.00 (42)
21.	44- Higher Education	35.71	35.71 (100)
22.	47- Technical Education and Training	23.90	9.36 (39.2)
23.	58- Expenditure on relief on Account of Natural Calamities and Scarcity	115.85	115.85 (100)
24.	64- Special Component Plan for Scheduled Castes	135.30	40.36 (29.8)
25.	79- Medical Education Department	11.18	5.40 (48.3)
26.	80- Financial assistance to Three Tier Panchayti Raj Institutions	40.41	16.44 (40.7)
27.	82- Financial assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub-Plan	30.46	16.88 (55.4)
	Total (A)	1345.35	877.09 (65.2)
	B- Revenue- Charged		
28.	- Interest Payments and Servicing of Debt	781.03	781.01 (100)
	Total (B)	781.03	781.01 (100)
	C- Capital- Voted		
29.	03- Police	72.81	46.08 (63.3)
30.	17- Co-operation	15.67	15.67 (100)
31.	20- Public Health Engineering	6.87	6.87 (100)
32.	23- Water Resources Department	106.45	62.64 (58.9)
33.	27- School Education (Primary Education)	7.20	7.20 (100)
34.	36- Transport	22.52	22.52 (100)
35.	41- Tribal Areas Sub-plan	192.30	42.55 (22.1)

36	42- Public Works relating to Tribal Areas Sub-Plan-Roads and Bridges	51.70	41.13 (79.6)
37	45- Minor Irrigation Works	24.14	21.38 (88.6)
38	57- Externally Aided Projects pertaining to Water Resources Department	49.70	47.61 (95.8)
39	58- Expenditure on relief on Account of Natural Calamities and Scarcity.	16.30	16.30 (100)
40	64- Special Component Plan for Scheduled Castes	80.75	24.77 (30.7)
41	66- Welfare of Backward Classes	5.09	5.09 (100)
42	67- Public Works- Building	35.38	35.38 (100)
43	75- NABARD Aided Projects pertaining to Water Resources Department	45.96	32.53 (70.8)
	Total (C)	732.84	427.72 (58.4)
	D- Capital Charged		
44	-Public Debt	7577.46	7577.46 (100)
	Total (D)	7577.46	7577.46 (100)
	Grand Total (A+B+C+D)	10436.68	9663.28 (92.6)

Appendix 2.10

(Reference: Paragraph 2.3.8 page 36)

Cases of injudicious/ unrealistic surrender

(a) Cases where amount surrendered more than available saving.

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Available Saving	Amount Surrendered
A-Revenue Voted			
1	03- Police	43.23	47.75
2	12- Energy	196.76	196.91
3	22- Urban Administration and Development - Urban Bodies	4.04	4.06
4	30- Rural Development	35.71	37.88
5	39- Food, Civil Supplies and Consumer Protection	17.74	18.13
6	49- Scheduled Caste Welfare	3.31	4.58
7	50-20 Point Implementation	0.70	0.74
8	55- Women and Child Development	140.50	142.09
9	81- Financial assistance to Urban Bodies	36.63	38.32
10	95- Other Expenditure pertaining to School Education Department (excluding Primary Education)	12.50	13.24
Total (A)		491.12	503.70
B-Capital Voted			
11	24- Public Works- Roads and Bridges	55.13	74.22
12	48- Narmada Valley Development	315.85	325.58
13	76- NABARD and Externally Aided Projects pertaining to Public Works Department	18.46	19.94
Total (B)		389.44	419.74
C-Capital-Charged			
14	41- Tribal Areas Sub-plan	0.07	0.10
Total (C)		0.07	0.10
Grand Total (A+B+C)		880.63	923.54

(b) Cases where amount surrendered even after excess over provision.

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Excess over provision	Amount Surrendered
A-Revenue- Voted			
1	67- Public Works- Building	0.60	28.14
Total-(A)		0.60	28.14
B-Capital -Voted			
2	39- Food, Civil Supplies and Consumer Protection	2.27	3.33
Total (B)		2.27	3.33
Grand Total (A+B)		2.87	31.47

Appendix 2.11

(Reference : Paragraph 2.3.9, page 36)

Expenditure incurred without budget provision

(Rupees in lakh)

Sl. No.	No. and name of Grant/Appropriation	Head of Account	Amount of expenditure
		Total- (A)	
	A-Capital- Voted		
	06-Finance	7610-202-5297-Loans to Other Government Servants	0.13
	06-finance	7610-202-9085-Loans to Other Government Servants	0.35
		Total-(A)	0.48

Appendix 2.12

(Reference Paragraph 2.4, page 36)

Non-reconciliation of expenditure figures for 2005-06

(Rupees in crore)

Sl. No.	Head of Account	Grant Numbers	Amount of expenditure not reconciled during the year
1.	2.	3.	4.
1.	2053	8, 50	4.33
2.	2202	27, 95	1044.52
3.	2211	19, 41, 64	256.19
4.	2217	53, 81	9.88
5.	2029	08	48.18
6.	2235	02	2.81
7.	2245	58	305.82
8.	2406	10, 41, 64, 96	32.13
9.	2425	17, 41, 64	8.85
10.	4885	06	4.00
Total	Major Heads -10	Grants-15	1716.71 5.50% of total expenditure

Appendix 2.13

(Reference: paragraph 2.5, page 36)

Defective sanctions for re-appropriations/ surrenders

(Rupees in crore)

Sl. No.	Number of sanctions	Grant No.	Amount	Particulars of irregularities
1	25	04,08,09,11,13,15,18,22,26,36,41,45,51,52,57,62,64,80,82	248.35	Sanctions were issued after close of financial year 2005-06
2	9	05,06,15,20,21,66,82,95	34.59	Delayed receipt of sanctions in Accountant General (A&E) office, i.e. after closing and finalization of Accounts.
3	1	80	7.57	Surrender without provisions in the concerned head of budget
4	3	72,70.	0.07	Funds, to the Head "Office expenses" increased by re-appropriation.
5	1	-I P	3.60	Re-appropriation from one Grant to another Grant.
6	3	41,64,3	1.49	Surrender without the availability of savings.
7	3	3,4,13	10.45	Re-appropriation sanction are not in order.
Total	47	27	306.12	

Appendix 2.14

(Reference: Paragraph 2.6, page 36)

Rush of Expenditure during March 2006

(Rupees in crore)

Sr. No.	No. and name of Grant/Appropriation	Total Provision	Expenditure up to			Total Expenditure up to March 2006	Expenditure in March 2006	Percentage of expenditure in March to total expenditure
			6/2005	9/2005	12/2005			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	11- Commerce and Industry	164.27	7.34	19.27	29.45	150.85	113.00	74.9
2	12- Energy	7221.60	1100.73	1219.37	2008.09	6892.91	3675.48	53.3
3	37- Tourism	33.11	0.04	1.17	2.87	30.80	26.74	86.8
4	58- Expenditure on relief on Account of Natural Calamities and Scarcity.	554.46	21.10	104.07	115.96	421.81	291.99	69.2
5	61- Externally Aided Projects pertaining to Public Health and Family Welfare	58.37	0.03	0.03	8.03	23.03	15.00	65.1
6	69- Information Technology	35.01	-Nil-	2.93	3.82	34.66	30.84	89
7	71- Biodiversity and Biotechnology	4.88	-Nil-	-Nil-	0.56	1.51	0.95	62.9
8	87- Externally Aided Projects pertaining to Technical Education and Training Department	14.86	0.11	0.76	2.76	8.03	4.99	62.1
9	94- Expenditure pertaining to Simhasth Mela, 2004	9.00	0.06	(-).06	4.42	8.96	4.28	47.8
10	96- Expenditure pertaining to Forest Department under recommendations of Twelfth Finance Commission	27.60	-Nil-	-Nil-	2.16	21.78	12.92	59.3

Note:- The expenditure shown in column (7) of grant no.11 and 96 includes amounts of Rs.0.65 crore and Rs.4.00 crore respectively aggregating to Rs.4.65 crore, which were credited to the Major Head 8443- Civil Deposit- 800- Other Deposit, on 31st March 2006.

Appendix 2.15

(Reference: Paragraph 2.7.2, page 37)

Substantial savings under Schemes of selected grants

(Rupees in crore)

Sl. No	Grant number and name of scheme	Saving (Percentage)		
		2005-06	2004-05	2003-04
06-Finance				
1.	2047-103-2696 Publicity	11.72(35.7)	9.79(32.5)	2.44(10.0)
2.	2070-797-6856 Recovery of Loans Sanctioned to Government Servants through Banks	37.44(93.6)		--
3.	2070-800-0101-224 Other Expenditure	150.00 (100)		--
4.	2071-01-102-9998 For successor state of Madhya Pradesh	16.74 (93.0)	24.35 (93.6)	--
5.	2071-01-102-9999 For combined state of Madhya Pradesh	31.12 (88.9)	95.68 (95.7)	--
6.	2071-01-105-9998 For successor state of Madhya Pradesh	10.09 (20.0)	7.31 (15.3)	--
7.	2071-01-111-9999 For combined state of Madhya Pradesh	2.90 (54.3)	3.32 (62.2)	--
15-Financial Assistance to Three Tier Panchayati Raj Institutions under Special component Plan for Scheduled Castes				
8.	2202-01-789-101-0103-4398 Government Primary Schools	6.71(43.1)	3.51 (25.0)	2.95 (38.2)
9.	2215-02-789-107-0703-5206 Rural Cleanliness Programme	8.87(67.0)	7.37 (59.9)	0.22 (14.7)
10.	2225-01-789-277-0103-2952 School Uniform to girls	3.88(82.7)	0.52(11.6)	0.32 (7.1)
11.	2216-03-789-102-0103-8743 Pradhan Mantri Gramodaya Yojana	2.20(100)	1.05 (47.8)	--
12.	2505-01-789-702-0703-6800 Food for Work Scheme	4.56(55.1)	0.32 (10.7)	--
19-Public Health and Family Welfare				
13.	2210-01-110-7892 Medical Guarantee Scheme	6.11(34.2)	--	--
14.	2210-01-110-0101-1493 Improvement and Development of medical facilities in hospitals other than district headquarter	2.65(23.2)	Excess	Excess
15.	2210-06-101-0701-4245 Malaria	2.16(44.1)	1.35 (35.0)	2.41 (54.0)
16.	2210-06-101-0801-859 Leprosy Disease Control Programme	10.73 (99.4)	1.39 (13.5)	1.01 (11.5)
17.	2210-06-800-0801-1801 Cost of Material and Equipments under TCA Programme	10.17 (100)	10.17 (100)	9.73 (100)
18.	2211-001-0801-1508 District level Staff	3.82 (21.3)	2.93 (16.1)	Excess
19.	2211-003-0801-336 Training of Family Planning to Auxiliary Nurse, Midwives and Health visitors	3.24 (45.8)	2.24 (27.3)	1.48 (24.3)
20.	2211-101-0801-621 Additional Sub-Health Centres	16.38 (20.8)	Excess	20.13 (35.3)
21.	2211-105-0801-4602 Sterilisation	23.62 (98.4)	3.08 (19.3)	1.29 (12.3)
22.	2211-800-0801-2498 Supply of Conventional Contraceptives	10.00 (100)	10.00 (100)	7.00 (100)
23.	2211-800-0801-6106 Universal Immunisation	15.00 (100)	15.00 (100)	10.00 (100)
24.	3606-237-0101-2498 Supply of Conventional Contraceptives	10.00 (100)	10.00 (100)	--
25.	3606-237-0101-4245 Malaria	10.00 (100)	10.00 (100)	--
26.	3606-237-0101-6106-Universal Immunisation	15.00 (100)	15.00 (100)	--

24-Public Works-Roads and Bridges				
27.	5054-03-101-0101-4149 Construction of Major Bridges	8.62(86.2)	Excess	--
28.	5054-03-337-0101-4090 Special Repairs	10.30(100)	1.89 (62.9)	--
39.	5054-04-337-0101-4090 Special Repairs	23.09 (100)	0.84 (16.8)	--
30.	5054-04-800-0101-2457 Minimum Needs Programme (Including Rural Roads)	6.01(60.1)	Excess	1.25 (26.0)
31.	5054-04-800-0101-7087 Upgradation, Bituminisation and Renovation	25.00(100)	25.72 (25.7)	62.02 (47.7)
32.	5054-80-800-0101-6841-Construction of Roads through Madhya Pradesh Road Development Corporation	6.00 (100)	--	--
27-School Education (Primary Education)				
33.	4202-01-201-0101-7901 Pradhan Mantri Gramodaya Yojana – Mid Day Meal	6.38 (63.4)	3.69 (36.7)	5.76 (100)
29-Law and Legislative Affairs				
34.	2014-114-3572 Mofussil Establishment and Village Court	5.96(33.3)	6.31(35.1)	--
35.	2015-102-2409 Election Officer	2.07(37.9)	8.83(75.4)	3.24 (47.1)
36.	2015-103-3307 Preparation and Printing of Electoral Rolls	7.04(64.2)	5.79 (61.4)	7.54(51.5)
37.	2015-105-4311 Charges for conduct of elections to Parliament	20.12(95.8)	32.96(74.4)	3.80(76.5)
38.	2015-106-4006 Charges for conduct of elections to State Legislature	2.53 (68.9)	4.21 (66.0)	19.78 (50.9)
39.	2015-108-9503 Issue of Photo Identify Cards to voters	8.69 (80.8)	8.32 (73.6)	12.32 (77.0)
75-NABARD Aided Projects pertaining to Water Resources Department				
40.	4701-03-243-0101-7076 Machak Canal Extension	7.72(64.3)	4.82(60.2)	5.80(62.4)
41.	4701-03-252-0101-2897 Dam and Appurtenant work	8.16(60.9)	0.68 (13.6)	--
42.	4701-03-800-0101-2304 Direction and Administration	2.45(100)	2.50(100)	--
43.	4702-101-0101-2304 Direction and Administration	9.14(100)	9.30(100)	--
93-Expenditure pertaining to Accelerated Energy Development				
44.	2801-02-800-0101-8729 Assistance to MP State Electricity Board under Accelerated Energy Development Programme	62.39 (73.5)	69.1(93.3)	28.98 (55.2)
45.	6801-800-0101-8729 Assistance to MP State Electricity Board under Accelerated Energy Development Programme	62.39(73.5)	69.1(93.3)	28.98 (55.2)
Total-		709.17	488.44	238.45

Appendix 2.16

(Reference: Paragraph 2.7.2, page 37)

Substantial excesses under Schemes of selected grants

(Rupees in crore)

Sl. No.	Grant Number and name of scheme	Excess (Percentage)		
		2005-06	2004-05	2003-04
06-Finance				
1.	2071-01-101-9998 For successor state of Madhya Pradesh	15.08(10.4)	5.31(4.0)	--
2.	2071-01-101-9999 For combined state of Madhya Pradesh	107.23(13.9)	39.95 (5.8)	
3.	2071-01-105-9999 For combined state of Madhya Pradesh	13.65 (13.5)	7.46 (8.8)	
4.	2071-01-115-9999 For combined state of Madhya Pradesh	3.78(6.2)	0.73 (1.3)	--
15-Financial Assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes				
5.	2515-789-101-1303-6907 For Minimum Basic Need to Gram Panchayats	1.57(6.4)	--	--
6.	2225-01-789-277-0103-8805 Scholarships to girls and boys on Primary level	1.40 (13.1)	Saving	Saving
7.	2501-01-789-101-0103-7118 National Parallel Development Scheme	7.78(74.1)	--	--
19-Public Health and Family Welfare				
8.	2210-01-001-2283 Direction and administration	2.63 (23.5)	--	--
9.	2210-01-110-1473 District hospital	37.71 (39.1)	1.64 (2.0)	6.94 (16.0)
10.	2210-01-110-748 Dispensaries	11.70(166.4)	Saving	1.27(6.6)
11.	2210-03-103-0101-2777 Primary Health Centres	26.86 (35.1)	2.06 (2.2)	12.22 (14.9)
12.	2210-06-101-859 Leprosy Disease Control Programme	9.95 (122.8)	0.28(3.9)--	1.81(26.7)
24-Public Works-Roads and Bridges				
13.	5054-03-337-0101-4336 Construction of Roads in States – State Highways	5.18 (20.7)	41.69 (416.9)	0.49 (3.0)
14.	5054-03-337-0101-948 Central Road Fund	11.37 (21.9)	Saving	--
15.	5054-04-800-0101-7088 Survey Work	2.21 (147.3)	Saving	Saving
16.	5054-04-800-0701-1924 Construction of Roads and Bridges in Dacoity Affected Areas	1.77 (708.0)	0.19(13.3)	1.68(33.6)
17.	5054-05-337-0701-6331 Construction of Roads of Inter State Economic Importance	7.04 (87.5)	Saving	--
Total-		266.91	99.31	24.41

Appendix 2.17

(Reference: Paragraph 2.7.3, page 38)

(A) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants.

(Rupees in crore)

Sr. No.	Description of grant and scheme	Amount of unutilized supplementary provision
(1)	(2)	(3)
15- Financial Assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes		
1.	2505-01-789-702-0703-6800 Food for Work Scheme	4.05
19- Public Health and Family Welfare		
2.	2210-02-104-8743 Pradhan Mantri Gramodaya Yojana	0.95
3.	2210-05-105-2502 Training of Staff Nurses	0.03
4.	2210-06-101-8150 Multipurpose workers scheme	0.52
5.	2211-001-0801-1508 District level Staff	0.41
24-Public Works-Roads and Bridges		
6.	5054-80-800-0101-6841 Construction of Roads through Madhya Pradesh Road Development Corporation	6.00
29-Law and Legislative Affairs		
7.	2014-105-4497 General Establishment	2.50
75-NABARD Aided Projects pertaining to Water Resources Department		
8.	4702-101-0101-9469 Under Loan Assistance from NABARD	0.40
Total-		14.86

(B) Cases where supplementary provision proved excessive under schemes of selected grants.

(Rupees in crore)

Sr. No.	Description of Grants and Schemes.	Original	Supple- mentary	Expendi- -ture	Saving (-)
19-Public Health and Family Welfare					
1.	2210-01-110-7892 Medical Guarantee Scheme	--	17.84	11.73	6.11
2.	2210-01-110-0101-1491 Strengthening and improvement of Blood Banks Medical and Health Services at District	4.80	2.33	6.06	1.07
3.	2210-03-103-2779 Primary Health Centre	--	19.42	16.34	3.08
4.	2210-03-103-8743 Pradhan Mantri Gramodaya Yojana	--	2.50	0.87	1.63
5.	2210-03-103-0101-5998 Community Health Centres	3.37	1.90	3.57	1.70
6.	2210-06-003-8796 Training Programme	--	1.60	0.37	1.23
27-School Education (Primary Education)					
7.	4202-01-201-0801-6865 Construction of New DIET Building	2.00	1.82	3.00	0.82
Total		10.17	47.41	41.94	15.64

(C) Cases where supplementary provision proved inadequate under schemes of selected grants.

(Rupees in crore)

Sr. No.	Description of Grants and Schemes.	Original	Supplementary	Expenditure	Excess (+)
6-Finance					
1.	2052-091-5338 State Finance Commission	--	0.01	0.49	0.48
19-Public Health and Family Welfare					
2.	2210-01-001-2283 Direction and administration	11.00	0.20	13.83	2.63
3.	2210-01-110-1473 District hospital	95.16	1.42	134.29	37.71
4.	2210-01-110-748 Dispensaries	6.91	0.12	18.73	11.70
5.	2210-06-101-859 Leprosy Disease Control Programme	7.97	0.13	18.05	9.95
Total-		121.04	1.88	185.39	62.47

Appendix 3.1

*(Reference: paragraph 3.1.4 page 43.)***Sampling Plan (Design and Estimation Procedure)****Sampling Methodology**

A stratified multi-stage design was adopted for the survey. The first stage units (FSU) were the villages in the rural sector and Urban Frame Survey (UFS) blocks in the urban sector.

Within each district of a State/Union Territory, two basic strata were formed. (i) rural stratum comprising of all rural areas of the district and (ii) urban stratum comprising of all the urban areas of the district. However, if there were one or more towns with population 10 lakh or more as per population census 2001 in a district, each were considered as another basic stratum.

Selection of Primary Sampling Units

Rural Units: The villages for each district were selected through Probability Proportion to Size With Replacement (PPS) from the sampling frames.

Urban Units: The list of blocks for each district was then selected through Simple Random Sampling Without Replacement (SRSWOR) from the sampling frames.

Sampling Design: Rural Sampling**Selection of hamlet groups**

The first task was to ascertain the exact boundaries of the PSU, by discussing the layout of the village with the key informants of the village. After identifying the boundaries and layout of the village, if the population of the village was found to be more than 600, it was divided into suitable number of "hamlet groups". The number of hamlet groups formed, based on the population of the village, was as follows:

Village population	Number of hamlet groups formed
Less than 600	1
600-1199	3
1200-1799	5
1800-2399	6 and so on....

The hamlet groups thus formed had more or less an equal population size (i.e., the population across hamlets stays more or less same)

Sampling Design: Urban Sampling**Selection of sub-blocks**

The first task was to ascertain the exact boundaries of the UFS Block as per the NSS Maps. After identifying the boundaries and layout of the block, if the

population of the block was found be more than 600, it was divided into suitable number of "hamlet groups". Else, the entire block was listed. The number of sub-blocks framed, based on the population of the village, was as follows:

PSU population	Number of hamlet groups formed
Less than 600	1
600-1199	3
1200-1799	5
1800-2399	6 and so on....

The sub-blocks thus, formed had more or less equal the population. Preference was given to sub-blocks having slum areas. If there were more than one slum sub-blocks, then the second sub-block was selected on a random basis. In a case where there was some slum clusters in the selected UFS (which incidentally was not a slum UFS), a minimum of 50 per cent of the household interviews were conducted in these clusters (subject to the availability of eligible households).

Sampling Design: Sampling of Schools

The government schools (with primary/upper primary sections) in the selected UFS blocks/villages were identified. However, if there were no sufficient number in such areas, then the schools that were accessed by the children living in the selected UFS blocks/villages were selected through random sampling.

Estimation Procedure (Rural)

Notation:

i = subscript for i -th PSU [Village (Panchayat Ward)/Block]

j = subscript for j -th USU [Household]

Z = Population of Rural areas in district

H = Total number of listed households in the village/block

h = Number of eligible households in the village/block

z = Size of the sampled village used for selection

n = Number of sampled villages in a district

B^* = Number of hamlet groups formed in a village; $B^* = 1$ if the number of hamlet groups formed is 1 and $B^* = B/2$ if the number of hamlet groups is greater than 1

Y = Estimate of population total Y for the characteristics y

Formula for Estimation of aggregates at Stratum Level for Rural

$$\hat{Y} = Z \frac{1}{n} \sum_{i=1}^n \frac{H_j B_{*i}}{h_{jz}} \sum_{j=1}^h y_{ij}$$

Estimation Procedure – Urban

Notation:

i = subscript for i-th PSU [Village (Panchayat Ward)/Block]

j = subscript for j-th USU [Household]

N = Number of NSSO blocks in district

n = Number of sampled blocks in district

H = Total number of listed households in the village/block

h = Number of eligible households in the village/block

B* = Number of sub blocks formed; B* = 1 if the number of sub blocks formed is 1 and B* = B/2 if the number of sub blocks formed is greater than 1

Y = Estimate of population total Y for the characteristics y

Formula for Estimation of aggregates at Stratum Level for Rural

$$\hat{Y} = N \sum_{i=1}^n \frac{H_j B_{*i}}{h_j} y_{ij}$$

The overall estimate for the State obtained by summing the stratum estimates over all the strata.

Estimates of Error

The estimated variance of the above estimates would be

$$\text{Var}(\hat{Y}) = \sum_s \text{Var}(\hat{Y}_s) = \sum_s \sum_1 \text{Var}(\hat{Y}_{si})$$

Relative Standard Error

$$\text{RSE}(\hat{Y}) = \sqrt{\text{Var}(\hat{Y})/\hat{Y}} \times 100$$

Separate variances would be calculated for strata with PPSWR selection for first stage and SRSWOR.

Appendix 3.2

(Reference: paragraph 3.1.4, page 43)

Summary of findings of SRI

(i) School Survey

- Among the schools covered, 67.5 percent were PS, 26.5 percent were UPS, 3.7 percent were high school with upper primary schools (HS). Education guarantee schools constituted about 2.2 percent. Out of schools covered in the state, 97.7 percent of PS, 95.4 percent of UPS and 100 percent of the HS were aided.
- Of all schools covered 17.5 percent of PS, 23.4 percent of UPS and 21.4 percent of HS were exclusively for boys, 19.2 percent of PS, 23.1 percent of UPS and 26.2 percent of HS were exclusively for girls and 63.1 percent of PS, 52.8 percent of UPS and 52.4 percent of HS were co-educational.

Grants and schemes under SSA

- Provisions have been made for various grants under SSA to schools and teachers for procurement as well as replacement of teaching equipment, preparation of teaching learning material, assisting schools upgraded from EGS to PS to buy equipment and also in order to integrate disabled children with the mainstream education. It was found that about 94.7 percent of PS, 95.5 percent of UPS and 92.7 percent of HS had availed of the school grant.
- Almost 94.2 percent of PS, 95.5 percent of UPS and 95.1 percent of HS had received the teachers grant and about 4.4 percent of PS, 9.3 percent of UPS and 9.8 percent of HS had availed of the grant under provisions for disabled children.
- Among these schools covered under the study, reportedly about 94.4 percent PS, 96 percent of UPS and 97.6 percent of HS had received grants under SSA. Among these 98.4 percent of PS, 99.3 percent of UPS and 95.5 percent of HS in urban areas and 91.7 percent of PS, 93.3 percent of UPS and 100 percent of HS in rural areas reported receiving grants/aid under SSA.

School Committee

- Community involvement is one of the important aspect with respect to monitoring of school activities and participatory development of the schools. It was found that about 61.2 percent of PS, 25.1 percent of UPS and 3.6 percent of HS had education committee formed in the locality. Reportedly, in about 88.5 percent of schools the community members have also been trained under SSA.

Joint Bank Accounts

- In about 60.7 percent of PS, 24.7 percent of UPS and 3.5 percent of HS, the committees had also started joint bank accounts with the headmasters of the schools. This was to bring accountability to the expenditures incurred for the development of the school.

Mid-day Meal

- Mid-day meal is reportedly implemented in 94.6 percent of PS, 42.2 percent of UPS and 45.2 percent of HS of the government schools.
- Among the funded programmes, 13.5 percent of PS, 13.2 percent of UPS and 16.7 percent of HS reported implementation of Janshalas, which is basically a UNICEF assisted initiative to enhance the learning experience in government schools.

- The most important of all schemes implemented in government schools is mid-day meal scheme to attract children from lower socio-economic strata of the population. About 58.5 percent of the children reported that mid-day meals are being served in their schools. This was 70.6 percent in rural areas and 40.6 percent in urban areas.

NPEGEL

- In order to cater to special education needs of girls education, NPEGEL is being implemented in about 7.8 percent of PS, 7.6 percent of UPS and 7.1 percent of HS.
- Innovative schemes are also being implemented to bring back those children who have dropped out, by conducting back to school camps. About 6.4 percent of PS, 10.6 percent of UPS and 11.9 percent of HS reported that back to school camps are being conducted.

Free Text Books

- Apart from above government has also implemented schemes which to some extent act as incentives for parents to send their children to schools. But the proper reach of such schemes must be ensured so that the targeted beneficiaries actually realise the benefits of these schemes. In this regard, about 63.3 percent of the children said that they received free text books on time. When segregated by type of locality, 96.8 percent of children in rural area said that they received all the free text books on time as against 97.6 percent in urban areas.

Activities undertaken under SSA

- The position of civil works and other facilities undertaken revealed the following.

Figures in percentage

	P.S.	U.P.S.	HS
Construction of New Building	21.4	26.1	31.00
Repairing existing structures	48.8	53.5	57.1
Construction of Toilets	21.4	9.5	1.2
Separate Toilets for girls	12.3	6.1	1.4
Construction of Compound wall	9.3	4.4	1.1
Repairs in compound walls	9.1	5.1	0.8
Installation of gates	10.3	5.6	0.7
Water supply installation	28.4	12.1	1.5
Construction of Library	7.0	4.4	1.0
Construction of Staff room for teachers	11.8	7.8	1.8
Separate room for Head Master	10.1	8.6	1.2
Library books	28.4	15.3	2.2
Reference book	32.7	13.9	2.5
Computers	4.8	4.6	0.6

Teaching aids

- For generating interest in the child to learn, teaching learning materials are made available in the schools. In this regard about 94.3 percent of PS, 94.1 percent of UPS and 100 percent of HS reported that teaching learning material (TLM) have been given to all the classes and about 4.2 percent of PS and 4.3 percent of UPS reported that TLM have been given to some of the classes. About 1.6 percent of PS and 1.7 percent of UPS reported that no TLM have been provided.

(ii) Household Survey

Out of School Children

- The total number of children estimated in the age group of 6-14 years is 15073511, out of which 8388600 are males and 6684911 are females. Among these children it is estimated that a total of 1438487 children are out of school, out of which 785469 are males and 653018 are females.
- About 21 percent of the households belonged to Scheduled Caste and 13.4 percent to Scheduled Tribes. While close to 42.8 percent were from backward and other backward castes, 20.7 percent belonged to the general category.
- A major proportion of the heads of the HH (24.4 percent) were involved in casual or other forms of labour. While 16.9 percent were agriculture labourers some of the other key occupations were small cultivation/animal husbandry (16.8 percent) and small business (11.4 percent).

Coverage of SSA

- When a village or an urban area does not have a PS within a radius of 1 km it is defined as not covered by a PS and hence not covered by SSA. It emerged that about 7.7 percent of the rural areas and 20.7 percent of the urban blocks were not covered by schools.

Reasons for non-enrolment and non-attendance

- It was observed that affordability was the main reason for children not being enrolled in schools cited by 19.9 percent of parents. Apart from that some of the other important reasons cited were lack of transportation to schools (11.2 percent) and lack of consent by the parents (11.2 percent). Across the gender divide, it was found that affordability was the main reason for not enrolling the girl child as well as the male child and was cited by 16.4 percent and 23.5 percent of parents respectively. The reasons remained the same across the type of locality as well with 24.3 percent of the parents from urban areas and 17.7 percent of parents in rural areas citing affordability as the main reason for not enrolling their children in schools.
- Among these children who attend school, nearly 0.9 percent said that their school does not open on time, while about 0.4 percent of children in urban areas said so, the proportion was higher in rural areas as 1.3 percent of children in rural areas said that their schools do not open on time. It was interesting to note that about 1 percent reported that their school is not open on all days. This means that unscheduled holidays are being given, which finally affect the total number of days for which the child is supposed to come to school in a year.
- About 0.3 percent of the children reported that teachers are very irregular and about 1.3 percent reported that teachers are not so regular to the schools.
- About 2 percent of children said that teachers do not take classes for the full duration for which the classes are meant to be taken. This was reported by 2.3 percent of children in rural areas and 1.5 percent in urban areas.

Quality of Education

- On the whole about 36.4 percent of the parents said that they were extremely satisfied as compared to 2.8 percent who said that they were not satisfied with the quality education that their children are getting in the schools.

Appendix 3.3

(Reference: paragraph 3.2.6.3; page 64)

Distribution of foodgrains below the prescribed scale

(Quantity in MT)

Sl. No	Year	No. of cards BPL+ AAY	Requirement	Wheat distributed	Rice distributed	Total	Less distribution	Percentage
1	2001-02	5669247	1615735	472506	144447	616953	998782	62
2	2002-03	5853814	2458602	725894	175082	900976	1557626	63
3	2003-04	6260703	2629495	890163	160919	1051082	1578413	60
4	2004-05	6314692	2652171	1059216	189448	1248664	1403507	53
5	2005-06	6425209	2698588	980099	240023	1220122	1478466	55

Note:

Rate of distribution

April 2000 to June 2001-@ 20 Kg per card per month

July 2001 to March 2002- @ 25 kg per card per month

April 2002 to March 2005 - @ 35 kg per card per month

Appendix 3.4

(Reference: Paragraph 3.2.6.4, page 64)

Inspection of Government Fair Price shops

SL. No.	Name of Distt.	Total No. FPS	Total Inspected F.P.S	FPS without Ration Card register	F.P.S. Without beneficiary ledgers	No. of FPS in which food grains found short	F.P.S in which display board was not found	No. of FPS in which food grains were not lifted in time	No. of FPS in which inspection were not recorded by DFO/ AFO/ inspection Note Book	Quantity distributed
1	2	3	4	5	6	7	8	9	10	11
1	Betul	528	55	55	55	27	16	55	55	19 kg to 25 kg
2	Khargone	452	46	46	46	--	--	46	46	15 kg to 25 kg
3	Dhar	587	60	60	60	14	41	60	60	15 kg to 25 kg
4	Katni	410 390	41	41	41	--	--	41	41	15 kg to 20 kg
5	Bhopal	415	41	31	41	8	24	41	41	--
6	Khandwa	320	32	32	32	--	--	32	32	23 kg on BPL card
7	Balaghat	460	43	43	43	1	--	--	--	20 kg BPL
	Total	3152	318	308	318	50	81	275	275	

Appendix 3.5
(Reference: Paragraph 3.3.6.4 page 73)

Statement showing non achievement of physical targets

Year	Name of Tiger Reserve	Details of activity	Sanctioned by G.O.I. Target Fixed		Target achieved		Shortfall	
			Physical	Financial Rs. in lakh	Physical	Financial Rs. in lakh	Physical	Financial Rs. in lakh
1.	2.	3.	4.	5.	6.	7.	8.	9.
2000-2001	1. Kanha T.R. Mandla	Monitoring and evaluation	-	0.75	-	-	-	0.75
	2. Panna T.R. Panna	Water supply to Bhadar Tank from ken river	1	4.00	-	-	1	4.00
	3. Satpura TR	Development of grass land	500 ha	2.50	240ha	1.20	260	1.30
Creation of new water resources		4 stop dam	8.00	1	1.30	3	6.70	
2001-2002	1. Kanha T.R. Mandla	Purchase of ammution	-	0.50	-	-	-	0.50
	2. Pench T.R. Seoni	Procurement of Tractor, Trolley and Water Tankers	1	4.00	-	-	1	4.00
	3. Bandhargarh T.R. Umaria	Anti Poaching Squad						
		(i) Wireless hand sets	-	3.20	-	-	-	3.20
		(ii) Chargers	-	0.12	-	-	-	0.12
		(iii) Mobile wireless sets	-	0.20	-	-	-	0.20
	4. Satpura T.R.	Intelligence net work	-	0.50	-	-	-	0.50
		Construction of elephant shed	1	2.00	-	-	1	2.00
		Construction boat shed	1	1.50	-	-	1	1.50
		Water development Anicut	3	3.50	2	2.00	1	1.50
Tractor with trolley		-	6.00	-	-	-	6.00	
Motor cycle	5	2.50	-	-	5	2.50		
2002-2003	1. Kanha T.R. Mandla	Procurement of new motor cycles	5	2.00	-	-	5	2.00
	2. Bandhargarh T.R. Umaria	Immunization of cattle	8000 heads	5.00	-	-	8000 heads	5.00
	3. Panna T.R. Panna	Patrolling camps	7	6.00	4	6.00	3	-
		Eradication of lantana, vantulsi and cassia tora	650 HC	1.00	176 HC	0.99	474 HC	0.01
		Maintenance of roads	500 km	3.00	78 km	2.50	422 km	0.50
4. Satpura TR	Fencing Electric & Water supply	-	2.00	-	-	-	2.00	
2003-2004	1. Kanha T.R. Mandla	Services of G.I.S. analyst	1	0.84	-	-	1	0.84
	2. Pench T.R. Seoni	Drinking water facility for patrolling camps	-	6.00	-	-	-	6.00
		Development of natural water holes and water facility.	-	6.00	-	-	-	6.00
	3. Panna T.R. Panna	Eradication brush wood in meadows.	100 HC	1.00	69 HC	1.00	31 He	-
		Eradication lantana, vantulsi and cassia tora	300 HC	1.00	146.5 HC	1.00	153.5 He	-
4. Satpura T.R.	Purchase of vehicle	1	5.00	-	-	1	5.00	

1.	2.	3.	4.	5.	6.	7.	8.	9.
2004-2005	1. PENCH T.R. Seoni	Prophylactic immunization of 86 villages to cover foot and mouth disease	-	15.00	-	9.69	-	5.31
		Eradication of lantana. Alikatta beat & Rukhad beat.	300 HC 200 HC	4.50 3.00	- -	- -	300 HC 200 HC	4.50 3.00
	4. Satpura T.R.	Construction of stop damcum rapta	1	4.50	-	1.79	-	2.71
		Relocation of villages	1	103.00	1	62.27	-	40.73

Appendix 3.6

(Reference : Paragraph 3.4.5.2 and 3.4.6.1, page 86 and 88)

Statement showing project sanctioned loan realised and expenditure disallowed

(Rupees in crore)

Tranche / year	Project	Sanctioned cost	NABARD loan	Loan released	Expenditure	Amount disallowed by NABARD	Designed irrigation Potential
WRD							0.71 lakh
I / 1995-96	114	167.95	158.65	137.11	184.28	46.02	
II / 1996-97	60	152.72	138.77	134.10	176.11	39.29	0.36
III / 1997-98	76	137.24	121.52	111.66	150.16	31.17	0.24
IV / 1998-99	66	111.01	88.44	75.22	116.46	39.26	0.25
V / 1999-2000	08	17.67	16.93	14.39	19.34	4.47	0.08
VI / 2000-01	19	12.00	10.60	7.52	9.23	1.55	0.04
VII / 2001-02	25	85.93	73.70	64.72	82.25	16.48	0.22
VIII / 2002-03	55	171.81	142.04	109.71	144.30	30.66	0.31
IX / 2003-04	73	201.96	175.97	104.32	121.42	30.44	0.26
X / 2004-05	83	159.12	143.66	66.21	71.03	9.52	0.21
XI / 2005-06	48	200.76	176.08	18.80	13.17	0.84	0.30
Total WRD	627	1418.17	1246.36	843.76	1087.75	249.70	2.98
NVDA							
II / 1996-97	04	119.14	101.73	98.93	139.67	35.92	0.49
V / 1999-2000	05	89.40	87.61	81.30	90.68	8.49	0.22
VI / 2000-01	08	208.07	188.17	144.91	158.93	6.92	0.37
VII / 2001-02	02	135.49	119.69	79.56	90.96	00.18	0.04
Power	01	41.77	37.71	37.33	43.81	4.59	10 MW
VIII / 2002-03	09	298.97	251.55	152.72	200.81	26.35	0.95
Power	01	61.98	35.10	7.02	00.15	00.00	15 MW
IX / 2003-04	01	68.56	58.35	29.19	35.60	00.70	0.10
X / 2004-05	04	139.87	132.87	33.70	26.62	0.76	0.34
NVDA	33	1059.50	939.97	620.31	743.27	79.32	2.51
Power	02	103.75	72.81	44.35	43.96	4.59	25 MW
Total NVDA	35	1163.25	1012.78	664.66	787.23	83.91	

Appendix 3.7
(Reference: Paragraph 3.4.6.5 Page 89)

Statement Showing cases in which cost of construction exceeded the prescribed ceiling

(Rupees in Lakh)

SI NO.	Name of Project	District	Trench	Sanctioned cost	Total Expenditure	Potential Hactare	Cost per Hactare
1	Kuwar pura	Guna	II	106.9	111.09	97	1.14
2	Fudra	Sehore	II	155.89	308.8	220	1.4
3	Semrikala	Bhopal	II	398.53	376.24	313	1.2
4	Sarwatkhera	Ujjain	II	287.86	283.12	257	1.10
5	Amaha	Panna	II	647.8	595.05	526	1.13
6	Rupdirupda	Sehore	II	264.96	352.31	255	1.38
7	Jamdar	Khandwa	II	43.46	47.92	40	1.20
8	Kheri	Khargone	III	125	119.73	62	1.93
9	Paudijaitgarh	Damoh	III	144.86	233.10	193	1.21
10	Gujri	Kasrawat	III	65.29	62.52	49	1.28
11	Bither	Khargone	III	192.69	176.28	150	1.18
12	Aahirkhara	Khargone	III	119.36	138.45	130	1.07
13	Bilwani	badwani	III	137.98	137.98	120	1.07
14	Varsalai	Khargone	IV	54.56	65.65	40	1.64
15	Karanpur	Dhar	IV	44.27	50.21	46	1.09
16	Bhatkheri	Indore	IV	50.16	144.56	103	1.15
17	Pagra	Sehore	IV	94.66	159.22	107	1.49
18	Jagdhar	Betul	IV	163.87	249.84	199	1.26
19	Phuleri	Dhar	IV	238.39	272.02	240	1.13
20	Chainpura	Sehore	V	247.98	415.6	372	1.12
21	Madrawal	Rewa	VI	257.71	307.10	139	2.21
22	KakaSahib Gadgil	Mansaur	VII	2736.31	3795.08	3400	1.12
23	Semlipura	Dhar	VII	72.72	83.71	75	1.12
24	Bharsakhedi	Dewas	VIII	383.96	493.58	403	1.22
25	Chainamaina	Dewas	VIII	189.20	264.05	245	1.08
26	Orni	Dewas	VIII	153.08	166.34	153	1.09
27	Semrol	Shajapur	VIII	344.57	410.48	405	1.01
28	Temerni	Khargone	VIII	81.59	97.17	82	1.18
29	Dhavli	Khargone	VIII	79.30	96.1	80	1.20
30	Mahavir pavitra	Dhar	VIII	540.52	591.88	542	1.09
31	Hanmantya	Mansaur	VIII	126	138.44	129	1.07
32	Janakpura	Indore	IX	142.44	171.91	144	1.19
33	Ghenghi	Sehore	IX	209.62	289.98	262	1.11
34	Suagaon	Shajapur	IX	129.32	146.34	130	1.13
35	Gujari	Khargone	IX	62.76	91.01	65	1.40
36	Kevlari	Raisen	IX	380.30	481.33	392	1.23
37	Russalisahu	Vidisha	IX	117.08	149.93	146	1.03
38	Nimoni	Khargone	X	41.09	0.52	43	2.67*
39	Dhablamano har	Mandsaur	X	107.3	134.95	110	1.23
40	Vinayakpura	Sehore	X	187.39	204.11	192	1.06
41	Ashapuri	Raisen	X	318.97	392.25	324	1.21
	Total				12805.95		

*Due to project cost revised to Rs.114.65 Lakh.

Appendix 3.8

(Reference: Paragraph 3.4.6.8, page 90)

Statement of Forest affected projects

(Rs. in Lakh)

S.N	Project	District	Tranche	Sanctioned cost	Expenditure	Physical progress H/W Canal	Irrigation potential
1	Kalmoda	Jhabua	III	115.22	75.50	30 % 100 %	200 ha
2	Nirandarpur	Sagar	III	263.69	184.72	86% 95%	532
3	Amarpura	Neemuch	III	447.95	498.85	98% 100%	543
4	Semalipura	Dhar	VII	68.99	84.70	100% 100%	75
5	Basantpura	Khargone	VIII	465.60	325.44	70% 50%	700
6	Umaria	Khargone	IX	38.41	25.91	5% Nil	46
7	Nimoni	Khargone	IX	42.42	0.21	Nil Nil	43
8	Kiradiya	Dhar	IX	226.53	120.58	33% Nil	267
9	Kekadiya	Badwani	IX	65.84	--	-- --	86
10	Shantinagar	Katni	X	343.25	70.66	-- --	405
11	Jalyapani	Barwani	VIII	475.54	543.13	95% 90%	635
12	Dehari No.2	Khargone	IX	652.14	442.82	100% 35%	850
	Total			3205.58	2372.52		4382

Appendix 3.9

(Reference: Paragraph 3.5.3.1, page 100)

Statement showing completed buildings not handed over to the department

(Rupees in lakh)

Sl. No.	Name of District	Thana Bhavans			Admn. Buildings			Residential Buildings		
		No.	Amount	Date of Comp.	No.	Amount	Date of Comp.	No.	Amount	Date of Comp.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1	Indore	1	12.96	8/05	2	32.00	8/04	--		
2	Jhabua	1	10.84	8/05				--		
3	Bhopal	1	9.80	8/05	2	60.00	8/04	54	148.00	8/04 to 2/05
4	Hoshangabad	1	11.72	8/05				--		
5	Balaghat	3	33.08	8/05				--		
6	Dindori	3	34.78	8/05	1	8.63	8/05	--		
7	Seoni	1	12.00	8/05				--		
8	Narsinghpur	2	24.11	8/05				--		
9	Mandla	3	29.81	8/05	--			18	37.55	8/05
10	Katni	1	9.33	8/05				--		
11	Jabalpur	1	11.75	8/05	1	12.00	2/04	54	150.80	2/04 to 12/04
12	Chhindwara	3	35.44	8/05				--		
13	Dewas	1	11.31	8/05				--		
14	Shajapur	3	35.80	8/05				--		
15	Mandsaur	2	24.09	8/05	1	12.00	4/04	--		
16	Ujjain	7	79.79	8/05	1	12.00	5/05	54	148.20	11/04
17	Rewa	2	21.18	3/05, 8/05	3	52.00	3/05, 8/05	--		
18	Gwalior	2	21.75	4/05, 8/05	2	24.35	4/05, 8/05	--		
19	Bhind	2	22.72	8/05				--		
20	Chhatarpur	1	12.02	8/05				26	77.01	9/04
21	Sagar	1	12.50	8/05	1	36.00	10/04	--		

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
22	Barwani	1	13.80	8/05				--		
23	Raisen	1	7.43	8/05				--		
24	Dhar	--			1	12.00	11/04	--		
25	Khandwa	--			1	11.50	7/05	--		
26	Umari	--			2	9.00	6/04	27	73.70	6/04 to 4/05
27	Satna	--			--			18	48.00	5/05
28	Guna	--			--			05	13.00	4/05
29	Shivpuri	--			--			28	77.00	2/05
30	Morena	--						09	23.00	10/04
		44	498.01		18	281.48		293	796.26	

Appendix 3.10

(Reference: Paragraph 3.6.7.3, page 109)

Statement showing non achievement of physical targets

Sl. No.	Name of Districts	No of subdivisions
1.	Jabalpur	4
2.	Katni	4
3.	Balaghat	4
4.	Chhindwara	5
5.	Seoni	4
6.	Mandla	3
7.	Dindori	2
8.	Narsinghpur	3
9.	Rewa	5
10.	Sidhi	5
11.	Satna	6
12.	Sahdol	2
13.	Anooppur	3
14.	Umariya	1
15.	Indore	4
16.	Dhar	4
17.	Jhabua	5
18.	Khargone	5
19.	Badwani	2
20.	Khandwa	3
21.	Burhanpur	1
22.	Raisen	5
23.	Vidhsha	7
24.	Rajgarh	5
25.	Hoshangabad	5
	Total	97

Appendix 3.11

(Reference: Paragraph 3.6.7.6, page 111)

Details of unspent amount of data entry kept by District.

(Rs. in lakh)

Sl. No.	Name of district	Year	Amount allotted to the district	Total expenditure	Balance amount
1	Hoshangabad	1994-95 to 2001-02	50.00	47.96	2.04
2	Raisen	1991-92 to 1992-93	4.12	1.01	3.11
3	Satna	1999-2000 to 2001-02	4.31	2.13	2.18
4	Katni	2001-02	1.50	0.77	0.73
5	Betul	1999-2000 to 2002-03	9.38	9.22	0.16
6	Sidhi	1994-95 to 2001-02	48.84	46.69	2.15
7	Indore	1994-95	30.00	29.89	0.11
8	Rajgarh	Up to 2005-06	22.30	21.67	0.63
9	Tikamgarh	2002-03	10.00	9.13	0.87
			Total		11.98

Appendix 3.12

(Reference: Paragraph 3.7.8.8, page 125)

Statement showing short levy of liquidated damage

(Rs. in lakh)

Sl. No	District	Scheme	Agt. No. dt.	PAC	Stipulated date of completion	Actual date of completion	Delay in weeks	L.D as per Agt.	LD imposed Percentage / Amf.	Short levy of LD
1	Sehore	CRF	10/02-03	193.34	20.3.03	30.9.03	25	3.02	-	3.02
2	Bhopal	CRF	64/04-05	789.39	14.8.05	In prog.	23	11.35	-	11.35
		CRF	65/04-05	812.23	07.2.06	--do--	23	11.67	-	11.67
3	Jabalpur	CRF	01/01-02	928.00	05.11.02	25.3.03	21	5.75	-	4.65
4	Raisen	CRF	70/01-02	350.00	11.6.02	28.6.03	55	12.03	1/16	0.91
		CRF	107/01-02	642.43	07.8.03	31.3.04	34	13.65	2/16	0.80
		CRF	97/01-02	1365.00	23.1.04	29.7.04	47	39.66	1	13.85
		CRF	109/01-02	857.71	24.2.04	31.3.06	109	50.43	-	50.43
5	Indore-I	CRF	111/04-05	399.00	25.6.05	30.1.06	32	7.98	-	7.98
		CRF	147/01-02	450.48	25.4.02	30.6.03	62	17.46	2.90	13.06
		CRF	148/01-02	234.00	25.4.02	31.3.03	44	6.44	-	6.44
		CRF	149/01-02	212.00	25.4.02	22.7.03	65	8.61	-	8.61
6	Indore-II	CRF	28/01-02	349.00	25.8.02	12.3.03	28	6.46	-	6.46
7	Dewas	CRF	19/04-05	489.26	25.3.06	30.6.06	14	4.28	-	4.28
8	Rewa	CRF	243/01-02	149.00	21.1.03	15.12.03	47	4.38	LS Rs.500/-	0.005
9	Katni	CRF	6/01-02	477.00	27.4.02	30.10.04	131	28.62	-	2.39
		CRF	160/00-01	1300.00	26.9.02	31.7.04	96	78.00	-	78.00
		CRF	161/00-01	362.00	27.3.02	31.12.04	144	21.72	-	0.90
		CRF	7/01-02	824.00	28/7/02	30.8.03	52	26.78	-	2.06
		CRF	1/01-02	928.00	11.7.02	30.6.03	55	31.90	-	31.90
		CRF	2/01-02	1101.00	11.10.02	30.6.03	37	23.15	-	23.15
	Total							413.34		35.075
1	Jabalpur	NABARD		260.00	30.6.05	31.3.06	39	6.34	-	6.34
		NABARD		72.55	26.12.03	10.3.05	63	3.75	-	3.75
2	Satna	NABARD	87/01-02	90.00	21.8.02	15.6.04	88	4.95	-	4.95
		NABARD	43/02-03	68.08	11.2.02	31.3.06	150	4.08	-	4.08
3	Bhopal	FTR	23/03-04	147.18	25.11.03	14.6.05	75	8.98	-	8.98
		FTR	39/03-04	201.13	01.7.03	28.2.06	139	3.80	-	3.80
4	Indore-I	FTR	5/03-04	142.00	18.11.03	28.2.05	68	6.03	-	6.03
		FTR	3/03-04	83.00	26.10.03	30.4.06	77	4.98	-	4.98
5	Indore-II	FTR	51/04-05	98.14	2.5.05	10.5.06 In prog.	51	3.13	-	3.13
6	Dewas	FTR	5/03-04	116.45	10.4.03	30.6.06	136	7.20	-	7.20
		FTR	3/03-04	215.68	25.11.03	17.1.05	60	8.09	-	8.09
		FTR	2/03-04	225.50	25.6.03	19.12.03	25	3.52	-	3.52
7	Satna	FTR	45/03-04	51.30	17.10.03	31.3.06	79	2.53	-	2.53
8	Rewa	FTR	3/03-04	149.00	1.7.03	15.7.05	106	8.94	-	8.94
	Total							76.32		76.34
	Grand Total							489.66		35.075
										454.585

Appendix 3.13

(Reference: Paragraph 3.7.8.10 & 3.7.8.11, page 126 & 127)

Statement showing excess payment of price variation and extra bitumen of SDBC

District	Agreement No.	Scheme	Payment for extra bitumen/ price variation Rs. in lakh)			Remarks
			Quantity	Rate	Amount	
Raisen	70/01-02	CRF			9.95	As per quality test, actual bitumen consumed was 4 percent, yet extra bitumen of 1 percent (5 percent in job mix proposed- 4 percent in the agreement was paid.
Katni	6/01-02	CRF	51.36 MT	10950	5.42 15.00	Job mix of May 2002 required 4 percent bitumen and it was revised October 2002 with 5 percent, liable to prematured failure. Cost of repair worked out Rs. 15 lakh. No weigh bridge receipt provided and mix not tested as per specifications.
	7/01-02	CRF	72.72 MT	10950	10.15	Job mix of May 2002 required 4 percent bitumen, was revised October 2002 with 5 percent Work was done with job mix of May 2002 (bitumen 4 percent), No weigh beidge receipt provided and mix not tested as per specifications.
	160/01-02	CRF	198.716 MT	10950	21.76 7.25	No weigh bridge receipt provided and mix not tested as per specifications.
	161/01-02	CRF	61.85 MT	10950	6.77	No weigh bridge receipt provided and mix not tested as per specifications.
	1/01-02	CRF	97.73 MT	10950	10.70	No weigh bridge receipt provided and mix not tested as per specifications.
	2/01-02	CRF	126.85	10950	13.89	No weigh bridge receipt provided and mix not tested as per specifications.
Total					100.89	
Raisen	107/01-02	CRF	-	-	5.43	Variation in the cost of bitumen on formula not given in the agreement.
Dewas	34 A/04-05	Nabard	-	-	7.07	The period of completion was less than 12 months, no price variation payable.
Sagar	68/04-05	CRF	1497.03 2	-	94.32	As per agreement packed bitumen only had to be used and price variation admissible on material used as per agreement. Contractor used bulk bitumen for which no price variation is payable.
Ashok Nagar	55/04-05	CRF			26.40	Price variation paid on extra item sanctioned at current market rates.
Total					133.72	
Grand Total					234.11	

Appendix 4.1

(Reference : Paragraph 4.1.3, page 133)

Excess drawals by manipulating cheque amounts in PHE Dn. Bhind

ISSUE DETAILS AS PER DIVISIONAL ACCOUNTS								ENCHASHMENT DETAILS AS PER TRY ACCOUNTS			
Sr No	Month Of Account	Cheque Drawing Authority	Cheque No	Date	Amount of cheque as per divisional Account	To Whom Payable	Month of Try Account	Cheque No	Date of encashment as per Try list	Amount encashed as per try list	Difference (Excess drawn Amt)
1	2	3	4	5	6	7	8	9	10	11	12
1.	10/1998	E.E PHE Dn Bhind	A/15-766347	5/10/1998	20000.00	Self	10/1998	A/15-766347	05/10/98	120000	100000
2.	09/1998	"	A/15-766329	15/09/1998	30000.00	"	09/1998	A/15-766329	15/09/98	130000	100000
3.	11/1998	"	A/15-766389	03/11/1998	30000.00	"	11/1998	A/15-766389	05/11/98	230000	200000
4.	12/1998	"	A/15-766399	03/12/1998	20000.00	"	12/1998	A/15-766399	03/12/98	120000	100000
5.	01/1999	"	A/15-767741	04/1/1999	30000.00	"	01/1999	A/15-767741	04/01/99	130000	100000
6	02/1999	"	A/15767745	02/02/1999	50000.00	"	02/1999	A/15-767745	03/02/99	250000	200000
7	03/1999	"	791038	06/03/1999	50000.00	"	03/1999	791038	N.A.	250000	200000
8	05/1999	"	A/15791329	07/05/1999	50000.00	"	05/1999	A/15-791329	10/05/99	150000	100000
9	06/1999	"	A/15-791387	05/06/1999	20000.00	"	06/1999	A/15-791387	07/06/98	220000	200000
10	07/1999	"	A/15-792018	02/07/1999	20000.00	"	07/1999	A/15-792018	03/07/99	220000	200000
11	08/1999	"	A/15-792056	04/08/1999	20000.00	"	08/1999	A/15-792056	06/08/99	220000	200000
12	09/1999	"	A/15-792091	06/09/1999	15000.00	"	09/1999	A/15-792091	06/09/99	215000	200000
13	10/1999	"	A/15-102111	5/10/1999	15000.00	"	10/1999	A/15-102111	06/10/99	215000	200000
14	11/1999	"	A/17-012122	22/11/1999	10000.00	"	11/1999	A/17-012122	24/11/99	210000	200000

1	2	3	4	5	6	7	8	9	10	11	12
15	12/1999	"	A/17-012123	17/12/1999	20000.00	"	12/1999	A/17-012123	30/12/99	220000	200000
16	02/2000	"	A/17-012139	15/02/2000	15000.00	"	02/2000	A/17-012139	17/12/00	215000	200000
17	03/2000	"	013635	09/03/2000	30000.00	"	03/2000	013635	N.A.	230000	200000
18	05/2000	"	A-17/13745	09/05/2000	15000.00	"	05/2000	A-17/13745	10/05/2000	215000	200000
19	05/2000	"	A-17/13752	24/05/2000	15000.00	"	05/2000	A-17/13752	24/05/2000	115000	100000
20	06/2000	"	A-17/13770	16/06/2000	15000.00	"	06/2000	A-17/13770	17/06/2000	115000	100000
21	06/2000	"	A-17/13784	29/06/2000	15000.00	"	06/2000	A-17/13784	30/06/2000	115000	100000
22	07/2000	"	A-17/13794	10/07/2000	15000.00	"	07/2000	A-17/13794	12/07/2000	215000	200000
23	07/2000	"	A-17/13799	21/07/2000	15000.00	"	07/2000	A-17/13799	22/07/2000	115000	100000
24	08/2000	"	A-17/697210	18/08/2000	15000.00	"	08/2000	A-17/697210	22/08/2000	215000	200000
25	09/2000	"	A-17/697224	12/09/2000	15000.00	"	09/2000	A-17/697224	13/09/2000	115000	100000
26	09/2000	"	A-17/697231	21/09/2000	15000.00	"	09/2000	A-17/697231	23/09/2000	215000	200000
27	11/2000	"	C-420001	10/11/2000	25000.00	"	11/2000	C-420001	14/11/2000	225000	200000
28	12/2000	"	C-420038	11/12/2000	15000.00	"	12/2000	C-420038	12/12/2000	215000	200000
29	01/2001	"	C-420055	12/01/2001	30000.00	"	01/2001	C-42055	13/01/2001	230000	200000
30	02/2001	"	C-420072	09/02/2001	15000.00	"	02/2001	C-420072	10/02/2001	215000	200000
31	03/2001	"	C-6909313	08/03/2001	50000.00	"	03/2001	C-6909313	09/03/2001	250000	200000
32	05/2001	"	C-609359	11/05/2001	50000.00	"	05/2001	C-609359	12/05/2001	350000	300000
33	06/2001	"	C-609627	26/06/2001	20000.00	"	06/2001	C-609627	28/06/2001	220000	200000
34	07/2001	"	C-609670	07/07/2001	50000.00	"	07/2001	C-609670	09/07/2001	350000	300000
35	11/2001	"	C-424359	09/11/2001	10000.00	"	11/2001	C-424359	09/11/2001	210000	200000

1	2	3	4	5	6	7	8	9	10	11	12
36	12/2001	"	C-424374	11/12/2001	10000.00	"	12/2001	C-424374	11/12/2001	210000	200000
37	01/2002	"	C-424388	10/01/2002	15000.00	"	01/2001	C-424388	12/01/2002	215000	200000
38	02/2002	"	C-424935	07/02/2002	10000.00	"	02/2002	C-424935	07/02/2002	210000	200000
39	02/2002	"	C-424944	15/02/2002	10000.00	"	02/2002	C-424944	15/02/2002	210000	200000
40	03/2002	"	A/19-424988	11/03/2002	17000.00	"	03/2002	A/19-424988	14/03/2002	217000	200000
41	05/2002	"	A/19-425281	10/05/02	10000.00	"	5/2002	A/19-425281	15/05/02	210000	200000
42	06/2002	"	A/19-482024	27/06/02	5000.00	"	7/2002	A/19-482024	01/07/02	305000	300000
43	07/2002	"	A/19-482034	06/07/02	10000.00	"	7/2002	A/19-482034	08/07/02	210000	200000
44	07/2002	"	A/19-482040	18/07/02	10000.00	"	7/2002	A/19-482040	20/07/02	210000	200000
45	09/2002	"	A/19-482069	10/09/02	15000.00	"	9/2002	A/19-482069	16/09/02	315000	300000
46	10/2002	"	A/19-482081	03/10/02	10000.00	"	10/2002	A/19-482081	12/10/02	210000	200000
47	11/2002	"	A/19-482092	06/11/02	15000.00	"	11/2002	A/19-482092	09/11/02	415000	400000
48	12/2002	"	A/17-699105	04/12/02	25000.00	"		A/17-699105		325000	300000
49	01/2003	"	A/17-699120	02/01/03	30000.00	"	01/2003	A/17-699120	07/01/03	330000	300000
50	02/2003	"	A/17-699160	10/02/03	25000.00	"	02/2003	A/17-699160	11/02/03	325000	300000
51	02/2003	"	699162	21/02/2003	30000.00	"	02/2003	C-930232	22/02/2003	430000	400000
52	03/2003	"	A/17-699184	10/03/03	40000.00	"		A/17-699184		240000	200000
53	05/2003	"	C-929054	08/05/03	30000.00	"	05/2003	C-929054	10/05/03	430000	400000
54	06/2003	"	C-929090	10/06/03	60000.00	"	06/2003	C-929090	14/06/03	460000	400000
55	07/2003	"	C-929732	09/07/03	35000.00	"	07/2003	C-929732	12/07/03	235000	200000
56	09/2003	"	C-930232	01/09/2003	35000.00	"	09/2003	C-930232	02/09/2003	435000	400000

1	2	3	4	5	6	7	8	9	10	11	12
57	10/2003	'	C-930296	17/10/03	30000.00	"	10/2003	C-930296	18/10/03	430000	400000
58	11/2003	'	C-930298	07/11/03	40000.00	"	11/2003	C-930298	11/11/03	240000	200000
59	12/2003	"	C-930619	16/12/03	35000.00	"	12/2003	C-930619	17/12/03	235000	200000
60	01/2004	'	C-930623	06/01/04	45000.00	"	01/2004	C-930623	08/01/04	245000	200000
61	02/2004	'	C-946343	16/02/04	40000.00	"	02/2004	C-946343	16/02/04	340000	300000
62	02//2004	"	C-946346	26/02/04	20000.00	"	03/2004	C-946346	03/03/04	420000	400000
63	03/2004	'	C-946373	11/03/04	50000.00	"	03/2004	C-946373	12/03/04	250000	200000
64	06/2004	"	C-962395	07/06/04	40000.00	"	06/2004	C-962395	09/06/04	640000	600000
65	06/2004	"	C-962924	24/06/04	40000.00	"	06/2004	C-962924	25/06/04	340000	300000
66	08/2004	'	C-962965	11/08/04	20000.00	"	08/2004	C-962965	14/08/04	620000	600000
67	09/2004	'	C-962988	23/09/04	10000.00	"	10/2004	C-962988	05/10/04	610000	600000
68	12/2004	'	C-975519	08/12/04	25000.00	"	12/2005	C-975519	14/12/04	625000	600000
69	01/2005	'	C-975539	25/01/05	10000.00	"	01/2005	C-975539	28/01/05	610000	600000
70	02/2005	'	C-975553	25/02/05	30000.00	"	03/2005	C-975553	01/03/05	630000	600000
71	05/2005	'	C-975578	09/05/05	50000.00	"	05/2005	C-975578	14/05/05	650000	600000
72	06/2005	'	D-501812	10/06/05	60000.00	"	06/2005	D-501812	10/06/05	660000	600000
	TOTAL				1837000					20737000	18900000

Appendix 4.2

(Reference : Paragraph 4.3.1, page 146)

Statement showing loss due to non-retaining a additional security deposit for unbalanced rates

Sl No.	Items of work	Estimated Qty	Executed Qty	Quoted Rates (Rs)	Rates Payable (i/c tender %)	Difference (5-6)	Amount of Addl. S.D. Required (4 x 7)
1	2	3	4	5	6	7	8
1	Dry & wet Excavation	1775304.30 cum	1096219.39 cum	28.00	25.73	2.27	24,88,418.00
2	Filter Materials	24439.09 cum	1331.85 cum	170.00	167.14	2.86	3809.10
3	160mm perforated PVC pipe	28662.86 m	1580.26 m	255.00	240.55	14.45	22,834.75
4	CC 1:3:6 with 40 mm metal	13122.01 cum	4875.21 cum	1097.00	1031.41	65.59	3,19,765.00
5	CC 1:3:6 Cast-in-situ	10244.06 cum	2158.08 cum	1393.00	1313.24	79.76	1,72,128.45
6	RCC 1:1.5:3 with 20 mm metal	154.62 cum	54.00 cum	2025.00	1909.38	115.62	6243.50
7	CC 1:1.5:3	182.88 cum	17.40 cum	2100.00	1981.31	118.69	2065.20
8	Cast-in-situ Controlled Concrete	10641.26 cum	3092.84 cum	2000.00	1807.42	192.58	5,95,638.40
9	RCC 1:2:4	110.53 cum	42.64 cum	1868.00	1761.21	106.79	4553.52
10	Steel work	877.04 MT	318.22 MT	20000	19699.85	300.15	95513.75
11	Pre-moulded fillers	449.97 sqm	197.555 sqm	620.00	586.45	33.55	6627.95
TOTAL							37,17,597.62

Appendix 4.3

(Reference : Paragraph 4.3.2, page 147.)

Statement showing non-recovery of additional security deposit

S. No.	Name of Division	Agreement No.	No. of Items (Unbalanced Rates)	Amount of Addl. Security Deposit (Rs.)
1.	N.D. 21 Sanawad	02/ 2000-01	7	62,48,553.00
2.	N.D. 21 Sanawad	05/03-04	6	35,75,791.00
3.	N.D. 21 Sanawad	01/03-04	11	2,08,93,132.00
4.	N.D. 32 Barwaha	01/03-04	10	1,12,39,840.00
5.	N.D. 8 Sanawad	01/03-04	11	57,67,228.00
			Total	4,77,24,544.00

Appendix 4.4

(Reference :Paragraph 4.6.6, page 160)

Statement showing outstanding Inspection Reports and Paragraphs in respect of selected departments as on 30th September 2006

Sl. No.	Name of the Department	No. of Inspection Reports pending	No. of pending paragraphs
1.	Industries	127	356
2.	Handloom	57	132
3.	Archaeology	38	75
4.	Law & Justice	204	319
5.	Jail	93	194
6.	Police	195	352
7.	Sericulture	48	109
8.	Polytechnic	105	310
9.	Education	617	1340
10.	Mining	14	33
11.	NCC	43	61
12.	Home guard	57	96
Total		1598	3377

Appendix 4.5

(Reference :Paragraph 4.6.6, page 160)

Statement showing year wise position of outstanding IRs and Paragraphs in respect of selected departments as on 30th September 2006

Year	No. of Inspection Reports	No. of paragraphs
Upto 1993-94	252	471
1994-95	49	76
1995-96	86	155
1996-97	77	145
1997-98	47	88
1998-99	164	279
1999-2000	38	38
2000-01	71	71
2001-02	225	452
2002-03	155	264
2003-04	105	233
2004-05	162	460
2005-06	167	645
Total	1598	3377

Appendix 5.1

(Reference: Paragraph 5.1.8.4, page 167)

Statement showing the functioning of hospital and dispensaries without VAS and AVFOs

(Rs. in lakh)

Sl. No	Name of DDO	Type of Institutions	No. of hospital/ dispensaries vacant	Pay and Allow. Paid	Medicine	Instrument	Total
1	2	3	4	5	6	7	8
1	DDVS Balaghat	Hospital	5	25.21	3.81	0.42	29.44
		Dispensaries	7	10.41	1.72	0.19	12.32
2	DDVS Betul	Hospital	1	0.99	0.25	0.05	1.29
		Dispensaries	12	10.11	4.07	1.26	15.44
3	DDVS Bhind	Hospital	2	4.88	0.54	0.10	5.52
		Dispensaries	2	1.19	0.49	0.09	1.77
4	JDVS Bhopal	Hospital Dispensaries					
5	DDVS Chhattarpur	Hospital	9	63.26	4.60	0.41	68.27
		Dispensaries	19	39.73	12.43	0.91	53.07
6	DDVS Jhabua	Hospital Dispensaries					
7	DDVS Khandwa	Hospital	9	16.34	0.70	-	17.04
		Dispensaries	3	1.81	0.10	-	1.91
8	DDVS Morena	Hospital	--	--	--	--	--
		Dispensaries	33	57.16	12.95	1.42	71.53
9	DDVS Panna	Hospital	--	--	--	--	--
		Dispensaries	39	78.49	13.66	0.61	92.76
10	VAS KVU Panna	Hospital	--	--	--	--	--
		Dispensaries	5	14.74	2.41	--	17.15
11	JDVS Sagar	Hospital	7	61.26	6.25	1.25	68.76
		Dispensaries	19	19.82	5.58	1.90	27.30
12	Sidhi	Hospital	2	14.13	3.07	0.40	17.60
		Dispensaries	25	55.80	13.83	4.52	74.15
13	JDVS Ujjain	Hospital	--	--	--	--	--
		Dispensaries	7	9.77	2.85	0.70	13.32
	Total	Hospital	35	186.07	19.22	2.63	207.92
		Dispensaries	171	299.03	70.09	11.60	380.72
	Grand Total		206	485.10	89.31	14.23	588.64

Appendix 5.2

(Reference: Paragraph 5.1.8.14, page 171)

Statement showing the use of prohibited drug Diclofenac

Sl. No.	Name of DDO	Period	Qty.	Amount
1	2	3	4	5
1	DDVS Balaghat	10/04 to 3/06	410x100 ml	34600
2	VAS CBF Garhi Balaghat	-----do-----	40x100 ml	3056
3	DDVS Betul	-----do-----	170x100 ml	8990
4	DDVS Bhind	-----do-----	100x100ml 1160x30 ml 200x30 ml	5288 25009 4400
5	JDVS Bhopal	-----do-----		
6	DDVS State hospital Bhopal	-----do-----	50x100 ml	3600
7	DDVS Chhatarpur	-----do-----	335x100 ml	17714
8	DDVS Jhabua	-----do-----		
9	DDVS Khandwa	-----do-----	1537x30ml	36485
10	DDVS Morena	-----do-----	454x30 ml	9988
11	DDVS Panna	-----do-----	62x100 ml	3278
12	JDVS Sagar	-----do-----	400x30 ml 1000x30 ml 206x20 pack	33600 6440 96220
13	DDVS Sidhi	-----do-----	2580x30ml 244x100ml 100x20 pack	68572 12903 11600
14	JDVS Ujjain	-----do-----	1016x30 ml 400x100 ml	77725 8990
15	VAS RP Bhopal	-----do-----	110x20 pack 60x30 ml	14250 1370
	Total			484078