

# **Report of the Comptroller and Auditor General of India**

**For the year ended 31 March 2002**

**Government of Chhattisgarh**





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## Preface

- 1 This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
- 2 Chapter 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 period from April 2001 to March 2002.
- 3 The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works, Public Health Engineering and Water Resource Department
- 4 The observations arising out of audit of Revenue Receipts in various Tax departments is included in Chapter V of this Report.
- 5 The observations arising out of audit of Financial Assistance to Authorities and Bodies is included in Chapter VI of this Report.
- 6 The observations arising out of audit of Government commercial and trading activities is included in Chapter-VII of this Report.
- 7 The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001-02 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 2001-02 have also been included wherever necessary.





# OVERVIEW



**(iii) Other Tax Receipts**

- Short production of alcohol resulted in loss of excise revenue of Rs.74.82lakh.

**(Paragraph 5.22)**

- Penalty of Rs.2.56 crore was not imposed for non-maintenance of minimum stock limit of spirit.

**(Paragraph 5.23)**

- Non-levy/non-payment of vehicle tax of Rs.1.09 crore and penalty of Rs.2.17 crore on various vehicles resulted in revenue loss of Rs.3.26 crore.

**(Paragraph 5.26)**

- Demand of Rs.17.02 lakh for diversion rent, premium and cess was not raised.

**(Paragraph 5.28)**

**(iv) Other non-tax receipts**

- Non-fixation of licence fee at prescribed rates and non-regularisation of leases of shops resulted in loss of revenue Rs.23.47 lakh.

**(Paragraph 5.32)**

- Betterment contribution of Rs.3.21 crore was not levied as dates for its levy were not notified.

**(Paragraph 5.33)**

- Low yield of bamboo resulted in loss of forest revenue of Rs.89.61 lakh.

**(Paragraph 5.39)**

- Classification of timber logs as poles resulted in loss of revenue of Rs.43.87 lakh.

**(Paragraph 5.40)**

# **CHAPTER-I**

## **AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT**





## CHAPTER I

### AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

#### 1.1 Introduction

This chapter discusses the financial position of the Government of Chhattisgarh, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the Government based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in *Appendix I*.

The apportionment of assets and liabilities of the composite State of Madhya Pradesh (MP) immediately prior to the 'appointed day' (1 November 2000) as also the other financial adjustments between the successor State of Chhattisgarh and Madhya Pradesh are being done in each case in accordance with the provisions of the Act, *ibid*. The actual progress achieved in this direction is indicated in *Appendix IA*.

#### 1.2 Financial position of the State

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings etc., owned by the Government is not done. However, government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit I gives an abstract of such liabilities and the assets as on 31 March 2002. While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India (GOI), receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances.<sup>1</sup> The liabilities of the Government of Chhattisgarh as on 31 March 2002 were Rs.7421 crore against the assets of Rs.2842 crore on that date.

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<sup>1</sup> In case of Chhattisgarh, the figures for the year 2000-01 in each of the Exhibits and the tables are for five months only i.e., from 01 November 2000 to 31 March 2001. Hence, a comparison with the corresponding figures of previous years has not been possible.

# EXHIBIT I

## SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF CHHATTISGARH AS ON 31 MARCH 2002

(Rupees in crore)

As on 31.03.2001	Liabilities	As on 31.03.2002	
<b>1941.33</b>	<b>Internal Debt</b>		<b>2549.96</b>
1167.40	Market Loans bearing interest	1422.87	
1.43	Market Loans not bearing interest	1.23	
193.82	Loans from other Institutions	209.77	
--	Ways and Means Advances		
--	Overdrafts from Reserve Bank of India		
578.68	Special Security Issued to NSS fund of Central Government	916.09	
<b>2903.18</b>	<b>Loans and Advances from Central Government</b>		<b>3105.14</b>
132.51	Pre 1984-85 Loans	119.05	
916.46	Non-Plan Loans	898.89	
1803.40	Loans for State Plan Schemes	2034.05	
15.93	Loans for Central Plan Schemes	15.28	
34.88	Loans for Centrally Sponsored Plan Schemes	37.87	
<b>40.00</b>	<b>Contingency Fund</b>		<b>40.02</b>
<b>1024.64</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>1109.93</b>
<b>324.90</b>	<b>Deposits</b>		<b>501.49</b>
<b>62.47</b>	<b>Reserve Funds</b>		<b>196.60</b>
<b>(-)94.37</b>	<b>Suspense and Miscellaneous Balances</b>		<b>(-) 81.65</b>
<b>6202.15</b>			<b>7421.49</b>
	<b>Assets</b>		
<b>1705.10</b>	<b>Gross Capital Outlay on Fixed Assets -</b>		<b>2181.36</b>
(-)2.27	Investments in shares of Companies, Corporations, etc.	15.30	
1707.37	Other Capital Outlay	2166.06	
<b>138.34</b>	<b>Loans and Advances -</b>		<b>184.35</b>
--	Loans for Power Projects	5.13	
138.84	Other Development Loans	180.75	
(-)0.50	Loans to Government servants and Miscellaneous loans	(-) 1.53	
--	Reserve fund Investment		
<b>40.00</b>	<b>Appropriation to Contingency Fund</b>		
<b>1.53</b>	<b>Advances</b>		<b>(-) 1.70</b>
<b>226.75</b>	<b>Remittance Balance</b>		<b>241.41</b>
<b>119.69</b>	<b>Cash -</b>		<b>210.89</b>
(-)29.65	Cash in Treasuries and Local Remittances	0.10	
(-)163.22	Deposits with Reserve Bank	(-)111.62	
4.89	Departmental Cash Balance including permanent cash imprest	4.69	
307.67	Cash Balance Investments	317.72	
<b>3970.74</b>	<b>Deficit on Government Account</b>		<b>4579.40</b>
(-)273.08	(i) Revenue Deficit of the current year/period	568.66	
--	(ii) Miscellaneous Govt. Account	--	
4243.82	(iii) Accumulated deficit	3970.74	
--	(iv) Appropriation to Contingency Fund	40.00 <sup>3</sup>	
<b>--</b>	<b>Inter State Settlement</b>		<b>25.78</b>
<b>6202.15</b>			<b>7421.49</b>

<sup>2</sup> Figures for the year 2000-01 is yet to be appropriated

<sup>3</sup> The appropriation to contingency fund is closed to Government Account in 2000-01 hence the appropriation to contingency fund has been taken under the head 'deficit on Government account' this year



## EXHIBIT II

## ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2001-02

(Rupees in crore)

Receipts			Disbursements				
2000-01 (1 November 2000 to 31 March 2001)		2001-02	2000-01 (November 2000 to 31 March 2001)		2001-2002		
					Non-Plan	Plan	Total
	<b>Section-A: Revenue</b>						
1882.92	I. Revenue receipts	4375.69	1609.84	I. Revenue expenditure	3927.91	1016.44	4944.35
749.69	-Tax revenue	1993.13	477.02	General Services	1736.97	9.26	1746.23
			738.69	Social Services	1316.17	598.58	1914.75
288.23	-Non-tax revenue	722.38	250.08	-Education, sports, Arts and Culture	570.14	125.30	695.44
			77.12	-Health and Family Welfare	126.87	104.67	231.54
509.94	-State's share of Union Taxes	1175.80	69.03	-Water Supply, Sanitation Housing and Urban Development	63.47	134.20	197.67
108.67	-Non-Plan grants	180.88	2.65	-Information and Broadcasting	7.46	0.01	7.47
			186.20	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	351.47	151.34	502.81
161.23	-Grants for State Plan Scheme	148.03	7.96	-Labour and Labour Welfare	13.66	7.46	21.12
			145.40	-Social Welfare and Nutrition	182.28	75.48	257.76
65.16	-Grants for Central and Centrally sponsored Plan Schemes	155.47	0.25	Others	0.82	0.12	0.94
			347.20	Economic Services	741.98	408.60	1150.58
			173.75	-Agriculture and Allied Activities	353.34	114.03	467.37
			75.30	-Rural Development	110.04	232.49	342.53
			--	-Special Areas Programme	--	--	--
			33.31	-Irrigation and Flood Control	62.50	21.85	84.35
			4.29	-Energy	64.38	18.05	82.43
			11.02	-Industries and Minerals	15.34	19.88	35.22
			45.82	-Transport	129.72	1.66	131.38
			0.03	-Science, Technology and Environment	0.02	--	0.02
			3.68	-General Economic Services	6.64	0.64	7.28
			46.93	Grant-in-aid and contribution	132.79	--	132.79
	II. Revenue deficit carried over to Section B	568.66	273.08	II- Revenue surplus carried over to Section B			
1882.92	Total - A	4944.35	1882.92	Total	3927.91	1016.44	4944.35
	<b>Section-B</b>						
(-) 44.57	III. Opening cash balance including permanent advances and cash balance investment	119.69		III. Opening over draft from RBI			
	IV. Miscellaneous Capital Receipts		8.47	IV. Capital outlay			
			43.66	General Services	--	20.08	20.08
			0.60	Social Services	2.49	103.97	106.46
			2.05	Education, sports, Arts and culture	--	2.05	2.05
				Health and Family Welfare	--	12.41	12.41
			22.54	Water supply, sanitation, Housing and Urban development	2.49	53.69	56.18
			--	Information and Broad Casting	--	--	--
			18.44	Welfare of SC, ST and OBC	--	34.86	34.86
			--	Social Welfare and Nutrition	--	0.84	0.84
			0.03	Other Social Services	--	0.12	0.12
			168.38	Economic Services	18.43	331.28	349.71
			0.24	Agriculture and allied activities	1.30	17.57	18.87
			95.61	Rural Development	--	22.45	22.45
			52.64	Irrigation and flood control	0.07	204.12	204.19
			--	Energy	--	--	--
			0.99	Industry and Mineral	0.05	2.87	2.92
			18.90	Transport	16.84	84.28	101.12
				General Economic Services	0.16	--	0.16
			220.51	Total	20.92	455.33	476.25

## EXHIBIT II (Continued)

Receipts				Disbursements			
2000-01			2001-02	2000-01			2001-02
--	V	Inter State Settlement	5.57		V. Inter State settlement	--	31.35
1.31	VI	Recoveries of Loans and Advances	3.51	3.74	VI. Loans and Advances disbursed		49.52
--		--From Power Projects	--	0.28	--For Power Projects	5.13	
0.78		--From Government Servants	2.38	3.46	--To Government Servants	1.36	
0.53		--From others	1.13	--	--To others	43.03	
273.08	VII	Revenue Surplus brought down		--	VII. Revenue deficit brought down		568.66
347.82	VIII	Public debt receipt	994.61	189.49	VIII. Repayment of public debt		184.02
205.67		--Internal debt other than ways and means advances and overdraft	653.75	18.76	--Internal debt other than ways and means advances and overdraft	45.12	
--		--Net transactions under Ways and means advances including overdraft	--	108.51	--Net transactions under Ways and means advances including overdraft	--	
142.15		--Loans and advances from Central Government	340.86	62.22	--Repayment of loans and advances to Central Government	138.90	
	IX	Appropriation to Contingency Fund		40.00	IX. Appropriation to Contingency Fund	--	
40.00	X	Amount transferred to Contingency Fund	--		X. Expenditure from Contingency Fund		(-) 0.02
2009.12	XI	Public Account receipts	5620.09	2053.32	XI. Public Account disbursements		5222.80
181.82		--Small Savings and Provident Funds	428.45	131.70	--Small Savings and Provident Funds	343.16	
49.44		--Reserve funds	149.42	--	--Reserve Funds	15.29	
1112.63		--Suspense and Miscellaneous	2784.30	1218.93	--Suspense and Miscellaneous	2771.58	
300.85		--Remittance	1355.85	374.72	--Remittances	1370.52	
364.38		--Deposits and Advances	902.07	327.98	--Deposits and Advances	722.25	
--	XII	Closing Overdraft from Reserve Bank of India	--	119.69	XII. Cash Balance at end of the year		210.89
				(-) 29.65	Cash in treasuries and local remittances	0.10	
				(-) 163.22	--Deposits with Reserve Bank	(-) 111.62	
				4.89	--Departmental cash Balance including permanent cash imprest	4.69	
				307.67	--Cash Balance Investment and Investment of Farnarked Funds	317.72	
2626.76		Total	6743.47	2626.76	Total		6743.47



## EXHIBIT III

## SOURCES AND APPLICATION OF FUNDS

(Amount in crore of rupees)

2000-01 (November 2000 to 31 March 2001)		Sources	2001-02		
Amount	Per cent		Amount	Per cent	
1882.92	87	Revenue receipts	4375.69	78	
1.31	--	Recoveries of Loans and Advances	3.51	--	
158.32	7	Increase in Public debt	810.59	15	
135.96	6	Receipts from Public account	411.96	07	
50.12	--	a. Increase in Small Savings	85.29		
36.40		b. Increase in Deposits and Advances	179.82		
49.44		c. Increase in Reserve funds	134.13		
		d. Effect of remittances transactions	--		
		e. Suspense & Misc.	12.72		
		Decrease in closing cash balance			
2178.51	100	<b>Total</b>	5601.75	100	
		<b>Application</b>			
1609.84	74	Revenue expenditure	4944.35	88	
3.74	--	Lending for development and other purposes	49.52	01	
220.51	10	Capital expenditure	476.25	09	
--	--	Net effect of Contingency Fund transactions	(-) 0.02		
180.16	8	Application From Public Account	14.67		
106.29	--	a. Net effect of Suspense and Miscellaneous transactions			
--	--	b. Miscellaneous Government Account			
73.87	--	c. Effect of Remittance transactions	14.66		
164.26	8	Increase in closing cash balance	91.20	02	
		Inter State Settlement	25.78		
2178.51	100	<b>Total</b>	5601.75	100	

## Explanatory Notes for Exhibits I, II and III :

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on government account, as shown in Exhibit I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and others pending settlement etc.
4. There was a difference of Rs.11.32 crore (credit) between the figures reflected in the accounts i.e. Rs.11162.37 lakh (credit) and that intimated by Reserve Bank of India Rs.11049.20 lakh (credit) regarding "Deposits with Reserve Bank" included in the cash balance. After close of 31 March 2002 accounts, the net difference to be reconciled was Rs.1.13 crore (credit).

## EXHIBIT IV

## AN ANALYSIS OF STATE GOVERNMENT FINANCES

(Rupees in crore)

2000-01 (November 2000 to 31 March 2001)	Part A. Receipts	2001-02
1883(84)	<b>1. Revenue Receipts</b>	<b>4376 (81)</b>
750 (40)	(i) Tax Revenue	<b>1993 (46)</b>
354 (47)	Taxes on Sales, Trade, etc.	940 (47)
123 (16)	State Excise	314 (16)
62 (8)	Stamps and Registration fees	121 (6)
61(8)	Taxes on Goods and Passengers	196 (10)
150 (21)	Other Taxes	422 (21)
288 (15)	(ii) Non Tax Revenue	<b>722 (16)</b>
199 (69)	Mining and Metallurgical Industries	454 (63)
46 (16)	Forestry and Wild Life	98 (14)
43 (15)	Others	170 (5)
510 (27)	(iii) State's share in Union taxes and duties	<b>1176 (27)</b>
335 (18)	(iv) Grants in aid from GOI	<b>485 (11)</b>
--	<b>2. Misc. Capital Receipts</b>	--
<b>1883</b>	<b>3. Total revenue and Non Debt capital receipts (1+2)</b>	<b>4376</b>
<b>01</b>	<b>4. Recovery of Loans and Advances</b>	<b>04</b>
--	<b>4 (a). Inter State Settlement</b>	<b>05</b>
<b>348 (16)</b>	<b>5. Public Debt Receipts</b>	<b>995 (18)</b>
206 (59)	Internal Debt (Excluding. Ways & Means Advances & Overdrafts)	654 (66)
142 (41)	Net transactions under ways and means advances and overdraft	--
	Loans and Advances from Government of India <sup>4</sup>	341 (34)
<b>2232</b>	<b>6. Total receipt in the Consolidated fund (3+4+4(a)+5)</b>	<b>5380</b>
<b>40</b>	<b>7. Contingency Fund receipts</b>	
<b>2009</b>	<b>8. Public Account receipts</b>	<b>5620</b>
<b>4281</b>	<b>9. Total receipts of the State (6+7+8)</b>	<b>11000</b>
	<b>Part B. Expenditure / Disbursement</b>	
<b>1610 (88)</b>	<b>10. Revenue expenditure</b>	<b>4945 (90)</b>
295 (18)	Plan	1016 (21)
1314 (82)	Non Plan	3928 (79)
477 (30)	General Services (incl. interest payments)	1746 (35)
739 (46)	Social Services	1915 (39)
347 (22)	Economic Services	1150 (23)
47 (2)	Grants-in-aid and Contributions	133 (3)

Contd..

<sup>4</sup> Includes ways and means advances from GOI.



*Chapter I An overview of the finances of the State Government*

2000-01		2001-02	
221 (12)	11. Capital Expenditure		476 (9)
222 (100)	Plan	455 (96)	
(-) 01	Non Plan	21 (4)	
08 (4)	General Services	20 (4)	
44 (20)	Social Services	106 (22)	
168 (76)	Economic Services	350 (74)	
04	12. Disbursement of Loans and Advances		50 (1)
	12(a) Inter State Settlement		31
1835	13. Total expenditure (10+11+12+12[a])		5502
190	14. Repayment of Public Debt		184
19 (10)	Internal Debt (excluding Ways & Means Advances and Overdrafts)	45 (24)	
109 (57)	Net transactions under Ways and Means Advances and Overdraft	--	
62 (33)	Loans and Advances from Government of India <sup>S</sup>	139 (76)	
40	15. Appropriation to Contingency Fund		(-) 0.02
2065	16. Total disbursement out of Consolidated Fund (13+14+15)		5686
	17. Contingency Fund disbursements		--
2053	18. Public Account disbursements		5223
4118	19. Total disbursement by the State (16+17+18)		10909
	<b>Part C. Deficits</b>		
(-) 273	20. Revenue deficit (1-10)		569
(-) 49	21. Fiscal deficit (3+4+4[a]-13)		1117
(-)335	22. Primary deficit (21-23)		386
	<b>Part D. Other data</b>		
286	23. Interest payments (included in revenue exp.)		731
--	24. Arrears of Revenue (Percentage of Tax & non-Tax Revenue Receipts)		0.01
37	25. Financial assistance to local bodies etc.		177
01	26. Ways and Means Advances/Overdraft availed (days)		--
--	27. Interest on WMA/Overdraft		--
10782	28. Gross State Domestic Product (GSDP)		30265
6255	29. Outstanding debt (year-end)		7463
--	30. Outstanding guarantees* (year-end)		466
--	31. Maximum amount guaranteed (year-end)		508
60	32. Number of incomplete projects		59
1449	33. Capital blocked in incomplete projects		1597

**Notes:** (i) Figures in brackets represent percentages, rounded to total of each sub-heading

\* Rs.9710 crore retained in Madhya Pradesh for apportionment between the successor States of MP and Chhattisgarh.

<sup>S</sup> Includes ways and means advances from GOI.

### **1.3 Financial operations of the State Government**

**1.3.1** Exhibit II gives the details of the receipts of, and disbursements made by, the State Government during the year. The revenue expenditure (Rs.4945 crore) during the year 2001-02 exceeded the revenue receipts (Rs.4376 crore), resulting in a revenue deficit of Rs.569 crore. The Revenue receipts comprised tax revenue (Rs.1993 crore), non-tax revenue (Rs.722 crore), State's share of Union taxes and duties (Rs.1176 crore) and grants-in-aid from the Central Government (Rs.485 crore). The main sources of tax revenue were Sales taxes (47 *per cent*), State excise (16 *per cent*) and Stamps and Registration fees (6 *per cent*) and taxes on goods and passengers (10 *per cent*). Non-tax revenue came mainly from Mining and Metallurgical Industries (63 *per cent*) and Forestry and Wild Life (14 *per cent*).

**1.3.2** The capital receipts comprised of Rs.4 crore from recoveries of loans and advances and Rs.995 crore from public debt. Against this, the expenditure was Rs.476 crore on capital outlay, Rs.50 crore were on disbursement of loans and advances and Rs.184 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.5620 crore, against which the disbursements of Rs.5223 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance by Rs.91 crore at the end of the year.

**1.3.3** The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibits II and time series data for the period from November 2000 to 31 March 2002 presented in Exhibit IV.

### **1.4 Sources and application of funds**

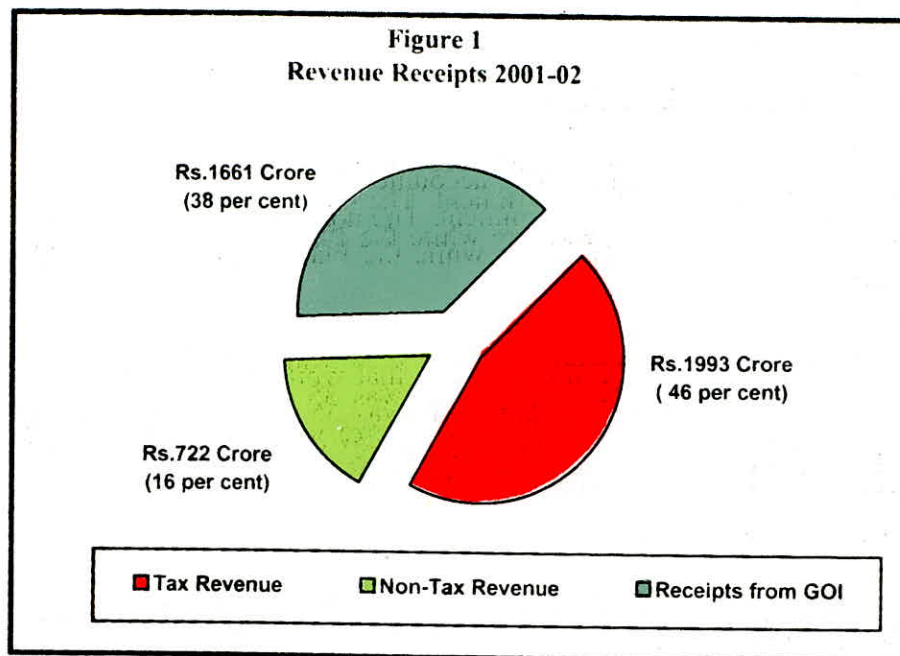
**1.4.1** Exhibit III gives the position of sources and applications of funds during the period. The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts from the Public Account. These funds are applied mainly on revenue and capital expenditure and lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of funds for the State Government; while its relative share decreased from 87 *per cent* in 2000-01 to 78 *per cent* during 2001-02. The net receipts from the Public Account increased from 6 *per cent* to 7 *per cent* during 2001-02. The receipt from the public debt increased from 7 *per cent* in 2000-01 to 15 *per cent* during 2001-02.

**1.4.2** The funds were mainly applied for revenue expenditure and its share was 88 *per cent*, higher than the share of the revenue receipts (78 *per cent*) in the total receipts of the State Government. This led to Revenue deficit of Rs.569 crore during the period. The percentage of capital expenditure declined from 10 *per cent* to 8.5 *per cent* not commensurate with the combined shares of 22 *per cent* of Public debt and Receipts from Public Account in total receipts.



## 1.5 Revenue receipts

**1.5.1** The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. The revenue receipts constituted 78 *per cent* of total resources of the Government during 2001-02.



### 1.5.2 Tax revenue

This constitutes the major component (46 *per cent*) of the revenue receipts. Exhibit IV shows that the relative contribution of sales tax was 47 *per cent* during the period, while that of State excise was 16 *per cent*, Stamps and registrations fees was 6 *per cent* and Taxes on goods and passengers was 10 *per cent* while other taxes constituted the remaining 21 *per cent* of tax revenue receipts.

### 1.5.3 Non-tax revenue

Non-tax revenue was a significant source and its share in the revenue receipts was 16 *per cent* during the period. Main contribution (63 *per cent*) was from Mining and Metallurgical Industries and (14 *per cent*) from Forestry and Wild Life.

#### 1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union taxes (Central excise duties, Income tax and Corporation taxes) was 27 *per cent* and that of grants-in-aid from the GOI was 11 *per cent*. As a percentage of revenue receipts (both taken together), it was 38 *per cent* during the period indicating a significant dependence on central receipts.

### 1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for most (90 *per cent*) of the total expenditure of the State Government. The non-Plan component constituted 79 *per cent* of revenue expenditure while the Plan expenditure was only 21 *per cent*.

1.6.2 Sector-wise expenditure shows that while the expenditure on General Services (including interest payment) was 35 *per cent* (Rs.1746 crore) and social services 39 *per cent* (Rs.1915 crore) while expenditure on Economic Services was only 23 *per cent* (Rs.1150 crore).

#### 1.6.3 Interest payments

Interest payments were Rs.731 crore during the period and comprised 14.8 per cent of the revenue expenditure. This is further discussed in the section on financial indicators (paragraph 1.11.3 (ii))

#### 1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided to different local bodies etc., during the period was as follows:

	(Rupees in crore)	
	2000-01 (1 November to 31 March 2001)	2001-02
Education	32.38	85.75
Water Supply, Sanitation, Housing and Urban Development	4.91	8.76
Public Undertakings	00.13	2.03
CSEB	--	64.25
Agriculture and allied activities	--	15.58
Science & Technology	--	0.02
<b>Total</b>	<b>37.42</b>	<b>177.39</b>
Assistance as a percentage of revenue expenditure	2.32	3.58

A major portion (48 *per cent*) of the assistance has been accounted for by educational institutions.



## 1.7 Capital expenditure

**1.7.1** Capital expenditure normally leads to asset creation. In addition, financial assets arise from money invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations etc. and loans and advances. Exhibit IV shows that the capital expenditure has been on Economic and Social Services on the Plan side with Rs.21 crore on non plan side further 96 per cent of the capital expenditure is on plan side.

### Loans and Advances by the State Government

**1.7.2** The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the period from November 2000 to March 2002 is given below :

	<i>(Rupees in crore)</i>	
	<b>2000-01 (1 November to 31 March 2001)</b>	<b>2001-02</b>
Opening balance (provisional)	135.91	138.34
Amount advanced during the year	3.74	49.52
Repayments received during the year	1.31	3.51
Closing balance	138.34	184.35
Net addition	2.43	46.01
Interest received	0.03	0.03

## 1.8 Quality of expenditure

**1.8.1** Government spends money for different activities ranging from maintenance of law and order and other regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and non-Plan and Revenue and Capital. While the Plan and Capital expenditure are usually associated with asset creation, the Non-Plan and Revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

**1.8.2** Wasteful public expenditure, diversion of funds and blockage of funds in incomplete projects would impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure; since any expenditure not actually incurred in a current year should be excluded from the figures of the expenditure of that year. Another possible indicator is the increase in the expenditure on General Services to the detriment of Economic and Social services.

**1.8.3** The following table lists out the trend in these indicators:

	<b>2000-01 (1 November 2000 to 31 March 2001)</b>	<b>2001-02</b>
1. Plan expenditure as a percentage of total expenditure (Revenue + Capital)	28	27
2. Capital expenditure (per cent)	12	09
3. Expenditure on General Services including interest payments as a percentage of total expenditure (Revenue + Capital)	26	32
4. Unspent balances under Deposits heads, booked as expenditure (Rs. in crore)	43	146

It would be seen that the share of Plan expenditure was 27 *per cent* during the period. The share of capital expenditure to the total expenditure was only 9 *per cent* which does not augur well for the development of the State.

Substantial funds (Rs.146 crore) were parked in Civil Deposits without the expenditure having actually been incurred. The expenditure on General Services at the same time has been on the increase. Though the list of completed and ongoing projects have been called for from the State Government, no reply has been received (May 2003).

The above trend of expenditure reflects adversely on the quantity of expenditure and may lead to blockage of funds, time and cost over runs and non fulfillment of plan objectives

## **1.9 Financial management**

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure in its operations. Subsequent chapters of this report deal extensively with these issues especially as these relate to the expenditure management in the Government, based on the findings of test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

### **1.9.1 Investments and returns**

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:



(Rupees in crore)

Sector	During 2000-01 (November 2000 to 31 March 2001)		During 2001-02	
	Number of concerns	Amount invested	Number of concerns	Amount invested
Statutory Corporations	2	(-) 1.68	7	4.18
Government Companies	--	--	--	--
Joint Stock Companies	--	--	--	--
Co-operatives and Banks	9	(-) 0.58	15	11.11
<b>Total</b>	<b>11</b>	<b>(-) 2.26</b>	<b>22</b>	<b>15.29</b>

The amount of dividend declared/interest received and credited to Government was Rs. 5 crore during 2001-02.

The investments made by the composite State of Madhya Pradesh in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions aggregating to Rs.1628 crore are yet to be apportioned between the successor States.

### 1.9.2 Financial results of irrigation projects

The financial results of 6 major and medium irrigation projects with revenue expenditure of Rs.73.43 crore during the period showed that the revenue realised (Rs.38.20 crore) from these projects during 2001-02 was only 52 per cent of the revenue expenditure.

### 1.9.3 Ongoing projects

As on 31 March 2002, there were 59 ongoing projects with a cumulative investment of Rs.1597.59 crore. The complete list of ongoing and incomplete projects was awaited.

### 1.9.4 Arrears of revenue

Other than the Stamp duty and Registration fees, details of revenue outstanding in the various departments though called for is still awaited. Arrears of revenue, in Stamp duty and registration fees as on 31 March 2002 were as under:

Revenue Head	Amount of		Remarks
	Arrears as on 31 March 2002	Outstanding for more than five years as on 31 March 2002	
	(Rupees in crore)		
Stamp duty and registration fees	0.40	0.18	Rs.0.24 crore intimated for recovery as arrears of land revenue, recoveries of Rs.0.16 crore stayed by judicial authorities Government

### 1.9.5 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Reserve Bank a minimum daily cash balance of Rs.0.72 crore. If the balance fell below the agreed minimum on any day, the

deficiency had to be made good by taking ways and means advances (WMA)/special ways and means advances from the Bank. Besides, overdraft (OD) is also resorted to by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects adversely on the financial management in Government.

It is seen that during 2001-02 the Government did not take any ways and means advances which is a positive indicator that needs to be sustained.

### 1.9.6 Deficits

**1.9.6.1** Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of prudent financial management. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to two concepts of deficit viz., Revenue Deficit and Fiscal Deficit.

**1.9.6.2** Revenue deficit is the excess of revenue expenditure over revenue receipts. Fiscal deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). The following exhibit gives a break-up of the deficit in Government account:

<b>CONSOLIDATED FUND</b>					
Receipts	Amount		Disbursements	Amount	
Revenue	4376	Revenue deficit: 569	Revenue	4945	
Misc. capital receipts	--		Capital	476	
Inter State Settlement	05		Inter State Settlement	31	
Recovery of loans & advances	04		Loans & advances disbursement	50	
<b>Sub Total</b>	<b>4385</b>	<b>Gross fiscal deficit: 1117</b>	<b>Sub Total</b>	<b>5502</b>	
Public debt	995		Public debt repayment	184	
<b>Total</b>	<b>5380</b>	<b>A: Deficit in Consolidated Fund : 306</b>	<b>Total</b>	<b>5686</b>	
<b>CONTINGENCY FUND</b>					
Account transferred to Contingency Fund	--		Expenditure from Contingency Fund	--	
		<b>B. Surplus/Deficit in Contingency Fund : Nil</b>			
<b>PUBLIC ACCOUNT</b>					
Small savings, PF etc.	429		Small savings, PF etc.	343	
Deposits & advances	902		Deposits & advances	722	
Reserve funds	149		Reserve funds	15	
Suspense & misc.	2784		Suspense & misc.	2772	
Remittances	1356		Remittances	1371	
<b>Total Public Account</b>	<b>5620</b>	<b>C: Surplus in Public Account : 397</b>	<b>Total</b>	<b>5223</b>	
<b>Increase in cash balance {C-(A+B)} = 397-306=91</b>					

The gross fiscal deficit of Rs.1117 crore was partly offset by net proceeds of Rs.811 crore from the public debt and net inflow of Rs.397 crore from Public Account led to increase in cash balance by Rs.91 crore.



### 1.9.6.3 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the Statutory Corporations, Government Companies and Co-operative Institutions etc., and payment of interest and dividend by them. These constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Exhibit-IV shows that amount of guarantees given to Joint Stock Companies, Co-operatives Banks and Societies and to Municipalities, Corporations and Townships by the government during the period 2001-02 was Rs.508 crore. The amount outstanding as on 31st March 2002 was Rs.466 crore. As regards the guarantees of Rs.9710 crore given by the erstwhile composite State of MP prior to 01 November 2000, the 'appointed day', these are yet to be apportioned between the successor States of MP and Chhattisgarh.

## 1.10 Public debt

**1.10.1** The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as on 31 March, 2002 are given in the following table:

*(Rupees in crore)*

Year	Internal debt	Loans and advances from Central Government	Total public debt (A)	Other liabilities <sup>5</sup> (B)	Total liabilities (A+B)	Ratio of debt to GSDP
2000-01	1941	2903	4844	1411	6255	0.24 <sup>6</sup>
2001-02	2550	3105	5655	1808	7463	0.25

**Note :** All the assets and liabilities of the combined State of Madhya Pradesh and Chhattisgarh as on 31 October 2000 have not been apportioned as of 31 March 2002.

**1.10.2** The amount of funds raised through Public debt, the amount of repayment and net funds available are given in the following table:

<sup>5</sup> Other liabilities include small savings, provident funds, reserve funds and deposits.

<sup>6</sup> The ratio Debt/GSDP has been calculated by taking GSDP figure of Rs 26061.43 crore.

	2000-01 (1 November 2000 to 31 March 2001)	(Rupees in crore) 2001-02
Internal Debt		
-Receipt	209	654
-Repayment (principal + intt.)	193	302
-Net funds available ( per cent)	16(8) <sup>7</sup>	352 (54) <sup>7</sup>
Loans & advances from GOI		
- Receipt during the period	142	341
- Repayment	235	501
- Net funds available	(-) 93	(-) 160
(per cent)	(-)(65)	(-) (47)
Other liabilities		
- Receipt during the period	536	1154
- Repayment	450	1961
- Net funds available (per cent)	86 (16)	(-) 807 (-) (70)

It is seen from the above table that the bulk of borrowed funds were utilised in discharging the repayment obligations and other liabilities. The net funds available for investment was (-) Rs.615 crore leaving no funds under this head for developmental investment.

## 1.11 Indicators of the financial performance

**1.11.1** A Government may either wish to maintain its existing level of activity or increase it's the activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are available and sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine its availability flexibility the means of financing and finally, Government's increased vulnerability in the process. State Governments continue to increase the level of their activity principally through Five Year Plans which translate into Annual development plans which are provided for in the state budget. Broadly, it can be stated that while non-Plan expenditure goes to maintain the existing level of activity<sup>8</sup>, Plan expenditure entails expansion of activity. Both these activities require resource mobilization, thereby increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

### (i) Sustainability

Sustainability is the degree to which a Government can maintain its existing programmes and meet existing creditor requirements without increasing the debt burden.

<sup>7</sup> Percentage of net funds available have been worked out based on receipts excluding ways and means and advances to the extent repaid during the year.

<sup>8</sup> There are exceptions to this, notably, the transfer from Plan to non-Plan at the end of the Plan period.



**(ii) Flexibility**

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenue base or increasing its debt burden.

**(iii) Vulnerability**

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

**(iv) Transparency**

There is also the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission, for which milestones exist and completeness of accounts, would be the principal criteria.

**1.11.2** Information available in Finance Accounts can be used to determine sustainability, flexibility, and vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in *Appendix I*. Exhibit V indicates the behaviour of these indices/ratios for the period.

EXHIBIT V

FINANCIAL INDICATORS FOR GOVERNMENT OF CHHATTISGARH

2000-01 (November 2000 to 31 March 2001)		2001-02
	<b>Sustainability</b>	
343	BCR (Rupees in crore)	105
(-) 335	Primary Deficit (Rupees in crore)	386
0.15	Interest Ratio	0.16
0.56	Capital outlay/Capital receipts	0.46
0.12	Total Tax receipts/GSDP	0.10
0.07	State Tax Receipts/GSDP	0.07
--	Return on Investment ( <i>per cent</i> )	33
	<b>Flexibility</b>	
343	BCR (Rupees in crore)	105
0.23	Capital repayments/Capital borrowings	0.18
0.07	State tax receipts/GSDP	0.10
0.24	Debt/GSDP	0.25
	<b>Vulnerability</b>	
(-) 273	Revenue Deficit (Rupees in crore)	569*
50	Fiscal Deficit (Rupees in crore)	1117*
(-) 335	Primary deficit (PD) (Rupees in crore)	386
-	PD/FD	0.34
--	RD/FD	0.50
--	Outstanding Guarantees/Revenue receipts	0.11
0.36	Assets/Liabilities	0.38

\* The year ended with a revenue as well as fiscal deficit

Notes

1. Fiscal deficit has been calculated as: Revenue expenditure + Capital expenditure + Net loans and advances + Inter State Settlement – Revenue receipts – non-loan Capital receipts – Inter State Settlement.
2. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as Internal loans + Loans and Advances from Government of India + Net receipts from small savings, PF etc., + Repayments received from loans advanced by the State Government – Loans advanced by State Government.
3. Working sheet for Financial indicators is given in *Appendix-II*



**1.11.3** The implications of these indices/ratios regarding the financial health of the State Government are discussed in the following paragraphs :

**(i) Balance from current revenues (BCR)**

BCR is defined as revenue receipts minus Plan assistance grants minus non-Plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting Plan expenditure. Exhibit V shows that the State Government had a positive BCR during the period, and could contribute Rs.105 crore from current revenues to finance its Plan expenditure.

**(ii) Interest ratio**

Interest ratio is defined as:

$$\frac{\text{Interest payments} - \text{Interest receipts}}{\text{Total revenue receipts} - \text{Interest receipts}}$$

The higher the ratio, lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. A rising interest ratio has adverse implications on the sustainability since it points out to the increasing interest burden. The Government of Chhattisgarh has started with a significant interest ratio of 0.16.

**(iii) Capital outlay/capital receipts**

This ratio would indicate to what extent the capital receipts are applied for capital formation. a ratio of less than one would not be sustainable in the long run in as much as it indicates that a part of the capital receipts is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surpluses as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. The current ratio of 0.46 indicated that a little less than half of the capital receipts were applied for capital formation. While the rest of the capital receipts were diverted for unproductive/revenue expenditure.

**(iv) Tax receipts Vs Gross State Domestic Product (GSDP)**

Tax receipts consist of State taxes and State's share of Central taxes. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence high flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. This indicates that the State has the option of improving its resources mobilisation by widening and increasing its tax base rather than taking recourse to increasing borrowings to meet its deficit. For Chhattisgarh, the own tax-GSDP and the overall tax-GSDP ratios were 0.07 and 0.10 respectively for the period 2001-02.



**(v) Capital repayments Vs Capital borrowings**

This ratio would indicate the extent to which the capital borrowings are available for investment after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. The ratio during the period was 0.18, indicating that 18 *per cent* of the capital borrowings were not available for capital formation.

**(vi) Debt Vs Gross State Domestic Product (GSDP)**

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. For Chhattisgarh this ratio was 0.25.

**(vii) Revenue deficit Vs Fiscal deficit**

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the part of revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since Fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, the higher the ratio, the worse-off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. The ratio was 0.50.

**(viii) Primary deficit Vs Fiscal deficit**

Primary deficit is the fiscal deficit minus interest payments. Primary deficit represents the net borrowings needed after discharging interest liability for current activities of the Government (considering that interest payments are the results of past actions of the Government). During the period, State Government had a primary deficit of Rs.386 crore and fiscal deficit of Rs.1117 crore.

**(ix) Guarantees Vs Revenue Receipts**

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure and should therefore be compared with the ability of the Government to pay *vis-à-vis* its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Chhattisgarh, the ratio was 0.11 and guarantees amounting to Rs.9709.60 crore have been retained in Madhya Pradesh accounts, pending apportionment between the successor States of MP and Chhattisgarh.



**(x) Assets Vs Liabilities**

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra-indicator. As explained in paragraph 1.2, the government accounts capture mostly the financial assets and liabilities. However, the trend of even this ratio would be an important indicator of the quality of financial management. Exhibit V shows that this ratio was 0.38. A more realistic picture would, however, be available only after the assets and liabilities are fully apportioned between the successor States of Chhattisgarh and Madhya Pradesh.

**(xi) Budget**

There was no delay in submission of budgetary estimates and their approval. The details are given in the following table :

Preparation	Month of submission	Month of approval
Vote on account	March 2001	March 2001
Budget	March 2001	April 2001
Ist Supplementary	July 2001	July 2001
2 <sup>nd</sup> Supplementary	December 2001	December 2001
3 <sup>rd</sup> Supplementary	February 2002	February 2002

Chapter II of this report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedures and control over expenditure.

**(xii) Accounts**

There were no significant delays in the submission of accounts by the treasuries/departments during the period.

**1.11.4 Conclusion**

The new State of Chhattisgarh comprising 16 districts of the erstwhile composite State of Madhya Pradesh came into existence on 01 November 2000. The process of apportionment of pre-November 2000 assets and liabilities of the composite State of Madhya Pradesh and of other financial adjustments, to be done in each case with reference to the provisions of the Madhya Pradesh Re-organisation Act, 2000 is not yet complete. A realistic picture of the financial position of the State Government will emerge only after completion of this process. A few pointers are discernible. The (new) State had a revenue deficit of Rs.569 crore during the period 2001-02 as against a surplus of Rs.273 crore in the previous year. Further the debt GSDP ratio is likely to increase once the apportionment process of liabilities between Madhya Pradesh and Chhattisgarh is completed.





## **CHAPTER-II**

### **APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE**





## CHAPTER II

### Appropriation Audit and Control over Expenditure

#### APPROPRIATION ACCOUNTS-2001-2002 – At a glance

Appropriation Accounts : Chhattisgarh  
 Total No. of Grants : 78 Grants/Appropriation

#### Total provision and actual expenditure

<i>(Rupees in crore)</i>			
Provision	Amount	Expenditure	Amount
Original	7294.94		
Supplementary	731.67		
Total Gross provision	8026.61	Total Gross expenditure	5735.50
Deduct- Estimated recoveries in reduction of expenditure	208.61	Deduct- Actual recoveries in reduction of expenditure	81.34
<b>Total Net provision</b>	<b>7818.00</b>	<b>Total Net expenditure</b>	<b>5654.16</b>

#### Voted and charged provision and expenditure

<i>(Rupees in crore)</i>				
	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	4867.74	949.88	4223.72	795.25
Capital	820.12	1388.87	532.48	184.05
Total Gross	5687.86	2338.75	4756.20	979.30
Deduct- Recoveries in reduction of expenditure	208.41	0.20	81.34	--
<b>Total Net</b>	<b>5479.45</b>	<b>2338.55</b>	<b>4674.86</b>	<b>979.30</b>

### 2.1 Introduction

The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as 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 and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

## 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2001-02 against 78 grants/appropriations was as follows:

*(Rupees in crore)*

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Variation Saving (-)/ Excess (+)
Voted	I- Revenue	4326.80	540.94	4867.74	4223.72	-644.02
	II- Capital	588.17	136.46	724.63	482.96	-241.67
	III- Loans & Advances	77.64	17.85	95.49	49.52	-45.97
<b>Total Voted</b>		<b>4992.61</b>	<b>695.25</b>	<b>5687.86</b>	<b>4756.20</b>	<b>-931.66</b>
Charged	IV- Revenue	913.48	36.40	949.88	795.25	-154.63
	V- Capital	0.33	--	0.33	0.03	-0.30
	VI- Public Debt	1388.53	0.01	1388.54	184.02	-1204.52
<b>Total Charged</b>		<b>2302.34</b>	<b>36.41</b>	<b>2338.75</b>	<b>979.30</b>	<b>-1359.45</b>
Appropriation to contingency fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Grand Total</b>	<b>7294.95</b>	<b>731.66</b>	<b>8026.61</b>	<b>5735.50</b>	<b>-2291.11</b>

The table presents overall saving of Rs.2291.11 crore (28.5 per cent). There was significant saving of Rs.1204.52 crore (86.7 per cent) under Public debt, reasons for which have not been intimated (October 2002). Supplementary provision of Rs.731.67 crore under Revenue and Capital section proved unnecessary as the actual expenditure was less than original provision/appropriation.

**(a) The figures of expenditure were overstated to the extent of the following :**

1. Transfer of Rs.93.78 crore (Revenue section : 40.26 crore and Capital section Rs.53.52 crore) to Major head 8443-Civil Deposits-800-Other Deposit through Nil payment vouchers.
2. Rs.21.14 crore (Deposit: Rs.52.14 crore - Disbursement: Rs.31 crore) added to the balance to Major Head 8443-Civil Deposit-106, Personal Deposit during 2001-02 in respect of Government and semi Government Institutions.

**(b) The total expenditure was understated at least to the extent of :**

Rs.1.18 crore incurred under various major heads for which vouchers were not received from the treasuries during the year, remained unreconciled and kept



in the objection book of the Suspense Accounts in the book of the Accountant General (A&E).

## **2.3 Results of Appropriation Audit**

### **2.3.1 Supplementary provision**

Supplementary provision of Rs.731.67 crore obtained during the year constituted 10 per cent of the original provision.

**2.3.2** The overall saving of Rs.2291.11 crore was the result of saving of Rs.2407.01 crore in 134 cases of grants and appropriations offset by excess of Rs.115.90 crore in 16 cases of grants and appropriations. Explanations for savings/excesses were either not received or were received incomplete in respect of 648 heads which form 93.8 per cent of the total number of 691 heads.

**2.3.3** Supplementary provision of Rs.214.99 crore made in 41 cases during the year proved unnecessary in view of aggregate saving of Rs.2050.66 crore as detailed in *Appendix-III*.

**2.3.4** In 22 cases against additional requirement of Rs.225.45 crore, supplementary grants and appropriations of Rs.383.32 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.157.87 crore. Details of these cases are given in *Appendix-IV*.

**2.3.5** The excess of Rs.115.90 crore under 16 cases required regularisation under Article 205 of the Constitution. Details of these are given in *Appendix-V*.

**2.3.6** In 10 cases, supplementary provision of Rs.132.25 crore proved insufficient by more than Rs.10 lakh in each case, leaving an aggregate uncovered excess expenditure of Rs.51.74 crore as per details given in *Appendix-VI*.

**2.3.7(a)** In 59 cases, expenditure fell short by more than Rupees one crore in each case and also by more than 10 per cent of the total provision as indicated in *Appendix-VII*. In 2 of the above cases (Sr. No.32 and 57) the entire provision totalling to Rs.10.26 crore were not utilised.

**2.3.7 (b)** In 15 cases the entire budget provision of Rupees one crore and more in each case totalling to Rs.102.16 crore, provided under various Central Schemes remained unutilised *Appendix-VIII*.

**2.3.8(a)** In 13 schemes, expenditure in each case exceeded the approved provision by Rs. 5 crore or more and also by more than 100 per cent of the total provision aggregating to Rs.138.09 crore. Details of these are given in *Appendix-IX*.

**2.3.8 (b)** In 26 cases of schemes, substantial saving of Rs.5 crore or more and also more than 80 per cent of the provision in each case totalling to Rs.1928.11 crore were noticed. The details are given in *Appendix-X*. In 15 out of 26 cases, the entire provision remained unutilised.

**2.3.9 Excessive/ unnecessary re-appropriation of funds**

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where re-appropriation/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 and (c) unnecessary augmentation of funds despite saving are as given in *Appendix-XI*.

**2.3.10 Anticipated saving not surrendered**

(a) 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 2001-02 there were 107 cases of grants/ appropriations in which large savings had not been surrendered by the department. The amount involved was Rs.805.93 crore. In 29 cases, significant amounts of available savings (of Rs.5 crore and above in each case, aggregating to Rs.745.54 crore) were not surrendered as per details given in *Appendix-XII*.

(b) In 75 cases, Rs.1642.81 crore (99.42 per cent) were surrendered on the last day of March 2002 out of total surrender of Rs.1652.44 crore, indicating inadequate financial control over expenditure.

**2.3.11(a) Surrender in excess of actual savings**

In 10 cases, the amount surrendered was in excess of actual savings, which indicated inadequate budgetary control. As against the total savings of Rs.63.69 crore, the amount surrendered was Rs.84.12 crore, resulting in excess surrender of Rs.20.43 crore. Details are given in *Appendix-XIII*.

**2.3.11(b)** In 4 cases, Rs.30.91 crore were surrendered though there was excess expenditure amounting to Rs.88.68 crore. Details are given in *Appendix-XIV*.

**2.3.12 Expenditure without Budget Provision**

Expenditure should not be incurred on a scheme/service without provision of funds by budget. It was however noticed, that in 20 cases of schemes, expenditure of Rs.456.41 crore was incurred without the provision having been made in the original estimates/supplementary demand. Details are given in *Appendix-XV*.

**2.3.13 Unreconciled Expenditure**

Financial rules require the Departmental Controlling officers to reconcile periodically the departmental figures of expenditure with those booked by the



Accountant General (A&E). In respect of 39 major heads, expenditure of Rs.8671.45 crore pertaining to 2001-02 remained unreconciled by various controlling officers. Details are given in ***Appendix-XVI***.

#### ***2.3.14 Rush of Expenditure***

Uniform flow of expenditure in the year is a primary requirement of budgetary control. It was, however, noticed that in 14 cases, the expenditure incurred during March 2002 ranged from 49 per cent to 100 per cent of the total expenditure during the year. The details are given in ***Appendix-XVII***.

#### ***2.3.15 Defective sanctions of Re-appropriation/surrender***

As per instructions (January 2001) of State Government and financial rules, (i) re-appropriation from 'salary and wages' head to other head is not permissible, (ii) re-appropriation of fund from one grant to another grant should not be made, (iii) total of both side of re-appropriation sanction should tally (iv) all sanctions of surrender/re-appropriation should be issued by the competent authority and these should be received in the Accountant General (A&E) office before closing and finalisation of Accounts. Contrary to these, Rs.3072.79 lakh were re-appropriated/surrendered during 2001-02 by the Government as per details given in ***Appendix-XVIII***.





**CHAPTER-III**  
**CIVIL DEPARTMENTS**  
**SECTION A- REVIEWS**  
**SECTION B- PARAGRAPHS**





## CHAPTER III : CIVIL DEPARTMENTS

### SECTION-A : REVIEWS

#### Panchayat and Rural Development Department

##### 3.1 Rural Housing (Indira Awas Yojana)

###### *Highlights*

IAY was introduced in 1985-86 as a part of Rural Landless Employment Guarantee Programme (RLEGP). It was merged into Jawahar Rojgar Yojana (JRY) from April 1989 and assistance was extended to non-SC/ST families living below poverty line. It was made an independent scheme in January 1996. The programme suffered due to lackdaisical approach in implementation as the funds allotted were not utilised fully; cases of inflated progress reports were also noticed. 13 to 25 per cent new houses and 12 to 27 per cent of houses under the scheme 'Upgradation Assistance' were lying incomplete. Even those shown as complete were devoid of sanitary latrines and smokeless chulhas, which were integral part of the dwelling units. Involvement of outside agencies was also noticed despite a complete ban on their engagement.

- Rs.1.01 crore were irregularly charged as administrative expenses.

(Paragraph 3.1.5/i)

- Out of Rs.7.75 crore irregularly diverted towards Jawahar Rojgar Yojna, Rs.1.13 crore is still outstanding for recovery.

(Paragraph 3.1.5/ii)

- Expenditure figures reported were inflated by Rs.3.48 crore.

(Paragraph 3.1.5 /iii)

- Funds of Rs.6.15 crore were irregularly paid to the contractors and outside agencies in contravention of the provision of the scheme.

(Paragraph 3.1.7 /ii)

- 37579 dwelling units were sanctioned and constructed at a cost of Rs.71.71 crore which were irregularly allotted in the names of male members instead of female or in joint names.

(Paragraph 3.1.10)

## **A. Indira Awas Yojana**

### **3.1.1 Introduction**

With a view to providing houses to Scheduled Caste (SC), Scheduled Tribe (ST) and Freed Bonded Labourers (FBL) living below poverty line (BPL), Indira Awas Yojana (IAY) was launched in 1985-86 as a component of the Rural Landless Employment Guarantee Programme (RLEGP) a fully funded scheme of the Central Government. With the merger of RLEGP and National Rural Employment Programme (NREP) into Jawahar Rojgar Yojana (JRY) on 1<sup>st</sup> April, 1989, it became a component of JRY. It was delinked from JRY and became an independent scheme with effect from 1<sup>st</sup> January, 1996. Expenditure under this scheme was shared between Central and State in the ratio of 80:20 upto March 1999 and 75:25 thereafter. 20 per cent of available funds were to be utilised for conversion of kutchha houses into semi-pucca/pucca houses. 40 per cent of IAY allocation to be utilised on non-SC/ST households and 3per cent for physically and mentally challenged persons subject to fulfilment of other conditions. Apart from the Indira Awas Yojana (IAY) the Government announced a National Housing and Habitat Policy in 1998 for providing houses for all under which the following housing schemes were inter-alia made operative from April 1999:

- (i) Pradhan Mantri Gramodaya Yojana (Gramin Awas) and
- (ii) Credit-Cum-Subsidy Scheme for Rural Housing.

### **3.1.2 Organisational structure**

At the State level the scheme was supervised, monitored and evaluated by the Department of Panchayat and Rural Development headed by the Secretary and assisted by Development Commissioner. At the district level, the implementation of the scheme was co-ordinated through the DRDA now known as Zila Panchayat (ZP), functioning under Chairmanship of the District Collector/Chief Executive Officer (CEO). At the block level, the scheme was implemented by CEO, Janpad Panchayat and at village level by Sarpanch of Gram Panchayat.

### **3.1.3 Coverage**

Test-check of records in the office of the Development Commissioner, Chhattisgarh, Raipur (DC) for the period of 2000-2002, four<sup>9</sup> out of 16 DRDAs and twelve<sup>10</sup> out of 45 Janpad Panchayats for 1997-2002 was carried out during December 2001 to May 2002. Irregularities noticed are mentioned in the succeeding paragraphs.

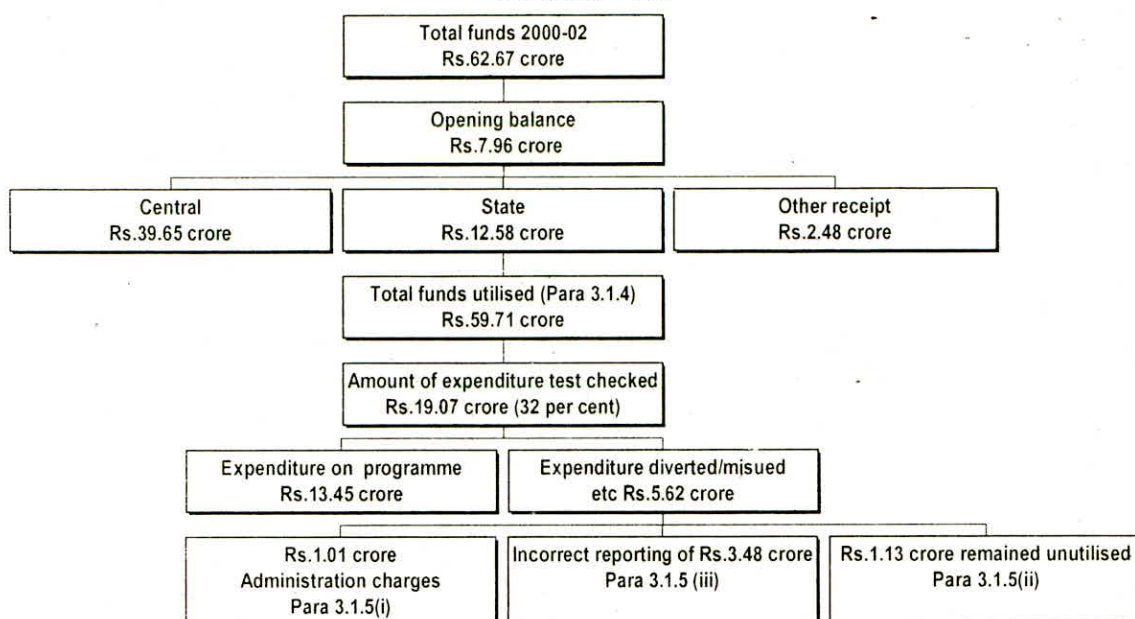
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1-Ambikapur : 19, 2-Bilaspur : 10, 3-Kanker : 7 and 4-Rajnangaon : 9.

1-Ambikapur, 2-Balarampur, 3-Bhaiyathan, 4-Odgi, 5-Pratappur and 6-Udaipur of Ambikapur, 7-Masturi and 8-Mungeli of Bilaspur, 9-Charama, 10- Kanker of Kanker, 11-Chouki and 12-Rajnandgaon of Rajnandgaon.



### Finance Tree



### 3.1.4 Financial Outlay and Expenditure

(Rupees in crore)

Year	Category of houses	Opening balance	Receipt of Funds		Other receipts	Total	Expenditure	Closing balance	Percentage of savings
			Central	State					
2000-2001	New	6.75	17.13	5.09	1.34	30.31	25.62	4.69	15
	Upgradation	1.21	4.16	1.22	0.01	6.60	6.12	0.48	7
2001-2002	New	2.66	15.10	5.16	0.60	23.52	22.88	0.64	3
	Upgradation	0.41	3.26	1.11	0.53	5.31	5.09	0.22	4

The reason for differences in figures of opening and closing balances for both new and upgradation category of houses in 2001-2002, were being enquired from ZP offices as stated by the DC.

### 3.1.5 Irregularities on the financial matter in the test checked districts

Irregular charge of administrative expenses on IAY funds  
Rs.1.01 crore

In the test checked districts the following irregularities were noticed:

(i) The IAY did not provide for administrative expenses to be charged on the scheme but in 3 ZPs, it was noticed that Rs.1.01 crore were irregularly charged.

Out of Rs.7.75 crore diverted from IAY funds to other schemes, Rs.1.13 crore is still outstanding

(ii) In ZP (DRDA) Ambikapur Rs.7.75 crore were irregularly diverted to other schemes (EAS, Old Age Pension, IRDP and JRY) of which Rs.6.62 crore were received back after a delay of 1 to 14 months. The amount of Rs.1.13 crore (JRY-November 98) was still (April 2002) outstanding.

The CEO of Z.P Ambikapur stated that the amounts have been refunded. The refund entries were, however, not borne in the records of ZP.

Reporting of inflated expenditure of Rs.3.48 crore

(iii) Unutilised funds received back from the implementing agencies or beneficiaries were taken back in the accounts of all the DRDAs test checked and shown as other receipts. These other receipts were again utilised on the scheme. Such a practice resulted in inflation of expenditure by Rs.3.48 crore.

### 3.1.6 Physical Target and Achievement

Physical targets and achievements under IAY were as under:-

Year	Category of houses	Incomplete houses of previous years	Target of the year	Total houses to be completed	Houses completed	Incomplete houses	Percentage of completion
2000-2001	New	5255	10907	16162	12089	4073	75
	Upgradation	2375	5455	7830	5688	2142	73
2001-2002	New	6753	10757	17510	15255	2255	87
	Upgradation	3374	5378	8752	7741	1011	88

It is clear from the above that there were differences of 2680 new and 1232 upgradation category of houses between the opening and closing balances in both the years which was attributed by the DC to the faulty figures furnished by ZPs.

The position of physical targets fixed under IAY in the test checked districts and achievements thereagainst was as under:

Year	Category of houses	Incomplete houses of previous years	Target	Total houses to be completed	Houses completed	Houses remained incomplete	Percentage of completion
1997-98	New	15006	10745	25751	14581	11170	57
1998-99	New	11170	14042	25212	13380	11811	53
1999-2000	New	11811	3993	15804	12986	2818	82
	Upgradation	--	2028	2028	531	1497	26
2000-2001	New	3247	3725	6972	4656	2316	67
	Upgradation	1497	2207	3704	2285	1419	62
2001-2002	New	2376	2988	5364	4516	848	84
	Upgradation	1419	1572	2991	2508	483	84

### 3.1.7 Implementation of the scheme

#### Delay in selection of beneficiaries

(i) Scrutiny of records and information furnished by six<sup>11</sup> Janpad Panchayats of Rajnandgaon district revealed that the selection of beneficiaries was made late by Gram Panchayats and proposals were also submitted late by Janpad Panchayats to ZP. The funds of Rs.7.99 crore were, irregularly released to the implementing agencies in anticipation of selection of beneficiaries. Against the target of 4820 (4013 new + 807 upgraded) beneficiaries only 4437 (3630 new + 807 upgraded) could be identified by the end of March 2002.

(ii) The dwelling units under IAY were to be built on individual plots of beneficiaries in the main habitation of the village. The houses could also be built in cluster within the habitation so as to facilitate the development of infrastructure. In case the houses were not built in cluster or micro-habitats, Rs.2500 provided for development of infrastructure and common facilities should be paid to beneficiaries. Except technical assistance to the beneficiaries, contractors, departmental as well as private agencies were not to be involved in the construction.

<sup>11</sup>

Chhuria, Chouki, Dongargaon, Dongargarh, Khairagarh and Mohala.



Records of the four ZPs revealed that houses were not built in clusters or in micro-habitation. It was observed that instead of making payment to beneficiaries, funds of Rs.6.15 crore, for construction of houses, sanitary latrines, smokeless chulhas and for other infrastructural common facilities were irregularly paid to contractors, departmental as well as private agencies (*Appendix-VI*).

The CEO Ambikapur stated that water facility to beneficiaries living in tolas, paras and majaras was entrusted to Public Health Engineering Department (PHED) being a technical department. The CEO Bilaspur stated that common facilities like drinking water, electrification, sanitary pan sets etc. were organised through contractors and CEO Rajnandgaon stated that the funds relating to development of infrastructure were paid to the concerned executing agencies as per instructions of State Government.

The replies were not acceptable as involvement of outside agencies was in contravention of the provisions of IAY, and payment was to be made only to the beneficiaries through Janpad Panchayats.

### ***3.1.8 Non-provision of smokeless Chulhas***

In 29 to 53 per cent houses in the state and in 14 to 99 per cent houses in test checked districts smokeless chulhas were not provided in the IAY houses.

### ***3.1.9 Non construction of sanitary latrines***

Sanitary latrines were not constructed in 7 to 94 per cent of new houses and 13 to 47 per cent in upgraded houses.

### ***3.1.10 Irregular allotment of houses in the name of males***

It was revealed that 11300 houses costing Rs.19.42 crore were allotted / financed solely in the names of male members of household beneficiaries in the state. Records of selected DRDAs revealed that 26279 houses costing Rs.52.29 crore were allotted financed solely in the names of the male members.

### ***3.1.11 Inventory Register***

Scrutiny of records of the districts and blocks revealed that no inventory register of houses was prepared and maintained by any of the implementing agencies.

The CEO Ambikapur and Bilaspur stated that instructions regarding maintenance of village wise inventory registers have been issued.

### ***3.1.12 Monitoring***

For the success of the scheme the implementing agencies at State, District and Block levels were required to co-ordinate, monitor and evaluate the implementation of the scheme. Monitoring of Rural Development Programmes at various levels was the responsibility of State/ District/ Block Level Officers and Co-ordination Committees to be formed for the purpose. But it was noticed that no such committees were formed and hence physical verification of houses constructed upgraded under IAY and monitoring of the scheme at State and District levels was not done. The fact was also admitted by D.C. & Z.P.

Rs.6.15 crore were irregularly paid to contractors, departmental and private agencies

Ambikapur. The socio-economic evaluation of the scheme to assess its impact was also not found to have been done at any time.

## **B. Pradhan Mantri Gramodaya Yojana**

**3.1.13** To supplement the efforts under IAY a new initiative was announced in April 1999 "Gramin Awas Yojana" as a part of the Pradhan Mantri Gramodaya Yojana (PMGY) for providing rural shelter with emphasis on extending maximum benefit to the rural poor from 2000-2001.

The scheme is fully financed by the Union Government and funds for the scheme was to be released to in two instalments. The second and subsequent instalment was to be released after utilisation certificates and Audit Reports have been received. The release of funds was as under:

### **3.1.14 Financial**

*(Rupees in crore)*

Year	Central Government	State Government	Expenditure	Balance
2000-2001	4.71	--	--	4.71
2001-2002	3.51	6.46	6.08	0.38
Total	8.22	6.46	6.08	0.38

### **3.1.15 Physical**

Year	Houses	Target	Achievement
2001-2002	New	2663	1761
2001-2002	Upgradation	1142	725

The Central Government (GOI) released the grant of Rs.8.22 crore of which Rs.6.46 crore were released to twelve Zila Panchayats (DRDAs) for construction of 2663 new houses and for upgradation of 1142 old houses. DRDAs spent (March 2002) Rs.5.03 crore on new houses and Rs.1.05 crore on upgradation leaving a balance of Rs.0.38 crore with DRDAs and Rs.1.76 crore with State Government. Thus grant of Rs.2.14 crore remained unutilised (March 2002). Category of houses constructed/ upgraded i.e. for Scheduled Caste, Scheduled Tribe, Freed Bonded Labourer, allotted in the names of wife, husband or both, sanitary latrines, smokeless chulhas etc. were not furnished.

## **C. Credit-Cum-Subsidy Scheme**

**3.1.16** To meet the needs of a large majority of beneficiaries through banks "Credit cum Subsidy Scheme (CCSS)" under the National Housing and Habitat Policy 1998, was launched in 1999. The expenditure on the scheme was to be shared in ratio of 75:25 by Central and State Governments. Subsidy that could be given under the scheme was upto Rs.10,000 and loan upto Rs.40,000 per household.

Against the available funds of Rs.1.39 crore subsidy of Rs.1.23 crore was paid to the 1231 beneficiaries and only 842 houses could be completed.



Monitoring of Rural Development Programmes at various levels was the responsibility of State/ District/ Block Level Officers and Coordination Committees were to be formed for the purpose. No such committees were formed.

The above points were referred to the Government in August 2002; reply had not been received (February 2003)

### 3.2 Swarnajayanti Gram Swarozgar Yojana

#### Highlights

*The Swarnajayanti Gram Swarozgar Yojana was introduced from April 1999 to raise the assisted families above the poverty line in three years by providing them with income generating assets through a mix of bank credit and Government subsidy. Test check of the implementation of the scheme in five sample districts revealed that families actually covered were less than targeted income accrued from projects was much less than projected, project reports prepared were less than completion and assistance extended for some activities was less than approved cost. Cases of excess expenditure on training, subsidy and on infrastructure development were also observed. Over reporting of financial achievements was noticed and focus was also not laid on group approach as required under the scheme.*

- Expenditure reported was inflated to the extent of Rs.5.73 crore by three DRDAs which included Rs.0.64 crore irregularly incurred on administration by DRDA Bastar. Besides Rs.2.66 crore was incurred in excess on the development of infrastructure.

*(Paragraph 3.2.5 [iii] and [vi])*

- 10,429 untrained Swarozgaris were provided assistance and 13,063 were provided training without assistance being extended.

*(Paragraph 3.2.6)*

- Out of 11,722 Self Help Groups (SHGs) formed in 5 test checked districts only 375 SHGs could start economic activities.

*(Paragraph 3.2.7 [a][ii])*

- As against the envisaged coverage of 1.10 lakh below poverty line (BPL) families in 5 sample districts actual coverage was only 24,398.

*(Paragraph 3.2.8.3)*

- Cash credit was sanctioned to 251 SHGs out of 492 with a delay ranging upto six months.

*(Paragraph 3.2.9)*

- Rs.2.49 crore was irregularly spent from infrastructure fund on special project in Bastar district. Central assistance of Rs.2.15 crore remained unutilised.

*(Paragraph 3.2.10)*



### 3.2.1 Introduction

To overcome the inherent problems of Integrated Rural Development Programme (IRDP) and allied programmes, Government of India consolidated these programmes and restructured the self-employment programmes as Swarnajayanti Gram Swarozgar Yojana (SGSY) from 1 April 1999. SGSY aimed at bringing every assisted family above the poverty line in three years with the focus on group approach by providing them income generating assets through a mix of bank credit and government subsidy.

This was a holistic programme covering all aspects of self employment such as organisation of the poor into self-help groups, extending training, credit, technology, infrastructure and marketing. The objective of the scheme was to bring poor families above the poverty line in three years. The effort under SGSY was to cover 30 per cent of the poor families in each block in the next five years and to ensure that the family had a monthly net income of at least Rs.2000 per month excluding repayment. The expenditure on the programme is shared in the ratio of 75:25 between Government of India (GOI) and the States.

### 3.2.2 Organisational set up

At the State level, the Department of Panchayat and Rural Development is responsible for implementation of the scheme, assisted by Development Commissioner, who is responsible for planning, coordination and monitoring of the scheme. The implementation of the scheme at district level was with the District Rural Development Agency (DRDA) now known as Zila Panchayat. Activities taken up under the SGSY are implemented by the Chief Executive Officer (CEO), Janpad Panchayat at block level.

### 3.2.3 Audit Coverage

A review of implementation of the scheme from 1999-2002 was conducted during December 2001 to September 2002 in the office of The Development Commissioner (DC), 5 District Rural Development Agencies (DRDAs) and 17<sup>12</sup> out of 50 Block Development Officers(BDO)/Chief Executive Officers, Janpad Panchayat in 5 districts (Durg, Bastar, Janjgir-Champa, Raigarh and Raipur). The results of the test check are mentioned in the succeeding paragraphs.

### 3.2.4 Planning

#### (a) Selection of Beneficiaries

(i) For the identification of potential swarozgaris, a three member team consisting of BDO or his representative, the banker and the surpanch were required to visit each of the habitation in a Gram Panchayat. Evidently the involvement of the banker in the process was intended to secure the bank's assistance in deserving cases. But it was noticed that in 17 Janpad Panchayats, the

<sup>12</sup>

Bastar, Farasgaon, Jagdalspur, and Kondagaon of Bastar district, Beralga, Dhamdha and Durg of Durg district, Akaltara, Baloda and Jaijairpur of Janjgir-Champa district, Baramkela, Gharghoda and Raigarh of Raigarh district and Baloda Bazar, Bilaigarh, Kasdol and Simga of Raipur district.

Less sanction of proposals for taking up key activities by the banks

Banker's participation was marginal. A consequence of the lack of full participation by the banker was reflected in the rejection of the large number of beneficiaries by the banks while sanctioning loans. Out of 12637 cases proposed in 14 Janpad Panchayats only 5748 cases were sanctioned by Banks. Better participation of Bankers in the process of identifying beneficiaries could have resulted in better results.

In sample districts shortfall in coverage of women and disabled Swarozgaris'

(ii) According to guidelines, among the total number of swarozgaris covered, at least 50 per cent should be SC/ST, 40 per cent women and 3 per cent disabled. The districts wise details were as shown below:

Sl. No	Year	No. of Beneficiaries	No. of SC/ST and percentage		No. of women and percentage		No. of disabled and percentage.	
			Number	Per cent	Number	Per cent	Number	Per cent
1	1999-2000	4340	2335	53.80	456	10.50	1	(0.02)
2	2000-2001	7312	3794	51.88	1051	14.37	2	(0.02)
3	2001-2002	9133	5005	54.80	961	10.52	11	(0.12)
		20785	11134	53.56	2468	11.87	14	(0.06)

Thus, percentage of women and disabled swarozgaris was very low compared to the norm of 30 and 3 per cent respectively.

#### (b) Selection of key activities

The scheme necessitated detailed planning at DRDA level for key activity selection. The key activities identified for each block should be based on local resources, aptitude/skill of the beneficiaries, available infrastructure in terms of production, training and backup marketing facilities. The key activities so selected would normally be valid for five years. Project reports were to be prepared for each key activity with a net income of at least Rs.2000 per month per family, in the third year. The key activities selected could be reviewed after two years.

A perusal of the selection of key activities, provision of assistance and accrual of income from the key activities revealed the following deficiencies:

Projected level of income in respect of 125 Swarozgaris not achieved

(i) Information regarding income generated for each key activity was not available with the blocks. However, information made available by 125 swarozgaris of 14 blocks of four sample districts revealed that the gross income earned was upto Rs.500 in 8 cases (6 per cent) between Rs.501 to Rs.1000 in 6 cases (5 per cent), between Rs.1001 to Rs.1500 in 17 cases (14 per cent), between Rs.1501 to Rs.2000 in 81 cases (65 per cent). Gross income of more than Rs.2000 per month per family was reported in 13 cases (10 per cent) only. This clearly indicated that the intended objective of getting sustainable income was not achieved by the swarozgaris.

(ii) In Janjgir-Champa district, the key activities were selected by DRDA instead of by blocks.

(iii) Key activities were to be preferably taken up in clusters so that the backward and forward linkages could be effectively established. Of 1586 villages selected for SGSY only in 195 villages (12.29 per cent) of Durg district key activities were taken up in clusters.



**(c) Project reports**

Preparation of  
incomplete  
project reports

Block SGSY Committee was responsible for the preparation of Project Reports for each key activity. It was observed that project reports prepared in 17 blocks of 5 test checked districts were not having complete details of training and technology required to be provided to swarozgaris, availability of market and infrastructure that needs to be provided the cost involved, etc. Out of 136 project reports, 117, 85, 102 and 93 project reports did not have details of infrastructure, training, marketing and skill development respectively.

Disbursement  
of amount less  
than the project  
cost

As per scheme guidelines, entire cost of the approved project was to be financed; under financing was not allowed under any circumstances. Test check revealed that the banks disbursed only Rs.51.03 lakh to 246 swarozgaris in 11 blocks against the project cost of Rs.95.98 lakh leaving Rs.44.95 lakh under financed. As the project cost for each activity was approved on the basis of investment required and net income accruable to the swarozgaris/SHGs, downsizing of investment by the banks had not helped the swarozgaris in crossing the poverty line.

**3.2.5 Financial outlay and expenditure**

The DRDAs were allowed to incur expenditure on the following components at specified percentages.

Name of the component	Expenditure allowed (Percentage of the allocation)
Training	10
Infrastructure fund	20
Revolving funds	10
Subsidy for economic activity	60

A risk fund consumption credit could be created with 1 per cent of SGSY fund at district level to provide risk fund assistance to banks distributing consumption loans. Funds for administration were provided separately as grants for "DRDA Administration". Funds for taking up special projects under SGSY were released separately by GOI.

The records revealed that separate accounts for each fund were not operated by any of the five DRDAs test-checked.

The details of release of funds under SGSY and expenditure incurred, as reported by DRDAs were as under:

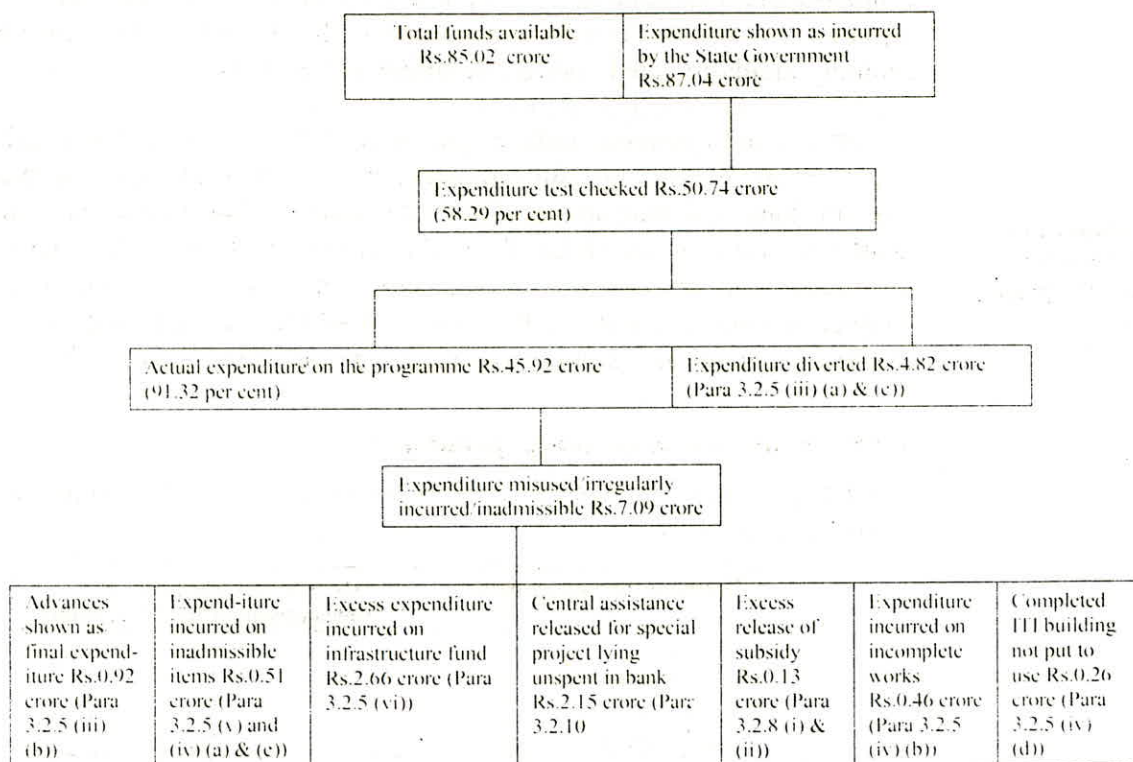
<i>(Rupees in crore)</i>							
Year	Opening balance	GOI share released	State share released	Other receipt	Total funds available	Expen- diture	Savings
1999-2000	-----Not available <sup>13</sup> -----						
2000-2001	28.20 <sup>14</sup>	16.33	4.02	11.45	60.60	48.16	12.44
2001-2002	14.74 <sup>14</sup>	14.67	4.33	5.42	39.16	38.88	0.28

<sup>13</sup> Chhattisgarh State was formed on 1-11-2000.

<sup>14</sup> Reconciliation with departmental figures awaited.

A finance tree indicating the expenditure reported and test-checked along with the amount diverted, misused etc. is given below:

### FINANCE TREE



Perusal of connected records revealed the following irregularities:

Central  
assistance short  
released due to  
less utilisation  
of SGSY funds

(i) As per scheme guidelines, central funds were required to be released in two instalments. Release of first instalment was to be completed by the end of May each year. Release of second instalment was based on the prescribed proforma. Scrutiny of the records revealed that in 2000-2001, Durg and Raigarh DRDAs did not receive first central instalment of SGSY funds because they could spend only 42.24 per cent (Raigarh) and 28.39 per cent (Durg) of total available funds during 1999-2000. In 2001-2002 the first instalment of central assistance to three out of five test checked DRDAs was released late ranging from 5 to 7 months.

Delay in release  
of State share  
by 22 months

(ii) In Durg district, second instalment of Central share of Rs.135 lakh pertaining to the year 1999-2000 was released in March 2000 but matching share of State Government of Rs.44.73 lakh was released only in January 2002 i.e after a delay of 22 months.

(iii)(a) The expenditure of Rs.12.75 crore (2000-01 Rs.7.50 crore; 2001-02 Rs.5.25 crore) reported as incurred by DRDA, Raipur included Rs.4.18 crore transferred to newly formed districts.



(b) Bastar and Raipur DRDAs paid Rs.91.53 lakh as advance to various executive agencies and treated it as final expenditure. CEO, DRDA Bastar and Raipur stated in May 2002 that Utilisation Certificates were awaited.

(c) In Bastar, Rs.63.77 lakh was diverted towards "Administration of DRDA" which was not admissible.

(iv) Funds available under the Jawahar Gram Samridhi Yojana, Employment Assurance Scheme and other Centrally Sponsored Scheme should be exploited for infrastructure creation before utilisation of SGSY infrastructure fund. The infrastructure thus created should be available for full utilisation by the swarozgaris and the infrastructure fund should not be utilised for creation of infrastructure of general nature.

Expenditure incurred on inadmissible items

(a) DRDA Durg sanctioned Rs.14.80 lakh out of SGSY fund to Assistant Director, Horticulture, Durg for implementing "Indira Hareli Saheli Yojana". The expenditure incurred on the State scheme was inadmissible.

Infrastructure fund was used for augmentation of assets of State Government

(b) In Raipur district, Rs.12.69 crore was released for the construction of 53 fish ponds, 20 veterinary dispensaries and 12 training centres. Records revealed that out of 85 works, 33 works (fish ponds: 7; veterinary dispensaries: 14 and training centres:12) remained incomplete as of June 2002 after incurring an expenditure of Rs.46.34 lakh. The utilisation of SGSY fund for the above purposes was irregular.

(c) In Raigarh district, Rs.32.32 lakh were paid to Assistant Director, Horticulture, Raigarh for the development of nurseries. This was irregular.

ITI building constructed out of infrastructure fund was not put to use

(d) Mini Industrial Training Institute (ITI) building constructed by the Executive Engineer, Rural Engineering Services Division, Janjgir at Kharod Village was stated to be completed by spending Rs.26 lakh out of SGSY funds only also the building remained unutilised as of August 2002.

(v) DRDA, Raigarh sanctioned in December 2000 a loan of Rs.4 lakh to 11 Bal Ashram of Raigarh district which was irregular and the loan so disbursed was not received back as of June 2002.

(vi) Test-check of records in DRDAs Durg, Janjgir-Champa, Bastar and Raipur revealed that as against Rs.6.89<sup>15</sup> crore permissible on creating infrastructure, actual expenditure was Rs.9.55<sup>16</sup> crore resulting in excess expenditure of Rs.2.66 crore on infrastructure.

### 3.2.6 Training

Training needs both in terms of technical and managerial skill were to be ascertained and the number of swarozgaris needing skill upgradation were to be

<sup>15</sup> Durg: Rs.103.66 lakh; Janjgir-Champa: Rs.47.32 lakh; Raipur: Rs.346.20 lakh, Bastar: Rs.192 lakh

<sup>16</sup> Durg : Rs.134.16 lakh; Janjgir-Champa : Rs.96.34 lakh, Raipur : Rs. 316.19 lakh, Bastar: Rs.408.40 lakh

identified. The basic orientation programme is to be given to every swarozgari after the loan is sanctioned and before its disbursal. Skill development programmes were to be organised for those swarozgaris who need additional skill development for the identified activities. For imparting skill development training, Government institutions like Engineering Colleges, ITIs, Polytechnics, Universities and NGOs were required to be approached. 10 per cent of SGSY fund was required to be set aside in separate head of account namely 'SGSY Training Fund'.

The details of swarozgaris who were identified and those who participated in basic orientation training programmes are given in the table below:

Sl. No.	Name of the district	No. of swarozgaris identified (individual +SHG)	No. of swarozgaris assisted (individual +SHG)	No. of swarozgaris trained (individual +SHG)	Short fall (-)/ Excess (+)
1.	Bastar	48177	6109	11848	(+) 5739
2.	Durg	19578	4375	466	(-) 3909
3.	Janjgir-Champa	16698	2360	7051	(+) 4691
4.	Raigarh	21965	7230	710	(-) 6520
5.	Raipur	33989	4324	6957	(+) 2633
	<b>Total</b>	<b>140407</b>	<b>24398</b>	<b>27032</b>	

Untrained swarozgaris got assistance whereas trained swarozgaris deprived of the benefit

Loan was disbursed to 10,429 swarozgaris without providing them basic orientation programme training by DRDA Durg and Raigarh, whereas 13,063 swarozgaris who were not assisted were provided training in Bastar, Janjgir-Champa and Raipur district.

Excess expenditure incurred on training of swarozgaris

(i) Against 1,40,407 swarozgaris required to be trained only 27,032 were actually trained in 5 sample districts. As against the maximum admissible amount of Rs.25 per trainee per day, expenditure ranging from Rs.161 to Rs.4788 per trainee was incurred. This not only led to a wholly unjustifiable excess expenditure of Rs.1.42 crore, it also showed range of misapplication of valuable training resources. The DRDAs sought to evade the issue by shifting the responsibility for excess expenditure to NGOs who provided training for the capacity building of SHGs. Audit scrutiny of the payment process however brought out that the payment was to be made in four instalments, on the basis of actual progress and not in one lump. Further, the expenditure was to be booked under Revolving Fund and not under training fund. Abnormally high per capita expenditure on training could also be due to lesser number of trainees actually trained while funds have been released for a much larger number. Large scale mismanagement of training resources cannot be ruled out.

(ii) Rs.1.10<sup>17</sup> crore spent on construction of 3<sup>18</sup> Mini ITIs and Rs.0.12 crore incurred on pay and allowances of the staff posted there proved unfruitful as training was not started after 1 April 1999 in two ITIs and construction of Mini ITI, Kota remained incomplete as of March 2002.

<sup>17</sup> Building:Rs.0.92 crore, Tools and Plants: Rs.0.17 crore and Furniture:Rs.0.01 crore

<sup>18</sup> Sarangarh, Katghora, Kota.



### 3.2.7 Formation of Self Help Groups

As per the progress reports of 5 sample districts on SGSY, the physical achievement under the programme during 1999-2002 were as under:

Sl. No.	Name of the district	Number of self help groups			Number of swarozgaris			Percentage of members covered under SHGs.
		Formed	Taken up economic activity	Provided with revolving funds	Trained	Received Government subsidy		
						In groups	Individually	
1	Bastar	4366	130	596	11848	1292	4817	21.15
2.	Durg	1571	48	508	466	507	3868	11.59
3.	Janjgir- Champa	1493	78	173	7051	592	1768	25.08
4.	Raigarh	1511	36	361	710	375	6855	5.19
5.	Raipur	2781	83	610	6957	847	3477	19.59
	<b>Total</b>	<b>11722</b>	<b>375</b>	<b>2248</b>	<b>27032</b>	<b>3613</b>	<b>20785</b>	<b>14.81</b>

Focus was not laid on group approach

(i) SGSY lays emphasis on the group approach under which the rural poor were to be organised into self help groups. It was observed that focus was not laid on group approach as only 14.81 per cent of the total swarozgaris could be covered in groups.

(ii) Out of 11,722 groups formed in five sample districts only 375 (3.20 per cent) could start economic activity.

In sample districts less groups for women were formed

(iii) 50 per cent of the groups were required to be formed exclusively for women as per the information supplied by three (Raipur, Bastar and Durg) districts the women groups actually formed during 1999-2002 were 3230 (37.05 per cent) against 8718 SHGs formed.

Negligible involvement of independent agency for grading of groups

(iv) To ensure that SHGs evolved into a good group and were ready to go into the next stage of evaluation, a grading exercise was to be carried out by an independent agency at the end of six months from the formation of SHG. It was observed that an independent agency was utilised in only one out of 17 blocks test checked. Also out of 11722 SHGs only 3094, 526 and 375 graduated through the three stages.

### 3.2.8 Programme implementation

The programme envisaged payment of subsidy for economic activities on the following norms.

For SC/ST swarozgaris, 50 per cent of the project cost subject to a maximum of Rs.10,000/- (ii) For other swarozgaris, 30 per cent of the project cost subject to a maximum of Rs.7,500 and (iii) for SHGs, 50 per cent of the project cost subject to a maximum of Rs.1.25 lakh.

The programme also contemplated formation of groups with 10 to 20 persons and in the case of minor irrigation activity, the minimum number of members was five.

(i) In Baloda Bazar and Simga blocks of Raipur district a lift irrigation project costing Rs.76.88 lakh including laying of pipes for water distribution was approved. The project beneficiaries included 91 general category members of 7 SHGs (total 158 members). These general category members were also

sanctioned subsidy at the rate of 50 per cent by the DRDA Raipur. Rs.9.28 lakh subsidy was paid in excess to 91 member of 7 groups.

(ii) Similarly in 9 blocks of 5 sample districts, subsidy at the rate of 50 per cent instead of 30 per cent was paid to general category individual swarozgaris for taking up minor irrigation activity. This had resulted in excess payment of subsidy of Rs.3.89 lakh.

### **3.2.8.1 Recovery of loan**

Poor recovery  
of SGSY loan

None of the DRDAs test checked had information regarding the amount to be recovered and actually recovered. In 13 out of 17 blocks selected, against Rs.170.82 lakh recoverable only Rs. 63.63 lakh could be recovered as repayment of loan during the last three years.

### **3.2.8.2 Physical verification of assets**

Assets procured  
by swarozgaris  
were not found  
at their  
working place

For ensuring that swarozgaris were properly managing their assets an annual physical verification of assets was to be conducted at the end of each year.

While conducting physical verification of assets procured by the swarozgaris, it was observed that assets worth Rs. 8.98 lakh pertaining to 33 swarozgaris of 3 blocks were not found.

CEO, DRDA, Raigarh stated (July 2002) that action against the defaulters should be taken by the block level committee and the respective banks and not by DRDA.

### **3.2.8.3 Shortfall in coverage**

Coverage of  
BPL families  
was less than  
the targets

The objective of SGSY was to cover 30 per cent of BPL families in each block during the first five years and to raise them above poverty line. According to the survey, the number of families below poverty line in the state was 14.29 lakh. The total number of BPL families in five sample districts was 6.08 lakh. Accordingly 1.10 lakh BPL families should have been covered during the first three years. However, the number of BPL families (at the rate of 1 person per family) covered as reported by the districts was only 24,398 (22 per cent) leaving a shortfall of 85,128 families (78 per cent). The shortfall in coverage ranged between 73 and 86 per cent in these districts.

### **3.2.9 Non-payment / delayed payment of revolving fund by the banks**

Every SHG in existence for at least a period of six months which has the potential of a viable group was eligible to receive a revolving fund of Rs.25,000/- in the second stage from the banks. Rs.10,000/- was to be paid by DRDA to the banks. The revolving fund was to provide loans to members and also increase the per capita loan.

Non-payment  
of cash credit to  
241 groups and  
payment with a  
delay of 1-6  
months to 251  
groups

Reserve Bank of India (February 2000) directed all the banks to sanction cash credit limit of Rs 15,000 immediately after the SHGs were sanctioned revolving fund of Rs 10,000 by the DRDAs. According to the information furnished by 14 out of 17 selected blocks of 5 sample districts, it was observed that 492 SHGs



were sanctioned revolving fund. Of these only 251 were sanctioned cash credit by the banks and that too after a delay of 1 to 6 months.

### 3.2.10 Special project

State share not released

Government of India, Ministry of Rural Development, sanctioned (March 2000) a project under SGSY named 'Van Dhan' aimed at the development of tribals by forming 600 SHGs to benefit 6000 members. The approved cost of the special project was Rs.16.50 crore (loan: Rs.9 crore and subsidy: Rs.7.50 crore) to be shared between Centre and State in the ratio of 75:25. Government of India released first instalment of Rs.2.81 crore being 50 per cent central share of Rs.5.62 crore in March 2000. State share of Rs.187.50 lakh, which was required to be released within 15 days was not released (June 2002).

Less utilisation of Central assistance

Of the 600 SHGs to be formed, only 192 group based cases were submitted to banks during 1999-2000. The banks actually disbursed assistance to only 169 groups of which 109 groups were financed from special project fund and 60 groups were financed from regular SGSY fund. Out of Rs.2.82 crore received from GOI only Rs.66.62 lakh (23.66 per cent) were disbursed to 109 SHGs as subsidy upto March 2001. Balance amount of Rs.2.15 crore was lying unspent as of March 2002. Interest of Rs.8.63 lakh was earned by DRDA Bastar on this unspent amount.

The turn over of the Van Dhan SHGs was around Rs.18.74 crore and Rs.1.32 crore were earned by them as commission upto March 2001. During 2001-2002 TRIFED<sup>19</sup> did not involve itself in procurement and value addition as it was not able to manage the goods procured during 2000-01. As a result the SHGs were not able to sell their minor forest produce.

Irregular utilisation of infrastructure fund under special project

Further, for transporting this non-timber forest produce, DRDA Bastar provided 14 trucks at a cost of Rs.55.51 lakh in April 2000 for use by Van Dhan SHGs. Similarly, Kanker DRDA also provided 7 trucks costing Rs.27.75 lakh. An expenditure of Rs.3.80 lakh was also incurred on registration and insurance of these trucks and Rs.161.73 lakh on sheds constructed for keeping minor forest produce. Thus the entire expenditure of Rs.2.49 crore was irregularly incurred out of SGSY infrastructure fund.

The Van Dhan Scheme which functioned well till March 2001, failed later because the TRIFED withdrew and the scheme did not have adequate support.

### 3.2.11 Monitoring and evaluation

- (i) Meetings at district level were not held as per schedule in 4 out of 5 sample districts during 1999-2002. The shortfall ranged between 4 to 10 meetings against 12.

**Information on monitoring not available with DRDAs. Field visits by BDOs fell short**

(ii) While information regarding monitoring of implementation of SGSY at DRDA level through field visits by the Chairman DRDA, Project Director, DRDA, Project Officer and Project Economist and SDMs was not available with the DRDAs, the BDOs had carried out 4886 field visits for monitoring and physical verification of assets of the swarozgaris during 1999-2002 in 14 test checked blocks of four districts against the requirement of 10,080 field visits.

(iii) Evaluation studies on the implementation of the programme was not conducted by the State Government.

(iv) A Vikas Patrika containing details of the project, assets, income generated etc was required to be maintained at Block level. Information with regard to preparation and maintenance of 'Vikas Patrika' was not available with the implementing agencies. Progress of the SGSY could thus not be monitored as envisaged. Reasons for non preparation of Vikas Patrika were not furnished.

The above points were referred to Government in September 2002; reply had not been received (January 2003).



## Public Health and Family Welfare Department

### 3.3 Dispensaries for the Welfare of Backward Areas

#### Highlights

*The scheme aimed at providing medical facilities to predominantly tribal areas of the state. Though an amount of Rs.17.90 crore was spent in two years (2000-02) the development of health infrastructure in these areas was far from satisfactory inasmuch as even the first phase of construction of Community Health Centres (CHCs) were not completed resulting in non-extension of radiological/ operation facilities etc. Acute shortage of specialists prevailed in District Hospital (DH) (20-65 per cent) and in CHCs (28 to 60 per cent) resulting in low percentage of bed occupancy in CHCs. Twenty eight per cent Primary Health Centre (PHC) remained without doctors. Some of the significant observations are as under:*

- The budget provision fell short by 53 per cent of the actual requirement.

*(Paragraph 3.3.4)*

- For providing basic medical care in rural areas only 114 Community Health Centres were established as against the requirement of 170 .

*(Paragraph 3.3.5)*

- 4 hundred bedded hospitals and one upgradaded (hundred to three hundred) bed hospital remained incomplete after incurring an expenditure of Rs.3.90 crore.

*(Paragraph 3.3.6[a] [i]&[ii])*

- Extra cost of Rs 19.61 lakh was incurred on irregular purchase of medicines.

*(Paragraph 3.3.9[ii][b])*

- Minimum and Maximum stocks of life saving medicines for prevention of epidemics were not fixed. Store keepers were not trained in inventory control.

*(Paragraph 3.3.9[iii])*

- Under Jeevan Jyoti Scheme expenditure incurred was not commensurate with physical performance.

*(Paragraph 3.3.11)*

### **3.3.1 Introduction**

Prior to its formation (1 November 2000) Chhattisgarh State was a part of Madhya Pradesh State. It comprises 146 blocks out of which 85 blocks are tribal covering an area of 32.87 lakh sq. km. As per 1991 census total population of the State was 176.15 lakh of which about 33 per cent was tribal. For the welfare of these classes special provisions were made in the State budget by introducing a Scheme "Dispensaries for the welfare of backward classes". The entire expenditure of hospitals of backward districts of the State including medicines and diet to the patients is funded under non-plan expenditure.

Government of composite Madhya Pradesh (January 1991) had adopted a 5 tier system of health care namely Sub Health Centre, Primary Health Centre, Community Health Centre, Civil Hospital and District Hospital without any specific provision for dispensaries for backward areas as such. The funds allotted under the scheme were spent inter-alia on running of district hospitals and community health centres (established and working) in tribal areas of the State.

### **3.3.2 Organisational set up**

The overall monitoring and supervision of the scheme at State level rested with the Secretary, Public Health and Family Welfare Department (Department). The scheme was implemented in the State by the Director, Public Health and Family Welfare (Director) who is assisted by two Joint Directors at Directorate level and Chief Medical and Health Officer (CMHO) and Civil Surgeon (CS) cum Superintendent of the district hospital at the district level.

### **3.3.3 Audit coverage**

The scheme was in operation in all the 16 districts of Chhattisgarh State but maximum allotments were provided to 5 predominantly tribal districts viz. Ambikapur, Dantewara, Jagdalpur, Jashpur and Raigarh. A test check of the records in the office of Director, Public Health and Family Welfare Raipur, Chief Medical and Health Offices Ambikapur, Dantewara, Jagdalpur, Jashpur and Raigarh and Civil Surgeon-cum-Superintendent of District Hospitals (DH) at Ambikapur, Jagdalpur and Raigarh along with records of Civil Hospital Jashpur (CH) Community Health Centres (CHCs) and Primary Health Centres (PHCs) in these districts was conducted between February and August 2002. The period covered under review was from April 1997 to March 2002.



### 3.3.4 Finance

Year wise details of budget provisions and expenditure were as under:

*(Rupees in lakh)*

Year	Budget provision	Expenditure <sup>20</sup> (Departmental)	Savings(-)/excess(+) (Percentage)
November 2000 to March 2001	325.78	441.15	(+)115.37 (35)
2001-02	843.35	1348.64	(+)505.29 (60)
<b>Total</b>	<b>1169.13</b>	<b>1789.79</b>	<b>(+)620.66 (53)</b>

It would be seen that the allotment was short of requirement to the extent of 53 per cent in both the years.

The budget provision and expenditure in 5<sup>21</sup> test-checked districts was as follows:

*(Rupees in lakh)*

Year	Budget provision	Expenditure	Saving (-)/ Excess (+)	Percentage excess/saving
1997-98	745.43	817.84	72.41 (+)	10
1998-99	674.19	1065.65	391.46 (+)	58
1999-2000	858.76	1049.26	190.50 (+)	22
4/2000 to 10/2000	857.19	769.13	88.06 (-)	10
11/2000 to 3/2001	247.67	425.53	177.86 (+)	72
2001-2002	497.80	1131.03	633.23 (+)	127
<b>Total</b>	<b>3881.04</b>	<b>5258.44</b>	<b>1377.40 (+)</b>	

The excess expenditure ranged from 10 to 127 per cent which remained to be regularised.

### 3.3.5 Establishment of Medical Institutions in Tribal areas of the State

The Minimum Need Programme started in 1974-75 envisaged a network of basic services and facilities in the field of health, nutrition, environmental improvement and water supply. Under this programme one Sub Health Center (SHC) for every 3000 population, one Primary Health Center (PHC) for every 20000 population and one Community Health Center (CHC) for every 80,000 population in tribal areas was to be established.

<sup>20</sup>

Departmental figures not reconciled with Accountant General.

<sup>21</sup>

Ambikapur, Dantewara, Jagdalpur, Jashpur and Raigarh.

The position of requirement and establishment of health institutions in the State as on February 2003 was as under:

Sl. No.	Category	Required	Established	Shortage (percentage)
1.	CHC	170	114	56 (33)
2.	PHC	572	513	59 (10)
3.	SHC	3850	3818	32 (1)

Shortage in establishment of CHCs / PHCs ranged between 10 and 33 per cent of requirement.

The above table indicates that there was shortage of 33 and 10 per cent in establishment of CHCs & PHCs respectively.

Sanctions for opening of 9 CHCs, 25 PHCs and 12 SHCs during 2001-2002 are awaited (February 2003) from Government.

### 3.3.6 Upgradation of Primary Health Centers to Community Health Centres

#### (a) Construction

(i) Government (April 1998) sanctioned upgradation of 39 PHCs to CHCs of 8 districts which were subsequently allocated to Chhattisgarh State. In the first phase administrative sanction for construction of 10 bedded wards, Operation Theatres and Dark Rooms at a cost of Rs.13.45 lakh per CHC was issued for Rs.5.25 crore.

The details of the 31 works falling in the five districts test-checked are as under:

Sl. No.	Name of District	Number of works	Amount allotted		Letter of credit issued		Expenditure incurred	
			2000-01	2001-02	2000-01	2001-02	2000-01	2001-02
1.	Ambikapur	10	45.00	23.50	45.00	23.50	--	44.38
2.	Dantewara	5	47.00	103.73	38.80	79.93	7.10	79.19
3.	Jagdalpur	9	58.00	145.23	34.00	76.00	5.00	128.18
4.	Jashpur	5	3.00	13.00	3.00	13.00	--	6.21
5.	Raigarh	2	22.03	10.95	21.47	10.95	2.94	3.85
	<b>Total</b>	<b>31</b>	<b>175.03</b>	<b>296.41</b>	<b>142.27</b>	<b>203.38</b>	<b>15.04</b>	<b>261.81</b>

Construction of CHC buildings was incomplete for more than two and half years after incurring expenditure of Rs.2.77 crore

Of the 31 CHCs only two were completed but even these were not handed over to the Department. Works at Darbha in Jagdalpur, Dharamjaigarh in Raigarh and Kunkuri in Jashpur district were not started due to non-availability of site. Balance 26 works were still in progress (September 2002) even after a lapse of more than two and half years after incurring an expenditure of Rs.2.77 crore against sanctioned amount of Rs.4.17 crore. One work at Bhairamgarh (Dantewara) was stated to have been delayed by contractor and 5 works (Jagdalpur) were delayed due to revision of estimates awaiting sanction.

4-Hundred bedded hospitals remained incomplete after incurring an expenditure of Rs.80 lakh

(ii) Government accorded sanction in 1998 for construction of four 100 bedded hospitals at Sitapur (Rs.2.38 crore) Wadrafanagar (Rs.2.22 crore) Dantewara (Rs.2.50 crore) and at Narayanpur (Rs.2 crore) respectively. Government of Chhattisgarh in addition accorded sanction of Rs.60 lakh for



upgradation of a 100 bedded hospital to 300 bedded hospital at Raigarh. The position is as detailed in the following table:

(Rupees in lakh)

Sl. No.	Name of 100 bedded Hospital	Date/years of sanction	Amount sanctioned	Due date of completion as per contract	Allotment	LOC Received	Expenditure upto March 2002	Remarks
1.	Sitapur (Ambikapur)	28-8-98 (1998-99)	237.50	28-4-2003	76.00	73.00	11.93	No reasons for delay were intimated.
2.	Wadraf nagar (Ambikapur)	28-8-98 (1998-99)	220.50	28-4-2002			11.04	-----"
3.	Dantewara	15-9-98 (1998-99)	250.00	26-2-2004	134.90	86.14	39.59	Delay occurred due to late finalisation of tender (8/2001)
4.	Narayanpur (Jagdalpur)	15-9-98 (1998-99)	200.00	5-3-2004	28.00	21.00	17.43	Revised estimates were sent to DHS, Raipur (10/2001) sanction still awaited.
	<b>Total</b>		<b>910.00</b>		<b>238.90</b>	<b>180.14</b>	<b>79.99</b>	
5.	D.H. Raigarh (Upgradation of 100 bedded Hospital to 300 bedded)	14-12-2000 2000-01	60.00	8-1-2003	43.52	38.09	32.71	No reasons for delay were intimated
	<b>Grand Total</b>		<b>970.00</b>		<b>282.42</b>	<b>218.23</b>	<b>112.70</b>	

It was noticed that out of four works which were sanctioned during 1998-99, against the allotment of Rs.2.39 crore, letter of credit (LOC) for Rs.1.80 crore only was issued and expenditure of Rs.79.99 lakh (45 per cent) was incurred (March 2002). In respect of DH Raigarh LOC for Rs.38.09 lakh was issued and expenditure of Rs.32.71 lakh was incurred (March 2002). Incomplete works deprived the local residents of the medical facilities.

**(b) Avoidable Expenditure on Pay and Allowances**

Rs.69.60 lakh on pay & allowances of upgraded CHCs remained unfruitful for want of infrastructure facilities

Besides upgrading 65 Primary Health Centres in the erstwhile state including 39 PHCs of 8 districts of Chhattisgarh, Government also sanctioned (March 1998) creation of posts (Asstt. Surgeon-3, Staff Nurse-4, Radiographer-1, Pharmacist cum Store Keeper-1 and Class-IV-3) for each Community Health Centre. Scrutiny of records in 34<sup>22</sup> CHCs revealed that construction of 30 Bedded Wards, Operation Theatres, Dark Rooms/X-ray rooms were not completed and/or clinical, pathological and radiological facilities were not available. Despite non availability of infrastructural facilities 13 Asstt. Surgeons, 19 Staff Nurses and 6 Class-IV were appointed in 18 CHCs and an avoidable expenditure of Rs.69.60 lakh was incurred on pay and allowances during June 1998 to March 2002.

### 3.3.7 Man power

#### (i) Shortage of Specialists

Government sanctioned (1997) the redistribution of posts of Specialists and Asstt. Surgeons in health department. In the six district hospitals 76 posts of specialists<sup>23</sup> were sanctioned.

The vacancy position of specialists in the three District Hospitals was as follows:

Sl. No.	District Hospital	Post of specialist sanctioned	Working position	Duration of vacancy	Percentage of vacancy
1.	Ambikapur	10	4 to 6	6 months to 60 months	40 to 60
2.	Jagdalpur	17	6 to 8	7 months to 60 months	53 to 65
3.	Raigarh	5	4 to 5	44 months	20

In Ambikapur no specialist was posted in Radiology, Anaesthesia, Ear, Nose and Throat, Pathology and Orthopaedics Department during the last 5 years although one post was sanctioned in each branch. No specialist was sanctioned in Psychology, Dental and Skin branches either. Similarly, in Raigarh district specialist posts in Anaesthesia, Radiology, Pathology, Ear, Nose and Throat, Orthopaedics, Psychiatrist, Dental and Skin branches were not sanctioned. Against one post of specialist sanctioned in Medicine, 2 specialists were posted in DH Ambikapur during 1998-02 whereas in DH Jagdalpur against 2 sanctioned post of specialist in Medicine, 1 post remained vacant during 1997-99 and both during 1999-02. In Jagdalpur though one post of specialist each in Ear, Nose and Throat, Orthopaedics, Psychiatrist, Dental and Skin branches was sanctioned no specialist was posted. Further, against two posts of specialists sanctioned each in Medicine, Pediatrics and Gynaecology only one specialist was in position in Medicine, during 1997-99, where as both the posts in Pediatrics and Gynaecology remained vacant during 1999-02 in Jagdalpur.

In Jashpur Civil Hospital against four posts of Specialists sanctioned in Medicine, Surgery, Paediatrics and Gynaecology no specialist was in position.

Scrutiny of the records in 4 test-checked districts revealed that against the provision of posting of 4 clinical specialists in each CHC, none was posted by Government in 10 CHCs of three districts (Dantewara-4, Jagdalpur-4 and Jashpur-2) during 1997-2002 though 22 posts were duly sanctioned for them. In Ambikapur and Raigarh district only 27 posts were sanctioned in 12 CHCs and 1 to 3 doctors were in position in each district.

CMHO Dantewara stated that patients preferred treatment at nearby Apollo Hospital Bachel and District Hospital at Jagdalpur. The reply confirmed that due to non-availability of specialists patients preferred treatment in other hospitals.

<sup>23</sup>

Ambikapur-10, Bilaspur-22, Durg-17, Jagdalpur-17, Raigarh-5 and Rajnandgaon-5 (Medicine-10, Surgery-10, Paediatrics-10, Gynaecology-10, Anaesthesia-5, Ophthalmology-6, Radiology-4, Pathology-4, Ear, Nose and Throat-4, Orthopaedic-4, Psychiatrist-3, Dental-3, Skin-3)

District hospitals and CHCs remained without specialists.



(ii) *Shortage of Assistant Surgeons in PHCs and CHCs*(a) *Public Health Centres*

In test-checked districts shortage of Asstt. Surgeons in PHCs during was as under:

Sl. No.	Name of District	Number of Posts sanctioned	In position					Percentage of shortage
			1997-98	1998-99	1999-2000	2000-01	2001-02	
1.	Ambikapur	65	45	53	57	52	53	12 to 31
2.	Dantewara	38	30	29	29	29	21	21 to 45
3.	Jagdalpur	54	46	46	43	35	38	15 to 35
4.	Jashpur	27	--	--	17	17	16	37 to 41
5.	Raigarh	42	35	32	33	35	36	14 to 24

(b) *Community Health Centres*

Sl. No.	Name of District	Number of Posts sanctioned	In position					Percentage of shortage
			1997-98	1998-99	1999-2000	2000-01	2001-02	
1.	Ambikapur	73	56	37	38	43	45	38 to 51
2.	Dantewara	52	22	22	21	21	23	56 to 60
3.	Jagdalpur	36	21	22	21	26	23	28 to 42
4.	Jashpur	34	--	--	17	19	20	41 to 50
5.	Raigarh	34	23	23	22	22	21	32 to 38

CMHOs stated (September 2002) that postings/appointments are done at Government level. Delay was also attributed to non-finalisation of division of cadre between MP and Chhattisgarh.

(iii) *PHCs without Doctors*

According to the staffing pattern sanctioned under Minimum Needs Programme one doctor was to be provided to each PHC.

Scrutiny of records of CMHOs of 7 districts revealed that 80<sup>24</sup> out of 285<sup>25</sup> PHCs (28 per cent) were functioning without doctors for periods ranging from 6 months to 5 years. An expenditure of Rs.3.23 crore was incurred on pay and allowances of other/non-medical staff, including cost of medicines of Rs.15.27 lakh supplied during 1997-02 for running these PHCs. In Jagdalpur and Raigarh alternative arrangement for providing the services of doctors on two days in a week was stated to have been made but no substantiating record was available.

(iv) *Utilisation of Indoor Bed Capacity*

Scrutiny of records of DHs and CHCs of 3 districts relating to bed occupancy revealed as under :-

<sup>24</sup> Dantewara-13, Jagdalpur-16, Jashpur-15, Kanker-7, Korba-7, Korla-10 and Raigarh-12

<sup>25</sup> Ambikapur-65, Dantewara-34, Jagdalpur-54, Jashpur-25, Kanker-21, Korba-29, Korla-18, Raigarh-39

(In per cent)						
Sl. No.	Name of District	1997	1998	1999	2000	2001
1.	Ambikapur					
(i)	DH	51	78	89	88	77
(ii)	CHCs	23	10	15	16	19
2.	Jagdalpur					
(i)	DH	98	98	98	96	92
(ii)	CHCs	48	25	26	27	21
3.	Raigarh					
(i)	DH	80	88	103	102	100
(ii)	CHCs	9	12	5	7	4
4.	Jashpur					
(i)	CH	--	--	8	12	13
(ii)	CHCs	--	--	7	7	5
5.	Dantewara <sup>26</sup>					
(i)	CHCs	15	12	11	18	18

Audit Scrutiny revealed that percentage of bed occupancy in DHs was higher in comparison to that in CHCs which was mainly due to non-posting of specialists in CHCs, non-completion of construction of 30 bedded wards, operation theatres and dark rooms and non-availability of radiological facilities etc. In fact in none of the CHCs, the bed occupancy crossed 27 per cent except for CHC Jagdalpur where it was 48 per cent in 1997. Thus patients were compelled to go to district hospital or elsewhere for treatment.

CMHO Ambikapur and Jashpur admitted that due to absence of specialists/Asstt Surgeons serious patients were not interested in admission. CMHO Dantewara however mentioned the disinclination of tribal population for hospitalization. CMHO Raigarh attributed the poor bed occupancy to referring of patients to nearby CH/DH. According to CMHO Jashpur, it was due to non-availability of all medical facilities and availability of a mission hospital in the area.

### 3.3.8 Idle outlay on X-ray machines

(a) Sanctions for construction of 117 darkrooms/ X-ray rooms in 41 PHCs at a cost of Rs.1 lakh each was issued. It was, however, noticed that out of 16 works sanctioned 6 were not started, 3 not completed and 7 handed over to the department. These works were handed over after a delay of 3 to 9 months. No reasons for delay in handing over were intimated.

(b) Scrutiny of records of 10 districts revealed that in 52<sup>27</sup> CHCs/ PHCs, X-ray machines costing Rs.87.75 lakh purchased between September 1995 and 1998-99 were not put to use for want of darkrooms (23), want of radiographers (3), want of repairs (7) and for want of dark rooms and radiographers (19).

<sup>26</sup> 100 bedded Hospital's building was under construction at Dantewara

<sup>27</sup> Ambikapur-6, Bilaspur-5, Dantewara-3, Durg-3, Jagdalpur-10, Jashpur-8, Kanker-6, Kawardha-3, Raipur-1 and Raigarh-7



Idle of 8  
radiographers  
meant  
infructuous  
expenditure of  
Rs.14.36 lakh

(c) Audit scrutiny revealed that 8 radiographers were posted<sup>28</sup> where X-ray machines were not in working order during April 1997 to March 2002. Rs.14.36 lakh spent on their salaries was infructuous. Their services were not utilised elsewhere either.

### 3.3.9 Medicines

#### (i) Norms per patient

Government orders provide for supply of medicines at rates not exceeding Rs.0.50 and Rs.2.50 per outdoor and indoor patient per day respectively. Scrutiny of records of 3 DHs and one CH revealed that average expenditure ranged from Rs.3.10 to Rs.28.40.

The norms were fixed in October 1980 and have not been revised even after a lapse of about 22 years and despite assurance to PAC (August 1993). Thus any sum allotted to CMHO/Civil Surgeon for the purchase of medicines is being spent without any realistic norms fixed for expenditure.

#### (ii) Purchase of medicines

As per the purchase policy framed by Government in August 2001 medicines which were manufactured by Government undertakings were to be purchased from them and other medicines from reputed firms. These purchases were to be made by observing store purchase rules and after proper approval by district committee. Following irregularities were noticed in the purchase of medicines:

(a) Scrutiny revealed that medicines worth Rs.8.33 lakh<sup>29</sup> were purchased from local firms without inviting tenders/quotations. Batch numbers and expiry date of medicines were missing in the purchase bills/ stock registers.

CMHO, Dantewara stated that the supplier was the authorised distributor of manufacturing company which was not on record. Non-recording of batch numbers and date of expiry of medicines was attributed to over sight.

(b) Further, price lists from all Government undertakings were not obtained resulting in purchase of medicines at higher rates involving excess expenditure of Rs.19.61 lakh<sup>30</sup>.

CMHO, Dantewara stated that purchases were made at higher rates in emergency cases. CMHO, Jagdalpur stated that excess payment occurred due to non-availability of revised rates of undertakings. CMHO, Raigarh intimated that purchases were made on the basis of quality.

Director after considering the explanation furnished by CMHO, Ambikapur, stated (May 2002) that recovery will be effected from concerned supplier.

<sup>28</sup> Dantewara-1, Jagdalpur-1, Jashpur-1 Raigarh-3 and Bilaspur-2.

<sup>29</sup> Ambikapur: 6.23 lakh and Dantewara : 2.10 lakh.

<sup>30</sup> Ambikapur- Rs.0.52 lakh, Dantewara-Rs.0.376 lakh, Jagdalpur- Rs. 0.48 lakh, Jashpur- Rs.2.32 lakh and Raigarh- Rs.15.91 lakh.

**(iii) Stock of life saving drugs**

Minimum  
&  
Maximum  
stock of life  
saving  
drugs not  
prescribed

In terms of Government orders (August 1984) every CMHO/C.S was to ensure that sufficient quantity of life saving drugs and medicines for prevention of epidemics were available in stock in the hospitals.

Audit scrutiny revealed that neither the list of life saving drugs and medicines nor minimum and maximum stock limit was prescribed by Director, CMHO and CS. Store keepers of all these units were not trained in inventory control either.

**(iv) Ambulances**

Hospital  
ambulances  
misused

Government instructions of November 1980 stipulate that hospital ambulances were to be used (1) to transport patients and (2) to transport doctors and staff from their residence to attend emergency cases in hospitals outside their duty hours.

In DH, Jagdalpur, Civil Hospital, Jashpur and 5 CHCs audit scrutiny revealed that 7 Ambulances covered a total distance of 1.23 lakh km, out of which only 2 per cent was for transportation of patients, 14 per cent for transportation of doctors and nurses and 84 per cent for other purposes (implementation of schemes). No recovery from patients was effected in any district.

**3.3.10 Diet**

The cost of diet per patient was fixed at Rs.8 per day, which may vary by 10 to 15 per cent according to market rates. This scale which was to be reviewed after every 5 years had not been revised even after a lapse of 19 years.

Following irregularities were noticed:

Prescribed diet  
could not be  
provided to  
rural in-  
patients for  
want of kitchen  
/ cooking staff

(i) Out of budget allotments of Rs.22.07 lakh provided to 52 CHCs<sup>31</sup> of 5 test-checked districts only Rs.6.36 lakh could be utilised.

CMHO Jagdalpur stated that due to non-posting of cook and helper, budget provision could not be utilised. CMHO Dantewara, stated that there was no space for cooking and patients were also not interested to take cooked food from hospitals as per their social tradition. Reply was not tenable, as milk/bread or fruits could have been provided to the indoor patients. CMHO Jashpur stated that the matter was brought to the notice of Director whereas CMHO Ambikapur stated that expenditure on diet was incurred in one CHC only. No reasons for non-distribution in other CHCs were furnished. CMHO Raigarh attributed reasons for less utilisation of budget to non-availability of indoor patients which is contrary to recorded figures, of indoor patients.

(ii) In 7 CHCs where diet was not being supplied to indoor patients, seven cooks and one helper were engaged, for which expenditure of Rs.12.76 lakh was incurred which was irregular.

The CMHO, Dantewara, Jashpur and Raigarh stated (May 2002 & September 2002) that services of cook and helper were utilised on other work similar to their

<sup>31</sup>

Ambikapur-18, Dantewara-9, Jagdalpur-11, Jashpur-7 and Raigarh-7



post. The statements of CMHOs were also upheld by Director. But since no meals were cooked and served, expenditure on their salaries was rendered infructuous.

### 3.3.11 Jeevan Jyoti Mobile Dispensaries Scheme

Jeevan Jyoti Scheme expenditure was not commensurate with physical performance

With a view to provide medical facilities to the tribal people living in remote and inaccessible areas, Jeevan Jyoti Mobile Dispensaries Scheme (JJMDS) was launched during the year 1988-89 under the supervision and control of CMHOs. Each CHC was to be provided with one mobile unit.

Each mobile unit was required to visit six haat bazars (weekly market) in a block in a week to provide medical treatment on the spot and transport serious and emergent cases to hospitals where facilities for proper treatment existed. For this purpose each mobile unit was to be provided with one Doctor, Staff Nurse, Compounder or Dresser and Class-IV and provision existed for incurring annual expenditure (POL Rs.25000, Medicines Rs.30,000 and Contingencies Rs.10,000).

Scrutiny of the records revealed that as against targetted visits to Haat Bazars achievements were as follows:

Sl. No.	Name of District	Number of CHCs	Target visits @ 6 per week per block (52X6=312)	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Total	Percentage of overall Physical performance
CMHO		NO. OF ACTUAL VISITS (PERCENTAGE)								
1.	Ambikapur	8	2496	NA	NA	NA	NA	1706 (68)		
2.	Dantewara	10	3120	*	*	*	994 (32)	1048 (34)		
3.	Jagdalpur	22 (upto 1998-99 and 7 from 1999-2000 to 2001-02)	6864	2430 (35)	2062 (30)	--	--	--		
			2184			1214 (50)	889 (40)	882 (40)		
4.	Jashpur	3	936	713 (77)	696 (75)	725 (78)	663 (71)	682 (73)		
5.	Raigarh	3	936	242 (26)	301 (32)	319 (34)	336 (36)	231 (25)		
Total				3385	3059	2258	2882	4549		
Targets of Visits				8736	8736	4056	7176	9672	38376	42
Actual Visits				3385	3059	2258	2882	4549	16133	

\* The figures of Dantewara for the year 1997-98 to 1999-2000 stands include in figures of Jagdalpur

Thus achievement ranged from 25 in Raigarh (2001-2002) to 68 in Ambikapur (2001-2002). The overall percentage of visits worked out to 42 per cent.

The details of allotments/expenditure under Contingencies, POL and Medicines during 1997-2002 were as under:

(Rupees in lakh)								
Sl. No.	Name of office (CMHO)	Contingencies		POL		Medicines		Overall percentage of expenditure
		Allotment	Expenditure (per cent)	Allotment	Expenditure (per cent)	Allotment	Expenditure (Per cent)	
1.	Ambikapur	5.10	3.05 (60)	13.24	9.64 (73)	11.39	10.78 (95)	
2.	Dantewara	2.57	1.33 (52)	9.46	8.41 (89)	15.99	14.44 (90)	
3.	Jagdalpur	3.44	3.44 (100)	10.06	10.06 (100)	13.37	11.75 (88)	
4.	Jashpur	0.33	0.31 (94)	0.71	0.71 (100)	0.09	0.03 (33)	
5.	Raigarh	2.94	1.97 (67)	5.40	5.28 (98)	8.12	8.01 (99)	
	Total	14.38	10.10	38.87	34.10	48.96	45.01	87

Thus utilisation of funds ranged from 33 to 100 per cent which indicates that expenditure on contingencies, POL and Medicines was on higher side as compared to physical visits of mobile units.

CMHO of 4 districts stated that due to non-availability of vehicles, shortage of doctors, rough roads and inaccessibility of localities during the rainy season the scheme could not be implemented effectively.

### ***3.3.12 Inspection and Monitoring***

The MP Medical Manual enjoins upon the Director to inspect once a year every district hospital and issue an inspection note to the Civil surgeon. CS should inspect every month one branch of the district hospital so that each branch gets inspected once in every six months.

In test checked districts no inspection of CMHO/CS offices was conducted by Director since formation of State. However, Director intimated that inspections were conducted by him but only oral instructions were given and no inspection notes were issued. No returns were prescribed by Director to obtain information from CMHO/CS to have effective control over them. There was thus lack of control at Directorate level.

### ***3.3.13 Conclusion***

The scheme was initiated with the noble ideal of providing medical facilities to the population residing in backward areas. This objective could not be achieved due to inadequate budget provisions and non-completion of basic infrastructure. Four 100 bedded hospitals, one upgraded hospital and 26 Community Health Centres buildings were still to be completed even after incurring an expenditure of Rs.3.90 crore. The number of specialists was inadequate as 20 to 65 per cent of posts lay vacant for 6 to 60 months in District Hospitals. In addition twenty eight per cent Primary Health Centres were running without doctors. There was mismatch of radiological facilities as well. Diet as prescribed could not be provided to rural in-patients for want of kitchen/cooking staff etc. resulting in surrender of 71 per cent of allotment.

No inspection by  
Director/Civil  
Surgeon



## Women and Child Development Department

### 3.4 Special Nutrition Programme

#### *Highlights*

*The Supplementary Nutrition Programme (SNP) was launched to control protein calorie malnutrition in children below 6 years of age and expectant women and nursing mothers. Though the programme had been in operation since 1970-71, it suffered from a number of shortcomings in its implementation. Due to insufficient provision of funds and inadequate survey of beneficiaries, the percentage of coverage was 23 in Rural 16 in Urban and 28 in Tribal Project areas against the norm of 40 in rural and urban areas and 75 in tribal areas respectively. Supplementary Nutrition was required to be provided to the beneficiaries for a minimum of 300 days in a year, whereas it was not provided at all in 558 out of 19286 Anganwadis (AWs) and provided for less than 200 days in 4604 AWs during 2001-2002. The coverage of severely malnourished children was below seven per cent. The programme failed to achieve the objective of improving the health status of malnourished children, pregnant women and lactating mothers.*

- Thirty two per cent of allotments remained unutilised .

*(Paragraph 3.4.5[a])*

- Against 23.45 lakh eligible children and mothers only 10.41 lakh could be covered.

*(Paragraph 3.4.6 [c][i])*

- 3 to 11 per cent Anganwadis did not distribute supplementary nutrition.

*(Paragraph 3.4.7 [ii])*

Rs.8.97 lakh short realised from suppliers affected Anganwadis in processing the food.

*(Paragraph 3.4.8 [v])*

Non-conversion of 30 Special Nutrition (feeding) Centres into Anganwadis resulted in avoidable expenditure of Rs.34.86 lakh.

*(Paragraph 3.4.9 [i])*

Of Rs.12 crore released during 2001-02 under Pradhan Mantri Gramodaya Yojna, Rs.7.73 crore remained unutilised.

*(Paragraph 3.4.10 [i])*

### **3.4.1 Introduction**

The Special Nutrition Programme was launched by the Government of India (GOI) in 1970-71 with the object of providing supplementary nutrition to children below 6 years of age, expectant women and nursing mothers and was transferred to the State Sector under Minimum Needs Programme as Supplementary Nutrition Programme, a component of Integrated Child Development Services (ICDS) being run by Government of India.

The main objectives of Supplementary Nutrition Programme was to improve the nutritional and health status of beneficiaries by providing supplementary nutritional intake of 300 calories and 10 grams of protein for children between 6 months to 6 years of age and 600 calories and 20 grams of protein for severely malnourished children and expectant women and nursing mothers belonging to low income group families. The supplementary nutrition was to be provided for 300 days in a year.

These objectives were to be achieved through Anganwadis (AWs) for every 1000 population in rural and urban areas and between 300 to 700 population in tribal areas. The coverage of children under 6 years of age and all nursing and expectant mothers was expected to be 40 per cent, in rural and urban areas and 75 per cent in tribal areas.

### **3.4.2 Organisational set up**

The Special Secretary cum Director of Women and Child Development Department (Director) was responsible for implementation, co-ordination and monitoring of the Programme at State level. At district level the District Programme Officer (DPO), District Women and Child Development Officer (DWEDO) and at block level Child Development Project Officer (CDPO) were responsible for implementation and co-ordination of the Programme. The focal point of delivery of the services for providing supplementary nutrition was Anganwadi. By November 2000 there were 152 ongoing projects (20289 AWs) divided into 117 Co-operative for American Relief Everywhere (CARE) projects (15775 AWs) and 35 non-CARE projects (4514 AWs) under its jurisdiction. In addition 30 and 55 special nutrition feeding centres were functioning in Surguja and Rajnandgaon districts which remained to be merged with ICDS.

### **3.4.3 Audit coverage**

Test-check of records for the period 1997-2002 was conducted during April to May 2002 in the offices of Director Raipur, DPOs in four districts viz. Durg, Jagdalpur, Raipur and Surguja covering 63 projects including 8427 AWs. The significant points noticed are mentioned in the succeeding paragraphs.

### **3.4.4 Implementation/Funding**

#### **(i) Implementation**

Out of the total population of 34.70 lakh children below six years age and expectant women and 8.32 lakh nursing mothers as per Census 2001 the number of eligible beneficiaries worked out to 18.95 lakh children and expectant women and 4.50 lakh nursing mothers.



**(ii) Funding**

For the beneficiaries of 117 CARE projects nutritional food was supplied free of cost. The budget provision was to be made for these projects at the rate of Re.0.35 per beneficiary per day (Re.0.15 for transportation of CARE commodity and Re.0.20 for fuel and condiments) and for the beneficiaries of 35 non-CARE projects at the rate of Re.1 per beneficiary per day for supply of supplementary nutrition food by local arrangement. Accordingly, funds required for 23.45 lakh beneficiaries (17.02 lakh: CARE and 6.43 lakh: non-CARE) worked out to Rs.37.16 crore (Rs.17.81 crore for CARE beneficiaries and Rs.19.29 crore for non-CARE beneficiaries) for 300 days in a year.

**3.4.5 Budget Outlay and Expenditure**

(a) The details of budget allotment and expenditure were reported as follows:

<i>(Rupees in lakh)</i>				
Year	Budget allotment	Expenditure	Saving(-)	Percentage
1997-98	1047.67	551.54	(-)496.13	47
1998-99	764.92	576.63	(-)188.29	25
1999-2000	740.12	596.32	(-)143.80	19
2000-01 <sup>32</sup>	441.99 (upto 10/2000)	218.57	(-)223.42	27
	924.55 (Nov. to March)	783.36	(-)141.19	
2001-02	2641.86	1758.27	(-)883.59	33
<b>Total</b>	<b>6561.11</b>	<b>4484.69</b>	<b>(-)2076.42</b>	<b>32</b>

The following observations were made:

(i) Against the requirement of Rs.37.16 crore State Government provided Rs.25.77 crore only (excluding administrative charges) which was sufficient for 208 days as against the commitment of 300 days.

(ii) Despite lower allocation as per norms there were persistent savings ranging between 19 and 47 per cent which indicated lesser coverage of beneficiaries and lower number of days for which supplementary nutrition was offered. Scrutiny revealed that 827 to 4675 AWs remained inoperative which also contributed to huge savings.

The Director stated that non-availability of CARE food and scarcity of staff were the main factors for these huge savings whereas DPOs of the test checked districts attributed savings to (i) delay in purchase of salt and jaggery (ii) interruption in supply of CARE food and insufficient supply and (iii) delay in reallocation of funds by the district authorities. It is apparent that the Director failed to ensure running of all Anganwadis for the full 300 days.

(iii) Against the norm of Rs.0.20 per beneficiary per day for fuel, salt and jaggery fixed by GOI which worked out to Rs.500 per AW per month (reckoning 100 beneficiaries in each AW), the State Government fixed Rs.300 per Anganwadi per month for 25 feeding days in CARE projects (transportation from project headquarter to AWs: Rs.50, fuel for cooking: Rs.125 and salt and

<sup>32</sup>

*Allocation in Chhattisgarh State started from November 2000 i.e. from the date of its formation.*

jaggery : Rs.125) without taking into consideration the actual number of beneficiaries enrolled. This worked out of Re.0.12 per beneficiary per day which was grossly inadequate.

**(b) Diversion of funds**

Rs.95.76 lakh  
were diverted for  
the purchase of  
furniture, utensil  
etc.

Under the ICDS scheme non-recurring expenditure of Rs.1000 for each AW was admissible for purchase of basic equipment. Commissioner, Women and Child Development, Bhopal irregularly diverted Rs.95.76 lakh (1997-98) allocated for supplementary nutrition on purchase of furniture, dari, utensils etc. Due to diversion of funds the beneficiaries in 13069 AWs were deprived of the benefits of the scheme.

**3.4.6 Programme implementation**

**(a) Establishment of Anganwadis**

The number of AWs sanctioned and functioning was as follows:

Year	Number of Projects	Number of AWs sanctioned	Number of AWs functioning
1997-98	131	17744	13069
1998-99	152	20289	16781
1999-2000	152	20289	17243
2000-2001	152	20289	19084
2001-2002	152	20289	19462

Out of 20289 AWs sanctioned till March 2002, distribution of Supplementary Nutrition was yet to be started in 827 AWs (March 2002).

**(b) Survey and Identification of Beneficiaries**

Survey of all the families was to be conducted in the the project area for identification of eligible beneficiaries and enroll them for providing supplementary nutrition. This survey was to be followed by a repeat survey once in every quarter. The state level position of beneficiaries surveyed, identified and enrolled was not made available.

The position of total population of children, expectant women and nursing mothers eligible, identified and enrolled during 1997-2002 in four test checked districts was as follows:



(In lakh)

Year	Population of (children/mothers)	Beneficiaries surveyed (percentage)	Beneficiaries identified and enrolled (percentage)
1997-98	17.65	4.50 (25)	3.34 (19)
1998-99	17.96	7.54 (42)	5.84 (33)
1999-2000	18.27	7.74 (42)	5.67 (31)
2000-01	18.59	9.49 (51)	6.71 (36)
2001-02	18.91	9.54 (50)	6.92 (37)

9.37 lakh  
beneficiaries  
were left  
uncovered

(i) The above table revealed that as against 18.91 lakh population (children and mothers), 9.54 lakh were surveyed and 6.92 lakh beneficiaries were enrolled leaving 9.37 lakh population (50 per cent) unsurveyed. Even the repeat surveys conducted were ineffective as the percentage of survey remained at 42 per cent during 1998-2000 and 50 per cent during 2000-02.

(ii) Out of 4414 villages in Durg, Jagdalpur and Surguja districts, families of 780 smaller 'villages', 'tolas' and 'falias' situated in remote areas of the existing AWs were not surveyed. DPO Durg and Jagdalpur stated (April / May 2002) that the survey was conducted only in those villages where AWs were actually located and adjoining 'tolas', 'falias' were left due to hilly track while DPO Surguja did not furnish specific reasons.

(iii) For conducting survey each AW was to be supplied with the basic equipment viz. weighing machines, tri colour strips for ascertaining the level of mal nutrition and growth chart for monitoring progress of health status. In 19462 AWs of the State 11753 weighing machines and 11784 growth charts were supplied. Tri colour strips were not supplied at all and 40 per cent of AWs were operating without basic equipment. In Surguja district, 3308 weighing machines supplied (November 1999) were reported defective. Due to non-availability of basic equipment in requisite numbers the identification of beneficiaries was not done effectively.

### (c) Coverage of Beneficiaries

(i) During 2001-02 the coverage of beneficiaries in the State was as under :

(Figures in lakh)

Nature and No. of Project	Population as per census 2001			Population to be covered (Percentage)	No. of beneficiaries actually covered (Percentage)
	Children below 6 years of age	Expectant women and nursing mothers	Total population		
Rural (61)	16.83	3.98	20.81	8.32 (40)	4.72 (23)
Urban (6)	3.38	0.99	4.37	1.75 (40)	0.69 (16)
Tribal (85)	14.49	3.35	17.84	13.38 (75)	5.00 (28)
Total (152)	34.70	8.32	43.02	23.45	10.41 (44)

Poor coverage  
of  
beneficiaries  
in tribal areas

Against a population of 43.02 lakh, 23.45 lakh beneficiaries were to be covered as per norms. But only 10.41 lakh (44 per cent) beneficiaries were covered. Despite significant tribal population there was poor coverage (28 per cent) in tribal areas. Director stated (May 2002) that the proposal for opening additional AWs had been submitted to GOI.

(ii) The position of coverage in four test-checked districts were as under:

(Figures in lakh)

Year	Rural				Urban				Tribal			
	Population as per census 2001		Population to be covered as per norms 40 per cent	Number of beneficiaries actually covered under SNP (percentage)	Population as per census 2001		Population to be covered as per norms 40 per cent	Number of beneficiaries actually covered under SNP (percentage)	Population as per census 2001		Population to be covered as per norms 75 per cent	Number of beneficiaries actually covered under SNP (percentage)
	Children below 6 years of age	Expectant and Nursing mothers			Children below 6 years of age	Expectant and Nursing mother			Children below 6 years of age	Expectant and Nursing mothers		
1997-98	5.85	1.40	2.90	0.31 (4)	2.20	0.59	1.12	0.29 (11)	6.23	1.38	5.71	1.62 (21)
1998-99	5.95	1.42	2.95	1.53 (21)	2.23	0.61	1.14	0.30 (10)	6.35	1.40	5.81	1.98 (26)
1999-00	6.05	1.43	2.99	1.10 (15)	2.26	0.63	1.16	0.30 (10)	6.46	1.43	5.92	1.97 (25)
2000-01	6.15	1.45	3.04	1.78 (23)	2.29	0.66	1.18	0.43 (15)	6.58	1.46	6.03	2.07 (26)
2001-02	6.26	1.46	3.09	1.89 (24)	2.32	0.68	1.20	0.45 (15)	6.70	1.49	6.14	2.40 (29)

The coverage of beneficiaries in rural areas was 4 to 24 per cent, in urban areas 10 to 15 per cent and in tribal areas it was 21 to 29 per cent as against the norms of 40, 40 and 75 per cent respectively with reference to total number of children (below 6 years) and expectant women and nursing mothers. Despite establishment of projects in each block with buildings, vehicles, furniture and equipment by GOI, 13.04 lakh beneficiaries in the State (5.69 lakh beneficiaries in test checked districts) were deprived of the benefits of the programme.

**(d) Status of severely malnourished children**

Children who are under-weight and found to suffer from third and fourth grade of malnutrition require special care and were to be given therapeutic food (highly nutritious ready to eat food).

As against 1.53 lakh only 9875 (6.25 per cent) severely malnourished children were benefited

Information collected in four test checked districts revealed that in 63 projects as against 1.53 lakh (calculated at the norm of 10 per cent of children population as per national index) only 9875 children were enrolled under this category and double ration was provided to them instead of therapeutic food. Thus the programme failed to make desired impact in improving the health status of the severely malnourished children.

**3.4.7 Quantity of food**

**(i) Inadequate supply of food**

As per norms 65 gram corn soya blend (CSB) and 8 gram salad oil in CARE projects and 80 gram dalia/bread in non CARE projects were to be provided each day. Accordingly the quantity of food required for feeding 23.45 lakh beneficiaries and the quantity of food for 300 days actually received/procured during 2001-02 was as under:

CARE projects				Non-CARE projects	
Quantity of food	Number of beneficiaries (in lakh)	CSB (in MT)	Salad Oil (in MT)	Number of beneficiaries (in lakh)	Dalia/bread (in MT)
Required	17.02	33189.000	4084.800	6.43	15432
Received/procured (percentage)	--	12289.300 (37)	1486.123 (37)	--	7398 (48)

Short supply of food for supplementary nutrition

It is clear from the table that the quantity of food received/procured was 37 and 48 per cent of the actual requirements in CARE and non-CARE projects respectively.



Though the material supplied was enough only for 9.38 lakh beneficiaries it was utilised for feeding 10.41 lakh beneficiaries. This resulted in interruption in supply and also led to the denial of supplementary nutrition to 13.04 lakh beneficiaries in the State.

**(ii) Interruption in supply of supplementary nutrition**

Scrutiny revealed that supplementary nutrition was not provided for the prescribed 300 days as follows:

Sl. No.	Categories	State Level data on Anganwadis					Data on Anganwadis in test checked districts				
		Number of AWs Yearwise					Number of AWs Yearwise				
		1997-98	1998-99	1999-2000	2000-01	2001-02	1997-98	1998-99	1999-2000	2000-01	2001-02
1.	Number of Anganwadis functioning	13069	16781	17243	19084	19462	4485	6313	6551	7542	7784
2.	Number of AWs reporting	11622	15654	16316	18797	19286	4485	6313	6551	7542	7784
3.	Number of AWs not reporting (percentage)	1447 (11)	1127 (7)	927 (5)	287 (2)	176 (1)	--	--	--	--	--
4.	200 days to 300 days (percentage)	8756 (67)	11327 (67)	11572 (67)	13264 (69)	14124 (73)	3096 (69)	4764 (75)	4784 (73)	5640 (75)	5573 (72)
5.	Less than 200 day (percentage)	2107 (16)	2390 (15)	3225 (19)	4928 (26)	4604 (23)	920 (21)	949 (15)	1313 (20)	1680 (22)	1897 (24)
6.	Number of AWs who did not provide SN even for a day (Percentage)	759 (6)	1937 (11)	1519 (9)	605 (3)	558 (3)	469 (10)	600 (10)	454 (7)	222 (3)	314 (4)

Interruption ranging from 1 to 200 days in supply of CARE food

It would be seen from the above Table that 3 to 11 per cent of AWs in operation did not distribute supplementary nutrition even for a single day during 1997-02. Further as 15 to 26 per cent AWs could distribute nutritional food only for less than 200 days in a year. Thus 67 to 73 per cent AWs only could provide feeding for more than 200 days. The situation in the test checked districts was similar. The DPOs attributed this to the irregular supply of CARE commodities to the AWs. The Department thus failed to ensure regular supply of nutritional food in not providing alternative arrangements in CARE projects.

**3.4.8 Quality of food**

**(i) Non-supply of weaning food**

Failure to supply weaning food

As per GOI norms weaning food in the form of milk or milk powder or any other food easily swallowable and nutritive was to be supplied to children in the age group of 6 months to one year. In test checked districts it was noticed that children upto 1 year were supplied corn soya blend, salad oil (in CARE projects) and dalia/bread in others that could not be termed as weaning food as the same were not easily swallowable. Director, while admitting (February 2002) that weaning food was not being provided to children of 6 months to 1 year age group did not furnish any reason therefor. Thus, the children upto 1 year of age in the State were deprived of supplementary nutrition.

**(ii) Inadequate supply of salad oil**

Short supply of salad oil in CARE projects.

Test check of records of 10 projects (9:Jagdalpur,1:Durg) revealed that 129.466 MT corn soya blend and 6.028 MT salad oil was supplied in the ratio of 21:1 in Jagdalpur district from September 1997 to March 1998 and May to October 2001



against the required ratio of 8:1. Similarly, 6.459 MT corn soya blend and 0.536 MT salad oil was supplied in the ratio of 12:1 in Bemetara project (Durg) in July 2001. The failure of Director in monitoring the short supply of salad oil resulted in distribution of corn soya without desired taste and nutrition, defeating the objective of providing tasty and nutritive food to malnourished children.

**(iii) Loss on jaggery spoiled in storage**

Loss of Rs.12.51 lakh due to spoiling of 864.59 quintals jaggery in storage.

Jaggery and salt was to be purchased at district level and supplied to the AWs with the intent of making food tasty in CARE fed projects.

Scrutiny revealed that out of total supply of 2249.68 quintal, only 1385.09 quintal jaggery could be utilised upto February 1998. Government had to incur a loss of Rs.12.51 lakh as jaggery weighing 864.59 quintal got spoilt in storage. No responsibility was, however, fixed for the loss to the Government.

It was further noticed that funds (Rs.42.73 lakh) allocated for 1998-99 remained unutilised due to ban on purchase of jaggery. Consequently 2306.425 MT corn soya blend and 260.313 MT salad oil were distributed without jaggery and salt in 1106 AWs (9 projects) during December 1997 to March 1998 and in 1636 AWs (14 projects) during 1998-99.

**(iv) Supply of tasteless Panjiri**

Irregular expenditure of Rs.26.59lakh on supply of sugar deficient Panjiri in three tribal projects of Surguja district

Test check of records of DPO Surguja revealed that expenditure of Rs.26.59 lakh was incurred on purchase of 215.5 MT panjiri (64.25 MT for 30 special nutrition feeding centres in Ambikapur during 1997-2000, 100.45 MT for Surajpur project during 1999-2000 and 50.80 MT for Ramanuj Nagar project during 1999-2000). 10 samples of panjiri were drawn between February 1998 to March 2000. The test reports of these samples indicated that though the samples had the requisite protein and calorie content it was tasteless due to deficiency of requisite sugar content.

DPO Surguja replied that analysis reports were received late from the laboratory and the deficiency in panjiri was brought to the notice of the Collector who directed the plant representative to supply tasty panjiri subsequently. The supply of tasteless panjiri however continued from February 1998 to March 2000. No penalty was imposed on the supplier.

**(v) Short realisation of fuel, jaggery, salt and transportation charges from suppliers**

As per State Government order Rs.300 per month was to be recovered from suppliers towards the cost of fuel, jaggery, salt and transportation for each Anganwadi.

Test check of records of DPO Durg and Raipur revealed that as against Rs.44.08 lakh (Rs.24.51 lakh: Durg and Rs.19.57 lakh: Raipur) required to be collected from the suppliers on the basis of number of anganwadis, only Rs.35.11 lakh (Rs.18.13 Lakh: Durg and Rs.16.98 lakh: Raipur) could be collected from the suppliers.



Short  
realisation of  
Rs.8.97 lakh  
from suppliers  
in Durg and  
Raipur districts

Food commodity stock accumulated due to excess procurement based on inflated enrolment of beneficiaries instead of actual consumption resulted in non-placing of monthly indents for 2 and 4 months in Raipur and Durg districts respectively. The cost of fuel, salt, jaggery etc. amounting to Rs.8.97 lakh (Rs.6.38 lakh Durg and Rs.2.59 lakh Raipur) could thus not be deducted from the bills of suppliers.

DPOs stated that the supply orders were made on the basis of demand through indents by the project officers on monthly basis. These being unrealistic resulted in undue benefit to the suppliers on the one hand and deprived the Anganwadis of necessary ingredients of fuel, salt and jaggery needed for preparation of food.

### 3.4.9 Other points of interest

#### (i) *Non-conversion of special nutrition feeding centres into AWs*

The benefit of free  
supply of CARE  
food not availed  
due to non-  
conversion of  
special nutrition  
feeding centres  
into AWs in  
Ambikapur ICDS  
project

As per GOI guidelines existing special nutrition feeding centres were to be merged under ICDS projects. It was observed that 30 such centres being run under DPO Surguja in the urban slums of Ambikapur were not merged and converted into AWs covered under CARE, even after opening of ICDS project in Ambikapur in 1995-96. Had this been done the expenditure of Rs.34.86 lakh incurred on distribution of Panjiri to 6000 beneficiaries during 1997-02, could have been avoided. Scrutiny further revealed that no records were maintained by these centres and none of them ever furnished any physical progress reports. Reduction in supply of panjiri resulted in decrease in feeding days from 173 days in 1999-2000 to 21 days in 2001-02. DPO Surguja stated that due to regular receipt of the budget allotment, these feeding centres were continued. The reply was not tenable in view of GOI guidelines and meagre supply of nutritional food. Thus, due to non-merger of these centres into ICDS, the beneficiaries of these centres were deprived of the nutritional food.

#### (ii) *Idle retention of sale proceeds and delay in disposal of empty bags and pails*

Sale proceeds  
of empties of  
Rs.27.86 lakh  
deposited in  
Bank and  
empties  
worth  
Rs.11.64 lakh  
not disposed  
of

Government of Madhya Pradesh fixed (January 1998) a minimum sale price for empties at Re.0.40 per bag and Rs.20 per pail. As against 1196887 bags and 183616 pails worth Rs.39.50 lakh generated during 1997-2002 in 4 test checked districts, empties worth Rs.27.86 lakh only were disposed of upto March 2002. Further, the sale proceeds collected were deposited and were still held in bank accounts of the respective CDPOs.

Though orders were issued by GOI in August 1986 in consultation with the State Government for part utilisation of sale proceeds for replacement of articles and upkeep of the stores in the AWs, no amount was however spent. Further empties worth Rs.11.64 lakh were still lying undisposed in AW's stock. The objective of resource generation from sale of empties for upgrading the existing facilities in AWs thus was not fulfilled.

#### (iii) *Non-maintenance of account records of fuel charges*

Vouchers for  
fuel expenses  
of Rs.3.35  
crore not  
maintained

Scrutiny of records revealed that expenditure of Rs.3.35 crore was incurred during 1997-2002 on fuel charges for which no records were maintained by AWs. The correctness of expenditure could thus not be verified.



**(iv) Improper establishment of AWs in rural areas**

Under the ICDS scheme an AW in rural areas was to be opened for average population of 1000. Records of seventeen projects Durg (7) and Raipur (10) revealed that 649 AWs were established on the recommendation of Janpad Panchayats where population of villages was far below the GOI norms as depicted below :

Year of opening of AWs	No. of villages having population upto 300 where AWs established	No. of villages having population 301-500 where AWs established	No. of villages having population 501-700 where AWs established	No. of villages having population 501-830 where AWs established
1997-98	08	72	159	93
1998-1999	10	40	69	51
1999-2000	04	32	46	20
2000-2001	01	11	23	10
<b>Total</b>	<b>23</b>	<b>155</b>	<b>297</b>	<b>174</b>

This resulted in extra expenditure (recurring/non-recurring) on these AWs and also led to poor coverage due to non-availability of beneficiaries required as per norms (78 beneficiaries per 1000 population). DPOs stated that the proposals were prepared at the block level on the basis of socio economic and geographical backwardness of the villages. The reply was not tenable as GOI norms were not followed.

**3.4.10 Nutrition under Pradhan Mantri Gramodaya Yojna**

**(i) Inflated proposal for availing the grant from GOI**

Under Pradhan Mantri Gramodaya Yojna (PMGY) additional supplementary nutrition was available to children below 3 years of age especially in rural areas. PMGY was implemented in 35 (29 rural + 6 urban) projects having a beneficiary population of 266399 children (census 2001) in 0-3 years age group at a cost of Rs.18.93 crore per annum. The proposal submitted, however, projected 357128 children costing Rs.25.08 crore per annum resulting in inflated proposal by Rs.6.15 crore. GOI released (August 2001) Rs.12 crore for 6 months, of which Rs.7.73 crore remained unspent at the end of March 2002.

**(ii) Irregular selection of urban projects**

As per GOI guidelines children (0-3years), living in rural areas who come from tribal families, scheduled castes, landless labourers, slum dwellers and those living below the poverty line were to be focussed as a target group.

It was observed that all the AWs of 6 urban projects and special nutrition (feeding) centres of two districts i.e. Rajnandgaon and Surguja which were already covered under SNP were selected under PMGY for coverage. Thus due to dual coverage in test checked districts an avoidable expenditure of Rs.47.53 lakh (Rs 23.89 lakh in 2 urban projects of Durg, Rs. 15.14 lakh in one urban project of Raipur and Rs. 8.50 lakh on feeding centres of Surguja) was incurred on urban areas.

**3.4.11 Monitoring**

Monitoring of supplementary nutrition programme was to be done through Monthly Progress Reports (MPRs).

Population yardsticks of GOI not strictly adhered while opening of 649 AWs in Durg and Raipur districts

Availing of excess GOI grant of Rs.6.15 crore during 2001-2002 by inflating the numbers of children



Test check revealed that as many as 1447 AWs in 1997-98, 1127 AWs in 1998-99, 927 AWs in 1999-2000, 287 AWs in 2000-2001 and 176 AWs in 2001-2002 did not furnish MPRs and this fact was confirmed by the Director in his reply (May 2002).

A community based monitoring mechanism as envisaged in the constitution of Bal Vikas Mahila Samitis at the village, the block and the district level was to be set up to monitor the programme.

#### ***3.4.12 Evaluation of the programme***

The programme was neither evaluated by the State Government itself nor was evaluation got done through any independent agency to ascertain its impact.

#### ***3.4.13 Conclusion***

The programme aimed at improving the nutrition level of children below six years of age and expectant women and nursing mothers. Funds amounting to Rs.17.58 crore were spent on the programme during 2001-02, which failed to achieve its objectives due to coverage of only 44 per cent of the eligible beneficiaries. 13.04 lakh children and mothers remained uncovered largely due to ineffective surveys. The nutritional food supply in 605 to 1937 AWs remained suspended during 1997-2002. Besides, 20 per cent AWs could distribute supplementary nutrition for less than 200 days in a year as against 300 days envisaged. Thus implementing/monitoring agencies could not give thrust to the programme and ensure desired results.

The above points were referred to the Government in October 2002; reply had not been received (February 2003).

## SECTION-B AUDIT PARAGRAPHS

### Forest Department

#### 3.5 Non-adherence of norms leading to excess expenditure

**Unfruitful expenditure on marking of trees without felling, avoidable expenditure without transportation of felled material and excess expenditure on production of timber amounting to Rs.1.01 crore.**

Coupes due for felling are usually demarcated/marked one year before the year in which these are due for felling. In December 1999 Hon'ble Supreme Court imposed a ban on felling which was conditionally lifted in September 2000. The Chief Conservator of Forests (Working Plan) Madhya Pradesh, Bhopal clarified (December 1999) that in Forest Division, Durg only dead dying, deceased, malformed trees can be felled. The Addl. Principal Chief Conservator of Forests Chhattisgarh, Raipur, issued instructions (March 2001) to lift the ban on felling in the new State of Chhattisgarh except Bastar Division and Durg District. Regular felling in Durg District continued to be still banned. As per departmental instructions (January & June 1984) coupes due for felling in a year should be completely worked and the felled material should be transported from the coupes to depots in the same year to avoid extra expenditure on reconstruction of extraction paths, watch and ward etc. Further, for production of timber a ceiling on labour was fixed at 12.5 mandays per cubic metre in February 1997 which was effective from the forest year 1996-97.

Following irregularities were noticed during test check in audit (December 2000 to April 2002).

(i) In forest divisions, Kawardha and Rajnandgaon (Durg Circle) an expenditure of Rs.15.39 lakh was incurred during 1999-2002 on demarcation of timber coupes and marking of 1,16,980 trees which were not felled. Similarly in Durg division though regular felling was prohibited, expenditure of Rs.4.35 lakh was incurred on marking of 1,40,254 trees. Since the marked trees were not felled the expenditure of Rs.19.74 lakh had become infructuous.

The Conservator of Forests stated (March 2002) that the implementation of working plans was never banned and hence marking, demarcation, cutting back etc. had to continue. He further added that the ban on felling has been lifted and all the trees marked are being felled in 2001-2002. The reply is not tenable as regular felling in Durg Division is still banned (January 2003). DFO Kawardha stated (April 2002) that no expenditure was incurred either on marking of regular coupes or on dying, deceased and malformed trees, which is not borne by records. DFO Rajnandgaon while furnishing (April 2002) the details of expenditure of Rs.8.59 lakh on marking during 1999-2000 did not furnish the number of trees felled rendering the expenditure on marked trees nugatory.



(ii) Records of 3 forest divisions<sup>33</sup> during December 2000 and 2001 revealed that an expenditure of Rs.5.99 lakh was incurred during 1997-2001 on reconstruction of extraction path, fire protection watch and ward etc. as 523.456 cu m timber, 109 fuel stacks and 1071.305 sale units of bamboo were not transported from the coupes worked out during 1994-2000.

On this being pointed out DFO (Production) Khairagarh stated that expenditure was due to non-transportation of felled material by haulage contractor from whom penalty of Rs.13,887 had since been recovered. DFO East Surguja stated (December 2000 and April 2002) that forest produce could not be transported due to hilly area, naxalite problem and untimely rains. DFO Bilaspur stated (January 2002) that forest produce could not be transported due to non-sanction of tender and old trucks being off the road as per Government decision. The replies are not tenable since the Department should not have felled the trees if it could not arrange to transport the timber from coupes to depot.

(iii) Records of Forest Division viz. Kawardha and South Surguja, revealed (December 2000 and January 2001) that an expenditure of Rs.2.13 crore, excluding transportation cost, was incurred during 1996-2000 on production of 19360.691 cu. m. of timber, which was Rs.75.67 lakh more than the admissible limit of Rs.137.17 lakh.

Divisional Forest Officer, South Surguja attributed the excess expenditure to the forest area being remote and hilly and labour being arranged from far off places while Divisional Forest Officer, General Division Kawardha stated (January 2001) that the prevailing labour rate was high at Rs.70.12 per day. The replies are not tenable as even after considering the labour rate of Rs.70.12 per day the excess expenditure in General division Kawardha works out to Rs.17.40 lakh. Further the reasonableness of the expenditure incurred was neither ascertained by the competent authority, nor was the excess expenditure regularised.

The matter was reported to Government/Principal Chief Conservator of Forests (February 2002, April 2002 & between February 2001 and March 2002); their replies had not been received (February 2003).

## **Panchayat and Rural Development Department**

### **3.6 Expenditure on execution of inadmissible works**

#### **Rs.60.02 lakh were spent under Employment Assurance Scheme (EAS) on inadmissible works**

Employment Assurance Scheme (EAS) was launched by Government of India (GOI) with effect from 1st September 1993 to provide gainful employment during lean agriculture season. According to the guidelines of EAS, projects relating to Water Shed Development, and construction of Primary Schools and Anganwadi buildings could be taken up under EAS with the approval of Zila Panchayat. All the works to be taken up were to be labour intensive and the ratio of wages of unskilled labour to equipment and material components should be 60:40 and works requiring larger component of materials like cement, steel etc. should not be sanctioned/ executed.

Test check (July 2001) of the records of the office of the Executive Engineer Rural Engineering Services (EE, RES) Janjgir revealed that 13 works (6 buildings and 7 bridges) on which expenditure of Rs.34.32 lakh was incurred, were not covered under EAS guidelines. Further, of the total expenditure of Rs.34.32 lakh incurred on construction, the expenditure on material component was Rs.25.90 lakh (75 per cent) against the permissible limit of 40 per cent which meant normative labour could not be given gainful employment.

Similarly, test check (December 2001) of records of the office of the Chief Executive Officer (CEO) Baloda Bazar District Raipur revealed that Rs.25.70 lakh was sanctioned (November 2001) and paid to Sarpanches of Gram Panchayats for surfacing 47 play grounds which was not within the objectives of the scheme.

EE, RES replied that these works were sanctioned by Zila Panchayat and that prescribed ratio of wages to material component could not be maintained in construction of buildings and bridges. The CEO Baloda Bazar stated that works were being executed as per directions of the District Collector. The replies indicate that the above works should not have been undertaken under EAS.

The matter was referred to Government (August 2002 and February 2002); reply has not been received (February 2003).



## Scheduled Tribes, Scheduled Castes, Backward Classes and Minorities Welfare Department

### 3.7 Non-utilisation of funds received for the establishment of Sanitary Marts

#### Non-implementation of scheme of establishment of Sanitary Marts resulted in blocking of Rs.18.17 crore

To improve economic condition of scavengers and to uplift their social status, Government of India introduced in January 2000 a new concept of scavenging through 'Sanitary Marts' under National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS). The scheme provides 100 per cent central assistance for training and subsidy and 49 per cent assistance for Margin Money loan. 51 per cent Margin Money loan was to be funded by State Government. This Sanitary Mart is a shop-cum-service centre where sanitary needs of common men could be met. The scheme was to be implemented through Chhattisgarh State Scheduled Caste Finance and Development Corporation (CSCFDC).

Government of India, Ministry of Social Justice and Empowerment approved (March 2001) setting up 318 Sanitary Marts to assist 7950 scavengers during 2000-2001 on the basis of proposal submitted by CSCFDC in February 2001.

The funds provided to CSCFDC and funds utilised was as under:

*(Rupees in lakh)*

Sl. No.	Funds Provided			Interest earned	Total amount	Expenditure	Balance
	By	Date	Amount				
1.	GOI	3-4-2001	1500.00	139.56	1639.55	23.73 <sup>34</sup>	1615.82
2.	GO MP	26-3-2001	79.50	5.75	85.25	3.60 <sup>35</sup>	81.65
3.	GOCG	20-3-2002	121.64	--	121.64	2.00 <sup>35</sup>	119.64
	<b>Total</b>		<b>1701.14</b>	<b>145.31</b>	<b>1846.44</b>	<b>29.33</b>	<b>1817.11</b>

Thus, negligible progress was made by the CSCFDC, in establishing Sanitary Marts and Rs.18.17 crore remained unutilised. Managing Director CSCFDC, Raipur stated (August 2002) that the slow progress was mainly due to non-availability of suitable sites for establishment of Sanitary Marts. He further stated that the scavengers were not interested in taking loans in groups. This being the ground reality inflated proposals should not have been sent by CSCFDC for Government of India funding or excess funds should have been returned to Government of India in time.

The matter was referred (July 2002) to the Government for comments but reply is still awaited (February 2003).

<sup>34</sup> Training: Rs.10.08 lakh; subsidy: Rs.11.90 lakh and Margin Money : Rs.1.75 lakh.

<sup>35</sup> Margin Money.

**School Education Department**

**3.8 Blocking of funds Rs.91.40 lakh**

**Blocking of Rs.91.40 lakh for more than three years resulted in loss of Rs.14.31 lakh to Government on account of interest liability on ways and means advances/overdrafts.**

Government of India released grants to State Government, on the recommendation of the Tenth Finance Commission (TFC), during the period 1996-2000, for providing water facilities in primary and middle schools, sanitation facilities in Girls middle schools and Promotion of Girls Education.

Records of District Rural Development Agency (DRDA) now Zila Panchayat, Jagdalpur and further information collected (May 2002) revealed that Commissioner Public Instructions (CPI) Madhya Pradesh Bhopal allotted Rs.91.40 lakh to Collector Jagdalpur during 1998-99 for three districts (Jagdalpur: Rs.74 lakh, Kanker:Rs.8.40 lakh and Dantewara: Rs.9 lakh). Despite ban imposed (August 1998) by CPI to incur expenditure from the funds allotted, Collector Jagdalpur withdrew Rs.91.40 lakh and deposited (January 1999) them in a bank in the account of DRDA Jagdalpur.

CPI again provided (March 2000) funds of Rs.85.20 lakh (Rs.74 lakh for drinking water and sanitation facilities and Rs.11.20 lakh for promotion of girls education) through bank draft separately for Jagdalpur district and instructed that Rs.91.40 lakh allotted earlier if drawn should be deposited into Treasury to avoid double expenditure. Rs.9.40 lakh were also provided separately to Kanker (Rs.8.40 lakh for drinking water and sanitation facilities and Rs.1 lakh for promotion of girls education) Dantewara was also provided Rs.10 lakh (Rs.9 lakh for drinking water and sanitation facilities and Rs.1 lakh for promotion of girls education) during 1998-99.

Despite the aforesaid instructions of CPI, Rs.91.40 lakh were not deposited into Treasury and were lying (May 2002) in Bank. This dual issue of sanction through Treasury and Bank Draft resulted not only in blocking of funds but also loss of interest of Rs.14.31 lakh calculated at the rate at which State Government had to pay interest on ways and means advances and overdrafts taken from Reserve Bank of India.

The Chief Executive Officer DRDA Jagdalpur accepted the facts (May 2002) and stated that Rs.91.40 lakh for the year 1998-99 drawn but not deposited in Treasury were still lying in Bank for want of permission of Government to spend it on the works sanctioned during 1997-98.

The matter was referred to Government (May 2002); reply had not been received (February 2003).



**CHAPTER-IV**  
**WORKS EXPENDITURE**  
**SECTION A- REVIEWS**  
**SECTION B- PARAGRAPHS**





## CHAPTER IV : WORKS EXPENDITURE

### SECTION-A : REVIEWS

#### Public Works Department

#### 4.1 Integrated Audit of Public Works Department

##### 4.1.1 Highlights

*The Department had constructed 35082 km road, 9.30 lakh and 28.89 lakh sq. m residential and official buildings upto March 2001. Only 7805 villages out of 19607 villages were connected with roads. No targets for construction of roads and buildings were fixed. Loan of Rs.73.14 crore was sanctioned by National Bank for Agriculture and Rural Development (NABARD) for construction of 33 roads and 62 bridges to be completed by March 2002 of which 18 roads and 44 bridges were completed. The expenditure incurred on surplus staff was Rs.9.61 crore during 1999-2002 and utilisation of departmental plant and machinery was less than 30 per cent resulting in loss of revenue of Rs.1.51 crore.*

- More than 37 per cent Plan allotment remained unutilised during 2001-02. Cheques issued in 9 divisions during 1998-2002 exceeded the LOC by Rs.3.38 crore. Rs.9.29 crore was kept in Civil Deposit to avoid lapse of allotment.

*(Paragraph 4.1.6)*

- Balances of Rs.17.61 crore were not included in the accounts of recipient divisions. Adjustment Memo issued by Accountant General and Miscellaneous Public Works Advances (MPWA) of Rs.26.08 crore were outstanding in 10 Divisions. Expenditure of Rs.6.22 crore in excess of deposit was not recovered from the concerned agencies.

*(Paragraph 4.1.7)*

- 5 works for Rs.6.59 crore were taken up without administrative approval (AA). Expenditure on 27 works exceeded the AA by Rs.5.69 crore of which 19 works were incomplete for want of Rs.3.56 crore .

*(Paragraphs 4.1.9 [i] and [ii])*

- Against the expenditure of Rs.66.90 crore, the Department claimed Rs.57.08 crore for reimbursement from NABARD and only Rs.41.41 crore was reimbursed.

*(Paragraph 4.1.14)*

- Extra cost of Rs.3.96 crore, substandard work of Rs.3.17 crore, unauthorised aid of Rs.1.33 crore, irregular payment of Rs.5.70 crore, outstanding recoveries Rs.50.32 lakh, embezzlement of Rs.6.07 lakh and material lying idle for Rs.1.13 crore were also noticed in test check.

(Paragraphs 4.1.9 [iv] to [ix], 4.1.10 and 4.1.12)

#### 4.1.2 Introduction

Chhattisgarh State was created on re-organisation of Madhya Pradesh (MP) on 1 November 2000 and comprises of 16 revenue districts with an area of over 135 thousand sq. km area and a population of 176.15 lakh (1991 census). The Public Works Department (PWD) is responsible for construction of roads, bridges, buildings, and their repair and maintenance.

The total road length in the state was 35082 km (24202 km pucca and 10880 kuccha) as of March 2001. The road density of Pucca and Kuccha roads was 17.75 km and 8.41 km per 100 sq. km against the national average of 42.40 km and 32.50 km per 100 sq. km, respectively.

The Department was also maintaining residential and official buildings having plinth area of 9.30 and 28.89 lakh sq. m, respectively.

#### 4.1.3 Organisational set up

Chief Engineer (CE), East Zone Raipur was the zonal head for building, roads and electrical, mechanical works while the Superintending Engineers (SE) were the heads of Circles for bridges and national highways in the Chhattisgarh region before formation of Chhattisgarh State. Secretary, PWD is responsible for policy and planning activities. Engineer-in-Chief (E-in-C), as head of the Department is assisted by 3 zonal CEs and 10 SEs with 36 divisions headed by the Executive Engineers (EE).

#### 4.1.4 Audit coverage

Test check of the records of the CE, Raipur and ten divisions<sup>36</sup> (civil-8, E/M-2) out of 36 were conducted from December 2001 to May 2002. Information was also collected from the office of the E-in-C. Review of the impact of financial and manpower management, maintenance of accounts and execution of works covering the period 1997-2002 was conducted.

#### 4.1.5 Target and achievement

No targets for construction of roads, buildings were fixed

Targets under Ninth plan (1997-2002) were fixed for undivided Madhya Pradesh. The state was bifurcated on 1st November 2000 but no revision of targets has since been undertaken by Chhattisgarh State.

<sup>36</sup> Bilaspur, Manendragarh, Ambikapur, Raipur, Bijapur, Raigarh, Jagdalpur, Korba, E M Division Raipur and Bilaspur.



In all, 376 roads out of 613 were completed (March 2001). 7805 villages out of 19607 were connected. To improve connectivity, 87 bridges were taken up of which 45 were completed (March 2001).

The information regarding building works taken up and completed was not available with the Department.

#### 4.1.6 Budgetary control and financial management

E-in-C exercised budgetary control through CEs.

##### (a) Excess and savings in expenditure over allotment

The position of allotment and expenditure was as follows:

(Rupees in crore)

Year	Non-plan			Plan			Total allotment	Total expenditure	Percentage of expenditure over allotment
	Allotment	Expenditure	Excess(+) Saving (-)	Allotment	Expenditure	Excess(+) Saving (-)			
1997-98	176.59	184.63	(+) 8.04	28.61	30.03	(+) 1.42	205.20	214.66	105
1998-99	92.16	110.70	(+) 18.54	26.19	22.47	(-) 3.72	118.35	133.17	158
1999-00	70.65	63.98	(-) 6.67	32.85	22.44	(-) 10.41	103.50	86.42	89
2000-01 (April 2000 to Oct 2000)	50.28 <sup>37</sup>	39.74	(-) 10.54	13.80	10.81	(-) 2.99	64.08	50.55	32
November 2000 to March 2001	49.47	40.57	(-) 8.90	34.65	28.02	(-) 6.63	84.12	68.59	58
2001-02	128.73	132.05	(+) 3.32	137.56	85.76	(-) 51.80	266.29	217.81	82
<b>Total</b>	<b>567.88</b>	<b>571.67</b>		<b>273.66</b>	<b>199.53</b>		<b>841.54</b>	<b>771.2</b>	<b>92</b>

Analysis of above table revealed the following:

**Non-Plan allotment and expenditure declined up to 1999-2000**

(i) There was continuous decline in non-plan allotment and expenditure till 1999-2000.

**37 per cent allotment under plan remained unutilised during 2001-02**

(ii) The plan allotment was increased substantially from Rs.32.85 crore (1999-2000) to Rs.137.56 crore (2001-2002) without proper planning and assessment of the requirement. Therefore, more than 37 per cent allotment under plan remained unutilised during 2001-02.

Allotment under Non-plan and Plan during the year 2000-01 was Rs.86.20 crore and Rs.23.65 crore, respectively. Proportionate allotment for seven months (April 2000 to October 2000) was taken in Account.

Test-checked divisions<sup>38</sup> revealed the following:

**Cheques issued exceeded the LOC by Rs.3.38 crore**

The cheques issued (**Appendix-XX**) exceeded the LOC by Rs.3.38 crore during the years 1998-2002. The excess was met from savings under other heads. Substantial excess and savings over LOC under different grants, heads and sub-heads were also noticed which negated budgetary and legislative controls.

**LOC exceeded the allotment by Rs.1.52 crore and expenditure of Rs.1.73 crore was incurred without allotment and LOC**

LOC issued under one grant exceeded the allotment by Rs.1.52 crore in Manendragarh (Rs.5.36 lakh) and Ambikapur division (Rs.41.67 lakh) during 1998-99 and Jagdalpur division (Rs.1.05 crore) during 1998-99 and 2001-02. Expenditure of Rs.1.73 crore<sup>39</sup> was incurred by Division-I, Raipur during the year 2000-01 without allotment and LOC.

**(b) Transfer of funds to Civil Deposit to avoid lapse of allotment**

**Rs.9.29 crore was kept in Civil Deposit to avoid lapse of allotment.**

Raipur Division No.2 drew Rs.7.68 crore by debit to Central Road Fund and credit to Civil Deposit, on 30 March 2001 on the basis of orders of the Finance Department.

Similarly, EE, Raipur Division No.1 had kept Rs.1.61 crore (2000-01) under '8443 civil deposit' in contravention of codal provisions to avoid the lapse of allotment. The objective of strict control over expenditure through LOC was thus defeated due to fictitious booking of expenditure.

**(c) Incorrect transfer of funds from Central Road Fund (CRF)**

In compliance of the guidelines for selection of roads under CRF, the CE, Raipur submitted proposals in November 2000 for improvement of 13 roads estimated to cost Rs.58.01 crore. This included 5.8 km city portions (estimated cost Rs.4.17 crore) of Raipur-Bilaspur road and 10.2 km (estimated cost Rs.1.91 crore) of Raipur-Pallari-Baloda-Bazar (RPBB) road.

Audit scrutiny revealed that the CRF was to be utilised on State highways and Major District Roads (MDR). The city portions of these 2 roads were transferred to Raipur Nagar Nigam on 22 December 2000 and yet the proposals were irregularly got approved (January 2001) from GOI under CRF and technical sanctions accorded (March 2001).

On being pointed out, the Department stated that the transfer of roads to Nagar Nigam and funds from CRF were made as per orders of the Government. But orders of the Government were irregular.

<sup>38</sup> (E/M) divisions Raipur, Bilaspur, (B/R) divisions Bilaspur, Manendragarh, Ambikapur, Bijapur, Raigarh Jagdalpur and Korba

<sup>39</sup> Grant No.67/2012	Rajbhawan works	Rs.45.03 lakh.
Grant No.28/2011	Rajy Vidhan Mandal	Rs.53.36 lakh
Grant No.28/2013	Mantri parishad	Rs.74.51 lakh
	Total	Rs.172.92 lakh



#### 4.1.7 Lapses in maintenance of accounts

##### (a) Fictitious increase of revenue

Untraceable credit balances of Rs.83.07 lakh under MPSSA were incorrectly transferred to revenue.

Untraceable credit balances of Rs.83.07 lakh under Material Purchase Settlement Suspense (MPSS) Account were irregularly transferred to '0059 Public Works Revenue' through a transfer entry (May 2000) by the EE, Bilaspur division, which was incorrect. These untraceable balances, inter alia, included the material received through Director General of Supplies and Disposal (DGSD) and other divisions for which advance payments had already been made. The fictitious increase of revenue of Rs.83.07 lakh is a loss to Government as no material was recovered.

On this being pointed out in audit, the EE stated (January 2002) that the untraceable balances outstanding since 17 years, were credited to revenue with a view to reduce the balances of purchase suspense. The reply attempted to justify an action not covered under any provision of rules.

##### (b) Non-accounting of balances of closed division

Suspense balance of Rs.15.51 crore was not included in the accounts of recipient division.

Division-I, Ambikpur was closed in April 2000 and the work was transferred to Division, Ambikapur. However, the suspense balances of Rs.15.51 crore (MPWA: Rs.7.73 crore, Stock suspense: Rs.0.29 crore, Deposit: Rs.4.04 crore, MPSS Account: Rs.3.14 crore and CSS Account: Rs.0.31 crore) of the closed division were not included in the account of recipient division.

DGSD claim of Rs.1.80 crore, differences of remittances and cheques of Rs.5.50 lakh and Rs.10 lakh were not included in the accounts of recipient division.

Besides, 104 claims of DGSD for Rs.1.80 crore and settlement with treasury (Form-51) rendered to Accountant General upto December 1998 having differences of remittance and cheques for Rs.5.50 lakh and Rs.10 lakh, respectively were also not taken into account in recipient division. The adjustment of these balances was doubtful, as the initial records were not available.

Stock balances of Rs.14.70 lakh were not included in Korba Division.

Similarly, the stock balances of Rs.14.70 lakh pertaining to 3 Sub-Divisions transferred (April 2000) to Korba Division were not included in the account.

##### (c) Non-adjustment of Miscellaneous Public Works Advances (MPWA)

Rs.17.04 crore was outstanding for recovery or adjustment in 10 Divisions under MPWA.

MPWA is a suspense head of account to record (i) sale on credit (ii) expenditure on deposit works in excess of deposit received (iii) losses, retrenchment errors etc. and (iv) other items of expenditure, the allocation of which is not known. The EEs and Divisional Accountants are responsible for prompt clearance of the suspense.

(i) Test check of records of 10 divisions revealed that Rs.17.04 crore was lying outstanding for upto 50 years. Of this Rs.1.46 crore and Rs.1.47 crore were outstanding against officials and contractors, respectively.



Rs.15.31 lakh short accounted in Monthly Accounts.

(ii) Unadjusted balances under MPWA in monthly account of 2 Divisions<sup>40</sup> fell short of the details available in register by Rs.15.31 lakh. Thus, Rs.15.31 lakh remained out of State account and would escape recovery/adjustment.

**(d) Abnormal delay in adjustment of claims of DGSD**

AG's adjustment memos for Rs.73.55 lakh were missing out of outstanding Rs.9.04 crore.

Test check of 8 Divisions revealed that 430 Adjustment Memos issued by Accountant General and worth Rs.9.04 crore received between 1980 and 1999 for verification of receipt of material from DGSD and its adjustment in the accounts were pending. Of these, 56 AG's adjustment memos of Manendragarh Division for Rs.73.55 lakh were missing at sub-division level. Consequently, the possibility of over invoicing, short supply, diversion of supply, fraudulent claims and losses etc. can not be ruled out.

**(e) Improper maintenance of Deposit accounts**

(i) Deposit registers were not maintained properly and closed monthly as a result actual credit balances of deposit were not known to the divisions. The refund of security deposit was also made without verifying the entries in the Deposit Register.

Expenditure of Rs.6.22 crore in excess of deposit was not recovered from the concerned agencies.

(ii) An expenditure of Rs.6.22 crore<sup>41</sup> was incurred in excess of deposit received without prior approval of the Government. This amount was also not debited to MPWA as required and no action was taken to realise it from the concerned agencies. Similarly, the EE, Raigarh did not refund the excess contribution of Rs.1.72 crore received from the agencies even after completion of the works.

Rs.2.77 crore was incurred on surplus staff during 1999-02.

**4.1.8 Man power management - Expenditure on surplus staff**

The position of sanctioned and regular working staff in the Department given in **Appendix-XXI** indicated that 69, 258 and 261 employees were working in excess of sanctioned posts during the last three years. After adjusting the excess staff of lower posts against the vacant higher posts, wherever possible, an unfruitful expenditure of Rs.2.77 crore was incurred on surplus staff during 1999-2002.

Rs.6.84 crore was incurred on surplus work charged and daily wages staff.

Similarly, 407 work charged, contingent employees were working in excess of sanctioned posts resulting in unfruitful expenditure of Rs.5.60 crore. In spite of excessive deployment of regular, work charged and contingent staff 137 daily wage employees were also engaged which further resulted in wasteful expenditure of Rs.1.24 crore during 1999-2002.

<sup>40</sup> Rs. 2.43 lakh and Rs. 12.88 lakh fell short in monthly account of (E/M) Raipur and (B/R) Jagdalpur divisions for November 2001 and March 2002 respectively.

<sup>41</sup> Bilaspur: Rs.25.46 lakh, Ambikapur: Rs.114.29 lakh, Raipur No. 1: Rs.163.32 lakh and Raigarh: Rs.318.82 lakh.



#### 4.1.9 Execution

##### (i) Works without Administrative Approval and Technical Sanctions

5 works for Rs.6.59 crore were taken up without AA.

The Works Department Manual provides that no work should be taken up until Administrative Approval (AA) and Technical Sanction (TS) was accorded. However, 5 works estimated to cost Rs.6.59 crore were taken up without AA. TS for Rs.5.99 crore for another 4 works were accorded by the EE, Ambikapur beyond his competency. In another case, the EE, Jagdalpur accorded TS for Rs.83 lakh without AA. Further expenditure of Rs.18.94 lakh was incurred on 7 works without Technical Sanction.

##### (ii) Expenditure in excess of AA and TS

Expenditure on 27 works exceeded the AA by Rs.5.69 crore.

Expenditure on 27 works exceeded the AA by Rs.5.69 crore (131 per cent) while in 28 works it exceeded the TS by Rs.7.11 crore (245 per cent). The revised AA and TS were not obtained.

Even after incurring excess expenditure of Rs.4.25 crore, 19 works were incomplete for want of Rs.3.56 crore more.

In 19 out of 27 works, an expenditure of Rs.7.01 crore was incurred against the AA of Rs.2.76 crore. However, the works were still incomplete for 6 to 30 years for want of additional funds of Rs.3.56 crore hampering the socio-economic development of the area.

##### (iii) Irregularities in award of work

EE, Raipur Division No. I, while inviting tenders for 2 works costing Rs.3.67 crore allowed publicity of only 25 and 24 days in 2 State news papers against 45 days in 2 National news papers.

Additional works of Rs.1.40 crore were awarded without tenders against original agreements for Rs.1.22 crore.

Additional works for Rs.1.40 crore were awarded to 13 contractors against the original agreements totaling Rs.1.22 crore in 2 divisions<sup>42</sup> without invitation of fresh tenders. This was irregular and injudicious.

It was further observed that additional work for Rs.46.52 lakh was awarded against the original contract of Rs.69.74 lakh. This exceeded the financial power of the CE and the contractor had also been penalised for non-completion of original work in time. Thus, sanction of additional work was unjustified.

##### (iv) Doubtful execution of work

Payment of Rs.3.06 lakh for SDBC was doubtful.

Contrary to specifications the item of 25 mm thick Semi Dense Bituminous Concrete (SDBC) was allowed to a contractor in renewal work of Jagdalpur-Konta road on a supplementary schedule proposal in February 2002. The open graded premix carpet (OGPC) had earlier been executed between March to July 2001 at a cost of Rs.3.72 lakh. Additional expenditure of Rs.3.06 lakh for renewal of road with SDBC was thus unwarranted and doubtful.

**(v) Unwarranted provision of crust**

Improvement of Raipur-Pallari-Baloda Bazar road at an estimated cost of Rs.9.93 crore was awarded at 8.10 per cent below SOR for completion by 27 March 2002. The payment of 13th Running Bill for total value of work done for Rs.3.55 crore was made in February 2002.

**Excess provision of crust resulted in extra cost of Rs.1.32 crore.**

It was observed that required attention was not paid in designing the crust. The provision of additional crust of 150 mm on the already widened portion of road (km 22 to 40) and 175 mm on newly widened portion (42.50 km length) of the road was in excess of required crust of 432 mm. The extra cost involved was Rs.1.32 crore of which Rs.87.26 lakh on one item of 50 mm BM has already been paid to the contractor (February 2002).

EE replied (March 2002) that the work was executed as per requirement and estimate sanctioned by the Chief Engineer. The reply was not tenable as the crust in excess of requirement was provided in the estimate by the Executive Engineer.

**(vi) Superfluous provisions of BM laid over LBM**

Improvement of Bilaspur-Katghora-Ambikapur road at an estimated cost of Rs5.26 crore was awarded (March 2001) at 6 per cent below SOR and was to be completed by January 2002. Payment of Rs.2.41 crore was made in March 2002.

Test check revealed that provision of Lean Bituminous Macadam (LBM) consisting of 45 mm to 90 micron metal in the thickness between 19 and 40 mm was made in the estimate as profile corrective course. The irregularities of 40 to 75 mm road surface can be rectified only by PCC with bituminous macadam materials. Therefore, the provision of LBM and its execution in thickness between 10 and 36 mm was not only contrary to MORT&H specifications but the execution of work is also not beyond doubt as the execution with the materials of grading 45 mm to 90 micron is not possible.

Extra cost of Rs.58.41 lakh was incurred on the quantity provided in the estimate out of which payment of Rs.38.99 lakh was already made to the contractor.

**Unwarranted provision of LBM and BM resulted in extra cost of Rs. 56.71 lakh.**

Further, the existing crust of WBM road can be increased, if required, by providing an additional layer of 75 mm of grading III (53 to 22.4 mm size metal) at the rate of Rs.440 per cu m. It was, however, observed that the crust of WBM road was increased by providing LBM and BM over 20000 sq. m and 61200 sq. m area, respectively. This superfluous provision of LBM and BM over WBM road resulted in extra cost of Rs.56.71 lakh<sup>43</sup>.

<sup>43</sup> Cost of LBM Rs.14.41 lakh and cost of 67,200 sqm BM at the rate of Rs.93 per sqm (Rs.62.50 lakh) minus cost of 4590 cu m (61200 sqm) grading III at the rate of Rs.440 cu m (Rs.20.20 lakh).



**(vii) Execution of unwarranted and richer specifications of works**

**Unwarranted provision of BM on 6 village roads resulted in extra cost of Rs.1.16 crore.**

(a) According to the specifications, the thickness of renewal course should be generally 20 mm. Renewal of 12 village roads of Raigarh division were taken up without verifying the dates of previous renewals and assessing the required crust or deficiencies if any. Thus the execution of base course of 50 mm BM was unwarranted. In addition, 25 mm SDBC in place of 20 mm OGPC was executed in 6 test checked roads. This resulted in extra cost of Rs.1.16 crore.

The EE stated (April 2002) that the works of BM and SDBC were taken up under special directive of the State Government. The reply was not tenable, as the works were executed with unwarranted richer specification.

**Use of costlier moorum resulted in extra cost of Rs.35.57 lakh.**

(b) The CE issued (April 1977) technical circular stating that moorum was to be provided for shoulders in 1 metre width where the road passed through black cotton soil. Contrary to this, EEs, Jagdalpur and Raigarh accorded technical sanctions for construction of hard shoulders in 1.5 metre width on both side and entire road length of 39.60 km of Jagdalpur-Konta road (km 15/4 to km 54) and six village roads of Raigarh division. The works were executed with moorum at Rs.152 per cu m instead of cheaper selected soil available at site at Rs.29 per cu m. This resulted in extra cost of Rs.35.57 lakh in two divisions.

On being pointed out, EE Jagdalpur stated (May 2002) that road was passing through villages, reserved forest and ghat portion where earth was not available or it was not possible to excavate. EE, Raigarh stated that hard shoulders were provided for better maintenance of edges as the existing soil was not of the quality to retain the edges. The replies were not tenable as the construction of hard shoulder in 1.5 metre width (both side) was done contrary to the provision of filling of hard moorum in 1 metre width of either side of the road. Moreover, earth was available on the side of embankment of these roads.

**Use of costlier tack coat on 27 road works resulted in extra expenditure of Rs.14.36 lakh.**

(c) EEs, Bemetara and Rajnandgaon executed 27 road works with costlier tack coat using paving bitumen instead of bituminous emulsion, which resulted in extra expenditure of Rs.14.36 lakh.

On this being pointed out, the EE, Bemetara stated (May 2002) that use of bituminous emulsion in tack coat was specified on damp surfaces. The EE, Rajnandgaon stated (October 2002) that the work was executed as per sanctioned estimates. The replies were not tenable as use of paving bitumen in tack coat has been dispensed with by MORT&H and its provision in the SOR and estimates was unwarranted and contrary to the specifications.

**(viii) Premature renewal**

**Premature renewal of 10 km of 2 roads resulted in extra cost of Rs.41 lakh.**

The periodicity of renewal of roads is 6 years where renewal is carried out with OGPC. It was seen that renewal of 7 km of Jagdalpur-Konta and 3 km of



Bilaspur-Katghora roads was done after a gap of 6 months to 5 years. This resulted in extra cost of Rs.41 lakh.

On being pointed out, EE Jagdalpur Division stated that OGPC was laid previously but the road was declared a state highway and therefore, the work of improvement and strengthening was done as per specification. This is not tenable, as the life of OGPC is six years for state highways also.

**(ix) Unauthorised aid to contractor**

**(a) Injudicious execution of work**

**Patch repair of a road done after its tender under BOT resulted in unauthorised aid of Rs.38.25 lakh to contractors.**

Tenders for improvement of Bilaspur-Katghora-Korba-Champa (BKKC) road (151 km) with estimated cost of Rs.25.10 crore were invited in September 2001, under BOT scheme. Lowest revised offer of a contractor was accepted by the GOCG on 4th February 2002 and the work awarded at Rs.1.15 crore with the stipulation to complete it within six months. It was, observed that BT patch repair works in km 42 to 77 of this road were invited in November 2001 in 17 groups and awarded at Rs.32.82 lakh on 7th December 2001 to complete the work within fifteen days. Rs.38.25 lakh was paid in January and February 2002. The hurried execution of patch repair when the road was being considered under BOT resulted in unauthorised aid of Rs.38.25 lakh to BOT contractor.

On being pointed out, EE stated (May 2002) that BOT scheme was in process from 1999 and was finalised only in February 2002. Since the road was badly damaged the road was repaired as patch work under pressure from higher authorities and public representatives.

**(b) Non-recovery of performance security**

**Non-deduction of performance security led to unauthorised aid of Rs.94.86 lakh.**

According to the special conditions forming part of the agreements for road works under percentage tender, the contractors were responsible for performance of the work carried out by them for 3 years. Performance security of Rs.94.86 lakh was to be furnished by them in the shape of bank guarantee at the rate of 15 per cent of the contract amount for a period of 36 months from the date of completion of work. Payment exceeding 85 per cent of the amount of contract was to be released only after receipt of bank guarantees. However, the performance security was not deducted from the running bills of 3 works, which resulted in an unauthorised aid of Rs.94.86 lakh<sup>44</sup> to the contractors.

On being pointed out, EE, Raipur Division No. I stated (May 2002) that clarification was awaited from the CE. EE, Jagdalpur accepted that recovery was not made due to oversight and assured to effect the recoveries from subsequent running bills.

<sup>44</sup> Agreement No. 52/2000-01(Korba Dn.) Rs.36.11 lakh out of payment of Rs.241.06 lakh (upto 3/02). Agreement No.109/2000-01 (Raipur Dn.I) Rs.52.18 lakh out of payment of Rs.347.90 lakh (upto 2/02). Agreement No.199/2001-02 (Jagdalpur division) Rs.6.57 lakh out of payment of Rs.43.79 lakh (upto March 2002).



#### 4.1.10 Quality control

##### (i) Test reports

Payments of Rs.5.70 crore were irregularly made to contractors without test reports.

According to the specifications, the officer making payments for works was to ensure that all tests at prescribed frequencies were carried out by contractors before making the payments. However, payments of Rs.5.70 crore were irregularly made to the contractors by five divisions<sup>45</sup> without test reports. Nominal penalty of Rs.1.98 lakh was deducted for the works costing Rs.4.46 crore for non-submission of test reports by 3 divisions, whereas no penalty was recovered by 2 divisions for works costing Rs.1.24 crore. Absence of quality control tests may lead to substandard work.

On being pointed out, EEs stated that rectification would be done before final payment.

##### (ii) Execution of sub standard work

Less use of asphalt resulted in sub-standard work of Rs.94.57 lakh

It was observed that formula for execution of SDBC work on Bilaspur-Katghora-Ambikapur road approved from Bhilai Institute of Technology provided for 6 per cent binder bitumen content by weight of mix. However, the test certificates showed that use of bitumen ranged between 4 to 4.33 per cent resulting in substandard work of Rs.50.21 lakh. Payment at full rate of SOR was made to the contractor.

Similarly, 919 drums were shown as used on a work against requirement of 995 drums to achieve 25mm thickness of SDBC. This resulted in sub-standard work of Rs.44.36 lakh.

##### (iii) Substandard work of roads and short recovery of hire charges

Partially rolled WBM led to substandard work of Rs.2.22 crore.

Water bound macadam (WBM) renewal and asphaltting works were executed by 3 divisions at a cost of Rs.2.22 crore for which deployment of 8-10 ton rollers for 1229 days<sup>46</sup> was necessary for consolidation. However, the actual deployment was only for 643 days<sup>46</sup>. Thus 47.68 per cent work was left unrolled or the entire work was partially rolled

Application of lesser rates resulted in short recovery of Rs.16.07 lakh.

It was observed that recovery of hire charges of plants and machinery supplied by the Department was made at different rates by the divisions as shown below:

<sup>45</sup> Ambikapur division paid Rs.178.38 lakh after deducting Rs.0.64 lakh, Raipur-I division paid Rs.94.89 lakh after deducting Rs.0.6 lakh, Manendragarh division paid Rs.173.15 lakh after deducting Rs.0.72 lakh, Jagdalpur and Raigarh divisions paid Rs.43.78 lakh and Rs.8.20 lakh respectively without any deduction.

<sup>46</sup> Jagdalpur, Bijapur, Ambikapur divisions executed works for Rs.180.65 lakh, Rs.9.37 lakh and Rs.32.19 lakh and deployed rollers for 470, 47 and 126 days against actual requirement of 785, 81 and 363 days respectively

Sl. No.	Name of PWD Division	Cost of work (Rs. in lakh)	Hire charge recovered (Rupees per day)	Short recovery (Rs. in lakh.)
1.	Ambikapur	32.19	620	3.28
2.	Bijapur	9.37	650 & 450	1.27
3.	Jagdulpur	180.65	620	11.52
	Total	222.21		16.07

The rate of hire charges at Rs.810 per day (1991) were not revised while the schedule of rates (SOR) was revised in September 1997 and June 2000. This resulted in short recovery Rs.16.07 lakh of hire charges of road rollers.

The EEs stated (May 2002) that the work carried out by the contractors were in accordance with the specifications as the compaction was carried out with private rollers also (Ambikapur & Bijapur). The replies were not tenable, as the partially rolled works could not be treated as the works in conformity with the specifications. The deployment of private rollers was also not on record.

#### 4.1.11 Improvement and maintenance of roads

##### (a) Indiscriminate strengthening of roads

13 roads costing Rs.4.50 crore were taken up for strengthening without approval of Government.

Estimates for strengthening of 15 roads costing Rs.19.69 crore were prepared without basic data.

GOMP ordered (1988) that the work of widening and strengthening of roads should be carried out only after obtaining specific approval and conducting condition survey. It was, however, seen that the strengthening and renewal of Jagdulpur-Konta road of Jagdulpur and 12 roads<sup>47</sup> of Raigarh divisions were taken up at an estimated cost of Rs.4.50 crore under annual repair grant without condition survey and prior approval of Government.

Further, the estimates for strengthening of 15 roads costing Rs.19.69 crore were prepared without collecting the data on traffic intensity, existing crust thickness, California bearing ratio of sub-grade material, ground water table, highest flood level, etc. as required under the specifications.

##### (b) Maintenance and renewal of roads

Details of roads due for renewal, road wise allotment of funds for ordinary repair were not maintained. The norms for maintenance of roads were not prescribed by the Department. Record of six<sup>48</sup> test checked divisions revealed that funds for ordinary repair and renewal were not allotted according to the road length under the divisions. The funds allotted for renewal during 1999-01 were not fully utilised by five divisions (other than Jagdulpur division).

<sup>47</sup> Jagdulpur-Konta (Rs.80.15 lakh), Sarangarh-Sivrinarayan (Rs.28.30 lakh), Sarangarh-Sariya (Rs.69.74 lakh), Jobi-Bargar-Dominare (Rs.22.70 lakh), Raigarh-Kotra-Tarapur (Rs.7.47 lakh), Hatri-Chandmari (Rs.8.80 lakh), Dharamjaigarh-Kharasia (Rs.33.64 lakh), Urdamaa-Bisram Bhawan (Rs.12.69 lakh), Raigarh-Sarangarh (Rs.58.99 lakh), Chapla-Bayong Nandeli -Dabhra-Bispali (Rs.50.85 lakh), Kachar Bhupdepur (Rs.25 lakh), Kharasia Chandarpur (Rs.27.66 lakh) Kelo Chakradhar Nagar Raigarh (Rs.23.88 lakh).

<sup>48</sup> Manendragarh, Bilaspur, Ambikapur, Raigarh, Korba and Jagdulpur divisions



**(c) Improvement of roads from CRF**

Only 3 out of 15 roads were completed under CRF.

Administrative approvals for Rs.66.64 crore were accorded by MORT&H for improvement of 15 roads (570.28 km) including 4 national highways (55 km). Though these works were to be completed by April 2002, only 3 works (63.10 km) were completed at a cost of Rs.7.14 crore and four works<sup>49</sup> (232.10 km) were lagging behind.

**4.1.12 Other points of interest****(a) Outstanding recoveries of temporary advances and cost of tools and plant (T&P)**

Tour advances of Rs.35.69 lakh against 1587 officials and tools and plants worth Rs.14.63 lakh remain un-recovered

Tour advances of Rs.35.69 lakh irregularly paid to 1587 officials from work cash book of 14 divisions and cost of tools & plant worth Rs.14.63 lakh<sup>50</sup> issued to the sub engineers (as far back as 25 years) remain un-recovered.

**(b) Injudicious procurement of material**

Materials worth Rs.1.13 crore were lying unutilised.

(i) Materials worth Rs.59.20 lakh<sup>51</sup> were lying unutilised in stock, MAS and RMR accounts of 13 divisions<sup>52</sup> for periods ranging from 1 to 30 years. The purchase of material without assessing requirement resulted in blocking of Government funds.

(ii) RCC hume pipes costing Rs.1.47 crore were purchased in Ambikapur division during 1995-99, for construction of culverts under Pahari Korba Project, of which, pipes costing Rs.53.90 lakh were still lying unutilised.

**(c) Embezzlement of asphalt**

Asphalt costing Rs.3.06 lakh was embezzled in Bilaspur Division.

The EE, Ambikapur, furnished (October 1996) a duly acknowledged copy of Indent dated 25th May 1995, to the EE, Bilaspur for remitting the cost of 230 drums asphalt supplied in June 1995. The asphalt was not appearing in the stock account of Bilaspur division which meant embezzlement of Rs.3.06 lakh.

The EE agreed (January 2002) to verify facts but final reply was awaited (August 2002).

<sup>49</sup> Gandri-Salhotekari, Simga-Kharora-Rani Sagar-Arang, Bilaspur-Katghora-Ambikapur, Rajnandgaon-Antagarh roads.

<sup>50</sup> Manendragarh-Rs.1.94 lakh, Ambikapur-Rs.1.93 lakh, Korba-Rs.3.14 lakh, Raigarh-Rs.3.27 lakh, Bijapur-Rs.4.35 lakh

<sup>51</sup> Stock (Rs.48.93 lakh) material at site account (Rs.7.85 lakh) and road material return account (Rs.2.42 lakh).

<sup>52</sup> (B/R) divisions, Manendragarh, Ambikapur, Bilaspur, Raipur-I, Bijapur Pendra Road, Raigarh, Korba and Jagdalpur. (E/M) divisions Bilaspur and Jagdalpur, NH and Bridge divisions Jagdalpur.

**(d) Fraudulent payments**

Payment of Rs.3.01 lakh was made fraudulently for material not accounted for.

It was observed that payment of Rs.3.01 lakh was made to the contractors for supply of material without recording the measurements in the Road Material Return Account of the concerned road. This indicated that fraudulent payment of Rs.3.01 lakh was made without receipt of material.

**4.1.13 Poor performance of Electrical and Mechanical wing**

Department did not prepare any action plan for deploying plants and machinery.

The administrative control, operation, repair and maintenance of departmental plants and machinery, was entrusted to the Electrical and Mechanical (E/M) wing from March 1991. However, the Department did not prepare any action plan for utilisation of departmental plants and machinery.

Utilisation of DRR in 3 divisions was less than 30 per cent and resulted in a loss of Rs.1.51 crore.

The information regarding utilisation of diesel road rollers (DRR) made available by 3 divisions revealed that the DRR remained idle for 20828 days (50.58 per cent) against the total working days of 41180 during 1998-2002 for want of work, which resulted in loss of Rs.1.51 crore<sup>53</sup>. The staff engaged for operations of DRR also remained idle resulting in unfruitful expenditure of Rs.42.79 lakh during 1998-2002 on their wages.

Hire charges of Rs.6.14 crore were outstanding against civil divisions.

It was also observed that recovery of hire charges of Rs.6.14 crore for the years 1991-96 was outstanding against the civil divisions for the plants and machinery provided by E/M divisions for departmental works.

In view of above the need for continuing with E/M wing needs to be reviewed.

**4.1.14 NABARD<sup>54</sup> loan for construction of roads and bridges**

**(i) Selection of roads**

Selection of roads for NABARD loan was not evenly made.

33 out of 38 roads were selected from only five districts without recording reasons for according such disproportionate priority.

Injudicious selection of a road without forest clearance resulted in unfruitful expenditure of Rs.28.57 lakh.

Loan of Rs.53.35 lakh was sanctioned by NABARD during 1997-98 for construction of Palak-Bhoramdev Road which passes through forest area. Injudicious selection and commencement of work without prior clearance of Forest Department led to abandoning the work resulting in unfruitful expenditure of Rs.28.57 lakh.

<sup>53</sup> Idle period and loss of revenue for Manendragarh Ambikapur and Raigarh and Rajnandgaon divisions was 6454, 5587, 5104 and 3683 days and Rs.40.69 lakh, Rs.35.17 lakh, Rs.41.70 lakh and Rs.33.65 lakh during the years 1998-2002 respectively.

<sup>54</sup> National Bank for Agriculture and Rural Development



**(ii) Poor physical and financial progress**

Only 55 per cent of roads and 71 per cent of targeted bridges were completed.

Loan of Rs.88.62 crore was sanctioned by NABARD during 1997-2001 for construction of 38 roads and 71 bridges in 4 phases. Of these, 33 roads and 62 bridges sanctioned at a cost of Rs.73.14 crore were to be completed by March 2002. However, only 18 roads and 44 bridges were completed.

Due to slow progress 15 roads remained incomplete.

Though Rs.8.65 crore was spent on the remaining 15 roads, these remained incomplete due to slow progress by contractor.

27 per cent inadmissible claims were not reimbursed by NABARD.

Against the total expenditure of Rs.66.90 crore incurred upto March 2002, the Department claimed Rs.57.08 crore for reimbursement of which only Rs.41.41 crore (73 per cent) was reimbursed, rest being inadmissible.

**4.1.15 Monitoring**

The implementation of schemes was to be monitored to ensure targets relating to time, cost, services, social and economic benefits were achieved. However, no targets for construction, improvement, and renewal of roads, connectivity of the villages with road etc. were laid down by the department. The information was also not available with the E-in-C, Raipur.

It was also seen that in 1698 villages with 8.28 lakh population out of 13.60 lakh (census 1991) in three divisions were not connected with road. Information in respect of 22 divisions was not furnished.

The points referred above were Report to the Government (September 2002); reply had not been received (February 2003)

## **SECTION-B : AUDIT PARAGRAPHS**

### **Public Health Engineering Department**

#### **4.2 Premature investment on Naila Janjgir Water Supply Scheme**

**Expenditure of Rs.82.53 lakh on intake well, treatment plant and purchase of pipes was premature, as other components were not got ready.**

Government of Madhya Pradesh (GOMP) approved (February 1994) execution of Naila Janjgir Water Supply Scheme for Rs.49.90 lakh to provide 3.36 million litres daily (MLD) of water to a projected population of 30000 by the year 2011. The work started after a delay of 3 years in September 1997 and the scheme was executed by Korba Division upto August 1999 and thereafter by Champa Division as Deposit work on behalf of Nagar Palika Parishad with 70 per cent loan and 30 per cent grant-in-aid. Even after incurring an expenditure of Rs.82.53 lakh upto January 2002 against the deposit of Rs.85.47 lakh (loan: Rs.66.77 lakh and grant-in-aid: Rs.18.70 lakh), the scheme remained incomplete. There has been no progress in the work since January 2001 and in the mean time, the Chief Engineer accorded (March 2000) revised technical sanction of Rs.2.64 crore for the scheme which was administratively approved only in October 2002.

Scrutiny of records revealed that the expenditure of Rs.82.53 lakh on intake well, treatment plant in progress and purchase of pipes was premature as other components of the scheme such as raw/clear water pumps and mains, service reservoirs and distribution system were not taken up and the population continues to be without the facility of drinking water.

The Executive Engineer while admitting (February 2002) that there was delay in finalising the executing agencies stated that other components were not taken up as the cost of work in progress exceeded the sanctioned cost and availability of fund was not certain. The provision of Rs.1.75 crore in the budget for 2002-03 remains un-utilised (December 2002). This indicates improper planning and poor monitoring.

The matter was reported (April 2002) to Government; reply had not been received (February 2003).



## Public Works Department

### 4.3 Acceptance of higher tender rates and substandard work

**Injudicious acceptance of tenders at higher rates resulted in extra cost of Rs.12.55 lakh and undue benefit of Rs.6.68 lakh to the contractor besides avoidable expenditure of Rs.26.90 lakh on repair and maintenance of the substandard work.**

Government of India (GOI) vide notification of 6 January 1999 declared Raipur-Bilaspur-Sarangarh-Raigarh road (300 km) as National Highway-200 after which the Chief Engineer (CE) NH issued (June 1999) instructions to complete all ongoing works before their transfer to NH. However, the road was transferred only in April 2000.

Meanwhile Executive Engineer (EE), Division No. 2, Raipur invited (May 1999) tenders in five groups for black topping (BT) and renewal of 12 km of Raipur-Bilaspur road estimated to cost Rs.98.93 lakh. The lowest tender for km 6&7 (group-I) at 9.9 percent below SOR was accepted (13 May 1999) by the Superintending Engineer (SE), PWD Circle, Raipur. However, lowest tenders for other 4 groups (between km 17 and 33) at 19.01 to 19.79 per cent above SOR were accepted on 31 May 1999 on the ground that the prevailing trend in Bilaspur Circle on this road was 34.90 per cent above SOR. This variation was not justified as a tender at 9.9 per cent below SOR had been accepted a fortnight earlier. Despite higher rate the work was left incomplete and resulted in extra cost of Rs.12.55 lakh due to variation in tender rates.

In the above work bitumen macadam (BM) work valued at Rs.46.08 lakh was executed upto July 1999. This was not followed immediately by a wearing coat of semi dense bituminous concrete (SDBC) or seal coat as per requirement and the unfinished road was opened to traffic in violation of the specifications. This not only resulted in substandard work but also in premature damage to the road besides undue benefit of Rs.6.68 lakh to the contractor for the seal coat work not done.

As a result, NH Division, Raipur to whom the road was transferred had to incur an avoidable expenditure of Rs.26.90 lakh on repair and maintenance during 2000-2002.

The EE stated (October 2001) that the tenders were accepted by the competent authority (CE) after considering the reasonability of rates. He further stated that BT work was not possible during rains and Government imposed financial ban on payment from October 1999.

The reply was not tenable because the Department failed to consider the lowest rate obtained in the first group while accepting the tenders of other 4

groups in the same vicinity at higher rates. The BM work was not followed by wearing/seal coat work, necessitating premature repair and maintenance costing Rs.26.90 lakh.

The matter was reported to Government in June 2002; reply had not been received (December 2002).

## General

### 4.4 Failure of senior officials to enforce accountability and protect the interests of Government

Accountant General arranges to conduct periodical inspection of the Government departments to test check, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities are detected and are not settled on the spot, IRs<sup>55</sup> are issued by the Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of Heads of the Departments by the Accountant General. A half-yearly report of pending IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2001 pertaining to 203 divisions/offices of WR, PW, PHE<sup>56</sup> and Forest Departments under Government of Chhattisgarh disclosed that 5523 paragraphs relating to 1282 IRs remained outstanding since 1990-91 to the end of June 2002. Department wise position of the outstanding IRs and paragraphs were as under:

Sl. No.	Department	Number of Inspection Reports	Number of Paragraphs	Number of Auditee Units	Amount (Rupees in crore)
1.	Water Resources	541	2290	79	761.71
2.	Public Works	283	1578	42	524.45
3.	Public Health Engineering	205	812	26	317.11
4.	Forest	253	843	56	123.98
	<b>Total</b>	<b>1282</b>	<b>5523</b>	<b>203</b>	<b>1727.25</b>

Of these, 101 IRs containing 550 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of the Offices within six weeks from the date of issue were not

<sup>55</sup> Inspection Reports.

<sup>56</sup> WR : Water Resources, PW : Public Works, PHE : Public Health Engineering



received as of June 2002 in respect of 66 divisions/offices for 67 IRs and 452 paragraphs issued upto December 2001.

The Principal Secretaries/Secretaries of the Departments, who were informed of the position through half yearly reports, also did not ensure that the concerned offices of the Department take prompt and timely action.

Inaction 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 should re-examine the system to ensure proper response to the audit observations in the Department and action to recover loss/outstanding advances/overpayments in a time bound manner and revamp the system.





# **CHAPTER-V**

## **REVENUE RECEIPTS**





## Chapter V : Revenue Receipts

### General

#### 5.1 Trend of revenue receipts

Tax and non-tax revenue raised by the government of Chhattisgarh during the year 2001-2002, the state's share of divisible union taxes and grants-in-aid received from the Government of India during the year are given below:

(Rupees in crore)		
Sl. No.	Particulars	2001-2002 <sup>57</sup>
I.	Revenue raised by the State Government	
	(a) Tax Revenue	2001.75
	(b) Non-Tax Revenue	722.38
	<b>Total-I</b>	<b>2724.13</b>
II.	Receipts from the Government of India	
	(a) State's share of divisible Union taxes	1167.24 <sup>58</sup>
	(b) Grants-in-aid	484.39
	<b>Total-II</b>	<b>1651.63</b>
III.	Total receipts of the State (I+II)	4375.76

#### 5.2 Tax revenue raised by the State

(i) The details of tax revenue raised by the State Government during the year 2001-2002 are given below:

(Rupees in crore)		
Sl. No.	Head of Revenue	2001-2002
1.	Taxes on Sales, Trade etc.	940.09
2.	State Excise	313.61
3.	Taxes and Duties on Electricity	226.06
4.	Taxes on Goods and Passengers	196.27
5.	Taxes on Vehicles	124.88
6.	Stamp Duty and Registration Fees	121.35
7.	Land Revenue	16.57
8.	Other Taxes and Duties on Commodities and Services	13.19
9.	Other Taxes on Income and Expenditure	48.70
10.	Hotel Receipts Tax	1.03
	<b>Total</b>	<b>2001.75</b>

<sup>57</sup> Provisional figures

<sup>58</sup> For details, please see Statement No.11 "Detailed Accounts of Revenue by Minor Heads" in the Finance Accounts of the Government of Chhattisgarh for the year 2001-2002. Figures under the head "0021-Taxes on Income other than Corporation Tax-Share of net proceeds assigned to States" booked in the Finance Accounts under A-Tax Revenue have been excluded from Revenue raised by the State and included in State's share of divisible Union taxes in this statement.

(ii) The details of major non-tax revenue received during the year 2001-2002 are given below:

(Rupees in crore)

Sl. No.	Head of Revenue	2001-2002
1.	Forestry and Wildlife	98.19
2.	Non-ferrous Mining and Metallurgical Industries	454.04
3.	Interest Receipts	49.12
4.	Major, Medium and Minor Irrigation	43.38
5.	Water Supply and Sanitation	1.56
6.	Others	76.09
	<b>Total</b>	<b>722.38</b>

### 5.3 Variation between budget estimates and actual

The variations between the budget estimates and actual receipts for the year 2001-2002, under the principal heads of revenue are as under:

Head of Revenue		Budget estimates	Actual receipts	Variation Increase (+) Decrease(-)	Percentage of variation
<b>(A)</b>	<b>Tax Revenue</b>	<i>(Rupees in crore)</i>			
1.	Taxes on Sales, Trade etc.	775.48	940.09	(+) 164.61	(+) 21.22
2.	State Excise	399.97	313.61	(-) 86.36	(-) 21.59
3.	Taxes and Duties on Electricity	230.50	226.06	(-) 4.44	(-) 1.92
4.	Taxes on Goods and Passengers	160.75	196.27	(+) 35.52	(+) 22.09
5.	Taxes on Vehicles	113.60	124.88	(+) 11.28	(+) 9.92
6.	Stamp Duty and Registration Fees	130.09	121.35	(-) 8.74	(-) 6.71
7.	Land Revenue	10.47	16.57	(+) 6.10	(+) 58.26
8.	Other Taxes and Duties on Commodities and Services	8.54	13.19	(+) 4.65	(+) 54.45
9.	Other Taxes on Income and Expenditure	74.42	48.70	(-) 25.72	(-) 34.56
10.	Hotel Receipts Tax	1.10	1.03	(-) 0.07	(-) 6.36
	<b>Total</b>	<b>1904.92</b>	<b>2001.75</b>	<b>(+) 96.83</b>	<b>(+) 5.08</b>
<b>(B)</b>	<b>Non-Tax Revenue</b>				
1.	Forestry and Wildlife	120.00	98.19	(-) 21.81	(-) 18.18
2.	Non-ferrous Mining and Metallurgical Industries	455.00	454.04	(-) 0.96	(-) 0.21
3.	Interest Receipts	50.64	49.12	(-) 1.52	(-) 3.00
4.	Major, Medium and Minor Irrigation	55.86	43.38	(-) 12.48	(-) 22.34
5.	Water Supply and Sanitation	1.01	1.56	(+) 0.55	(+) 54.46
6.	Others	61.69	76.09	(+) 14.40	(+) 23.34
	<b>Total</b>	<b>744.20</b>	<b>722.38</b>	<b>(-) 21.82</b>	<b>(-) 2.93</b>

**Stamp Duty and Registration Fees :** The reasons for variation was due to less receipts of documents.



The reasons for substantial variations in respect of other heads, though called for, have not been received from the concerned Departments (November 2002).

#### 5.4 Arrears of revenue

Arrears of revenue, as reported by the concerned departments, as on 31 March 2002 were as under:

Revenue Head	Amount of		Remarks
	Arrears as on 31 March 2002	Outstanding for more than five years as on 31 March 2002 (Rupees in crore)	
Stamp duty and registration fees	0.40	0.18	Rs.0.24 crore intimated for recovery as arrears of land revenue, recoveries of Rs.0.16 crore stayed by judicial authorities/Government

Similar information, though called for from the other Departments, have not been received (October 2002).

#### 5.5 Results of audit

Test-check of records of the Commercial Tax, State Excise, Motor Vehicle Tax, Land Revenue and other departments conducted during 2001-2002 revealed under-assessment, losses etc., of revenue amounting to Rs.351.99 crore in 32824 cases. During the year (2001-2002), the departments accepted under-assessment etc., of Rs.99.70 crore involved in 7615 cases, of which 6484 cases involving Rs.44.73 crore were pointed out in audit during 2001-2002 and the rest in earlier years. No amount was recovered during 2001-2002.

This report contains 34 paragraphs involving revenue of Rs.21.19 crore. The departments concerned accepted observations involving Rs.3 crore, and Rs.0.69 lakh including interest had been recovered up to June 2002. No reply has been received in remaining cases.

#### 5.6 Outstanding inspection reports and audit observations

Audit observations on incorrect assessments, short-levy of taxes, duties, fees etc. and also defects in the maintenance of initial records which are not settled on the spot are communicated to the heads of offices and other departmental authorities through inspection reports. The more important irregularities are reported to the heads of department and the Government. The heads of offices are required to furnish replies to the inspection reports through the respective heads of departments within a period of two months.

- (i) The number of inspection reports and audit observations relating to revenue receipts issued up to 31 December 2001, which were pending settlement by the departments as on 30 June 2002 are as below:

	At the end of June 2002
Number of inspection reports pending settlement	1646
Number of outstanding audit observations	5788
Amount of revenue involved (Rupees in crore)	1724.81

- (ii) Department-wise details of the inspection reports and audit observations outstanding as on 30 June 2002 are given below:

S.No.	Nature of Receipts/ Name of Department	Outstanding Audit observations	Amount involved (Rupees in crore)	Number of Inspection Reports outstanding	
				Total	Issued between January and December 2001 and remaining unreplyed
1.	Commercial Tax	1538 (400)	178.05 (51.32)	234 (95)	54
2.	Land Revenue	1116	475.67	581	Nil
3.	Forestry and Wildlife	869 (458)	423.61 (67.88)	238 (139)	Nil
4.	State Excise	243 (90)	76.75 (25.33)	62 (32)	2
5.	Entertainment Duty	56 (30)	1.30 (0.68)	35 (23)	Nil
6.	Stamp Duty and Registration Fees	452 (197)	18.92 (12.21)	180 (100)	6
7.	Water Resources	342 (251)	30.07 (16.26)	60 (41)	1
8.	Public Works	231 (134)	18.45 (4.14)	60 (39)	6
9.	Mining	202	300.71	59	Nil
10.	Motor Vehicle Tax	522 (346)	139.96 (8.82)	60 (41)	5
11.	Electricity	6	0.12	2	Nil
12.	Duty Others	211 (142)	61.20 (14.36)	75 (48)	5
	<b>Total</b>	<b>5788 (2048)<sup>59</sup></b>	<b>1724.81 (200.99)<sup>59</sup></b>	<b>1646 (558)<sup>59</sup></b>	<b>74</b>

The matter was brought to the notice of the Government; intimation regarding steps taken by the government to settle the outstanding inspection reports and audit observations has not been received (November 2002).

1223 objections were settled during local audit and 14 objections were settled after review in the Accountant General's office.



### **5.7 Follow up on Audit Reports**

First meeting of the Public Accounts Committee of Chhattisgarh State was held on 22<sup>nd</sup> May 2001. 28 paras of the Audit Report for the year 1998-99, 22 paras of the Audit Report for the year 1999-2000 and 19 paras of the Audit Report (Revenue Receipts) for the year 2000-2001 have been selected for oral evidence.

### **5.8 Response of the State Government to Draft Audit Paragraphs**

The Draft Audit Paragraphs proposed for inclusion in Report of the Comptroller and Auditor General of India are forwarded by the Audit Office to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from departments are invariably indicated at the end of each such paragraph included in Audit Report

34 Draft Paragraphs included in this Report were sent to the Principal Secretaries/Secretaries of the respective department by name (between August 1999 and June 2002). The Principal Secretaries/Secretaries of the departments did not send replies to the draft paragraphs despite issue of reminders (November 2002). These paragraphs have been included in this report without the response of the Principal Secretaries/Secretaries of the Departments.

## Commercial Tax

### 5.9 Application of incorrect rate of tax

Schedule II to Madhya Pradesh *Vanijyik Kar Adhiniyam*, (*Adhiniyam*) 1994, (as adapted by Chhattisgarh State) specifies rates at which commercial tax is leviable on different commodities. Linear Alkaline Benzene as per Central Excise Tariff is a petroleum product.

(i) Test-check of records at Regional Office, Durg revealed (April 2001) that while assessing a dealer (February 2001) for the year 1997-98 the assessing authority treated Linear Alkaline Benzene as a chemical instead of a petroleum product. Consequently, tax was levied at 4 per cent instead of 8 per cent resulting in short levy of tax of Rs.12.27 lakh.

On this being pointed out in audit (April 2001) the Assessing Officer stated (January 2002) that tax had been levied correctly treating it as a chemical as decided (January 2000) by Board of Revenue. (BOR). The reply is not tenable as the decision of BOR relates to naphthalene powder and is not applicable to this case.

(ii) In 10 other cases of 8 dealers assessed (between August 1999 and March 2001) for the period April 1995 to March 2000 in 3 Regional Offices<sup>60</sup> and 4 Circle Offices<sup>61</sup>, it was observed (between December 2000 and October 2001) that application of incorrect rates of tax on sale of goods viz. rubber solution, masala, computer parts timber fabrics etc valued at Rs.6.36 crore resulted in short-levy of tax of Rs.25.44 lakh.

On this being pointed out in audit, the department accepted (February 2001 to March 2002) audit observations involving Rs.9.53 lakh, of which demand for Rs.1.20 lakh stands raised. However, in case of rubber solution and rubber hardware used in works contract, the department stated that it was consumed in the manufacture of goods and dissolved as a chemical and as such these were not exigible to tax. The reply of the department is not tenable since these remain in existence in one form or the other.

In case of computer parts, the department stated that tax was levied correctly; the reply is not tenable, as the tax was levied at the rates applicable to computers and not at the rates applicable to the parts of computers, which are electronic goods and attract higher rate of tax.

In respect of "Banfool", the department stated that it was an Ayurvedic drug which is not tenable since it is a hair oil<sup>62</sup>.

<sup>60</sup> Regional offices- Bilaspur, Raigarh and Raipur.

<sup>61</sup> Circle Offices- Bilaspur, Raigarh and Raipur (2).

<sup>62</sup> Decision of West Bengal Taxation Tribunal in the case of *M/s Prabhu Dayal Sharma Vs CCT West Bengal (STC Vol. 120 P/241)*.



The matter was reported to the Government (between March 2001 and October 2001); their reply has not been received (November 2002).

### **5.10 Incorrect determination of turnover**

Madhya Pradesh General Sales Tax Act (MPGST Act), 1958, *Adhiniyam*, 1994 and Rules made thereunder (as adapted by Chhattisgarh State) provide that cost incurred on freight or delivery form a part of sale price, if not charged separately.

Test-check of records revealed the following :

(i) At Circle Offices-I and II, Durg in the case of 9 dealers assessed (between December 2000 and February 2001) for the period 1997-98, deduction of Rs.3.23 crore on account of transportation charges was incorrectly allowed from sale price. This resulted in non-levy of tax of Rs.12.92 lakh.

On this being pointed out (between April 2000 and May 2001) in audit the assessing officers stated that delivery of goods was taken at mines site and transportation charges were charged separately. The reply is not acceptable in view of the conditions mentioned in the agreement according to which transportation charges had not been charged separately and formed part of sale price.

(ii) The Madhya Pradesh, Rules, 1994 provide that timber is taxable at 20 per cent. Further, in case of concealment of a part or whole of turnover, by a dealer, Commissioner of Sales Tax may impose penalty, which shall not be less than 3 times and not more than 5 times of the tax.

At Circle Office, Ambikapur in case of a dealer assessed in December 2000 for the period 1997-98, sale of timber valued Rs.2.82 lakh was not shown in sale account. This resulted in non-levy of tax of Rs.0.57 lakh and interest of Rs.0.47 lakh. Besides, minimum penalty of Rs.1.71 lakh could have been levied.

On being pointed out in audit (June 2001), the assessing officer accepted the audit observation; however, further action taken was not intimated (November 2002).

The matter was reported to the Government (August 2001); their reply has not been received (November 2002).

### **5.11 Non-levy of tax**

Under MPGST Act 1958, goods purchased by a registered dealer holding the recognition certificate are taxable at concessional rate if these are utilized as raw material in the manufacture of goods for sale. For violation of the provisions of the Act, the dealer shall be liable to pay tax or penalty at the rate

equal to the difference of full rate of tax and concessional rate of tax in respect of such goods.

Test-check (April 2001) at Regional Office, Bilaspur in case of a dealer reassessed in December 1999 for the period 1993-94 revealed that a dealer holding recognition certificate purchased cement valued at Rs.39.63 lakh at concessional rate and did not utilize it for the manufacture of other goods for sale. However, the cement was supplied to a contractor for construction of building. The dealer was, thus, liable to pay differential amount of tax of Rs.3.17 lakh which was neither paid nor demanded by the department resulting in short realisation of government revenue to that extent.

The matter was reported to the Commissioner, Commercial Tax (CCT) and the Government (June 2001); their reply has not been received (November 2002).

### **5.12 Incorrect exemption from payment of tax to new industries**

Under the *Adhiniyam*, 1994 and notifications issued thereunder, new industrial units of eligible categories holding eligibility certificates are exempted from payment of tax on sale of goods manufactured by them.

(i) Test-check of records of Circle Office, Korba revealed (March 1999 to May 2001) that a new industrial unit assessed in December 2000 for the period 1997-98 was allowed exemption on refilling of Liquefied Petroleum Gas (LPG), treating it as manufacturing process. Incorrect exemption from payment of tax on sale of LPG valued at Rs.1.32 crore resulted in non-levy of tax amounting to Rs.22.76 lakh.

On this being pointed out in audit, the Assessing Officer stated (June 2001) that eligibility certificate issued by Industries Department is binding on assessing authorities. The reply is not tenable in view of the decision of Hon'ble High Court of Gujarat<sup>63</sup> that refilling/re-packing of L.P.G is not manufacturing process. The case should have been referred to Industry Department for cancellation of eligibility certificate issued erroneously.

(ii) In 8 cases of 7 dealers at two Regional Offices<sup>64</sup> and four Circle Offices<sup>65</sup>, exemption from payment of tax was granted in respect of those goods incorrectly valued at Rs.3.49 crore which were either not mentioned in the eligibility certificate or were not covered by the period of exemption on sale of goods between April 1993 and March 1998. This resulted in non-levy of tax Rs.17.57 lakh.

On this being pointed out in audit, the assessing officers stated that in two cases, action would be taken while in other five cases exemption granted was on the basis of eligibility certificates issued by the Industries Department. The replies are not tenable because silico-manganese, tractor trolley and hessian

<sup>63</sup> Decision of Hon'ble High Court of Gujarat in case of *M/s Kosan Gas Company Vs. State of Gujarat* (1992) 87 STC 236.

<sup>64</sup> Regional Offices- Raipur (2).

<sup>65</sup> Circle Offices- Durg (2), Raigarh and Raipur.



cloth were not mentioned in the eligibility certificate. In one case of enamelled wire, though the exemption period expired on 26 May 1996, exemption was still allowed for the year 1997-98.

The matter was reported to the CCT and the Government (between August 1999 and August 2001); their reply has not been received (November 2002).

### **5.13 Non-recovery of Commercial Tax from closed units**

Under MPGST Act, 1958 and notifications issued thereunder an industrial unit availing exemption from payment of tax under Tax Exemption Scheme, 1986 shall keep such industrial unit in operation during the period of exemption and also for a further period of 5 years from the date of expiry of the exemption period. Violation of condition of the notification shall render the eligibility certificate liable for cancellation with consequent recovery of the amount of exemption availed by the unit.

(i) Test-check (between July 2000 and May 2001) at Regional Offices, Bilaspur and Raipur, in case of two dealers assessed (between July 1995 to February 1999) for the period 1992-93 to 1996-97 revealed that eligibility certificate and registration certificate of the industrial units availing exemption from payment of tax under Exemption Scheme 1986 for the period between 14 February 1992 to 13 February 1997 and 26 December 1991 to 25 December 1996 were cancelled in July 2000 and April 1997 respectively by the department due to violation of some conditions. The amount of exemption of Rs.1.63 crore availed by the industrial units was, however, not recovered.

On this being pointed out in audit, the department stated in the case of Raipur that the amount could not be recovered as eligibility certificate was not cancelled by the department. The reply is not tenable, as no steps were taken, either to get the eligibility certificate cancelled by the Industries department or to recover the same from the dealer.

The reply to another case has not been received (November 2002).

(ii) Test-check in March 1999 and May 2001 at Regional Office, Raipur and Circle Office, Korba in case of 2 dealers, assessed between May 1997 and June 2000 revealed that tax exemption aggregating Rs.3.15 crore granted to two new industrial units between June 1989 and October 1998 under Tax Exemption Scheme, 1986 was not recovered, although units were closed within five years (1994-95 and March 2001) from the date of expiry of the exemption period. This resulted in non-recovery/loss of revenue of Rs.3.15 crore.

The cases were reported to the CCT and the Government (between August 1999 and August 2001); their reply has not been received (November 2002).

#### **5.14 Under-assessment/non-levy of entry tax**

Under Madhya Pradesh *ke Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam*, 1976 (as adapted by Chhattisgarh State) entry tax shall be levied on entry of goods at prescribed rates if entry of goods into local area is made for sale, consumption or use of such goods as raw material or incidental goods or as packing materials or in the execution of works contract. Rate of entry tax on raw materials used in manufacture is one per cent while on pay loaders, entry tax is leviable at 10 per cent.

(i) Test-check (between April 2001 and May 2001) at two Regional Offices<sup>66</sup> and circle office, Korba in six cases of five dealers assessed between November and December 2000 for the period April 1996 to March 2000 revealed that entry tax was not levied on coal (used as raw materials), motor parts and pay loaders valued at Rs.3.05 crore which entered local area, resulting in non-levy of entry tax amounting to Rs.16.59 lakh.

On this being pointed out in audit, the assessing authority in three cases of coal and motor parts stated that action would be taken and in case of pay loader stated that these were not covered under motor vehicles. Reply is not tenable as these are covered under the same.

The matter was reported to the CCT and the Government (between May 2001 and January 2002); their reply has not been received (November 2002).

#### **5.15 Irregular grant of set off**

Under the provisions of MPGST Act, 1958 a registered dealer can claim set off at a rate equal to the difference between the tax at full rate and the tax at concessional rate provided raw material of incidental goods are consumed in the manufacturing of other goods. No set off is admissible, if a dealer does not pay tax on the purchase of raw material.

At Regional Office, Raipur in case of a dealer re-assessed for the period 1992-93 in October 2000, it was observed that set-off of Rs.1.85 lakh was incorrectly allowed on consumption of raw materials valued at Rs.27.89 lakh, purchased from new industrial unit which was exempted from payment of tax.

On this being pointed out in audit (March 2001), the Assessing Officer stated that set-off was allowed in view of decision<sup>67</sup> of Board of Revenue. Reply is not tenable in view of the fact that the above decision relates to the purchase of raw materials by new units availing exemption and not to other dealers. Moreover, section 8(a) of MPGST Act, 1958 read with Rule 20 of MPGST Rules, 1959, clearly indicate that a dealer who did not pay any tax is not

<sup>66</sup> Regional Office- Durg (2) and Raipur (2)

<sup>67</sup> Decision of Board of Revenue in the case of Unique Rolling Mills Raipur



entitled to set off. This view is confirmed by a decision<sup>68</sup> of Hon'ble High Court of Madhya Pradesh.

The matter was reported to the department and to the Government in May 2001; their reply has not been received (November 2002).

<sup>68</sup>

(i) *Panam Packers (P) Ltd., Vs. State of Madhya Pradesh & Others (2002)*  
35 VKN 9

(ii) *Decision of Supreme Court in the case of M/s Indore Iron and Steel Mills Private Ltd. Vs State of M.P. and others (1998 TLD Vol.2 P/163)*

## **Stamp duty and registration fees**

### **5.16 Loss of revenue due to under valuation**

The Indian Stamp Act, 1899 (Act 1899), as applicable to Chhattisgarh State requires the market value of the property to be specified in any deed for its conveyance. This value is the basis for determining the stamp duty and registration fees leviable. The Act empowers a sub-registrar to refer the documents to the collector for determination of market value of the property, if there are reasons to believe that market value of the property has not been truly set forth in the documents.

(i) Test-check (Between May 2001 and January 2002) of records of Sub-Registrars, Raipur revealed that 4 instruments registered between 01 November 1999 and 21 August 2000 were valued at Rs.39.11 crore whereas the market value of these instruments was Rs.48.45 crore at the time of execution. The sub-registrar did not refer these cases to the collector for determination of correct market value. This resulted in short realisation of stamp duty and registration fees by Rs.95.46 lakh.

(ii) Guidelines for market value are prepared every year by the sub-registrars to ascertain the value of the properties. The market value of pieces of agricultural land within or in the periphery of municipal areas was to be worked out at the rates prescribed in these guidelines during the period 1999-2000 and 2000-2001.

Test-check of the records of sub-registrars offices, Bilaspur, Korba and Raigarh revealed (September 2001 and January 2002) that incorrect rates were applied in 31 documents of sale deeds registered between April 1999 and March 2001. This resulted in under-assessment of market value of properties and consequential loss of revenue of Rs.26.81 lakh.

The matter was reported to the Inspector General of Registration and the Government (between March 2001 and May 2002); their reply has not been received (November 2002).

### **5.17 Short-levy of stamp duty and registration fee due to misclassification**

According to the Indian Stamp Act, 1899 and the Registration Act, 1908 (Act 1908), instruments are liable for payment of stamp duty and registration fee at the rates prescribed therein based on nature and the value of properties which is subject matter of the instruments.



In 7 sub-registrar offices<sup>69</sup> it was noticed (between April 2001 and January 2002) that 147 documents registered between April 1997 and March 2001 were misclassified<sup>70</sup> and attracted lower rate of duty. This resulted in short-levy of stamp duty and registration fee of Rs.49.79 lakh.

The matter was reported to the Inspector General of Registration and the Government (between June 2001 and April 2002); their reply has not been received (November 2002).

### 5.18 Incorrect/unauthorised remission of stamp duty

Government notifications (September 1978 and March 1982), exempted mortgage/hypothecation deeds for securing loans for agricultural purposes executed by (i) *bhoomiswami*/lease holders belonging to scheduled castes/scheduled tribes and (ii) other *bhoomiswami*/ lease holders holding land not exceeding ten hectares from payment of stamp duty. Departmental instructions (August 1989) require that the specific agricultural purpose should be mentioned in the deeds for seeking exemption. Further, mortgage deeds executed by or on behalf of primary housing co-operative societies registered or deemed to be registered under Madhya Pradesh Co-operative Societies Act, 1960 for taking loan from other institutions/societies for house construction purpose, were exempted from payment of stamp duty vide notification dated 24 October 1980.

(i) Test-check (between February and December 2001) of records of 6 sub-registrar offices<sup>71</sup> revealed that 180 mortgage deeds, in which specific purpose of loan was either not mentioned or the purpose was not agricultural and in one mortgage deed, executant of other category was holding land more than 10 hectares were incorrectly exempted from payment of stamp duty. This resulted in loss of revenue of Rs.16.39 lakh.

(ii) Test-check of records (May 2001) of sub-registrar, Raipur revealed that remission from payment of stamp duty was incorrectly granted in 41 mortgage deeds executed by various co-operative housing societies for securing loan for their members individually and not for societies themselves for construction of houses. This resulted in non-levy of stamp duty and registration fee of Rs.2.35 lakh.

The matter was reported to the Inspector General of Registration and the Government (between June 2001 and March 2002); their reply has not been received (November 2002).

<sup>69</sup> Ambikapur (Surguja), Bilaspur, Jashpuranagar, Manendragarh (Korea), RamanujGanj (Surguja), Raigarh and Raipur.

<sup>70</sup> (i) Instruments of gift as acknowledgement of family settlement, settlement agreement, release, partition and power of attorney (39) (ii) New instruments as correction/ cancellation (13), (iii) Instruments chargeable with duty of conveyance as instruments chargeable with fixed duty (13) and (iv) Agreement to sale with possession as without possession (7) etc.

<sup>71</sup> Ambikapur, Begicha (Jashpuranagar), Narainpur (Bastar), Ramanujganj (Surguja), Raipur and Shakti (Janjgir).



### **5.19 Loss of revenue in instruments executed by/in favour of Co-operative housing Societies**

According to the Indian Stamp Act, 1899, market value of any property with effect from 15 November 1997, shall be the value, which in the opinion of collector or the appellate authority as the case may be, it would have fetched if sold in the market. As per Government notification of 24 October 1980, instruments executed in favour of societies for acquisition of land for housing purposes were exempted from payment of stamp duty.

During test-check of records (between May 2001 and January 2002) of 2 Sub-Registrar Offices (Bilaspur and Raipur), loss of revenue aggregating Rs.5.90 lakh in instruments executed by/in favour of societies was noticed as detailed below:

(i) Land (0.65 acre) previously purchased by a society (May and June 1999) for housing purpose with benefit of exemption from payment of stamp duty and registration fee, was sold without mention of purpose to a member (February 2001) of the society. Since the purpose, for which land was sold to the member, was not mentioned in the instrument, the exemption granted on account of housing purposes was incorrect and resulted in short realisation of stamp duty and registration fee of Rs.1.58 lakh.

(ii) In 53 instruments executed after 15 November 1997 value of plots was determined at rates lower than prevailing market rates. Action was, however, not initiated under provisions of the Act resulting in loss of stamp duty and registration fee of Rs.4.32 lakh.

The matter was reported to the Inspector General of Registration and Government (between June 2001 and March 2002); their reply has not been received (November 2002).

### **5.20 Short-levy of stamp duty on lease deeds due to incorrect assessment of premium and rent**

According to the provisions of the Act, 1899 stamp duty on lease deeds is charged at the rate of 7.5 per cent of the amount of premium plus eight times of annual average rent reserved, where lease purports to be for a term of more than 30 years but less than 100 years. After amendment, effective from 1.8.2000 premium and rent were to be calculated at market value of the property. Registration fee is chargeable at three fourth of stamp duty.

Test-check of records of sub-registrars, Bilaspur and Raigarh revealed (December 2001 and January 2002) that stamp duty and registration fee of Rs.11.21 lakh as against Rs.15.83 lakh was assessed and recovered in 5 lease deeds registered between June 2000 and February 2002 due to incorrect assessment of premium and rent. This resulted in short-assessment/levy of stamp duty and registration fee of Rs.4.62 lakh.



The matter was brought to notice of the Inspector General of Registration and the Government (March and May 2002); their reply has not been received (November 2002).

### **5.21 Penalties not levied**

The Act, 1899 requires that facts affecting the chargeability of duty on any instrument such as consideration, if any, the market value of the property and all other facts and circumstances shall be fully and truly set forth therein. Any persons who, with the intent to defraud the government by disclosing lesser value of the property or provide insufficient details of property, shall be punishable with a fine not exceeding Rs.5000.

Test-check of records of 5 sub-registrars<sup>72</sup> (between December 2000 and December 2001) revealed that details in respect of agricultural land and building viz. irrigated/non-irrigated, quality of land, number of trees, location of land/plot and conditions, quality of construction of building, capital of partnership, amount of premium and rent, amount of loan, possession of property handed over or not etc. affecting the chargeability of instrument, were not fully set forth in 57 documents of gift, mortgage, lease, agreement to sell and partnership. Further, market value was not set forth in 33 documents of power of attorney. The maximum amount of fine leviable in 90 instruments aggregated Rs.4.5 lakh.

On this being pointed out in audit (between December 2000 and December 2001), Collector, Durg intimated (June 2002) that in 30 mortgage deeds orders for recovery of Rs.0.73 lakh have been passed, of which recovery of Rs.0.69 lakh was made. The action taken in the remaining cases has not been received (November 2002).

The matter was reported to the Inspector General of Registration and the Government (between February 2001 and May 2002); their reply has not been received (November 2002).

## OTHER TAX RECEIPTS

### 5.22 Short production of alcohol from molasses

Madhya Pradesh Distillery Rules, 1995 (Distillery Rules) (as adapted by Chhattisgarh State) require fermentation efficiency of molasses at a minimum of 84 percent to obtain yield of 91.8 proof litre alcohol from one quintal fermentable sugar. Any shortfall entails cancellation of licence and forfeiture of security deposit besides penalty leviable under the Act and Rules. Further, the Excise Commissioner may impose penalty at a rate not exceeding Rs.30 per proof litre in case there is a short recovery of alcohol under rules

#### (a) *Short production of alcohol as per departmental chemical analysis report*

Test-check of records of a<sup>73</sup> distillery of Durg district revealed (September 2001) that as against the production of 107.76 lakh proof litre of alcohol from 3.55 lakh quintal of molasses having 117394 quintal fermentable sugar as per departmental chemical analysis report, only 106.05 lakh proof litre alcohol was produced between January 2000 and January 2001. Thus, there was a shortfall of 1.71 lakh proof litres in production due to failure of distiller to maintain fermentation efficiency at 84 per cent minimum, for which maximum penalty of Rs.51.30 lakh could have been levied.

The matter was reported to the Excise Commissioner and the Government (April 2002); their reply has not been received (November 2002).

#### (b) *Production of alcohol not in consonance with sugar contents*

As per Rules, the Distillery Officer shall draw a number of samples of molasses at such intervals as may be prescribed by the Excise Commissioner from time to time and send to the departmental laboratory. On the basis of report furnished by departmental lab, the distillery officer shall calculate the minimum quantity of alcohol.

Test-check of records of a<sup>74</sup> distillery of Bilaspur District revealed (May 2001) that 72 out of 85 samples of molasses drawn by the department during January to October 2000 were sent to departmental laboratory after one to four months which resulted in reduction of sugar content from 41.36 per cent found in distillery reports to 35.97 per cent in departmental test reports. The distiller used 39030 quintal molasses during this period and produced 13.10 lakh proof litre alcohol against minimum yield of 14.08 lakh proof litre as per chemical

<sup>73</sup> M/s Kedia Castle Dello Ltd., Durg.

<sup>74</sup> M/s Welcome Distillery, Bilaspur.



analysis reports of the distillery. Short-fall in recovery of alcohol of 0.98 lakh proof litre involved loss of excise duty of Rs.23.52 lakh.

On this being pointed out in audit, the Assistant Excise Commissioner, Bilaspur stated (May 2001) that production of alcohol was more than the norms fixed under the Rules. The reply is not tenable as the corresponding output was reduced because of inordinate delay in sending the molasses to the departmental lab.

### **5.23 Non-maintenance of minimum stock of spirit at distillery**

According to Madhya Pradesh Distillery Rules, 1995, the licensee shall maintain prescribed minimum stock of spirit at the distillery. Excise Commissioner may impose a penalty not exceeding Rs.5 per proof litre on the quantity found short of the minimum prescribed stock.

Test-check of records of one distillery<sup>75</sup> in Durg district revealed (September 2001) that stock of spirit fell short of the minimum prescribed limit by 51.23 lakh proof litre on a number of occasions between April 2000 and August 2001. Penalty, amounting to Rs.2.56 crore was, however, not imposed.

On this being pointed out in audit, District Excise Officer stated (September 2001) that the cases were pending with Excise Commissioner for levy of penalty.

The matter was reported to the Excise Commissioner and the Government (between January and April 2002); their reply has not been received (November 2002).

### **5.24 Non recovery of expenditure incurred on State Government establishment**

Distillery Rules 1995 provide that if the expenditure incurred on the state government establishment at a distillery exceeds five per cent of the revenue earned on the issues of spirit therefrom by export fee or any other levy, the amount in excess of the aforesaid five per cent, shall be realised from the distiller.

Test check of records revealed (October 2001) that the expenditure on Government establishment of two distilleries<sup>76</sup> of Durg District was Rs.24.09 lakh and the revenue earned by government was Rs.17.24 lakh during 1999-2001. Thus, expenditure of Rs.23.23 lakh was incurred in excess of five per cent of Rs.17.24 lakh, which was not recovered.

The matter was reported to the Excise Commissioner and the Government (between January and April 2002); their reply has not been received. (November 2002).

<sup>75</sup> M/s Kedia Castle Delleon Industries Private Ltd., Kumhari (District Durg).

<sup>76</sup> 1. M/s Kedia Castle Delleon Kumhari 2. M/s Kedia Distillery Ltd. Bhilai

### **5.25 Inadmissible wastage of spirit**

The Rules allow wastage between 0.1 and 0.2 percent on account of leakage or evaporation of spirit transported from one distillery/ warehouse to another distillery/warehouse in the state or exported in tankers. In case of wastages beyond permissible limits or inadmissible under the Rules, the licensee is liable to pay penalty/duty at prescribed rates. However, no wastage is admissible due to breakage of filled bottles in transit from one warehouse to another.

Test-check of records of 4 District Excise Offices<sup>77</sup> revealed (between January 2000 and September 2001) that 17.40 lakh proof litres of rectified spirit was transferred from 3 distilleries to warehouses during the period from January 1998 to July 2001 and 16,415 proof litres of spirit was allowed as wastage against the admissible limit of 3144 proof litre. This resulted in excess allowance of 13271 proof litre of spirit for which penalty of Rs.3.98 lakh leviable was not levied. Further, wastage of 38919 proof litres in 31.36 lakh proof litres of country spirit in bottles transported on 821 permits from two warehouses<sup>78</sup> during September 2000 to December 2001 was inadmissible, on which duty of Rs.9.34 lakh was leviable. Thus, penalty and duty of Rs.13.32 lakh was not levied.

The matter was reported to the Excise Commissioner and the Government (April 2002); their reply has not been received (November 2002).

### **5.26 Non/short-recovery of vehicle tax and penalty**

According to the provisions of Madhya Pradesh *Motoryan Karadhan Adhiniyam*, 1991 (as adapted by Chhattisgarh State) and *Niyam* made thereunder, a tax shall be levied on every motor vehicle used or kept for use in the state. If the tax due has not been paid, the owner shall, in addition to the payment of tax, be liable to pay a penalty at the rate of one third of the unpaid amount of tax for the default of each month or part thereof but not exceeding twice the unpaid amount of tax. In case the owner fails to pay the tax or penalty or both, the taxation authority is required to issue a demand notice and recover the dues as arrears of land revenue.

Test-check (between December 2001 and January 2002) of records of Regional Transport Office (RTO), Raipur, Additional Regional Transport Offices (ARTOs), Durg and Rajnandgaon revealed that vehicle tax aggregating Rs.1.09 crore and penalty of Rs.2.17 crore was short/not levied on different types of vehicles viz. goods vehicles, omnibuses, reserve/private service vehicles etc.

<sup>77</sup> Bilaspur, Durg, Janjgir and Raigarh

<sup>78</sup> Bilaspur and Bhilai



The matter was reported to the Transport Commissioner and the Government (between February and May 2002); their reply has not been received (November 2002).

### **5.27 Short-realisation of tax due to non-application of revised rates**

The Government of Madhya Pradesh, Transport Department revised the rates of vehicle tax for spare buses with effect from 17 July, 2000 (as also applicable to Chhattisgarh).

Test-check of records of ARTO, Durg revealed (December 2001) that vehicle tax amounting to Rs.2.05 lakh in respect of 95 spare buses for the month of July and August 2000 was short-realised due to non-application of revised rates. Penalty amounting to Rs.4.10 lakh was also leviable on the same. This resulted in short realisation of tax of Rs.6.15 lakh including penalty.

The matter was reported to the Transport Commissioner and the Government (February/March 2002); their reply has not been received (November 2002).

### **5.28 Non-raising of demand of diversion rent and cess**

According to the provisions of Revenue Book Circulars, the Revenue Authority shall intimate the tahsildar concerned the demand for diversion<sup>79</sup> rent on land to incorporate in tahsil records. Besides, the Madhya Pradesh *Panchayat Adhiniyam*, 1981 (as adapted by Chhattisgarh State) provides that panchayat cess is leviable annually on every tenure holder and government lessee in respect of land held by him in the gram panchayat area at the rate of 50 paise per rupee of land revenue or rent (including diversion rent) assessed, in addition to land revenue or rent.

Test-check of records of Collectorate, Raipur revealed (May 2001) that the demand for diversion rent assessed during 1998-99 and 1999-2000 in 16 villages and cess leviable thereon was not communicated to concerned tahsils. This resulted in non-raising of demand of diversion rent and cess amounting to Rs.17.02 lakh.

The matter was reported to the Government/Head of the Department (October 2001); their reply has not been received (May 2002).

### **5.29 Non-levy of penalty on belated payment of compounded entertainment duty**

Act and Rules made thereunder provide that a proprietor of a cinema house shall be allowed to pay weekly instalment of compounded entertainment duty in advance before commencement of the week. If it is not paid in time, penalty at prescribed rates shall be leviable.

<sup>79</sup>

*Reassessed rent on agriculture land diverted for non-agriculture purpose.*

Test-check of records of entertainment duty in District, Durg. revealed (October 2001) that though the proprietors of 5 cinema houses did not pay weekly instalments of compounded entertainment duty during the period from April 1997 to March 2001 before commencement of the week, penalty of Rs.1.51 lakh was not levied.

The matter was reported to the Excise Commissioner and the Government between December 2001 and April 2002; their reply has not been received (November 2002).



## OTHER NON-TAX RECEIPTS

### 5.30 Non-levy of interest on belated payments of royalty

Under the Mineral Concession Rules, 1960 simple interest at twenty four per cent is leviable on any rent, royalty, fee or other sum due to the government from the sixtieth day of the expiry of the scheduled date for the payment, till payment of such royalty, rent, fee or other sum is actually made.

During test-check of records of the Mining Officer, Raipur it was noticed (March 2001) that a lessee delayed the payment of royalty of Rs.24 lakh due (between November 1996 to September 1997) and paid the same between December 1999 and January 2001. The Mining Officer did not levy the penalty of Rs.15.63 lakh.

The matter was reported to the Director, Geology and Mining and Government (April 2001); their reply has not been received (November 2002).

### 5.31 Failure to recover losses

As per terms and conditions of lease deed for collection of toll tax on bridges, the lessee is required to pay the instalments of lease money on the dates mentioned in the lease deed, failing which interest at the rate of 10 per cent per annum shall be charged.

In two Public Works (Building and Roads) Divisions<sup>80</sup> it was noticed (between August and October 2001) that 8 leases for collection of toll tax for the period between April 1997 and March 2001 were auctioned for an aggregate amount of Rs. 20.67 lakh, out of which the lessees paid Rs.11.07 lakh only towards instalments, leaving a balance of Rs.9.60 lakh unpaid. Interest amounting to Rs.1.68 lakh was leviable on belated payment of instalments as of March 2002 but not levied.

The matter was reported to the Engineer-in-Chief and the Government (between October 2001 and May 2002); their reply has not been received (November 2002).

### 5.32 Non/Short-recovery of licence fee of Government buildings

(a) As per Madhya Pradesh Works Department Manual, 1983 (as adapted by Chhattisgarh State) the licence fee of a government building, if let out to a private person, company, club, association, local body, other institution etc. shall be recovered in accordance with the prescribed rates or at market rate fixed by the collector, whichever is higher.

Test-check of records of three PW Divisions<sup>81</sup> revealed (between September and October 2001) that the licence fee of 8 government buildings let out to other Institutions/Bodies<sup>82</sup> was not levied at prescribed rates. This resulted in short/non-levy of licence fee of Rs.3.93 lakh for the period from April 1995 to September 2001.

(b) The Government of Madhya Pradesh vide orders of April 1992 as amplified further in July 1993 (as adapted by Chhatisgarh state) decided to regularise the allotment of shops in unauthorised possession of shop-keepers after execution of lease deed for a period of 10 years subject to payment of arrears and payment of rent at the rate of Rs.3 per sq. feet. In the event of non-compliance of these conditions the shops were to be got vacated or reallotted.

Test-check of records of PW (B&R) Division, North Bastar Jagdalpur revealed (October 2001) that in the cases of 19 shops which were leased out to shop-keepers temporarily for a period of one year between 1981 and 1985, neither the leases were renewed nor was any action taken to recover licence fee arrears, etc. This resulted in short/non-levy of revenue of Rs.19.54 lakh in the shape of licence fee, premium etc. for the period from April 1997 to March 2001.

The matter was reported to Engineer-in-Chief and the Government (between February and April 2002); their reply has not been received (November 2002).

### 5.33 Non-levy of betterment contribution

The Madhya Pradesh Irrigation Act, 1931 provides for levy and recovery of betterment contribution at the rate of Rs. 140 per acre, payable in lump sum or at the rate of Rs. 224 per acre payable in 20 annual instalments, from the beneficiaries of a new canal constructed after 1 April 1951. The contribution is recoverable from such date as would be notified by Government but not earlier than 3 years from the date of commencement of operation of the canal.

During test check of records of 8 Water Resources Divisions<sup>83</sup> (WRD) it was noticed (between June 2000 and October 2001) that 82 irrigation schemes were completed during the years 1975 and 1999. The betterment contribution leviable between the years 1987 and 2000 was not levied. This resulted in non-levy of betterment contribution of Rs.3.21 crore as on 31 March 2002.

On this being pointed out in audit, Executive Engineer, Rudri stated (June 2002) that subordinate officers had been directed to levy and recover betterment contribution. Action was in process or yet to be initiated in other Divisions.

<sup>81</sup> Jashpur Nagar, Manendragarh and Raigarh.

<sup>82</sup> Door Darshan Kendra, Post Office, Clubs (Raigarh), State Bank of India branch, Janakpur (Manendragarh), Door Darshan Kendra (Jashpur Nagar).

<sup>83</sup> W.R.D., Ambikapur, Baikunthpur (Korba), Gariaband (Raipur), Jagdalpur (Bastar), Kasdol (Raipur), Raigarh, Tandula (Durg) and Mahanadi Water Reservoir Project, Barrage Department, Division No.2 Rudri.



The matter was reported to the Engineer-in-Chief and the Government (May 2002 and November 2002); their reply has not been received (November 2002).

#### **5.34 Non-levy of licence fee on Government Buildings**

According to government clarification (November 1985 and January 1988) read with provisions of M.P. Works Department Manual 1983 (as adapted by Chhattisgarh State) the licence fee of a government building, if let out to a private person, company, club, association, local body, other institution etc. shall be recovered in accordance with the prescribed rates or at the market rate fixed by the Collector, whichever is higher.

Test check of records of the Executive Engineer, Hasdeo Barrage, Water Management Division, Rampur, Korba revealed (November 2001) that 3 government buildings were let out to non-Government Educational Institutions between August 1983 and March 1997. Licence fee had not been fixed and levied for the period April 1995 to September 2001 resulting in loss of revenue of Rs.10.77 lakh.

The matter was reported to the Engineer-in-Chief and the Government (between February and May 2002); their reply has not been received (November 2002).

#### **5.35 Short/Non-levy of licence fee and premium**

The Government of Madhya Pradesh vide orders of April 1992 as amplified further in July 1993 (as adapted by Chhattisgarh State), decided to regularise allotment of shops unauthorisedly occupied by private shopkeepers after execution of lease deed for a period of 10 years subject to the condition that they deposit outstanding rent, non refundable premium and 4 months' advance rent to be adjusted/ refunded on vacation. Besides rent was recoverable at the rate of Rs.3 per sq.feet.

Test-check of records of Hasdeo Barrage, Right Bank canal, Water Management Division, Rampur, Korba revealed (October 2001) that 8 shops in occupation of shop keepers since 1964-65, were re-auctioned in 1971 but details of their auction and allotment were not on record. Since then, no action was taken to re-allot and recover the licence fee and premium of these shops as prescribed by the government (April 1992). This resulted in short levy/non-recovery aggregating Rs.9.10 lakh, of licence fee, premium and advance licence fee for the period from April 1995 to September 2001.

The matter was reported to the Engineer-in-Chief and the Government (between February, May 2002 and November 2002); their reply has not been received (November 2002).

### **5.36 Non-levy of water charges and cess**

As per government notification (March 1983) effective from 1 April 1983 (as applicable in Chhattisgarh State), cess at the rate of Rs.10 per acre in addition to water charges at Rs.81 per acre for paddy is recoverable from permanent land holders benefited by irrigation canal.

Test check of records of Water Resources Division, Raigarh revealed (October 2001) that water charges and cess were not levied on 7733.57 acres of land irrigated through Mand Irrigation Project during the year 2000-2001. This resulted in non-realisation of revenue of Rs.7.04 lakh. Further, the records of land irrigated and levy and recovery of water rates and cess thereon were not maintained for the years 1998-1999 and 1999-2000.

The matter was reported to the Engineer-in-Chief and the Government (between January and May 2002); their reply has not been received (November 2002).

### **5.37 Non-levy of interest on belated refund of loan**

The Food and Civil Supplies Department grant loans to various District Central Co-operative Banks for storage and distribution of food grains in inaccessible areas to be refunded by 31 October of the same year. In case of default, interest at the rate of 18 per cent is leviable.

Test-check of records of two Food Offices<sup>84</sup>, revealed (July and October 2001) that loans aggregating Rs.4.03 crore were paid to the District Central Co-operative Bank, Raigarh and Jagdalpur between May 1996 and July 2000 for procurement and storage of food grains in inaccessible areas. Re-payment of these loans by the banks was delayed upto 151 days each year and interest amounting to Rs.19.95 lakh on it was not levied and recovered.

The matter was reported to the Director, Food and Civil Supplies Department and Government in September 2001 and May 2002; their reply has not been received (November 2002).

### **5.38 Non-recovery of licence fee from fertilizer dealers**

Under provisions of Fertilizer (Control) Order, 1995 (as applicable to Chhattisgarh State) Government prescribed fee of Rs.1,000 for issue of license/renewal of license for retail sale of fertilizers. Fee for renewal was further revised (April 1999) to Rs.1,250.

Test check (July and August 2001) of records of two Deputy Directors<sup>85</sup>, Agriculture revealed that 362 co-operative societies were dealing in retail sale

<sup>84</sup>

*Food Officer, Raigarh and Food Controller, Jagdalpur.*

<sup>85</sup>

*Raigarh and Raipur.*



of fertilizers without obtaining licenses thereof during the period 1995-96 to 2001-02. This resulted in loss of revenue of Rs.8.14 lakh.

The matter was reported to the Director of Agriculture and the Government (September 2001 and January 2002); their reply has not been received (November 2002).

## Forest Receipts

### 5.39 Loss due to low yield of Bamboo

Department prescribed (January 1984) that no variation between estimated and actual yield of bamboo is to be allowed. The estimated quantity of bamboo from the coupe is determined by survey by drawing a sample plot. The reasons for short fall in production due to variation in actual and estimated yield of bamboo are, therefore, required to be investigated and action taken accordingly.

(a) Test-check of records of Divisional Forest Officers (DFO) (General), Kawardha and (Production), Khairagarh revealed (January 2001 and April 2001) that only 309 Notional Tonnes<sup>86</sup> (NT) of commercial bamboo and 1178 NT of industrial bamboo were extracted against estimated yield of 1399 NT and 3376 NT respectively during 1998-99 and 1999-2000. This resulted in a loss of Rs.43.51 lakh.

On this being pointed out in audit, the DFO Kawardha stated (January 2001) that Range Officer, Taregaon adopted improper sample plotting, with the result the estimated production was worked out incorrectly and in some cases bamboo clumps were destroyed due to flowering which also resulted in low production.

The reply of the DFO Kawardha is not tenable as the estimation was done by drawing sample plot from the same coupe after considering all the factors.

The matter was reported to the Principal Chief Conservator of Forests (PCCF) Chhattisgarh and the Government (February 2002 and May 2002), their reply has not been received (November 2002).

(b) Test-check of records of DFO (General) Narayanpur revealed (February 2001) that in 6 coupes, the actual yield of bamboo was 2221 NT (Commercial 667 NT; Industrial 1554 NT) against the estimated yield of 2700 NT (Commercial 1779 NT; Industrial 921 NT). Less production of commercial bamboos by 1112 N.T. resulted in loss of revenue of Rs.46.10 lakh after adjustment of sale price of excess production of industrial bamboos (633 NT).

On this being pointed out in audit, the DFO stated (February 2001) that the variation was due to geographical surroundings and unapproachable areas and possible omission in selection of sample plot. Further the bamboo was extracted only from silvi-cultural point of view as commercial extraction would have adverse effect on bamboo forests.

The reply is not tenable as the coupes were part of regular felling series and estimation was done by skilled and trained staff.

The matter was reported to the PCCF and the Government in February 2002 and May 2002; their reply has not been received (November 2002)

#### **5.40 Loss of revenue due to classification of timber logs as poles**

The PCCF allowed (August 1984) shrinkage in timber in coupes by 2 cms in girth and up to 9 cms in length. No further shrinkage was to be allowed at depot at the time of re-measurement. As such a timber log once categorised as log in coupe can not be re-categorised as pole in depot after re-measurement.

Test-check of records of DFO, Rajnandgaon (April 2000) revealed that 67590 timber logs measuring 6868 cu m were sent from 12 coupes to sale depots during 1998-99. Of these, 12808 timber logs measuring 628 cu m of timber were re-categorised as poles after re-measurement in depots. This resulted in loss of revenue to the extent of Rs.43.87 lakh at the prevailing average sale rate for timber logs.

On this being pointed out in audit, the DFO stated (April 2000) that measurements in coupes were not taken properly. He further added that classification of timber was done in accordance with departmental instructions (October 1997). The reply is not tenable as departmental instructions did not permit any allowance for shrinkage/ driage in depots and there should be no difference between measurements taken in coupes and those in depots.

The matter was reported to the PCCF and the Government in February 2002 and May 2002; their reply has not been received (November 2002).

#### **5.41 Unauthorised use of forest produce for departmental work**

The forest produce used in departmental works should be based on the estimates prepared by the division and covered by the sanction of the competent authority. The cost of such produce is to be remitted into government account before utilising the produce in work.

A test-check of records of DFO (East) Raipur and DFO (General) Raipur revealed (between April 2000 and May 2001) that 45349 bamboos, 17970 poles, 3440 fencing post and 210 quintal fuel wood valued at Rs.18.53 lakh were used for departmental works between 1996-97 and 2000-2001 without depositing cost of these produce in government account and also without any sanction of estimates of the concerned works.



On this being pointed out in audit (between April 2000 and May 2001) the DFO agreed to deposit the value of forest produce after scrutiny. Further report is awaited.

The matter was reported to the PCCF and the Government (April 2002 and May 2002); their reply has not been received (November 2002).

#### **5.42 Shortage of forest produce in depots**

According to the Madhya Pradesh Forest Financial Rules, the stock of coupes/depots must physically be verified periodically. Departmental instructions (November 1993) provide for conducting physical verification of each depot/coupe latest by the end of July/August each year. Discrepancies and shortages, if any, found at the time of verification should be investigated promptly and suitable action taken. Further, all shortages & losses should promptly be reported to the higher authorities and to the Accountant General. Final loss report should be submitted within six months from the date of detection of loss.

Test-check of records of Raigarh (Territorial) and Raipur (General) Forest Divisions revealed (January 2000 and May 2001) that 4695 poles, 297 fuel stacks, 6752.62 quintals fuel wood and 8746 Commercial bamboos valued at Rs.14.50 lakh were found short during physical verification of 22 depots carried out between February 1997 and September 2000. But neither action to investigate the shortage was taken nor was the matter reported to the government and the Accountant General.

The matter was reported to the PCCF and the Government in March/April 2002; their reply has not been received (November 2002).





# **CHAPTER-VI**

## **FINANCIAL ASSISTANCE TO AUTHORITIES AND BODIES**





## CHAPTER-VI : AUDIT PARAGRAPHS

### Housing and Environment Department

#### 6.1 Blocking of capital on construction of houses/shops

**22 houses and 24 shops constructed by M.P. Housing Board at Durg remained unsold resulting in blocking of capital worth Rs. 1.56 crore.**

Madhya Pradesh Housing Board (MPHB) constructs houses and shops, Shopping Complexes and sells them under Hire Purchase Scheme or by public auction. MPHB Durg constructed 22<sup>87</sup> houses costing Rs.68.71 lakh and 24<sup>88</sup> shops costing Rs.87.72 lakh which were completed during 1986-99 and were lying unsold as on December 2002. This resulted in blocking of Board's capital worth Rs. 1.56 crore. 3<sup>89</sup> out of 22 houses costing Rs. 5.11 lakh were lying vacant since their construction and their present value is significantly lower.

The Estate Manager Housing & Urban Development Authority, Durg (January 2003) was unable to explain the reasons for these houses/shops lying unsold. The Board was supposed to take up construction of the houses/shops only after assessing the demand which was not ensured.

The matter was referred (October 2001 and February 2002) to the Government and Commissioner Madhya Pradesh Housing Board; their reply is awaited (February 2003).

#### 6.2 Non recovery of extra cost from contractors

**Effective steps not taken for recovery of Rs.20.10 lakh from contractors**

For execution of various works Madhya Pradesh Housing Board (MPHB) entered into contracts which invariably provided that if any work is left incomplete by the contractor, MPHB shall arrange the completion of residual work through another contractor or agency and any extra cost incurred for completion of work would be recoverable from the defaulting contractor.

<sup>87</sup> 5 Higher Income Group (HIG) Rs.15.31 lakh, 16 Middle Income Group (MIG) Rs.52.15 lakh, 1 Economically Weaker Section (EWS) Rs.1.25 lakh.

<sup>88</sup> 4 at Padmanabhpur Rs.18.18 lakh, 3 at Malviya Nagar Rs.11.81 lakh, 17 at Bus stand Durg Rs.57.73 lakh.

<sup>89</sup> 2 HIG Rs.4.09 lakh at Borsi one constructed in 1988 and another in 1990, 1 MIG Rs.1.02 lakh at Padmanabhpur Durg constructed in 1986.

Test check (April 2002) of the records of the Office of the Estate Manager, MPHB, Bilaspur Division revealed that 13 works left incomplete by contractors were rescinded during the period 1979-94 and got completed between February 1985 and April 1996 from other agencies by incurring extra expenditure of Rs.22.40 lakh. This extra expenditure was to be recovered from the original contractors but recovery of only Rs.1.30 lakh was made and Rs.20.10 lakh remained unrecovered (January 2003).

Estate Manager (January 2003) stated that action for recovery was being taken. The reply was not tenable as due to passage of time recovery would not be possible.

The matter was referred to Government (May 2002); reply had not been received (February 2003).



**CHAPTER-VII**  
**GOVERNMENT COMMERCIAL  
AND TRADING ACTIVITIES**





## CHAPTER-VII

### GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

#### 7.1 General

This chapter deals with the results of audit of Government companies and Statutory corporation. Para 1 gives a general view of Government companies and Statutory corporation and paragraph 2 deals with the miscellaneous topics of interest

#### 7.1.1 Overview of Government companies and Statutory corporations

##### 7.1.1.1 Introduction

Consequent on enactment of Madhya Pradesh Reorganisation Act 2000, the Madhya Pradesh State was bifurcated and Chhattisgarh State was formed on 1 November 2000. Three companies<sup>90</sup> and one Statutory<sup>91</sup> corporation were bifurcated on reorganisation of MP State and transferred to Chhattisgarh State. The process of distribution of assets and liabilities of these companies and the corporation was not complete (December 2002). The Chhattisgarh State also set up two<sup>92</sup> new companies. One company viz. AKVN<sup>93</sup> (Raipur) Limited, existing in Chhattisgarh was renamed after fresh incorporation in April 2001 as Chhattisgarh State Industrial Development Corporation Limited.

The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG), as per provisions of Section 619(2) of Companies Act, 1956. These accounts are also subject to supplementary audit, conducted by the CAG as per provisions of Section 619(4) of the Companies Act, 1956. The audit of Chhattisgarh State Electricity Board is conducted by Comptroller & Auditor General of India under Section 69 (2) of the State Electricity (Supply) Act 1948.

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<sup>90</sup> Chhattisgarh Rajya Van Vikas Nigam Limited, Chhattisgarh Mineral Development Corporation Limited and Chhattisgarh State Supplies Corporation Limited.

<sup>91</sup> Chhattisgarh State Electricity Board.

<sup>92</sup> Chhattisgarh State Beverage Corporation Limited and Chhattisgarh Infrastructure Development Corporation Limited.

<sup>93</sup> Audyogik Kendra Vikas Nigam Limited.

The details of all the Government companies and Statutory corporation are furnished in *Appendix XXII, XXIII and XXIV*.

### 7.1.2 Working Public Sector Undertakings (PSUs)

#### 7.1.2.1 Investment in working PSUs

The total investment in seven working PSUs (six Government companies and one Statutory corporation) at the end of March 2002 was as follows:

*(Rupees in crore)*

Year	Number of working PSUs	Investment in working PSUs			
		Equity	Share application money	Loans	Total
2001-02	7 <sup>94</sup>	3.40	1.00	1.00	5.40

An analysis of investment in PSUs is given in the following paragraphs.

The investment (equity and long term loans) in various sectors and percentages thereof at the end of March 2002 are indicated in the following pie chart:

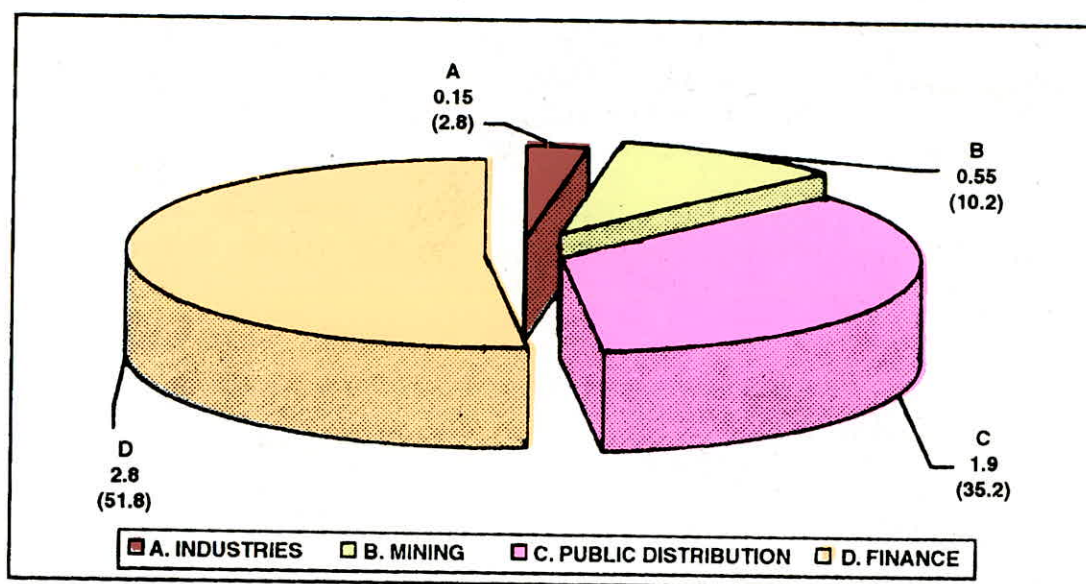
<sup>94</sup>

Information regarding investment in Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Electricity Board is not available due to non apportionment of assets and liabilities of the successor companies /corporation



**Sector-wise investment in working Government companies and Statutory corporation as on 31 March 2002**

(Figures within bracket indicate percentages of investment)  
(Rupees in crore)



**7.1.2.2 Working Government companies**

Total investment in six working Government companies at the end of March 2002 was as follows:

Year	Number of working Government companies	(Rupees in crore)			
		Investment in working PSUs			
		Equity	Share application money	Loans	Total
2001-02	6 <sup>95</sup>	3.40	1.00	1.00	5.40

The summarised position of Government investment in working Government companies in the form of equity and loans is detailed in **Appendix XXII**.

As on 31 March 2002 the total investment in working Government companies comprised 81 per cent in equity capital and 19 per cent in loans.

### 7.1.2.3 Working Statutory corporation

The total investment in one working Statutory corporation i.e. Chhattisgarh State Electricity Board is not available at the end of March 2002 due to non-apportionment of assets and liabilities between MPSEB and CSEB.

### 7.1.2.4 Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government in respect of working Government companies and one working Statutory corporation are given in *Appendix XXII and XXIV*.

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to four working Government companies for the year 2001-02 are as follows:

*(Amount: Rupees in crore)*

	Number	Amount
Equity capital outgo from budget	3	2.45
Loans given from budget	1	1.00
Other grants/subsidy	2	10.36
Total outgo	4 <sup>96</sup>	13.81

### 7.1.2.5 Finalisation of accounts by working PSUs

The accounts of the Government companies for every financial year are required to be finalised within six months from the end of relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956, read with section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

As per Section 210 (4) of Companies Act, 1956, the accounts of a company are to be laid in the first annual general meeting of the Company within 18 months from the date of incorporation. The accounts of three Government companies were not due for finalisation. The accounts of Statutory corporation for 2001-02 were in arrears.



### 7.1.3 Response to draft paragraphs

Draft paragraphs on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned semi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. However, two draft paragraphs forwarded to the respective departments during April to September 2002, as detailed in *Appendix XXV*, have not been replied to so far (December 2002).

It is recommended that the Government should ensure : (a) procedure exists for action against officials who fail to send replies to draft paragraphs as per the prescribed time schedule, (b) action to recover loss is taken in a time bound schedule and (c) the system of responding to the audit observations is revamped.

### 7.1.4 Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

Committee on Public Undertakings (COPU) of the Chhattisgarh State was formed on 17 April 2001 comprising nine members including chairman. As there was no Audit Report pertaining to Chhattisgarh State, the COPU plans to take up for discussion those reviews/paragraphs relating to the new State which stood included in Audit Reports for 1999-2000 and 2000-01 of composite Madhya Pradesh State.

The status of Audit Reports (Commercial) and paragraphs pending for discussion in the COPU at the end of October 2002 is shown below :

Audit Report for the year	Number of paragraphs featured in the Audit Report	Number of paragraphs pending for discussion
	Paragraphs	Paragraphs
1999-2000	5 <sup>97</sup>	5
2000-2001	7 <sup>98</sup>	7

<sup>97</sup>

Pertains to 2 reviews.

<sup>98</sup>

Pertains to 1 review

## PARAGRAPHS

### **Chhattisgarh Infrastructure Development Corporation Limited (Government Company)**

#### **7.2 Infertuous payment of retainership fee**

##### **Payment of fees to consultancy firm without getting any services resulted in infertuous expenditure of Rs.15.02 lakh**

Chhattisgarh Infrastructure Development Corporation Limited (Company) Raipur, appointed (September 2001) consultancy firm<sup>99</sup> on a retainership fee of

Rs.2.90 lakh per month to represent the Company's interest in infrastructure opportunities in New Delhi, Mumbai and Bangalore to do away with opening of branches. The terms of reference (TOR) of the firm were to provide services in liaison, promotion, facilitation and, if required, corporate and project advisory and capital raising services.

**Payment of  
Rs.15.02 lakh to  
consultant without  
getting any services  
proved infertuous**

It was observed that there were shortcomings in the firm's performance from September to November 2001. The Company informed (January 2002) the firm that it would not be appropriate to make full payment for that period. As their performance did not improve, the Company's Board was informed (March 2002 and May 2002) that the consultant's offices at Mumbai and Bangalore were practically not doing any work and it was proposed to discontinue their services in these two cities. The Board, however, decided (May 2002) to continue consultancy contract for services in Mumbai and Bangalore cities up to May 2002 and thereafter pay proportionate retainership fee for Delhi office only up to August 2002, which resulted in an undue benefit of Rs.15.02 lakh to the consultancy firm.

Management replied (June 2002) that the payments were made as per the terms of contract.

The reply is not tenable as the Company was fully aware of the non-performance of the consultancy firm in Mumbai and Bangalore in January 2002 itself. Though, no service was rendered in these cities from September 2001, yet the Company failed to deduct proportionate retainership fees for

<sup>99</sup>

*R.R. Financial Consultants Limited.*



these two regions while making payment. Instead, it decided to continue consultancy services in the regions (including these two) upto May 2002. This resulted in infructuous payment of fees of Rs.15.02 lakh.

The matter was reported to Government (September 2002); their reply had not been received (December 2002).

### **Chhattisgarh State Electricity Board (Statutory Corporation)**

#### **7.3 Failure to impose penalty**

##### **Non deduction of penalty from contractor tantamount to undue benefit to the contractor**

In October 1995, the Board placed an order for supply, fabrication and erection of structural steel for Power House Building (unit 3 & 4) on M/s. Bharat Industrial Works, Bhilai at a total contract value of Rs.19.85 crore scheduled to be completed within a period of 20 months. As the site was handed over in November 1995 as such the work was scheduled to be completed in July 1997.

After a delay of about one and half year, the work was actually completed in January 1999. The extension of time for the period from July 1997 to January 1999 was, however, yet to be approved by the Board (July 2002).

Under the contract the penalty at the rate of 5 per cent of the value of work, remaining incomplete on the due date or 2.5 per cent of the estimated value of work whichever was higher was to be imposed and deducted from the R.A. Bills (from 67<sup>th</sup> to 79<sup>th</sup> Running Account Bills). The amount of penalty works out to Rs.27.83 lakh which was not deducted.

It was observed that Board had paid escalation of Rs.3.43 crore for this period to the contractor, whereas, the escalation was payable only after approval of time extension by the Board. Hence the payment of price escalation amounting to Rs.3.43 crore for the above period pending approval of time extension by the Board was unwarranted. The non deduction of penalty of Rs.27.83 lakh and the payment of escalation of Rs.3.43 crore pending approval of time extension by the Board was thus irregular and tantamount to undue favour to the contractor.

**Undue favour to the contractor due to non-imposition of penalty on a defaulter contractor.**

The matter was reported to the Government/Board (April 2002); their replies had not been received (December 2002).

RAIPUR

The

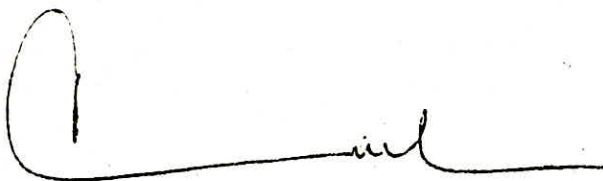
16 JAN 2004



(PREMANDINARAJ)

Accountant General, Chhattisgarh

*Countersigned*



New Delhi

The

27 JAN 2004

(VIJAYENDRA N. KAUL)

Comptroller and Auditor General of India



## APPENDICES





## APPENDIX-I

*(Referred to in paragraph 1.1, page 1)*

### Statement showing definition of terms used in Chapter I Part A : Government Accounts

- I. Structure :** The accounts of the State Government are kept in three Parts, (i) Consolidated Fund, (ii) Contingency Fund, and (iii) Public Account.

#### **Part I: Consolidated Fund**

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

#### **Part II: Contingency Fund**

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.40 crore.

#### **Part III: Public Account**

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

### **II. Form of Annual Accounts**

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

**APPENDIX-I (Continued)**

(Referred to in paragraph 1.11, page 1)

**Part B. List of indices/ratios and basis for their calculation**

Indices/ratios		Basis for calculation
<b>Sustainability</b>		
-Balance from the current revenues (BCR)		Revenue Receipts minus all Plan grants (under Major Head 1601- 02,03,04 )and Non-Plan revenue expenditure and MH 2048
-Primary Deficit		(Appropriation for reduction or avoidance of debt)
-Interest Ratio		Fiscal Deficit minus Interest Payment.
Capital Outlay Vs Capital receipts	Capital Outlay	<u>Interest payments-Interest receipts</u>
	Capital receipts	Total revenue receipts-Interest receipts Capital expenditure as per Statement No.2 of the Finance Accounts
		Internal Loans (net of ways and means advances) + Net receipts from small savings, PF etc. + Repayments received of loans advanced by the State Government -- Loans advanced by the State Government.
-Total tax receipts Vs GSDP		Exhibit V
-State tax receipts Vs GSDP		Exhibit V
<b>Flexibility</b>		
-Balance from current revenues		As above
-Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major Heads 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
	Capital Borrowings	Addition under Major Heads 6003 & 6004 minus addition on account of Ways & Means Advances/Overdraft under both the major heads
-Total Tax Receipts Vs GSDP	State Tax Receipts	Exhibit V
	Total Tax Receipts	Statement No.1 of Finance Accounts
-Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No.4 of the Finance Accounts) Exhibit V
<b>Vulnerability</b>		
-Revenue Deficit		Revenue expenditure minus Revenue receipts.
-Fiscal Deficit		Total expenditure minus revenue receipts and non-debt public receipts. Paragraph No 1.9.6 of the Audit Report
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees	Exhibit IV
	Revenue Receipts	Exhibit II
Assets Vs Liabilities	Assets and Liabilities	Exhibit I



**APPENDIX-IA**  
(Reference: paragraph 1.1, page 1)

**Statement showing apportionment of assets and liabilities of the erstwhile composite State of  
Madhya Pradesh as of 31 March 2002 between successor States of  
Madhya Pradesh and Chhattisgarh**

(Rupees in crore)

Items	Balance as on 31 October 2000	Apportioned to		Balance retained in MP accounts pending apportionment	Reference to Finance Accounts Statements No.
		Madhya Pradesh	Chhattisgarh		
(1)	(2)	(3)	(4)	(5)	(6)
<i>I- Liabilities-</i>					
1. Internal Debt	7628.95	5766.01 <sup>(a)</sup>	1862.94 <sup>(a)</sup>	--	4 and 17
2. Loans and Advances from Central Government	10606.50	7783.25 <sup>(a)</sup>	2823.25 <sup>(a)</sup>	--	4 and 17
3. Contingency Fund	26.61	26.61	--	--	16
4. Small savings, provident funds, etc.	7371.51	4840.27 <sup>(b)</sup>	974.52 <sup>(b)</sup>	1556.72 <sup>(b)</sup>	4, 16 and 17
5. Deposits	1872.19	1325.09	288.60	258.50 <sup>(b)</sup>	4 and 16
6. Reserve Funds	657.94 <sup>(c)</sup>	45.49	11.55	102.46 <sup>(d)</sup>	4 and 16
7. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19 <sup>(e)</sup>	16
<i>II- Assets-</i>					
1. Gross Capital Outlay	15760.57	4941.77	1484.59	9334.21 <sup>(e)</sup>	2 and 13
2. Loans and Advances	2883.18	555.95	135.91	2191.32 <sup>(f)</sup>	5 and 18
3. Advances	13.88	12.25	1.63	--	16
4. Remittance balance	665.60	512.72	152.88	--	16
5. Cash balance	-29.75	22.29	-52.04	--	7
<i>III- Contingent Liabilities-</i>					
Guarantees	9709.60	--	--	9657.38 <sup>(g)</sup>	6

N.B.: For further details, see Finance Accounts. (Year 2000-01)

<sup>(a)</sup> Apportioned vide Government of India, Ministry of Finance, Department of Economic Affairs (Budget Division) order F. No. 9(2)B(S)/2002 dated 25 June 2002; includes Ways and Means Advances and Overdraft apportioned by Reserve Bank of India.

<sup>(b)</sup> To be reviewed after receipt of details of final allocation of employees to the two successor States.

<sup>(c)</sup> Dropped Rs.498.44 crore out of total of Rs.657.94 crore, in terms of second proviso to Section 42(1) of MP Re-organisation Act, 2000.

<sup>(d)</sup> Retained in MP pending decision of GOI.

<sup>(e)</sup> Retained in MP for want of details.

<sup>(f)</sup> Retained in MP due to non-receipt of decisions/details from successor States.

<sup>(g)</sup> Differs from the figures in column (2) by Rs.52.22 crore due to cancellation of guarantees to that extent during 2001-02.

## APPENDIX-II

(Referred to in Exhibit-V page 18)

### Working Sheet for Indicators of Financial Performance of Government of Chhattisgarh)

(Rupees in crore)

Sl. No.	Particulars	2000-01	2001-02
1.	a Revenue Receipts	1883	4376
	b Less Plan Grants (MH 02, 03, 04, 05)	226	303
	c Less Non Plan Revenue Expenditure	1314	3928
	d MH 2048 Appropriation for Reduction or avoidance of debt	-	40
	e Net Balance from Current Revenue (BCR)	343	105
	[a-(b+c+d)]		
2.	a Interest Receipts (0049)	03	49
	b Interest Payment (2049)	286	731
	c Net Interest Payment (b-a)	283	682
	d Revenue Receipts-Interest Receipts	1880	4327
	e Interest Ratio (2c÷2d)	0.15	0.16
3.	Capital Outlay (Capital Expenditure)	221	476
4.	Capital Receipts		
	a Addition under 6003 (Internal Debt Minus Ways and Means Advances)	206	654
	b Addition under 6004 (Loans from Central Government)	142	341
	c Net receipts under small savings, PF, etc.	50	85
	d Net Addition of Loan and Advances	(-) 02	(-) 46
	e Miscellaneous Capital Receipts (4000)	-	-
	f Total (a+b+c+d+e)	396	1034
5.	Capital outlay/Capital Receipts (3÷4)	0.558	0.46
6.	Gross State Domestic Products (GSDP)	10782	30265
7.	Total Tax Receipts (State tax+States share of Union taxes)	1260	3169
8.	Total Tax Receipts/GSDP	0.12	0.10
9.	State Tax Receipts (Tax Revenue –Income Tax)	750	1993
10.	State Tax Receipts/GSDP (9÷6))	0.07	0.07
11.	Total Investment	(-) 02	15
12.	Return on investment (per cent)	NIL	33
13.	Ratio of return on investment	NIL	0.3
14.	Capital Repayment		
	a Disbursement under 6003 (Internal Debt minus ways and means advances)	19	45
	b 6004 (Loans and Advance from Central Government)	62	139
	c Total (a+b)	81	184
15.	Capital borrowings (6003 + 6004)	348	995
16.	Capital repayment/capital borrowing	0.23	0.18
17.	Debt	--	7463
	i Borrowing at the end of the year (Receipt)	4844	5655
	ii Other obligations at the end of the year (Receipt)	1411	1808
	iii Total (i)+(ii)	6255	7463
18.	Debt/GSDP (17 (iii) ÷ 6)	0.58	0.25
19.	Revenue Deficit	(-) 273	569
20.	Fiscal Deficit (Rev.Exp+Cap.Exp+Net Loans and Advance+ Inter State Settlement ) – (Rev. Receipts+Misc.Capital Receipts + Inter State Settlement)	(-) 50	1117
21.	Primary Deficit (Fiscal Deficit-Interest payment (20-2b)	236	386
22.	PD/FD (21÷20)	(-) 4.72	0.34
23.	RD/FD (19÷20)	(-) 0.05	0.50
24.	Outstanding Guarantees + Interest	-	466
25.	Outstanding Guarantees/Rev. Receipts	-	0.11
26.	Assets	2231	2842
27.	Liabilities	6202	7421
28.	Assets/Liabilities (26÷27)	0.36	0.38



## APPENDIX-III

(Referred to in Paragraph 2.3.3 at page 25)

## Cases where supplementary provision proved unnecessary

(Rupees in crore)

Sl. No.	Number and Description of Grant/Appropriation	Original Grant/Appropriation	Supplementary Grant/Appropriation	Actual Expenditure	Savings
1.	2.	3.	4.	5.	6.
(A)	<b>Revenue-Voted</b>				
1.	01-General Administration	31.85	4.71	23.95	12.61
2.	03-Police	289.01	0.10	244.63	44.48
3.	04-Other Expenditure Pertaining to Home Department	2.36	0.01	1.07	1.30
4.	05-Jail	18.91	0.25	16.59	2.57
5.	08-Land Revenue and District Administration	104.32	0.81	77.17	27.96
6.	10-Forest	249.07	9.75	233.83	24.99
7.	12-Expenditure Pertaining to Energy Department	79.19	8.61	73.44	14.36
8.	15-Financial Assistance to three Tier Panchayatiraj Institutions under Special Component Plan for Scheduled Castes	21.41	5.18	19.37	7.22
9.	18-Labour	7.64	0.71	6.35	2.00
10.	19-Public Health and Family Welfare	183.79	4.96	158.75	30.00
11.	25-Expenditure Pertaining to Mineral Resources Department	6.42	0.34	6.00	0.76
12.	27-School Education	739.85	54.36	537.06	257.15
13.	29-Administration of Justice and Elections	30.73	2.66	18.71	14.68
14.	31-Expenditure pertaining to Planning Economics and Statistics Department	5.73	0.29	4.92	1.10
15.	32-Expenditure pertaining to Public Relations Department	13.00	0.23	8.97	4.26
16.	36-Transport	8.48	1.02	4.80	4.70
17.	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	24.82	2.14	23.31	3.65
18.	44-Higher Education	84.99	5.30	79.28	11.01
19.	47-Technical Education and Man Power Planning Department	52.48	1.02	32.05	21.45
20.	48-Grant for up-gradation of administration under Eleventh Finance Commission	13.09	2.64	9.27	6.46
21.	52-Externally Aided Projects pertaining to Agriculture Department	0.17	0.11	0.05	0.23
22.	55-Expenditure pertaining to Women and Child Welfare	119.71	2.67	73.04	49.34
23.	58-Expenditure on relief on account of natural calamities and scarcity	138.41	2.88	115.31	25.98
24.	64-Special component Plan for Scheduled Castes	82.58	15.48	80.14	17.92
25.	66-Welfare of Backward Classes	15.92	0.16	14.22	1.86
26.	69-Urban Administration and Development Department Urban Welfare	4.49	0.19	2.04	2.64
27.	78-Externally Aided Projects pertaining to Rural Industries Department	8.29	0.38	4.03	4.64
28.	79-Expenditure pertaining to Medical Education Department	35.44	5.41	34.30	6.55
	<b>Total-(A)</b>	<b>2372.15</b>	<b>132.37</b>	<b>1902.65</b>	<b>601.87</b>

1.	2.	3.	4.	5.	6.
<b>(B)</b>	<b>Revenue charged</b>				
1.	Interest payment	886.28	35.15	771.29	150.14
2.	01-General Administration	2.05	0.87	1.69	1.23
3.	29-Administration of Justice and Election	3.75	0.38	2.60	1.53
	<b>Total -(B)</b>	<b>892.08</b>	<b>36.40</b>	<b>775.58</b>	<b>152.90</b>
<b>(C)</b>	<b>Capital Voted</b>				
1.	10-Forest	2.27	0.10	2.16	0.21
2.	11-Expenditure pertaining to Commerce and Industry Department	1.15	0.15	1.02	0.28
3.	23-Water Resources Department	114.20	0.25	110.67	3.78
4.	24-Public Works-Roads and Bridges	63.69	16.22	42.26	37.65
5.	41-Tribal Areas Sub-Plan	94.31	11.68	90.28	15.71
6.	48-Grant for up-gradation of Administration under Eleventh Finance Commission	14.37	4.13	11.50	7.00
7.	64-Special Component Plan for Scheduled Castes	25.41	10.31	16.31	19.41
8.	67-Public Works Buildings	31.59	3.27	28.66	6.20
9.	68-Public Works relating to tribal areas sub-plan buildings	8.25	0.10	7.22	1.13
	<b>Total-(C)</b>	<b>355.24</b>	<b>46.21</b>	<b>310.08</b>	<b>91.37</b>
<b>(D)</b>	<b>Capital charged</b>				
1.	Public debt	1388.53	0.01	184.02	1204.52
	<b>Total-(D)</b>	<b>1388.53</b>	<b>0.01</b>	<b>184.02</b>	<b>1204.52</b>
	<b>Grand Total (A)+(B)+(C)+(D)</b>	<b>5008.00</b>	<b>214.99</b>	<b>3172.33</b>	<b>2050.66</b>



## APPENDIX-IV

(Referred to in paragraph 2.3.4 at page 25)

## Cases where supplementary provision obtained proved excessive

(Rupees in crore)

Sl. No.	Number and description of Grant/ appropriation	Original Grant/ Appropriation	Supplimentary Grant/ Appropriation	Actual expenditure	Savings
1.	2.	3.	4.	5.	6.
<b>(A) Revenue (voted)</b>					
1.	02-Other expenditure pertaining to General administration	1.83	0.71	2.25	0.29
2.	07-Expenditure pertaining to Commercial Tax Department	44.34	45.19	55.85	33.68
3.	11-Expenditure pertaining to Commerce and Industry Department	6.69	6.70	12.20	1.19
4.	13-Agriculture	66.98	52.97	103.23	16.72
5.	20-Public Health Engineering	101.25	23.46	117.19	7.52
6.	21-Expenditure pertaining to Housing and Environment Department	4.71	7.29	5.88	6.12
7.	26-Expenditure pertaining to Culture Department	1.61	1.71	2.84	0.48
8.	28-State Legislature	6.90	2.11	7.46	1.55
9.	34-Social Welfare	6.19	0.26	6.20	0.25
10.	37-Tourism	--	0.98	0.53	0.45
11.	41-Tribal Area Sub-Plan	180.38	45.35	211.89	13.84
12.	53-Financial Assistance to Urban Bodies, under Special component Plan for Scheduled Castes	0.71	1.89	1.11	1.49
13.	56-Rural Industries	7.83	3.10	10.04	0.89
14.	65-Aviation Department	2.93	0.61	3.41	0.13
15.	80-Financial Assistance to Three Tier Panchayat Raj Institutions	191.36	40.10	202.24	29.22
16.	81-Financial Assistance to Urban Bodies	129.70	30.08	155.00	4.78
17.	82-Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Areas Sub-plan	72.31	13.92	74.33	11.90
	<b>Total (A)</b>	<b>825.72</b>	<b>276.43</b>	<b>971.65</b>	<b>130.50</b>
<b>(B) Capital (voted)</b>					
1.	17-Co-operation	22.57	9.26	23.97	7.86
2.	20-Public Health Engineering	1.76	10.00	10.59	1.17
3.	21-Expenditure pertaining to Housing and Environment Department	2.56	55.43	49.36	8.63
4.	42-Public Works relating to Tribal Areas sub-Plan-Roads and Bridges	26.99	21.13	40.38	7.74
5.	45-Minor Irrigation Works	14.66	11.07	23.76	1.97
	<b>Total (B)</b>	<b>68.54</b>	<b>106.89</b>	<b>148.06</b>	<b>27.37</b>
	<b>Grand Total (A) + (B)</b>	<b>894.26</b>	<b>383.32</b>	<b>1119.71</b>	<b>157.87</b>

## APPENDIX-V

(Referred to in paragraph 2.3.5 at page 25)

### Excess over Grant/Appropriation requiring regularisation

(In Rupees)

Sl. No.	Grant Number and Name	Total Grant/Appropriation	Actual expenditure	Amount of excess	Main reasons
1.	2.	3.	4.	5.	6.
<b>(A) Revenue (voted)</b>					
1.	06-Expenditure pertaining to Finance Department	4510173000	4657907933	147734933	Not intimated (October 2002)
2.	14-Expenditure pertaining to Animal Husbandary Department	453630000	473129522	19499522	Not intimated (October 2002)
3.	17-Co-operation	87229000	90185473	2956473	Not intimated (October 2002)
4.	23-Water Resources Department	790649000	801968820	11319820	Not intimated (October 2002)
5.	24-Public Works-Roads and Bridges	1083739000	1310102110	226363110	Not intimated (October 2002)
6.	30-Expenditure pertaining to Panchayat and Rural Development Department	1451375100	1494505450	43130350	To provide funds for State share as per central share received from Government of India
7.	33-Tribal Welfare	2755393000	3396371424	640978424	Not intimated (October 2002)
8.	45-Minor Irrigation Works	93068000	93197796	129796	Not intimated (October 2002)
9.	54-Expenditure pertaining to agricultural research and education	150001000	155795000	5794000	Not intimated (October 2002)
10.	67-Public Works Buildings	663189000	718213351	55024351	Not intimated (October 2002)
11.	83-Financial Assistance to Urban Bodies under tribal Area Sub-Plan	33940000	38369000	4429000	Not intimated (October 2002)
	<b>Total (A)</b>	<b>12072386100</b>	<b>13229745879</b>	<b>1157359779</b>	
<b>(B) Revenue (charged)</b>					
1.	16-Fisheries	100000	204587	104587	Not intimated (January 2003)
2.	25-Expenditure pertaining to Mineral Resources Department	50000	62430	12430	Not intimated (January 2003)
	<b>Total (B)</b>	<b>150000</b>	<b>267017</b>	<b>117017</b>	
<b>(C) Capital(voted)</b>					
1.	15-Financial Assistance to Three Tier Panchayati Raj Institutions under Special component plan for Scheduled Castes	4675000	4887944	212944	Not intimated (January 2003)
2.	60-Expenditure pertaining to District Plan Schemes	94000000	95183884	1183884	Not intimated (January 2003)
3.	71-Externally Aided projects pertaining to Animal Husbandary Department	20000	151377	131377	Not intimated (January 2003)
	<b>Total (C)</b>	<b>98669500</b>	<b>100223205</b>	<b>1528205</b>	
	<b>Grand Total (A) + (B) + (C)</b>	<b>12171231100</b>	<b>13330236101</b>	<b>1159005001</b>	



**APPENDIX-VI***(Referred to in paragraph 2.3.6 at page 25)***Cases where supplementary provision was insufficient**

<i>(Rupees in crore)</i>			
Sl. No.	Number and Description of Grant/Appropriation	Supplementary provision	Final excess
1.	2.	3.	4.
<b>(A) Revenue (voted)</b>			
1.	06-Expenditure pertaining to Finance Department	0.09	14.77
2.	14-Expenditure pertaining to Animal Husbandary Department	5.75	1.95
3.	17-Co-operation	2.10	0.30
4.	23-Water Resources Department	1.63	1.13
5.	24-Public Works Roads and Bridges	30.00	22.64
6.	30-Expenditure pertaining to panchayat and rural Development Department	90.75	4.31
7.	54-Expenditure pertaining to agriculture research and education	1.00	0.58
8.	67-Public works buildings	0.04	5.50
9.	83-financial assistance to tribal area sub-plan-urban bodies	0.69	0.44
	<b>Total (A)</b>	<b>132.05</b>	<b>51.62</b>
<b>(B) Capital (voted)</b>			
1.	60-Expenditure pertaining to district plan-schemes	0.20	0.12
	<b>Total (B)</b>	<b>0.20</b>	<b>0.12</b>
	<b>Grand Total (A) + (B)</b>	<b>132.25</b>	<b>51.74</b>

## APPENDIX-VII

(Referred to in paragraph 2.3.7 (a) at page 25)

**Cases where expenditure fell short by more than Rupees one crore, and also by more than 10 per cent of the total provision**

(Rupees in crore)

Sl. No.	Grant No.	Description of Grant	Amount of saving (percentage of provision)	Main reasons for saving
1.	2.	3.	4.	5.
<b>(A) Revenue (voted)</b>				
1.	01	General Administration	12.61 (34.5)	Vidhan Sabha session, economy measure, incomplete bifurcation of employees for new re-organised State, non purchase of vehicles, less journeys undertaken, non purchase of split air conditioner, non joining of staff in the State, non issue of pay slips to ministers and non acquiring of re-rental houses (Rs.7.80 crore); reasons for balance saving have not been intimated (October 2002).
2.	03	Police	44.48 (15.4)	Non receipt of sanction for filling up vacant posts of home guards and adopting at economy measures. (Rs.2.56 crore). Reasons for balance saving have not been intimated (October 2002).
3.	04	Other expenditure pertaining to home Department	1.29 (54.7)	Non creation of posts (Rs.0.38 crore) reasons for balance saving have not been intimated (October 2002).
4.	05	Jails	2.57 (13.4)	Non filling of vacant posts, economy measures (Rs.0.67 crore) reasons for balance saving have not been intimated (October 2002).
5.	07	Expenditure pertaining to Commercial Tax Department	33.68 (37.6)	Non intimated (October 2002).
6.	08	Land revenue and District Administration	27.96 (26.6)	Posts remaining vacant, economy measures, non receipt at demand for machinery and equipment, non release of funds by Centre/State Government, non receipt of demand from subordinate offices non payment at Honoraria and non purchase of vehicles (Rs.24.39 crore) reasons for balance saving have not been intimated (October 2002).
7.	09	Expenditure pertaining to revenue Department	10.08 (81.9)	Not intimated (October 2002).
8.	12	Expenditure pertaining to energy Department	14.36 (16.4)	Not intimated (October 2002).
9.	13	Agriculture	16.72 (13.9)	Not intimated (October 2002)
10.	15	Financial Assistance to three tier Panchayati Raj Institution under special component plan for scheduled castes	7.22 (27.2)	Surrender of funds from Districts, non receipts of demand, (Rs.1.42 crore). Reasons for balance savings have not been intimated (October 2002).
11.	18	Labour	2.00 (23.9)	Not intimated (October 2002).
12.	19	Public health and family welfare	30.00 (15.9)	Posts remaining vacant, (Rs.2.07 crore) reasons for balance saving have not been intimated (October 2002).
13.	21	Expenditure pertaining to housing and environment Department	6.12 (50.9)	Non formation of housing Board by State Government (Rs.1.06 crore) non joining of officers/official as a result of re-organization (Rs.0.19 crore). Reasons for balance saving have not been intimated (October 2002).



1.	2.	3.	4.	5.
14.	27	School education	257.15 (32.4)	Not intimated (October 2002).
15.	28	State legislature	1.55 (17.2)	Not intimated (October 2002).
16.	29	Administration of justice and election	14.69 (44.0)	Non payment of Honoraria of the appointed members, non purchase of vehicle, non filling at post, non receipts of festival advance, non submission of T.A. Bill by employees, non purchase of furniture. Non payment of pending bills/rent for office building and non purchase of vehicles/rent for (Rs.8.96 crore). Reasons for balance saving have not been intimated (October 2002).
17.	31	Expenditure pertaining to planning, economics and statistics Department	1.09 (18.2)	Not intimated (October 2002).
18.	32	Expenditure pertaining to public relations Department	4.26 (32.2)	Not intimated (October 2002).
19.	36	Transport	4.70 (49.5)	Not intimated (October 2002).
20.	39	Expenditure pertaining to food, civil supplies and consumer protection Department	3.65 (13.5)	Non-announcement at bonus to farmers, amount not sanctioning by finance Department (Rs.1.52 crore) reasons for balance saving have not been intimated (October 2002).
21.	44	Higher education	11.01 (12.2)	Not intimated (October 2002)
22.	47	Technical Education And Man Power Planning Department	21.45 (40.1)	Non filling of vacant posts in Technical Institutions. (Rs.7.68 crore). Reasons for balance saving have not been intimated (October 2002).
23.	48	Grant for upgradation of administration under eleventh finance Commission	6.46 (41.0)	Not intimated (October 2002)
24.	49	Scheduled caste Welfare	2.57 (16.4)	Non receipt of demand from district, surrender of funds from districts. (Rs
25.	53	Financial Assistance to urban bodies under special component plan for scheduled castes	1.49 (57.2)	Not intimated (October 2002).
26.	55	Expenditure pertaining to women and child welfare	49.34 (40.3)	Not intimated (October 2002).
27.	58	Expenditure on relief on account natural calamities and scarcity.	25.98 (18.4)	Non receipt of demand (Rs.11.70 crore). Reasons for balance saving have not been intimated (October 2002).
28.	61	Externally aided projects pertaining to public health and family welfare	2.98 (84.9)	Not intimated (October 2002).
29.	64	Special component plan for scheduled castes	17.92 (18.3)	Non receipt of full Central Share for the Scheme, non receipt of demand from districts, non sanctioning of the amount, non receipt of balance amount of special central assistance, non receipt at sanction at work plan. (Rs.4.79 crore). Reasons for balance saving have not been intimated (October 2002).
30.	66	Welfare of backward classes	1.86 (11.5)	Not intimated (October 2002).
31.	69	Urban administration and Development Department0-urban	2.64 (56.3)	Non completion of final allotment of employees as a result of re-organised state.

1.	2.	3.	4.	5.
32.	77	Externally aided projects pertaining to development of tribal areas in Bilaspur Division	8.00 (100)	Not intimated (October 2002).
33.	78	Externally aided projects pertaining to rural industries department.	4.64 (53.5)	Not intimated (October 2002).
34.	79	Expenditure pertaining to medical education department	6.55 (16.00)	Not intimated (October 2002).
35.	80	Financial assistance to three tier panchayti raj institutions	29.22 (12.6)	Non receipt of Government sanction for distribution of the amount. (Rs.0.99 crore). Reasons for balance saving have not been intimated (October 2002).
36.	82	Financial assistance to three tier panchayti raj institutions under tribal areas sub-plan	11.90 (13.8)	Not intimated (October 2002).
<b>(B) Revenue (charged)</b>				
37.	--	Interest payment and servicing of debt.	150.14 (16.3)	Non transfer of deposit account from Madhya Pradesh State. (Rs.0.22 crore). Reasons for balance saving have not been intimated (October 2002).
38.	01	General administration	1.23 (42.1)	Post remaining vacant, non appointment of officers/employees, non drawal of funds. (Rs.0.74 crore). Reasons for balance saving have not been intimated (October 2002).
39.	29	Administration of justice and elections	1.53 (37)	Not intimated (October 2002).
<b>(C) Capital (voted)</b>				
40.	06	Expenditure pertaining to Finance Department	7.11 (55.4)	Not intimated (October 2002).
41.	08	Land revenue and District Administration	2.62 (70.2)	Not intimated (October 2002).1
42.	12	Expenditure pertaining to energy Department	14.87 (74.4)	Not intimated (October 2002).
43.	17	Co-Operation	7.86 (24.7)	Not intimated (October 2002).
44.	21	Expenditure pertaining to housing and environment Department	8.63 (14.9)	Not intimated (October 2002).
45.	24	Public works roads and bridges	37.65 (47.1)	Not intimated (October 2002).
46.	30	Expenditure pertaining to panchayat and rural development department	105.64 (96.0)	Not intimated (October 2002).
47.	39	Expenditure pertaining to food, civil supplies and consumer protection department	8.43 (84.3)	Not intimated (October 2002).
48.	41	Tribal areas sub-plan	15.72 (14.8)	Non sanctioning of medium schemes in Hasdeo Kachar.
49.	42	Public works-relating to tribal area sub-plan roads and bridges	7.74 (16.1)	Not intimated (October 2002).
50.	48	Grant for upgradation of administration under eleventh Finance Commission	7.00 (37.8)	Not intimated (October 2002).



<b>OD</b>	:	Over Draft
<b>OGPC</b>	:	Open Graded Premix Carpet
<b>PAC</b>	:	Public Accounts Committee
<b>PCC</b>	:	Profile Corrective Course
<b>PCCF</b>	:	Principal Chief Conservator of Forest
<b>PF</b>	:	Provident Fund
<b>PHC</b>	:	Primary Health Centre (s)
<b>PHE</b>	:	Public Health Engineering
<b>PHED</b>	:	Public Health Engineering Department
<b>PMGY</b>	:	Pradhan Mantri Gramodaya Yojana
<b>POL</b>	:	Petrol, Oil, Lubricants
<b>PSUs</b>	:	Public Sector Undertaking
<b>PW</b>	:	Public Works
<b>PWD</b>	:	Public Works Department
<b>RLEGP</b>	:	Rural Landless Employment Guarantee Programme
<b>RMR</b>	:	Road Metal Return
<b>RTO</b>	:	Regional Transport Office
<b>SC/ST</b>	:	Scheduled Caste/Scheduled Tribe
<b>SDBC</b>	:	Semi Dense Bituminous Concrete
<b>SDM</b>	:	Sub-Divisional Magistrate
<b>SE</b>	:	Superintending Engineer
<b>SGSY</b>	:	Swarnajayanti Gram Swarajgar Yojana
<b>SHC</b>	:	Sub Health Centre (s)
<b>SHG</b>	:	Self Help Group
<b>SNP</b>	:	Supplementary Nutrition Programme
<b>SOR</b>	:	Schedule of Rates
<b>T&amp;P</b>	:	Tools and Plant
<b>TFC</b>	:	Tenth Finance Commission
<b>TOR</b>	:	Terms of reference
<b>TS</b>	:	Technical Sanction
<b>WBM</b>	:	Water Bound Macadam
<b>WMA</b>	:	Ways and Means Advances
<b>WR</b>	:	Water Resources
<b>WRD</b>	:	Water Resource Division
<b>ZP</b>	:	Zila Panchayat





### ERRATA

Sl No.	Page	Para	Line	For	Read as
1.	(ii)	4.2	15th line from bottom	Jajgir	Janjgir
2.	(iv)	5.38	17th line from bottom	Fertilize	Fertilizers
3.	11	1.7.1	5th line from top of the 1st paragraph		Delete "On the Plan side with Rs.21 crore on Non-Plan side".
4.	29	3.1 Highlights	5th line from top	lackdaisical	lackadaisical
5.	31	Finance Tree	6th block on right from top	diverted/ misued	diverted/misused
6.	89	4.1.15	2nd line from bottom	Report	reported
7.	143	Appendix VII	5th column of Sl.no.24		Insert after (Rs. "1.47 crore). Reasons for balance saving have not been intimated (October 2002)".

