

दिनांक २१.०५.२००८ को
विधानसभा में प्रस्तुत की गई।



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

**FOR THE YEAR ENDED 31 MARCH 2008
(CIVIL)**

GOVERNMENT OF MADHYA PRADESH

TABLE OF CONTENTS

Description	Paragraph	Page no.
Preface		ix
Overview		xi
CHAPTER I		
Finances of the State Government		
Introduction	1.1	1
Methodology adopted for the assessment of Fiscal position	1.2	3
Trends and composition of aggregate receipts	1.3	6
Application of resources	1.4	12
Expenditure by Allocative Priorities	1.5	17
Misappropriations, losses, defalcations, etc	1.6	22
Assets and Liabilities	1.7	22
Undischarged Liabilities	1.8	25
Debt Sustainability	1.9	28
Management of deficits	1.10	30
Fiscal Ratios	1.11	32
Conclusion	1.12	34
CHAPTER II		
Allocative Priorities and Appropriation		
Introduction	2.1	35
Summary of Appropriation Accounts	2.2	35
Fulfilment of Allocative Priorities	2.3	36
Unreconciled expenditure	2.4	44
Defective sanctions for re-appropriations/surrenders	2.5	44
Rush of expenditure	2.6	45
Budgetary Control	2.7	45

CHAPTER III		
Performance Reviews		
Panchayat and Rural Development Department		
Implementation of Watershed Development Programmes	3.1	49
National Programme of Nutritional Support to Primary Education (Mid Day Meal)	3.2	66
Scheduled Tribes and Scheduled Castes Welfare Department		
Infrastructure Development under Tribal Sub-Plan	3.3	82
Water Resources Department		
Irrigation facilities in Narmada Tapi Basin	3.4	99
CHAPTER IV		
Audit of Transactions		
Fraud/Misappropriation/Embezzlement/Losses	4.1	
Public Health Engineering Department		
Fraudulent withdrawals from General Provident Fund	4.1.1	111
School Education Department		
Loss due to excess procurement of books	4.1.2	112
Excess/Wasteful/Infructuous/Unfruitful expenditure	4.2	
Finance Department		
A. Excess payment of Rs.94.14 lakh to family pensioners	4.2.1	113
B. Non recovery of overpayment of commuted value of pension of Rs. 78.14 lakh from Pensioners		114
Narmada Valley Development Department		
Excess payment for watering and compaction of earth work	4.2.2	115
Panchayat and Rural Development Department		
Nugatory expenditure due to incorrect selection of road	4.2.3	116

Description	Paragraph	Page no.
Public Works Department		
Extra expenditure due to non-acceptance of tender within validity period	4.2.4	117
School Education Department		
Unfruitful expenditure on rural libraries	4.2.5	118
Water Resources Department		
Unauthorised aid to contractor	4.2.6	120
Violation of contractual obligation/Undue favour to contractors/Avoidable expenditure	4.3	
Narmada Valley Development Department		
Non accountal of hard rock (iron ore) and payment for work not done	4.3.1	121
Excess payment in violation of contractual provisions	4.3.2	123
Inadmissible payment for superfluous item of trimming	4.3.3	124
Idle investment/Idle establishment/Blockade of funds/Delay in commissioning equipment/ Diversion of funds	4.4	
Public Health and Family Welfare Department		
Unauthorised expenditure	4.4.1	125
School Education Department		
Diversion of fund	4.4.2	126
Scheduled Tribes and Scheduled Castes Welfare Department		
Idle expenditure on Girls Hostel Building	4.4.3	127
Regulatory issues and other points	4.5	
Forest Department		
Loss of interest of Rs. 18.40 crore	4.5.1	128
Medical Education Department		
Irregular expenditure on payment of electricity bills of medical college hostels	4.5.2	129

Description	Paragraph	Page no.
Panchayat and Rural Development Department		
Extra cost due to injudicious stoppage of road work	4.5.3	130
Public Works Department		
Non-adjustment/non-recovery of Miscellaneous Works Advances	4.5.4	131
General		
Failure to enforce accountability and protect the interests of Government	4.5.5	133
CHAPTER V		
Internal Control Mechanism in Government Departments		
Mahila Evam Bal Vikas Department		
Internal Control in Mahila Evam Bal Vikas Department	5.1	135

APPENDICES

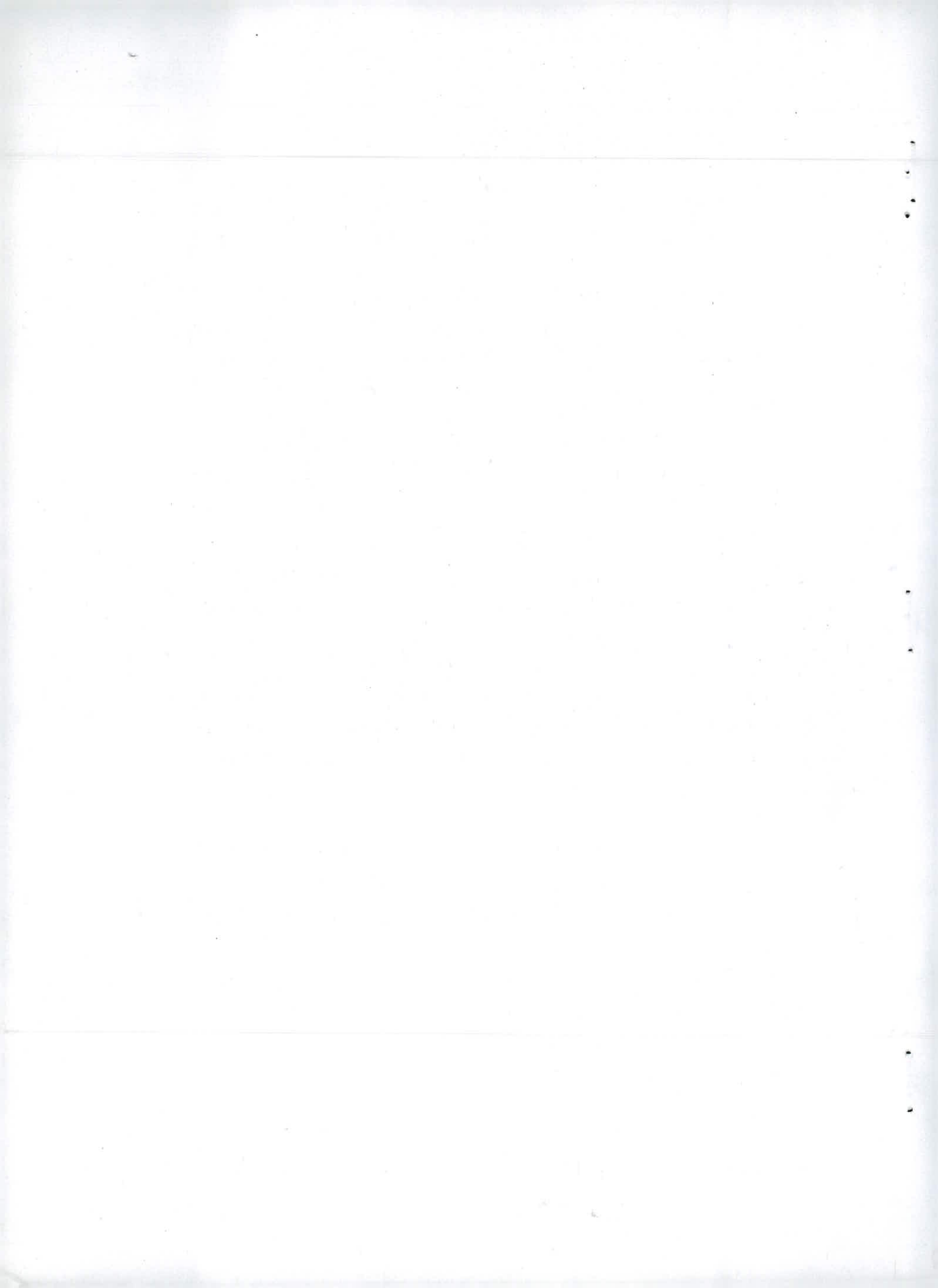
Sl. No.	Particulars	Page no.
1.1	Structure and Form of Government Accounts	151
1.2	Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2008 between successor States of Madhya Pradesh and Chhattisgarh	155
1.3	Trends in Select Fiscal Indicators	156
1.4	Summarised financial position of the Government of Madhya Pradesh as on 31 March 2008	158
1.5	Abstract of receipts and disbursements for the year 2007-08	160
1.6	Sources and application of funds	163
1.7	Details of Department wise break-up of outstanding utilization certificates	164
1.8	Abstract of performance of Autonomous Bodies	165
1.9	Department/year wise break-up of Misappropriations, Defalcations, etc as on 31 March 2008	166

Sl. No.	Particulars	Page no.
1.10	Write off of losses, etc	169
1.11	Time series data on State Government Finances	170
1.12	Financial position of Statutory Corporations/ Government Companies as on 31 March 2008 running in loss for the latest year for which accounts were finalised	172
2.1	Cases where entire budget provision under Central schemes remained unutilized	174
2.2	Cases involving substantial excesses under the schemes	176
2.3	Cases involving substantial savings under the schemes	177
2.4	Cases of persistent savings	182
2.5	Cases where supplementary provision proved unnecessary	183
2.6	Cases where supplementary provision proved excessive	185
2.7	Injudicious/ Irregular/ Incorrect Re-appropriations/ Surrenders	187
2.8	Non-surrender of significant savings (Rupees five crore and above)	194
2.9	Cases of injudicious/unrealistic surrender	196
2.10	Year wise break-up of unclaimed (Revenue) deposit amounts	197
2.11	Non-reconciliation of expenditure figures for 2007-08	199
2.12	Defective sanctions for re-appropriations/surrenders	199
2.13	Rush of expenditure during March 2008	200
2.14	Substantial savings under schemes of selected grants	202
2.15	Substantial excesses under schemes of selected grants	203
2.16	(A) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants	204
	(B) Cases where supplementary provision proved excessive under schemes of selected grants	204
	(C) Cases where supplementary provision proved inadequate under schemes of selected grants	205

Sl. No.	Particulars	Page no.
2.17	Rush of expenditure under schemes of selected grants	206
3.1	Statement showing irregular selection of watershed projects in areas with preponderance of agriculture land under DPAP	209
3.2	Statement showing re-selection of already treated villages	210
3.3	Statement showing selection of micro-watershed (villages) falling under command areas of Irrigation projects	211
3.4	Statement showing position of physical targets and achievements of test checked Zila Panchayats	213
3.5	Statement showing the pre and post classification status of land in DPAP blocks as per revenue records during 1999-2000 to 2006-07	214
3.6	Statement showing organizational set-up chart for Mid Day Meal Scheme	216
3.7	Statement showing data of minus balances of conversion cost with PTAs	217
3.8	Statement showing enrolment, retention and dropout of students in primary schools	218
3.9	Statement showing enrolment, average attendance, retention and trend thereof	219
3.10	Statement showing non-distribution of IFA and Albendazol tablets in test checked schools	221
3.11	Statement showing the position of infrastructure in test checked districts	222
3.12	Statement showing incomplete schemes under Tribal Sub-Plan	223
3.13	Statement showing loss of production of additional food grains due to under utilization of created irrigation potential (considering 50 per cent utilization in moderate conditions)	226
3.14	Statement showing physical and financial progress of the Major, medium and minor irrigation projects in Narmada Tapti Basin	227
3.15	Statement showing irregular utilization of savings of AIBP Funds	228
4.1	Statement showing the up to date position of excess payment of family pension as on March 2008	229

Table of Contents

Sl. No.	Particulars	Page no.
4.2	Statement showing details of over/excess payment of Commutation of pension to pensioners on account of revision of pension in terms of Government of Madhya Pradesh Finance Department letter dated 25 October 2002	232
4.3	Statement showing details of outstanding amount of Miscellaneous Public Works Advances as of March 2008	234
4.4	Statement showing outstanding Inspection Reports and Paragraphs in respect of departments as on 30 June 2008	235
4.5	Statement showing year wise position of outstanding IRs and Paragraphs in respect of departments at Sl. No. 1 to 42 of Appendix 4.4 as on 30 June 2008	236
4.6	Statement showing position of outstanding IRs and Paragraphs of Works Departments	236
5.1	Statement showing budget provision & expenditure under Grant No. 15,41,52,55,64,80 and 82	237
5.2	Statement showing the position of supplementary provisions which were not used	237
5.3	Statement showing position of expenditure in last month of the year	237
5.4	Statement showing reconciliation of expenditure figures	238
5.5	Statement showing procurement of Dalia at higher rate	238



Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2008.
3. Chapter III deals with the findings of performance audit in various departments while Chapter IV deals with the findings of audit of transactions including Public Works, Irrigation, audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with the comments on internal control mechanism existing in selected departments in the State.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2007-08 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 2007-08 have also been included wherever necessary.

OVERVIEW

OATBAIRM

OVERVIEW

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Madhya Pradesh for the year 2007-08 and three others comprising four reviews, one long paragraph and 19 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

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

A summary of the important findings is given below:

1. Finances of the State Government

Revenue expenditure increased by 14 *per cent* while the revenue receipts registered a significant growth of 19 *per cent* as a result of which State Government achieved a revenue surplus of Rs.5,088 crore during 2007-08 as against Rs.3,331 crore during 2006-07. The revenue surplus of Rs.5,088 crore includes Rs.363 crore of debt relief received under DCRF to State by the GOI. During 2007-08, 48 *per cent* of the revenue (Rs.14,756 crore) came from the State's own resources. Arrear of revenue were Rs.802 crore at the end of the year 2007-08.

Fiscal deficit increased from Rs.2,755 crore in 2006-07 to Rs.2,784 crore in 2007-08 representing 1.96 *per cent* of the GSDP. There was primary surplus of Rs.1,407 crore in 2007-08 as against primary surplus of Rs.1,274 crore in previous year. Revenue expenditure as a percentage to GSDP increased from 17.44 to 18 *per cent* while capital expenditure as a percentage to GSDP increased from 4.03 to 4.81 *per cent* during 2007-08. The committed expenditure on salaries, pension and interest payments constitute about 68 *per cent* of NPPE during 2007-08.

Fiscal liabilities of the State increased from Rs.53,280 crore in 2006-07 to Rs.55,311 crore in 2007-08 and their ratio to GSDP decreased from 42 to 39 *per cent* during the period.

Recovery of outstanding loans and advances given by the State Government as well as returns on Government's investment was meagre and the Government continued to invest in loss making corporations and companies.

(Paragraphs 1.1 to 1.12)

2. Allocative Priorities and Appropriation

As against the total grants/appropriations of Rs.43,500.58 crore, the actual expenditure during 2007-08 was Rs.36,104.87 crore resulting in savings of Rs.7,395.71 crore in 171 cases of grants/appropriations. Excess expenditure aggregating to Rs.5,161.40 crore pertaining to the years 1993-94 to 2006-07 had not been regularised (August 2008).

In 17 schemes, expenditure in each case exceeded by Rupees five crore or more and also more than 100 per cent of total provision aggregating to Rs.379.26 crore.

Supplementary provision of Rs.901.43 crore obtained in 38 cases during the year proved unnecessary.

Controlling officers under 11 Major Heads involving expenditure of Rs.2,534.78 crore, representing 7.02 *per cent* of the total expenditure during the year did not carry out reconciliation of expenditure figures.

In 10 cases, against the available savings of Rs.255.77 crore, Rs.286.03 crore was surrendered, resulting in injudicious excess surrender of Rs.30.26 crore.

(Paragraphs 2.1 to 2.7.7)

3. Implementation of Watershed Development Programmes

Watershed Development Programmes were taken up to obviate the drought conditions, prevention of land degradation and improving the soil fertility to achieve sustained growth in agriculture productivity. Deviations in planning of watershed projects and selection of villages under the programmes during 2003-08 were noticed which compromised the objectives of the programme. Components were not executed in prescribed sequence. The progress of project activities in test-checked districts was 65 percent. Due to slow progress, the projects could not be completed in time and many completed projects have not been handed over to watershed committees for operation and maintenance. Impact of the activities under the programme was not assessed to determine the extent of change in socio-economic environment.

(Paragraph 3.1)

4. National Programme of Nutritional Support to Primary Education (Mid Day Meal)

The Mid Day Meal (MDM) scheme was launched as a centrally sponsored scheme with the objective of boosting universalisation of primary education by increasing enrolment, attendance, retention and simultaneous improvement in

the nutritional level of students of school going children. The MDM scheme failed to attract the children for enrolment in primary classes as evident from decrease in enrolment, average attendance and retention. Deficiencies such as keeping of unspent funds, short allotment of cooking cost to Parent Teachers Associations (PTAs) in Shahdol and Shivpuri districts amounting to Rs.3.68 crore, non/short distribution of cooked meals in Bhopal and Bhind districts were observed. A case of suspected embezzlement of Rs.1.20 lakh in Block Education office, Gandwani district Dhar was also noticed. Delay in construction of kitchen cum store, kitchen sheds and procurement of kitchen devices/utensils at district level out of funds provided by Commissioner, Tribal Welfare Department (TWD) instead of crediting in the accounts of PTAs of schools, non/short distribution of de-worming and micronutrient tablets indicated that implementation of the programme lacked focus on internal issues.

(Paragraph 3.2)

5. Infrastructure Development under Tribal Sub-Plan

Madhya Pradesh has the highest ST population in the country. Tribal Sub Plan (TSP) was launched from Fifth Five Year Plan and aimed at rapid socio-economic development of tribal population. One of the objectives of TSP was to develop basic infrastructure like irrigation facilities, roads and bridge connectivity and construction of educational and health infrastructure in the tribal areas of the State. The Public Works Department, Water Resources Department, Narmada Valley Development Authority, and Public Health Engineering Department were responsible for infrastructure development and Tribal Welfare Department was the nodal department.

The funds provided during the entire 10th Plan period (2002-2007) were not fully utilized. An amount of Rs.4.92 crore received under Article 275 (1) of the Constitution remained unutilized in Badwani and Khargone districts. TSP funds Rs.14.68 crore were diverted to non-tribal areas in Katni and Sidhi districts.

Fifty seven irrigation schemes sanctioned during five to nine plan period remained incomplete due to inadequacy of funds. Five minor irrigation schemes were constructed without canal network depriving marginal cultivators from availing the irrigation facility. Irrigation potential created under TSP was underutilized. Unwarranted splitting of TSP works resulted in extra cost of Rs.4.18 crore.

The PWD utilized substantial portion of TSP funds for up-gradation of existing roads instead of new connectivity. A sixty bedded hospital building in Jhabua district remained incomplete for last 12 years due to delay in finalising the tender. Two Eklavya Model Residential Schools (EMRS) were incomplete due

to slow progress by contractors and one additional 50 seated hostel building remained incomplete due to non availability of funds.

(Paragraph 3.3)

6. Irrigation facilities in Narmada Tapti Basin

Programme was aimed to create additional irrigation potential of 1.02 lakh hectare (ha) by constructing 434 projects during 2002-08. One hundred eight projects could only be completed and 0.22 lakh ha additional irrigation potential was created till March 2008. The work of 104 projects was not started. The progress of survey work was also tardy. Moreover, utilization of irrigation potential created was only 25.35 per cent. Rs 35.27 crore was spent in excess over sanctioned cost of 46 projects. Rs 39.95 crore spent on 21 projects remained blocked due to non-completion of canal component. Rupees 32.11 crore spent on 53 projects was unfruitful due to non transfer of 837.531 ha. forestland. Forty four projects constructed at a cost of Rs 29.09 crore without canal component did not meet the objectives of the projects. Annual maintenance and repair works were not attended properly due to inadequate allotment of fund on maintenance.

(Paragraph 3.4)

7. Internal Control in Mahila Evam Bal Vikas Department

Internal Control is an integral part of an organizations operation and is the principal focus of the internal audits attention. A review of the system revealed that the internal controls in the department were weak.

The system of financial controls including preparation of budget estimates was deficient as savings were noticed each year and supplementary provisions were made without requirement. Departmental figures were not reconciled with Accountant General (A&E) figures. There were shortcomings in maintenance of cash books and other basic records. Non-gazetted employees were irregularly vested with drawing and disbursing powers. Assistance was provided to ineligible beneficiaries under Ladli Laxmi Yojna and deficiencies noticed in implementation of Local Food Model Scheme. Instead of providing weaning food to children in the age group six months to 12 months, solid food was provided. Medicine and pre-education kits were not supplied during 2006-08. Shortfall in providing Supplementary Nutrition to beneficiaries ranged between 37 and 53 *per cent*. The internal audit wing is required to plan its coverage scientifically.

(Paragraph 5.1)

8. Results of transaction audit

Besides the above, audit of financial transactions, subjected to test check in various Departments of State Government and their field functionaries revealed instances of loss, wasteful expenditure, avoidable expenditure and other irregularities involving Rs.40.92 crore as mentioned below:

These included fraudulent drawals/losses of Rs.57.95 lakh noticed in Public Health Engineering Department (Rs.3.97 lakh) and School Education Department (Rs.53.98 lakh).

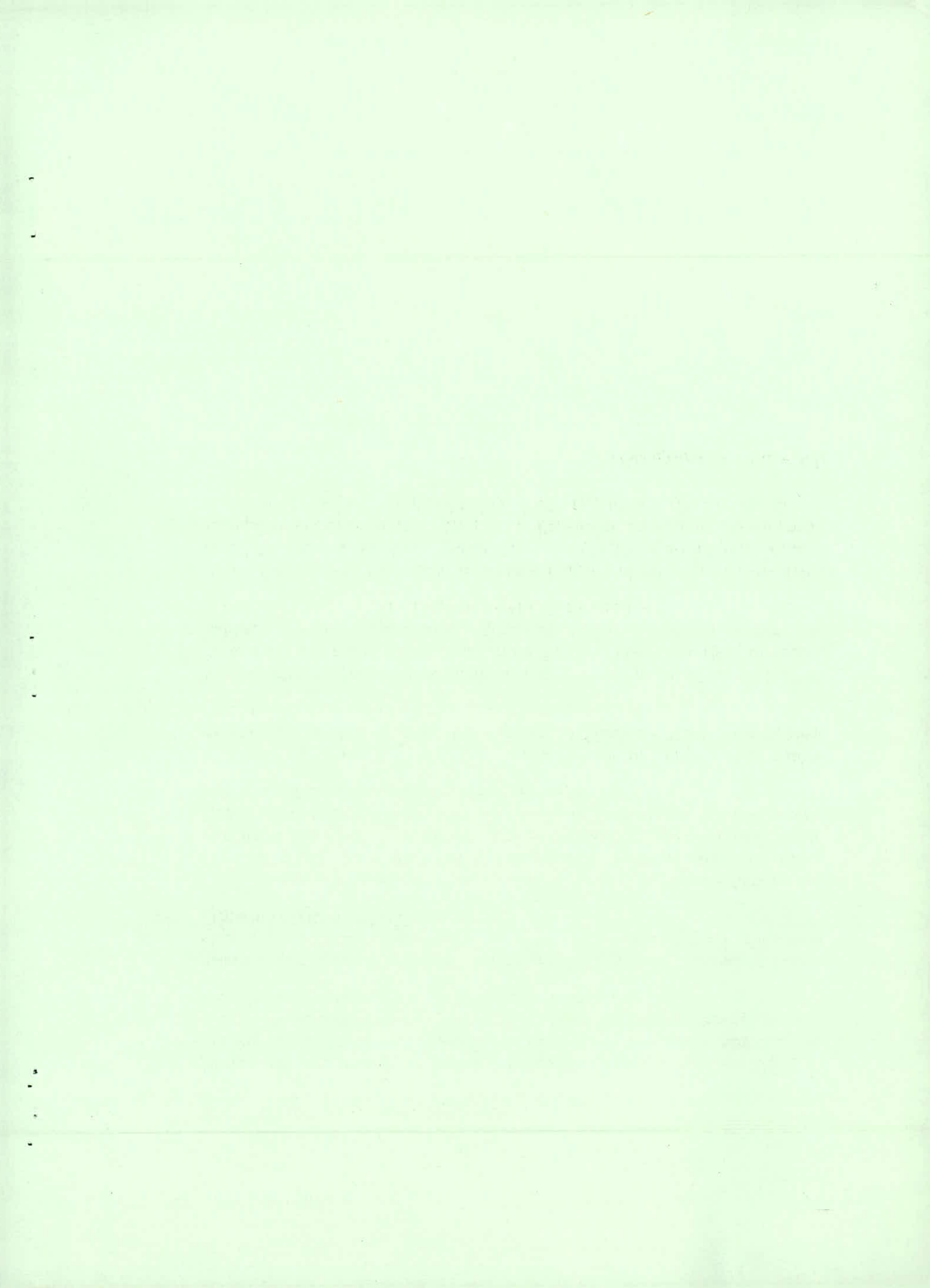
Excess/wasteful expenditure of Rs.5.68 crore noticed in Finance Department (Rs.1.72 crore), Narmada Vally Development Department (Rs.38.98 lakh), Panchayat and Rural Development Department (Rs.39.82 lakh), Public Works Department (Rs.65.62 lakh), School Education Department (Rs.1.08 crore), and Water Resources Department (Rs.1.43 crore).

Violation of contractual obligations/undue favour to contractors/avoidable expenditure of Rs.4.79 crore was noticed in Narmada Vally Development Department.

Idle investment/idle establishment/blocking/diversion of funds etc. of Rs.2.38 crore noticed in Public Health and Family Welfare Department (Rs.1.60 crore), School Education Department (Rs.33.28 lakh), Scheduled Tribes and Scheduled Castes Welfare Department (Rs.44.81 lakh).

Apart from these, there were regulatory issues and other points involving Rs.27.49 crore noticed in Forest Department (Rs.18.40 crore), Medical Education Department (Rs.1.78 crore), Panchayat and Rural Development Department (Rs.27.87 lakh) and Public Works Department (Rs.7.03 crore).

(Paragraphs 4.1.1 to 4.5.5)



CHAPTER I

Finances of the State Government

CHAPTER I

Finances of the State Government

1.1 Introduction

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

In terms of the Madhya Pradesh Reorganization Act 2000 (No.28 of 2000) 16¹ districts of the erstwhile State of Madhya Pradesh formed the new State of Chhattisgarh on 1 November 2000. The apportionment of assets and liabilities of the composite State of Madhya Pradesh immediately prior to that date as also the other financial adjustments are being carried out in each case in accordance with the provisions of the Act². The actual progress achieved in this direction is indicated in **Appendix-1.2**.

1.1.1 Summary of Receipts and Disbursements

Table-1.1 summarises the finances of the Government of Madhya Pradesh for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table No. 1.1 : Summary of receipts and disbursements for the year 2007-08
(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
Section-A: Revenue							
					Non-Plan	Plan	Total
25694.28	I. Revenue receipts	30688.74	22362.61	I. Revenue expenditure	18794.82	6806.29	25601.11
10473.13	Tax revenue	12018.18	8602.11	General services	9283.49	70.86	9354.35
2658.46	Non-tax revenue	2738.19	7576.48	Social Services	4902.18	3243.28	8145.46
8088.54	Share of Union Taxes/Duties	10202.96	4880.17	Economic Services	3287.84	3249.62	6537.46
4474.15	Grants from Govt. of India	5729.41	1303.85	Grants-in-aid / Contributions	1321.31	242.53	1563.84
Section-B: Capital							
9.19	II Misc. Capital Receipts	11.07	5169.94	II Capital Outlay	322.23	6510.47	6832.70
28.12	III. Recoveries of Loans and Advances	105.24	953.07	III Loans and Advances disbursed	708.49	446.39	1154.88
4602.97	IV Public debt receipts	3370.95	1731.53	IV Repayment of Public Debt	--	--	1677.00
32225.38	V Public account receipts	39895.93	30768.82	V Public account disbursements	--	--	39423.29
1.11	VI Inter State Settlement	1.79	1.33	VI Inter State Settlement	--	--	2.06
68.15	VII Contingency Fund	--	60.00	VII Appropriation to Contingency Fund	--	--	--
827.87	Opening Cash Balance	2409.77	2409.77	Closing Cash Balance	--	--	1792.45
63457.07	Total	76483.49	63457.07	Total	19825.54	13763.15	76483.49

¹ Baster, Bilaspur, Dantewara, Dhamtari, Durg, Janjgir-Champa, Jashpur, Kanker, Kawardha, Korba, Korja, Mahasamund, Raigarh, Raipur, Rajnandgaon and Surguja.

² ibid

Following are the major changes during 2007-08 over the previous year:

- Revenue Receipts have increased by Rs. 4,995 crore mainly due to increase in Share of Union Taxes and duties (Rs.2,115 crore), grants from Government of India (Rs. 1,255 crore), Tax Revenue (Rs. 1,545 crore) and Non Tax Revenue (Rs. 80 crore).
- Revenue expenditure increased by Rs. 3,238 crore and Capital expenditure increased by Rs.1,663 crore .
- The recovery of loans and advances marginally increased to Rs.105 crore during current year from Rs.28 crore in the previous year. Disbursement of loans and advances by State Government increased by Rs.202 crore mainly on account of loans under Water Supply, Sanitation, Housing and Urban Development (Rs.283 crore), Miscellaneous General Services (Rs.63 crore) and Agriculture and allied activities (Rs. 26 crore) which was partly offset by decrease in loans under energy sector (Rs.135 crore), and Transport(Rs.35 crore).
- Public debt receipts and repayments decreased by Rs. 1,232 crore and Rs. 55 crore respectively in 2007-08 over previous year. The decline in Public Debt receipts was mainly due to decline in internal debt by Rs. 1,340 crore which was partly offset by increase in loans and advances by Government of India (Rs.108 crore).
- Public Account Receipts and disbursements increased by Rs.7,671 crore and Rs.8,654 crore respectively in 2007-08 relative to previous year resulting in net decrease of Rs.983 crore in Public Account receipts.
- As a result of inflow/outflow of the funds stated above, the cash balances of the State at the close of 2007-08 decreased by Rs.617 crore over the previous year.

1.1.2 State Fiscal Position by Key Indicators

The fiscal position of the State Government as reflected by key fiscal indicators during the current year as compared to the previous year is given in **Table 1.2**.

Table No. 1.2: State Fiscal position by key indicators

(Rupees in crore)			
2006-07	Sl. No	Major Aggregates	2007-08
25694	1.	Revenue Receipts (2+3+4)	30689
10473	2.	Tax Revenue	12018
2658	3.	Non-Tax Revenue	2738
12563	4.	Other Receipts	15933
38*	5.	Non-Debt Capital Receipts	118*
28	6.	Of which Recovery of Loans	105
25732	7.	Total Receipts (1+5)	30807
17915	8.	Non-Plan Expenditure (9+11)	19826
16911	9.	On Revenue Account	18795
4029	10.	Of which, Interest Payments	4191
1004	11.	On Capital Account	1031
689	12.	Of which Loans disbursed	709
10571	13.	Plan Expenditure (14+15)	13763
5452	14.	On Revenue Account	6806
5119	15.	On Capital Account	6957
265*	16.	Of which Loans disbursed	448*
28487	17.	Total Expenditure (8+13)	33591
(+) 3331	18.	Revenue surplus (+)/deficit (-) (1- 9-14)	(+) 5088
(-) 2755	19.	Fiscal surplus (+)/ Deficit (-) (1+ 5 - 17)	(-) 2784
(+) 1274	20.	Primary surplus (+)/ Deficit (-) (1+5 - 17-10)	(+) 1407

* Includes Inter State settlement of Rs.1 crore each in the year 2006-07 and Rs.2 crore each in 2007-08.

An increase of 19.44 *per cent* (Rs.4,995 crore) in revenue receipts during 2007-08 in comparison to that of only 14.48 *per cent* (Rs.3,238 crore) in revenue expenditure resulted in an increase in revenue surplus from Rs 3,331 crore in 2006-07 to Rs. 5,088 crore in 2007-08. Given an increase of Rs.1,757 crore in revenue surplus during the year and Rs. 80 crore in non-debt capital receipts accompanied with an increase of Rs.1,663 crore in capital expenditure and Rs. 203 crore in disbursement of loans and advances including inter state settlement (Rs. one crore) led to a marginal increase of Rs. 29 crore in fiscal deficit in 2007-08 over the previous year. Given the increase in fiscal deficit (Rs. 29 crore) as well as in interest payments (Rs. 162 crore), primary surplus of Rs.1,274 crore in 2006-07 improved to Rs.1,407 crore in 2007-08.

1.2 Methodology adopted for the assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerged from the Statements of Finance Accounts are analyzed wherever necessary over the period from 2003-04 to 2007-08 and observations are made on their behavior. In its Restructuring Plan of State finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that fiscal position of State could be improved as committed in their respective FRBM Acts/Rules during medium to long run. The norms/Ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements

required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP)³ at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc, with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The new GSDP series with 1999-2000 as base (**Table- 1.3**) as published by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

Table No. 1.3: Gross State Domestic Product (GSDP) – Growth Trends

Estimates	2003-04	2004-05	2005-06	2006-07	2007-08
Gross State Domestic Product (GSDP)# (Rupees in crore)	102839	107282	116322	128202(Q)	142204(A)
Rates of Growth GSDP (per cent)	18.43	4.32	8.43	10.21	10.92

GSDP estimates for the period 2003-07 are as revised by the Directorate of Economics & Statistics, Government of Madhya Pradesh. As a result percentage ratio/buoyancies of various parameters with reference to GSDP have also been revised.

* *A- Advanced estimates; Q-Quick estimates*

The key fiscal aggregates for the purpose are grouped under four major heads: (i) Trends and composition of aggregate receipts, (ii) Application of Resources, (iii) Assets and Liabilities, and (iv) Management of Deficits. The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in **Appendix 1.1 Part C**.

The summarized financial position of the Government i.e. assets and liabilities, abstracts of receipts and disbursements for the year 2007-08, sources and application of funds and time series data is given in **Appendix 1.2, 1.4, 1.5, 1.6 and 1.11**

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

The State Government has enacted the Madhya Pradesh Rajkoshiya Uttardayitva Avam Budget Prabandhan Adhiniyam, 2005 (Fiscal Responsibility and Budget Management (FRBM) Act 2005) which came into force from 1st January 2006 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent

³ *GSDP is defined as the total income of the State at current prices or the market value of goods and services produced using labour and all other factors of production.*

debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto. To give effect to the fiscal management objectives as laid down in the Act, and/or the rules framed (30 January 2006) there under the following fiscal targets were prescribed for the State Government:

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

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

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

In accordance with the provisions of the FRBM Act 2005, the State Government has placed the (a) Macro-Economic framework Statement, (b) Medium Term Fiscal Policy Statement (MTFPS) and (c) Fiscal policy strategy statement along with the Budget for 2007-08. The actuals for 2005-06, RE for 2006-07 and BE for 2007-08 for select indicators were presented in MTFPS (**Appendix 1.3**).

In terms of an incentive scheme of TFC, a reward for fiscal performance was built into the debt-write off package under DCRF⁴. According to the scheme, the quantum of write off of repayment of GOI loans after consolidation and reschedulement will be linked to the absolute amount by which revenue deficit is reduced in each successive year during the award period. In effect, if the revenue deficit is brought to zero, the entire repayment during the period will be written off. For States which were in revenue surplus as per the base year figure (2003-04) and continued to remain so in the subsequent years till the end of TFC award period, the installment of repayment due on the Central loans (after

⁴ In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the State. Government of India formulated a scheme "The States debt consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)" under which general debt relief is provided by consolidating and rescheduling at substantially reduced rate of interest the Central loans granted to States on enacting the MPFRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of State.

consolidation and reschedulement) may be written-off in each year from 2005-06 onwards so long as the revenue surplus of the State does not go below the base year level in absolute terms. As a result of improved fiscal performance in terms of this criterion, the State Government received a debt waiver of Rs. 363.06 crore for the current year. The fiscal performance of the State vis-à-vis FRBM targets and those framed in Mid-Term Fiscal Policy for the year 2007-08 is presented in **Table 1.4**.

Table No. 1.4

Fiscal forecasts	FRBM Targets	Projection as per MTFPS	Actual
Revenue Deficit (-)/ Surplus (+) (Rupees in crore)	To be wiped out by 2008-09	(+) 2007	(+) 5088
Fiscal Deficit (-)/ Surplus (+) (Rupees in crore)	To reduce to not more than 3 per cent of GSDP by 2008-09 (4266)	(-) 4655 FD to be 3.34 Per cent of GSDP	(-) 2,784 (1.96 per cent of GSDP)
Total Fiscal Liabilities	40 per cent of GSDP by 31 March 2015	49 per cent of GSDP	39.50 per cent of GSDP
Outstanding Guarantees	Not to exceed 80 per cent of the total RR of preceding year	73.19 per cent of RR of preceding year	3.33 per cent* of RR of preceding year

**To the extent information was available in Finance Accounts.*

The table reveals that the State Government had achieved revenue surplus three years ahead of the scheduled period and contained the fiscal deficit well within the limit of 3 per cent of GSDP prescribed in FRBM targets and projections as per MTFPS. The total fiscal liabilities to GSDP ratio at 39.50 per cent is within the FRBM target to be achieved by 31st March 2015 but is significantly less than the projected 49 per cent in MTFPS. The outstanding guarantees (includes the extent to which information is depicted in Finance Accounts) during the year were only 3.33 per cent of revenue receipts of the preceding year as against the MPFPS projection of 73 per cent and the FRBM target of 80 per cent during the year.

1.2.1.2 Mid-Term Review of the Fiscal Situation

In compliance with Section 11 (1) of FRBM Act 2005, the Finance Minister undertook a half yearly review in November 2007 and the outcome of the review was placed before the legislature in November 2007. The outcome of the half yearly review of trends in receipt and expenditure at the end of the second quarter showed that the total non-debt receipts and the fiscal deficit were better than the benchmarks prescribed under Rule 8 of FRBM rules January, 2006. Therefore no further corrective measures were required to be taken by the State Government.

1.3 Trends and composition of aggregate receipts

The aggregate receipts of State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts consist of miscellaneous capital receipts such as

proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-1.5** shows that the total receipts of the State Government for the year 2007-08 were Rs. 74,074 crore. Of these, the revenue receipts were Rs. 30,689 crore, constituting 41 *per cent* of total receipts. The balance came from capital receipts, borrowings and Public Account.

Table No. 1 5: Trends in Growth and Composition of Aggregate Receipts
(Rupees in crore)

Sources of State's Receipts	2003-04	2004-05	2005-06	2006-07	2007-08
I Revenue Receipts	14289	19743	20597	25694	30689
II Capital Receipts	9974	8902	8013	4641	3489
Recovery of Loans and Advances	36	53	2,852	28	105
Public Debt Receipts	9938	8849	5161	4603	3371
Miscellaneous Capital Receipts	-	-	-	9	11
Inter State Settlement	-	-	-	1	2
III Contingency Fund	-	1	-	68	--
IV Public Account Receipts	22285	24790	29038	32225	39896
a. Small Savings, Provident Fund etc.	1200	1810	1330	1419	1439
b. Reserve Fund	367	351	676	819	716
c. Deposits and Advances	4126	3875	4156	4436	5537
d. Suspense and Miscellaneous	12156	13436	16559	18955	23275
e. Remittances	4436	5318	6317	6596	8929
Total Receipts	46548	53436	57648	62628	74074

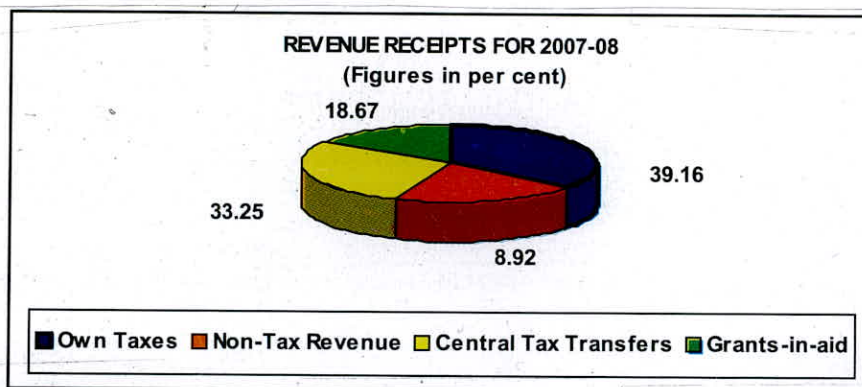
The total receipts of the State Government increased by 59 *per cent* from Rs. 46,548 crore in 2003-04 to Rs. 74,074 crore in 2007-08, of which Revenue Receipts increased by 115 *per cent* from Rs. 14,289 crore in 2003-04 to Rs. 30,689 crore in 2007-08. The relative share of revenue receipts in total receipts increased from 30.70 *per cent* in 2003-04 to 41.44 *per cent* in 2007-08 and the share of Capital Receipts in total receipts decreased from 21.43 *per cent* in 2003-04 to 4.71 *per cent* in 2007-08. Although the receipts under Public Account increased at an annual growth rate of 15.80 *per cent* during the period 2003-08, its share in total receipts of the State ranged between 46 *per cent* in 2004-05 to 54 *per cent* during 2007-08.

1.3.1 Revenue receipts

Statement-11 of the Finance Accounts details revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and buoyancies are indicated in **Table 1.6**.

Table 1.6: Revenue Receipts – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Receipts (RR) (Rupees in crore)	14289	19743	20597	25694	30689
Own taxes (Rupees in crore and <i>per cent</i>)	6789 (47.51)	7773 (39.37)	9115 (44.26)	10473 (40.76)	12018 (39.16)
Non-Tax Revenue (Rupees in crore and <i>per cent</i>)	1480 (10.36)	4462 (22.60)	2208 (10.72)	2658 (10.35)	2738 (8.92)
Own Resources (Rupees in crore and <i>per cent</i>)	8269 (57.87)	12235 (61.97)	11323 (54.98)	13131 (51.11)	14756 (48.08)
Central Tax Transfers (Rupees in crore and <i>per cent</i>)	4247 (29.72)	5077 (25.72)	6341 (30.78)	8089 (31.48)	10203 (33.25)
Grants-in-aid (Rupees in crore and <i>per cent</i>)	1773 (12.41)	2431 (12.31)	2933 (14.24)	4474 (17.41)	5730 (18.67)
Rate of Growth of RR (<i>per cent</i>)	6.71	38.17	4.33	24.75	19.44
Rate of Growth of Own Resources (<i>per cent</i>)	6.01	47.96	(-7.45)	15.97	12.38
Rate of Growth of Own tax (<i>per cent</i>)	10.12	14.49	17.26	14.90	14.75
RR/GSDP (<i>per cent</i>)	13.89	18.40	17.71	20.04	21.58
Revenue Buoyancy (ratio)	0.36	8.84	0.51	2.42	1.78
State's own tax buoyancy (ratio)	0.55	3.35	2.05	1.46	1.35
Revenue buoyancy with reference to State's own taxes (ratio)	0.66	2.63	0.25	1.66	1.32
GSDP Growth (<i>percent</i>)	18.43	4.32	8.43	10.21	10.92



General Trend

The revenue receipts of the state have consistently increased at an average annual growth rate of 22.95 *per cent* from Rs.14,289 crore in 2003-04 to Rs.30,689 crore in 2007-08. While 48 *per cent* of the revenue receipts during 2007-08 had come from the State's own resources comprising of tax and non-tax revenue, the balance 52 *per cent* were contributed by central tax transfers and grant-in-aid together. Of the total increase of Rs.4,995 crore in revenue receipts of the state during 2007-08, Rs.3,370 crore (67 *per cent*) was contributed by central transfers and the remaining Rs.1,625 crore (33 *per cent*) by State's own resources. The revenue receipts as well as the State's own tax buoyancies have declined in 2007-08 as compared to the previous year primarily on account of fall in rates of growth in both revenue receipts and state's own taxes during the current year. A steep decline by about five percentage points in rate of growth of revenue receipts along with a relative stability in growth of state's own taxes in 2007-08 as compared to the previous year led to a fall in revenue buoyancy with reference to state's own taxes in the current year.

Own Tax Revenue

Tax on sales, trades etc. was the major contributor (50 *per cent*) of the States own tax revenue followed by state excise (15 *per cent*), stamps and registration

fees (13 per cent), taxes on goods and passengers (8 per cent), taxes on vehicles (6 per cent) and taxes and duties on electricity (5 per cent) during 2007-08. There was a growth rate of 15 per cent in taxes on sales, trades etc., 20 per cent in state excise and 22 per cent in stamps and registration fees in 2007-08 over previous year. The increase in receipts under taxes on Sales, trades etc. was mainly due to introduction of VAT with effect from 2006-07. The increase in State excise receipts was due to more receipts mainly under country fermented liquors (Rs. 150 crore) and residual head 'other receipts (Rs.498 crore)' which was partly offset by decrease in receipts under country spirits (Rs. 429 crore). The increase under Stamps and Registration fee was because of enhanced receipts under the heads 'Stamps judicial' (Rs.53 crore), 'Stamps Non-judicial' (Rs.95 crore) and 'Registration fees' (Rs.133 crore). **Table-1.7** below shows the trends in the composition of tax revenue of the state during 2003-08.

Table No. 1.7: Tax revenue

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Taxes on Sales, Trades etc	3293	3913	4508	5261	6045
State Excise	1086	1193	1370	1547	1854
Stamps and Registration fees	614	789	1009	1251	1532
Taxes on Vehicles	455	489	556	634	703
Other Taxes	1341	1389	1672	1780	1884*
Total	6789	7773	9115	10473	12018

* Other taxes include Taxes on goods and passengers (Rs.916 crore), taxes and duties on electricity (Rs.626 crore), other taxes on income and expenditure (Rs.185 crore), land revenue (Rs.129 crore), other taxes and duties on commodities and services (Rs.20 crore) and hotel receipt tax (Rs.8 crore).

Non-Tax Revenue

Non-tax revenue increased by Rs.80 crore from Rs.2,658 crore in 2006-07 to Rs.2,738 crore in 2007-08 mainly due to increase in non-ferrous mining and metallurgical industries (Rs.201.48 crore), interest receipt (Rs.74.25 crore), Forestry and wildlife (Rs.72.39 crore), dividends and profit (Rs.44.79 crore), other social services (Rs.8.20 crore), co-operation (Rs.10.75 crore) and other administrative services (Rs.8.61 crore), partly offset by decrease of Rs.361.98 crore under Miscellaneous general services mainly due to booking of debt waiver of Rs.363.06 crore for the current year in comparison to Rs.726.12 crore booked in 2006-07 relating to 2005-06 and 2006-07. Of the non-tax revenue sources, non-ferrous mining and metallurgical industries (41 per cent), forestry and wild life (22 per cent), miscellaneous general services (14 per cent), and interest receipts, dividend and profits (10 per cent) were the major contributors during 2007-08. Moreover, the current levels of cost recovery (revenue receipts as a percentage of revenue expenditure) in supply of merit goods and services by Government were 0.38 per cent for general education, 0.19 per cent for technical education, 2.24 per cent for medical and public health, 1.68 per cent for water supply and sanitation and 9.62 per cent for housing.

The actual receipts under state's tax revenue and non tax revenue vis-à-vis assessments made by TFC and State government during 2007-08 are given in **Table-1.8** below:

Table No. 1.8: Tax and Non-tax receipts

	Assessments made by TFC	Projections by State Government in MTFPS	(Rupees in crore) Actuals
Tax Revenue	11823	11716	12018
Non-Tax Revenue	2646	2427	2738

Actual realization under tax revenue was higher than the assessment made by the TFC (1.65 *per cent*) and MTFPS (2.58 *per cent*) projection. Although the actual non tax revenue was also higher than the projections made by TFC and MTFPS, it occurred mainly due to contra entry of debt waiver of Rs. 363.06 crore received under DCRF as per recommendations of TFC as receipts under the head 'Miscellaneous General Services'.

Central Tax Transfers

The central tax transfers increased by Rs. 2,114 crore in 2007-08 over the previous year and constituted 33 *per cent* of revenue receipts. The increase was mainly under Corporation Tax (Rs.714 crore), Taxes on Income other than corporation tax (Rs.640 crore), Customs Duties (Rs.351 crore), Service Tax (Rs.243 crore), and Union Excise Duties (Rs.166 crore).

Grants-in-aid from Central Government

Grants-in-aid increased by 28.05 *per cent* from Rs.4,474 crore in 2006-07 to Rs.5,730 crore in 2007-08 mainly due to increase in non-plan grants (Rs.127 crore), Grants for State Plan Schemes-other grants(Rs.629 crore),Central Plan Scheme (Rs.164 crore) and for Centrally Sponsored Schemes (Rs.336 crore).

Details of Grants-in-aid from GOI are given in **Table 1.9**.

Table No. 1.9: Grants-in-aid from GOI

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Grants for State plan schemes	776	1314	1,264	1983	2612
Non Plan grants	376	459	768	984	1111
Grants for Central Plan Schemes	58	59	66	57	221
Grants for Centrally Sponsored Schemes	563	599	835	1450	1786
Total	1773	2431	2933	4474	5730
Percentage of increase/decrease over previous year	(-) 4.78	37.11	20.65	52.54	28.05

Increase in grants for State plan scheme in 2007-08 was mainly under block grants (Rs.423 crore) and Panchayati Raj (Rs.310 crore) partly offset by decrease of Rs.115 crore under Welfare of Scheduled Tribes-Special Central Assistance for Tribal Area sub Plan. The increase in grants for Central Plan

Schemes was mainly for Crop Husbandry (Rs.100 crore) and State Highways – Machinery and Equipment (Rs.46 crore) and Welfare of Scheduled Tribes- Education (Rs.18 crore) and increase in grants for centrally sponsored schemes were mainly on account of increases under Rural Water Supply Programme (Rs.111 crore), Elementary Education - Other grants (Rs.237 crore) and Child Welfare (Rs.220 crore), Urban family welfare services (Rs.129 crore) partly offset by decrease under Mid day meals (Rs.100 crore), Integrated Development of Small and Medium towns (Rs.216 crore) and Family Welfare-Other grants (Rs.51 crore).

Non-plan grants of Rs.1,111 crore during the year includes Rs.1,076.90 crore recommended by 12th Finance Commission for Health (Rs.35.90 crore), Education (Rs.84.45 crore), Forest (Rs.23 crore), Panchayati Raj/Urban Local Bodies (Rs.368.70 crore), Roads & Bridges and Public Buildings (Rs.257.48 crore), Tribal Welfare (Rs.59.73 crore), Natural Calamity (Rs.151.48 crore), Heritage Conservation (Rs.5 crore) and other specific heads (Rs.91.16 crore).

1.3.1.1 Non utilization of funds sanctioned under 12th Finance Commission (Forest Department).

It is obligatory for the State government not only to utilize the funds on the programmes for which the funds are provided but also within the specified period and refund the unspent balance if any to Government of India.

Scrutiny of records in the office of the Additional Principal Conservator of Forests (Development), M.P., Bhopal revealed (June 2008) that an amount of Rs. 23 crore was released to Forest Department as special central assistance for various works recommended by the 12th Finance Commission for the year 2007-08. Against which the department booked an expenditure of Rs. 22.81 crore, out of which Rs.3.53 crore were transferred to 8443-Civil Deposits-800-Other Deposits on 31st March 2008. Thus Rs.3.72 crore were not utilized by the State Government during 2007-08.

1.3.1.2 Arrears of revenue

Department-wise status of arrears of revenue during 2007-08 is as detailed below:

Table No. 1.10: Department-wise status of the arrears of revenue during 2007-08

Sl. No.	Name of Department	Arrear of Revenue (Rupees in crore)
1.	Tax on vehicle	39.54
2.	State Excise	58.63
3.	Electricity	22.81
4.	Commercial Tax	571.53
5.	Mining	12.23
6.	Co-operation	10.29
7.	Stamp duty and Registration	70.44
8.	Forest	16.60
	Total	802.07

The Departments concerned have not furnished reasons for arrears of revenue as of November 2008.

1.4 Application of resources

1.4.1 Growth of Expenditure

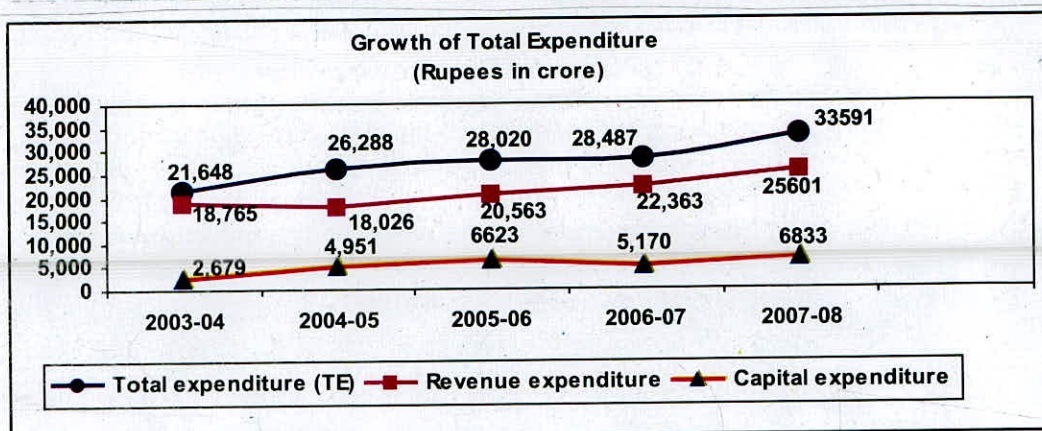
Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The trends in total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts during period 2003-08 are indicated in **Table-1.11**.

Table No. 1.11: Total Expenditure – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Total expenditure (TE)* (Rupees in crore)	21648	26288	28020	28487	33591
Rate of Growth (<i>per cent</i>)	23.73	21.43	6.58	1.66	17.92
TE/GSDP Ratio (<i>per cent</i>)	21.05	24.50	24.09	22.22	23.62
RR /TE Ratio (<i>per cent</i>)	66.01	75.10	73.51	90.20	91.36
Buoyancy of Total Expenditure with reference to:					
GSDP (ratio)	1.29	4.96	0.78	0.16	1.64
RR (ratio)	3.54	0.56	1.52	0.07	0.92

* Total expenditure includes revenue expenditure, capital expenditure, loans and advances (Including Inter State settlement)

The total expenditure of the state has increased from Rs. 21,648 crore to Rs. 33,591 crore at an annual average growth rate of 11 *per cent* per annum during 2003-08. In relative terms, the capital and revenue expenditure components have increased by 155 *per cent* and 36 *per cent* respectively during the period 2003-08. However, in absolute terms, increases were of the order of Rs.4,154 crore in capital expenditure and Rs.6,836 crore in revenue expenditure during the period under report. These trends indicate that increase in capital and revenue expenditure was in the ratio of 1:1.6 during the last five years period. The significant increase of Rs.5,104 crore in total expenditure (17.92 *per cent*) during 2007-08 over 2006-07 was mainly due to increase of Rs.3,238 crore in revenue expenditure, Rs.202 crore in disbursement of loans and advances and Rs.1,663 crore in capital expenditure. The increase in capital expenditure from Rs.5,170 crore in 2006-07 to Rs.6,833 crore during 2007-08 was mainly due to increase in capital outlay on Roads and Bridges (Rs.694 crore), Irrigation and Flood control (Rs.631 crore), Water Supply and Sanitation (Rs.248 crore), Other Rural Development (Rs.90 crore), Education, Sports, Arts and Culture (Rs.78 crore) and Welfare of SC, ST and OBC (Rs.77 crore) which was partly off set by decrease in capital outlay on Power Projects (Rs.182 crore). The bifurcation of plan and non-plan capital expenditure on power projects reveals that both the plan and non-plan capital expenditure reduced by Rs. 44 crore and Rs.138 crore respectively during the current year over the previous year. The ratio of revenue receipts to total expenditure marginally increased from 90 *per cent* in 2006-07 to 91 *per cent* in 2007-08 indicating that about 91 *per cent* of the state's total expenditure was met from its revenue receipts and the balance of 9 *per cent* was financed from non-debt capital receipts and borrowings.

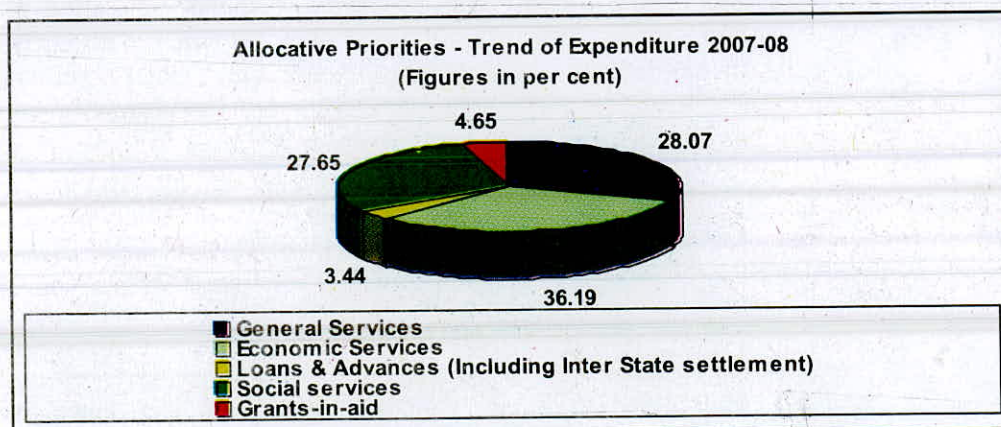


Trends in Total Expenditure by Activities: In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in Table-1.12.

Table No. 1.12: Components of Expenditure – Relative Share

	2003-04	2004-05	2005-06	2006-07	2007-08
General Services	30.53	28.96	27.53	30.45	28.07
Of which Interest payments	14.80	13.92	12.21	14.14	12.48
Social Services	27.05	23.22	26.03	29.13	27.65
Economic Services	38.74	31.73	39.48	32.50	36.19
Grants-in-aid	2.73	3.49	3.99	4.58	4.65
Loans and Advances	0.95	12.60	2.97	3.34	3.44

The shares of General services (including Interest Payments), considered as non developmental expenditure declined from 30.53 *per cent* to 28.07 *per cent* over the period 2003-08 while the share of social services exhibited relative stability over the period 2003-08. The share of economic services indicated a marginal decline from 38.74 *per cent* in 2003-04 to 36.19 *per cent* in 2007-08 with wide inter year fluctuations. Thus development expenditure comprising of social and economic services together has increased only marginally from 61.63 *per cent* in 2006-07 to 63.84 *per cent* in 2007-08. The share of grants in aid and loans and advances indicated the increasing trends during the period 2003-08.



1.4.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is incurred to maintain the current level of services and payments, for the past obligations and as such does not result in any addition to the States infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table-1.13**.

Table No. 1.13: Revenue Expenditure: Basic Parameters

(Rupees in crore and percent in bracket)

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (RE)	18765	18026	20563	22363	25601
Of which Non Plan Revenue Expenditure (NPRE)	15949 (84.99)	14861 (82.44)	16351 (79.52)	16911 (75.62)	18795 (73.42)
Plan Revenue Expenditure (PRE)	2816 (15.01)	3165 (17.56)	4212 (20.48)	5452 (24.38)	6806 (26.58)
Rate of Growth (per cent) RE	28.88	(-) 3.94	14.07	8.75	14.48
NPRE	44.46	(-) 6.82	10.02	3.42	11.14
PRE	(-) 20.00	12.39	33.08	29.44	24.83
NPRE/ GSDP (per cent)	15.51	13.85	14.06	13.19	13.22
NPRE as per cent of TE	73.67	56.53	58.35	59.37	55.96
NPRE as per cent of RR	111.61	75.27	79.38	65.82	61.24
Buoyancy of Revenue Expenditure with:					
GSDP (ratio)	1.57	(-) 0.91	1.67	0.86	1.33
Revenue Receipts (ratio)	4.30	(-) 0.10	3.25	0.35	0.74

Overall revenue expenditure of the state increased from Rs.18,765 crore in 2003-04 to Rs.25,601 crore in 2007-08, showing an increase of 36 per cent over the period. Of the total increase of revenue expenditure of Rs.3,238 crore (14.48 per cent) during 2007-08, NPRE shared Rs. 1,884 crore (58 per cent) and Rs.1,354 crore were incurred under plan revenue heads. The increase in NPRE during the current year was mainly due to increase in expenditure on Energy (Rs.401 crore), Transport Sector (Rs.171 crore), Police (Rs.107 crore), State Excise (Rs.93 crore), Crop Husbandry (Rs.89 crore), Compensation and assignment to local bodies and Panchayati Raj Institutions (Rs.230 crore), Pension and other retirement benefits (Rs.212 crore), Interest Payment and Servicing of debt (Rs.162 crore), General Education (Rs.161 crore), and Medical and Public Health (Rs.158 crore) which was partly off set by decrease in expenditure on Calamities Relief Fund (Rs.124 crore) and Co-operation (Rs.100 crore). The actual NPRE vis-à-vis assessment made by TFC and State government are given in **Table-1.14**.

Table No. 1.14: Non plan revenue expenditure

(Rupees in crore)

Year	Assessments made by TFC	Assessments made by State Government in MTFPS	Actual NPRE
	(1)	(2)	(3)
2006-07	14173	17347	16911
2007-08	16478	19113	18795

The NPRE at Rs.18,795 crore in 2007-08 was more than the normatively assessed level of TFC but slightly less than the projection made by the State

Government in its MTFPS. Relative to the assessment made by TFC, the increase was mainly under interest payments (Rs.430 crore), general services excluded interest payment (Rs.1,201 crore), social services (Rs.159 crore) and economic service (Rs.1,563 crore).

The PRE which has consistently increased during the period 2003-08 has increased by 24.83 *per cent* during the current year. The increase in PRE in 2007-08 was mainly under Rural Development (Rs.552 crore), Crop Husbandry (Rs.166 crore), Welfare of Schedule Caste, Schedule Tribe and Other Backward Classes (Rs.233 crore), Nutrition (Rs.97 crore), Forestry and Wildlife (Rs.126 crore) and Social Security and Welfare (Rs.103 crore), which was partly offset by decrease in expenditure under General Education (Rs.99 crore) and Urban Development (Rs.117 crore).

1.4.3 Committed Expenditure

1.4.3.1 Expenditure on Salaries

Table No. 1.15: Expenditure on Salaries

	(Rupees in crore)				
Heads	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Salaries	5312*	6176*	5669@	5963@	6534@
Of which					
Non-Plan Head	NA	NA	5058	5443	6008
Plan Head	NA	NA	611	520	526
As per cent of GSDP	5.17	5.76	4.87	4.65	4.59
As per cent of RR	37.17	31.28	27.52	23.21	21.29

* Figures as were obtained from Finance Department

@ Source: Finance Accounts of respective years

Trends in table above indicate that the expenditure on salaries increased by 23 *per cent* from Rs.5,312 crore in 2003-04 to Rs.6,534 crore in 2007-08. An increase of 10.38 *per cent* in expenditure on salaries under non-plan head was mainly due to merger of 50 *per cent* dearness allowance as dearness pay with effect from 1st April 2007 and consequential increase in daily allowance etc. Actual salary expenditure at Rs.6,534 crore in 2007-08 was less than the projections in MTFPS (Rs.8,186 crore) and the salary bill relative to revenue expenditure net of interest payments and pensions at 34 *per cent* was also within the norm of 35 *per cent* recommended by the TFC.

1.4.3.2 Pension Payments

Table No. 1.16: Expenditure on Pensions

	(Rupees in crore)				
Heads	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Pensions	1197.27	1329.89	1557.14	1751.69	1964.28
As per cent of GSDP	1.16	1.24	1.34	1.37	1.38
As per cent of RR	8	7	8	7	6.40

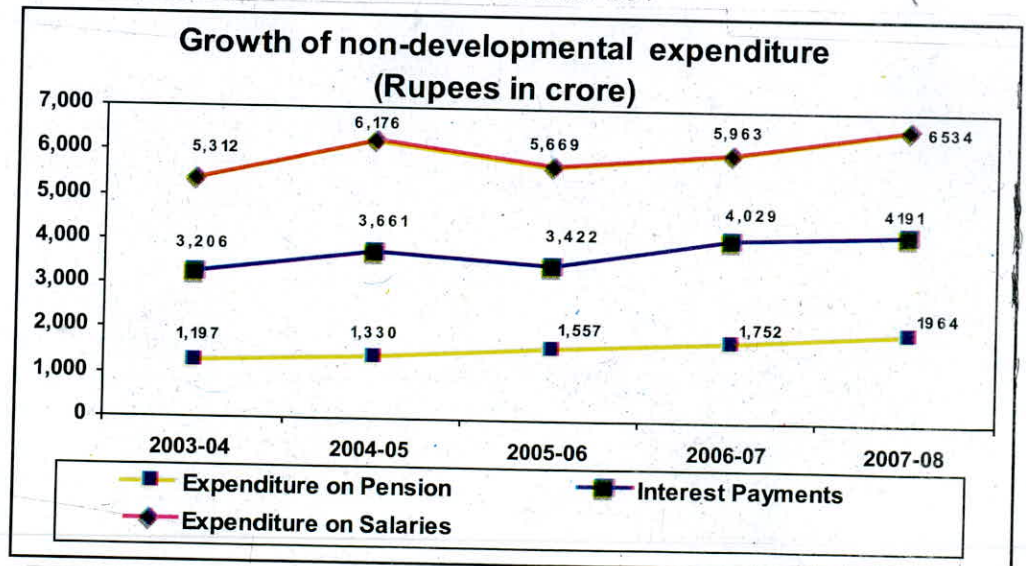
The pension payments increased by 12 *per cent* from Rs.1,752 crore in 2006-07 to Rs.1,964 crore during 2007-08. The increase was noticed mainly under superannuation and retirement allowance (Rs.160.98 crore), family pension (Rs.32.11 crore) and gratuity (Rs.18.37 crore). Actual pension payment at Rs. 1,964 crore in 2007-08 was less than Rs. 1,999 crore as projected in MTFPS and was marginally higher than Rs. 1,936 crore projected by TFC.

1.4.3.3 Interest payments

Table No. 1.17: Interest payments

Year	Total Revenue Receipts (Rupees in crore)	Interest Payments (Rupees in crore)	Percentage of Interest payments with reference to	
			Total Revenue Receipts	Revenue Expenditure
2003-04	14289	3206	22.43	17.08
2004-05	19743	3661	18.54	20.31
2005-06	20597	3422	16.61	16.64
2006-07	25694	4029	15.68	18.02
2007-08	30689	4191	13.66	16.37

Interest payments increased by 4.02 per cent from Rs.4,029 crore during 2006-07 to Rs.4,191 crore during 2007-08 and accounted for 13.66 per cent of the revenue receipts, this constituted 16.37 per cent of revenue expenditure during 2007-08. Interest payments during the year were on special securities issued to NSSF of the Central Government by the State Government (Rs.1,419 crore), market loans (Rs.966 crore), loans borrowed from the Central Government (Rs.694 crore), State Provident funds (Rs.533 crore), Other Internal Debt (Rs.470 crore) and other obligations (Rs.103 crore). The increase in interest payments during 2007-08 over previous year were mainly on Market loans (Rs.60 crore), interest on special securities issued to NSSF of Central Government (Rs. 189 crore), small saving and provident funds (Rs.39 crore) which was partly offset by decrease in interest payment on Other Internal Debt (Rs.99 crore), loans from the Central Government (Rs.23 crore) and other obligations (Rs.3 crore). It was observed that interest payments as percentage to revenue receipts during the year 2007-08 was 13.66 per cent which is within the norm of 15 per cent to be achieved by 2009-10 as per the recommendation of the TFC. Interest payments at Rs.4,191 crore paid during the year was less than the budget estimate of Rs. 4,252 crore for 2007-08.



1.4.3.4 Subsidies

Scrutiny of state budget revealed that state Government has not opened distinct object head for subsidy. The amount of subsidy is included in the object head 'grant-in-aid' which comprises of expenditure on infrastructure, maintenance

grants, discretionary grants, aided grants, grants for public relation tour, subsidy (Arthic sahayata) and others (which included subsidy also). As no distinct object head for subsidy has been opened in the state budget, it is not possible to segregate the actual amount of subsidy paid by the State Government. The State Government has agreed to open a distinct object head of subsidy with effect from the financial year 2009-10. However, the Finance Accounts for 2007-08 has shown payment of subsidy amounting to Rs.141 crore during 2007-08 (Food Storage and Warehousing; Rs.65 crore and Power; Rs.76 crore).

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP, the better is the quality of expenditure. **Table 1.18** gives these ratios during 2003-08.

Table No. 1.18: Indicators of Quality of Expenditure

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Capital Expenditure	2679	4951	6623	5170	6833
<i>Of which Salary Component</i>	-	-	104	108	115
Revenue Expenditure	18765	18026	20563	22363	25601
<i>Of which Social and Economic Services</i>	11601	9641	11852	12456	14682
Social and Economic Services with					
(i) Salary Component	NA	NA	4140	4344	4767
(ii) Non-Salary component			7712	8112	9915
As per cent of TE (excluding L & A)					
Capital Expenditure	12.49	21.55	24.36	18.78	21.07
Revenue Expenditure	87.51	78.45	75.64	81.22	78.93
As per cent of GSDP					
Capital Expenditure	2.61	4.61	5.69	4.03	4.81
Revenue Expenditure	18.25	16.80	17.68	17.44	18.00

The share of capital and revenue expenditure in total expenditure exhibited stability in 2004-05 and 2007-08 with inter year variations. However, within the capital expenditure, it is observed that a major portion of the total capital expenditure is shared by the plan capital expenditure during the period. During 2007-08, 95.23 per cent of the total capital expenditure was plan capital expenditure (Rs.6510.47 crore) which increased by Rs.1655.07 crore from the level of Rs.4855.40 crore in 2006-07. The major increase in 2007-08 was reported in Transport (Rs.651 crore), Irrigation and flood control (Rs.631 crore) and Water supply, sanitation and urban development (Rs.269 crore). Of the revenue expenditure incurred on social and economic services during 2007-08, 32 and 68 per cent were incurred on salary and non-salary component respectively. While the share of salary component declined from 35 per cent in 2005-06 to 32 per cent in 2007-08, the share of non salary component has

exhibited an increasing trend during the period. These trends seem to indicate the change in expenditure pattern and focus appears to be on the expansion of social and economic infrastructure in the State.

1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with economic progress and eradication of poverty, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table 1.19** summarises the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2003-08.

Table No. 1.19: Expenditure on Social Services

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Education, Sports, Art and Culture					
Revenue Expenditure	2355	2552	2906	3674	3768
<i>Of which</i>					
(a) Salary Component	NA	NA	1786	2261	2443
(b) Non-Salary component	NA	NA	1120	1413	1325
Capital Expenditure	20	24	42	68	146
Total	2375	2576	2948	3742	3914
Health and Family Welfare					
Revenue Expenditure	761	856	925	1010	1139
<i>Of which</i>					
(a) Salary Component	NA	NA	596	635	689
(b) Non-Salary component	NA	NA	329	375	450
Capital Expenditure	38	43	64	135	111
Total	799	899	989	1145	1250
Water Supply, Sanitation, Housing and Urban Development					
Revenue Expenditure	459	479	556	902	895
<i>Of which</i>					
(a) Salary Component	NA	NA	109	120	140
(b) Non-Salary component	NA	NA	447	782	755
Capital Expenditure	361	242	394	345	615
Total	820	721	950	1247	1510
Other Social Services					
Revenue Expenditure	1747	1785	2271	1990	2343
<i>Of which</i>					
(a) Salary Component	NA	NA	600	235	259
(b) Non-Salary component	NA	NA	1671	1755	2084
Capital Expenditure	116	123	135	174	269
Total	1863	1908	2406	2164	2612
Total (Social Services)					
Revenue Expenditure	5322	5672	6658	7576	8145
<i>Of which</i>					
(a) Salary Component	NA	NA	3091	3251	3531
(b) Non-Salary component	NA	NA	3567	4325	4614
Capital Expenditure	535	432	635	722	1141
Total	5857	6104	7293	8298	9286

The expenditure on social services increased from Rs.5,857 crore in 2003-04 to Rs.9,286 crore in 2007-08 and it constituted 28.63 *per cent* of the total expenditure (excluding loan and advances) (Rs.32,434 crore) and 43.31 *per cent* of the development expenditure (Rs.21,441 crore) during 2007-08. The 'Education, sports, art and culture', 'Health and family welfare' and 'Water supply, sanitation, housing and urban development shared 72 *per cent* of the total expenditure incurred on social services during 2007-08 as against 74 *per cent* in 2006-07.

The trend in revenue and capital expenditure on social services during the last five years 2003-08 revealed that the share of capital expenditure remained within the range of 7 to 12 *per cent* indicating the dominant share of revenue expenditure during the period. Of the revenue expenditure on social services, the non-salary expenditure has increased by 7 *per cent* from Rs. 4,325 crore in 2006-07 to Rs.4,614 crore in 2007-08 and salary expenditure increased by 9 *per cent* from Rs.3,251 crore in 2006-07 to Rs.3,531 crore in 2007-08. As a result, the share of salary component has increased from 42.91 *per cent* in 2006-07 to 43.35 *per cent* in 2007-08 implying less expenditure on non-salary components including maintenance indicating decline in quality of services.

Recognizing the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. However, trends in expenditure revealed that the non-plan salary component under education sector increased by eight *per cent* over 2006-07 while non-plan non-salary component remained almost at the same level. Under Health and Family Welfare sector, the non-plan salary component increased by 10 *per cent* but the non-plan non-salary component increased by 43 *per cent* in 2007-08 over the previous year. The expenditure pattern both in education and health sector needs correction in the ensuing years as per the norms of TFC.

1.5.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the States' economy. **Table 1.20** summarises the expenditure on economic services during 2003-08.

Table No. 1.20: Expenditure on Economic Services

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Agriculture, Allied Activities					
Revenue Expenditure	1148	1244	1285	1638	1945
Of which (a) Salary Component	NA	NA	544	567	621
(b) Non-Salary component	NA	NA	741	1071	1324
Capital Expenditure	50	59	38	47	64
Of which Salary component	-	-	-	-	-
Total	1198	1303	1323	1685	2009
Irrigation and Flood Control					
Revenue Expenditure	270	300	327	341	394
Of which (a) Salary Component	NA	NA	233	253	290
(b) Non-Salary component	NA	NA	94	88	104
Capital Expenditure	1081	1699	1254	1390	2021
Of which Salary component	-	-	82	87	92
Total	1351	1999	1581	1731	2415
Power & Energy					
Revenue Expenditure	3954	1466	1983	682	1084
Of which (a) Salary Component	NA	NA	--	--	--
(b) Non-Salary component	NA	NA	1983	682	1084
Capital Expenditure	328	1747	3236	1086	903
Of which Salary component	-	-	22	21	23
Total	4282	3213	5219	1768	1987
Transport					
Revenue Expenditure	190	140	298	438	609
Of which (a) Salary Component	NA	NA	98	92	127
(b) Non-Salary component	NA	NA	200	346	482
Capital Expenditure	407	547	809	1218	1869
Of which Salary component	-	-	-	-	-
Total	597	687	1107	1656	2478
Other Economic Services					
Revenue Expenditure	717	819	1301	1781	2505
Of which (a) Salary Component	NA	NA	174	181	198
(b) Non-Salary component	NA	NA	1127	1600	2307
Capital Expenditure	241	321	530	636	761
Of which Salary component	-	-	-	-	-
Total	958	1140	1831	2417	3266
Total (Economic Services)					
Revenue Expenditure	6279	3969	5194	4880	6537
Of which (a) Salary Component	NA	NA	1049	1093	1236
(b) Non-Salary component	NA	NA	4145	3787	5301
Capital Expenditure	2107	4373	5867	4377	5618
Of which Salary component	-	-	104	108	115
Total	8386	8342	11061	9257	12155

The expenditure on economic services (Rs.12,155 crore) during 2007-08 accounted for 37.48 per cent of the total expenditure(excluding Loans and Advances) (Rs. 32,434 crore) and 56.69 per cent of development expenditure (Rs.21,442 crore). The expenditure on "agriculture and allied activities, irrigation and flood control, energy and transport" declined from 88.58 per cent of total expenditure on economic services in 2003-04 to 73.13 per-cent in 2007-08.

The trends in revenue and capital expenditure on economic services during 2003-08 revealed that the capital expenditure has consistently increased from Rs.2,107 crore (25.13 per cent) in 2003-04 to Rs.5,618 crore (46.22 per cent) in 2007-08 with a peak level of Rs.5,867 crore (53.04 per cent) in 2005-06, while

revenue expenditure on economic services with inter year fluctuations increased from Rs.6,279 crore (74.87 per cent) in 2003-04 to Rs.6,537 crore (53.78 per cent) in 2007-08. Of the revenue expenditure on economic services, the share of salary component has declined from 20.2 per cent in 2005-06 to 18.9 per cent in 2007-08, while that of non salary component has correspondingly increased during the period.

1.5.4 Financial Assistance to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and other institutions during the five years period 2003-08 is presented in Table 1.21.

Table No. 1.21: Financial Assistance

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	173.96	158.74	133.37	235.09	166.76
Municipal Corporations and Municipalities	557.35	320.61	1027.34	1499.61	1872.65
Zilla Parishads and Other Panchayati Raj Institutions	524.58	437.82	685.98	736.45	885.87
Development Agencies	21.30	7.33	2.00	5.91	6.81
Hospitals and Other Charitable Institutions	13.71	8.67	7.14	6.49	7.29
Other Institutions	113.72	170.90	311.43	470.46	603.38 ⁵
Total	1404.62	1104.07	2167.26	2954.01	3542.76
Assistance as per percentage of RE	7.5	6.12	10.54	13.20	13.84

The Financial Assistance to Local bodies and other institutions increased by Rs.588.75 crore from Rs.2,954.01 crore in 2006-07 to Rs.3,542.76 crore in 2007-08. The increase was mainly under "Municipal Corporations and Municipalities"(Rs.373.04 crore), Zila Parishads and other Panchayati Raj Institutions (Rs.149.42 crore) and other institutions (Rs.132.92 crore), which was partly offset by decrease under Educational Institutions (Rs.68.33 crore). The increase under Municipal Corporations and Municipalities was mainly due to transfer of more funds for the development of basic facilities (Rs.303.57 crore) while under Zilla Parishads and other Panchayati Raj institutions it was due to increased provision under the schemes for Construction and connectivity of rural roads (Rs.60 crore), Janpad Administration (Rs.21.16 crore), basic works of Gram Panchayats (Rs.30.15 crore) and transfer of revenue received from minor minerals of rural areas to Panchayats (Rs.31.87 crore). As the arrears of Fifth Pay Commission to the employees Educational Institutions were paid in 2006-07, there was a steep increase in that year due to one time step up in grants to them which turned back to its normal trend in 2007-08.

⁵ Includes mainly co-operative societies (Rs.137 crore), Food and civil supplies consumer protection (Rs.86 crore), Town and country planning (Rs.128 crore), Agriculture Department (Rs. 67 crore), Handlooms (Rs. 23 crore), Public Health Engineering (Rs.75 crore), Oil Federations (Rs.28 crore), M.P. Council of Science and Technology (Rs.15 crore), Environment Planning Coordination Organisation (Rs.14 crore), Culture (Rs.9 crore) and others (Rs.21 crore).

1.5.5 Delay in furnishing utilisation certificates

Utilisation Certificates (2543 nos.) in respect of Grants and Loans aggregating to Rs.4,162.28 crore paid upto 2007-08 were in arrears. Details of Department-wise break up of outstanding utilisation certificates are given in **Appendix 1.7**.

1.5.6 Abstract of performance of the autonomous bodies

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

1.6 Misappropriations, losses, defalcations, etc

State Government reported 1007 cases of misappropriation, defalcation, etc involving Government money amounting to Rupees 7.32 crore to the end of March 2008 on which final action was pending. The Department-wise and year-wise break up of pending cases is given in **Appendix 1.9**.

1.6.1 Write off of losses, etc

As reported to Audit, losses amounting to Rs.0.58 crore in 68 cases were written-off during 2007-08 by the competent authorities. The department-wise details are given in **Appendix-1.10**.

1.7 Assets and Liabilities

In the Government accounts, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. **Appendix-1.4** gives an abstract of liabilities and the assets as on 31 March 2008, compared with the corresponding position on 31 March 2007. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. **Appendix-1.11** depicts the time series data on State Government finances for the period 2003-08.

1.7.1 Financial Results of Irrigation Works

The financial results of major, medium and minor irrigation projects showed that as against the revenue expenditure of Rs.393.10 crore during the year, revenue realised (Rs. 50.82 crore) from these projects during 2007-08 was 12.93 per cent of revenue expenditure which was grossly inadequate even to meet the expenditure on maintenance as well as other working expenses of these projects.

1.7.2 Financial Analysis of Government Investments

1.7.2.1 Investments and returns

As of 31 March 2008, Government had invested Rs.8,844.99 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.22**). Out of the total investment of Rs.8,844.99 crore at the end of March 2008, Rs.1,082.58 crore pertained to the composite State of Madhya Pradesh but retained in MP pending allocation between MP and Chhattisgarh State (Statutory Corporations (Rs.411 crore), Government Companies (Rs.187.04 crore), Co-operative Banks and Societies (Rs.483.01 crore) and Joint-Stock Companies (Rs.1.53 crore). The return on this investment was 0.67 per cent in 2007-08 while the Government paid interest at the average rate of 7.72 per cent on its borrowings during 2007-08.

Of these, three Statutory Corporations and 15 Government Companies with an aggregate investment of Rs.5,585 crore up to 2007-08 were incurring losses and their accumulated losses amounted to Rs.4,361 crore as per the accounts furnished by these companies up to 2007-08 (**Appendix-1.12**). Major loss making units included Madhya Pradesh State Industrial Development Corporation Limited, Bhopal (Rs.634 crore), Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited, Indore (Rs.680 crore), Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited, Bhopal (Rs.524 crore), Madhya Pradesh Poorv Kshetra Vidyut Vitran Company Limited, Jabalpur (Rs.304 crore), Optel Telecommunication Limited, Bhopal (Rs.115 crore), Madhya Pradesh State Electricity Board, Jabalpur⁶ (Rs.863 crore), Madhya Pradesh State Road Transport Corporation (Rs.781 crore), Madhya Pradesh Financial Corporation (Rs.241 crore) and Madhya Pradesh State Textile Corporation Ltd. Bhopal (Rs.95 crore).

Thus, Government needs not only to invest the high cost borrowings more judiciously to get better returns, but also address the losses on account of these sick units by their restructuring and rehabilitation and/or by considering the disinvestments of such units.

Table No. 1.22: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on government borrowing	Difference between interest rate and return
	(Rupees in crore)			(per cent)	
2003-04	1737.29	8.42	0.48	9.41	8.93
2004-05	4151.65	2.50	0.06	8.96	8.90
2005-06	6965.99	5.72	0.08	7.33	7.25
2006-07	8161.71	14.44	0.18	7.86	7.68
2007-08	8844.99	59.23*	0.67	7.72	7.05

* Details of dividend of Rs.48.27 crore awaited from the concerned

⁶ The MPSEB is still existing and its accounts upto 2005-06 has been finalised and accumulated loss of Rs.863 crore pertains to the period upto May 2005.

1.7.2.2 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporation and Companies, Government has also been providing loans and advances to many of these institutions/organizations. Total outstanding loans and advances as on 31 March 2008, was Rs.5,823 crore (**Table 1.23**). Interest received against these loans advanced was meagre and marginally increased from 0.44 *per cent* in 2003-04 to 0.55 *per cent* in 2007-08 with inter year fluctuations.

Table No. 1.23: Average Interest Received on Loans Advanced by the State Government
(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Opening Balance	2440	2608	5866	3848	4773
Amount advanced during the year	204	3311	834	953	1155
Amount repaid during the year	36	53	2852	28	105
Closing Balance	2608	5866	3848	4773	5823
Net addition	168	3258	(-) 2018	925	1050
Interest Received	11	5	481	14	29
Interest received as <i>per cent</i> to average outstanding Loans and advances	0.44	0.12	9.9	0.32	0.55
Average interest rate (in <i>per cent</i>) paid on borrowings by State Government.	9.41	8.96	7.33	7.86	7.72
Difference between average interest paid and received (<i>per cent</i>)	8.97	8.84	(-) 2.57	7.54	7.17

It was observed that 47 *per cent* (Rs.2,730 crore) of outstanding loans and advances (Rs.5,823 crore) as on 31 March 2008 pertains to MPSEB and its successor companies and another 25 *per cent* are to be recovered from the units engaged in Water supply, sanitation, housing and urban development (Rs.1465 crore), 16 *per cent* from those in Miscellaneous General Services (Rs. 946 crore) and 6.5 *per cent* relates to Agriculture and allied activities (Rs. 373 crore). The average interest paid on borrowing at the rate of 7.72 *per cent* was more than interest received at the rate of 0.55 *per cent* on Loans and Advances given by the State Government during 2007-08. The recovery of loans and advances at Rs.105 crore during the year was more than the budget estimate of Rs. 43.78 crore. The increase over previous year was mainly due to conversion of loans of Rs.60.00 crore into investment of M.P. Financial Corporation and recoveries under Miscellaneous General Services (Rs.24 crore) partly offset by decrease in recoveries under Agriculture and allied activities and loans to Government servants (Rs.5 crore).

1.7.3 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – ordinary and special – from Reserve Bank of India has been put in place. During the year, the State has not availed of any Ways and Means Advances. Ways and Means Advances and Overdrafts availed of during 2003-08 and interest paid by the State are detailed in **Table 1.24**.

Table No. 1.24: Ways and Means Advances and Overdrafts of the State
(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Ways and Means Advances					
Availed in the Year	5330.26	2234.74	Nil	Nil	Nil
Outstanding WMAs, if any	266.78	--	Nil	Nil	Nil
Interest Paid	14.06	3.75	Nil	Nil	Nil
Number of Days	200	127	Nil	Nil	Nil
Overdraft					
Availed in the year	1083.54	--	Nil	Nil	Nil
Number of Days	60	--	Nil	Nil	Nil
Interest Paid	3.41	--	Nil	Nil	Nil

It is evident that due to comfortable position of cash balances of the State it has not availed the WMA and Overdraft facilities during the last three years and nothing is outstanding on these accounts as on 31st March 2008. The cash balances of the State Government at the end of the year have however decreased by Rs.617 crore (25 per cent) from the level of Rs.2410 crore in the previous year. The cash balance investment of the State Government on the other hand has increased from Rs.2506 crore in 2006-07 to Rs.2759 crore at the end of current year. The State Government has invested Rs.2759 crore in the GOI Treasury bills and securities under Cash Balance Investment Account and earned an interest of Rs.176 crore.

1.8 Undischarged Liabilities

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

1.8.1 Fiscal Liabilities

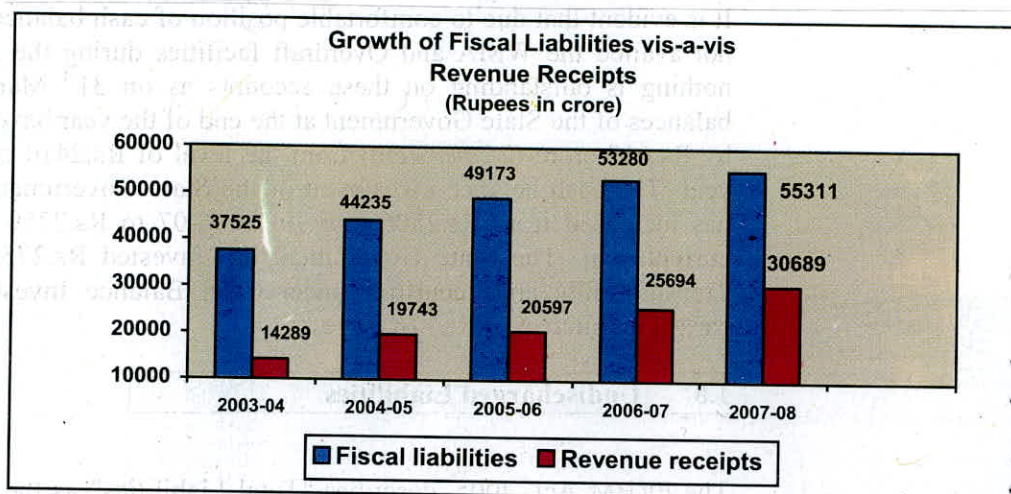
There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and loans and advances from the Central Government as reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special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

Table-1.25 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table No. 1.25: Fiscal Liabilities – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities ⁷ (Rupees in crore)	37525	44235	49173	53280	55311*
Rate of Growth (per cent)	23.68	17.88	11.16	8.35	3.81
Ratio of Fiscal Liabilities to					
GSDP (per cent)	36.49	41.23	42.27	41.56	38.90
Revenue Receipts (per cent)	262.61	224.05	238.74	207.36	180.23
Own Resources (per cent)	453.80	361.54	434.28	405.76	374.84
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	1.28	4.14	1.32	0.82	0.35
Revenue Receipts (ratio)	3.53	0.47	2.58	0.34	0.20
Own Resources (ratio)	3.94	0.37	(-) 1.50	0.52	-0.31

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



Overall fiscal liabilities of the state increased from Rs.37,525 crore in 2003-04 to Rs.55,311 crore in 2007-08. The growth rate was decreased to 3.81 per cent during 2007-08 as against 8.35 per cent in 2006-07. Fiscal liabilities of the State comprised Consolidated Fund liabilities and Public Account liabilities. The Consolidated Fund liabilities (Rs.42040 crore) comprised of Market loans (Rs.12646 crore), Special securities issued to NSSF (Rs 14300 crore); compensation and issue of other bonds (Rs 3263 crore); loans from NABARD (Rs 2038 crore); Loans and Advances from GOI (Rs. 8782 crore) and other loans (Rs.1011 crore). The Public Account liabilities (Rs.13271 crore) comprises of Small savings, provident funds etc. (Rs.7836 crore), Interest bearing obligations (Rs.484 crore) and non interest bearing obligations like deposits and other earmarked funds (Rs. 4951 crore). These liabilities stood at 38.90 percent of GSDP; 1.8 times the revenue receipts and 3.75 times of the State own resources as at the end of 2007-08. The buoyancy of these liabilities with respect to GSDP was decreased from 0.82 in 2006-07 to 0.35 during the year mainly due to sharp decline in their growth rate from 8.35 per cent in 2006-07 to 3.81 per cent in 2007-08.

⁷ Includes in Fiscal Liabilities all internal debt, loans and advances from GOI, small savings, provident funds etc., interest bearing obligations such as depreciation reserve fund of commercial undertakings, deposits and non-interest bearing obligations such as deposits of local fund, civil deposit and other earmarked fund.

Sinking fund for amortization of all loans, including loans from bank, liabilities on account of NSS etc. has not been set up by the State Government. The State Government is of the view that except where it may be obligatory to do so, provision for amortization of loans received from the GOI should be made out of revenues only where sufficient revenue resources are available to finance such amortization arrangements. The State Government has not considered it necessary to make arrangements for amortization of any such loans inspite of having revenue surplus.

1.8.2 Status of Guarantees – Contingent liabilities

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

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year 2007-08 since 2003-04 is given in **Table 1.26**.

Table No. 1.26: Guarantees given by the Government of Madhya Pradesh
(Rupees in crore)

Year	Max amount guaranteed	Outstanding amount of guarantees	Percentage of maximum amount guaranteed to total revenue receipt
2003-04	12131.29	973.72	84.89
2004-05	12506.62	2016.27	63.34
2005-06	12636.80	613.37*	61.35
2006-07	12424.26	865.82*	48.35
2007-08	12086.00	855.73*	39.38

* To the extent information was available in the Finance Account.

The outstanding amount of guarantees is in the nature of contingent liability, which was 2.79 per cent of Revenue Receipts. Guarantees have been given by the State Government for the discharge of certain liabilities like loans raised by Statutory corporations, Government companies, Joint Stock companies, Co-operative institutions, local bodies, and firms etc. Upto the year 2007-08 maximum amount guaranteed by the State Government was Rs.12,086 crore, out of which Rs. 856 crore was outstanding at the end of the year. Out of Rs.856 crore outstanding guarantee, Rs.97 crore were outstanding on account of interest. The State Government has constituted a Guarantee Redemption Fund and at the end of year 2007-08, there was closing balance of Rs.305.31 crore in Fund. The FRBM Act, 2005 prescribes the fiscal target to limit annual incremental guarantees so as to ensure that the total guarantees do not exceed 80 per cent of the total revenue receipts in the year preceding the current year. The annual incremental guarantee was within the limit fixed under FRBM Act.

As per the FRBM Act 2005, the State Government is to ensure that within a period of 10 years, i.e. as on the 31st March 2015, total liabilities do not exceed 40 per cent of the estimated GSDP for that year. It was observed that this ratio at 39.50 per cent was already within the ceiling limit laid down in the Act for the year 2015. The ratios of total liabilities to GSDP and revenue receipts during

the year at 39.50 per cent and 183.02 per cent respectively, were also less than the corresponding budget estimate of 48.97 and 243.93 per cent respectively.

1.9 Debt Sustainability

The debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt. A prior condition for debt sustainability is the debt stabilization in terms of debt/GSDP ratio.

1.9.1 Debt Stabilization

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the interest spread (GSDP growth rate – interest rate) and quantum spread (Debt*interest spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilization are indicated in **Table 1.27**.

Table No. 1.27: Debt Sustainability–Interest Rate and GSDP Growth (in per cent)

	2003-04	2004-05	2005-06	2006-07	2007-08
Average Interest Rate	9.41	8.96	7.33	7.86	7.72
GSDP Growth	18.43	4.32	8.43	10.21	10.92
Interest spread	9.02	(-) 4.64	1.10	2.35	3.20
Outstanding Liabilities as on 1st day of financial year (Rupees in crore)	30340	37525	44235	49173	53280
Quantum Spread (Rupees in crore)	2737	(-) 1741	487	1156	1705
Primary Deficit(-)/Surplus(+) (Rupees in crore)	(-) 4117	(-) 2831	(-) 1149	(+) 1274	(+) 1407

An analysis of primary deficit vis-à-vis quantum spread revealed that their sums turn out to be negative during 2003-06 indicating rising debt-GSDP ratio during the period. But in 2006-08, the State fiscal position has improved and achieved primary surplus of Rs.1,274 crore and Rs.1,407 crore respectively, as a result primary surplus vis-à-vis quantum spread turns out to positive which indicated the declining trend in debt-GSDP ratio which if continued would tend to stabilize the debt and eventually improve the debt sustainability of the State.

1.9.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest

liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. The persistent negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. **Table- 1.28** indicates the resource gap as defined for the period 2003-08.

Table No. 1.28: Incremental non-debt Receipts and Total Expenditure
(Rupees in crore)

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
1	2	3	4	5 (3+4)	6 (2-5)
2003-04	891	3448	704	4152	(-) 3261
2004-05	5451	4185	455	4640	811
2005-06	3653	1971	(-) 239	1732	1921
2006-07	2282	(-) 141	607	466	1816
2007-08	5074	4942	162	5104	(-) 30

During 2003-04 the incremental non-debt receipts were not enough even to meet the incremental requirements of the primary expenditure resulting in negative resource gap during the year. In subsequent three years (2004-07), non debt receipts increased and met not only the additional requirement on primary account but after meeting the incremental interest liabilities resulted in a positive resource gap indicating towards the increasing capacity of the State to sustain the debt. However, during 2007-08 the incremental non-debt receipts were sufficient to meet the additional requirement of primary expenditure which increased sharply during the year but not enough to meet the incremental interest liability resulting in moderate negative resource gap.

1.9.3 Net availability of funds

The debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The solution to the government debt problem lies in application of borrowed funds, i.e. these are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in government revenue.

Table-1.29 below gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State as well as the net availability of the borrowed funds over the last five years.

Table No. 1.29: Net Availability of Borrowed Funds

	2003-04	2004-05	2005-06	2006-07	2007-08
(Rupees in crore)					
Internal Debt					
Receipt	7949	6968	4867	4172	2832
Repayment (Principal + Interest)	1857	3061	2806	3699	4099
Net Fund Available	6092	3907	2061	473	(-) 1267
Net Fund Available (<i>per cent</i>)	77	56	42	11	(-) 45
Loans and Advances from GOI					
Receipt	1723	1881	294	431	539
Repayment (Principal + Interest)	3158	3052	1115	1460	1131
Net Fund Available	(-) 1435	(-) 1171	(-) 821	(-) 1029	(-) 592
Net Fund Available (<i>per cent</i>)	(-) 83	(-) 62	(-) 279	(-) 239	(-) 110
Other obligations					
Receipt	5122	5698	5904	6475	7444
Repayment (Principal + Interest)	5720	5364	5615	5818	7745
Net Fund Available	(-) 598	334	289	657	(-) 301
Net Fund Available (<i>per cent</i>)	(-) 12	6	5	10	(-) 4
Total liabilities					
Receipt	14794	14547	11065	11078	10815
Repayment (Principal + Interest)	10735	11477	9536	10977	12975
Net Fund Available	4059	3070	1529	101	(-) 2160
Net Fund Available (<i>per cent</i>)	27	21	14	1	(-) 20

Debt redemption ratio not only steadily increased during the period 2003-08 but exceeded the unity for the first time in 2007-08 during the last five years when the repayments towards the discharge of past debt obligations were significantly more than the fresh debt receipts during the year. During the current year, internal debt redemption was 145 *per cent* of fresh debt receipts, redemption of GOI loans was 210 *per cent* while in case of other obligations repayments were 104 *per cent* of fresh receipts. These trends indicate towards the fact that the focus of the Government seems to be on discharging the past debt obligations.

Out of receipt of Rs.2,832 crore under Internal Debt, the State Government raised market loans of Rs.1,875 crore during the year at an average interest rate of 8.44 *per cent* per annum, Rs.653 crore from the NABARD and Rs.246 crore from National Small Savings Fund of Central Government at the rate of 9.5 *per cent* per annum. The State Government borrowed Rs.539 crore at the rate of 9 *per cent* per annum from Government of India. The receipt of Loans and Advances from Government of India has increased from Rs.431 crore in 2006-07 to Rs.539 crore in 2007-08 mainly due to more receipt of Block Loans (Rs.100 crore) under "Loan for State/Union Territories Plan Scheme". Repayments of internal debt (Rs.4,099 crore) and Loans and advances from GOI (Rs.1,131 crore) included payment of interest of Rs.3,553 crore (68 *per cent*) and debt relief of Rs.363 crore (7 *per cent*) with only Rs.1,314 crore (25 *per cent*) for repayment of principal debt. This indicated that most of the amounts of repayments were for payment of interest. As on 31 March 2008, 34 *per cent* of the existing market loans of the State Government carried an interest rate exceeding 10 *per cent*.

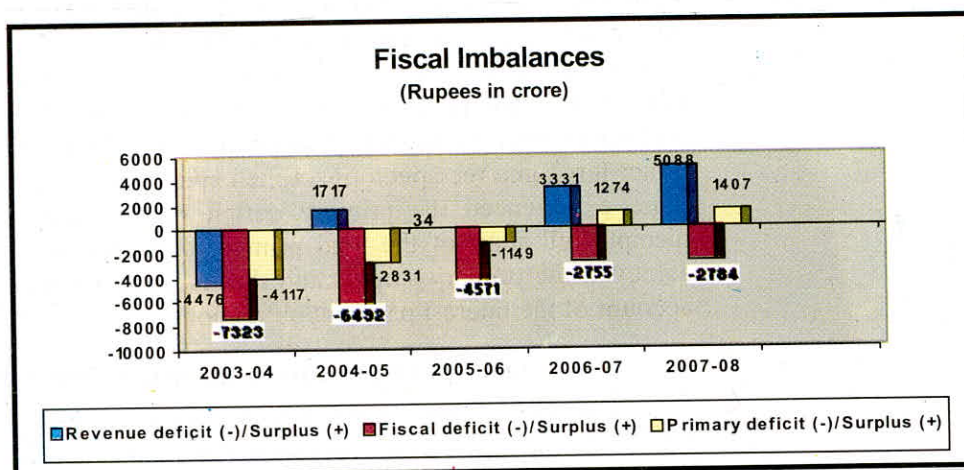
1.10 Management of deficits

The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is

financed and the resources so raised are applied are important pointers to the fiscal health. The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in **Table 1.30**.

Table No. 1.30: Fiscal Imbalances: Basic Parameters

Parameters	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue deficit (-)/ Revenue Surplus (+) (Rupees in crore)	(-) 4476	(+) 1717	(+) 34	(+) 3331	(+) 5088
Fiscal deficit (Rupees in crore)	(-) 7323	(-) 6492	(-) 4571	(-) 2755	(-) 2784
Primary deficit (-)/Surplus (+) (Rupees in crore)	(-) 4117	(-) 2831	(-) 1149	(+) 1274	(+) 1407
RD (-)/RS(+)/GSDP (per cent)	(-) 4.35	(+) 1.60	(+) 0.03	(+) 2.60	(+) 3.58
FD (-)/FS(+)/GSDP (per cent)	(-) 7.12	(-) 6.05	(-) 3.93	(-) 2.15	(-) 1.96
PD (-)/PS(+)/GSDP (per cent)	(-) 4.00	(-) 2.64	(-) 0.99	(+) 0.99	(+) 0.99
RD/FD (per cent)	61.12	NA	NA	NA	NA



1.10.1 Trends in Deficits

The revenue deficit of the State indicates the excess of its revenue expenditure over revenue receipts. The State had a revenue surplus during 2004-05 to 2007-08. The revenue surplus increased from Rs.3,331 crore during 2006-07 to Rs.5,088 crore during 2007-08. An increase of 19.44 *per cent* (Rs.4,995 crore) in revenue receipts during 2007-08 in comparison to that of 14.48 *per cent* (Rs.3238 crore) in revenue expenditure over 2006-07 led to the increase in revenue surplus during 2007-08. The improvement in revenue surplus of the State may however be seen in view of the fact that about (Rs.3370 crore) 67.5 *per cent* of the incremental revenue receipts of the State during 2007-08 (Rs 4995 crore) are contributed by the central transfers comprising of State's share in central taxes and duties and grants-in-aid from the Union of India.

The fiscal deficit defined as a gap between the total expenditure of the Government and its total resources decreased consistently from Rs.7,323 crore in 2003-04 to Rs.2,755 crore in 2006-07 but increased slightly in 2007-08 to Rs.2,784 crore. Despite the cushion of incremental revenue surplus of Rs.1,757 crore during the year, fiscal deficit marginally increased by Rs.29 crore mainly on account of increase in capital expenditure (Rs.1,663 crore) and disbursement of Loans and Advances (Rs.202 crore) during 2007-08 relative to the previous year. Given the marginal increase in fiscal deficit (Rs.29 crore) and increase in

interest payments (Rs.162 crore), primary surplus of Rs.1,274 crore in 2006-07 increased to Rs.1,407 crore in 2007-08.

1.10.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary deficit⁸ into primary revenue deficit⁹ and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD was 61 *per cent* in 2003-04 and thereafter the revenue deficit turned into surplus. This trajectory shows a consistent improvement in the quality of the deficit and the borrowed funds were used in activities resulting in expansion in the asset backup of the State.

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2003-08 reveals (Table-1.31) that except in 2003-04 the non debt receipt were enough to meet the primary revenue expenditure thereby generating surplus which consistently increased from Rs.5,431 crore in 2004-05 to Rs.9,397 crore in 2007-08. In other words, non-debt receipts of the State were enough to meet the primary expenditure¹⁰ requirements in the revenue account, rather left some receipts to meet the expenditure under the capital account. The State experienced the primary deficit during 2003-06 when total non-debt receipts fell short of the total primary expenditure. But in 2006-08 the State achieved the primary surplus and the fiscal deficit was experienced mainly on account of the interest payment obligations.

Table No. 1.31: Primary deficit/surplus-Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts*	Primary revenue expenditure	Capital expenditure	Loans and Advances*	Primary Expenditure	Non-debt Receipt vis-à-vis Primary Revenue expenditure	Primary deficit (-) /surplus (+)
1	2	3	4	5	6(3+4+5)	7 (2-3)	8 (2-6)
2003-04	14325	15559	2679	204	18442	(-) 1234	(-) 4117
2004-05	19796	14365	4951	3311	22627	5431	(-) 2831
2005-06	23449	17141	6623	834	24598	6308	(-) 1149
2006-07	25732	18334	5170	954	24458	7398	1274
2007-08	30807	21410	6833	1157	29400	9397	1407

* Including Inter State settlement

1.11 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table-1.32 below presents a summarized position of Government finances over 2003-08, with reference to certain key indicators that help to assess the

⁸ Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit, which is an outcome of the fiscal transactions of the State during the course of the year.

⁹ Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its revenue receipts indicates the extent to which the revenue receipts of the State are able to meet the primary expenditure incurred under revenue account.

¹⁰ Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

Table No. 1.32: Indicators of Fiscal Health (in per cent and ratios)

Fiscal Indicators	2003-04	2004-05	2005-06	2006-07	2007-08
I Resource Mobilization					
Revenue Receipt/GSDP	13.89	18.40	17.71	20.04	21.58
Revenue Buoyancy	0.36	8.84	0.51	2.42	1.78
Own Tax/GSDP	6.60	7.25	7.84	8.17	8.45
II Expenditure Management					
Total Expenditure/GSDP	21.05	24.50	24.09	22.22	23.62
Revenue Receipts/ Total Expenditure	66.01	75.10	73.51	90.20	91.36
Revenue Expenditure/Total Expenditure	86.68	68.57	73.39	78.51	76.22
Salary expenditure on Social and Economic Services / Revenue Expenditure	NA	NA	20.13	19.42	18.62
Non-Salary expenditure on Social and Economic Services / Revenue Expenditure	NA	NA	37.50	36.27	38.73
Capital Expenditure/Total Expenditure	12.38	18.83	23.64	18.15	20.34
Capital Expenditure on Social and Economic Services/Total Expenditure	12.20	18.27	23.20	17.90	20.12
Buoyancy of TE with RR	3.54	0.56	1.52	0.07	0.92
Buoyancy of RE with RR	4.30	(-) 0.10	3.25	0.35	0.74
III Management of Fiscal Imbalances					
Revenue deficit (-)/ surplus (+)(Rs in crore)	(-) 4476	(+) 1717	(+) 34	(+) 3331	(+) 5088
Fiscal deficit (-)/surplus (-) (Rs in crore)	(-) 7323	(-) 6492	(-) 4571	(-) 2755	(-) 2784
Primary Deficit (-)/ surplus (+)(Rs in crore)	(-) 4117	(-) 2831	(-) 1149	(+) 1274	(+) 1407
Revenue Deficit/Fiscal Deficit	61.12	NA	NA	NA	NA
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	36.49	41.23	42.27	41.56	38.90
Fiscal Liabilities/RR	262.61	224.05	238.74	207.36	180.23
Buoyancy of FL with RR	3.53	0.47	2.58	0.34	0.20
Buoyancy of FL with Own Receipts	3.94	0.37	(-) 1.50	0.52	0.31
Primary deficit vis-à-vis quantum spread (Rs in crore)	(-) 1380	(-) 4572	(-) 662	(+) 2430	(+) 3112
Net Funds Available	27	21	14	1	(-) 20
V Other Fiscal Health Indicators					
Return on Investment	0.48	0.06	0.08	0.18	0.67
Balance from Current Revenue (Rs in crore)	(-) 3057	2909	2081	5294	7275
Financial Assets/Liabilities ¹¹	0.65	0.75	0.77	0.85	0.94

The trends in ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy and accessibility of State to resources. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. The revenue receipts relative to GSDP has steadily increased during the period 2003-08 and reached to 21.58 per cent during the year which slightly more than the budgeted estimate of 20.8 per cent of the government for the year. The ratio of own taxes to GSDP has also consistently increased during the period 2003-08 and reached the level of 8.45 per cent in 2007-08 which was at par of budgeted estimate of the government (8.4 per cent) for the year.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilization efforts. The ratio of revenue expenditure to total expenditure although declined from 87 per cent in 2003-04 to 76 per cent in 2007-08 with inter-year variations but it continues to share the dominant portion of the total expenditure of the State Government. The capital expenditure relative to total expenditure had correspondingly indicated an improvement and increased from

¹¹ Assets and some of the liabilities are yet to be apportioned and transferred to Chhattisgarh

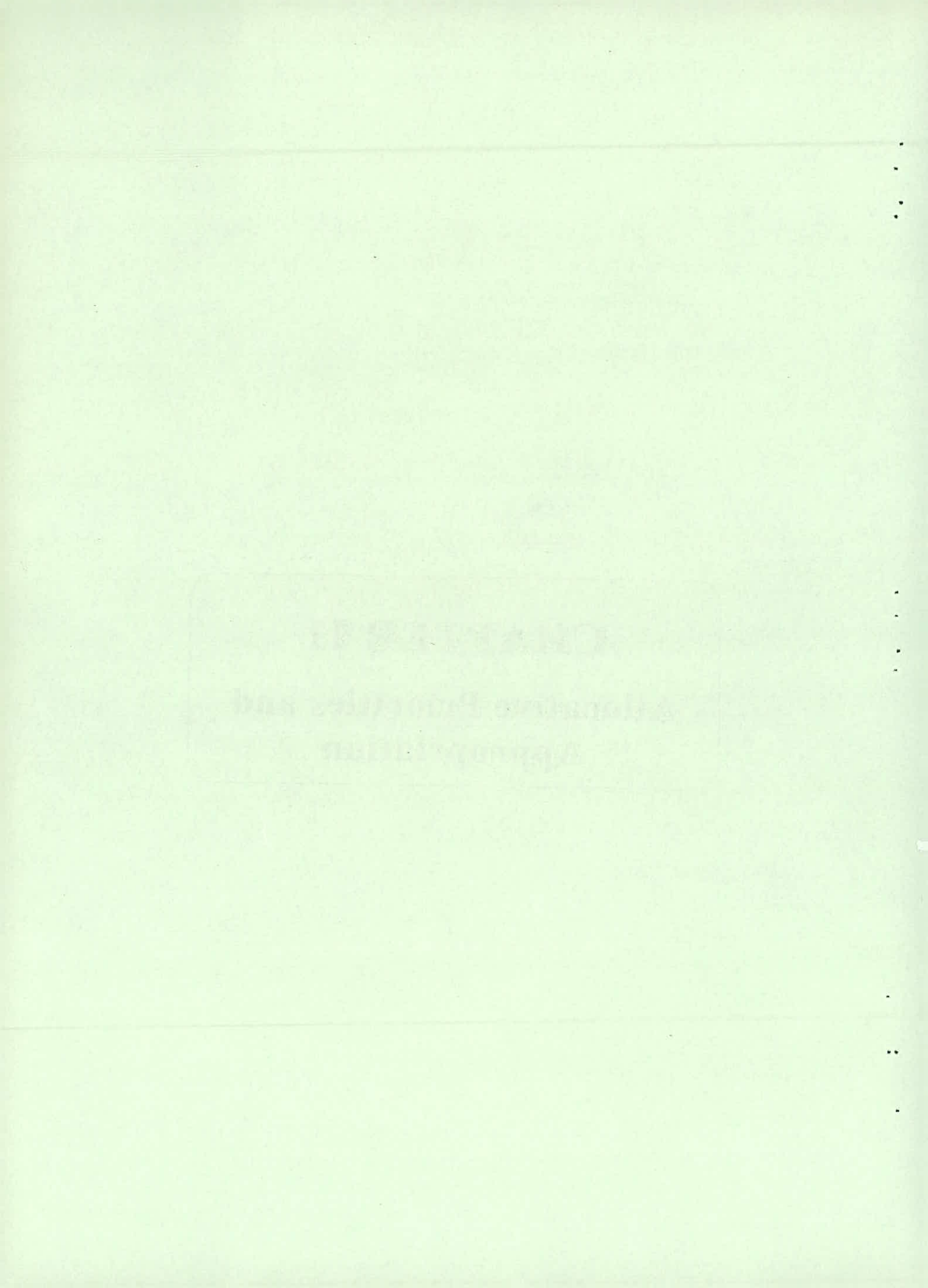
12 per cent in 2003-04 to 20 per cent in 2007-08 with inter year fluctuations. Increasing reliance on revenue receipts to finance the total expenditure that increased from 66 per cent in 2003-04 to 91 per cent during 2007-08 indicates decreasing dependence on borrowed funds. This is also reflected by the decreasing trend in fiscal liabilities to revenue receipts ratio during the period, 2003-08.

The continued prevalence of revenue surplus during the last four years (2004-08), a turnaround in primary account with surplus in 2006-08 and a consistent decline in fiscal deficit since 2003-07 with marginal increase in 2007-08 are the pointers towards an improvement in fiscal position of the state. The positive Balance from Current Revenue (BCR) during 2004-08 indicates that ample funds were available for creation of assets and to meet the plan requirements of the State. The improved fiscal position along with the increasing share of capital expenditure of the State resulted in the increasing ratio of financial assets to liabilities over the period 2003-08.

1.12 Conclusion

The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficit/surplus – indicated somewhat mixed trends in 2007-08 as revenue and primary surpluses have improved while fiscal deficit marginally increased relative to the previous year. The improvement in revenue surplus of the State may however be seen in view of the fact that about 67.5 per cent of the incremental revenue receipts of the State during 2007-08 (Rs 4995 crore) are contributed by the central transfers comprising of State's share in central taxes and duties and grants-in-aid from the Union of India. Notwithstanding these facts, the State has achieved the revenue and fiscal deficits targets relative to GSDP laid down under the FRBM Act, 2005. The expenditure pattern of the State reveals that the revenue expenditure as a percentage to total expenditure continues to share dominant proportion of total expenditure at 76 per cent during 2007-08 leaving less resources for expansion of services and creation of assets. Moreover, within the revenue expenditure, NPRE at Rs.18,795 crore in 2007-08 was although marginally lower than Rs.19,113 crore projected by the State in its MTFPS but it remained significantly higher than the normatively assessed level by TFC (Rs. 16,478 crore) for the year. Further, three components – salary expenditure, pension payments and interest payments – constitute about 68 per cent of the NPRE during 2007-08 which would increase further if subsidies are added to the list for which however figures are not available as state has not opened yet a distinct head to capture the expenditure on explicit subsidies. These trends in expenditure indicate the need for change in allocative priorities. The fiscal liabilities of the state were although within ceiling prescribed by FRBM Act, 2005 but continued to increase due to *inter alia* persistent fiscal deficit till the current year. The increasing fiscal liabilities accompanied with negligible rate of return on government investments and inadequate recovery of interest on loans and advances however might put fiscal stress on the State in the medium to long run unless suitable measures are initiated to make the investments including loans and advances commercially viable; to compress the non plan revenue expenditure and to mobilize the additional resources both through the tax and non tax sources in ensuing years.

CHAPTER II
Allocative Priorities and
Appropriation



CHAPTER II

Allocative Priorities and Appropriation

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2007-08 against 82 grants/ appropriations was as follows:

Table No. 2.1: Summary of Appropriation Accounts

<i>(Rupees in crore)</i>						
	Nature of expenditure	Original grants/ appropriations	Supplementary grants/ appropriations	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	21854.50	3160.51	25015.01	21427.16	-3587.85
	II. Capital	6550.71	1910.05	8460.76	7170.87	-1289.89
	III. Loans & Advances	872.95	710.94	1583.89	1168.35 ¹	- 415.54
Total Voted		29278.16	5781.50	35059.66	29766.38	-5293.28
Charged	IV. Revenue	4662.53	84.27	4746.80	4649.54	-97.26
	V. Capital	5.87	6.77	12.64	11.95	-0.69
	VI. Public Debt	3681.48	0.00	3681.48	1677.00	-2004.48
Total Charged		8349.88	91.04	8440.92	6338.49	- 2102.43
Grand Total		37628.04	5872.54	43500.58	36104.87²	-7395.71

The overall savings of Rs.7395.71 crore was the result of savings in 171 cases of grants and appropriations.

¹ Includes Rs. 2.06 crore in respect of Interstate Settlement.

² It was gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue expenditure: Rs. 475.59 crore and Capital expenditure: Rs. 361.53 crore.

Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in paragraph 2.7. Scrutiny of the Appropriation Accounts 2007-08 revealed the following further points:

2.2.1 The actual expenditure shown under Consolidated Fund (in the table above) stands overstated to the following extent for the reasons mentioned below :

Rupees 136.04 crore³ being unspent amount was transferred to Major Head 8443-Civil Deposits, 800-Other Deposits. Out of total deposits, Rs 100.11 crore were credited through NIL payment vouchers.

Rupees 12.02 crore (Deposits: Rs.1313.87 crore -Disbursements: Rs.1301.85 crore) in respect of government institutions added to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account. Out of the total deposit of Rs.1313.87 crore during the year, Rs.705.97 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs.27.91 lakh drawn on Abstract Contingent bills could not be vouchsafed, as Detailed Contingent bills were not submitted.

The savings/ excesses (Detailed Appropriation Accounts) were reported to the controlling officers requiring them to explain the significant variations. Out of total 859 sub-heads commented upon in Appropriation Accounts, explanation for savings/ excesses in respect of 639 Sub-heads (74.4 per cent) were either not received or were not to the point.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

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

Analysis of savings with reference to allocative priorities showed the following cases of substantial savings:

Grant No. 06-Finance

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
2643.94	111.50	2755.44	2143.81	611.63

Supplementary grant of Rs. 111.50 crore proved unnecessary as the actual expenditure was less than the original provision. Saving occurred mainly under 2070-Other Administrative Services-State Plan Scheme (Normal)-Other Expenditure (Rs.495.00 crore), 2071-Pension and Other Retirement Benefits-

³ Revenue (voted) section: Rs.123.11 crore, and Capital (voted) section: and Rs.12.93 crore.

Minor Head-104-Madhya Pradesh (Rs.24.72 crore), Composite State of Madhya Pradesh (Rs.96.19 crore) and 2075-Miscellaneous General Services - Minor Head 797-Transfer in Consolidated Deposit Fund (Rs.100 crore) which were partly off set by excess mainly under 2071-Pension and other Retirement Benefits(Minor head 101)-Composite State of Madhya Pradesh (Rs.37.15 crore) and Madhya Pradesh (Rs. 38.29 crore) and Minor Head 105-Composite State of Madhya Pradesh (Rs.53.73 crore). Reasons for saving and excess have not been intimated (August 2008).

Grant No.12-Energy

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1329.33	446.00	1775.33	1483.27	292.06

Supplementary grant of Rs 446.00 crore was excessive in view of final saving of Rs. 292.06 crore. Savings occurred mainly under 4801-Capital Outlay on Power Projects- Energy Development Fund-Investment for Satpura Thermal Power Extension Unit (Rs.40 crore), Externally Aided Project (Normal)-Investment for Transmission System Works (Rs. 30.47 crore), Strengthening of Sub-transmission and Distribution System (Rs. 56.66 crore), 6801- Loans for Power Projects-Externally Aided Projects (Normal)- Strengthening of Sub-transmission and Distribution System (Rs. 132.20 crore), State Plan Schemes (Normal)-Rajiv Gandhi Rural Electrification Scheme (Rs.56.95 crore) and Energy Development Fund- Other Loans to Electricity Board (Rs. 37.86 crore). These savings were partly offset by excess under 4801-Capital outlay on Power Projects-State Plan Schemes (Normal)-Strengthening of Sub-transmission and Distribution System (Rs. 31.49 crore), and Energy Development Fund-Investment for Transmission System Works (Rs.50 crore). Out of saving of Rs. 56.66 crore mentioned above savings of Rs.15.17 crore attributed to abolition of Grant in new conditions issued by the Government of India, saving of Rs. 132.20 crore was attributed to slow progress of work in implementation of the project and that of Rs.56.95 crore was due to non-receipt of sanctions of remaining projects from the Government of India. Excess of Rs 31.49 crore and Rs. 50.00 crore above were attributed to inclusion of additional projects. Reasons for savings in other cases have not been intimated (August 2008).

Grant No. 21-Housing and Environment

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
121.23	324.00	445.23	162.45	282.78

Supplementary grant of Rs.324.00 crore was excessive in view of final saving of Rs.282.78 crore. Savings occurred mainly under 2217-Urban Development - State Plan Schemes (Normal)-Grant to M.P. Development Federation for

Minor and Medium Urban Infrastructure Development Scheme (Rs.268.31 crore) and Centrally Sponsored Scheme Normal-Integrated Development Scheme of Small and Medium Towns (Rs.5.13 crore). Reasons for savings have not been intimated (August 2008).

Grant No.24-Public Works-Roads and Bridges

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1006.15	357.14	1363.29	1097.91	265.38

Supplementary grant of Rs. 357.14 crore was excessive in view of final saving of Rs. 265.38 crore. Saving occurred mainly under 5053-Capital Outlay on Civil Aviation-State Plan Schemes (Normal)-Construction and extension of Air Strips (Rs.36.31 crore); 5054-Capital Outlay on Roads and Bridges - NABARD (Normal)-Construction of roads under NABARD Loan Assistance (Rs.33.73 crore), Construction of major Bridges under NABARD Loan Assistance (Rs.19.71 crore), Externally Aided projects (Normal)-M P Road Development Programme (Rs.20.23 crore), State Plan Schemes(Normal)-Up gradation of Main District Roads (Rs.71.95 crore), Development of well grounded roads from the funds of Twelfth Finance Commission (Rs.20.63 crore), Central Road Fund (Rs.21.73 crore), Construction of Rural Roads under Basic Minimum Services (Rs. 33.90 crore) and Minimum Need Programme (Including Rural Roads) (Rs. 14.67 crore) which were partly offset by excess mainly under 5054-Capital Outlay on Roads and Bridges-State Plan Schemes (Normal)-Construction of Major Bridges (Rs.8.35 crore) Construction of Roads in State-State Highways (Rs.13.76 crore) and Construction of roads through M. P Road Development Corporation (Rs.16.33 crore).Saving of Rs. 20.23 crore and Rs. 71.95 crore above were attributed to non-commencement of work and non receipt of sanction of the scheme respectively while excess of Rs. 16.33 crore and Rs. 8.35 crore above were due to requirement of funds for land acquisition and as per cost of work plan of the Department and progress of construction work of major Bridges respectively. Reasons for savings and excess in other cases have not been intimated (August 2008).

Grant No.27-School Education (Primary Education)

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1872.26	167.58	2039.84	1539.93	499.91

Supplementary grant of Rs. 167.58 crore proved unnecessary as the actual expenditure was even less than the original grant. Savings occurred mainly under, 2202-General Education-Centrally Sponsored Scheme Normal-District Education and Training Institute (For Basic Minimum Services (Rs. 25.66 crore), Grant to Rajiv Gandhi Mission for National Programmes for Primary Education to Girls (Rs. 11.06 crore), Sarva Shiksha Abhiyan (Rs. 335.68 crore), Central Sector Schemes Normal-Modernisation of Madarsa (Rs. 6.48

crore), I E D (Rs. 7.57 crore). Savings of Rs. 25.66 crore, Rs. 6.48 crore and Rs. 7.57 crore above were mainly due to posts remaining vacant, non conduction of training, non receipt of sanction / funds from the Government of India and adoption of economic measures. Reasons for savings in other cases have not been intimated (August 2008).

Grant no.41 –Tribal Areas Sub-Plan

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
857.46	389.57	1247.03	962.57	284.46

Supplementary grant of Rs.389.57 crore was excessive in view of final saving of Rs.284.46 crore. Significant saving occurred mainly under 2202-General Education-Centrally Sponsored Schemes TSP -Grant to Rajiv Gandhi Mission for National Programme of Primary Education to Girls (NPEGEL) (Rs. 10.35 crore), Sarva-Shiksha Abhiyan (Rs.110.46 crore), 2225-Welfare of Scheduled castes, Scheduled Tribes and Other Backward Classes-Central Sector Schemes T S P-Grant to M P Residential School Society under Article 275(1) (Rs.8.36 crore), 2236-Nutrition-Tribal Area Sub-Plan-Minimum Need Programme for Special Nutrition Schemes (Rs. 6.90 crore) and 2406-Forestry and Wild Life-Schemes financed out of Additive Funds from Government of India-Development of forest villages (Rs. 70.53 crore). These savings were partly off set by excess of Rs. 8.55 crore mainly under 2225-Tribal Aea Sub-Plan-Self-employment Scheme. Savings of Rs. 8.36 crore above was attributed to non receipt of funds from the Government of India. Reasons for other savings and excess in other cases above have not been intimated (August 2008).

Grant no.45 – Minor Irrigation Works

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
286.12	229.38	515.50	368.19	147.31

Supplementary grant of Rs. 229.38 crore was excessive in view of final savings of Rs. 147.31 crore. Savings occurred mainly under 4702-Capital Outlay on Minor Irrigation-NABARD (Normal)-Direction and Administration (Rs. 13.35 crore), State Plan Schemes (Normal)-A I B P Schemes (Rs.88.92 crore) and Direction and Administration (Rs.24.03 crore). Saving of Rs. 88.92 crore above was attributed to late receipt of sanction from the Government of India. Reasons for savings in other cases above have not been intimated (August 2008).

Grant no.57- Externally Aided Projects Pertaining to Water Resources Department

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
319.33	--	319.33	146.48	172.85

Significant savings occurred mainly under-4700-Capital Outlay on Major Irrigation -Externally Aided Projects (Normal)-Service Providing Irrigation and Water Drainage institutions-Water Resources Department (minor head 001) (Rs.23.70 crore), Improvement in productivity of Pre-constructed Irrigation Schemes of Five Basins-Fisheries Department (minor head 001) (Rs.8.46 crore), Agriculture Department (minor head 001) (Rs. 7.73 crore) Water Resources Department (minor head 001) (Rs.9.53 crore), Water Resources Department (minor head 052) (Rs.7.75 crore) and Water Resources Department (minor head 800) (Rs. 83.52 crore). These savings were partly offset by excess of Rs. 13.99 crore under Major head 4700-Externally aided Projects (Normal)-Canal and Appurtenant Works mainly due to more payment on construction works. Savings were mainly due to slow progress of works, non completion of procedural works, non appointment of contract employees, economy measures and to provide funds under major head 4702 in grant no. 45.

Grant No. 75 - Financial assistance to Urban Bodies.

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original	Supplementary			
1703.07	108.71	1811.78	1567.95	243.83

Supplementary grant of Rs.108.71 crore was unnecessary as the actual expenditure was even less than the original grant. Substantial savings occurred mainly under 2217-Urban Development-State Plan Scheme (Normal)-Jawahar Lal Nehru National Punarnavi Mission (Rs.156.80 crore) and Integrated Urban and Slum Development Programme (Rs.71.53 crore). These savings were mainly due to non-receipt of sanction for new projects from the Government of India.

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

- In 23 cases, the entire budget provision of Rupees one crore and more in each case totaling Rs.299.46 crore under various Central schemes including externally aided projects remained unutilized, as detailed in **Appendix-2.1**.
- In 17 schemes, expenditure in each case exceeded the approved provisions by Rupees five crore or more and also by more than 100 per cent of the total provision, aggregating to Rs.379.26 crore. Excesses indicate poor

budgeting and weak expenditure control. Details are given in **Appendix-2.2.**

- In 65 schemes, substantial saving of Rupees five crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs.3773.21 crore was noticed. In 40 of these schemes, the entire provision remained unutilized. The details are given in **Appendix-2.3.**

2.3.2 Persistent savings

In 17 cases of grants and appropriations there were persistent savings of more than Rupees one crore and also 20 per cent or more of provision in each case. Persistent savings indicate budgeting based on inappropriate assumptions. Details are given in **Appendix-2.4.**

2.3.3 Excess requiring regularisation

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

As per Article 205 of the Constitution of India, it is mandatory for State Government to get the excess over a grant/ appropriation regularized by the State Legislature. However, the excess expenditure amounting to Rs.5161.40 crore during the years 1993-94 to 2006-07 had not been regularized so far (August 2008). This was breach of Legislative control over appropriations. The details are as follows:

Table No. 2.2: Excess requiring regularisation

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1993-1994	21	258.11	Furnished
1994-1995	15	407.46	Furnished
1995-1996	21	251.59	Furnished
1996-1997	18	224.17	Furnished
1997-1998	13	302.79	0.23
1998-1999	17	1276.45	Furnished
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	Furnished
2001-2002	03	6.26	Furnished
2002-2003	08	424.79	Furnished
2003-2004	07	2.54	2.46
2004-2005	15	83.66	4.45
2005-2006	06	37.58	29.23
2006-2007	03	35.99	35.99
Total		5161.40	72.36

- (ii) No excess over the voted and charged grants appropriations occurred during the year 2007-08.

2.3.4 Original budget and supplementary provision

Supplementary provision (Rs.5872.54 crore) made during this year constituted 13.50 *per cent* of the total provision (Rs.43500.58 crore) as against 10.55 *per cent* in the previous year.

2.3.5 Unnecessary/ excessive supplementary provisions

Supplementary provision of Rs.901.43 crore made in 38 cases during the year proved unnecessary in view of aggregate saving of Rs.2443.74 crore (saving in each case exceeding Rs. 10 lakh), as detailed in **Appendix-2.5**.

In 46 cases, against additional requirement of only Rs.2546.69 crore, supplementary grants of Rs.4836.66 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.2289.97 crore. Details of these cases are given in **Appendix-2.6**.

2.3.6 Excessive/ unnecessary re-appropriations/ surrender of funds

Re-appropriation is a transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. There were 77 cases where the re-appropriations / surrender of funds of more than rupees one crore in each case proved injudicious due to (a) withdrawal of funds from heads increased the excess expenditure, (b) withdrawal of funds resulted in excess expenditure, (c) unnecessary augmentation of funds despite saving, and (d) augmentation of funds resulted in final savings. The details are given in **Appendix-2.7**.

2.3.7 Anticipated savings 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 2007-08, there were 130 cases of grants/ appropriations in which savings of Rs.4294.86 crore had not been surrendered by the departments. Out of these, in 45 cases, 69 per cent of available savings, aggregating to Rs.4250.17 crore (Rupees five crore and above in each case) were not surrendered, as per details given in **Appendix 2.8**.

(b) Besides, in 138 cases, Rs.2174.88 crore (69.46 per cent) were surrendered on the last day of March 2008, out of total surrender of Rs.3131.11 crore, indicating inadequate financial management.

2.3.8 Injudicious surrender of funds

In ten cases of grants/appropriations, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. It was noticed that as against the total available savings of Rs.255.77 crore, the amount surrendered was Rs.286.03 crore, resulting in injudicious excess surrender of Rs.30.26 crore. Details are given in **Appendix 2.9**.

2.3.9 Expenditure without Budget Provision

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that in Grant no.21-Housing and Environment under the scheme 2070-112-828-Rent Control, expenditure of Rs.1.31 lakh was incurred without the provision having been made in the original estimates/ supplementary demands.

2.3.10 Parking of funds in Civil Deposit

As per Government of India (GOI) guidelines on the Accelerated Rural Water Supply Programme (ARWSP), central assistance provided for concerned/relevant financial year should be utilized within the same year. The Government is required to biannually provide utilisation certificate to certify that the expenditure reported on ARWSP is actual and does not include any unutilized advance nor any unspent amount lying in the Civil deposit.

Further, rule 284 of MP Treasury Code stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement.

The Engineer-in-Chief (E-in-C), Public Health Engineering (PHE) in violation of all codal provisions and the GOI instructions, issued (28th March 2008) directives to the field offices not to surrender the unspent ARWSP funds of 2007-08 if funds were not completely utilised on the programme. He also directed that the balance funds be remitted into the Personal Deposit Account (PD) of the Madhya Pradesh Laghu Udyog Nigam (MPLUN) Bhopal so that the supply of material may be received in the subsequent years.

In compliance with the instructions of the E-in-C, the Executive Engineers (EEs) of 43 Divisions withdrew funds amounting to Rs 111.39⁴ crore and remitted the same to PD account of MPLUN through Major head 8448-Civil Deposit-120 Other Deposits. In the Divisional accounts the expenditure was exhibited as final expenditure under Major Heads '2215 and 4215-Water Supply and Sanitation-Centrally sponsored schemes.

Out of the advance payment of Rs 111.39 crore, material worth Rs 59.99 crore only was supplied by MPLUN upto March 2008 and bills for supply of material of Rs 7.09 crore were pending. The particulars of payment made to the suppliers by MPLUN through its deposit accounts were not available on record. As of May 2008, there was an unspent balance of Rs 44.31 crore lying with the MPLUN.

On this being pointed out, the EEs stated that they followed the orders of the department. The E-in-C while admitting the facts stated (May 2008) that MPLUN is the state agency for supply of material and in order to enforce timely supply of material for drinking water supply schemes, advance payment was made in view of their request. The reply is not acceptable because by

⁴ Rs 60 crore on 13th November 2007 and balance on 31st March 2008

camouflaging advance payments as final expenditure, GOI guidelines for essential utilisation of funds in the same year were clearly violated.

The matter was reported to Government (April 2008) and the reply has not been received (November 2008).

2.3.11 Non-credit of lapsed deposit of Rs.3.40 crore to Government Account

Subsidiary rule 562 of Madhya Pradesh Treasury Code Vol. I provides that all the balances of deposit remaining unclaimed for more than three complete account years shall, after the close of March in each year, be credited to the Government Account through transfer entries in Accountant General (A&E) office. A list of lapsed deposits and balances must be submitted by the Treasury Officers in FORM MPTC-71 to the Accountant General immediately after 31st March.

Test check of the records (January-2007 to June-2007 and February-2008) of three treasuries and thirteen sub-treasuries revealed that a sum of deposit amount of Rs.3.40 crore pertaining to the period 1979-80 to 2004-05 was remained unclaimed for more than three complete account years but the details in FORM MPTC-71 were not submitted to the Accountant General for credit to the Government Account as per provisions of the above Rule. Treasury wise and year wise breakup of unclaimed deposit amounts are given in the **Appendix 2.10**.

The matter was referred to Government (December 2007); reply had not been received (September-2008)

2.4 Unreconciled expenditure

Departmental Controlling Officers are required to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.2534.78 crore in respect of 11 major heads involving 13 grants, representing 7.02 per cent of the total expenditure during the year, had however, remained unreconciled in several departments. Details are given in **Appendix-2.11**.

2.5 Defective sanctions for re-appropriations/surrenders

As per instructions (November 2006) of the State Government and financial rules,

(i) all sanctions for re-appropriations / surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E) office well in time for incorporation in the Accounts, (ii) proper details of schemes should be furnished and (iii) Provision in concerned heads should be available from which surrenders/ re-appropriations are sanctioned etc. Audit observed that Rs.68.26 crore were re-appropriated/ surrendered during the year

in violation of these instructions. However, these were not accepted by the Accountant General (A&E) for inclusion in accounts. Details are given in **Appendix-2.12**.

2.6 Rush of expenditure

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as financial impropriety. The position in respect of expenditure for the four quarters and also for the month of March 2008 is depicted in **Appendix-2.13** which shows that the expenditure incurred in March 2008 in 20 cases ranged between 31 and 84 *per cent* of the total expenditure during the year indicating a tendency to utilize the budget at the close of the financial year.

2.7 Budgetary Control

A review of budgetary procedure and control over expenditure and test check of records pertaining to ten grants⁵ revealed the following:

2.7.1 Non maintenance of Expenditure Control Registers

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

Test check of records of ten grants⁵ revealed that neither Expenditure Control Registers were maintained in any of the controlling offices nor Monthly Expenditure Statements were sent regularly by subordinate offices. This indicated absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, and (b) inadequate/unnecessary/ excessive supplementary provisions. The Controlling officers of Grant nos. 22 and 67 stated in their reply that all the monthly expenditure control is managed by computer and all the records related to budget are available in computer.

⁵ 08-Land Revenue and District Administration (Revenue voted), 16-Fishries (Revenue Voted), 20-Public Health Engineering (Revenue Voted), 22-Urban Administration and Development (Revenue and Capital Voted), 25-Mineral Resources (Revenue Voted), 30-Rural Development Department (Revenue Voted), 40-Expenditure Pertaining to Water Resources Department-Command Area Development (Capital Voted), 67-Public Works-Buildings (Revenue Voted), 71-Bio-diversity and Bio-Technology Department (Revenue Voted), 72-Gas Tragedy Relief and Rehabilitation (Revenue and Capital Voted)

2.7.2 Defective preparation of budget estimates

The procedure followed in test-checked grants⁵ and the Appropriation Accounts, 2007-08 revealed that demands for budget estimates were prepared on adhoc basis. The poor quality of budget preparation and budgetary operations led to:

- (i) Excessive provisions totaling to Rs147.04 crore ranging between Rs.1.00 crore and Rs.65.20 crore in nine grants (8, 16, 20, 22, 25, 30, 67, 71 and 72) under Revenue voted section. In Capital voted section also, excessive provisions totaling to Rs.7.96 crore ranged from Rs.0.50 crore to Rs.6.05 crore in three grants (22, 40 and 72).
- (ii) Substantial savings of Rupees two crore or more and also more than 20 per cent of the provision in each case aggregating to Rs.111.65 crore under 13 schemes of test checked grants during 2007-08 (in eight schemes persistent saving had occurred) as per details given in **Appendix-2.14**. Under 13 schemes, substantial excesses of more than Rupees one crore in each case, totaling Rs.87.12 crore during 2007-08 (in six schemes persistent excess had occurred) were noticed as per details given in **Appendix-2.15**.

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

In seven schemes of test-checked grants, supplementary provisions totaling Rs.17.48 crore remained unutilized and proved unnecessary and in nine schemes supplementary provisions were excessive by Rs.21.33 crore. In four other schemes, supplementary provisions were inadequate in view of excess of Rs. 54 crore. Details are given in **Appendix-2.16**.

2.7.4 Parking of Funds under Civil Deposit and Bank Account

Financial Rules prohibit drawal of money from treasury unless required for immediate disbursement. Test check of records and Appropriation Account 2007-08 revealed that money was drawn and credited to Civil Deposit, Bank Account after exhibiting as final expenditure in accounts to avoid lapse of budget provisions. Details are given below:-

- (i) A sum of Rs. 3.29 crore was drawn under the Scheme 2029-103-0801-Central Sector Scheme Normal-5917-Extension of Computerization Scheme of Land Records in grant no. 8 and credited to Major head 8443-Civil Deposit-800-Other Deposit on 31st March 2008.
- (ii) During 2007-08, a sum of Rs. 245.23 crore was drawn under the Schemes⁶ pertaining to Development of Basic facilities in Municipal

⁶ 2217-05-800-1201-7905 (Rs.3.21 crore), 4217-60-051-1201-7905(Rs.15.41 crore), 6217-60-800-1201-7905 (Rs.191.15 crore), 4217-01-051-1201-7986 (Rs.3.50 crore), 6217-01-800-1201-7986 (Rs.31.96 crore).

Corporations in Grant No.22 and credited to 8443-Civil Deposit-106-Personal Deposit Account under M P Urban (ADB) Project (Urban Water Supply and Environment Improvement Project). Balance of Rs.20.38 crore as on 31.3.2008 was still lying in the aforesaid P.D. Account. In addition, Rs.11.34 crore relating to Schemes 2217/4217/6217-7986/7905 (Rs.10.18 crore) and 2217-7321-Urban Services Programme for poor people (Rs.1.16 crore) were also lying in Bank Account as on 31.3.2008.

(iii) An amount of Rs.7.61⁷ crore was drawn during 19th to 31st March 2008 by various DDOs under Major Heads 2225,2801,2525 and 2235 in Grant nos. 15,41,52,64 and 80 and deposited to 8443-Civil Deposit-106-Personal Deposit.

2.7.5 Non-reconciliation of expenditure under selected grants

In order to enable the controlling officer to ascertain exact and updated position of expenditure, the figures of expenditure in Departmental records should be reconciled with those shown in the records of the Accountant General (A&E)-I, Madhya Pradesh. Test check revealed that reconciliation of Departmental expenditure figures for the year 2007-08 was not carried out with the figures of Accountant General (A&E)-I by any of the Controlling officer of grant no. 8, 16, 20, 30, 40, 67 and 72 resulting in ineffective control over expenditure. The controlling officers accepted the fact.

2.7.6 Non-receipt of Utilization Certificates

A sum of Rs. 6.51 crore was transferred (September 2007, March 2008) to Municipal Corporations⁸ from the Scheme 2217-05-800-1201-7321-Urban Services Programme for Poor under Grant No. 22 by the Project Director, Madhya Pradesh Urban Services for Poor people, but the Utilization Certificates were not received by the Department (June 2008). The Department accepted the facts and stated that Utilisation Certificates are being called for from the concerned Municipal Corporations.

2.7.7 Rush of expenditure in March under schemes of selected grants.

Regular flow of expenditure throughout the year is the primary requirement of budgetary control. In 37 Schemes, the expenditure ranging from 42 percent to 100 percent totaling to Rs.391.54 crore was incurred during March-2008 which indicate poor financial control. Details are given in **Appendix-2.17**.

⁷ Shivpuri Treasury: Rs.0.75 crore (Major Heads 2225 (Rs.0.53 crore), 2801 (Rs.0.22 crore), Betul Treasury: Rs.6.65 crore (Major Heads 2225 (Rs.5.93 crore),2235 (Rs. 0.25 crore) and 2525 (Rs.0.68 crore)

⁸ Bhopal (Rs. 1.44 crore), Indore (Rs. 1.50 crore), Jabalpur (Rs. 1.69 crore) and Gwalior (Rs. 1.88 crore) .



CHAPTER III

Performance Audit

- **Implementation of Watershed Development Programmes**
- **National Programme of Nutritional Support to Primary Education (Mid Day Meal)**
- **Infrastructure Development under Tribal Sub-Plan**
- **Irrigation facilities in Narmada Tapti Basin**

CHAPTER III Performance Audit

This Chapter contains performance audits on Implementation of Watershed Development Programmes, National Programme of Nutritional Support to Primary Education (Mid Day Meal), Infrastructure Development under Tribal Sub-Plan and one long paragraph on Irrigation facilities in Narmada Tapi Basin.

Panchayat and Rural Development Department

3.1 Implementation of Watershed Development Programmes

Highlights

Watershed Development programmes aimed to achieve sustained growth in agriculture productivity through prevention of drought and soil degradation and by bringing about improvement in soil fertility were started in 1996. The success in these initiatives was expected to improve living conditions among people dependent on agriculture and allied activities.

The performance review indicated partial success in works of water conservation. However the achievement in activities like afforestation, pasture development etc. were significantly below the target.

The districts taken up as sample for scrutiny revealed that only 65 per cent of the total projected output was achieved. The various components of the programme were not sequenced properly, leading to non-optimisation of benefit. Impact of the activities under the programme was not assessed to determine the extent of change in socio-economic environment and need for mid course correction. Further major audit findings noticed in implementing the programmes are as follows:-

Expenditure of Rs.24.75 crore was incurred by Watershed Committees in excess of cost norms fixed .

(Paragraph 3.1.6.3)

Expenditure of Rs.76.38 crore was incurred on six watershed projects under Integrated Wasteland Development Programme (IWDP) and 292 watershed projects under Drought Prone Area Programme (DPAP) where agriculture land was over 70 per cent .

(Paragraph 3.1.7.4)

Avoidable expenditure of Rs.21.84 crore was incurred on villages which had already been treated by the Agriculture Department or were under command areas of earlier Irrigation Projects.

(Paragraphs 3.1.7.5 and 3.1.7.6)

Zila Panchayats failed to achieve the assigned targets despite time and cost over runs. As of March 2008 only 213 of the 986 scheduled watershed projects were completed.

(Paragraph 3.1.8.1)

In five districts Rs.8.32 crore out of funds meant for afforestation, pasture development, training/community organisation, etc. was diverted for water conservation works.

(Paragraph 3.1.8.3)

Rupees 1.60 crore was irregularly deducted from the wages of labourers for funding Watershed Development Fund Accounts.

(Paragraph 3.1.8.4)

Developmental works were executed by Watershed Committees in Rewa and Shivpuri district at a cost of Rs.29.04 crore without employing labourers. Similarly payment of Rs.5.08 crore was made on works without recording detailed measurement in Measurement Book.

(Paragraph 3.1.8.5 and 3.1.8.7)

3.1.1 Introduction

In order to overcome the problems of drought, land degradation and to improve the socio-economic condition of economically weaker sections, Watershed¹ Development Projects were taken up in the State under the Centrally Sponsored Schemes "Drought Prone Area Programme" (DPAP) for non-arable lands since 1987 and "Integrated Wasteland Development Programme" (IWDP) for developing wastelands since 1989. The primary objectives of both programmes inter-alia included conservation of soil, water and other natural resources through watershed development programmes with the help of low cost and locally accessible technologies such as *in-situ* soil and moisture conservation measures, afforestation, pasture development etc.

3.1.2 Organisational set-up

The Principal Secretary/Development Commissioner, Panchayat and Rural Development Department is the overall in-charge for implementation of watershed development programmes at Government level. Rajiv Gandhi

¹ Watershed is a geo-hydrological unit or an area that drains at common point.

Watershed Management Mission (RGWMM) established in August 1994 under the Panchayat and Rural Development Department is headed by a Director, who is competent to sanction new watershed projects, monitoring progress and supervision.

At the district level these programmes are being implemented by the Chief Executive Officer (CEO) under the leadership of the Collector, through the Project Implementing Agencies² (PIAs) headed by Project Officers (POs) at block level. Each PIA supervises one or more micro-watershed projects³.

At village level the programmes are executed through Watershed Committees⁴ (WCs) in association with Self Help Groups⁵ (SHGs) and User Groups⁶ (UGs).

3.1.3 Objectives of Audit

Audit objectives were to assess whether:

- the watershed projects were selected as per prescribed criteria and approved guidelines of the programmes;
- the action plans of watershed projects were prepared according to guidelines;
- financial management, implementation of programme components, supervision and monitoring mechanism were effective.

3.1.4 Audit Criteria

Audit conclusion were benchmarked against the following criteria:-

- DPAP Manual and Guidelines issued by the Ministry of Rural Development, Land Resources Department, Government of India.

² PIA: Team of members from Government Department and voluntary organization which work on the project.

³ One micro-watershed project comprises of approximately 500 hectare and one milli watershed comprises of ten micro-watersheds.

⁴ Nominated 10-12 members from UG (4-5), SHG (3-4), Gram Panchayat (2-3) and members of WDT (Multidisciplines from Agriculture, Engineering, Horticulture, Sociology etc.)

⁵ SHG: Homogenous groups having common identity such as agriculture labourers, women, shepherds, SCs/STs etc.

⁶ UG: Identified Groups of most affected people, either beneficially or adversely.

- Circulars and orders issued by Government of Madhya Pradesh, Panchayat and Rural Development Department regarding watershed development projects.
- Detailed Project Reports of each watershed project and records pertaining to its execution.

3.1.5 Audit Scope and Methodology

The implementation of the Watershed Development Programmes during the period 2003-08, was reviewed through a test check (April-October 2008) of the records maintained by the Director RGWMM and twelve⁷ out of 48 CEOs, Zila Panchayats. Information was also collected from other line departments. Out of 2394 DPAP and 124 IWDP watershed projects in the State, 1638 DPAP and 18 IWDP watershed projects were checked involving an expenditure of Rs.339.89 crore (55 *per cent*) out of the total expenditure of Rs.616.88 crore.

The districts were selected on the basis of number of DPAP blocks, number of watershed projects sanctioned in DPAP/IWDP watershed programmes and allocation of funds received from GOI/State Government on a random sampling basis.

An entry conference was held in May 2008 with Director RGWMM where the audit objectives, criteria etc were explained. Audit findings and recommendations of audit were discussed with Principal Secretary to Government of Madhya Pradesh, Panchayat and Rural Development Department in an exit conference held in November 2008. Views of the Government were considered while finalising the review report. Results of test-check are embodied in the succeeding paragraphs.

Audit Findings

3.1.6 Financial Management

Both the programmes are Centrally Sponsored on cost sharing basis between the Government of India (GOI) and State Government in the ratio 3:1 (DPAP) and 11:1 (IWDP). GOI and State Government release their shares to Zila Panchayats (ZPs). ZPs in turn release funds to PIAs and WCs through account payees cheques, which are deposited in the respective bank accounts. Eighty *per cent* of funds upto March 2003 and thereafter eighty five *per cent* of funds are earmarked for development works by WCs. Five *per cent* funds were earmarked each for training and community organization upto March

⁷ Badwani, Betul, Chhindwara, Damoh, Dhar, Jhabua, Khandwa, Khargone, Rewa, Shajapur, Shivpuri and Sidhi

2003. Thereafter, only five *per cent* funds for both the components are transferred to PIAs. Administrative expenses (10 *per cent*) are shared in equal ratio between PIAs and WCs. WCs, PIAs and ZPs prepare their annual accounts duly audited by Chartered Accountant (CA). WCs and PIAs submit monthly report on physical and financial progress to ZPs. ZPs submit their annual accounts alongwith utilization certificates (UCs) to GOI. Watershed projects were sanctioned in batches by the GOI every year and funds were received accordingly. The funds were also earmarked against each batch and expenditure was to be watched there against. As per GOI instructions the saving of one batch could not be utilised in other batches.

Programme-wise and year-wise breakup of amounts released by GOI, State Government and expenditure incurred during 2003-2008 in the State is as under:-

Table No. 3.1: Financial outlays and expenditure

(Rupees in crore)

Name of Programme	Year	Opening Balance	Total Release		Other receipt	Total funds available	Expenditure	Balance with per cent age
			Central share	State share				
DPAP	2003-04	18.48	50.22	21.97	0.15	90.82	69.60	21.22 (23)
	2004-05	21.22	52.88	16.72	0.11	90.93	62.58	28.35 (31)
	2005-06	28.35	53.28	19.25	0.19	101.07	69.85	31.22 (31)
	2006-07	31.22	80.36	29.67	0.13	141.38	101.55	39.83 (28)
	2007-08	39.83	56.57	16.12	0.18	112.70	81.58	31.12 (28)
	Total		293.31	103.73	0.76		385.16	
IWDP	2003-04	9.92	25.58	2.41	0.06	37.97	28.07	9.90(26)
	2004-05	9.90	29.79	2.46	0.08	42.23	25.27	16.96 (40)
	2005-06	16.96	44.65	3.44	0.10	65.15	47.95	17.20 (26)
	2006-07	17.20	78.54	5.75	0.06	101.55	68.53	33.02 (33)
	2007-08	33.02	56.33	5.05	0.16	94.56	61.90	32.66 (35)
	Total		234.89	19.11	0.46		231.72	
	G.T.s		528.20	122.84	1.22		616.88	

Source: Data furnished by Director RGWMM

There were significant savings at the end of the year which was attributed by the department to delayed release of funds by GOI. No visible efforts had however been made by RGWMM to take up the matter for early release of funds with the GOI.

3.1.6.1 Release of funds

As envisaged in the guidelines, funds were required to be released by ZP to PIA and WC within 15 days from the date of its receipt.

In 11 out of 12 Zila panchayats checked it was noticed that Rs.57.60⁸ crore out of Rs.339.89 crore was released after significant delays ranging from two to 27

Extent of delay in release of funds to WCs by ZPs was between 2 to 27 months.

⁸

(Barwani Rs.5.29 crore, Betul Rs.8.79 crore, Chhindwara Rs.5.54 crore, Damoh Rs.2.44 crore, Dhar Rs.8.36 crore, Jhabua Rs.9.66 crore, Khandwa Rs.2.61 crore, Khargone Rs.4.99 crore, Rewa Rs.1.30 crore, Shivpuri Rs.2.19 crore and Sidhi Rs.6.43 crore)

months during 2003-08. The delay in release of funds was assigned to non-formation of WCs, non-receipt of demand from WCs and frequent changes of staff at ZPs level. The delay in release of funds to WCs led to delayed completion of watershed projects. In the exit conference department intimated that e-banking system to expedite release of funds is being introduced.

3.1.6.2 Diversion of earmarked components funds

Expenditure of Rs.2.08 crore was incurred in excess of norms on work component without authorization.

According to the guidelines, expenditure under project components shall be limited to the percentage ceilings fixed for each component. Any amount remaining unutilized from earmarked components shall be duly refunded to ZP by the PIA and WC.

Contrary to these provisions, savings of Rs.2.08⁹ crore out of funds earmarked for administration, training and community organization components was used by PIAs and WCs on Development works components in excess of ceiling fixed for that component without approval of ZPs and Mission Leaders as detailed below:-

Name of component with per cent age break-up	DPAP-5 th , 6 th & 7 th Batch			IWDP (Phase-I)		
	Expenditure ceiling as per norms	Expenditure actually incurred	Excess (+) Saving (-)	Expenditure ceiling as per norms	Expenditure actually incurred	Excess (+) Saving (-)
Administrative cost (10 per cent)	3.10	2.81	-0.29	0.80	0.80	-
Training (5 Per cent)	1.55	0.69	-0.86	0.40	0.27	-0.13
Community organization (5 per cent)	1.55	0.75	-0.80	0.40	0.40	-
Development works (80 per cent)	24.80	26.75	+1.95	6.40	6.53	+0.13
Total	31.00	31.00		8.00	8.00	

(Rupees in crore)

The CEO, ZPs Jhabua and Khargone intimated that the unspent amount of components was utilized as per relaxation given in the State Government order (March 2002). Replies do not correctly interpret the said order. As per the provisions such amounts could be used to cover special cases only (viz. in such micro watersheds where funds was not provided as per project cost) and were not meant to cover routine cases.

3.1.6.3 Adherence to cost norms

Expenditure of Rs.24.75 crore was incurred in excess of cost norms.

As per guidelines overall cost norms¹⁰ fixed for treatment of land per hectare was to be adhered to. Scrutiny of progress reports (March-2008) of checked

⁹ (Dhar Rs.0.05 crore, Jhabua Rs.0.56 crore, Khargone Rs.1.39 crore and Shivpuri Rs.0.08 crore)

¹⁰ Rs.4000 per hectare in DPAP 5th Batch, IWDP-Ist and Rs.6000 per hectare in other batches

ZPs revealed that except in Barwani, and Shajapur an expenditure amounting to Rs.24.75 crore was incurred in excess of cost norms as detailed below:-

(Rupees in crore)

Name of Zila Panchayat	Name of Programme	Total area treated in hectare	Expenditure to be incurred as per cost norms	Total expenditure incurred	Excess expenditure	Average Per hectare cost in Rupees
Betul	DPAP-6 th , 9 th , 10 th	29539	17.72	18.93	1.21	6408
Chhindwara	DPAP-6 th to 12 th and IWDP-IIIrd	54881	32.93	41.28	8.35	7522
Dhar	DPAP-6 th , 7 th , 9 th , 11 th , 12 th and IWDP	39310	23.59	25.42	1.83	6467
	DPAP-5 th	16789	6.72	7.95	1.23	4735
Damoh	DPAP-6 th to 12 th	21707	13.02	17.36	4.34	7997
Jhabua	DPAP-5 th	24791	9.92	10.82	0.90	4364
	DPAP-6 th to 12 th & IWDP-Ist	53001	31.80	35.04	3.24	6611
Khargone	DPAP-9 th to 12 th & IWDP	15302	9.18	11.41	2.23	7456
Khandwa	DPAP-7 th & 8 th	5457	3.27	3.53	0.26	6469
Rewa	DPAP-6 th , 8 th to 11 th	18796	11.28	11.78	0.50	6267
Shivpuri	DPAP-5 th	8874	3.55	3.68	0.13	4147
Sidhi	DPAP-7 th	8490	5.09	5.62	0.53	6620
Total		296937	168.07	192.82	24.75	

The CEO, ZPs attributed the excess expenditure mainly to delayed release of funds by the GOI, as a result of which the cost of watershed escalated. In the exit conference the department stated that the cost norm of Rs.6000 per hectare was very meager for achieving the objectives of programmes, leading to increased in cost norms. No efforts had however been made by the department to get the cost norms revised.

3.1.7 Programme Management

Implementation of programme was to be designed to develop wastelands, prevent soil erosion and improve land fertility through contour/vegetative bunding in the first year and to improve moisture content through supplemental water harvesting engineering structures and allied activities in subsequent years of the project.

3.1.7.1 Action Plans with focus on water conservation measures

Action plans for treatment of watershed were to be prepared according to targeted area and nature of activities which were to be carried out on the

arable, non-arable land including degraded land, wasteland, government land and community land out of earmarked funds received for work components. The cost of developmental works was to be fixed in sector-wise ceiling limits viz. 30 per cent for soil conservation, 40 per cent for water conservation, 10 per cent for afforestation, 10 per cent for pasture development, 7.5 per cent for other activities and 2.5 per cent for assistance to Self Help Groups.

The action plan for watershed development indicated only the name of work and its cost. It did not link these works to any outcome parameters viz. area to be treated by the work and quantified benefits to the users from each of the individual works planned.

Action plans prepared by ZPs gave indicated priority to water conservation works leaving areas like afforestation and pasture development unaddressed.

In eight districts¹¹ high priority was given to water conservation works (more than 60 per cent of funds were allocated against prescribed 40 per cent) by ignoring afforestation, pasture development and other activities, which were also essential in drought proofing the areas.

The CEO, ZPs intimated that due to non-availability of land, less priority were given to these activities. Replies of CEO, ZPs indicated that selection of villages were made without conducting a bench-mark survey.

In the exit conference the department stated that deviation was permitted in special circumstances. This reply is not acceptable as GOI guidelines restricted the deviation upto five per cent only.

3.1.7.2 Selection of Watershed Projects

The main criteria for selection of watershed projects was preponderance of wastelands, common lands, acute shortage of drinking water and prevalent poor wage rate (lower than the minimum wages). Scrutiny showed that in many projects these criteria and size norms were not followed as described in the succeeding paragraphs.

3.1.7.3 Size of micro-watershed

Scrutiny of action plan of watershed projects in test-checked districts revealed that except in Betul and Damoh the size of 94 micro-watersheds was overstated in reports submitted for release of funds to GOI vis-à-vis that in the action plans. The variation in size of micro-watersheds test-checked by audit were as under:-

Area of 94 micro-watersheds was over reported to GOI.

¹¹ Betul, Dhar, Damoh, Khargone, Khandwa, Rewa, Shajapur and Sidhi

Table No. 3.2: Inflated size of micro watersheds

(Area in hectare/Rupees in crore)

Name of ZP	Name of watershed programme	Number of Micro watershed	Area of villages found in the action plan	Total area of micro watershed selected and reported to GOI	Area inflated	Cost of area inflated
Barwani	DPAP	21	7409.207	10500.00	3090.793	1.85
Chhindwara	DPAP	9	1893.72	4499.60	2605.88	1.56
Dhar	DPAP & IWDP	7	2618.267	3517.00	898.733	0.54
Jhabua	DPAP	16	6841.41	8275.00	1433.59	0.86
Khargone	DPAP	8	3124.853	4000.00	875.147	0.53
Khandwa	DPAP & IWDP	11	8618.00	9299.00	681.00	0.41
Rewa	DPAP	2	761.128	1000.00	238.872	0.14
Shajapur	DPAP	9	4273.76	5182.00	908.24	0.55
Shivpuri	DPAP & IWDP	7	2252.76	2837.00	584.24	0.35
Sidhi	DPAP	4	1399.04	2000.00	600.96	0.36
	Total	94	39192.15	51109.60	11917.45	7.15

Source: Action plans and progress reports

Due to overstating the size (area) of micro-watershed to GOI by ZPs, project cost has also been inflated by Rs.7.15 crore. Thus possibilities of misutilisation of higher resources available as a result of overstating of size of watershed could not be ruled out. In the exit conference the department stated that matter was referred to ZPs for ascertaining the factual position.

3.1.7.4 Watershed Projects in area with preponderance of agricultural land

Under IWDP, the criteria for selection of project is that;

- 50 per cent of the project area should be wasteland or revenue/community land and;
- Private land should be less than 50 per cent of total project area.

Scrutiny of watershed projects records revealed that in five out of twelve ZPs the prescribed parameters were not followed in selection of projects with total area of 33713 ha. as detailed below:-

Table No. 3.3: Classification of area selected

(Area in hectare/Rupees in crore)

Name of Z.P.	IWDP Phase No.	Total selected area of projects	Classification of area selected with per cent age				Cost of projects
			Private (Agriculture land)	Government Revenue/Community land	Waste land	Forest land	
Jhabua	IWDP-IV	4125	1844.54 (45)	1418.11 (34)	Nil	862.35 (21)	2.48
	IWDP-III	5758	4163.58 (72)	1423.42 (25)	Nil	171.00 (3)	3.45
Shivpuri	IWDP-II	4373	3445.16 (79)	736.85 (17)	Nil	191.00 (4)	2.62
Shajapur	IWDP-I	9562	7046.75 (74)	2515.26 (26)	Nil	Nil	5.74
Khargone	IWDP-I	4895	2806.36 (57)	1477.16 (30)	Nil	611.48 (13)	2.94
Chhindwara	IWDP-III	5000	3039.00 (61)	787.00 (16)	995.00 (20)	179.00 (3)	3.00
	Total	33713	22345.39 (66)	8357.80 (25)	995.00 (3)	2014.83 (6)	20.23

Source: Action plans of watershed projects

The ZPs covered 22345.39 ha. area (66 *per cent*) of agricultural land by spending Rs.13.41 crore (66 *per cent* of Rs.20.23 crore) where the treatment was not required.

Similarly, under DPAP 292 micro watershed projects were selected in contravention of guidelines. The ZPs in selected districts covered 104957 ha. of agriculture land (73 to 89 *per cent*) after spending Rs.62.97 crore (77 *per cent*) on areas which were not to be covered as per prescribed guidelines as detailed in **Appendix 3.1**.

The ZPs intimated that selection of watershed project was made on the basis of availability of land and demand of local people. The reply was not acceptable as the norms for selection have been drawn to bring non-arable land to the status of arable land and selection of project areas which were pre-dominantly arable defeated the objective.

3.1.7.5 Overlapping of programmes and reselection of already treated villages

As per guidelines of National Watershed Development Project for Rainfed Areas (NWDPA) of Ministry of Agriculture, watershed development projects were to be implemented only through DPAP funds in all the declared drought prone blocks and in the remaining blocks watershed projects were to be implemented through either NWDPA for arable lands or IWDP funds for non-arable lands. It was however, noticed that this territorial delineation was not found to be maintained; as 206 NWDPA projects were being implemented simultaneously in 75 DPAP blocks or where IWDP watershed programmes were in operation. Similarly 58 IWDP projects were found in operation in 4 DPAP blocks.

Avoidable expenditure of Rs.2.73 crore incurred on selection of villages which were already treated by Agriculture department.

Further, those villages, which had already been treated under previous/earlier schemes of watershed development programme like DPAP/NWDPA/IWDP were not to be taken up for treatment again.

It was however noticed in test check of records of CEO, ZPs that 30 villages, which had already been treated at a cost of Rs.4.53 crore under NWDPA by Agriculture Department in 8th, 9th, 10th, five years plan (1992-93 to 2006-07) were reselected for treatment under DPAP in 6 ZPs at a cost of Rs.8.64 crore as per details in **Appendix 3.2**. Expenditure of Rs.2.73 crore has been spent on these projects upto March 2008.

Selection of villages was wrong as many villages earlier were also covered by similar programmes. This indicated lack of co-ordination between ZPs and Agriculture department and non-conducting of survey during Participatory Rural Appraisal exercises by the Project Officers. Thus expenditure of Rs.2.73 crore incurred on the treatment of already treated villages (upto March-2008) was avoidable. On this being pointed out, CEO, ZPs stated that no intimation

of these watershed villages, which were already been treated by Agriculture Department, was received at the time of selection.

3.1.7.6 Selection of micro-watershed villages falling under command area of Irrigation Projects

Villages falling within the command area of irrigation projects were not to be selected for treatment under watershed programme. Scrutiny of records of ZPs revealed that ZPs had approved Rs.19.11 crore for 63 micro-watersheds, which fell under the command area of irrigation projects **Appendix 3.3.**

3.1.8 Programme Implementation

3.1.8.1 Physical Achievements

As per guidelines, the targeted areas were to be treated within a period of five years from the date of sanction of project by GOI. Status of watershed projects sanctioned, completed, ongoing and land treated was not made available to audit by Director, RGWMM. Position of achievement of checked ZPs during 2003-08 was as shown in **Appendix 3.4.** Following audit points emerged:-

- Out of the total targeted area of 807485 ha., only 524000 ha. area (65 per cent) could be treated up to March 2008 by incurring an expenditure of Rs.339.89 crore. Thus not only was the area treated much less than what was targeted but the treatment cost was also above the norm of Rs.6000 per ha.
- The watersheds taken up for development were to be completed within five years but most of the watershed projects could not be completed. 986¹² watersheds projects (550180¹³ ha.) were targeted to be completed upto 2008, but only 213¹⁴ projects having an area of 106946 ha. could be completed, 773 watershed projects with total area of 443234 ha., remained incomplete even after time over-run of one to three years.

The CEO, ZPs attributed the shortfall in achievement to non-availability of funds from GOI. The ZPs could have explored the possibility of approaching GOI to utilize the saving from earlier batches till the receipt of funds for the succeeding batches.

¹² Total number of project DAAP 6th -399, 7th -161, 8th -219, 9th -198 IWDP-I-2, II-4, III-1, IV-2=986

¹³ Total area of these batches 199500+80500+109500+99000+19581+24232+7972+9895=550180 ha

¹⁴ DPAP-6th - Betul-12 (5882 ha.), Barwani-38 (18775 ha.), Dhar-45 (19346 ha.), Khargone-38 (18916 ha.), Khandwa-35 (17500 ha.), Rewa-25 (11311 ha.), Shivpuri-7 (3488 ha.) DPAP-7th -Barwani-12 (5621 ha.) IWDP- Shivpuri-1 (6107 ha.)=213

3.1.8.2 Adoption of ridge to valley strategy

Works were executed mostly in lower reaches of 30 watersheds without following an integrated and sequential approach.

While implementing the project in the first year ridge to valley strategy was to be ensured and soil conservation was to be carried out in the upper reaches of watersheds. In the second and third years water conservation works and other activities were to be carried out in lower reaches.

In nine out of 12 checked districts it was noticed that in 30 micro-watershed projects, ridge to valley strategy was not followed and works were first executed in the lower reaches as shown below :

Table No. 3.4: Ridge wise execution of works

Name of district	Number of micro-watershed	Name of watershed programme and Batch Number	Duration of treatment	Date of executing works	
				Upper reaches soil conservation	Lower reaches water conservation
Barwani	2	DPAP-9 th	2004-06	15.6.05 14.6.05	15.9.04 13.10.04
Chhindwara	1	IWDP	2006-08	15.5.07	14.08.06
Damoh	1	DPAP-12 th	2007-08	No works were carried out.	26.06.07
Dhar	6	DPAP-11 th & 7 th	2007-08 2003-04	9.7.08 2005-.06	29.06.07 01.04.03
Khargone	1	DPAP-11	2006-08	12.4.08	14.11.06
Khandwa	3	IWDP	2006-08	16.2.08 29.1.08 16.2.08	27.06.06 02.07.06 15.12.06
Rewa	6	DPAP-9 th & 10 th	2006-08	No work carried out	09.05.2006 27.10.2006
Shivpuri	3	DPAP-8 th	2002-03	No work carried out.	Jan-03 (only water conservation works were carried out)
Shajapur	7	IWDP	2006-08		Jan. to March-2007

Source: Watershed committees records

The water conservation structures such as percolation tanks and ponds which were constructed in the first year in lower reaches, would also have limited effectiveness as these would be susceptible to damage and choking due to soil flowing downwards with rain water from the top as soil conservation works on upper reaches had not been carried out earlier. The proper sequence of activities was neither provided for in the project plans nor followed and works were being carried out in unplanned manner. In exit conference department stated that local community wanted to have some immediate tangible results of programme hence treatment could not be done in ridge to valley strategy. The reply is not acceptable as it was a deviation from the strategy of the programme.

High priority was given to water conservation works by diverting Rs.8.32 crore from other activities.

3.1.8.3 Prioritization of sectoral activities

As per DPAP Manual, for effective implementation of the watershed development programme, activity-wise cost ceiling of developmental works was to be adhered to. Only a flexibility margin of five per cent for diversion of funds from one sector to the other was permissible.

Scrutiny of final progress reports of completed watershed projects of DPAP-6th Batch in five¹⁵ districts revealed that activity wise cost ceiling for development works was not adhered to as detailed below:-

Table No. 3.5: Sector wise expenditure

(Rupees in crore)

Sl No.	Activities with per cent age	Expenditure as per norms	Actual expenditure	Per cent	Excess/less over cost ceiling
1.	Soil Conservation (30 per cent)	8.74	7.98	27	-0.76
2.	Water Conservation (40 per cent)	11.66	19.98 ¹⁶ (18.59 +1.39)	64	+8.32 (6.93+ 1.39)
3.	Afforestation (10 per cent)	2.91	1.28	4	-1.63
4.	Pasture Development (10 per cent)	2.91	0.59	2	-2.32
5.	Other Activities (7.5 per cent)	2.91	0.69	3	-2.22
6.	Self Help Group (2.5 per cent)				
	Total	29.13	30.52	100	

Source: Watershed committees records

From the above table following points emerged:-

- Maximum expenditure of Rs.19.98 crore was incurred on water conservation works i.e. construction of percolation tank, farm pond, dabri and deepening of ponds etc. (against the ceiling limit of Rs.11.66 crore) by diverting Rs.8.32 crore meant for afforestation, pasture development, training/community organization and SHG's activities.
- The afforestation programme aimed at increasing productivity of degraded land and providing fuel and fodder to the local people, an expenditure of Rs.1.28 crore (four per cent) was incurred against the provision of Rs.2.91 crore, this was 50 per cent below the prescribed cost ceiling.
- Only two per cent of project cost was spent on Pasture development against 10 per cent as required under the programme. Pasture development which was essential for providing fodder as well as preventing soil erosion was thus given least priority.
- Other income generating activities of SHGs were marginally covered in the district. Formation of SHGs and Women Thrift and credit groups, their training, linking them with credit institutions and facilitating them to start income generating activities were not given due attention.

¹⁵ Betul, Dhar, Khargone, Rewa & Shivpuri

¹⁶ Rs.1.39 crore was incurred out of savings of training & community organization components.

The CEO, ZP Shivpuri stated that POs will be instructed to execute the treatment works as per action plan. CEO, ZPs Khargone and Dhar stated that there was non-availability of lands in micro-watersheds area for afforestation and pasture development works, hence high priority was given to water conservation works. CEOs of ZPs Betul and Rewa intimated that thrust on water conservation works were given as per policy of *Pani Roko Abhiyan*.

Thus due to non-performance of all the sectoral activities, the programmes lacked synergy in action, and also failed to improve areas like income generation and participative management.

3.1.8.4 Execution of works through muster rolls

Works costing Rs.29.04 crore were got executed without employing labourers.

As per DPAP Manual all works under programme were to be executed by employing local labourers through muster rolls so that full benefit of wage employment could reach labourers. However, it was observed that payment of Rs.29.04 crore (in Rewa Rs.0.16 crore and in Shivpuri Rs.28.88 crore) for developmental works of the programme were made on sub-vouchers to Secretary of WCs instead of labourers through muster rolls of works. In the absence of muster rolls the possibilities of the works getting executed through contractor and mechanical means could not be ruled out. On this being pointed out, CEOs of ZPs, Rewa and Shivpuri stated that in future, works would be carried out on muster rolls. In exit conference department assured to initiate an early action in this regard.

3.1.8.5 Closure of watershed project without treating the entire targeted area

Incomplete watershed projects closed despite availability of funds.

In DPAP, projects were sanctioned by GOI to ensure drought proofing of the entire drought prone areas on watershed basis. Scrutiny of final progress reports of 122 completed watershed projects revealed that projects were closed without treating the entire targeted area sanctioned by the GOI. Details are as under:-

Table No. 3.6: Incomplete projects closed

(Area in hectare and Rupees in crore)

Name of ZP	Name of programme & Batch No.	Year of sanction	No. of sanctioned projects	Targeted Area	Funds received	Treated Area	Area left without treatment	Expenditure	Amount Refunded to Director RGWMM
Dhar	DPAP-5	1995-96	39	19578	8.07	16789	2789	7.95	0.12
	DPAP-6	2000-01	45	22500	13.69	19346	3154	12.77	0.92
Khargone	DPAP-6	2000-01	38	19000	11.49	18916	84	11.05	0.44
TOTAL			122	61078	33.25	55051	6027	31.77	1.48

Source: Progress reports

Despite provision of funds by GOI, the projects were closed without treating 6027 hectare area and an unspent balance of Rs.1.48 crore was refunded to Director, RGWMM. CEO, ZPs did not intimate the reasons but stated that

remaining area of each micro-watershed will be treated by other ongoing schemes i.e. NREGS in near future.

3.1.8.6 Execution of works without recording detailed measurement

Payment of Rs.5.08 crore made without recording measurement.

As per guidelines all works executed should be measured and details of measurements recorded in the Measurement Book (MB) which would form the basis of payments.

Scrutiny of records of WCs of ZP Rewa revealed that construction works were executed under soil and water conservation and plantation work valued at Rs.5.08 crore as of March 2008 through muster rolls but the progress/measurement of all works were not found to be recorded in Part-II of muster rolls/MB as prescribed. Consequently in the absence of recorded measurement of works, actual execution of works as per requirement and specification as well as correctness of payment could not be ascertained in audit. On being pointed out CEO, ZP accepted the audit observation and stated that instructions are being issued to all WCs in this regard.

3.1.9 Verification of Treated Areas through Land Revenue Records

The objective of improving the economic conditions of weaker sections through watershed development alone was not assessable as this depended on diverse socio-economic factors and watershed programmes could at best play a limited role. As far as drought prevention was concerned, it was observed that 1656 watershed projects were undertaken in 85 drought affected blocks during 2003-08 in the twelve checked districts. These blocks also include villages where watershed treatment works are being carried out over long periods (1995-96).

Thus, 1656 watershed projects (924885 ha.) in 85 blocks of twelve districts were executed during 2003-08 for drought proofing/prevention of which 524000 ha. area (65 per cent) of the targeted area was treated as of March 2008. The status of the land in the test-checked blocks in the districts was assessed for pre and post classification status in 2000 and 2007. This revealed that the sown area was 2138925 ha. in 2006-07 against 2154015 ha. in 1999-2000 showing a decline by 15090 ha. Similarly the area of barren land and non-agriculture land showed an increase from 505782 ha. to 597349 ha. during the same period. District wise details are shown in **Appendix 3.5**.

Increase of barren land/ non-agriculture use land/ wasteland indicated failure of watershed programmes in checked districts.

Thus the claims made by the ZPs of achieving 524000 ha. land treatment was not supported by the records of Superintendent, Land Records Department. The audit scrutiny identified the reasons as non-selection of appropriate project areas, non-execution of project plans as per prescribed sequence, less emphasis on afforestation and pasture development programmes, absence of efforts to develop skills of the community development and non-maintenance of assets by ZPs.

In the exit conference the department stated that instructions to CEO, ZPs have been issued to get the changed status of land incorporated in to land revenue

records. The contention of the department is not accepted in audit because of absence of confirmation of achievements either in the land revenue records or by line departments.

3.1.10 Impact Analysis

For carrying out impact assessment of completed watershed projects, no records like pre and post watersheds observation of ground water level, change in cropping pattern, change in productivity, increase in area of irrigation and reduction in area of wasteland etc. had been maintained at any level. Data for physical achievements resulting in increases in ground and surface water level in water bodies, checking of soil erosion, enhancement of area for irrigation, land treatment etc. depicted that in 103 completion reports shown to audit out of 213 completed projects were not certified by the line departments. These data of achievements were certified by the POs and WC members themselves only and were not authenticated by any other authority. Thus after incurring an expenditure of Rs.339.89 crore during 2003-08, neither the DPAP blocks nor the villages treated on watershed basis could be declared as drought proof in the test check districts.

In the exit conference the department intimated that a village wise register was being maintained to enter pre and post data of crop production, water table etc. but no such register was found to be maintained in the micro watersheds covered by audit.

3.1.11 Monitoring and Supervision

The implementation of watershed programmes was to be monitored at the State, District and Project level. The data of physical and financial achievements of watershed programmes reported through Monthly Progress Reports (MPRs) were however not analysed at any level.

Although periodical returns/reports required for monitoring of the programmes were prescribed yet the progress reports did not contain the component wise and activity wise cumulative figures of physical and financial achievements of the programme at the end of month/year. The formats of reports were being changed every year and were unable to depict the true and fair status of programmes. Poor monitoring of programmes at State level resulted in defective planning, irregularities in selection of micro-watershed area, non-adherence to cost norms, non-execution of work in proper sequence etc. by ZPs as pointed out earlier.

3.1.12 Conclusion

The planning for the projects was not sound. It ignored the GOI guidelines and could not give the required attention to activities which could yield multiple and long term benefits. Project selection was faulty, villages with preponderance of agriculture lands were being selected, land upgradation

measures were totally ignored. Components of the programme were not executed in prescribed sequence necessary for proper development of watershed. Major emphasis was given to construction of minor structures under water and soil conservation measures, which were not of sustainable nature and other components were either partially taken up or totally ignored. Due to tardy progress, the projects could not be completed in time.

Thus it was evident that the watershed development programmes under execution in the State since 1995-96 and all other measures for drought prevention have met with little success even after an expenditure of Rs.616.88 crore during 2003-08 on implementation. The test-checked blocks therefore remained drought prone and contrary to the guidelines of programme land records showed increase in area under barren land and non-agriculture land use.

3.1.13 Recommendations

Following recommendations if adopted could help in smooth operation and flow of benefits from watershed development programmes:-

- Selection of micro-watershed projects should be based on scientific and technical surveys and actual availability of lands for its treatment in the villages of DPAP blocks and other blocks of the districts as per Land Revenue Records.
- Project plans should be prepared with appropriate need based technical inputs and all related activities as envisaged in guidelines to be carried out in watershed area. Project plan should be approved by the Director RGWMM.
- Co-ordination between line departments should be closely monitored to prevent overlapping and reselection of villages.
- Funds should be released to the WCs in time for proper implementation of the projects and watershed development works should be executed according to norms.
- Monitoring and evaluation of the programmes to be made more effective to achieve the goals.
- Pre and post status data of lands classification, soil erosion, crops production and water table shown in project completion reports should be certified by the line departments to keep a close watch on the programme parameters.

These recommendations have been accepted by the department in exit conference.

Panchayat and Rural Development Department

3.2 National Programme of Nutritional Support to Primary Education (Mid Day Meal)

Highlights

The Mid Day Meal (MDM) scheme was launched in the State of Madhya Pradesh with the specific objectives of improving the nutritional status of school going children and bringing about growth in their enrolment and retention to give boost to primary education among children of poorer sections of the society. The figures of enrolment in primary classes in the year 2007-08 decreased by five per cent from the previous year. Performance audit of the programme revealed deficiencies in financial management and programme implementation as there were cases of unspent funds, providing meals in inadequate quantities to students, non-supply of meals to students, lack of infrastructure such as pucca kitchen, drinking water facility, cooking gas facility, etc. Study conducted by National Institute of Public Cooperation and Child Development (NIPCCD) at the instance of MP Govt. revealed poor nutritional status of students covered under the scheme. Some of the highlights of audit review are as follows:

Cost of cooking was not sufficiently provided to the Parent Teacher Associations as a result they had to incur a credit of Rs.3.68 crore.

(Paragraph 3.2.6.2)

Suspected embezzlement of Rs.1.20 lakh was noticed in Block Education Office Gandhwani district Dhar

(Paragraph 3.2.6.4)

Enrolment figure in primary classes declined during 2007-08.

(Paragraph 3.2.7.1)

Against the requirement of 79471 kitchen-cum-store (KCS) only 58688 KCS were sanctioned out of Government of India funds. Out of this construction of 17359 KCS were completed. Against the sanction of 13848 kitchen sheds (KS) out of state fund, only 5024 KS were completed by Tribal Welfare Department (TWD).

(Paragraph 3.2.12.2)

Commissioner TWD provided funds of Rs.9.10 crore irregularly to the districts for purchase of utensils at district level, instead of crediting in the accounts of Parent Teacher Associations (PTAs) of schools for procurement of kitchen devices/utensils.

(Paragraph 3.2.12.3)

Irregular engagement of contractor and non Government organization for cooking/serving of cooked meals below the prescribed rate led to deterioration in quality of food and interruption in supply.

(Paragraph 3.2.13)

3.2.1 Introduction

The Mid Day Meal Scheme (MDM) was launched as a Centrally Sponsored Scheme on 15 August 1995 with the objective of boosting universalisation of primary education by increasing enrolment, attendance, retention and simultaneous improvement in the nutritional level of students of primary classes (I to V) of all Government schools including local body and Government aided schools. From October 2002, the scheme was extended to children studying in the Centres under Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE). The Scheme initially provided for distribution of fixed quantities of dry food grains to school children. This was replaced by cooked meals with effect from October 1995 of selected blocks and of all primary schools from July 2004 after the orders of the Supreme Court. The scheme laid (December 2004) special emphasis on disadvantaged groups with the additional objective of providing MDM in drought-affected areas during summer vacation also. From September 2006, the calorific value of the meal was increased from 300 calories to 450 calories and protein content from 8-12 grams to 12 grams and providing essential micro nutrients and de-worming medicines to the children regularly.

3.2.2 Organisational set-up

Principal Secretary to the Government of MP, Panchayat and Rural Development Department (PRDD), (nodal department), is responsible at Government level for implementation of the scheme. The Development Commissioner implemented the scheme with the assistance of Tribal Welfare Department (TWD) Urban Administration and Development Department (UADD), Food and Civil Supplies Department (FCSD), School Education Department (SED) and Public Health & Family Welfare Department (PHFWD).

At the district level, the Collector was responsible for planning and implementation of the programme. The day to day functioning of the programme was carried out by Chief Executive Officer, Zila Panchayat (CEOZP) with the assistance of other connected departments at district level/block level.

At the school level, Gram Panchayats (GP)/ Nagriya Nikay (NN) were the implementing agencies prior to the year 2004. Thereafter, Parent Teacher Associations (PTAs) of schools were made responsible as implementing

agencies for the programme. Self Help Groups (SHGs) were involved (September 2007) in place of PTAs for the schools of rural areas for running the programme/scheme. The responsibilities of PTAs/SHGs included fixing of menu, appointment of cooks, procurement of ingredients for cooking food, procurement of kitchen devices/utensils, payment of expenditure incurred on cooking, maintenance of quality and hygiene.

The Madhya Pradesh State Civil Supplies Corporation (MPSCSC) is the nodal agency for lifting of food grains from the nearest FCI Depot and its distribution to Fair Price Shops (FPSs) through lead societies from where PTAs/SHGs are required to lift the food grains and to transport it upto schools. An organisational chart is given in **Appendix 3.6**.

3.2.3 Audit Objectives

The objectives of the performance audit were to verify whether:

- the scheme achieved its principal objective of supporting the universalisation of primary education;
- the scheme achieved its secondary objective of improving the nutritional status of the children in the primary classes;
- the internal controls were adequate and in place;
- the scheme was run through well designed implementation procedures; and conformed to the prescribed norms for expenditure; and
- reporting, inspection and monitoring system were efficient.

3.2.4 Audit Criteria

The following audit criteria were adopted while carrying out the Performance Audit.

- Relevant guidelines, instructions issued by the Central and State Government from time to time for implementation of the programme;
- Utilisation of funds as per prescribed norms;
- Statistics on enrolment, retention and attendance in schools;
- Nutrient value of meals served to students; and
- Evaluation reports/studies and survey findings etc.

3.2.5 Audit Coverage and Methodology

The performance audit of the scheme for the period 2003-08 was conducted¹⁷ in twelve¹⁸ out of 48 districts, as selected by Stratified Circular Systematic Random Sampling (10 districts) and Probability Proportional to size with Replacement (two districts) method. Twenty schools were also selected on random basis in each test checked district.

Records of the implementing departments, MPSCSC and Rajya Shiksha Kendra (RSK), maintained at the state, district and block levels, were scrutinized. Joint inspection of 64 schools, interview of 63 children and 41 teachers were also carried out alongwith the representatives of PRDD/SED.

An introductory meeting was held in April 2008 with Secretary PRD Department and subsequently the audit findings and recommendations of audit were discussed in the exit conference held in November 2008 with Principal Secretary, Government of Madhya Pradesh, PRD Department and their views were considered while finalising the review. Results of test-check are embodied in the succeeding paragraphs.

Audit Finding

3.2.6 Financial Management

The GOI provided financial assistance to the State for the MDM scheme in the shape of food grains free of cost through FCI godowns and funds for (i) conversion cost, (ii) management, monitoring and evaluation (MME) funds, (iii) infrastructural funds and (iv) transportation cost of food grains from FCI godowns to schools by reimbursement on receipt of transportation bills.

3.2.6.1 Excess provision for conversion cost

From September 2004, conversion cost of ingredients¹⁹, cost of fuel and wages/remuneration for cooking was payable by GOI at the rate of Rupee one per child per school day and the differential cost of cooking beyond the central assistance was to be borne by State Govt. The rate was increased (15 August 2006) to Rupees two (including State share of Re. 0.50) per child per school day. Details of fund released by Central and State Government and their utilization for the period of 2003-08 for conversion cost was as under:-

¹⁷ During February to November 2007 and May to October 2008

¹⁸ Betul, Bhind, Bhopal, Burhanpur, Dindori, Jhabua, Khargone, Mandla, Narsinghpur, Shahdol, Shajapur, Shivpuri.

¹⁹ Pulses, vegetables cooking oil and condiments.

Table No. 3.7: Funds released and expenditure

(Rupees in crore)						
Year	Central Funds	State Funds	Total	Actual Expenditure	Saving(-)/ Excess(+)	Percentage of Saving/ Excess
2003-04	NA	NA	NA	NA	NA	NA
2004-05	138.96	179.07	318.03	237.15	(-)80.88	(-)25
2005-06	186.14	95.51	281.65	253.13	(-)28.52	(-)10
2006-07	235.08	121.50	356.58	288.90	(-)67.68	(-)19
2007-08	199.38	50.37	249.75	315.02	65.27	26

Source: Panchyat and Rural Development Department.

From the above it is seen that funds between 10 to 25 per cent remained unutilised at the end of each year during 2004-07 indicated excess provision of funds in budget. PRDD attributed (April 2008) the savings to less attendance of children. The departmental reply accepts failure to achieve the objective of improvement of attendance. In test checked districts unutilized balances of Rs.11.63²⁰ crore (as of March 2008) with the Zila Panchayats (ZPs) were not taken into consideration while releasing the funds to PTAs.

3.2.6.2 Sufficient funds of conversion cost not provided to PTAs

Sufficient funds for conversion cost was to be credited in the PTA's account of school in advance on the basis of students enrolled. Progress report of the CEO ZPs revealed that PTAs spent more than the funds provided to them amounting to Rs.3.68 crore as detailed below.

(Rupees in crore)					
Name of district	Reporting month	Period covered in the report	Cooking cost provided to PTAs	Cooking cost incurred by PTAs	Amount of minus balance
Shahdol	June 08	July 07 to June 08	3.43	5.28	1.85
Shivpuri	April 08	July 07 to April 08	7.17	9.00	1.83
Total			10.60	14.28	3.68

Only CEO ZP Shivpuri replied (July 2008) that PTAs purchased the materials on credit or made arrangement on their own. Similarly out of 237 schools checked in audit, 19 to 27 per cent schools²¹ reported minus balance during 2004-08 as shown in Appendix 3.7.

3.2.6.3 Reimbursement of cooking cost to Gram Panchayats (GPs) without observing formalities

As per instructions (July 2004) of Assistant Commissioner Tribal Welfare Department Dindori, the amount spent by Gram Panchayats (GPs)/Nagriya Nikays (NNs) in excess of funds provided to them were to be reimbursed by Block Education Officers (BEOs) after getting the information of previous

Short transfer of funds of Rs.3.68 crore to Parent Teacher Associations.

Block Education Officer reimbursed irregularly Rs.1.96 lakh to GPs.

²⁰ Betul Rs. 2.73 crore, Bhind Rs. 2.70 crore, Burhanpur Rs. 0.91 crore, Dindori Rs. 0.05 crore, Jhabua Rs. 0.45 crore, Khargone Rs. 1.54 crore, Mandla Rs. 0.22 crore and Shajapur Rs. 3.03 crore.

²¹ 44 schools in 2004-05, 59 schools in 2005-06, 48 schools in 2006-07 and 63 schools in 2007-08

years, utilization certificates, and information on proforma-V duly signed by teachers of schools. It was, however, observed that BEO, Shahpura irregularly reimbursed the claim of Rs.1.96 lakh to GPs for the period July 2003 to January 2004 without getting the aforesaid information duly signed by teachers of schools. BEO replied (July 2008) that necessary action is in process.

3.2.6.4 Suspected embezzlement

According to instructions/guidelines of scheme, BEOs were required to credit the amount of conversion cost into PTA's account and were not authorised to incur any expenditure at block level. Scrutiny of records of BEO Gandhwani district Dhar revealed that a payment of Rs.1.20 lakh through DD on account of conversion cost was shown in the cash book on 3 December 2005, but neither the bank's slip for DD and payees stamp receipts, nor the voucher of the party to whom the payment was made, were available from the records. BEO Gandhwani replied (May 2007 and October 2008) that after scrutiny, result would be intimated but results are awaited (November 2008). No reply was furnished by Government.

3.2.7 Enrolment, Attendance and Retention of students

According to the scheme guidelines (August 1995) while furnishing the request/ Annual Work Plan and Budget (AWPB) for each year PRDD was required to be furnished to the GOI, along with the number of Children enrolled in class I to V in Government, Local body and Government aided primary schools and also in EGS and AIE centres for release of food grains, conversion cost and management monitoring and evaluation (MME) cost.

GOI guidelines (December 2004) also envisaged that base line studies for the year 2004-05 should be conducted and completed before the end of academic session 2004-05. However no base line study has been conducted so far (March 2008).

3.2.7.1 Enrolment of students

The year wise position of enrolment, retention and dropout of students in primary education during the period 2003-08 are shown in **Appendix 3.8**. It was observed that the enrolment in the schools providing MDM increased by 10 per cent from 76.94 lakh students to 84.90 lakh students during 2003-04 to 2007-08. Analysis indicated that though the enrolments increased in year 2003-07 it decreased by five per cent during 2007-08. It was also noticed that percentage of number of beneficiaries availing MDM decreased by six per cent during the year 2007-08. The table also shows significant decline in new enrollments from 24.05 lakh students in 2004-05 to 11.80 lakh students in 2007-08. For the decline in enrolment no specific reasons were furnished by the Department.

Block Education Officer Gandhwani, made doubtful payment of Rs.1.20 lakh.

Base line survey was not conducted.

Enrolment increased by 10 per cent during 2003-08.

3.2.7.2 Attendance and retention

Average attendance did not improve.

Scrutiny of information furnished by schools checked in audit revealed that average attendance rate (AAR) decreased from 75 per cent in 2003-04 to 74 per cent in 2007-08 as shown in **Appendix 3.9**. Joint inspection of 64 schools in nine checked districts by the audit team alongwith the representatives of PRDD and SED showed that against enrolment of 9815 students, 5742 (59 percent) were present as per the attendance registers, showing a wide gap between the children enrolled and those attending schools. On actual counting, the number of children present in the schools was 5620 as against 9815 children enrolled (57 per cent) only.

Decline in retention figures.

Scrutiny of data captured from checked sample schools revealed that the retention of students from class I to V decreased in nine²² districts as shown in **Appendix 3.9**.

3.2.8 Management Monitoring and Evaluation (MME) Assistance

The GOI was to provide funds equivalent to 0.9 per cent during 2004-05 and there after 1.8 per cent of the total assistance on food grains, transportation cost and cooking cost, under the MDM scheme for effective MME. The MME fund was to be utilized for school level expenses i.e. forms, stationery, weighing machine, height recorder and replacement of cooking device/utensil etc.(50 per cent), management, supervision, training, internal monitoring and evaluation (35 per cent) and external monitoring and evaluation (15 per cent). The details of funds received from GOI and utilization were as under:

Table No. 3.8: Funds available and spent on MME

(Rupees in crore)					
Year	Opening balance	Released by GOI	Total availability	Expenditure incurred by the State Govt.	Saving
2005-06	Nil	3.27	3.27	0.60	2.67
2006-07	2.67	3.14	5.81	5.13	0.68
2007-08	0.68	6.93	7.61	5.64	1.97

Source : Panchyat and Rural Development Department.

It was observed that:

- Funds for forms, stationery, weighing machine and height recorder at school level were not released during 2005-08.
- PRDD issued (March 2006) instructions to each district for evaluating the programme through District Institute of Educational Training (DIET). However PRDD released Rs.0.50 lakh to each district as late

²² Bhind, Burhanpur, Jhabua, Khargone, Mandla, Narsinghpur, Shahdol, Shajapur and Shivpuri

as in July 2007. Even after that CEO ZP Jhabua and Narsingpur did not provide funds to DIET and hence the evaluation was not done.

3.2.9 Food grains management

The GOI provided food grains free of cost at the rate of 100 gram per child per school day under the cooked meal scheme. Allocation of food grains was made by GOI to FCI.

3.2.9.1 Quality and quantity control of food grains

According to GOI instructions (2004), District collectors were to ensure that food grains of Fair Average Quality (FAQ) are issued by FCI. This was to be ensured through joint inspection by a team consisting of FCI and collector nominee(s). Similar instructions were issued (June 2005 and December 2005) by PRDD in which District Manager MPSCSC was asked to furnish the report to this effect each month to Development Commissioner. Though joint inspection of stock was conducted each month, DM MPSCSC of checked districts did not submit reports to this effect to Co-ordinator MDM. As per instructions of PRDD issued (December 2005) food grains are required to be lifted by PTAs only after actual weighing. However, 128 (54 percent) out of 237 schools checked, stated that the food grains were not being given by FPSs after actual weighing but on the basis of number of gunny bags as per filling capacity. Hence the possibility of short receipt remaining undetected cannot be ruled out.

3.2.9.2 Allotment of food grains to Fair Price Shops.

Allotment orders for distribution of foodgrains are issued by the Collectors/ CEO ZP and required provisioning is done by MPSCSC to FPSs through lead societies. Thereafter foodgrains are lifted by PTAs of schools on the basis of release orders issued by CEOs/ BEOs. Scrutiny of records in checked districts revealed that the entire quantity provided to FPSs was not lifted by the schools and balances remained with the FPSs each year. Balances of food grains available with the FPSs were however not accounted for during the subsequent release by Collector/CEO, ZPs. It has been gathered from District Co-operative Central Banks of checked districts that 3,195 MT²³ food grains valuing Rs.3.20 crore was lying undistributed with FPS at the end of March 2008. The loss of these food grains due to theft/pilferage, etc. is a risk which has not been addressed.

²³

Betul :846, Bhind :22.7, Bhopal :308.7, Shahdol :399.4, Shajapur :32.8, Shivpuri: 315.0, Khargon 714.3, Jhabua 230.90 and Mandla 325.20 MT.

Over reporting of utilization of food grains to GOI.

3.2.9.3 Inflated data of utilization of food grains reported to GOI

PRDD was required to furnish a Utilisation Certificate (UC) to GOI in respect of food grains lifted and consumed during the preceding financial year. A scrutiny of the UCs furnished, revealed that the stock of food grains in hand reported by the PRDD were at variance with the stock in hand as depicted in the records of MPSCSC as shown below:

(Quantity in quintal)

Year	Balance	Stock in hand as per MPSCSC	Figures reported to GOI as per utilization certificate	Excess reported
2004-05	Opening	(W) 100684.33	(W)100634.33	50.00
2005-06	Closing	(W) 170805.66	(W)154025.04	16780.62
		(R) 60556.18	(R) 59403.47	1152.71
Total				17983.33

W-Wheat, R-Rice

Thus, utilization of 17983 quintal food grains worth Rs.1.80 crore during 2004-06 were over reported to GOI.

3.2.9.4 Actual consumption of food grains not reported to GOI

Actual consumption of food grains was not reported.

Utilisation Certificates (UCs) sent to GOI were not based on actual utilization of food grain. In the UCs, quantity of food grains utilized for coverage of eligible children was to be reported. But PRDD sent the UCs on the basis of food grains distributed by MPSCSC to FPSs which was not based on actual consumption. This resulted in reporting of consumption of food grains in excess to that consumed.

3.2.10 Transportation

3.2.10.1 Non payment of transportation charges to PTAs

Transportation charges were not paid to Parent Teacher Associations.

Out of transportation cost of Rs.75 per quintal being reimbursed by GOI to MPSCSC, Rupees five per quintal were payable to PTA for transportation of food grains from FPS to school. In the checked districts it was noticed that Rs.31.95²⁴ lakh for transportation of food grains from FPSs to schools during April 2005 to March 2008 were not reimbursed due to non submission of claims after completing the formalities with necessary documents by PTAs due to non awareness and lengthy procedure. PRDD further simplified (July 2007) the procedure of submission of transportation claim cancelling the earlier

²⁴ Bhind : Rs. 6.26 lakh, Betul :Rs 5.02 lakh, Bhopal : Rs. 2.40 lakh, Narsinghpur : Rs. 2.68 lakh, Shahdol : Rs. 2.97 lakh, Shivpuri : Rs. 7.98 lakh, Shajapur Rs. 4.64 lakh.

orders but still the payments were not made for the above period to the PTAs as the required information was not furnished by link societies/FPSs.

3.2.10.2 Undue benefit to FPSs

Empty gunny bages
of Rs.2.51 crore
retained by FPSs.

The scheme guidelines issued (December 2004) by GOI, envisaged that empty gunny bags should be disposed off by the implementing agency at school level i.e. PTA/SHG in a transparent manner so as to fetch the best possible price and their sale proceeds utilized for further enrichment of the MDM scheme. PRDD issued (June 2005) the instructions. However, it was observed that out of 237 schools, 219 schools (92 *per cent*) had reported that the empty gunny bags were called back by FPSs. Thus, 20.52 lakh empty gunny bags valuing of Rs.2.51 crore @ Rs.12.25 approximately on 10.26 lakh Qtl²⁵ of food grains distributed up to March 2008 in the checked districts resulted in undue benefit to FPSs.

3.2.11 Nutritional status of children

The scheme aimed at providing cooked meal adhering to the prescribed nutritional norm of calories and protein by adding fresh green vegetables etc. in adequate quantities. GOMP decided (January 2004) to provide cooked tasty meal in all primary schools (PS/EGS/AIE centers) from July 2004. Implementing Officer was to ensure that wholesome cooked meal of good quality and prescribed nutritional value was served without any interruption.

3.2.11.1 Nutritive value

As per scheme requirement, each child was to be provided with a meal comprising 300 calories and 8-12 grams of protein from July 2004 to 14 August 2006. From 15 August 2006 the calorific value was increased to 450 calories and 12 grams of protein. Audit observed that there is no provision in the scheme to check the nutritional value of the meals provided to children. National Institute of Public Co-operation and Child Development, (NIPCCD) Western Regional Centre, Indore had evaluated the nutritional value and stated that the amount given to the child was about two roties, one katori of dal or vegetable. Sometimes a child receives three roties on demand and its availability. A standard roti weighs about 30 grams which contributes 103.5 calories of energy and 2.04 grams of protein. Hence caloric contribution in two roties is barely 207 calories and 4.08 grams of protein. The remaining energy has to be made good by either dal or vegetable. Dal/ vegetables prepared in the form of curry was found thin thus reducing the possibilities of adequate calorie and protein supplementation as per norms.

²⁵

Betul 1.24, Bhind 1.25, Bhopal 0.69, Khargone 1.26, Shajapur 0.99, Shivpuri 1.42, Dindori 0.66, Mandla 0.82, Shahdol 0.99, Burhanpur 0.26, Narsinghpur 0.68 (figure in lakh Quintal).

**Cooked meals not/
short distributed.**

3.2.11.2 Distribution of cooked meals

Cooked meals were to be served regularly according to varied menu without interruption, but it was observed that there was interruption in supply of MDM in 323 schools²⁶ of Bhopal and Bhind during December 2004 to April 2007. There was also interruption in urban schools of Dindori district during June-July 2008 (39 to 50 days) and about 388 students were deprived of MDM.

Joint inspection of 41 schools (July to October 2008) revealed that

- Cooked meal was not prepared and served in primary school (PS) Pipariya, Sohagpur (Shahdol) on 21 July 2008 due to non availability of rice.
- Interviewed boys and girls stated that dal toowar (Arhar) and potato vegetable are prepared generally thereby indicating non-supply of varied menu .
- Iodised salt was not used in PS Imalitola Burhar Shahdol.
- Meal was not prepared in required quantity and according to menu in PS Imalitola of Burhar Shahdol as a result of which, two students used to share one thali meals meant for one student.

The responsibility for cooking and distribution of cooked meals in schools of urban areas of Bhopal was given to M/s Naandi Foundation from July 2006. Block Resource Centre Coordinator (BRCC), Block Phanda, Bhopal reported that against the requirement of 794857 meals in April 2007 (for 23 days to 34559 average number of students) only 549621 meals were provided. During the joint inspection of PS Bhiansakhedi Bairagarh Bhopal on 4 October 2007, it was also noticed that out of 211 students enrolled only 125 students were present. M/s Naandi Foundation provided only 10 kg cooked rice, against the requirement of 22 to 25 kg cooked rice made from 12.5 kg uncooked rice. Thus, cooked meal was not given in required quantity to the students but the agency was given the full money for providing required quantity of cooked meals to students.

3.2.11.3 Distribution of de-worming & micronutrient tablets

The revised scheme in 2004 provided that mid-day meal programme should also be utilized for appropriate intervention relating to micro-nutrients, Vitamin A supplementation and de-worming of primary school students.

Directorate Health Services placed (December 2006) the supply order to MP, LUN for supply of Albendazol tablets (88.92 lakh) costing Rs.34.68 lakh and

²⁶ District-Month-Number of Schools-Bhopal-12/04-69, 02/05-79; Bhind-08/06-43, 09/06-48, 10/06-27, 11/06-15, 12/06-24, 01/07-10, 02/07 to 04/07-08

Short/non
distribution of micro
nutrients.

IFA tablets (8891.70 lakh) costing Rs.4.45 crore. It was, however, observed that both the tablets were not supplied to three districts²⁷ and Albendazol tablets to two districts²⁸ during 2006-08. Further micronutrient and de-worming tablets were not procured during 2007-08.

Schools were not provided full quantities of tablets for distribution to students thereby, depriving the students from the supplementation in the schools as shown in **Appendix 3.10**.

Vitamin 'A' was not
distributed.

Scrutiny revealed that Vitamin A supplement was not given in any year 2005-08, though provided in the scheme.

3.2.11.4 Nutritional status

There were no
norms for impact
of nutritional level
and nutritional
level was far from
satisfaction.

A committee was constituted with the representatives from National Institute of Public Co-operation and Child Development (NIPCCD), UNICEF, Food and Nutrition Board, National Institute of Nutrition and Gandhi Medical College, Bhopal to provide input for nutritional assessment, growth monitoring and develop training manual for teachers to carry out growth monitoring exercise. However no detailed instructions were issued in the checked schools. Despite availability of funds of Rs.2.67 crore at the end of March 2006 and Rs.1.97 crore at the end of March 2008 under MME, Weighing machine/Height recorder were not provided in any school. However, NIPCCD evaluated the programme and reported that nutritional status of the children receiving MDM in the State was far from satisfactory.

3.2.12 Infrastructure

Scheme guidelines envisaged that kitchen sheds/ Kitchen cum store (KCS) should be constructed in each school to facilitate cooking in schools itself so that fresh and hot cooked meal is served to children. Clean drinking water facility was required to be made available in each school. Cooking devices such as smokeless chulha were to be used to the extent possible and use of firewood was to be discouraged in the interest of environmental protection. Further containers for storage of food grains and other ingredients and utensils for cooking and serving were to be made available to all schools.

3.2.12.1 Infrastructure provided

The status of infrastructure available in checked district as shown in **Appendix 3.11** was inadequate. Due to lack of adequate infrastructure in schools, smooth implementation of the programme was hampered to a large extent. Cases of deficiencies noticed in the joint inspection of sample schools in rural areas were as under:

²⁷ Betul, Burhanpur, and Narsinghpur.

²⁸ Shahdol and Dindori.

- MDM was being cooked in open space under unhygienic condition in PS Imalitola in Shahdol district.
- Students had to drink water by thali as the glasses, though available, were not provided to them in Girls PS Police line in Shajapur district.
- In PS Koni in Shahdol and PS Talapar in Narsinghpur districts, MDM was being cooked in the Verandah attached to the class room creating a lot of smoke and disturbing the teaching/learning process.
- Children were drinking contaminated water in PS Talapar, Narsinghpur.

3.2.12.2 Construction of Kitchen cum Store (KCS)/ kitchen shed(KS) in primary schools

Unfruitful
expenditure on
construction of
kitchen cum stores.

PRDD assessed the requirement of 79,471 Kitchen sheds in the State. GOI released Rs.139.39 crore and 212.74 crore during 2006-07 and 2007-08 for construction of 23,232 and 35456 KCS @ Rs.60,000 per KCS. The work of construction of KCS was to be completed in about 3 months. But, only 17,359 KCS were completed, 12,420 KCS were in progress and 28,909 KCS were yet to be started as of March 2008. In the exit conference Department stated that the earlier provision of Rs. 60,000 fixed by the Central Government two years ago was insufficient due to escalation and now Rs. 90,000 are required for construction of shed of similar specification but the Central Government has not revised provision or specification for the shed. Hence due to inadequacy of funds, the KCS could not be completed.

Similarly TWD sanctioned construction of 13848 kitchens in 89 tribal blocks of 19 districts during 2006-07 and provided funds of Rs.45.95 crore out of the saving of cooking cost, yet only 5024 KS were completed as of March 2008. In the checked districts it was observed that 2234 kitchens were incomplete as the approval for revised estimates and specifications had not been accorded. Thus, the money remained blocked and schools were not getting the desired benefit.

Joint inspection of PS boys Sunera, Shajapur revealed that KCS do not have platforms and proper ventilation.

3.2.12.3 Kitchen Utensils

According to scheme guidelines, procurement of utensil and storage bins at schools was to be done by the PTAs. However, Commissioner TWD provided (January 2007) funds of Rs.9.10 crore to Assistant Commissioners Tribal Development (ACTDs) of 19 tribal districts for purchase of utensils and storage bins and instructed that purchases be made at district level. ACTDs Dindori, Betul, Mandla, Shahdol and Burhanpur purchased utensils and storage bins on scale basis for all the schools contrary to the provision of guidelines.

The flexibility of PTAs to assess their own requirements was also eroded leading to mismatch between material supplied and its requirement.

3.2.13 Role of Non Government Organisations/ Self Help Groups

The guidelines (December 2004) envisaged that in urban areas where a centralized kitchen set up was possible for a cluster of schools, cooking may where appropriate, be undertaken in a centralized kitchen and cooked hot meal transported under hygienic conditions through a reliable transport system to various schools. No contractor or bhojnalaya was to be engaged. But it was observed that the work of cooking and serving was assigned to contractor and Bhojnalaya in Shajapur²⁹ and Dindori³⁰ districts.

Meal supply arrangement were made with contractors below the prescribed rate.

Further it was observed that in Shajapur district, contract was given to contractors below the prescribed rate of the conversion cost fixed by GOI (during 2006-08) resulting in students getting deprived of meals of proper calorific value and quality. There were many complaints leading to cancellation of the contract (September 2007). In Dindori district there was interruption in supply of cooked meal from 39 to 50 days during June-July 2008 wherein 388 children did not get cooked meals.

3.2.13.1 Engagement of Self Help Groups

It was observed that the BEO Shahdol and Mandla engaged SHGs at block level for regular supply of ingredients to 911 schools and made payment worth Rs.64.38 lakh³¹ during April 2005 to February 2006 against the laid down procedure. Further, Collector (Tribal) Jhabua engaged 24 SHGs for work of grinding of wheat and supply of flour in packets of 23 kg each by adjusting wastage of 8 kg wheat per quintal. There was no provision of allowing/permitting wastage of foodgrains at any level in the guidelines. Wastage of 942.02 quintal of Rs.9.42 lakh was allowed at 8 percent of 11775 quintal wheat grinded in Bhabra, Jobat, Rama and Ranapur blocks during 2006-07. It was also observed that recovery of short supplied flour of 37.44 Quintal @ Rs. 5/- per kg was made from SHGs, instead @ Rs.10/- per kg as prescribed in guidelines resulting in loss of Rs.18.72 lakh.

²⁹ Shajapur District:- (i) Nagar Panchayat Nalkhera- Namdev Bhojnalaya @ Rs. 1.40 per child per day July 2005 to April 06, Jain Bhojnalaya @ Rs. 1.90 per child per day August 06 to April 07, (ii) Nagar Panchayat Susner @ Rs. 1 per child per day (iii) Urban school Shajapur-Akanchha SHG Jawad @ Rs. 0.89 per child per day October 06 to April 07, Pasupati Nath Mahila Mandal @ Rs. 1.80 per child per day September 07 to April 08.

³⁰ Dindori- Urban schools of Dindori – Durgadas Multipurpose Sanstha – at prevailing rate February 08 to June 08.

³¹ BEO Gohaparu-Shahdol Jyoti Mahila SHG Chotarihatola Rs 6.51 lakh, Ganga SHG Umaria Rs. 8.19 lakh., BEO Jaisingh Nagar Shahdol-Mahila SHG Kanadi Khurd Rs.40.24 lakh, BEO Niwas-Mandla-Jai Bhawani SHG Awadongri, Rs.5.93 lakh, Mahabir SHG Kusmi Rs. 3.51 lakh

3.2.14 Monitoring and Supervision

- According to PRDD instructions (February-March 2005) Steering cum Monitoring committees (SMCs) at District/Block level were required to have atleast one meeting in every month. Against the requirement of 36 meetings to be held in each district during 2005-08, few meetings Bhopal (3), Dindori (11), Shahdol (6), Bhind (10), Burhanpur (2) were held. Blocks where SMCs were set up have not furnished the details of meetings held during 2005-08. Scrutiny revealed that SMCs were not constituted at block of Betul, Burhanpur, Dindori, Mandla, Narsinghpur, Shahdol and Shivpuri districts. Meetings were thus not held as required at block level. Thus monitoring of performance by the designated committees was far from satisfactory.
- According to instructions (April 2006) of PRDD, MDM Cell was to be established in each district for effective MME. It was observed that MDM cell in Dindori, Jhabua, Mandla, Narsinghpur and Shivpuri districts were not established and the funds were lying unutilized.
- PRDD issued (October 2005) instructions that Jan Shikshak/Cluster Resource Centre (CRC) was to inspect all schools atleast once in a month. At block and district level, a roster was to be prepared and the officers at block/district level were to inspect atleast 10 schools and 5 schools of remote locality in a month. No information or records relating to inspections were furnished by checked districts/blocks.
- PRDD issued instructions (October 2005) regarding submission of reports in prescribed formats and to prepare the MIS database. During scrutiny of formats of monthly progress reports of Dindori, Khargone, Mandla, Dhar and Shahdol, it was noticed that the data of the previous month did not tally with the current month. CEOZP Betul, Jhabua and Shajapur did not provide the progress reports to audit.
- Separate cash book and ledger were required to be maintained for MDM, It was observed that separate cash book and ledger were not maintained at State level, instead they were mixed with Rajeev Gandhi Jal Grahana Mission account.

3.2.15. Conclusion

The programme implementation was weak. Main objective of universalisation of Primary Education was not achieved as there was no noticeable improvement in overall enrolment, average attendance and retention of students. There were cases of deficiencies in financial management such as non-utilisation of funds, diversion of funds etc. Besides there were cases of short allotment of cooking cost to PTAs, non/short distribution of cooked

meals, delay in construction of kitchens in primary schools etc. were also observed. Non/short distribution of de-worming & micronutrient tablets indicated that implementation of the programme lacked focus on internal issues. 'Health profile' of primary students was not maintained rendering monitoring of health standards more difficult. MDM Cells and Steering cum Monitoring Committees were not set up at district and block levels respectively. Regular meetings were not held to discuss the operational issues. Regular inspections of primary schools, were not carried out to ensure efficient implementation of MDM.

3.2.16.Recommendation

Since the success of the scheme depended heavily on improved delivery, some steps need to be taken to address issues like quality of meals and regularity in supply and efficiency in operation. Some major areas/aspects requiring better attention and efforts are stated below:

- Cooking and supply of meals should conform to the prescribed procedure be of the required quality.
- Necessary records be maintained to monitor the health standards of children.
- The committees at various level should be made more pro-active/participative.
- Evaluation of the scheme may be made to pinpoint events, reasons behind fall in enrolment and retention of school going children.
- More attention needs to be given to improve the status of the kitchen and drinking water as well as utensils.
- Construction of kitchens be speeded up to avoid disruption in teaching by making suitable arrangements for additional funds.

Scheduled Tribes and Scheduled Castes Welfare Department

3.3 Infrastructure Development under Tribal Sub-Plan

Highlights

The Government of India (GOI) evolved Tribal Sub-Plan (TSP) strategy during 5th Plan period (1974-79) with the objective to develop basic infrastructure facilities like irrigation, road and bridge connectivity, construction of educational institutions and health infrastructure in the tribal areas of the State. In Madhya Pradesh Rs.1606.84 crore were spent during 10th Plan (2002-2007) under TSP for developing infrastructure for areas inhabited by tribal population of the State. Some important findings of performance audit are given below.

Government failed to utilise TSP funds of Rs.356.99 crore during the entire 10th plan period. Rupees 4.92 crore received from Central grants remained unutilized as deposits in Badwani and Khargone districts.

(Paragraph 3.3.7)

Diversion of Rs.14.68 crore from TSP funds to non-tribal areas was noticed in Katni and Sidhi districts. The irrigation potential created could not be utilised fully.

(Paragraphs 3.3.7.1 and 3.3.8.2)

Unwarranted splitting of works resulted in avoidable extra expenditure of Rs.4.18 crore.

(Paragraph 3.3.7.3)

Abandonment of five minor irrigation schemes due to overlapping of command area resulted in unfruitful expenditure of Rs.26 lakh.

(Paragraph 3.3.8.5)

A sixty bedded hospital building in Jhabua district remained incomplete for last 12 years due to abnormal delay in finalising the tender.

(Paragraph 3.3.9.6)

3.3.1 Introduction

Scheduled Tribes (STs) are the most disadvantaged section of the Indian society. Apart from high levels of poverty, they remained backward in all aspects of human development indices including education, health, employment, nutrition etc.

The ST population of the country, as per 2001 Census, was 8.43 crore (i.e. 8.2 per cent of the total population of the country) of which 1.22 crore STs live in

Madhya Pradesh (MP), 20.27 *per cent* of the total population of MP is ST, which is the highest among all the Indian States. There were 17 full/ partial tribal districts in the State covering 89 Tribal Development Blocks.

Tribal Development Strategy

The Tribal Sub-Plan (TSP) strategy was evolved by an Expert Committee set-up by the Ministry of Education and Social Welfare, for rapid socio-economic development of the tribal population during the Fifth Five Year Plan (1974-79) and the same is in operation till date.

The salient features of TSP were:

- The benefits given to the tribals and tribal areas of the State should be in addition to what percolates from the overall Plan of the State.
- To ensure a flow of funds for TSP areas the allotment should at least be in equal proportion to the ST population of the State (i.e. 20.27 *per cent* in case of MP).
- The TSP funds were non-lapsable and non-divertible.

Expenditure from TSP funds up-to 30 *per cent* was permissible for the purpose of developing infrastructure.

3.3.2 Organisational set-up

The Scheduled Tribes and Scheduled Castes Welfare Department (TWD) is the nodal department for development of SCs/STs in the State. The Principal Secretary, TWD acts as the Nodal Officer for TSP schemes.

There were four Works Departments (Water Resources Department, Narmada Valley Development Authority, Public Works Department & Public Health Engineering Department) mainly responsible for development of infrastructure in the State including ST areas of the State. Each department at apex level is headed by the Principal Secretary to the Government and assisted by Engineers-in Chief (E-in-C), Chief Engineers (CE), Superintending Engineers (SE) and at field level Executive Engineers (EE). The NVDA is headed by the Chairman, five members, CEs, SEs and the EEs.

3.3.3 Audit objectives

The performance audit objectives were to assess whether:

- the planning for various infrastructure development schemes was systematically done;

- the fund flow earmarked for various infrastructure development schemes under TSP was adequate and in proportion to ST population of the State and the same was utilized for benefit of STs;
- the schemes were executed properly and effectively by executing / implementing agencies;
- the basic development indices of the STs have improved during this period; and
- the monitoring system at various levels was adequate and effective.

3.3.4 Audit criteria

The main criteria to arrive at audit conclusions were:

- Guidelines issued by the Government of India and the Planning Commission for release and utilization of TSP funds;
- Budget provisions under tribal sub-plan during the period from 2002-03 to 2006-07;
- Sanctions accorded for the schemes/works under TSP, detailed estimates prepared for works/schemes and the contract documents.

3.3.5 Scope of audit and methodology

The Performance Audit of infrastructure development of STs under TSP was conducted during February to October 2008 covering the period from 2003 to 2008.

Scrutiny of records was conducted in nine WRD and six PWD divisions in nine (out of total 17) tribal districts and two non-tribal districts of the State. Also the information was collected from Nodal Officer and Heads of the Departments. Probability proportionate to size sampling (PPS) method was used to select tribal divisions.

An introductory meeting was held in March 2008 with Commissioner Tribal Development, Secretary of Public Works Department (PWD) and Water Resources Department (WRD) and subsequently audit findings and recommendations of audit were discussed in the exit conference held in December 2008 with Secretary Scheduled Tribes and Scheduled Castes Welfare Department, PWD and WRD.

Audit Findings

3.3.6 Planning

In order to achieve the objective of the programme/schemes, the department/implementing agency was required to develop a system of planning, assessment and identification of the infrastructure development works to be created in the tribal areas and their execution within a prescribed time frame. It was, however, observed that no such planning was attempted by the implementing departments and execution was carried out as and when sanctions were accorded by the Government.

Implementation of Schemes

3.3.7 Fund Management

Funding Pattern and Budget Analysis

Funds for Tribal Development (under TSP) were sourced from:

- State Plans,
- Special Central Assistance (SCA) and Grants under Article 275 (1) of the Constitution,
- Sectoral (Grants of Ministries and Departments), and
- Institutional Finance like NABARD loan assistance.

(i) **Allocation of funds under TSP:**—As per guidelines, the flow of funds to the TSP in MP out of the total State plan outlays should not be less than 20.27 per cent (i.e. proportionate to the tribal population) of total state plan outlays. These funds were to be used for implementing the community development programmes (70 per cent) and infrastructural development (30 per cent).

Table No.3.9: Allotment and expenditure for infrastructure

(Rupees in crore)

Years	Total Plan Outlay of State	Allotment under TSP (per cent)	Allotment & Expenditure in Works Departments for infrastructure development					
			Water Resources Department		Public Works Department		Narmada Valley Development Authority	
			Allotment	Expenditure	Allotment	Expenditure	Allotment	Expenditure
2002-03	4821.00	824.69 (17.11)	85.76	72.96	79.26	48.68	62.14	65.18
2003-04	5703.00	962.73 (16.88)	103.79	95.98	69.60	57.84	104.01	78.31
2004-05	6709.96	1365.55 (20.35)	107.75	102.19	100.20	47.70	328.16	307.63
2005-06	7471.00	1652.59 (22.12)	138.07	126.02	96.23	88.89	191.78	119.06
2006-07	9100.67	2060.61 (22.64)	160.73	149.66	128.72	99.49	207.63	147.25
Grand Total	33805.63	6866.17 (20.31)	596.10	546.81	474.01	342.60	893.72	717.43
(+/-) Excess expenditure/(-) Savings			(-) Rs.49.29 crore		(-) Rs.131.41 crore		(-) Rs.176.29 crore	

Source: State Planning Board & Information given by PWD, WRD and NVDA

There was under-utilisation of Rs.356.99 crore TSP funds during 10th Plan period.

An amount of Rs.4.92 crore was lying under Civil Deposits whereas utilization was reported to GOI.

The GOMP did not provide fund under TSP in proportion to the tribal population of the State during 2002-03 and 2003-04, though, the flow of fund improved in the subsequent years. However, during the entire 10th Plan period, Rs.356.99 crore under TSP remained un-utilised.

On this being pointed out, the GOMP, WRD, stated (October 2008) that utilisation of allotment was more than 90 *per cent*, hence it was considered satisfactory.

(ii) Central Assistance-funds kept under Civil Deposits

The State received a sum of Rs.803.35 crore as central assistance and grants under Article 275 (1) of the Constitution from Government of India (GOI). According to the guidelines only 30 *per cent* amount of central grants is to be spent on infrastructural development activities through ITDPs³². An amount of Rs.787.89 crore from central assistance and grants were utilised by the State Government on community programmes and infrastructure schemes.

GOI guidelines (1998) clearly prohibited parking of central funds under civil deposits. Audit observed that in one district (Badwani) seven irrigation works estimated to cost Rs.4.66 crore were sanctioned with grants under Article 275(1) of the Constitution. The amount was also received by the WR Division and was kept under Civil Deposits. Only two works were completed at a cost of Rs.0.48 crore and balance amount of Rs.4.18 crore was lying in 8443-Civil Deposits. No work was started on five irrigation schemes, while the Nodal Officer reported to GOI that grants have been utilized.

Similarly in WR Division, Khargone it was noticed that a sum of Rs.0.74 crore provided in December 2006 remained un-utilized as of May 2008. The unspent amount was kept under Civil Deposits. Audit observed that in the above cases the implementing department received fund from the nodal department at the fag end of the financial year. In order to avoid lapse of fund, these amounts were kept under Civil Deposits.

On this being pointed out, Government admitted (October 2008) that certain grants were temporarily kept under Civil Deposits.

3.3.7.1 Diversion of TSP funds

In MP 89 Tribal Development Blocks were notified in 17 districts (vide Annexure VII) by the Government of India under Constitution (Scheduled Tribes) Order 2003 (C.O.192) of February 2003. As per guidelines of scheme the TSP funds were to be primarily utilized only in scheduled areas, however, diversion of TSP funds for non-scheduled areas was permissible if beneficiaries of the schemes were more than 50 *per cent* from tribal

³² ITDPs- Integrated Tribal Development Projects

community. Cases of diversion of TSP funds, where tribal population is less than 50 *per cent*, as noticed by audit are discussed below:

- GOMP spent Rs.1.43 crore under TSP for construction of Jhanpi tank project to irrigate 154 ha. land of Katni district. The scheme was completed in June 2004. Scrutiny of detailed project report (DPR) revealed that out of total 162 beneficiary cultivators, the number of ST cultivators was merely 29 (18 *per cent*) with their land holdings as 15 *per cent*.

On this being pointed out, it was stated by the EE that the tribal beneficiaries were 41 *per cent*. Even the 41 *per cent* as reported by EE did not qualify the norms prescribed by GOI.

- In Sidhi district, ST population is 30 *per cent* and out of eight development blocks only one block namely Kusmi was declared as a Tribal block. Scrutiny of records revealed that GOMP accorded (June 1999 to June 2001) approval of Rs.21.46 crore for construction of eight roads having length of 145.70 km under TSP. None of these roads was located in the tribal block of Kusmi. The division incurred an expenditure of Rs.13.25 crore on completion of 79.10 km Black Topped (BT) road as of July 2008. The beneficiary ST population in those non-tribal areas ranged between 10.84 and 32.78 *per cent*, which did not qualify the conditions for utilization of TSP funds in non-tribal area.

3.3.7.2 Schemes sanctioned during 5th & 6th Plan remained incomplete due to non-receipt of funds in time

The objective of TSP was to ensure flow of funds to complete the incomplete projects with priority to old ongoing projects over the new projects. In one district (Shalipura tank of Mandleshwar division of district Khargone), a scheme was approved (1978 i.e. during 5th Plan) with designed irrigation potential of 398 hectares. Only 298 hectare (74.87 *per cent*) potential could however been created as of March 2008, due to non-completion of canals.

The abnormal delay in completion of canal in the eight divisions of seven districts test checked by audit was due to various reasons, which are exhibited in **Appendix 3.12**. It would be seen that 57 schemes sanctioned during 5th and 9th Plan period, capable of irrigating 16832 ha land remained incomplete due to the reasons like paucity of funds, delay in getting the forest clearance from GOI and etc. as indicated against each.

On these being pointed out in audit, the Government stated (October 2008) that non-completion was due to local resistance in acquisition of land required for the schemes. The completion of all the incomplete schemes would be expedited.

Diversion of Rs.14.68 crore TSP funds to non-tribal areas/ schemes was noticed.

Fifty seven schemes capable to irrigate 16832 ha remained incomplete as of March 2008.

Reply is not acceptable, as out of 57 schemes only five remained incomplete due to non-acquisition of land and the 22 schemes remained incomplete due to inadequacy of funds. Balance 30 schemes were under progress.

3.3.7.3 Unwarranted splitting of work resulted in extra cost of Rs.4.18 crore

Construction of Bagedi tank project in Badnawar block of Dhar district was approved (August 2002) under TSP at an estimated cost of Rs.10.72 crore. The construction of canal work including steel siphon was awarded (November 2003) to a contractor for Rs.3.84 crore. The agency could execute the work valuing Rs.0.92 crore only and after that the contract was rescinded (January 2006). The work of providing and erection of MS steel pipes for siphon was awarded (January 2006) to another agency through Madhya Pradesh Laghu Udhog Nigam (MPLUN) at a cost of Rs.5.61 crore. Balance civil work (except steel siphon work) with an estimated cost of Rs.1.67 crore was awarded (June 2006) to another agency for Rs.2.09 crore (25.01 per cent above) at risk and cost of the original contractor. Though the canal work is still incomplete, the cost of steel siphon was paid without commissioning the canal. The dam work was completed in June 2006.

Unwarranted splitting of work resulted in avoidable extra expenditure of Rs.4.18 crore.

In original contract the civil work of canal and MS steel siphon work was awarded to a single contractor. The rate of MS pipes for siphon (weighing 417282 kg) was based on per kg steel and its total cost as per contractor's rates works out to Rs.1.14 crore. However, while splitting of siphon work, the weight component was eliminated and nomenclature of the item was changed on the basis of diameter, length and thickness of steel pipe. The escalation in cost of civil work was merely 25 per cent (June 2006) while cost of siphon work (January 2006) rose to Rs.5.61 crore (490.83 percent). Had the splitting of work not done and been included in subsequent single contract like the original one the cost of the work could have been minimized to Rs.1.43 crore. Thus unwarranted splitting of work resulted in avoidable extra expenditure of Rs.4.18 crore under TSP besides litigation in fixing risk and cost on defaulting contractor.

On being pointed out, the GOMP, WRD stated (October 2008) that due to unsatisfactory progress, the earlier contract was rescinded. While preparing tender for balance work, MPLUN directed (September 2005) that purchase of MS pipe was included in reserved list of MPLUN, hence it should be removed from contract and be purchased through MPLUN only. Therefore, it was separated from the balance work and the splitting was done from the composite work.

Reply was not in consonance with the fact that the item of MS pipe was already existed in reserved list and the Store Purchase Rules were also in existence at the time of original contract. Further, it was a civil contract for execution of complete canal work and not only purchase of MS pipe alone.

Execution

There were four works departments mainly responsible for development of infrastructure in the State including tribal areas.

Departments	Sectors
Water Resources Department & Narmada Valley Development Authority	Irrigation
Public Works Department	Roads & Buildings
Public Health Engineering Department	Drinking Water

The coverage of drinking water has already been included in performance audit review on "Accelerated Rural Water Supply Programme" appeared in the Audit Report (Civil) MP, for the year ending March 2007.

3.3.8 Water Resources Department

3.3.8.1 Development of Irrigation facilities

An additional
irrigation potential of
21631 hectares only
could be created
under TSP during
10th Plan period.

Out of the four departments responsible for providing infrastructure under TSP, Water Resources Department (WRD) and Narmada Valley Development Authority (NVDA) deal with construction and maintenance of irrigation infrastructures like dam, canals and reservoirs in the state. Tenth Plan period targetted to create additional potential of 3.40 lakh ha. in the State from major, medium and minor irrigation schemes. However, no specific target was specified under TSP except the Man and Jobat ongoing projects (with NVDA) which were proposed to be completed during 10th Plan period. Both the projects got completed (March 2008).

At the end of 9th Plan (31st March 2002), 3 medium and 181 minor schemes having irrigation potential of 10692 ha. were under progress. During 10th Plan period 137 minor irrigation schemes having irrigation potential of 37961 ha. were sanctioned. Out of the total 3 medium and 318 minor schemes under TSP, only one medium and 47 minor schemes were completed during 10th Plan period with additional irrigation potential of 21631 ha.

Table No. 3.10: Year-wise position of sanctioned, completed and ongoing irrigation schemes

Year	Number of ongoing scheme			Number of schemes sanctioned			Number of schemes completed		
	Medium	Minor	Potential (ha)	Medium	Minor	Potential (ha)	Medium	Minor	Potential (ha)
02-03	3	166	5480	0	17	5433	0	9	4441
03-04	3	258	1510	0	40	12648	0	15	6490
04-05	3	218	2420	0	22	4553	0	8	5564
05-06	3	218	4150	0	36	9196	0	15	2707
06-07	2	392	5800	0	22	6131	1	0	2429
TOTAL							1	47	21631

Source: Information furnished by Water Resources Department

3.3.8.2 Non-utilization of created irrigation potential

Under TSP a total of 200984 ha irrigation potential was created till the end of 10th Plan period. Utilisation from TSP schemes during 10th Plan period ranged

between 24.87 per cent and 37.43 per cent, while for the State as a whole the range of utilisation was between 36.12 per cent and 50.02 per cent.

During test check of records in seven tribal districts, position of irrigation potential utilised during 10th Plan period under TSP was found to be low. Against the creation of 91858 ha. irrigation potential, the utilisation ranged from 19.14 per cent to 34.23 per cent.

Table No. 3.11: Utilisation of irrigation potential

Sl. No.	District	Number of completed schemes	Irrigation potential created (Ha)	Actual utilization (ha)					Number of schemes where percentage of utilization		
				2002-03	03-04	04-05	05-06	06-07	Below 10 per cent	10-25 per cent	Above 25 per cent
1	Khargone	35	16654	6991	8354	7071	3956	7778	09	07	19
2	Dhar	109	12604	3920	5791	5911	3958	6107	18	13	78
3	Soni	56	15736	3920	4370	2277	4756	5873	17	12	27
4	Mandla	28	22898	7292	2609	8088	2047	6273	12	10	06
5	Dindori	47	9046	641	1180	1340	2200	1512	17	21	09
6	Badwani	99	14423	4995	5645	4190	482	3838	30	27	42
7	Katni	3	497	00	92	09	191	65	01	02	-
Total		377	91858	27759	28041	28886	17590	31446	104	92	181
Percentage				30.21	30.52	31.44	19.14	34.23			

Source: Information furnished by test checked divisions

Non-utilisation of irrigation potential.

The non-utilisation of irrigation potential was due to lack of maintenance of canal systems due to paucity of funds, loss of reservoir storage due to technical problems and operational problem of canal systems etc.

The Government while admitting under-utilisation stated (October 2008) that it was wide spread problem and not confined to tribal areas alone.

The reply did not explain why the maximum utilisation under TSP (34.23 per cent) was below even the minimum utilisation of the State (36.12 per cent) as a whole. Moreover, it appeared that the Tribal Welfare Department had not taken sufficient initiative through the Agriculture Department to educate and encourage the tribal cultivators about advantageous cropping pattern as well as benefit of irrigation facilities in terms of guidelines issued in May 2003.

Non-utilization of created irrigation potential deprived the poor tribal cultivators from the benefit of irrigation facilities and also resulted in loss of additional production of food grains as per **Appendix 3.13**.

3.3.8.3 Schemes without canal network

In the absence of canal network only 12 ha out of 160 ha created potential could be utilised.

In two districts (Khargone and Dhar) five minor schemes with designed irrigation potential of 582 hectares were sanctioned. GOMP, WRD, decided (March 2000) not to construct canals and allow cultivators to make their own arrangements for lifting the water from dams to their fields. Rupees 7.01 crore were spent on the schemes till March 2008. Out of 160 hectares irrigation potential created, actual utilisation was 12 hectares only due to absence of canal network.

The Government admitted (October 2008) that many irrigation schemes were taken-up without canal network in the entire State including tribal areas on local demand. Government also admitted that marginal farmers might not take advantage of such schemes; therefore, expectation of the Government seems to be unrealistic.

3.3.8.4 Delay in completion of canal network

In four³³ districts it was observed that though head works (dam) of 12 minor schemes with designed irrigation potential of 5,574 hectares were completed at a cost of Rs.51.48 crore and reservoirs were full of water but due to delay in construction of canal network no irrigation facilities could be provided to the tribal cultivators as of May 2008 resulting in idle investment of Rs.51.48 crore.

The Government admitted (October 2008) that delay was mainly due to non-acquisition of land for canal network and for some other reasons too.

3.3.8.5 Overlapping of command area resulting in abandonment of schemes

In one district (Khargone) seven schemes with designed potential of 1415 ha at an estimated cost of Rs.13.19 crore were sanctioned (during 2002-03 to 2006-07) under TSP. After incurring an expenditure of Rs.0.26 crore, five schemes were proposed for abandonment due to overlapping of command area of one medium and one major project. Two schemes were abandoned due to refusal of cultivators of submergence area. Abandonment of schemes indicated unrealistic and inadequate survey/ investigations while proposing the schemes, and the expenditure of Rs.0.26 crore became unfruitful.

The Government admitted (October 2008) that while preparing land acquisition cases it was found that the schemes were in the command area of Indira Sagar Project, and were therefore dropped.

3.3.9 Public Works Department

The Public Works Department was responsible for infrastructural development such as road, government residential and non-residential buildings, requirement for educational infrastructure, health infrastructure and general administration etc for the entire State including tribal areas.

3.3.9.1 Development of Road Infrastructure

Road is the basic need to provide physical connectivity between two destinations, hence is one of the oldest forms of infrastructure. Roads are, therefore, the backbone of any economy. The PWD is vested with the

³³ Khargone, Badwani, Dindori and Dhar districts

responsibility of construction, up-gradation and maintenance of roads in the State. Two new authorities, the Madhya Pradesh Rural Road Development Authority (MPRRDA) and the Madhya Pradesh Road Development Corporation (MPRDC) were constituted with effect from December 2000 and July 2004 respectively with the specific purpose to improve rural roads connectivity, especially with reference to implementation of PMGSY³⁴ by the MPRRDA, and construction and maintenance of state highways by the MPRDC.

Test check of records in five districts out of eleven, revealed that not a single km BT³⁵ road was constructed for new connectivity to tribal habitations. Three (3) km WBM³⁶ road in Khargone district and one km WBM road in Dindori district for PTG³⁷ (Baiga village) were constructed. A substantial portion of TSP fund was utilized for up-gradation and strengthening of existing roads instead of new connectivity.

Table No. 3.12: Position of un-connected habitation in 10 tribal districts

Tribal Districts	Percentage of villages not connected by pucca road
Badwani	51.8
Betul	61.9
Dhar	61.8
Dindori	64.6
Jhabua	48.2
Khargone	53.1
Mandla	61.8
Seoni	68.4
Shahdol	59.6
Sidhi	51.3

Source: MPRRDA and Annual Reports of PWD for 1999 to 2006

3.3.9.2 Inordinate delay in completion of road for primitive tribal groups

Rusa to Jada Surang, all weather BT road with length of seven km in Dindori district for providing connectivity to Baiga (PTGs) villages was sanctioned (March,2006) by GOI under Article 275 (1) of the Constitution. Though funds were made available (March 2006) to the department, yet the work was not allotted to any contract agency till March 2008. Scrutiny of records did not reveal any reason for the non-allotment of work to any contract agency. Audit further observed that the work was being executed departmentally and only one km WBM road was constructed after incurring an expenditure of Rs.0.31 crore as of March 2008.

³⁴ PMGSY- Pradhan Mantri Gram Sadak Yojana

³⁵ BT- Black Topped (BT road is considered as all weather road and superior than WBM road)

³⁶ WBM-Water Bound Macadam

³⁷ PTGs- Primitive Tribal Groups

3.3.9.3 Sub-Standard Cement Concrete Pavement

According to MORT&H specifications (clause 602.4) a cement concrete pavement should be laid over a Dry Lean Concrete (DLC) sub-base³⁸ constructed in accordance with clause 601. Audit observed that in two³⁹ districts the cement concrete pavement was laid directly on Water Bound Macadam (WBM) surface without the proper sub-base of DLC. This resulted in sub-standard work valuing Rs.2.22 crore.

On being pointed out it was stated by auditee that DLC sub-base was not provided in the CC⁴⁰ roads passing through village area in view of less traffic. Hence it was not provided in the sanctioned estimates. The reply was not conforming to the specifications of MORTH.

3.3.9.4 Excess payment on back filling

The MORT&H specifications section 300, as well as general note of SOR provided that the item of excavation for foundation of structures included backfilling up-to original ground level, no extra charges were payable on this account.

It was, however, observed that in Dindori, Jhabua and Mandla districts, hume-pipe (HP) culverts⁴¹ were constructed and an item "back-filling behind abutments and returns" was paid to the contractors. Since the item of excavation for foundation had already included backfilling and the HP culverts did not have any abutment⁴² or returns except headwalls and face walls⁴³ the item was superfluous resulting in excess payment of Rs.42 lakh to the contractors.

On being pointed out it was stated that earthwork for face walls and head walls was necessary, hence payment was regulated vide the item of back filling behind abutments. The reply was contrary to the provisions of SOR as no separate payment for backfilling was to be made.

³⁸ Dry lean concrete sub-base acts as foundation of cement concrete pavement

³⁹ Bistan-Sirwel-Tensemli, Anakwadi-Kabri-Bhulwania road (Khargone district) and Jobat-Bori-Para road (Jhabua district),

⁴⁰ Cement concrete roads are classified as rigid pavements for roads.

⁴¹ Hume pipe culverts are cross drainage structures made of Hume pipes.

⁴² Abutments are the end support of the bridge structure and returns are provided behind abutment to accommodate embankment for approaches to the bridge structure.

⁴³ Head wall supports the Hume pipes along the roadway, while face wall supports the pipe along the waterway for cross drainage.;

Sub-standard work of Rs.2.22 crore was executed against the Specifications.

Execution of superfluous item resulted in excess payment of Rs.42 lakh.

3.3.9.5 Development of Health infrastructure

Development of any area depends primarily on the progress of its people. To overcome poverty, unhygienic condition, mal-nutrition and illiteracy are expected to strive for social change and economic betterment. Further establishment of medical facilities to cater the needs of the ST population was, therefore, one of the primary aims of TSP.

Table No. 3.13: Position of construction of PHCs and CHCs during 10th plan period in State

Particulars	Position as on 1 st April 2002	Sanctioned during 10 th Plan period (2002-07)	Constructed and handed over to Health Department	Position of 10 th Plan period as of Sept.2008
Primary Health Centre (PHC)	0	143	63	Work in progress-64 Work not started-16
20 bedded Community Health Centre (CHC)	0	32	14	Work in progress-14 Work not started-04
30 bedded Community Health Centre (CHC)	0	35	06	Work in progress-25 Work not started-04

Source: Information furnished by Health Department

Out of test checked 11 districts, in three districts (Mandla, Jhabua and Sidhi) it was observed that GOMP Public Health and Family Welfare Department sanctioned (January 2003) the construction of 17 Primary Health Centres (PHCs), 12 numbers 20 bedded Community Health Centres (CHCs) and 7 numbers 30 bedded hospital buildings at various places. However, two PHCs, six 20 bedded CHCs and only two 30 bedded CHC buildings could be completed as of July 2008. The delay in completion was due to non-availability of land, termination of contracts and belated invitation of tender, apart from paucity of funds. This resulted in beneficiaries being deprived of basic health facilities.

3.3.9.6 Abnormal delay in completion

At Jobat in Jhabua district it was seen that, 60 bedded one hospital with operation theatre facilities was sanctioned (3 March 1996) at a cost of Rs.19 lakh and funds provided to the division. Department did not initiate any action for three years and finally the work was awarded (28 June1999) to a contractor to complete the work within eight months. The contractor could execute work valuing Rupees four lakh only as of October 2003. Despite instruction from the EE, further progress was not achieved and after three years contract was rescinded (September 2006). Tenders for balance work were invited on eight occasions but agency could not be fixed (July 2008) either due to excessive or unworkable rates. The hospital building sanctioned (in 1996) has remained incomplete even after lapse of 12 years depriving the tribal population of adequate medical facilities.

Hospital building sanctioned in 1996 remained incomplete for more than 12 years.

3.3.9.7 Development of Educational Infrastructure -Eklavya Model Residential Schools (EMRS)

With the objective of providing quality education to the tribal students, it was decided (1997-98) by Government of India to utilize a part of the funds under Article 275(1) of the Constitution of India for setting up of EMRS in the State. The GOI provides Rs.2.50 crore for construction of school building and associated infrastructure such as hostel for each EMR Schools.

During test check of 11 districts, in five⁴⁴ districts it was noticed that as against the target of five EMRS, only three EMRS (Mandla, Jhabua and Betul) were completed and remaining two EMRS (Dindori and Khargone) were incomplete because of delay on the part of the contractors for not giving proportionate progress though prescribed period of completion had expired.

View of incomplete EMRS building Khargone (As on February 2008)



On being pointed out the department replied that progress was satisfactory. Reply was contrary to the actual progress.

3.3.9.8 Non-completion of hostel building

In Jhabua district it was observed that the division invited tenders for construction of 300 seated hostel building. The building was completed at a cost of Rs.1.70 crore and was handed over to TWD on 31st March 2004. The Tribal Commissioner while inspecting the site ordered (19th May 2004) the construction of one additional 50 seated block of hostel building. The work was awarded (December 2004) to a contractor at an estimated cost of Rs.0.29 crore but due to non-availability of funds the work could not be completed. The funds (Rs.0.25 crore) were provided only on 10 March 2008. The 50 seated hostel block remained incomplete as of July 2008. On this being pointed out, the department admitted the facts.

3.3.9.9 Defective construction

The GOMP accorded (January 2002) sanction of Rs.1.81 crore for 350 seated hostels and Rs.2.38 crore (March 2003) for construction of school building and staff quarters for EMRS Shahpura, district Betul. The works of construction of

⁴⁴

Khargone, Mandla, Dindori, Jhabua and Betul

50 seated hostel
building remained
incomplete due to
non availability of
additional funds.

school and hostel were awarded to a contractor in 2003-04 and 2004-05. The EMRS, except 3 staff quarters was completed in April 2006. Scrutiny revealed that sanction for Rs.4.19 crore accorded by GOMP exceeded the norms of Rs.2.50 crore fixed by GOI. Further, the collector during inspection (August 2008) observed that the quality of work was poor as there were many defects such as cracks in walls, leakage from roof slab, breakage of septic tank and sanitary fittings causing overflow, lack of drainage system etc. indicating ineffective supervision and lack of quality control by the department.

On being pointed out EE stated (October 2008) that defects would be repaired from the earnest money of contractor available with the department.

3.3.9.10 Construction of Hostels for Girls and Boys

The scheme for construction of Girls Hostel was started during 3rd Plan period (1961-66). A separate scheme for construction of Hostel for ST Boys was launched in 1989-90. Both the schemes were merged into one scheme during the 10th Plan. The main objective of the scheme was to promote literacy among tribals by providing hostel accommodation to those tribal students who were not in a position to continue their education either because of the remote location of their villages or because of their poor economic conditions.

Table No. 3.14: Pre-matric and post-matric hostels constructed under TSP

Type of Institutions	Boys		Girls		Total	
	As on 1 st April 2002	As on 31 st March 2007	As on 1 st April 2002	As on 31 st March 2007	As on 1 st April 2002	As on 31 st March 2007
Pre-Matric Hostels	968	980	178	232	1146	1212
Post-Matric Hostels	52	56	30	39	82	95
Total	1020	1036	208	271	1228	1307

The position of works allocated to PWD in the test checked districts was as under:

- Three Pre-matric Girls hostel buildings at Samnapur, Bajag and Amarpur block headquarters of Dindori districts were sanctioned (November 2006) by GOMP for Rs. 91.95 lakh. Scrutiny in audit revealed that the department failed to initiate any action for about 16 months as agency could not be fixed in respect of Samnapur and Bajag. Only one work at Amarpur was at initial stage (brick work) as of February 2008 after incurring an expenditure of Rs.0.14 crore deprived the tribal girls from availing the hostel facilities.

On this being pointed out it was stated (March 2008) that tenders were called for and were submitted to competent authority. However, approval was awaited. The reply indicated lackadaisical approach of the executing department.

- One post-matric and 3 pre-matric boys/girls hostel buildings were sanctioned (October 2003) for Rs.1.05 crore in Singarpur, Nainpur, Chiraidongri and Mandla of Mandla district. After incurring an expenditure of Rs.0.90 crore one work at Mandla remained incomplete as of March 2007.

This was indicative of the fact that Nodal Officer (TWD) as well as the implementing agency (PWD) failed to monitor the works effectively.

3.3.10 Impact Assessment

A detailed study⁴⁵ was carried out in the State in 1999 to understand the role of different types of public investments and their impact on poverty. The results show that government spending on productivity enhancing investments such as on irrigation, rural infrastructure (including roads), rural development etc. targeted directly to rural poor, have all contributed to reduction in rural poverty.

Test check in 11 districts⁴⁶ (9 tribal and 2 non-tribal) of the State, however, revealed that despite substantial investment in infrastructure development under TSP, the number of ST families below poverty line (BPL) increased from 617644 (2002) to 687635 (2007), while the Human Development Indices (comprising of education, health and income as of 2005) of these districts were between 0.398 and 0.596 as against 0.710 and 0.680 in respect of developed urban areas of the State, thus negating the impact of government investments on infrastructure development.

3.3.11 Monitoring

According to the guidelines the State Government had to develop information system for smooth flow of information about all the projects/ schemes sanctioned/ implemented with TSP/central fund for effective monitoring. The monitoring mechanism was also to be strengthened at District and State level.

Scrutiny of records in 11 districts, however, revealed that though there was regular and smooth flow of information about the progress of sanctioned works at nodal department level as well as at apex level of sectoral departments, yet, there was lack of effective monitoring. The sectoral departments were unable to deal with the bottlenecks at field level such as delay in acquisition of land, non-availability of funds, delays and defaults on the part of the contractors resulting in under utilization/ non-utilization of assets created, abandonment of schemes due to planning weaknesses etc.

⁴⁵ By : Fan, Hazell and Thorat (1999)- Source: Madhya Pradesh Human Development Report-2007

⁴⁶ Dhar, Khargone, Seoni Badwani, Mandla Sidhi, Katni, Jhabua, Sidhi, Sehore and Betul districts

3.3.12 Conclusion

Despite the added thrust given to the TSP since 5th Five Year Plan, planning and implementation suffered due to neglect of priority areas. Inadequate and inefficient monitoring resulted in non completion of schemes. Underutilization of created irrigation potential, inadequate infrastructure facilities related to education and health care and increase in number of family below poverty line etc. largely contributed to failure in delivering the expected improvement in socio-economic conditions of the ST population. Poor fund management led to diversion of large amount to non-tribal areas, and amount being kept in deposits, apart from non-utilization of TSP Funds during the 10th Plan period.

3.3.13 Recommendations

- Government should ensure flow of funds for TSP in proportion to the tribal population in the State as well as its timely release to the implementing departments.
- Parking of funds in civil deposits may be discouraged. Diversion of TSP funds to non-tribal areas/ schemes should not be allowed.
- The implementing departments may ensure proper system of planning for infrastructure development.
- Proper/ timely utilization of irrigation potential created may be ensured by the Government.
- Nodal/ Sectoral departments to streamline monitoring of TSP schemes for their effective implementation.
- Impact assessment on the socio-economic development of beneficiary tribal population may be conducted periodically.

WATER RESOURCES DEPARTMENT

3.4 Irrigation facilities in Narmada Tapti Basin

The Narmada Tapti (NT) Basin is the biggest river basin of the State of Madhya Pradesh (MP). It covers 13 districts⁴⁷ and 24.9 per cent of total 308245 sq.km area of the State.



- Up to March 2003, net sown area (NSA) was 43.77 lakh hectare (ha) (29.23 per cent of the State) and irrigation potential created was 2.58 lakh ha (11.72 per cent of the State)
- During 2003-08 additional potential of only 0.22 lakh hectare could be created.

The NT Basin is under the administrative control of the Water Resource Department (WRD) headed by the Principal Secretary at Government level. The Engineer-in-Chief (E-in-C) is the technical advisor and head of the department with seven basins headed by the Chief Engineers (CE). The CE in charge of NT basin has five Circles headed by the Superintending Engineers (SE) and 21 Divisions headed by the Executive Engineers (EE).

3.4.1 Planning

During 2003-08, a total of 434 irrigation projects (including ongoing Mahi major project) were taken up for construction in the NT Basin at an outlay of Rs.889.03 crore. It aimed to create an additional irrigation potential of 1.02 lakh ha. Till March 2008, 108 projects were completed after incurring an expenditure of Rs.181.83 crore and 22033 ha. additional irrigation potential was created.

⁴⁷ Indore, Ujjain, Ratlam, Dhar, Mandasaur, Neemuch, Jhabua, Kargone, Badwani, Khandwa, Burhanpur, Dewas, and Shajapur

Out of 434 projects targeted to be completed during 2003-08, only 108 projects could be completed. Work of 104 projects was not started.

222 projects remained incomplete due to delay in land acquisition/compensation, slow progress of work by contractors, opposition by cultivators, delay in obtaining Government of India's (GOI) approval because of involvement of forestland, technical unfeasibility, high cost of construction and non-sanction of revised estimates. Work in case of 104 projects has not been taken up. Out of 2.80⁴⁸ lakh ha. irrigation potential created as on March 2008, only 0.71 lakh ha potential could be utilized and balance remained unutilized due to various reasons like no irrigation for kharif crop, changes in cropping pattern, scanty rain fall, water kept reserved for drinking purpose and deteriorating conditions of dams and canals.

The funding of the projects was obtained from the State Plan fund, Tribal Sub Plan (TSP), loan from National Agriculture Bank of Rural Development (NABARD), Special Central Assistance under article 275 (i), Special Component Plan (SCP) and Accelerated Irrigation Benefit Programme (AIBP). Status of the projects with reference to their sanctioned cost, expenditure incurred, designed irrigation potential and irrigation potential created is shown in **Appendix 3.14**.

In addition to above 434 projects, Government of Madhya Pradesh(GOMP), WRD had undertaken the survey work of 382 projects but work on these projects could not be sanctioned or started due to various reasons as tabulated below as on 31st March 2008.

Table No. 3.15: The physical progress of survey work of the projects

<i>(Rupees in crore)</i>					
Sl No.	No. of Schemes	Sanctioned cost	Designed irrigation potential (ha)	Present status	Remark
1	116	1011.44	81245	Surveyed between January 1990 and January 2007	DPRs submitted between March 2003 and February 2008 but sanctions are awaited (March 2008) from the GOMP, WRD
2	21	53.72	4418	Surveyed between November 2003 and January 2007	Proposed to drop due to high cost of construction. The approval was awaited (March 2008) from the GOMP, WRD.
3	20	231.35	20112	Surveyed between January 2004 and March 2006	Forest affected and some were rejected by the Standing Committee due to high cost of compensation for forestland.
4	33	54.22	5287	Surveyed between November 2003 and March 2006	Proposed to drop due to their technical unfeasibility and command overlapped. The orders for dropping was awaited (March 2008) from the GOMP, WRD.
5	28	59.68	5691	Though survey works were reported complete but DPRs could not be prepared by March 2007.	The instructions (November 2006) of Minister of WRD were not complied.
6	164	--	--	Schemes were identified for survey.	Survey work not started.

⁴⁸ Irrigation potential created by March 2003 was 2.58 lakh hectares and additional 0.22 lakh hectare was created during 2003-2008.

The plan conceived to create additional irrigation potential could not be delivered despite clear instructions (November 2006) of the GOMP, WRD to complete the work and get the projects sanctioned with NABARD loan by March 2007. The progress was tardy due to lackadaisical approach of the divisional officers as reflected in the table above.

3.4.2 Financial Management

3.4.2.1 Diversion of funds under Special Component Plan

Central assistance is received under Special Component Plan (SCP-grant no. 64) for construction of projects in the area where scheduled castes (SC) beneficiaries are more than 50 per cent. Scrutiny revealed that due to less number of projects/slow progress of projects under SCP grant no. 64, there was savings of Rs.19.15 crore. E-in-C (December 2006), and GOMP, WRD with a view to utilize that savings directed (May 2007) to debit the cost of other (non-SCP grant) projects to SCP-grant no.64 in the ratio of SC beneficiaries under the project. Thus Rs.11.43 crore and Rs.6.75 crore were spent against the allotment of Rs.12 crore and Rs.7.15 crore during 2006-07 and 2007-08 respectively under SCP-grant no. 64/4702 on other projects sanctioned under non-tribal grants. The investment clearance of these projects by the State Planning Board was also under non tribal grants other than SCP-grant no. 64.

This resulted in diversion of central assistance of Rs.19.15 crore.

3.4.2.2 Expenditure of major project to medium project and medium to minor project

In a number of cases as shown in the following table, department debited allotment and expenditure of the projects from one category to another category though it was not permissible.

Table No. 3.16: Incorrect classification of allotment and expenditure of the projects

S.No	Name of the project	Period	Amount (Rupees in crore)	Where the amount was wrongly debited	Correct debit head
1	Mahi major project, Petlawad	March 2008	210.57	Grant no. 41/4701 (Medium)	Grant no. 41/4700 (Major)
2	Chambal, Gandhisagar Mandsaur (major) and Sukta, Khandwa (major)	2002-03	13.45	Grant no. 23/2701 Non-Plan (Medium)	Grant no. 23/2700 (Major)
3	Retam Barrage, (medium) Mandsaur	July, 2006	4.49	Grant no. 64/4702 (Minor)	Grant no. 45/4701 (Medium)

The CE stated (May 2008) that expenditure on Mahi major Project was incurred as per budget provided by the Tribal/Finance department. Expenditure on Retam Barrage was not included as a medium project in the supplementary budget for 2006-07 which was lapse on the part of department. The CE did not

Unutilised funds of Rs.11.04 crore under AIBP was incorrectly utilized on other projects.

explain, why funds could not be demanded as per approved classification of projects.

3.4.2.3 Irregular utilization of AIBP funds

The project wise allotment was released by the Government of India (GOI), Ministry of Water Resources (M/o WRD) under AIBP during 2007-08. As per the AIBP guidelines, the savings of one project was not permitted to be utilized on other projects. However, scrutiny in audit revealed that there was savings of Rs.17.24 crore of 24 projects, out of which Rs.4.40 crore was utilised on 11 projects other than for which the amount was sanctioned. Similarly, savings of Rs.7.24 crore of seven projects was utilized to cover excess Rs. 6.64 crore spent on 10 different projects as shown in **Appendix 3.15**.

The CE stated (May 2008) that amount was spent as per actual execution of works. The reply was not in consonance with the AIBP guidelines.

3.4.3 Execution

3.4.3.1 Major and medium project

3.4.3.2 Mahi major project

Mahi major project was sanctioned (March 1981) at an outlay of Rs.27.10 crore to create additional irrigation potential of 26430 ha in Dhar and Jhabua districts and to meet (51.640 mcf⁴⁹) drinking water and industrial water requirements of Ratlam. The cost of the project was revised to Rs.61.52 crore in 1985 under VIth Five year plan. The work which was awarded in October 1991 was stopped in May 1993 due to paucity of funds.

Fresh work order was issued (October 2002) to complete the balance work by March 2006. The work was in progress till March 2008 and the contractor's 68th running account bill of Rs.29.79 crore was paid (March 2008). The Division had admitted (April 2008) that the work has been delayed for 2 years and the cost of the project had shot up due to slow progress of rehabilitation and resettlement (R and R) work, revision (December 2002) of R and R policy by the GOMP, delayed co-operation of Revenue authorities in land acquisition, hindrance by project affected people, delayed receipt of construction drawing from Central Water Commission (CWC), substantial increase in quantities of masonry and concrete work due to changes suggested by the Geological Survey of India and CWC as per model studies.

The contractor requested (July 2007) for the foreclosure of the work as he was unable to execute the excess quantities due to low quoted rates. Agenda note to

⁴⁹

Million cubic feet

foreclose the contract and award of additional quantities of work costing Rs.20.43 crore to some other contractor under separate agreement was sent (February 2008) to the E-in-C but decision was awaited (November 2008). Rs.283.18 crore was spent against revised (August 2002) sanctioned cost of Rs.203.56 crore. The sanction of further revised cost of Rs. 360.52 crore was awaited (June 2008).

Rs.2.22 crore payable by the contractor was waived of thereby an undue favour to the contractor.

Thus, the decision of apex body to revoke the old agreement proved imprudent. Therefore, target for completion of the much needed project under AIBP could not be achieved. Rather it resulted in a loss of Rs.2.22 crore (Interest of Rs. 1.67 crore on advances given to contractor and burden of Rs. 0.55 crore as royalty charges payable by the contractor was waived of).

Delay in deciding the classification of the project resulted in cost over run. The project was not got cleared by CWC.

3.4.3.3 Retam Barrage medium project

Retam Barrage in Mandsaur was initially sanctioned (October 2003) by the GOMP, WRD as minor project at an outlay of Rs.22.75 crore⁵⁰ though it had a cultivable command area of 3360 ha. (more than minimum area limit of a medium project). The project was taken up late (2006) due to delay in deciding the classification of project as a minor or medium project. The project was sanctioned with NABARD loan (Tranche XII) of Rs.32.06 crore in September 2006 after GOMP, WRD accorded the revised sanction as a medium project in July 2006. The project was neither examined nor cleared through CWC and Planning Commission as required under Para 2.026 (ii) Medium Projects of Works Manual. Eighty *per cent* dam work was reported completed on which Rs. 34.99 crore was spent as of March 2008. The canal work has not yet started.

3.4.3.4 Minor Irrigation Projects

432 minor irrigation projects were sanctioned between 2002-03 and 2007-08 at an estimated cost of Rs. 856.97 crore to create additional irrigation potential of 0.99 lakh ha. 108 projects were reported complete at a cost of Rs. 181.83 crore, 220 projects were still in pipeline on which Rs.307.77 crore was spent as of March 2008. The work of 104 projects was not started.

3.4.3.5 Expenditure in excess of sanctioned cost

Rs.35.27 crore were spent in excess over sanctioned cost of 46 projects.

46 projects were sanctioned between 2002-03 and 2007-08 at an estimated cost of Rs.110.22 crore. Revised estimates of Rs.158.61 crore of these projects were submitted in 2006-08 but approval was still awaited (November 2008). The increase in cost of Rs.48.39 crore⁵¹ was due to delay in completion, unrealistic estimation of land compensation, inaccurate or inadequate

⁵⁰ under grant no. 45/4702

⁵¹ Revised estimates for Rs.158.61 crore (-) original cost Rs.110.22 crore = 48.39 crore.

estimation and execution of unapproved items. An amount of Rs.145.49 crore was spent (March 2008) on these projects, still in progress resulting in excess expenditure of Rs.35.27 crore as compared to their sanctioned cost (Rs.110.22 crore).

The GOMP, WRD had prescribed ceiling cost of Rupees one lakh per ha. Thus the cost of construction in above cases would exceed the prescribed ceiling limit thereby disturbing the BC ratio⁵² and ERR⁵³ of the projects. Moreover, while according administrative approval by the GOMP, WRD no time schedule was prescribed for completion of the projects, which had resulted in denial of irrigation facilities to the cultivators.

3.4.3.6 Projects with lapsed sanction

As per Para 2.124 of M P Works Department Manual, if the construction work does not commence within three years of its being sanctioned then fresh administrative approval and technical sanction requires to be obtained. Four minor projects⁵⁴ sanctioned between March and June 2003 at an outlay of Rs.3.48 crore to create additional irrigation potential of 554 ha. were taken up for execution between October 2006 and April 2007 under AIBP although the sanctions had lapsed.

3.4.3.7 Blockade of investment

Rs. 39.95 crore spent remained blocked due to non completion of canal component of 21 projects.

21 minor projects⁵⁵ were taken up with NABARD loan during 2003-08. One of the conditions of loan was that nalla closure works should be taken up only after completion of 75 per cent of canal components. However, in violation of that, the department had completed nalla closure work first before taking up canal construction. Therefore, progress of the canal construction suffered and also resulted in blockage of interest bearing loan of Rs.39.95 crore. The CE admitted (May 2008) that the dam and canal work could not be completed simultaneously and stated that progress of canal suffered due to delay in land acquisition.

3.4.3.8 Unfruitful Expenditure

The Forest Conservation Act, 1980 lays down that prior permission for transfer of forest land coming under any project should be obtained before taking up

⁵² Benefit cost ratio i.e. annual benefits from agriculture production and annual cost of project.

⁵³ Economic rate of return i.e. increase in agriculture production as a result of irrigation as compared to investment on construction of irrigation project.

⁵⁴ Kadwal tank (Rs.99.20 lakh)- Jhabua, Chagola tank (Rs.65.70 lakh)- Jhabua, Dharia Tank Rs.99.20 lakh), Bamjhar tank Rs.84.85 lakh)- Khandwa

⁵⁵ Jhabua-01, Khargone-05, Badwani-02, Mandsaur-06, Shajapur-01, Indore-02, Burhanpur- 01, Alirajpur-01, Dhar-02

Rs.32.11 crore spent on 53 projects was unfruitful due to non transfer of forestland.

work. It was however observed that 53 projects⁵⁶ with an outlay of Rs.172.22 crore were sanctioned by the GOMP, WRD between May 1980 and May 2007 without obtaining permission for transfer of forestland. The projects could not be materialised due to non transfer of 837.531 ha forestland. Besides denial of irrigation facility, the cost of the projects increased to Rs.213.35 crore due to time and cost over run and high cost of compensation for forestland. This included 11 projects taken up with interest bearing NABARD loan and four projects under AIBP. The expenditure of Rs.32.11 crore incurred as of March 2008, therefore proved unfruitful till clearance of forest land.

3.4.3.9 Unrealistic expectations from small cultivators

GOMP, WRD decided (March 2000) not to construct canals in minor irrigation schemes (CCA from 40 ha to 200 ha) with the expectations that the cultivators should make their own arrangement for lifting the water from the reservoir to their fields and also should pay the water tax. Though willingness of cultivators was obtained but no legal action can be initiated against them in case of refusal in future. Rupees 23.42 crore were spent (March 2008) on 44 projects⁵⁷ still in progress as against the sanctioned outlay of Rs.29.09 crore with no provision of canals. Most of these projects are located in the backward districts of MP thickly populated by tribal inhabitants. Moreover, with a view to increase the utilization of irrigation potential already created, NABARD and Government of India insisted on constructing field channels along with the minor canals to facilitate the carrying of water to the fields of cultivators from the reservoir for irrigation under National Rural Employment Guarantee Programme (NREGP). The Engineer-in-Chief apprehended (February 2008) that poor and small cultivators would be the worst to get affected by this arrangement.

3.4.3.10 Substandard work

Rudaheda project in Ujjain, which was sanctioned with NABARD loan (2002-03) at an outlay of Rs.4.10 crore to irrigate 482 ha breached between RD 370 M and 455 M during heavy rains on 10/11 August 2006. The CE in his inspection note (01 September 2006) attributed the breach of dam due to execution of sub-standard nalla closure work in June 2005. However, the contractor was never informed about execution of sub-standard work.

Similarly, Chambleshwar tank in Neemuch was reported as completed in June 2003 at a cost of Rs.16.51 crore with NABARD loan. The leakage of water from canal structures and syphon joints due to execution of sub-standard work

44 projects constructed at a cost of Rs.23.42 crore without canal component did not meet the objectives of the project.

Execution of sub standard work of Rudaheda project and Chambleshwar tank did not yield projected benefits. Sanctions of Rs.1.32 crore for remedial measures were awaited.

⁵⁶ Jhabua -05, Khargone -12, Badwani- 05, Mandsaur-04, Shajapur-01, Indore-03, Burhanpur-01, Dhar-09, Khandwa-01, Neemuch-08, Ratlam-03, Dewas-01

⁵⁷ Ujjain-13, Indore-9, Neemuch-9, Jhabua-4, Alirajpur-3, Dewas, Dhar and Khargone 2 projects each.

was noticed while starting irrigation for the first time during 2005-06. Consequently 900 ha area could only be irrigated against created potential of 1567 ha.

An estimate of Rs.1.32 crore (Rudaheda tank Rs.75.32 lakh in September 2007 and Chambleshwar tank Rs. 56.32 lakh in December 2007) was sent to E-in-C for remedial measure of both the projects. However, the required approvals were awaited (May 2008).

3.4.3.11 Wasteful expenditure

Performance of 90 LIS was dismal due to no pool of water and high cost of maintenance. 46 LIS only were proposed for revival. Rs.3.28 crore spent on repair did not yield and fruits.

Ninety lift irrigation schemes (LIS) were completed at an investment of Rs.27.98 crore to irrigate 18740 ha between 1973 and 2006. Dismal performance of LIS due to high cost of maintenance and non availability of pool of water was mentioned in Para 3.4 of C&AG Report for the period ending March 2006. As a sequel to it GOMP, WRD decided (August 2007) to make all the LIS functional. As per E-in-C only 11 LIS were made functional in NT Basin. The CE proposed (October 2007) 46 LIS for revival, 18 LIS for abandonment as their revival was not possible due to non-availability of pool of water and cultivators were not willing to bear high cost of maintenance. The fate of remaining 15 LIS was not decided (October 2008). Rupees 3.28 crore were spent against allotment of Rs 4.23 crore provided for repair of LIS between 2003-04 and 2007-08. The expenditure on LIS thus proved to be nugatory as no impact or extent of irrigation generated was available from LIS record.

Further, Ahukhana LIS sanctioned (January 1987) at an outlay of Rs.24.87 lakh remained incomplete (September 1994) even after spending Rs.1.01 crore. The cost has been revised from Rs.24.87 lakh to Rs.1.39 crore (December 1992) due to time and cost over run, addition of new items as well. The revised sanction was awaited (May 2008). Meanwhile the steel foot bridge got washed away (September 1994) and pumps & accessories costing Rs.12.26 lakh were reported stolen (February 2004). The work has not been restored (June 2008) thereby rendering an expenditure of Rs.1.01 crore infructuous.

3.4.4 Contract Management

3.4.4.1 Extra cost

The E-in-C has specifically directed (May 2002) that for minor irrigation projects the work of dam and canal should be awarded under the same agreement. Scrutiny in audit revealed that department had awarded separate tenders for dam and canal works of 6 projects due to delay in land acquisition for canal and delay in approval of canal alignment. Thus due to acceptance of

separate tenders at higher rates, between 2005-06 and 2007-08, the department had incurred an extra cost of Rs.75.88⁵⁸ lakh

3.4.4.2 Arbitrary allotment and expenditure on annual repair of projects

As per Works department Manual, allotment for annual repair was to be provided projects wise and sub head wise as per norms depending upon the utilization of irrigation potential created and potential that remained unutilized.

Scrutiny revealed that during 2002-08 the department has spent Rs.93.33 crore on annual repair of irrigation projects. Out of which Rs.63.06 crore (67 per cent) was spent on wages, Rs.8.87 crore (9.5 per cent) was paid to Water User Associations (WUAs) and only an amount of Rs.21.4 crore (23.5 per cent) was utilized for annual repairs. The precious work of maintenance of all the components of the projects was not attended. Consequently canals, canal structures, project and colony roads and colony buildings have been deteriorating day by day. The roads have lost their crust & camber and require strengthening and repairs.

Moreover, sufficient allotment for annual repair was not included/provided for. CE admitted (May 2008) that with the meagre maintenance allowance, no planning was possible. The huge expenditure on payment of wages could not be avoided. The E-in-C also intimated that norms of maintenance were under revision.

3.4.4.3 Under utilization of created irrigation potential

According to reply (March 2002) to Assembly Question No. 179 furnished (March 2008) by CE, the NSA and the irrigation potential created was steeply reduced from 43.77 lakh ha (during 2002-06) to 40.42 lakh ha and from 2.83 lakh ha to 2.05 lakh ha respectively. With a view to make the project financially viable and keep the cost of construction within the prescribed ceiling cost per hectare the projection of benefits were made on higher side and found to be unrealistic. Though there was no demand of irrigation for kharif crop and cultivators have not adopted new cropping pattern and new techniques of cultivation even than it continued to be projected while getting the sanctions from GOMP, WRD. Thus the wide gap between the potential created and utilized persisted. The E-in-C however attributed short utilisation to various constraints like scanty rainfall, conventional cropping pattern, water kept reserved for drinking purpose and deteriorating conditions of dams and canals.

⁵⁸

Parsali tank, (Rs.56.90 lakh), Tungi tank (Rs.3.68 lakh), Paroniya tank (Rs.3.15 lakh), Ralayta tank (Rs.3.36 lakh) and Gajakhedi tank (Rs. 2.38 lakh) in Mandsaur and Kharbardi tank in Manawar (Rs.6.41 lakh)

The maintenance of projects was not satisfying due to insufficient allotment and huge expenditure on wages as well.

The contractor was allowed to sign the agreement and execute the work against invalid contract.

3.4.4.4 Work against invalid contract

Kiradiya tank, Manawar (sanctioned in August 2003) was taken up with NABARD loan (December 2003) at a cost of Rs.2.27 crore. Tender was accepted (27th May 2004) by the CE in favour of a contractor at his tendered cost of Rs.1.54 crore. The tenderer 'A' failed to sign the agreement and furnish the performance security of Rs.6.75 lakh within a fortnight of receipt of communication of acceptance of his tender. Instead of cancelling the tender and forfeiting the earnest money, the agreement was signed after a gap of nearly 5 months and work order was issued to the same contractor on 30th November 2004. The matter was referred (November 2004 and October 2005) to GOMP, WRD by the CE for condonation of the irregularity but there was no response. Thus it was irregular to get the work executed against invalid contract. The CE had justified it to possibility of higher rates and delay on re-tender. The reply was not in consonance with the conditions of the tender.

3.4.4.5 Irregular utilization of NREGP fund

National Rural Employment Guarantee Programme (NREGP) aimed to provide employment and create new assets. Scrutiny in audit however revealed that 50 works of regular maintenance of canals in Manawar were executed during 2007-08 under NREGP at a cost of Rs.1.86 crore against the guidelines of NREGP. The works were to be executed out of annual maintenance grant.

3.4.5 Unauthorized retention of workman welfare cess under civil deposits

According to the Madhya Pradesh Building and Other Construction Labour Welfare Act, one *per cent* Cess was to be deducted from the payments made to contractors for construction work. The amount of cess realised was to be remitted to the Secretary, Building and Other Construction Labour Welfare Board, Bhopal through demand draft by the end of the month.

Test check of monthly accounts and Deposit Register revealed that welfare cess of Rs.1.08 crore realised during 2006-07 and 2007-08 was kept under civil deposit instead of remitting it to the Welfare Board.

The Executive Engineers admitted (April 2008) that due to non-entry of amount lying under Civil Deposits in the Central Server in District treasuries the amount of cess could not be remitted.

3.4.6 Irregular purchase

According to Central Public Works Account Code and Works Manual the cost of purchase of ordinary tools and plant (T & P) against sanctioned estimate and allotment is charged to the minor head T & P. Scrutiny revealed that purchase of survey instruments for Rs.71.45 lakh and GI corrugated sheets for Rs.6.36

lakh was irregularly made by debiting the amount to works under NABARD and AIBP instead of minor head T & P as there was no provision in the sanctioned estimates of the works under NABARD/AIBP.

3.4.7 Unadjusted Suspense Account

Rupees 1.48 crore under Cash Settlement Suspense Account (originating items Rs.46.19 lakh and responding items Rs.1.02 crore) and Rs.98.28 lakh under Material Purchase Suspense Account was lying unadjusted since 1970.

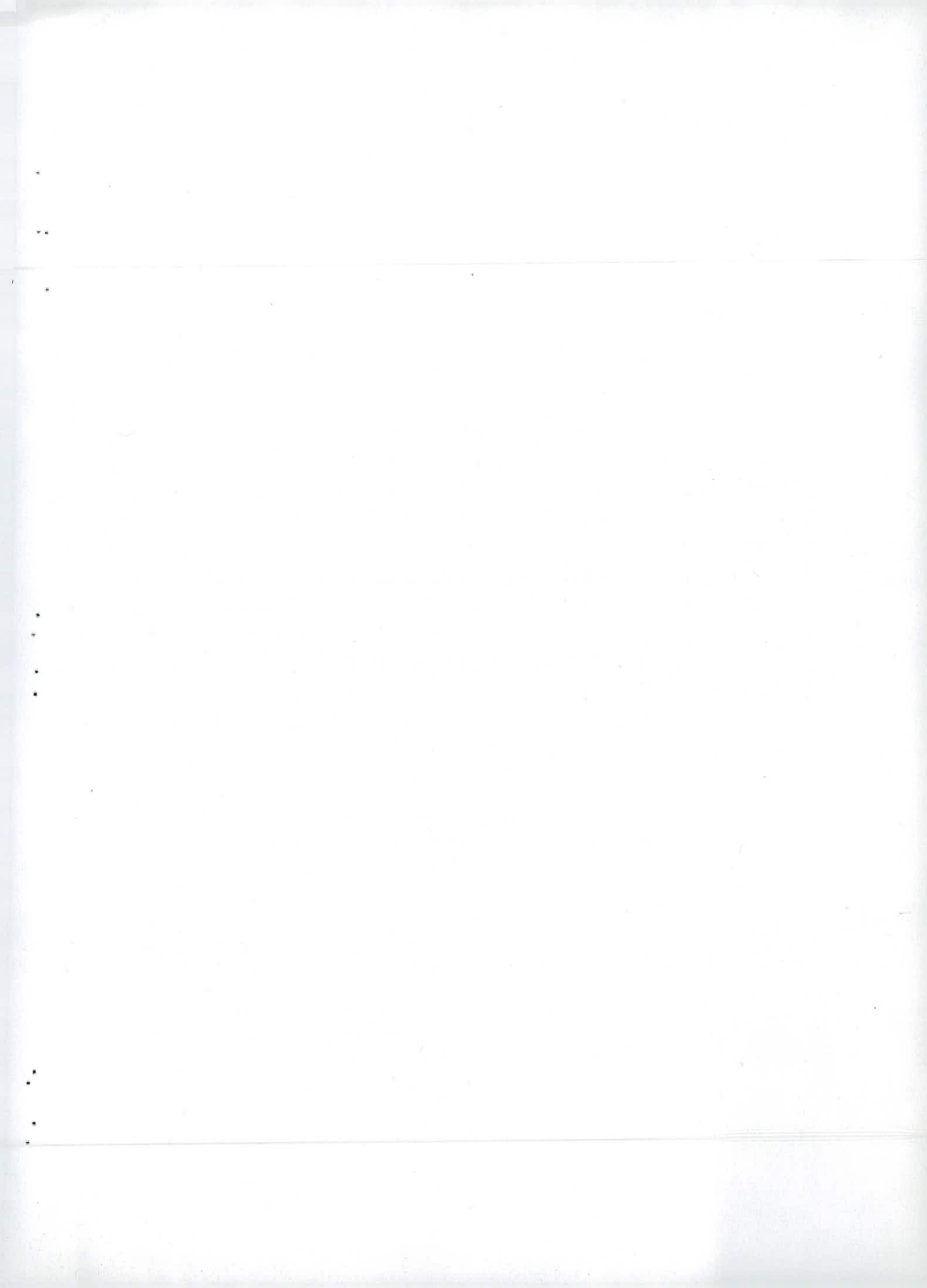
The matter was reported to the Government (June 2008); and the reply is awaited (July 2008).

3.4.8 Conclusion and recommendation

The irrigation projects undertaken in the NT basin during 2003-08 could create 21.56 *per cent* of the targeted irrigation potential due to non-completion of 75 *per cent* of the projects. Moreover, utilization of irrigation potential created was 27.5 *per cent*. Rs.35.27 crore was spent in excess over sanctioned cost of 46 projects. Rs.39.95 crore spent remained blocked due to non completion of canals of 21 projects. Rs.32.11 crore spent on 53 projects was unfruitful due to non transfer of forestland. 44 projects constructed at a cost of Rs.23.42 crore without canal infrastructure did not meet the objectives of the project. Annual maintenance and repair works were not attended properly due to inadequate allotment of fund on maintenance.

In view of above, audit recommends that:

- The department may focus on increasing utilization of irrigation potential created.
- The department may take necessary steps to revise allotment on annual repairs in order to cover maintenance of all components of the projects.



CHAPTER IV

Audit of Transactions

- **Fraud/Misappropriation/Embezzlement/Losses**
- **Excess/Wasteful/Infructuous/Unfruitful expenditure**
- **Violation of contractual obligation/Undue favour to contractors/Avoidable expenditure**
- **Idle investment/Idle establishment/Blockade of funds/Delay in commissioning equipment/Diversion of funds**
- **Regulatory issues and other points**

CHAPTER IV

Audit of Transactions

4.1 Fraud/Misappropriation/Embezzlement/Losses

Public Health Engineering Department

4.1.1 Fraudulent withdrawals from General Provident Fund

Fraudulent withdrawals from General Provident Fund amounting Rs.3.97 lakh in the office of the Executive Engineer, Public Health Engineering Division, Bhopal was facilitated due to non-exercising of prescribed checks by DDO/TO.

As per Rule 15 and 16 of Madhya Pradesh General Provident Fund (GPF) Rules 1965, a subscriber has to apply to the Drawing and Disbursing Officer (DDO) concerned for Temporary Advance/Part Final Withdrawal from his GPF Account. After the amount of advance/part withdrawal is sanctioned by the DDO, a bill is prepared and sent to Treasury for passing and issuing cheque to DDO for disbursement.

Further Rule 165 of Madhya Pradesh Treasury Code stipulates that Treasury Officer should take special care in cases where any additions/alterations in bills/documents are observed. He should not accept and authorize the payment on any document/bill with any overwriting or cutting. Similarly, Rule 12 of Madhya Pradesh Financial Code stipulates that Controlling Officer is responsible for prevention and detection of errors and irregularities and to guard against loss.

Scrutiny of debit vouchers for the months October 2006 and August 2007 to October 2007 relating to Public Health Engineering Division, Bhopal revealed that withdrawals from GPF account as given in the following table were passed by the Treasury Officer, District Treasury Bhopal and disbursed by the DDO-the Executive Engineer, Public Health Engineering Division, Bhopal despite overwriting on the bills. Audit also observed that the bills were supported by fake sanction orders.

Vr. No.	Month/ Year	Voucher Amount	Name of Subscriber affected	Series & Account No.	Fraud Amount (Rs.)
89	10/2006	1,25,000	S.K. Malviya	PHE-105709	1,25,000
49	08/2007	1,50,000	Pradeep Kumar Saxena	PHE-104370	1,35,000
16	09/2007	1,47,000	O.P. Tiwari	PHE-104508	47,000
25	10/2007	1,08,500	Mohan Singh Thakur	PHE-107185	90,000
				Total	3,97,000

When pointed out, the Executive Engineer, Public Health Engineering Division Bhopal (March 2008) confirmed the fraudulent withdrawals by tampering/manipulation of the original sanction orders and related vouchers by an official of the division. Fraudulent withdrawals to the tune of Rs.3.97 lakh were thus made as detailed above.

The Executive Engineer also intimated that out of total fraudulent withdrawal of Rs.3.97 lakh, an amount of Rs.1.82 lakh has already been deposited into treasury through challan (February 2008).

Thus failure of the Treasury Officer, District Treasury Bhopal and the concerned DDO to exercise the required checks on bills facilitated fraudulent withdrawal of funds.

The matter was referred (September 2008) to the Finance Department; reply had not been received (October 2008).

School Education Department

4.1.2 Loss due to excess procurement of books

Excess requisition of books by DPC, Shajapur, resulted in loss of Rs.53.98 lakh

Under Sarva Shiksha Abhiyan, free text books are distributed to all students from class one to five and also to all the girls and boys belonging to SC/ST/BPL families, studying in class six to eight in Government schools.

Scrutiny (March 2008) of records of District Project Coordinator (DPC), Zila Shiksha Kendra, Shajapur revealed that the text-books were requisitioned far in excess of the number of students enrolled in each class every year during 2003-04 to 2007-08 which resulted in books costing Rs.53.98 lakh lying undistributed as mentioned below:-

Session	No. of students enrolled	Set of books requisitioned and received	Set of books distributed	Set of Books lying undistributed	Cost of books lying undistributed (Rupees In lakh)
2003-04	141060	155359	141060	14299	6.77
2004-05	164002	180826	164002	16824	7.67
2005-06	159180	191356	159180	32176	19.57
2006-07	171521	178305	176275 ¹	2030	0.81
2007-08	162220	177600	157466	20134	19.16
Total				85463	53.98

Further no action was taken to transfer the excess books to other districts/schools where these books could have been used for students.

¹ Out of 176275 sets, 4754 sets were distributed during 2007-08.

On this being pointed out in audit, the Government stated (July 2008) that the district offices had requisitioned the books on estimated requirement and the undistributed books were kept safely and utilized in the session 2007-08. The reply was not acceptable as the distribution statement for the year 2007-08 indicated that only 4,754 sets were utilized during 2007-08. Further DPC informed (August-September 2008) that the syllabus was changed during 2005-06 and 2007-08 academic session. Undistributed books lying at district office (weight 5 tonnes) were sold (September 2005) as unusable material (raddi) at a cost of Rs.20,450 and 22,143 undistributed sets lying at block level offices are in process of sale as unusable material.

Thus, the requisition of books on the basis of the estimates instead of actual enrolment of students and non adjustment of number of undisbursed books of preceeding year from the requisition of succeeding year was not only injudicious but also resulted in loss of Rs.53.98 lakh to Government.

4.2 Excess/Wasteful/Infructuous/Unfruitful expenditure

Finance Department

4.2.1 (A) Excess payment of Rs.94.14 lakh to family pensioners

Due to non observance of instruction of Director Treasuries and Accounts by Treasury Officers, excess payment of Rs.94.14 lakh to family pensioners by banks could not be prevented.

As per rule 47 of M.P. Pension Rules, family pension at enhanced rate is payable for a period of seven years or till the date on which the Government Servant would have attained the age of 67 years, had he survived, whichever is earlier. In order to ensure that no excess payment of pension is made by the nationalized banks to the pensioners/family pensioners, Director, Treasuries & Accounts, Madhya Pradesh, Bhopal had instructed (August 2000) all Treasury Officers in Madhya Pradesh to check two per cent of the total number of pension cases in the district every month and to maintain a register in the prescribed format to record the results of checking. In case difference between the amount of pension calculated by the treasury and the amount paid by any bank's branch is noticed in more than one per cent cases, the entire pension cases of the bank's branch were to be examined in detail.

Scrutiny of the records relating to pension payments in 34 out of 53 treasuries in the State revealed that the register in the prescribed format showing the result of prescribed check was not maintained in treasuries. It was also seen that the nationalized banks continued to make payment of family pension at enhanced rates to the family pensioners even after the specific date in terms of provisions of Rule 47 of M.P. Pension Rules. This resulted in excess payment

of family pension amounting to Rs.94.14 lakh to the family pensioners as detailed in the **Appendix 4.1**. Had the Treasury Officer observed the *ibid* instruction, the excess payments could have been avoided.

Non-observance of orders issued by the Director, Treasuries and Accounts by the Treasury Officers and consequent excess payment of Rs.94.14 lakh to 477 pensioners during the period from July 1998 to March 2008 was communicated from time to time to the concerned treasury officers through the inspection reports of the concerned treasuries, State Finance Department and Commissioner Treasuries and Accounts, M.P., Bhopal. But only Rs.17.23 lakh were recovered so far.

Matter was referred to Government in March 2008; reply had not been received (November 2008).

(B) Non recovery of overpayment of commuted value of pension of Rs.78.14 lakh from Pensioners
--

Overpayment of Rs.78.14 lakh made to pensioners due to wrong interpretation of Rule 8 of M.P. Civil Pension (Commutation of Pension) Rules 1996 was not recovered despite instructions of Finance Department.
--

As per provisions of Rule 8 of M.P. Civil Pension (Commutation of Pension) Rules 1996 the pensioner will get commuted value of Pension as per table given there under. Government of Madhya Pradesh, Finance Department clarified (October 2002) that calculation of commuted value of pension is to be done keeping in view the value of pension at the age and the year in which reduction in pension has started. It was also directed that recovery may be made in cases where overpayment was made due to wrong interpretation of rule 8 of M.P. Civil Pension (Commutation of Pension) Rules 1996. Special attention was to be given in cases of pensioners who retired after January 1996 and whose pension was revised after 1 March 1998 wherein revised commuted value was also paid (as per recommendation of Fifth Pay Commission).

Out of total 53 treasuries in Madhya Pradesh the scrutiny of the records of 36 treasuries revealed that an over payment of Rs.78.14 lakh was made to the pensioners due to payment of commuted value of pension at the rates applicable on the dates of retirement instead of at the rates applicable on the date from which reduction of pension was actually started (**Appendix 4.2**). It was further observed that the recovery of such overpayments has not been made so far despite Finance Department's clear instructions.

The matter regarding non recovery of overpayment of commutation of Pension was brought to the notice of Government (October 2008); the reply had not been received (November 2008).

Narmada Valley Development Department

4.2.2 Excess payment for watering and compaction of earth work

Double payment for watering and compaction of earthwork resulted in excess payment of Rs.38.98 lakh.

Balance work² of Right Bank main canal of Bargi Diversion project in reduced distance (R.D.) Km. 42.00 to 50.00 was awarded (September 2004) to a contractor on an item rate contract at tendered rate of Rs.25.43 crore (evaluated at 16.61 *per cent* above the estimated cost). The work scheduled for completion by August, 2005 was still in progress (March 2008) and payment amounting to Rs.23.81 crore was made to the contractor in July 2008 for his 37th running bill.

Item 4 (a) of the Schedule of quantities, forming part of the agreement, provided earth work for bund and canal embankments as per dam specifications. It included all lead and lifts of materials and all other charges for watering and compaction of earth work at optimum moisture content (OMC) to achieve dry density not below 90 *per cent* by sheep foot roller (SFR) as per specifications. The contractor quoted a rate of Rs.63 per cum for this item. Item 4 (a) was for execution of earth work *using borrowed soil* including watering and compaction of earth work.

Another item 4(b) provided watering and compaction of earth work at OMC to achieve dry density not below 90 *per cent* by SFR as per specifications and as directed by Engineers-in-charge. The contractor quoted a rate of Rs.18 per cum for this item. Item 4 (b) was meant for watering and compaction of embankment constructed with soil obtained from canal excavation.

Scrutiny (June 2007) of records of Executive Engineer (EE), Narmada Development Division No.1 Panagar district, Jabalpur, revealed that the contractor executed 216535.80 cum earth work for canal embankments using borrowed soil and was paid Rs.1.36 crore @ 63 per cum under item 4 (a) which was inclusive of the item of watering and compaction. He also executed 53990.72 cum of earthwork with soil obtained from canal excavation under item 4(b). The item of watering and compaction for this quantity was payable at Rs.18 per cum only. However, watering and compaction of 216535.80 cum of borrowed soil was again included in the total quantity (i.e. 270526.52³ cum) of watering and compaction under item 4 (b).

² Of excavation, earth work cement concrete lining and construction of structures of minors and distribution system

³ 270526.52 cum = 216535.80 cum + 53990.72 cum

Thus payment for watering and compaction of 216535.80 cum earth work was made twice. This resulted in excess payment of Rs.38.98 lakh to the contractor.

The Government accepted the audit observations and directed (August 2008) to recover the excess payment from the bills of the contractor. However, the recovery particulars are awaited (November 2008).

Panchayat and Rural Development Department

4.2.3 Nugatory expenditure due to incorrect selection of road

PMGSY road work executed on railway lands without obtaining permission from Railway Authorities, had to be abandoned mid way resulting in nugatory expenditure of Rs.39.82 lakh.

According to Government of India's guidelines for Pradhan Mantri Gram Sadak Yojana (PMGSY), the prime objective of the scheme is to provide connectivity by all weather roads to unconnected rural habitation. Madhya Pradesh Rural Road Development Authority (MPRRDA) is the nodal agency for implementation of PMGSY in the State.

According to the approved estimates, for PMGSY package no. MP 2003 of district Katni, three roads in 13.60 km length, were to be constructed upto bituminous topped surface. One road from New Katni junction to Padariya village was to be constructed in 3 Km. length, of which 1.8 Km. length was passing through a railway colony.

The work was awarded (May 2002) to contractor "A" for completion within 9 months excluding rainy season without obtaining prior permission of the Railway authorities for the road length passing through the railway colony.

Audit scrutiny (May 2007) revealed that during the progress of work the railway authorities objected (November 2002) to the construction of traffic bearing roads through their colony. By that time an expenditure of Rs. 30.29 lakh was incurred on construction of the road.

The efforts made by the District Collector, Jabalpur (January 2003) to get the clearance from railways remained unsuccessful. Further since the contractor had delayed the completion of other works which formed part of this contract, the contract was rescinded (December 2003) at the risk and cost of the contractor. Payment for work done amounting to Rs.1.07 crore was, however made (April 2004) without imposition of debitable clause three of the agreement.

Department without addressing the objections of Railway Authorities again awarded (November 2004) the balance work to contractor 'B' for Rs.67.84

lakh stipulating completion within 6 months including rainy season. The work was stopped midway in February 2005 after construction up to granular sub base (GSB) level as the Railway authorities did not permit further construction of the road. A total expenditure of Rs.39.82⁴ lakh was incurred on the incomplete road as of April 2006.

The department started the road work without availability of land for construction of road which was against the provision of PMGSY guidelines. Consequently the incorrect selection of road deprived the inhabitants from all weather road connectivity and led to unfruitful expenditure of Rs.39.82 lakh.

On this being pointed out the General Manager (GM), PIU, Katni stated that the road constructed up to GSB level was abandoned as the railway authorities did not permit the construction of the road on railway land. He also added that the road had proved its utility as 'gravel road'. Reply is contrary to the provisions of the agreement because the approved estimate and fund allotted under PMGSY was for black topped road and not 'gravel road'. Further, construction of road in railway colony without obtaining Railways' consent amounted to encroachment and its maintenance in subsequent years would be at peril.

The matter was reported to the Government (July 2007 and May 2008); the reply had not been received (November 2008).

Public Works Department

4.2.4 Extra expenditure due to non-acceptance of tender within validity period

Delay in acceptance of tender in first call and acceptance of higher rate tender in the fourth call resulted in extra cost of Rs.65.62 lakh.

NABARD sanctioned (May 2005) a loan of Rs.5.68 crore for upgradation of 43.60 km. Maheshwar-Mehatwada-Bablai-Somakhedi Road. The Chief Engineer (CE), Public Works Department (PWD), Indore invited (12 May 2005) percentage rate tenders for the work with probable amount of contract as Rs.5.56 crore. The lowest offer of 17 *per cent* below SOR was recommended (17 June 2005). The validity of the tender was till 6 October 2005. CE decided (25 June 2005) to keep the tenders pending till release of funds by NABARD, but did not make any efforts to get the validity period of tenders extended.

NABARD released the loan on 24 September 2005. CE accepted the lowest tender on 3 October 2005 and the tender acceptance letter was issued on 6

⁴ Rs.30.29 lakh under previous agreement and Rs.9.53 lakh under subsequent agreement.

October 2005 (i.e. the date of expiry of the validity period). The tenderer received the acceptance letter on 14 October 2005 but refused to sign the agreement on the ground that the validity period of the tender had already expired.

The tenders were re-invited (November 2005) and the lowest offer in the fourth call of tenders @ 5.2 per cent below SOR was accepted by the CE (April 2006).

Failure in getting the validity period extended and absence of alacrity in acceptance and subsequent non-communication of offer to the contractor within the validity period thus resulted in extra expenditure of Rs.65.62 lakh⁵.

On this being pointed out in audit (July 2007), CE stated (July 2007) that rate offered by the contractor was not "workable" CE did not explain the term "workable" in his reply. Neither there was any noting in support of his reply.

Audit has found the reply not tenable due to following reasons:-

- If the rates were not "workable", then how the same CE had accepted it on 3 October 2005? Rather the tender was accepted and acceptance letter was issued to the contractor on the last date of expiry of validity of tender.
- Audit has found that another work of the same nature was accepted @ 17.10 per cent below the SOR during the same period (4 October 2005) in the same NIT by the same CE.

The matter was reported to Government (October 2007); reply had not been received (November 2008).

School Education Department

4.2.5 Unfruitful expenditure on rural libraries

Inadequate release of operational funds rendered Rs. 1.08 crore incurred on establishment of rural libraries, unfruitful.

With a view to retain new educated members in the main stream of education and in order to develop their interest in reading alongwith rural population's interest in reading, Government of Madhya Pradesh, School Education Department issued orders (October 2002) for establishment of Gramin Pustakalya (Rural Libraries). These libraries were to be established from 26 January 2003 as a culture center and were to operate through Padhna Badhna Sangh. Unit cost of Rs.12,500 per library was meant for providing material (almirah, stationery, carpet, television, radio, public address system, sports

⁵ Difference of rates in 1st and 4th call - 11.80% (17%-5.20%)X 556.10 lakh (PAC) = Rs. 65.62 lakh.

material and books etc.). Besides, Rs.12,500 per annum per center was provided to each library as a recurring grant for organizing activities for illiterates, providing news papers, magazines, books and other miscellaneous expenses etc. A "Prerak" was to be nominated for running of these libraries on honorarium basis.

Scrutiny of records (February 2007) of Secretary Zila Saksharta Samiti Dewas and further information collected (June-July 2008) revealed that for establishment of 950 rural libraries Rajya Shiksha Kendra (RSK) provided (October 2002) Rs. 90.25 lakh and placed (December 2002) orders with book suppliers for supply of books. Zila Shaksharta Samiti spent Rs. 81.65 lakh on establishment of 871 libraries and provided books costing Rs.26.13 lakh to these libraries during (2002-03) which were received as per supply order of RSK. Rs.8.60 lakh were refunded to RSK in February 2003. Thus an amount of Rs.1.08 crore was incurred on establishment of 871 libraries. Following table shows operation/ non operation of these libraries on the basis of honorarium paid to preraks:-

S.No.	Year	Libraries operated		Libraries Non-operated	
		Number	Period	No.	Period
1	2003-04	871	2 Month	Nil	Nil
2.	2004-05	871	5 Month	871	7 Months
3	2005-06	484	2 Month	484 387	10 Months 12 Months
4	2006-07	436	4 Month	436 435	8 Months 12 Months
5.	2007-08	645	8 Month	645 226	4 Months 12 Months

As the Government could not provide annual recurring grant, the honorarium to Prerak could not be paid regularly as a result of which none of the libraries could run round the year. Out of 871 libraries 387, 435 and 226 libraries remained closed during 2005-06, 2006-07 and 2007-08 respectively. Newspaper and new books were also not provided to libraries since June 2003. The failure of the government to ensure timely release of funds for payment as honorarium to the Preraks and for purchase of newspapers, new books etc. rendered the expenditure of Rs.1.08 crore on establishment of libraries largely unfruitful.

The Secretary, Zila Saksharta Samiti, Dewas stated (June 2008) that 226 libraries were closed and other libraries are not operated regularly due to insufficient and delayed release of funds for purchase of books, news papers and payment of honorarium etc. The reply of auditee accepts the audit finding that release of insufficient funds led to the expenditure on rural libraries being rendered largely unfruitful.

The matter was referred to Government in May 2008; reply had not been received (July 2008).

Water Resources Department

4.2.6 Unauthorised aid to contractor

Foreclosure of a contract and its subsequent re-tender on the same day to the same contractor at higher rates resulted in undue financial aid of Rs.1.43 crore and a delay of four years.

Bakud Minor irrigation tank project in Betul district envisaging irrigation of 1457 hectares land was administratively approved by Government of Madhya Pradesh, Water Resources Department (WRD) in May 2003. The Executive Engineer (EE), WRD Dn. No.II, Betul awarded (February 2005) the works⁶ of the tank Project to a contractor on item rate contract basis. Cost of project estimate was Rs.4.03 crore and contract was awarded for Rs.3.16 crore (21.8 per cent below the probable amount of contract) with stipulated date of completion by May 2006 including rainy season.

Audit noticed :

- The contractor to whom the work was awarded was the proprietor of another civil construction firm. As the old firm was a defaulter and black listed; he constituted the new firm for award of work.
- The project envisaged acquisition of 166 hectare private agricultural land. The work was awarded without acquiring the land. The contractor was handed over a 120 metre stretch of land in May and August 2005 to commence the work.

The contractor failed to achieve progress citing health problems and resistance of cultivator due to non payment of land compensation. Due to slack progress the EE terminated (May 2005) the agreement. The Chief Engineer (CE), however revoked (June 2005) the termination order in favour of the contractor with instructions to complete the work as per schedule.

Scrutiny revealed that at the stage when land acquisition award for 166 hectare land was passed (March 2006) and the compensation amount of Rs.2.77 crore was awaiting disbursement in the Land Acquisition Office (LAO), the CE ordered foreclosure of the contract (1 May 2006). The contract was foreclosed (11 May 2006) and the balance work costing Rs.3.67 crore was put to re-tender on the same day (11 May 2006) and was awarded (November 2006) to the same contractor at a higher cost of Rs. 4.59 crore (evaluated at 24.98 per cent above the PAC). This injudicious decision of CE resulted in-

⁶ Construction of balance earthwork of bund from reduced distance (R.D.) 0 to 831 m i/c nalla portion, excavation of spill and approach channel, construction of sluice at R.D. 705m and construction of flush bar.

undue favour to the black listed contractor and an extra cost of Rs.1.43⁷ crore to the Government. Audit noticed that although there was reduction in scope of work, the completion period was increased to 20 months in place of 15 months to extend the benefits of price escalation.

On this being pointed out in audit (September 2006) EE justified (September 2006 and July 2007) the foreclosure and re-award of work on the grounds of resistance from cultivators on account of non payment of land compensation.

The reply does not explain why

- The work was awarded and re-awarded to a blacklisted contractor without ensuring due vigilance on both the occasions.
- The tender was foreclosed on 11 May 2006 citing 'non-acquisition' of land and was re-tendered on the same day citing reason that the land already stood acquired.

Therefore the decision of the department to patronize the defaulting contractor by re-awarding the work at higher rates and with price escalation benefits by increasing the completion period despite reduction in quantum of work was improper.

The matter was reported to Government (September 2007/March 2008); the reply had not been received (November 2008).

4.3 Violation of contractual obligation/ Undue favour to contractors/ Avoidable expenditure

Narmada Valley Development Department

4.3.1 Non accountal of hard rock (iron ore) and payment for work not done

Excavated hard rock identified as iron ore worth Rs.4.18 crore was lying uncared and unaccounted for more than two years and payment of Rs.14.96 lakh was made on stacking of the excavated hard rock (iron ore) which was not done.

The work of construction of Bargi Right Bank Main Canal (Km 50 to 56) of Rani Avanti Bai Lodhi Sagar was awarded (February 2003) by Executive Engineer (EE), Narmada Development (ND) Dn. II, Panagar to a contractor on item rate contract at his tendered rate of Rs.17.98 crore. The construction included excavation, earthwork etc. The work was in progress and the 46th

⁷ (Rs. 4.59 crore– Rs 3.16 crore).

running account bill for Rs.17.93 crore was paid (March 2008) to the contractor.

The agreement provided for 79866 cum excavation of hard rock (H/R). However, during excavation it was substantially increased to 284568.57 cum due to excavation in deep cutting in mountainous terrain, out of this 267666.97 cum was found to be iron ore⁸. Narmada Valley Development Authority (NVDA) had accepted this and approved the rate of Rs.118.98 per cum for it.

The excavated iron ore became a Government property as per Note 13 under Chapter IV of the Unified Schedule of Rate (USR) and its sanction as an 'extra item' was accorded by the Government (March 2005). As per Government instructions (March 2005) this required stacking, but the contractor did not stack it. Since the contractor had not done the stacking, the component for stacking @ Rs.7.10 per cum was to be reduced from his payment. However, the department made full payment to the contractor without reducing stacking component, which resulted in an excess payment to the contractor of Rs.14.96⁹ lakh.

On being pointed out by audit, the Executive Engineer (EE) stated (July 2007) that on the basis of test results, H/R (iron ore) was found unusable; therefore it was not taken into account. Later, the CE stated (May 2008) that the rock was stacked but the stack measurements were not recorded and the payment had been done on the basis of pit measurement. The matter was referred to Government by audit in 2007 and April 2008. The Government simply endorsed (August 2008) the reply of the CE.

Government's reply that excavated H/R (iron ore) was 'not usable' contradicts the report (September 2005) of Geological Survey of India which has found the quality of iron ore as useful for extraction of metal. Moreover, admission of the fact that stack measurement was not recorded and only pit measurement was taken for payment purpose itself proves that the stacking was not done. Had the material been properly stacked then it would have been taken into Material at site account (MAS). The department has admitted that the material has not been taken in MAS account.

Moreover, the precious Government property like iron ore worth Rs.4.18 crore¹⁰ remained unaccounted for more than 2 years (as of May 2008). Collector, Jabalpur solicited (October 2006) direction from the Government for appropriate disposal. Government reply awaited.

⁸ As per geotechnical test report conducted by Engineering College, Jabalpur dt. 22 August 2003 and confirmed by Geological survey of India on 23 September 2005.

⁹ USR rate for stacking Rs. 7.10 per cum minus 21.26 per cent for HR (Iron ore) 2,67,666.97 cum = Rs 14.96 lakh.

¹⁰ 1 cum hard rock = 2.4 tonne iron ore there fore, 267666.97 cum X 2.4 tonne @ 65/- per tonne = Rs 41756047 = Rs 4.18crore.

4.3.2 Excess payment in violation of contractual provisions

Excess payment of Rs.34.08 lakh due to adoption of inadmissible percentage of components for price escalation.

The work for earth work, cement concrete lining and structures on the left bank canal in reduced distance (RD) Km 110 to 117.175 and its distribution system under the Rani Awanti Bai Lodhi Sagar (RABLS) Project amounting to Rs.13.10 crore was awarded (August 2004) to a contractor on an item rate agreement for Rs.13.54 crore¹¹. The work was scheduled to be completed by 9 May 2006 was completed in May 2007 and final bill for Rs.13.68 crore was paid to the contractor in June 2008.

Scrutiny of records in audit (August 2007) revealed that the price adjustment percentages were left blank in the agreement. The agreement categorically specified that the blanks were to be filled up in accordance with the percentages for different components prescribed in January 1985 by the Engineer-in-Chief. The prescribed percentages were 30, 20 and 5 *per cent* for labour, material and POL¹² components, respectively. However, while calculating the price adjustment (Rs. 85.24 lakh) for the period from October 2004 to March 2007, the Executive Engineer (EE), RABLS Disnet Division, Narsinghpur adopted incorrect percentages of 37 *per cent* for labour, 55 *per cent* for material and 8 *per cent* for POL. Thus, the adoption of incorrect percentages resulted in excess payment of Rs.34.08 lakh as under.

(Rupees in lakh)

Components	Percentage adopted	Percentage admissible	Escalation paid	Escalation payable	Excess payment
Labour	37	30	32.50	26.29	6.21
Material	55	20	31.61	11.50	20.11
POL	8	05	21.13	13.37	7.76
Total			85.24	51.16	34.08

On being pointed out, the EE stated (January 2008) that percentage was fixed at a higher side because the contractor had to provide all the construction materials under the provisions of the agreement, while the percentages of components shown in the amendment was based on departmental supply of materials and therefore it was less. Subsequently (July 2008), the Member (Engineering), Narmada Valley Development Authority also endorsed the reply furnished by EE.

The reply does not explain why the space provided in the agreement for fixing the price adjustment components for labour, material and POL was left blank

¹¹ Evaluated at 3.35 per cent above the estimated cost at Unified Schedule of Rates (USR) of September 2003.

¹² Petrol, Oil and Lubricant.

although the agreement clause stipulated that the blanks should be filled up as per appropriate percentages of price adjustment as prescribed in the amended provisions. Further, there was no mention in the manual or in the amendment about the lower percentage of price adjustment components notified in the amendment, or they were applicable on agreements specifying departmental supply of material. Therefore, the payment was to be strictly regulated in accordance with the percentages as agreed to in the agreement itself.

The matter was reported to Government (October 2007); its reply had not been received (November 2008).

4.3.3 Inadmissible payment for superfluous item of trimming

Although payment for trimming is prohibited in the USR in earthwork involving item of dressing, separate payment of Rs.27.45 lakh was irregularly made resulting in excess payment.

As per general note in Chapter IV of Unified schedule of rate 2003 (USR); in any earthwork/excavation involving payment for dressing¹³, separate payment for trimming¹⁴ is not permissible even if the work of trimming is executed.

Scrutiny of records (May & October 2007) of two divisions¹⁵ revealed that for providing cement concrete lining of canals, the material obtained from spoil bank¹⁶ was laid as free draining material for preparation of sub grade. The rate for the component of dressing was inclusive in this complete item. Thus, the separate payment for the item of mechanical trimming was not admissible, being superficial as per USR. The Division, however, made separate payment for the item of mechanical trimming over freshly laid free draining material over an area of 804830.79 sq.m which resulted in an inadmissible payment of Rs.27.45 lakh as under:-

S. No	Name of Dn.	Agt. No.	Name of work	PAC/Tender percentage	Executed qty. of MT (in sqm.)	Agreed rate per sqm. (Rs)	Add proportionate escalation (Rs)	Total inadmissible payment (Rs)
1.	ND Dn. 10 Sanawad	01.03.04	ISP main canal RD Km 17.00 to 31.250	32.50 crore 6.32 per cent below	504739.57 (as of March 2008)	3	14.28 per cent	17,30,449
2.	ND Dn. 27 Sanawad	01.03.04	ISP Main canal RD km 31.284 to 41.250	20.32 crore 10.61 per cent below	300091.22 (as of July 2007)	3	12.68 per cent	10,14,428
Total					804830.79 sq.m.			27,44,877 say Rs 27.45 lakh

¹³ Dressing involves making the existing surface as smooth as natural surface.

¹⁴ The item of trimming involves preparation of sub grade by removing grass and grassroots, touching the uneven surface to form a uniform surface.

¹⁵ Narmada Development (ND) Dn. No.27, Sanawad and ND Dn. No.10, Sanawad

¹⁶ Spoil bank is formed by material dumped during excavation

On this being pointed out, the Executive Engineer (EE), ND Dn. 27, Sanawad stated (May 2007) that the tenderers quoted item rates on the basis of nomenclature of the items of the NIT. Therefore it should not be mixed/linked with the nomenclature of USR. The reply is misleading because inclusion of the superfluous item of mechanical trimming in the NIT alongwith the item of earthwork involving dressing was incorrect. The item of trimming in such cases was not payable as per general note in the USR.

The EE, ND Dn. 10 Sanawad stated (April 2008) that trimming was necessary on freshly laid free draining material in order to prepare the subgrade for lining. The reply is not tenable because even if trimming was required to be done, a separate payment for mechanical trimming is not allowable under general note of USR as the payment for dressing was already included under item of excavation of spoil bank.

The matter was reported to the Government (May 2007) and the reply had not been received (November 2008).

4.4 Idle investment/Idle establishment/Blockade of funds/Delay in commissioning equipment/Diversion of funds

Public Health and Family Welfare Department

4.4.1 Unauthorised expenditure

Joint Director Health Services Ujjain irregularly purchased Soya Products amounting to Rs.1.60 crore for distribution to malnourished children out of the budget allotments meant for providing diet to indoor patients in hospitals.

Rule 11 of the Madhya Pradesh Financial Code (MPFC) provides that funds allotted should be utilized economically, in the public interest and only on that activity for which the money was provided. Rule 119 of MPFC also provide that purchase order should not be split up to avoid the sanction of higher authority required for the total amount of purchase.

Scrutiny (October 2007) of the records of the Joint Director, Health Services, (JDHS) Ujjain and further information collected (October 2008) revealed that an allotment of Rs.1.60 crore was received during the period 2006-08 for providing diet to indoor patients (2006-07 Rs.0.50 crore and 2007-08: 1.10 crore). JDHS, Ujjain, however spent Rs.1.60 crore for purchasing Soya Products¹⁷ during February 2007 to March 2008 for distribution to

¹⁷ (Soya Biscuits: 4,10,090 packets costing Rs.1.44 crore and Soya Namkeen: 1,10,160 packets costing Rs.0.16 crore).

malnourished children, without receiving any demand from districts and without ascertaining the number of such children. The purchased products were issued to the Chief Medical and Health Officers (CMHOs) without any instructions for distribution thereof. CMHOs in turn distributed the products to Project Officers, Integrated Women and Child Development Projects for onward distribution. Thus the funds released for providing diet to patients admitted in hospitals were utilised for purchasing of Soya Products without any order/demand. Even the Soya products costing Rs.1.60 crore were purchased by splitting the purchase orders to Rs.80 to 90 thousand each only to avoid the required sanction of higher authorities in contravention of provision of Rule 119 of the MPFC.

JDHS is an administrative officer and the budget allotment received under diet head either should have been passed on to the hospitals for which it was meant or should have been surrendered to the budget controlling authority. Moreover, 'Supplementary Nutrition Programme' for providing nutritious food to malnourished children in the State was already being run by Mahila Evam Bal Vikas Department. The procurement of Soya biscuits/ Namkeen by JDHS, Ujjain without any mandate or any demand was thus highly irregular as departmental budget for diet to indoor patients was unauthorisedly utilised for an activity which was not in the purview of JDHS.

On being pointed out, Director Health services, Madhya Pradesh stated (May, 2008 and August 2008) that funds were provided to JDHS Ujjain for diet of patients and show cause notice has been issued to the then JDHS.

The matter was referred to the Government in January 2008; reply had not been received (August 2008).

School Education Department

4.4.2 Diversion of fund

Zila Saksharta Samiti, Rajgarh diverted Central (DPEP) funds amount to Rs.33.28 lakh for State level schemes.

Rajya Shiksha Kendra (RSK), Bhopal was responsible for implementing the District Primary Education Programme (DPEP) a 100 *per cent* Centrally sponsored scheme of Government of India in Madhya Pradesh State. The scheme was closed on 31 December 2002. RSK Bhopal had issued directions to all District Project Co-ordinators (DPCs) that no expenditure should be incurred from DPEP funds after 31 December 2002 and the balance amount under the scheme at different levels viz district, block and sankul should be surrendered to the RSK Bhopal.

Scrutiny (October 2007) of records of District Project Co-ordinator, Rajiv Gandhi Shiksha Mission, Rajgarh revealed that Rs.1.05 crore out of DPEP

funds were provided in May 2003 i.e. after 31 December 2002 to Secretary Zila Saksharta Samiti, district Rajgarh for expenditure on establishment of rural libraries instead of surrendering it to Rajya Shiksha Kendra Bhopal resulting in irregular diversion of fund. Out of this amount Zila Saksharta Samiti diverted and spent Rs.5.75 lakh for Padhna Badhna Andolan and Rs.27.53 lakh for Guru-dakshina programme which are State schemes and for which separate budget allotment were required to be made by State Government, and refunded the balance amount of Rs.71.92 lakh to RSK in July 2003.

On being pointed out State Government stated (July 2008) that DPEP funds were provided for establishment of rural libraries because that time there were no instructions from GOI regarding refund of balance amount of DPEP. After receipt of GOI instructions regarding refund of amount to GOI, the Saksharta Samities were instructed to refund the amount transferred to State schemes and the action for remittance of fund to Government of India was being taken. The reply of the department indicates acceptance of Audit objection.

Scheduled Tribes and Scheduled Castes Welfare Department

4.4.3 Idle expenditure on Girls Hostel Building

Construction of building for Girls hostel remained incomplete due to non-availability of funds; expenditure of Rs.44.81 lakh incurred so far was rendered idle.

Government of India, Ministry of Tribal Affairs sanctioned (March 2001) Rs.89.63 lakh for construction of 144 seated Girls Hostel building in Mankunwar Bai Women College, Jabalpur. GOI was to provide 50 per cent of construction cost (Rs.44.81 lakh) as grant-in-aid under Centrally Sponsored Scheme of Girls hostels for Scheduled Tribes and remaining 50 per cent was to be provided from Member of Parliament Local Areas Development Scheme (MPLADS) funds as per commitment given by Member of Parliament (MP), Jabalpur. GOI provided its share of Rs.44.81 lakh in July 2001.

Scrutiny of records (September 2007) of Assistant Commissioner Tribal Development (ACTD) Jabalpur revealed that Collector Jabalpur nominated (October 2001) MP Housing Board Division No.1 Jabalpur as the construction agency and provided (March 2002) Rs.44.81 lakh (GOI share) to the Housing Board Division. The entire amount was spent by the Division during 2001-2005. The work of construction of hostel building was however lying incomplete due to non receipt of remaining 50 per cent of construction cost from MPLADS funds. Collector Jabalpur intimated (April 2007) ACTD that due to dispute in construction work, the MP Jabalpur did not recommend the release of share from MPLADS funds.

The Commissioner Tribal Development while admitting (August 2008) that the construction of the Hostel building could not be completed due to non receipt of MPLADS funds, stated that proposal has been submitted (February 2008) to State Government to provide Rs.61.75 lakh from State budget as per revised estimates for completion of the work. However, State Government failed to make provision in the State budget for 2007-08. He further assured that proposal for making budget provision in the second supplementary of 2008-09 will be submitted. The State Government endorsed (September 2008) the views of commissioner Tribal Development. Thus, due to non completion of building work the expenditure of Rs.44.81 lakh incurred on Mankunwar Bai Girls Hostel was rendered idle. Besides the girls from scheduled tribe community could not avail the boarding facility.

4.5 Regulatory issues and other points

Forest Department

4.5.1 Loss of interest of Rs. 18.40 crore

Non-adherence to order of Government of India resulted in loss of Rs. 18.40 crore.

Adhoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA) was created in May 2006 under the orders of Ministry of Environment and Forest of Government of India (GOI). As per GOI instructions issued in March 2004 the funds received on behalf of CAMPA such as funds for compensatory afforestation, net present value, catchment area treatment plan etc. from the user agencies should be kept in the form of fixed deposit in the name of the concerned Divisional Forest Officer (DFO) / Nodal Officer for forest conservation of the respective State Government till the CAMPA is constituted.

Scrutiny of records from the office of the Principal Chief Conservator of Forest (PCCF), Bhopal in respect of 55 forest divisions revealed (July 2006 & February 2007) that it received Rs. 253.72 crore on behalf of CAMPA from the user agencies during March 2004 to October 2006, but in violation of the GOI instruction the said amount was not kept in the form of fixed deposits by the forest divisions, which resulted in loss of interest of Rs. 18.40 crore.

After this was pointed out the DFOs stated that the amount was deposited in personal deposit accounts as per instructions of Government of Madhya Pradesh (GOMP) issued in December 2004. Government (July 2007) endorsed the reply of DFO.

By overruling the GOI directions, therefore, GOMP has not only incurred a loss of interest of Rs. 18.40 crore, but also deprived conservation efforts which could have been undertaken from the above amount.

Medical Education Department

4.5.2 Irregular expenditure on payment of electricity bills of medical college hostels

Payment of Rs.1.78 crore for electricity bills of medical college hostels from Government allotment was contrary to the instructions of the Director Medical Education.

The Government of Madhya Pradesh declared (March 1997) all Medical Colleges (MC) and their affiliated hospitals as autonomous bodies. Although the State Government continued to provide budget to these institutions, the Director, Medical Education, Madhya Pradesh, Bhopal issued specific instructions (August 2004) that the payment of electricity bills of hostels in college campus should not be made from the budget provided by the Government for college buildings.

Scrutiny (August 2007) of the records of the Dean, Gandhi Medical College (GMC), Bhopal and further information collected (August 2008) from Medical Colleges Rewa, Indore and Jabalpur revealed that contrary to the instructions of August 2004 an expenditure of Rs.1.78 crore (MC Bhopal: Rs.73.24 lakh; MC Rewa: Rs.76.12 lakh and MC Indore: Rs.28.97 lakh) was incurred during September 2004 to June 2008 on payment of electricity bills of hostels from the budget provided by Government for college and hospital buildings. In Medical College Jabalpur also, electricity bills of hostels were paid from Government budget but in the absence of separate electricity connection, amount of expenditure on hostels could not be segregated from total expenditure of Rs.3.13 crore incurred during the period September 2004 to July 2008 on electricity bills of common connection for college, hospital, cancer hospital and hostel.

Further, the Medical Colleges were declared autonomous long back in March 1997. As such providing budget by Government for recurring expenses of autonomous institutions was irregular. Besides, the aim of the Government to transform Medical Colleges of the state into self-reliant institutions capable of meeting their contingent liabilities from own resources could not be fulfilled.

Government replied (August 2008) that a proposal was being made in the working committee of autonomous body for remittance of amount in government account.

Thus, expenditure of Rs.1.78 crore incurred on electricity bills of hostels, contrary to the instructions of August 2004 was not only irregular but also resulted in loss to the Government.

Panchayat and Rural Development Department

4.5.3 Extra cost due to injudicious stoppage of road work

Injudicious stoppage of an ongoing work mid-way and its re-awarding to another contractor resulted in an extra expenditure of Rs 27.87 lakh apart from delay in providing connectivity.

Pradhan Mantri Gram Sadak Yojana (PMGSY) is an all India programme launched in December 2000 with the objective of providing all weather road connectivity to rural habitation with a population of 500 persons and above (250 persons and above in case of tribal habitation) by end of Tenth Five Year Plan ending March 2007. Being a time bound programme, Government of India (GOI) identified several impediments that might retard smooth implementation of the programme, and one such impediment was belated demands for addition or substitution of new road not forming part of the core-network.

GOI guidelines therefore, categorically envisaged that the proposals made by Members of Parliament (MP) and District Panchayat (DP) received by the stipulated date, should be given full consideration in preparing proposal of roads, core network, district rural road plan and comprehensive new connectivity priority list (CNCPL). After finalization of these, no deviation would be permissible except with the approval of GOI.

Scrutiny (July 2007) revealed that under PMGSY package no. MP-1708 construction of two roads estimated to Rs 2.72 crore was awarded (February 2004) by Programme Implementation Unit (PIU), Indore to a contractor at 6.66 per cent below state schedule of rate (SSR) for completion within a period of nine months excluding rainy season. Of these, one road (Jalodiya Gyan Approach Road) was completed (December 2005) by the contractor. While the tendering process was under progress the DP, Indore resolved (December 2003) to change the road alignment of Katkoda – Karjoda road for providing connectivity to some other unapproved village (Banediya). The Panchayat resolution was also endorsed and recommended by the MP and Union Minister. However, the revised proposal, submitted (April 2004) by MPRRDA was not considered (August 2005) by GOI. Meanwhile, in view of the resolution of the DP, the PIU stopped the work (June 2005) and made final payment to the contractor's bill in respect of 'Jalodia-Gyan Approach Road' valuing Rs.1.15 crore (which included the cost of incomplete Katkoda to Karjoda road Rs.1.70 lakh).

Subsequently, as per request (June 2006) of the MP for construction of the road as per the original alignment (estimated to cost Rs.1.17 crore) the road work was re-awarded (November 2006) to another contractor at 18 per cent above SSR.

Thus, the decision to stop the approved work without approval of GOI was injudicious which resulted in an extra expenditure of Rs.27.87 lakh¹⁸ incurred by MPRRDA. Besides the work which was to be completed by February 2005, was in progress as of March 2008 thereby delaying the objective of providing rural road connectivity by more than three years.

On this being pointed out, the General Manager, PIU stated that the work was stopped in view of recommendation of the DP and MP for change of alignment. The reply is not in consonance with the guidelines which categorically provided for considering the proposals of DP and/or MPs at the initial stage of planning only. Belated interference after approval of core network was prohibited as per clause 4.6 of PMGSY guidelines.

The matter was reported to Government (September 2007); the reply was awaited (November 2008).

Public Works Department

4.5.4 Non-adjustment/non-recovery of Miscellaneous Works Advances

An amount of Rs.7.03 crore was lying outstanding under the head 'Miscellaneous Works Advances' in seven public works divisions for the last 53 years for want of recovery or settlement.

'Miscellaneous Works Advances (MWA)' is a suspense head of account intended to record transactions on account of (i) sales on credit, (ii) expenditure incurred on deposit works in excess of deposit received (iii) losses, retrenchment, errors, etc. and other items of expenditure of allocation of which is not known or which are required to be recovered or settled. Items in MWA are cleared either by actual recovery or by transfer under proper sanction or authority to some other head of account. Recoverable amounts which may become irrecoverable should not be so transferred until ordered to be written off. The divisional officers are responsible for prompt clearance of the suspense head by recovery or transfer to the proper head concerned.

¹⁸

(Rs. 117.28 add 18 per cent)-(Rs. 118.41 less 6.66 per cent) = Rs. 27.87 lakh.

The Public Account Committee¹⁹ had also expressed (December 1996) its displeasure over failure of the Government in taking effective steps for timely adjustments and recoveries of outstanding balances under the head MWA.

Scrutiny of Monthly Accounts and information collected from seven out of seventeen Divisions of Public Works Department, Capital Zone, Bhopal revealed that as of March 2008 the balance outstanding under MWA pertaining to periods 1955-56 and onwards was Rs 7.03 crore as detailed in **Appendix 4.3**. The Department failed to take necessary action to clear this suspense head notwithstanding the fact that position of outstanding balances under MWA were also brought to the notices of the concerned divisional officers and controlling officers by audit for prompt recovery/settlement through annual audit inspection reports.

A review of outstanding balances under the head MWA revealed the following:

- (a) Recoveries due from 583 departmental officers between February 1955 and June 2005 towards shortage of stores, temporary advances and expenditure in excess of sanctions / allotment (Rs 1.08 crore) remained unrecovered or unsettled because they had retired, expired or were transferred from the Divisions. No mention of the outstanding advances was made in the Last Pay Certificates. The Divisions had no details or whereabouts of these officials and had failed to initiate timely action to settle the outstanding dues.
- (b) In three Divisions²⁰ dues amounting to Rs 70.65 lakh pertaining to the period 1999 to 2007 were outstanding against 15 officials who were still working in the Divisions, but no action for adjustment of dues was taken as of April 2008.
- (c) The liabilities due from 222 suppliers/contractors towards advance payments for supply, excess payment etc. of Rs 2.39 crore remained unrealized due to inaction on the part of divisional officers. The dues related to the period 1969 to 2005 were required to be adjusted against the dues (security deposits, earnest money and other payments for work) of the suppliers/ contractors.
- (d) Government issued orders (April 1984) dispensing with the system of credit sale of departmental materials between Divisions with effect from May 1, 1984 and introduced the system of "Cash and Carry" for inter divisional transactions. However, three Divisions persisted with credit sales (Rs 47.48 lakh) debiting the 27 transactions to MWA even after April 1984 in violation of Government orders. Besides, two divisions issued articles on credit worth Rs 2.38 crore to 23 other departments. These are pending for settlements as of

¹⁹ PAC's 76th Report – (10th Vidhan Sabha).

²⁰ PWD Divisions Raisen, Vidisha and Vidhan Sabha, Bhopal.

August 2008. Government did not take any action to stop the mis-use of this suspense head.

Although a detailed account showing the nature of transactions with their voucher numbers and reasons for debiting them under MWA is to be maintained in Form CPWA 67, the registers were not being maintained properly in these offices. According to the Central Public Works Account Code prompt steps were required to be taken to clear the outstanding balances but the Divisional Officers allowed to accumulate outstanding under this head. This not only hampered the standard accounting procedure but also afforded unabated unauthorized financial aid to the defaulters. These lapses and failures persisted despite it being repeatedly brought to the notice of all divisional officers and their controlling officer every year through audit inspection reports.

Government should investigate the prolonged non- clearance of outstandings under MWA and take effective action to recover the amount due and adjust the long pending debits to the final head concerned. Government should also initiate action to curb the mis-use of the suspense head for accommodating irregular transactions.

The matter was reported to the Government (May 2008); reply had not been received (November 2008).

General

4.5.5 Failure to enforce accountability and protect the interests of Government

Principal Accountant General (Civil and Commercial Audit), Madhya Pradesh, Gwalior (PAG) and Accountant General (Works and Receipt Audit), Madhya Pradesh, Bhopal (AG) conduct periodical audit of the Government departments to test check, inter-alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Irregularities detected during audit are reported through Inspection Reports (IRs) to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies and lapses. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects/omissions promptly and report their compliance to the PAG/AG. The PAG/AG also brings serious irregularities to the notice of the Heads of Departments. A half-yearly report of pending IRs and paras is sent to the Principal Secretary/ Secretary of the Department to facilitate monitoring of the compliance to audit observations in the pending IRs.

A review of the IRs issued by PAG upto December 2007 pertaining to Civil Departments (except Public Works Department, Public Health Engineering

Department, Water Resource Department and Forest Department) disclosed that 21,662 paragraphs relating to 8,693 Inspection Reports remained outstanding as on 30 June 2008. This includes 8,421 paragraphs of 4,262 Inspection Reports outstanding for more than six years. Department-wise and year-wise position of outstanding Inspection Reports and paragraphs is given in **Appendix 4.4** and **4.5**.

Similarly review of the IRs issued by AG upto December 2007 pertaining to 687 divisions/offices of Forest, Water Resources, Public Works, Public Health Engineering and other Works²¹ Departments disclosed that 17,328 paragraphs relating to 3,729 IRs were outstanding since 1997-98 to the end of 30 June 2008. Department wise position of the outstanding IRs and paragraphs is given in **Appendix 4.6**.

The Heads of the offices (whose records were audited) and the Heads of Departments did not send any reply to a large number of IRs/paragraphs indicating their failure to initiate action with respect to the defects, omissions and irregularities pointed out in the IRs. The Principal Secretary/Secretaries of the Departments who were informed of the position through half yearly reports also did not ensure that the concerned offices of the Department take prompt and timely action.

Absence of any action against the defaulting officers facilitated the continuance of irregularities and losses to the Government despite being pointed out in Audit. It is recommended that Government need to re-look into the procedure for fixing responsibility on the officials who failed to take corrective/remedial action on the audit observations and failed to send replies to IRs/paragraphs within a prescribed time. Action is required to be initiated to recover losses, outstanding advances, over payments, etc. in a time bound manner and enforce accountability to ensure proper and timely response to issues brought out in audit.

²¹ Narmada Valley Development Department, Housing and Environment Department, Bhopal Gas Rahat (Relief and Rehabilitation) Department and Panchayat and Rural Development Department.

CHAPTER V

Internal Control Mechanism in Government Departments

CHAPTER V

Internal Control Mechanism in Government Departments

Mahila Evam Bal Vikas Department

5.1 Internal Control in Mahila Evam Bal Vikas Department

Highlights

Internal control is an important aspect of functioning within an organization. Internal control processes establish a system which provides reasonable assurance on financial reporting, operational data and the application of laws, regulations and various control parameters designed to achieve organizational objectives. Internationally the best practices in internal control have been given in the Committee of Sponsoring Organisations of the National Commission on Fraudulent Financial Reporting or the Treadway Commission (COSO) framework which is a widely accepted model for internal controls. In India the GOI has prescribed comprehensive instructions on maintenance of internal control in government departments through rule 64 of General Financial Rules 2005. A review of internal control of Mahila Evam Bal Vikas Department revealed that budget estimates (BEs) were deficient in so far as persistent savings occurred each year. BEs were submitted to Finance Department with delays up to 98 days. Cases of belated release of fund to the subsidiary formations; rush of expenditure in the last month and unsatisfactory cash management were also noticed. Non-gazetted employees were vested with drawing and disbursing powers though rules prohibited such delegation:

Out of Rs.42.48 crore parked under civil deposit, a sum of Rs.1.30 crore lapsed and Rs.23.21 crore were still lying unutilised. Further Rs.37.97 crore were parked in Personal Ledger Account (PLA) of which Rs.1.17 crore were still lying unspent. Contrary to the decision, Rs.5.91 crore were credited to bank account of Anganwadi workers.

(Paragraph 5.1.5.3. and 5.1.6.3)

Supplementary provisions of Rs.84.95 crore proved unnecessary as the amount under original Budgetary provisions could not be spent. Rs.272.48 crore were surrendered though available savings were Rs.257.28 crore.

(Paragraph 5.1.5.4 and 5.1.5.5)

Temporary advance of Rs.3.77 crore were lying unadjusted.

(Paragraph 5.1.8.3)

Inadequate control led to exclusion of 37 to 53 per cent of identified beneficiaries and wasteful expenditure of Rs.11.24 crore incurred due to providing solid food instead of weaning food to infants.

(Paragraph 5.1.6.2 and 5.1.6.3)

Internal audit wing was ineffective as 367 Project Offices were not covered during 2003-08. Periodicity of units was also not fixed.

(Paragraph 5.1.9.3)

5.1.1 Introduction

Internal Control Mechanism (ICM) in an organisation denotes the activities and processes placed by the organisation to control, eliminate and minimize risks, events with the potential to influence the achievements of an organisation's activities. The ICM includes provisions of codes, manuals, rules and monitoring mechanism to ensure compliance. The Internal Audit helps in identification of shortcomings in ICM and its strengthening.

Mahila Evam Bal Vikas Department (Department) with the aim to improve the socio-economic, health and nutritional status of women and physical, psychological, social and nutritional status of children up to six years and protect them against malnutrition; create awareness about laws and schemes for overall development of women and children started functioning in 1988. The Department has been implementing various schemes, such as Integrated Child Development Services, National Nutrition Mission, Adolescent Girls Scheme and Ladli Laxmi Yojana for the achievement of the above mentioned objectives. The various functionaries as in the para below are a part of the ICM of department.

5.1.2 Organisational Set-up

The Department is headed by a Principal Secretary for implementation of the government policies and schemes. The Commissioner-cum-Director Women and Child Development (Director) is the Nodal Officer at the State level and is responsible for planning, guidance, monitoring and supervision. At the District level, the District Programme Officer (DPO)/District Women and Child Development Officer (DWCDO) is responsible for co-ordination, monitoring, supervision and implementation of the schemes while at block level these works are assigned to the Child Development Project Officer (CDPO). The primary point for delivery of services is Anganwadi Centre (AWC) set up in a village or a ward of urban slum area and is attended by an Anganwadi Worker (AWW).

5.1.3 Audit objectives

This review of internal control has been conducted to assess whether:-

- the budgetary, expenditure and cash controls were adequate and effective;
- the administrative controls on establishment and inventory related controls were efficient;
- the operational controls were adequate to ensure achievement of the objectives of the Department in an effective manner;
- the monitoring was effective; and
- the internal audit and vigilance mechanism was effective.

5.1.4 Audit coverage and methodology

The records of the office of the Directorate, and nine¹ out of 48 districts and 20² out of 88 project offices were selected using simple random sampling without replacement method and test checked during March-August 2008 covering the period 2003-08.

The methodology adopted was to test check records with reference to the provisions of Madhya Pradesh Financial Code (MPFC), Madhya Pradesh Treasury Code (MPTC), and circulars/instructions etc. issued by the Government. The COSO frame work has been adopted for evaluation of internal control.

An introductory meeting was held in March 2008 with Director Mahila Evam Bal Vikas Department and subsequent audit findings and recommendations of audit were discussed in the exit conference held in November 2008 with Principal Secretary to Government of Madhya Pradesh, MEBV Department and their views were considered while finalising the review report. Results of test-check are embodied in the succeeding paragraphs.

5.1.5 Compliance with Financial Rules

Budgeting requires the Administrative Departments to prepare budget estimates (BE) based on inputs from lower formations, incur expenditure within the budgeted provisions, avoid rush of expenditure towards the end of the financial year and surrender anticipated savings in time. The review of budgetary and expenditure controls of the department showed instances of persistent savings, belated surrenders, irregular transfer of funds to civil deposit, rush of expenditure and delayed submission of budget estimates to Finance Department (FD) as discussed in the succeeding paragraphs:

¹ Betul, Bhopal, Chhindwara, Dhar, Hosangabad, Jhabua, Khargone, Mandla, Sheopur. out of 48 districts

² Betul (3), Chhindwara (2), Dhar (4), Hosangabad, (2), Jhabua (4), Mandla, (2) and Sheopur (3).

Budget Estimates were submitted with delays ranging from 41 to 98 days.

5.1.5.1 Budget Estimates

Rule 192 of MP FC provides that Budget Estimates (BEs) should be furnished to the FD before the dates fixed by the FD through the Administrative Department. It was however noticed that the Department was able to send the BE to the FD with a delay³ ranging between 41 and 98 days from the dates fixed by the FD during 2004-08. BEs were sent directly by the Director to FD without routing through its Administrative Department which was irregular as there was no examination by the Administrative Department of the budgetary proposal. In exit conference departmental officials stated that there was no delay in sending BE to FD and approval of the Administrative Ministry had been obtained but no record in support of the statement was shown to audit.

5.1.5.2 Savings

Details of budget provisions, under seven⁴ grants and expenditure incurred shows the savings during 2003-08 as at **Appendix 5.1**.

There were savings ranging from 15 to 44 per cent during 2003-08.

The savings of 15 to 44 per cent was attributed by the department to absence of demand from DDOs, non-procurement of medicine and education kits, etc. and making provisions for vacant posts. The entire provision of Rs.163.82 crore under Central Sector Schemes and Rupees three crore under State Sector Schemes under five⁵ grants remained unutilized. In exit conference, departmental officials stated that funds were received late from GOI and periodical change in policy led to surrender of funds.

Rs.42.48 crore were transferred to Civil Deposit thereby, inflating the expenditure without spending and Rs.24.38 crore remained unutilized in CD/PD account.

5.1.5.3 Transfer of funds to Civil Deposit

MP TC prohibits drawal of funds from treasury unless required for immediate disbursement. It was noticed that the Central assistance of Rs.42.48 crore received for distribution of medicines and educational kits, were transferred to Civil Deposit (CD) during 2003-08. Only Rs.17.97 crore were utilized in subsequent years while Rs.1.30 crore were allowed to lapse due to non-utilization of same within three years and Rs.23.21 crore was still lying in CD as of March 2008. Further out of funds deposited in Civil Deposit prior to 2003-04 Rs.5.75 crore lapsed to State revenue during the period. Parking of fund in CD was irregular and led to overstatement of the expenditure while distorting the allocation of subsequent years. Also, the expected benefits of distribution of the medicines and educational items did not reach the beneficiaries, as Rs.7.05 crore of central fund meant for the above purposes became a source of unintended revenue of the state and Rs.23.21 crore remained unutilized.

Directorate deposited Rs.37.97 crore in personal deposit account of Madhya Pradesh Laghu Udhog Nigam (MPLUN) during 2004-07, out of which

³ 2004-05 Plan/NP (78 days), 2005-06 NP (66 days), 2005-06 Plan (98 days) 2006-07 Plan/NP (41 days) and 2007-08 Plan/NP (60 days).

⁴ Grant No.15, 41, 52, 55, 64, 80 and 82

⁵ Grant No.15, 41, 55, 64 and 82.

Rs.1.17 crore were unspent as of March 2008. Such accumulation of funds in the CD and PDA without incurring expenditure during the year of their drawals for the intended purpose was irregular as it compromised with the objectives of budgetary exercise.

5.1.5.4 Supplementary Budget provisions

Supplementary budget provisions of Rs.84.95 crore during 2003-08 proved unnecessary.

Rule 60 of General Financial Rules (GFR) provides that a supplementary demand for grants need to be proposed only in case of requirement of additional fund. It was noticed that supplementary budget provisions of Rs.84.95 crore during 2003-08 as shown in **Appendix 5.2** was made under grant no. 55 but the same could not be utilised. The department stated that funds could not be utilised due to delayed receipt of supplementary budget provision. The reply is not convincing as the expenditure incurred was even less than the original budget provisions.

5.1.5.5 Release and surrender of fund

Financial rules provide that all anticipated savings should be surrendered immediately after these are foreseen latest by 15th March of the financial year. It was however, noticed that the Department in all the above five years surrendered Rs.571.07 crore on the last day of the respective financial years. Analysis of data further revealed that Rs.272.48 crore was surrendered against available savings of Rs.257.28 crore during 2003-06. In three schemes, funds were withdrawn by re-appropriations/surrender in excess of available saving resulting in excess expenditure of Rs.12.14 crore during 2003-06.

Audit further observed that Rs.39.84 crore were released at the fag end of the financial year (29th March 2008) by the Directorate to districts with the direction to use the same within the same financial year. DPO, Chhindwara surrendered Rs.1.21 crore of this amount on the last working day of the financial year. In exit conference department admitted delayed release of fund.

5.1.5.6 Expenditure in the last month of the financial year

Expenditure incurred in last month of the financial year ranged between 24.55 percent to 28.09 percent.

GFR 56 (3) provides that the expenditure under any head of account should be incurred proportionately in each month as per the budget provision for a financial year. Expenditure in the last month of the financial year however ranged between 24.55 *per cent* and 28.09 *per cent* during 2003-08 under four grants⁶ as shown in **Appendix 5.3**:

Commissioner stated that due to receipt of sanction at the fag end of the year and in order to avoid lapse of budget, the expenditure was made in the month of March. This indicates the weakness of financial control mechanisms.

5.1.5.7 Reconciliation of expenditure figures

Departmental controlling officers are required to reconcile the departmental expenditure figures with those booked by the Accountant General (A&E) to

⁶ Grant No.41, 64, 55 and 80.

enable corrections of the nature of errors, omissions, misclassifications and detection of lapses etc. It was, however, seen that during 2003-08 there was difference in figures ranging from Rs.3.15 crore to Rs.42.50 crore under seven grants⁷ as shown in **Appendix 5.4**.

The department failed in implementing important financial control activity. In exit conference, Department accepted the audit observation and assured to expedite the reconciliation process regularly.

5.1.5.8 Drawal from Contingency Fund of State

Financial Rules provide that drawal from Contingency Fund of State may be made for incurring only expenditure of emergent nature. It was noticed that the Department, withdrew Rs.40 lakh from contingency fund on 30 March 2002 and deposited in Civil Deposit on the same day. An expenditure of Rs.29 lakh was incurred (April 2002) and balance amount of Rs.11 lakh lapsed to Government revenue (March 2005). Thus the withdrawal from the contingency fund was made without any immediate requirement. The department noted the point for future compliance.

Unnecessary drawal of Rs.11 lakh from contingency fund.

5.1.5.9 Internal Control in Cash Management

Test check of records of Drawing and Disbursing Officers (DDOs) in Directorate and in 9 test checked districts revealed that DDOs disregarded provisions relating to cash management as discussed below:

Non observance of codal provisions regarding maintenance of cash books and subsidiary records.

- 24 DDOs did not attest regularly each entry in the cash book in token of checks exercised by them.
- 25 DDOs did not conduct the physical verification of cash and did not verify the totals in the cash book regularly at the end of each month.
- 29 and 27 offices respectively did not review the bill registers and bill transit registers.
- Security deposit was not obtained from the cashier in 14 offices.
- DPO Shivpuri violated the rule 29 of MPFC by not depositing and accounting cash receipts worth Rs.9,252 collected between 8 October 2005 and 27 December 2007. DPO Sheopur, Hoshangabad, Betul and PO Meghnagar did not deposit the cash receipts worth Rs.5,392 collected between 2005-08 as of May 2008.
- In DPO Mandla an amount of Rs.15,794 was left out from the opening balance of Rs.1,49,202 while carrying to subsequent page in cash book as on 5 October 2006.

⁷ Grant No.15, 41, 52, 55, 64, 80 and 82.

- DPO Dhar and Hoshangabad did not maintain cash book of Gramya Yojna though about Rs.12 lakh were received on different occasions. CDPO Sardarpur (Dhar) also did not maintain the cash book of Swayam Siddha Yojana though 52 transactions worth Rs.13.80 lakh occurred during 2003-07.
- As per Rule 53 of MPTC the cash book is to be written daily. However, the cash book of Project Officer (PO) Mandla was not written from 4 March 2008 to 15 April 2008 though Rs.35,35,093 were drawn from treasury. PO did not attest the cash book from 17 December 2007 till 15 April 2008. Similarly, cash book of PO Pandhurna was found incomplete from 26 February 2008 (as of 15 June 2008) though Rs.23.87 lakh were drawn. Cash book was also not signed by the PO from 5 September 2007 till 16 June 2008.
- Rs.73.43 lakh received from Directorate (April 2008) for the year 2007-08 for nutrition programme was not accounted for by the DPO Dhar as of 24 July 2008.

The laxity in observance of controls relating to cash book writing and monitoring could lead to risks of frauds and misappropriation. In exit conference department assured to take corrective action in all cases.

5.1.5.10 Maintenance of records and documents

Rule 52 of GFR and Rule 297 of MPTC Volume I require that budget control register and contingent register should be maintained properly so that budget control mechanism is effective. Audit observed that these registers were not properly maintained by 19 DDOs in checked districts.

The Government had invested Rs.1.26 crore in Madhya Pradesh Mahila Evam Vitya Vikas Nigam (MPMEVVN) during 2006-07 but no record of investment was found maintained by the Directorate. No information regarding investment in other years was made available by the Directorate. Director stated that position will be intimated after ascertaining from MPMEVVN. In exit conference department assured to take corrective action.

5.1.6 Operational Control

5.1.6.1 Laxity in operational control led to unauthorized assistance to ineligible beneficiaries under LLY

In order to promote family planning, restore the gender balance and prevent child marriage, State Government launched the Ladli Laxmi Yojana (LLY) from 1st April 2007. The parents who have two or less than two children and have adopted family planning and also who are not income tax payer can apply for registration in Angan Wadi Centre (AWC) under the scheme for girl child born after 1 January 2006. Assistance of Rs.6000 per year for five years in the shape of National Saving Certificate (NSC) was to be provided in the name of

girl child who will get Rupees one lakh at the age of 21 years provided she was not married up to the age of 18 years and appeared in 12th standard examination. It was however, noticed that in seven⁸ districts payment of Rs.1.08 crore (out of total expenditure of Rs.24.51 crore) was made in 1629 unregistered cases, 77 cases without ascertaining adoption of family planning and in 99 cases recorded date of birth of child was after the date of family planning operation of mother. DPOs stated that cases were sent to the Directorate who had sanctioned and paid the amount to the concerned Post Office directly. The reply of department is not acceptable as the Directorate made the payment to ineligible cases, which had been incorrectly recommended by the P.O. Further, Rs.54.60 lakh in 910 cases were deposited in the post offices but the NSCs had not been received (October 2008).

5.1.6.2 Compliance of Apex Court directives

Under the directives (28 November 2001) of the Hon'ble Supreme Court of India, all identified beneficiaries under Supplementary Nutritional Programme (SNP) were to be covered for providing supplementary nutrition. Despite categorical directive of the apex court, shortfall in coverage of identified beneficiaries in the State was found as under:

Table No.5.1: Coverage of beneficiaries under SNP

Year	Pregnant and nursing mother			Children 6 months to 6 years		
	Identified	Assisted	Percentage of Short fall	Identified	Assisted	Percentage of Short fall
2003-04	11.67	6.31	46	53.37	25.74	52
2004-05	12.02	6.23	48	56.04	26.11	53
2005-06	12.38	6.51	47	56.91	26.86	53
2006-07	12.86	7.68	40	60.25	32.59	46
2007-08	14.44	9.11	37	70.12	42.05	40

Source: Data furnished by Directorate.

Thus 37 to 48 per cent expectant and nursing mothers and 40 to 53 per cent children were denied supplementary nutrition. DPOs/CDPOs attributed to non release/delayed release of funds to the districts.

Supreme Court directives (28 November 2001) and state Government's orders (September 2005) further provide that supplementary nutrition (SNP) for minimum 21 days in each month is to be provided for all beneficiaries. It was however, noticed that distribution of SNP was made for less than 21 days in a month in AWCs.

Table No.5.2: Shortfall in providing SNP

Year	Total number of AWC	Range of AWC in which SNP was supplied below 21 days per month	Short supply percentage ranging between
2003-04	49787	5355 to 20279	11 to 41
2004-05	49787	11892 to 20579	24 to 41
2005-06	49787	10305 to 14678	21 to 29
2006-07	49787	5936 to 16437	10 to 33
2007-08	59324	1584 to 11618	3 to 20

Source: Data furnished by Directorate.

⁸ Betul, Bhopal, Chhindwara, Dhar, Hoshangabad, Jhabua and Mandla.

The figure of such defaulting AWCs ranged between 3 per cent to 41 per cent during 2003-08. The Directorate stated that interruption in distribution of SNP was caused due to shortage of Angan Wadi Workers and helpers (AWW/H). Reply is not acceptable as the responsibility for timely posting of AWW/H rests with the Department. Inaction not only resulted in non compliance of Supreme Court directives but also deprived the beneficiaries of the nutrition. In exit conference the department stated that the implementation of the scheme is being strengthened.

5.1.6.3 Operational control in implementation of Local Food Model Scheme

Local Food Model Scheme (LFMS) for providing supplementary nutritional food (SNP) to six months to six years old children and pregnant and lactating mother was launched (15 February 2007) by the State Government. Under the scheme any of the 20 types of cooked food items within a cost of Rupees two per day/ per child were to be provided to three to six years and weaning food to six month to 36 months old children by the AWW after approval of the District level committee headed by the collector. A state level cell for regular monitoring of testing of food was to be constituted. For overall monitoring and control, committees at AWC, block and district level were to be constituted which were responsible for evaluation and sending quarterly reports to the Directorate with recommendations. Annual audit of all DPO / DWCDO alongwith five per cent AWC was to be conducted by the audit wing of the Directorate. Review of implementation of LFMS revealed the following major irregularities:

- Despite refusal by the Finance Department for granting financial powers to AWW for purchase of food articles, the Directorate allowed AWW's to purchase food articles. Directorate stated that as per scheme AWW's were allowed to purchase. Reply was not acceptable as delegation of financial powers did not permit such arrangement.
- Directorate delayed release of Rs.45.32 crore pertaining to October and November 2007 by two to three months. Similarly advance drawal of Rs.19.71 crore pertaining to month of January 2008 could be credited to the bank account of AWW after about 3 months.
- Pay orders dated 6 December 2007 for Rs.59.41 lakh issued by lead bank was returned by the Regional Rural Bank (RRB) Hoshangabad which interrupted the regular supply of SNP to the beneficiaries.
- Rupees 6.33 crore were not transferred to the bank account of the Angan Wadi Workers and were lying with the lead bank (October 2008).
- The budget allotment of Rs.39.84 crore from department for February and March 2008 was allotted by the Directorate on 29 March 2008. Cash of Rs.18.43 crore was drawn (31 March 2008) by the Directorate

was transferred on 14 April 2008 to the field units which interrupted the regular distribution of SNP during 2007-08.

- Utilisation certificates (UC's) worth Rs.18.13 crore were not sent by the test checked district officers and UC's for Rs.24.55 crore sent to the directorate were without approval of District Collector.
- State level monitoring cell for testing of food was not constituted and untested food was supplied to the children round the year. Thus it could not be confirmed that food actually supplied contained the prescribed quantity of protein/ calories. Directorate could not conduct the annual audit of each district and cover required *per centage* of audit of AWC as prescribed in the scheme. Evaluation of scheme by the committees at AWC, block and district level was also not done. Further scrutiny of records of AWCs by the audit party showed that the cash book and raw food material stock register were incomplete. Bank reconciliation was not carried out to eliminate risk of financial loss. Thus the control in implementation of scheme at nodal officer (Director) level was weak. In exit conference the department stated that the implementation of the scheme is being strengthened.
- The Department withdrew (March 2008) the departmental decision for depositing money in the bank account of AWW for arranging supplementary nutrition food. Accordingly, the Department issued (20 March 2008) orders to the effect that money should not be credited in the bank account of AWW. It was however, seen that the 5 DPOs⁹ credited Rs.5.91 crore in the bank account of AWWs in contravention of the orders indicating weakness of administrative controls. In exit conference department informed that the funds were released against pending demands.
- Instead of supplying weaning food to children in the age of six to 12 months solid food worth Rs.11.24 crore was provided to 23.46 lakh infants up to the age of 12 months in test checked districts during 2003-08. As the infants of these age group can neither eat/crush nor digest 30 gram solid food daily, the utility of such menu remained doubtful. Weaning food was also not provided to children in the age group of 12 to 36 months. The inherent programme risk has not been controlled. In exit conference, the department assured compliance in future.

5.1.7 Stores Management Control

Physical verification of stores was not conducted in all checked units as well as in the Directorate. Field units stated that physical verification of stores was in progress. Prescribed security deposit from store keepers was also not obtained

⁹ Betul, Bhopal, Dhar, Khargone and Hoshangabad.

in test checked units. The inventory controls to ensure continued existence of assets were not implemented. In exit conference, the department stated that compliance would be ensured in future.

5.1.7.1 Procurement of medicine and pre-education kits

Non procurement
of medicine and
pre-education kits
of Rs.22.85 crore.

GOI provides funds each year to the Directorate for procurement of medicine/education kits for health check and informal education of children and pregnant/lactating mothers. The kits were provided during 2003-06. It was, however, noticed that despite receiving Rs.22.85 crore during 2006-08 the Directorate could not provide medicine and education kits to AWC for the last two years and amount was transferred to civil deposit in March 2007 and 2008. Thus the identified facilities did not reach the beneficiaries at the AWC's during 2006-08. The department attributed it to delay in tendering process which is a weakness of the control mechanism of procurement leading to significant compromise in the objectives of the scheme. In exit conference the department informed that process was being expedited.

5.1.7.2 Procurement of Dalia at higher rates

Extra expenditure
of Rs.2.02 crore in
procurement of
Dalia.

Directorate directed¹⁰ all district officers for fixing of rate for procurement of Dalia which should not be more than Rs10.50 per Kg. during May 2003 to 27 September 2005 and Rs.13.75 per Kg thereafter. However, it was noticed that four DPOs¹¹ procured (2003-07) Dalia at higher rates which resulted in extra expenditure of Rs.2.02 crore as shown in **Appendix 5.5**. DPOs, stated that the rates were fixed according to the price of wheat available at local level. The reply is not acceptable as the prices in excess of prescribed ceilings should have been got approved from the Director. In exit conference the department assured examination of all the cases.

5.1.8 Administrative Control

The work of monitoring and reporting was not being done properly as 121 posts of Assistant Statistical Officers (43 *per cent*) were vacant. 13 posts of District Programme Officers out of 41 and 66 posts of Project Officers ICDS out of 367 were also vacant. The shortage of manpower had effected the implementation, coordination, monitoring and supervision of the schemes like LFMS. In exit conference department agreed to fill up the vacant posts.

5.1.8.1 Grant of drawing and disbursing powers to non-gazetted employees

Contrary to Rule 125 of MPTC Vol-I and the instructions issued (June 1996) by the Directorate granted (May 2006) drawing and disbursing powers to 74

¹⁰ 30 May 2003 and 28 September 2005.

¹¹ Bhopal, Chhindwara, Dhar and Khargone

non-gazetted Assistant Project Officers. In exit conference the department stated that the matter was being examined and looked into.

5.1.8.2 Drawal of pay and allowances

Irregular payment of salary of Rs.17.01 crore.

Rule 256 of MPTC Volume-1 provides that the pay and allowances of the staff can be drawn against the temporary establishment provided the sanction for continuation was accorded. Scrutiny of records of the Directorate and test checked Districts revealed that though the sanctions for continuation of temporary posts of the establishment were not accorded during 2007-08 however salary worth Rs.17.01 crore for the staff working against temporary posts was drawn and paid to the temporary employees by the test checked DDOs which was irregular. The department stated that corrective action is being taken.

5.1.8.3 Adjustment of Temporary Advances

Temporary advance of Rs.3.77 crore remained unadjusted/unrecovered.

Rule 53(4) of MPTC Volume-I lays down that the temporary advances are to be adjusted as soon as possible and should not remain outstanding in government account for more than three months. Scrutiny of records of the Directorate and test checked districts revealed that temporary advances amounting to Rs.3.77¹² crore were lying unadjusted as of August 2008. DDOs stated that the advances would be adjusted soon. Analysis further revealed that Rs.75910 were shown (March 2000) as an advance by the PO Jhabua but details of the advance were not available with the PO. This showed weakness of the financial control mechanism and in absence of details of payment of advance the recovery of the same was not possible. In exit conference the department stated that corrective action is being taken.

5.1.9 Monitoring including internal audit and Vigilance mechanism

5.1.9.1 Departmental manual

Failure to prepare Departmental manual.

Each department needs to have its own manual for streamlining its activities. Audit observed that even after more than 20 years of its formation (1988), the Department has not prepared any office procedure or departmental manual for its regular functioning. The absence of such a manual leads to absence of responsibility centers and non-standardization in functioning of its various similarly placed functionaries. In exit conference department assured to take rectificatory action.

¹²

(Rupees in lakh)						
Year	UP to March 03	2003-04	2004-05	2005-06	2006-07	2007-08
Outstanding	29.17	10.26	4.92	22.75	41.73	267.93
						376.76

5.1.9.2 Departmental inspection

Departmental
inspections not
conducted.

Periodic inspections by departmental officers are an important and effective tool to ensure proper functioning of the schemes in the department. The roster of inspection for officers of the Directorate was not available. While only ten inspections were carried out by the Director during 2003-06, no inspection was conducted by the Joint Director and the Director during 2006-08. Rule 291 of MPTC Volume-I provides that every DDO should make the monthly inspection of account of his office and quarterly report should be sent to higher authorities. Scrutiny of records in checked district revealed that none of DDOs carried out the regular inspection. In exit conference department assured compliance in future.

5.1.9.3 Internal Audit

Functioning of
internal audit wing
was deficient.

Internal Audit (IA) examines and evaluates compliance to the departmental rules and procedures and statutory provisions so as to provide independent assurance to the management at senior levels on the adequacy of the internal control frame work in the department and its implementation thereof. A separate Internal Audit Wing was formed under the supervision of Joint Director (Finance) comprising of two Assistant Internal Audit Officers on deputation from the Treasury and Accounts Department and two departmental Senior Auditors. All districts were to be covered in Internal Audit every years as per applicable rules. However no internal audit was conducted up to 2003-04. During 2004-08, 14, 18, 24 and 24 units respectively were planned but the coverage was only 9, 9, 11 and 12 units respectively. Thus annual IA of 204 units and 367 project offices during 2003-08 was not conducted. Director stated that due to shortage of staff it could not be done. The selection of the units was not done on any scientific assessment of risk factors. Since all the units could not be covered during the year, there was a necessity for defining parameters regarding selection of unbiased sample on the basis of risk perception. Thus the Internal Audit process lacked the coverage as well as risk assessment. There was no manual for internal audit and process of follow up was not found effective. In exit conference department assured to take rectificatory action.

5.1.9.4 Response to Audit

Status of
outstanding audit
paras.

The Principal Accountant General (Civil and Commercial), MP conducts statutory audit of the Department and its subordinate offices. The shortcomings are brought to notice through Inspection Reports (IRs). A half yearly report on the pending IRs is also sent to the Principal Secretary of the department to facilitate monitoring and compliance of audit observations. As of May 2008, 1175 paragraphs of 375 IRs issued up to March 2008 were pending for settlement. Of these 138 paragraphs of 75 IRs were outstanding for more than ten years. In exit conference department agreed to have Audit Committee meetings for Mahila and Bal Vikas Department in 2008-09 on last Thursday

and Friday of January at Gwalior and last Thursday and Friday of February at Bhopal.

5.1.9.5 Departmental Enquiry and Legal Cell in the Directorate

**Non functioning of
Departmental
Enquiry and Legal
Cell.**

Although Departmental Enquiry cases against 21 gazetted officers and 63 non gazetted employees were pending as of December 2007 pertaining to the period 2002-07, no departmental enquiry cell was functioning at the Directorate level to expedite the cases. Details of pending court cases and the information in which first reply was yet to be submitted by the Department were not furnished to audit. Legal cell was also not functioning at the Directorate level to expedite the Court cases. Two family pension cases and one pension case and six appointment cases on compassionate ground were also pending at the Directorate level since 2006-07. Seven public complaints received during 2007-08 also remained un-disposed at Directorate (3) and Government (4) level as of 15 July 2008. In exit conference the departmental officials informed that corrective actions was being taken.

5.1.9.6 Monitoring of schemes

Prescribed monthly progress report (MPR) containing monthly progress of Integrated Child Development Service and other schemes is to reach the Directorate by 10th of succeeding month. The district units were sending the MPRs with a delay up to two and half months regularly. Such delays compromise with the effectiveness of the monitoring system. In exit conference the department agreed to ensure proper and timely monitoring.

5.1.10 Conclusion

The internal controls in the Department were found deficient. Non-observation of budgetary controls resulted in persistent savings. Parking of fund under Civil Deposits not only inflated the expenditure but also effected future budget formulation. Cash management system showed weakness. Supreme Court directives were not acted upon in regard to coverage of all beneficiaries under SNP. Several irregularities were observed in implementation of LFMS. Vacancies in post of field officials adversely effected the implementation of schemes. Medicine and education kits were not provided to AWC during 2006-08. The Department did not have an effective internal audit system. Extent of compliance with the existing rules, procedures and instructions could not be monitored on a regular basis. Department also did not have a manual for its operative procedures.

5.1.11 Recommendation

- The Department should prepare its departmental and office procedure manual for proper guidance and control of activities.

- In order to ensure timely and accurate preparation of Budget Estimates, inputs from subordinate offices should be obtained well in time and provisions against vacant posts should be quantified separately. Depending on progress of filling up the posts, the amounts against vacant posts should be surrendered periodically.
- DDOs, may be impressed upon to pay sufficient attention on proper maintenance of basic records like cash books.
- Internal audit wing should be strengthened by deploying adequate staff and employing suitable methods of planning and selection of units. Efforts should also be made to cover more units under Internal Audit. The department agreed with the recommendations in exit conference.



Gwalior
The

11 APR 2009

(SANAT KUMAR MISHRA)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh

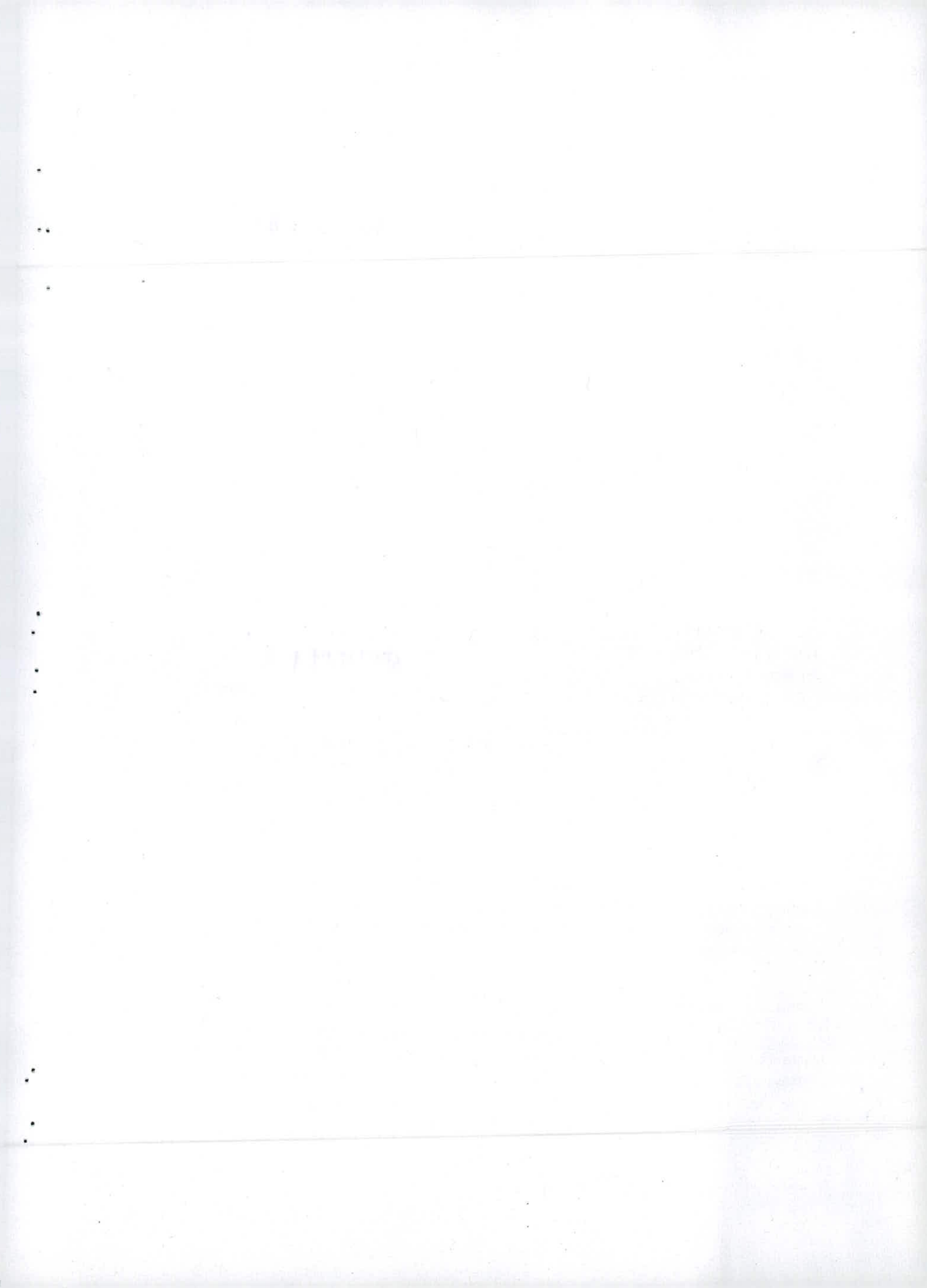
Countersigned



New Delhi
The

-8 APR 2009

(VINOD RAI)
Comptroller and Auditor General of India



APPENDICES

ALSTYDICE

Appendix 1.1

Part A: Structure and Form of Government Accounts

(Reference: Paragraph 1.1 Page 1)

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

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

PART B

Layout of Finance Accounts

(Reference: Paragraph 1.1 Page 1)

Statement	Lay Out
Statement No.1	Presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2007-08.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State, which includes borrowing from intern debt, Government of India, other obligations and servicing of debt.
Statement No.5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc.
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2008.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2007-08 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads

Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2007-08.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2007-08.
Statement No.15	Depicts the capital and other expenditure to the end of 2007-08 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of accounts relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of M.P.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Madhya Pradesh, the amount of loan repaid during the year, the balance as on 31 March 2008.
Statement No.19	Gives the details of earmarked balances of reserve funds.

PART C

List of Terms Used in the Chapter I and basis of their Calculation

(Reference: Paragraph 1.2 Page 4)

Terms	Basis of calculation
Buoyancy of a parameter	<u>Rate of Growth of the parameter</u> GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	<u>Rate of Growth of the parameter (X)</u> <u>Rate of Growth of the parameter (Y)</u>
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{previous year Amount})-1]*100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100
Weighted Interest Rate (I_w)	$I_w = \sum_i I_i W_i$, Where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as per cent to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all plan grants and Non-plan Revenue Expenditure excluding debits under 2048 - Appropriation for Reduction of Avoidance of Debt

Appendix 1.2

(Reference: paragraph 1.1 and 1.2, pages 1 and 4)

Statement showing apportionment of assets and liabilities of the erstwhile State of Madhya Pradesh as on 31 March 2008 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		
I- Liabilities-					
1. Small savings, provident funds, etc.	7371.51	5570.57	1239.45	561.49	4, 16 and 17
2. Deposits	1872.19	1516.52	358.05	(-) 2.38	4 and 16
3. Reserve Funds	657.94(a)	45.49	11.55	102.46 (b)	4 and 16
4. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19 (c)	16
II- Assets-					
1. Gross Capital Outlay	15760.57	4993.86	1499.12	8788.74 (f)	2 and 13
2. Loans and Advances	2883.18	559.83	135.91	2187.44 (d)	5 and 18
3. Guarantees	9709.60	--	--	9539.87 (e)	6

N.B.: For further details, see Finance Accounts.

- (a) Dropped Rs.498.44 crore out of total of Rs.657.94 crore, in terms of second proviso to Section 42(1) of M.P. Re-organisation Act, 2000.
- (b) Retained in M.P. pending decision of GOI.
- (c) Retained in M.P. for want of details.
- (d) Retained in M.P. due to non-receipt of decisions/details from successor States.
- (e) Differs from the figures of Rs.10327.22 crore of 2006-07 by Rs.787.35 crore due to old guarantees cancelled.
- (f) Differs from the figures of Rs.9267.59 crore due to proforma reduce of Rs.478.85 crore.

Appendix 1.3

(Reference: paragraph 1.2.1.1 page 5)

Trends in Select Fiscal Indicators

(Rupees in crore)

S.No.	Fiscal Indicators		Previous Year	Current Year	% Change in previous year over 2005-06	% Change in current year over previous year
		2005-06 A/C	2006-07 R.E	2007-08 B.E.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Revenue Receipts (2+3+4)	20596.80	24859.86	27995.84	20.70	12.62
2	Tax Revenue (2.1+2.2)	15456.06	17790.15	20101.59	15.10	12.99
2.1	State Tax	9113.83	10167.17	11716.31	11.56	15.24
2.2	Share in Central Taxes	6342.23	7622.98	8385.28	20.19	10.00
3	Non-Tax Revenue	2208.20	2334.17	2427.03	5.70	3.98
4	Grant-in-aid from Central Govt.	2932.54	4735.54	5467.22	61.48	15.45
5	Capital Receipts (6+7+8)	7451.75	4192.62	4816.54	(-) 43.74	14.88
6	Recovery of loans and advances	2851.98	58.26	43.78	(-) 97.96	(-) 24.85
7	Net public debt	4206.69	3489.06	4705.50	(-) 17.06	34.86
8	Net Receipts from Public Account	393.08	645.30	67.26	64.17	(-) 89.58
9	Total Receipts (1+5)	28048.55	29052.48	32812.38	3.58	12.94
10	Revenue Expenditure (10.1+10.2)	20563.48	23096.48	25989.11	12.32	12.52
10.1	Non-Plan Revenue Expenditure	16351.00	17271.60	19112.90	5.63	10.66
10.2	Plan Revenue Expenditure	4212.48	5824.88	6876.21	38.28	18.05

1	2	3	4	5	6	7
10.3	Revenue Expenditure <i>Of which</i>					
10.3.1	Interest payments	3421.79	3910.02	4252.32	14.27	8.78
10.3.2	Subsidies	6519.46	7110.47	7860.21	9.07	10.54
10.3.3	Wages & Salaries	6038.80	6900.76	8185.67	14.27	18.62
10.3.4	Pension Payments	1557.15	1729.16	1999.05	11.05	15.61
11	Capital Expenditure (11.1+11.2)	6623.28	5172.28	5881.46	(-)21.90	13.71
11.1	Non-Plan Capital Expenditure	2923.47	315.86	197.00	(-)89.20	(-)37.63
11.2	Plan Capital Expenditure	3699.81	4856.42	5684.46	31.26	17.05
12	Loans and Advances	834.44	1242.59	823.68	48.91	(-) 33.71
12.1	Non Plan Loans and Advances	796.53	890.02	266.22	11.74	(-) 70.09
12.2	Plan Loans and Advances	37.91	352.57	557.46	830.01	58.11
13	Total Expenditure	28021.20	29511.35	32694.25	5.32	10.79
13.1	Non-Plan Expenditure (10.1+11.1+12.1)	20071.00	18477.48	19576.12	(-) 7.94	5.95
13.2	Plan Expenditure (10.2+11.2+12.2)	7950.20	11033.87	13188.13	38.79	18.89
14	Revenue Deficit (1-10)	33.32	1763.38	2006.73	5192.26	13.80
15	Fiscal Deficit (1+6-13)	(-) 4572.42	(-) 4593.23	(-) 4654.63	0.46	1.34
16	Primary Deficit [1+6-(13-10.3.1)]	(-) 1150.63	(-) 683.21	(-) 402.31	(-) 40.62	(-) 41.26

Appendix 1.4

(Reference: paragraphs 1.2 and 1.7, pages 4 and 22)

Summarised financial position of the Government of Madhya Pradesh as on 31 March 2008

As on 31.3.2007	Liabilities	(Rupees in crore) As on 31.3.2008
31666.69	Internal Debt-	33258.49
11308.26	Market Loans bearing interest	12645.30
1.13	Market Loans not bearing interest	1.14
6184.75	Loans from other Institutions (Autonomous bodies)	6311.66
14172.55	Special Security issued to NSS fund of Central Government	14300.39
8679.70	Loans and Advances from Central Government	8781.85
1.88	Pre 1984-85 Loans	1.88
73.92	Non-Plan Loans	69.77
8461.63	Loans for State Plan Schemes	8566.85
27.85	Loans for Central Plan Schemes	25.09
114.42	Loans for Centrally Sponsored Plan Schemes	118.26
100.00	Contingency Fund	100.00
7644.01	Small Savings, Provident Funds, etc.	7836.48
3621.75	Deposits	3900.26
1885.86	Reserve Funds	1851.74
125.53	Suspense & Miscellaneous	141.42
53723.54		55870.24

Note: Apportionment of assets and liabilities except Public debt of the composite State of Madhya Pradesh immediately prior to the appointed day i.e. 1 November 2000 is yet to be finalized.

As on 31.03.2007	Assets	As on 31.03.2008
38201.34	Gross Capital Outlay on Fixed Assets -	44529.59
8161.71	Investments in shares of Companies, Corporations, etc.	8844.99
30039.63	Other Capital Outlay	35684.60
4773.49	Loans and Advances -	5823.13
2211.33	Loans for Power Projects	2730.26
2531.79	Other Development Loans	3060.86
30.37	Loans to Government servants and Miscellaneous loans	32.01
9.13	Advances	14.10
380.43	Remittance Balances	322.54
--	Suspense and Miscellaneous	--
2409.77	Cash -	1792.45
2.64	Cash in Treasuries and Local Remittances	2.65
(-) 334.42	Deposits with Reserve Bank	(-) 1303.79
17.97	Departmental Cash Balance including permanent cash imprest	16.64
2723.58	Cash Balance Investments and investment of earmarked funds	3076.95
7949.38	Deficit on Government account -	3388.43
11261.59	(i) Accumulated deficit brought forward	7949.38
(-) 3331.67	(ii) Revenue Surplus of the current year	(-) 5087.63
0.22	(iii) Inter-State Settlement	0.27
60.00*	(iv) Amount closed to Government account	33.81
(-) 40.76	(v) Proforma transfer to Chhattisgarh during the year	(-) 0.78
--	(vi) Proforma reduce in respect of M.P. S.E.B.	478.85
--	(vii) Share of Investment allotted to Chhattisgarh	14.53
53723.54		55870.24

* Appropriation to Contingency fund, which was closed to Government Account.

Appendix 1.5

(Reference: paragraph 1.2, page 4)

Abstract of receipts and disbursements for the year 2007-08

(Rupees in crore)

2006-07			2007-08	2006-07		2007-08		
						Non-plan	Plan	Total
		Section-A: Revenue						
25694.28	I.	Revenue receipts	30688.74	22362.61	I. Revenue expenditure	18794.82	6806.29	25601.11
10473.13		- Tax Revenue	12018.18	8602.11	General Services	9283.49	70.86	9354.35
				7576.48	Social Services	4902.18	3243.28	8145.46
2658.46		- Non tax revenue	2738.19	3674.04	-Education, Sports, Arts and Culture	2930.74	837.10	3767.84
				1010.11	-Health and Family Welfare	926.07	212.54	1138.61
8088.54		-State's share of Union Taxes	10202.96	902.39	-Water Supply, Sanitation Housing and Urban Development	303.60	591.23	894.83
984.48		-Non Plan grants	1110.86	31.88	- Information and Broadcasting	38.14	2.71	40.85
				727.46	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward classes	185.51	806.29	991.80
1982.51		-Grants for State Plan Schemes	2611.97	69.63	-Labour and Labour Welfare	52.35	30.52	82.87
				1149.01	-Social Welfare and Nutrition	447.22	762.89	1210.11
1507.16		-Grants for Central and Centrally Sponsored Plan Schemes	2006.58	11.96	-Others	18.55	--	18.55
				4880.17	Economic Services	3287.84	3249.62	6537.46
				1638.43	-Agriculture and Allied Activities	1024.06	920.83	1944.89
				1570.23	-Rural Development	152.72	1984.44	2137.16

2006-07			2007-08	2006-07		2007-08		
						Non-plan	Plan	Total
				--	-Special Areas Programme	--	--	--
				340.51	-Irrigation and Flood control	299.93	94.21	394.14
				682.44	-Energy	996.63	87.54	1084.17
				159.84	-Industries and Minerals	170.65	106.10	276.75
				438.14	-Transport	608.77	00.30	609.07
				7.50	-Science, Technology and Environment	1.95	40.58	42.53
				43.08	-General Economic Services	33.13	15.62	48.75
				1303.85	Grants-in-aid and contributions	1321.31	242.53	1563.84
	II.	Revenue deficit carried over to Section B		3331.67	II-Revenue surplus carried over to Section B	--	--	5087.63
25694.28		Total	30688.74	25694.28	Total			30688.74
		Section-B						
827.87	III	Opening cash balance including Permanent Advances and Cash Balance investment	2409.77	--	III.Opening overdraft from RBI	--	--	--
9.19	IV	Miscellaneous Capital receipts	11.07	5169.94	IV. Capital outlay	322.23	6510.47	6832.70
				70.67	General Services	2.27	71.13	73.40
				722.44	Social services	5.45	1135.50	1140.95
				67.87	-Education, Sports, Art and Culture	--	146.27	146.27
				135.10	-Health and Family Welfare	3.30	107.76	111.06
				345.30	-Water Supply, Sanitation, Housing and Urban Development	--	614.68	614.68
				165.43	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	--	242.11	242.11
				8.01	-Social Welfare and Nutrition	2.15	15.98	18.13
				0.73	-Other Social Services	--	8.70	8.70
				4376.83	Economic Services	314.51	5303.84	5618.35
				47.38	-Agriculture and Allied Activities	9.26	54.74	64.00
				379.74	-Rural Development	--	470.10	470.10
				1390.38	-Irrigation and Flood control	--	2021.33	2021.33
				1085.63	-Energy	160.00	743.34	903.34
				208.15	-Industries and Minerals	145.22	120.01	265.23
				1217.97	-Transport	--	1869.41	1869.41
				--	-Science, Technology and Environment	--	2.00	2.00
				47.58	-General Economic Services	0.03	22.91	22.94

2006-07			2007-08	2006-07		2007-08
28.12	V	Recoveries of Loans and Advances	105.24	953.07	V. Loans and Advances disbursed	1154.88
0.75		-From Power Projects	0.75	654.68	-For Power Projects	519.68
2.84		-From Government Servants	(-) 1.57***	0.03	-To Government Servants	0.05
24.53		-From others	106.06	298.36	-To others	635.15
1.11	VI	Inter-State Settlement	1.79	1.33	VI. Inter State Settlement	2.06
3331.67	VII	Revenue Surplus brought down	5087.63	--	VII. Revenue deficit brought down	--
4602.97	VIII	Public debt receipt	3370.95	1731.53	VIII. Repayment of Public debt	1677.00
4171.62		-Internal debt other than ways and means advances and overdraft	2831.93	988.87	-Internal debt other than ways and means advances and overdraft	1240.13
431.35		-Loans and advances from Central Government	539.02	742.66*	-Repayment of loans and advances to Central Government	436.87**
68.15	IX	Contingency Fund	--	60.00	IX. Appropriation to the Contingency Fund	--
32225.38	X	Public Account receipts	39895.93	30768.82	X. Public Account disbursements	39423.29
1419.33		-Small Savings and Provident Funds	1438.87	1261.44	-Small Savings and Provident Funds	1245.60
819.17		-Reserve funds	716.06	397.18	-Reserve Funds	750.19
18954.61		-Suspense and Miscellaneous	23275.43	18883.18	-Suspense and Miscellaneous	23293.35
6596.27		-Remittances	8928.62	6573.26	-Remittances	8870.74
4436.00		-Deposits and Advances	5536.95	3653.76	-Deposits and Advances	5263.41
--	XI	Closing Overdraft from Reserve Bank of India	--	2409.77	XI Cash Balance at end of the year	1792.45
				2.64	-Cash in Treasuries and Local Remittances	2.65
				(-) 334.42	-Deposits with Reserve Bank	(-) 1303.79
				17.97	-Departmental Cash Balance including permanent cash imprest	16.64
				2723.58	-Cash Balance Investment and Investment of Earmarked Funds	3076.95
66788.74		Total	81571.12	66788.74	Total	81571.12

* Includes Rs.726.12 crore for 2005-06 and 2006-07 received by the State Government on account of Debt Consolidation and Relief Facility to state under recommendation of the Twelfth Finance Commission from Government of India.

** Includes Rs.363.06 crore for 2007-08 received by the State Government on account of Debt Consolidation and Relief Facility to state under recommendation of the Twelfth Finance Commission from Government of India.

*** Minus transaction is due to adjustment of previous year.

Appendix 1.6

(Reference: paragraph 1.2, page 4)

Sources and application of funds

2006-07		Source	(Rupees in crore)	
Amount	Per cent		Amount	Per cent
25694.28	90.20	Revenue receipts	30688.74	91.37
9.19	0.03	Capital receipt	11.07	0.03
28.12	0.10	Recoveries of Loans and Advances	105.24	0.31
2871.44	10.08	Increase in Public debt	1693.95	5.04
8.15	0.03	Net effect of Contingency Fund transactions	-	-
1456.56	5.11	Receipts from Public account	472.64	1.41
157.89		a. Increase in Small Savings	193.27	
782.24		b. Increase in Deposits and Advances	273.54	
421.99		c. Decrease in Reserve Funds	(-) 34.13	
23.01		d. Effect of Remittances transactions	57.88	
71.43		e. Effect in suspense and miscellaneous	(-) 17.92	
(-) 1581.90	(-) 5.55	Decrease in closing cash balance	617.32	1.84
28485.84		Total	33588.96	
		Application		
22362.61	78.50	Revenue expenditure	25601.11	76.22
5169.94	18.15	Capital expenditure	6832.70	20.34
953.07	3.35	Lending for development and other purposes	1154.88	3.44
0.22		Net effect of Inter State settlement	0.27	-
28485.84		Total	33588.96	

Explanatory Notes to Appendices 1.4, 1.5 and 1.6:

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 Appendix 1.5, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and inter-departmental and inter-Government payments and others awaiting settlement.
4. There was a difference of Rs.166.11 crore (credit) between the figures- Rs.1303.79 crore (credit)-reflected in the Accounts and that intimated by Reserve Bank of India - Rs.1137.68 crore (debit)- Under "Deposits with Reserve Bank". After close of April 2008 accounts, the net difference to be reconciled was Rs.157.85 crore (credit).

APPENDIX 1.7

(Reference: Paragraph 1.5.5 Page 22)

Details of Department wise Break-up of outstanding utilization certificates

(Rupees in crore)

Sl No.	Name of Institutions	No. of Institution	1997-2002		2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		Total	
			No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1.	Educational Institutions	04	-	-	-	-	-	-	-	-	-	-	45	31.02	76	127.95	121	158.97
2.	Municipal corporation and Municipalities	01	-	-	-	-	-	-	-	-	338	467.73	338	557.85	338	1872.65	1014	2898.23
3.	Zilla Parishads and other Panchayati Raj Institutions	03	-	-	-	-	-	-	-	-	-	-	33	80.30	47	144.62	80	224.92
4.	Development agencies	01	-	-	-	-	-	-	-	-	-	-	48	1.95	48	6.81	96	8.76
5.	Hospitals and other charitable Institutions	02	-	-	-	-	-	-	-	-	-	-	1	6.32	9	7.13	10	13.45
6.	Other Institutions	20	27	37.68	18	6.95	39	4.01	63	11.43	47	37.56	377	207.13	651	553.19	1222	857.95
	Total	31	27	37.68	18	6.95	39	4.01	63	11.43	385	505.29	842	884.57	1169	2712.35	2543	4162.28

Appendix 1.8

(Reference: - Paragraph 1.5.6 Page 22)

Abstract of performance of Autonomous Bodies

Sl No.	Name of unit	Status of entrustment of Audit	Rendering of accounts to audit	Issuance of separate Audit Report	Placement of Accounts along with SAR in the state legislature
1.	Madhya Pradesh Housing Board Bhopal	Up to 2006-07	2002-03 2003-04* 2004-05	2001-02	2000-01/25.7.07 2001-02/11.3.08
2.	Madhya Pradesh Khadi and Village Industry Board Bhopal	Up to 2009-10 (vide PAG's orders dated 27/3/07)	2005-06	2005-06	2004-05/24.7.07 2005-06 Information awaited
3.	Madhya Pradesh Human Right Commission Bhopal	Entrusted vide section 35(2) of "Protection of Human Rights Act, 1993".	2006-07 **	2005-06	Information awaited

* Accounts for the years 2003-04 and 2004-05 have been received on 13.5.08. Audit of accounts for the period 1.11.02 to 31.3.03 is under way. Audit for 2003-04 and 2004-05 will be taken up after issuing certificate for the year 2002-03.

** Accounts for the year 2006-07 have been received late on 8.7.08. Audit will be taken up soon.

Appendix 1.9

(Reference: paragraph 1.6, page 22)

Department/ year wise break-up of Misappropriations, Defalcations etc as on 31 March 2008

Sl. No.	Major Head	Name of Department	Up to March 2004		2004-05		2005-06		2006-07		2007-08		(Amount in Rupees) Grand Total	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Total Amount
1.	2210	Medical & Public Health Department	62	9348287.29	-	-	-	-	1	27022.00	-	-	63	9375309.29
2.	2245	Natural Calamities	1	16536.05	-	-	-	-	-	-	-	-	1	16536.05
3.	2051	Public Service Commission	1	23109.71	-	-	-	-	-	-	-	-	1	23109.71
4.	2014	Administration of Justice	7	632876.11	-	-	-	-	2	127963.00	-	-	9	760839.11
5.	2054	Treasury and Accounts (Finance Deptt.)	12	3322206.95	-	-	-	-	-	-	-	-	12	3322206.95
6.	2029	Land Revenue	13	405863.49	-	-	-	-	-	-	-	-	13	405863.49
7.	2053	District Administration	3	86919.68	-	-	1	1575.00	-	-	-	-	4	88494.68
8.	2058	Printing and Stationery	1	66739.00	-	-	-	-	-	-	-	-	1	66739.00
9.	2211	Family Welfare	19	710570.11	-	-	-	-	-	-	-	-	19	710570.11
10.	2403	Veterinary Services	16	1310909.90	8	80257.00	4	36954.00	-	-	1	63493.00	29	1491613.90
11.	2225	Welfare of SC/ST OBC	47	2121510.81	-	-	-	-	-	-	-	-	47	2121510.81
12.	2030	Stamp & Registration	1	95980.00	-	-	1	34155.00	-	-	-	-	2	130135.00
13.	2055	Police	198	10005647.57	33	744330.00	40	524283.00	11	141798.07	228	3929360.62	510	15345419.23

Sl. No.	Major Head	Name of Department	Up to March 2004		2004-05		2005-06		2006-07		2007-08		Grand Total	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Total Amount
													1	563756.00
14	2041	Transport	1	563756.00	-	-	-	-	-	-	-	-	8	719062.15
15.	2235	Panchayat and Social Welfare	7	559650.15	1	159412.00	-	-	-	-	-	-	7	362121.00
16.	2235	Women and Child Welfare	6	231018.00	1	131102.00	-	-	-	-	-	-	2	47303.00
17.	2235	Rehabilitation Department	2	47303.00	-	-	-	-	-	-	-	-	27	1849064.10
18.	2401	Agriculture Deptt.	21	872324.10	3	182840.00	3	793900.00	-	-	-	-	9	225312.25
19.	2402	Agriculture Deptt.	8	184825.25	-	-	1	40487.00	-	-	-	-	4	287287.40
20.	2851	Village Industry	4	287287.40	-	-	-	-	-	-	-	-	10	792447.00
21.	2230	Labour	7	774332.00	2	13315.00	1	4800.00	-	-	-	-	11	457589.00
22.	2039	State Excise	11	457589.00	-	-	-	-	-	-	-	-	2	53457.35
23.	2408	Food & Civil Supply	1	52357.35	1	1100.00	-	-	-	-	-	-	2	111774.00
24.	2425	Co-operative	2	111774.00	-	-	-	-	-	-	-	-	139	22716423.47
25.	2202	Primary Education	111	5536512.00	-	-	9	1734581.00	7	368047.47	12	15077283.00	34	1768551.00
26.	2202	Higher Education	9	943561.00	1	3545.00	6	171325.00	10	321314.00	8	328806.00	23	3045900.50
27.	2203	Technical Education	5	885115.00	2	95531.00	3	196753.50	7	1565110.00	6	303391.00	2	1337117.70
28.	2205	Art & Culture	1	1312117.70	1	25000.00	-	-	-	-	-	-		

Audit Report (Civil) for the year ended 31 March 2008

Sl. No.	Major Head	Name of Department	Up to March 2004		2004-05		2005-06		2006-07		2007-08		Grand Total	
			No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Total Amount
29.	2501, 2505, 2515	Rural Development and Employment	9	622806.44	-	-	-	-	1	4231000.00	-	-	10	4853806.44
30.	2217	Urban Development Department	1	2000.00	-	-	-	-	-	-	-	-	1	2000.00
31.	2852	Village Industry	-	-	1	103000.00	-	-	-	-	-	-	1	103000.00
32.	2853	Mines and Minerals	2	54179.00	1	3000.00	-	-	-	-	-	-	3	57179.00
		Total	589	41645664.03	55	1542432	69	3538813.50	39	6782254.54	255	19702333.62	1007	73211497.69

Appendix 1.10

(Reference: paragraph 1.6.1, page 22)

Write off of losses, etc

Sl. No.	Major Head	Department	Number of cases	Amount (in Rupees)
01.	2245	Relief on account of Natural Calamities	01	4667000.00
02.	2014	Administration of Justice	01	59210.50
03.	2029	Land Revenue	01	61800.00
04.	2202	Primary Education	05	44280.00
05.	2202	Higher Education	03	10936.00
06.	2501,2505 & 2515	Rural Development & Employment	01	2374.00
07.	2055	Police	52	803635.67
08.	2225	Tribal Welfare	01	100554.05
09.	2401	Agriculture Department	01	8000.00
10.	2230	Labour	01	3337.00
11.	2039	State Excise	01	22714.72
		TOTAL	68	5783841.94

Appendix 1.11

(Reference paragraphs 1.2 and 1.7 pages 4 and 22)

Time-Series data on State Government Finances

	2003-04	2004-05	2005-06	2006-07	2007-08
Part A. Receipts					
1. Revenue Receipts	14289	19743	20597	25694	30689
(i) Tax Revenue	6789(48)	7773(39)	9115(44)	10473(41)	12018(39)
Taxes on Sales, Trade, etc.	3293(49)	3913(51)	4508(50)	5261(50)	6045(50)
State Excise	1086(16)	1193(15)	1370(15)	1547(15)	1854(15)
Stamps and Registration fees	614(9)	789(10)	1009(11)	1251(12)	1532(13)
Taxes on Vehicles	455(6)	489(6)	556(6)	634(6)	703(6)
Other Taxes	1341(20)	1389(18)	1672(18)	1780(17)	1884(16)
(ii) Non Tax Revenue	1480(10)	4462(23)	2208(11)	2658(10)	2738(9)
(iii) State's share in Union taxes and duties	4247(30)	5077(26)	6341(31)	8089(31)	10203(33)
(iv) Grants-in-aid from GOI	1773(12)	2431(12)	2933(14)	4474(17)	5730(19)
2. Non debt Capital Receipts*	--	--	--	9	11
2A. Inter State Settlement	--	--	--	1	2
3. Total revenue and Non debt capital receipts (1 + 2 + 2A)	14289	19743	20597	25704	30702
4. Recovery of Loans and Advances	36	53	2852	28	105
5. Public Debt Receipts	9938	8849	5161	4603	3371
Internal Debt (Excluding Ways & Means Advances and Overdraft)	7949(80)	6968(79)	4867(94)	4172(91)	2832(84)
Loans and Advances from Government of India ^S	1722(17)	1881(21)	294(6)	431(9)	539(16)
Net Transactions under Ways and means advances and overdraft	267(3)	--	--	--	--
6. Total receipts in the Consolidated fund (3+4+5)	24263	28645	28610	30335	34178
7. Contingency Fund receipts	--	1	--	68	--
8. Public Account receipts	22285	24790	29038	32225	39896
9. Total receipts of the Government (6+7+8)	46548	53436	57648	62628	74074
Part B. Expenditure/ Disbursement					
10. Revenue expenditure	18765(87)	18026(69)	20563(73)	22363(79)	25601(76)
Plan	2816(15)	3165(18)	4212(20)	5452(24)	6806(27)
Non-Plan	15949(85)	14861(82)	16351(80)	16911(76)	18795(73)
General Services (including interest, payments)	6574(35)	7468(41)	7593(37)	8602(38)	9354(37)
Social Services	5322(28)	5672(32)	6658(32)	7577(34)	8146(32)
Economic Services	6278(34)	3969(22)	5195(25)	4880(22)	6537(25)
Grants-in-aid and contributions	591(3)	917(5)	1117(6)	1304(6)	1564(6)
11. Capital Expenditure	2679 (12)	4951(19)	6623(24)	5170(18)	6833(20)
Plan	2673(100)	3568(72)	3700(56)	4855(94)	6511(95)
Non-Plan	6	1383(28)	2923(44)	315(6)	322(5)
General Services	36(1)	146(3)	121(2)	71(1)	74(1)
Social Services	535(20)	432(9)	635(10)	722(14)	1141(17)
Economic Services	2108(79)	4373(88)	5867(88)	4377(85)	5618(82)

-contd..

* Excludes recovery of loans and advances.

S Includes ways and means advances from GOI during 2003-04 and 2004-05.

Appendix 1.11 (continued)

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
12. Disbursement of Loans and Advances	204(1)	3311(12)	834 (3)	953(3)	1155(4)
12A Inter-State settlement	--	--	--	1	2
13. Total expenditure (10+11+12+12A)	21648	26288	28020	28487	33591
14. Repayment of Public Debt	2275	3391	954	1732	1677
Internal Debt (excluding Ways & Means Advances and Overdraft)	278	1147	539	989	1240
Net transactions under Ways and Means Advances and Overdraft	--	267	--	--	--
Loans and Advances from Government of India	1997	1977	415	743	437*
15. Appropriation to Contingency Fund	--	--	--	60	--
16. Total disbursement out of Consolidated Fund (13+14+15)	23923	29679	28974	30279	35268
17. Contingency Fund disbursements	--	--	8	--	--
18. Public Account disbursements	22439	23591	28096	30769	39423
19. Total disbursements by the Government (16+17+18)	46362	53270	57078	61048	74691
Part C. Deficits					
20. Revenue Deficit (-)/Surplus (+)	(-)4476	(+)1717	(+) 34	(+)3331	(+)5088
21. Fiscal Deficit (-)/Surplus(+) (3+4-13)	(-)7323	(-)6492	(-)4571	(-)2755	(-)2784
22. Primary Deficit (-)/Surplus(+) (21-23)	(-)4117	(-)2831	(-)1149	(+)1274	(+)1407
Part D. Other data					
23. Interest payments (included in revenue expenditure)	3206	3661	3422	4029	4191
24. Arrears of Revenue ^s (percentage of Tax & non-Tax Revenue receipts)	758 (9)	34 (0.28)	986 (8.71)	919(6.99)	802(5.43)
25. Financial assistance to local bodies etc.	3324	1143	2081	767	898
26. Ways and Means Advances/Overdraft availed (days)	200/60	127/00	--	--	--
27. Interest on WMA/Overdraft	13/4	4/00	--	--	--
28. Gross State Domestic Product (GSDP)	102839	107282	116322	128202 ^{(Q)#}	142204 ^{(A)#}
29. Outstanding debt (Opening balance)	30340	37525	44235	49173	53280
30. Outstanding guarantees (year-end)	974	2016	613	866	856
31. Maximum amount guaranteed (year-end)	12131	12507	12637	12424	12086
32. Number of incomplete projects	453	436	NA	N.A.	3 [^]
33. Capital blocked in incomplete projects	7447	9031	NA	N.A.	13 [^]

*Includes debt relief of Rs.363.06 crore under DCRF.

#(Q) Quick estimates, (A) Advanced estimates.

[^]To the extent information available in the Finance Accounts.^sRevenue figure of some principal heads of revenue.

Appendix 1.12

(Reference: Paragraph 1.7.2.1, Page 23)

Financial position of Statutory Corporations/Government Companies as on 31 March 2008 running in loss for the latest year for which accounts were finalized

Sl. No	Name of the Companies/Corporations	Years up to which accounts furnished.	Amount invested(paid-up-capital)at the end of the year				Accumulated loss(-) at the end of 31 March of the year	Sector
			State	Central	Others	Total		
1.	2.	3.	4.	5.	6.	7.	8.	9.
A	Government Companies (Working)							
1.	M.P.State Agro Industries Development Corporation Limited, Bhopal	2005-06	329.50	-	-	329.50	914.50	Agriculture and allied
2.	M.P.Audyogik Kendra Vikas Nigam (Rewa) Ltd, Rewa	2006-07	--	--	80.00	80.00	28.55	Area Development
3.	M.P.State Industrial Development Corporation Limited, Bhopal	2004-05	8109.18	--	-	8109.18	63405.06	Finance
4.	M.P.Tourism Development Corporation Limited, Bhopal	2004-05	2497.29	--	--	2497.29	1071.68	Tourism
5.	M.P.Paschim Kshetra Vidyut Vitran Company Limited, Indore	2007-08	63731.39	--	--	63731.39	67980.32	Energy
6.	M.P.Madhya Kshetra Vidyut Vitran Company Limited, Bhopal	2006-07	44572.04	--	--	44572.04	52371.92	Energy
7.	Special Economic Zone Indore Limited, Indore	2004-05	2697.40	--	--	2697.40	107.02	Area Development
8.	M.P. Poorva Kshetra Vidyut Vitran Co. Ltd. Jabalpur	2006-07	34871.67	--	--	34871.67	30442.40	Energy
9.	M.P. Power Transmission Co. Ltd. Jabalpur	2007-08	90183.03	--	--	90183.03	974.22	Energy
10.	M.P. Power Generating Co. Ltd. Jabalpur	2006-07	168793.01	--	--	168793.01	3553.97	Energy

B	Government Companies (Non-working)							
1.	Optel Telecommunication Limited, Bhopal	2005-06	2293.42	--	103.29	2396.71	11532.89	Electronics
2.	M.P. State Industries Corporation Limited, Bhopal	2004-05	1511.67	--	--	1511.67	5057.64	Industries
3.	M.P. State Textiles Corporation Limited, Bhopal	2005-06	685.95	--	--	685.95	9528.80	Textiles
C	619(B) Companies (Working) -----Nil-----							
D	619(B) Companies (Non-working)							
1.	M.P. Vidyut Yantra Limited, Jabalpur	1989-90	126.00	24.00	--	150.00	377.52	Energy
E	Statutory Corporations (Working)							
1.	M.P. State Electricity Board, Jabalpur	2005-06	85826.43	--	--	85826.43	86341.07	Energy
2.	M.P. State Road Transport Corporation	2005-06	14140.34	4096.38	--	18236.72	78123.71	Transport
3.	M.P. Financial Corporation, Indore	2007-08	31227.84	--	2101.15	33328.99	24128.75	Finance
F	Statutory Corporations (Non-working) -----Nil-----							
G	Company under liquidation							
1.	M.P. Rajya Setu Nirman Nigam Limited, Bhopal	1990-91	500.00	--	--	500.00	214.68	Construction
Total			552096.16	4120.38	2284.44	558500.98	436154.70	

Appendix 2.1

(Reference : paragraph 2.3.1, page 40)

Cases where entire budget provision under Central schemes remained unutilized

(Rupees in core)			
Sl. No.	Number and name of grant	Head of account	Budget provision not utilized
(1)	(2)	(3)	(4)
	A- Centrally Sponsored Schemes		
1	40- Expenditure Pertaining to Water Resources Department Command Area Development	4705-203-0701-6852-Correction of System Deficiency	4.00
2	40- Expenditure Pertaining to Water Resources Department Command Area Development	4705-207-0701-6852- Correction of System Deficiency	1.50
3	47- Technical Education and Training	2203-105-0701-2667-Polytechnic Institutes	1.55
		Total-A	7.05
	B- Central Sector Schemes.		
4	13- Farmers Welfare and Agriculture Development	2401-102-0801-5251- Food grain Safety Mission	25.00
5	13- Farmers Welfare and Agriculture Development	2401-109-0801-6932- Agreesnet Project	11.50
6	19- Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives	10.00
7	19- Public Health and Family Welfare	3606-237-0801-4245- Malaria	10.00
8	19- Public Health and Family Welfare	3606-237-0801-6106- Universal Immunization	15.00
9	20- Public Health Engineering	2215-01-102-0801-8219- Installation of Computers	1.50
10	41- Tribal Area Sub-Plan	25-Tribal Welfare Department 2225-02-796-001-0802-5155- Monitoring and Evaluation of Schemes ,Article 275 (i)	1.00
11	42- Public Works relating to Tribal Area Sub-Plan- Roads and Bridges	25-Tribal Welfare Department 5054-04-796-800-0802-7654- Construction of Roads/Bridges in Tribal Areas [Article 275(i)]	4.00
12	64- Scheduled Castes Sub-Plan-	55- Scheduled Castes Welfare Department 4225-01-789-277-0803-5635- Babu Jagjeewan Ram Hostel Scheme	3.48
13	78- Horticulture and Food Processing	2401-119-0801-5654-National Bio Agriculture	1 58
		Total-B	83.06

	C- Scheme Financed out of Special Central Assistance from Government of India for Scheduled Castes Sub-Plan.		
14	15-Financial Assistance to Three Tier Panchayati Raj Institutions Under Scheduled Castes Sub-Plan	2225-01-793-277-0603-4691-Incentive Schemes for education to Girls (Class VI)	4.50
		Total-C	4.50
	D-Recommendation of Finance Commission		
15	15-Financial Assistance to Three Tier Panchayati Raj Institutions Under Scheduled Castes Sub-Plan	2515-789-101-1303-6905-Financial Maintenance of Local Bodies	1.01
16	52- Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions	2515-796-101-1302-6905- Financial Assistance of Local Bodies	1.76
17	80- Financial Assistance to Three Tier Panchayati Raj Institutions	2515-101-1301-6905- Financial Maintenance of Local Bodies	3.98
		Total-D	6.75
	E-Externally Aided Projects		
18	12-Energy	2801-80-101-1201-5114-Grant from D.F.I.D. Under Electricity Area Development Programme (Phase II)	28.00
19	12-Energy	6801-190-1201-7900-Strengthening of Sub transmission and Distribution System	132.20
20	57- Externally Aided Projects Pertaining to Water Resources Department	4700-64-001-1201-6824-Water Resources Management-Institute and Sources-Swar Tank	1.50
21	57- Externally Aided Projects Pertaining to Water Resources Department	4700-64-001-1201-6829-Improvement in Productivity of Pre-Constructed Irrigation Schemes of Five Basins-Jawaharlal Nehru Agriculture University	3.79
22	57- Externally Aided Projects Pertaining to Water Resources Department	4700-64-052-1201-6831- Improvement in Productivity of Pre-Constructed Irrigation Schemes of Five Basins-Water Resources Department	7.75
23	64-Scheduled Castes Sub-Plan	19-Public Works Department 5054-03-789-337-1203-5003-M.P.Road Development Programme	24.86
		Total (E)	198.10
		Grand Total (A+B+C+D+E)	299.46

Appendix 2.2

(Reference : paragraph 2.3.1, page 41)

Cases involving substantial excesses under the schemes

(Rupees in crore)

Sl. No.	Number and name of Grant/ appropriation	Name of scheme	Amount of excess	Percentage of excess
1	2	3	4	5
A-Revenue Voted				
1	06- Finance	2885-01-101-5661-Grant-in-aid for Restructuring of M.P. Finance Corporation	28.38	❖
2	10-Forest	2406-01-101-0101-5109- Compensation For Rehabilitation of Villagers from reserved Areas and for acquisition of rights to reserved Areas	22.88	704.00
3	10-Forest	2406-01-102-7680-Distribution of dividend to Joint Forest Management Committees	14.94	124.50
4	19-Public Health and Family Welfare	2210-01-110-0101-2777-Primary Health Centers	81.99	308.12
5	23-Water Resources Department	2701-80-799-0101-1051-Stock	5.30	115.22
6	39-Food ,Civil Supplies and Consumer Protection	2408-01-102-5245-Bonus to Farmers Under support price	16.00	❖
7	41-Tribal Areas Sub-Plan	25-Tribal Welfare Department 2225-02-796-190-0102-4675-Self Employment Scheme	8.55	❖
8	58-Expenditure on Relief on Account of Natural Calamities and Scarcity	2245-02-101-747-Relief to Hail Storm Sufferers	33.13	132.52
9	67- Public Works Buildings	2059-80-799-1051-Stock	5.76	576.0
10	67- Public Works Buildings	2059-80-799-4056-Miscellaneous Public Works Advances	7.75	775.0
11	78-Horticulture and Food Processing	2401-119-0701-7910-Centrally Sponsored Scheme for Macro Irrigation	10.26	301.76
Total (A)			234.94	
B-Revenue- Charged				
12	Interest Payment and Servicing of Debt	2049-01-200-3087-Interest on loans from Life Insurance Corporation of India	10.31	335.80
13	Interest Payment and Servicing of Debt	2049-01-200-6973- Interest on Local Fund Deposit Accounts	9.72	243.00
Total (B)			20.03	
(C) Capital Voted-				
14	06- Finance	4885-01-200-5662- Purchase of Assets for M.P.F.C.	85.12	❖
15	24-Public Works- Roads and Bridges	5054-03-337-0101-4336-Constuction of Road in State/State Highways	13.76	27520
16	41-Tribal Areas Sub-Plan	27-Narmada Valley Development 4701-45-796-800-0102-5152-Halon Project	11.42	571.00
17	57-Externally Aided Project Pertaining to Water Resources Department	4700-21-800-1201-2884-Canal and Appurtenant Works	13.99	666.19
Total (C)			124.29	
Grand Total (A+B+C)			379.26	

❖ Excess against Token Provision.

Appendix 2.3

(Reference: paragraph 2.3.1, page 41)

Cases involving substantial savings under the schemes

(Rupees in crore)				
Sl. No.	Number and name of Grant/ Appropriation	Name of scheme	Amount of savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)
	A-Revenue- Voted			
1	06-Finance	2070-800-0101-224-Other expenditure	495.00	100.00
2	06-Finance	2075-797-5659-Transfer in Consolidated Deposit Fund	100.00	100.00
3	06-Finance	2071-01-102-9999-Composite State of Madhya Pradesh	8.04	80.40
4	07-Commercial Tax	2040-001-0101-8808-Works related to Information Technology	9.13	87.29
5	10-Forest	2406-01-101-7680-Distribution of dividend to Joint Forest Managing Committees	8.00	100.00
6	10-Forest	2406-01-110-0101-5109-Compensation for Rehabilitation of Villagers of reserved areas and for acquisition of Rights in Reserved Areas	26.00	100.00
7	12-Energy	2801-80-101-1201-5114-Grant from D.F.I.D. Under Electricity Area Development Programme (Phase-II)	28.00	100.00
8	13-Farmers Welfare and Agriculture Development	2401-109-0801-6932-Agreesnet Project	11.50	100.00
9	13-Farmers Welfare and Agriculture Development	2401-102-0801-5251-Foodgrain Safety Mission	25.00	100.00
10	19-Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives	10.00	100.00
11	19-Public Health and Family Welfare	3606-237-0801-4245-Malaria	10.00	100.00
12	19-Public Health and Family Welfare	3606-237-0801-6106-Universal Immunization	15.00	100.00
13	27-School Education (Primary Education)	2202-01-102-0801-6344-Modernisation of Madarsa	6.48	99.72
14	34- Social Welfare	2235-02-101-6864-Vivekanand Insurance Scheme	5.00	100.00
15	39 Food, Civil Supplies and Consumer Protection	2408-01-102-3248-Recoupment of Losses to M.P.State Co-operative Marketing Federation for procurement of food grains	6.68	83.50
16	45-Minor Irrigation Works	2702-80-800-5422-Dam Safety Works	17.25	86.25
17	46-Science and Technology	3425-60-200-0101-6705-Implementation of National (Natural) Resources Information System	8.70	86.14

Audit Report (Civil) for the year ended 31 March 2008

18	55-Women and Child Development	2235-02-103-8882-Pay and Allowances of Village Workers (Gram Savikas)	5.39	100.00
19	64- Scheduled Castes Sub-Plan	14-Farmer Welfare and Agriculture Development Department 2401-789-110-0103-8792-National Agriculture Insurance Scheme	7.55	85.31
20	64- Scheduled Castes Sub-Plan	15-Co-operation Department 2425-789-107-0103-9254-Interest grant on Short term Agriculture Loan through Co-operative Banks	6.22	100.00
21	64- Scheduled Castes Sub-Plan	34- Public Health Engineering 2215-01-789-191-0103-2181-Urban Water Supply Scheme	7.09	84.59
22	68- Financial Assistance to Tribal Area Sub-Plan -Urban Bodies	18- Urban Administration and Development Department 2217-05-796-191-0102-6982-Integrated Urban and Slum Development Programme	25.20	94.31
23	77- Other Expenditure Pertaining to School Education Department (Excluding Primary Education)	2202-02-109-0101-6967-Upgradation of Middle Schools into High Schools	11.98	95.23
24	80- Financial Assistance to Three Tier Panchayati Raj Institutions	2202-02-191-0101-5276-Grant for Salary to Teacher/Samida Shala Shikshak	16.52	100.00
Total (A)			869.73	
B- Revenue Charged				
25	Interest Payments and Servicing of Debt	2049-01-200-3089-Interest on Ways and Means Advances and Advances taken to meet short fall in Cash balance received from the Reserve Bank of India	10.00	100.00
26	Interest Payments and Servicing of Debt	2049-03-104-807-Interest on Work men's Contributory Provident Fund	6.47	92.00
27	06-Finance	2071-01-101-9999- Composite State of Madhya Pradesh	8.54	100.00
28	10-Forest	2406-01-797-3885-Transfer to Forest Development Fund (Charged)	13.00	100.00
Total (B)			38.01	
C-Capital- Voted				
29	03- Police	4055-211-2643-Mordernisation of Police Force	27.73	92.43
30	06-Finance	6075-800-6788-Provision for settlement of S.L.R. Bonds issued by undertakings and subordinate Institutions of State Government	5.00	100.00
31	12-Energy	4801-05-190-1201-6929-Investment for Transmission System Works	30.47	91.39

32	12-Energy	4801-05-190-1201-7900-Strengthening of Sub transmission and Distribution System	56.66	100.00
33	12-Energy	6801-190-1201-7900-Strengthening of Sub-transmission and Distribution System	132.20	100.00
34	17-Co-operation	4425-107-0101-2759-Investment in the share capital of Primary Land Development Banks	8.39	100.00
35	17-Co-operation	6425-107-0101-3242-Purchase of debentures Floated by the M.P. State Co-operative Land Development Bank	30.54	89.17
36	19-Public Health and Family Welfare	4210-01-110-0101-7648-Construction of Buildings for Hospitals and Dispensaries	21.36	84.96
37	19-Public Health and Family Welfare	4210-02-103-0101-7871-Construction of Primary Health Centres, Sub- Health Centres and Community Health Centers for Basic Services	36.03	84.58
38	21-Housing and Environment	6217-02-800-0101-6706-Grant to Madhya Pradesh Development Authority for Small and Medium Towns Infrastructure Development Scheme	19.89	100.00
39	23-Water Resources Department	4700-80-001-0101-2304-Direction and Administration	7.01	100.00
40	23-Water Resources Department	4701-80-001-0101-2304- Direction and Administration	20.01	94.16
41	23-Water Resources Department	4701-80-001-1401-2304- Direction and Administration	6.06	100.00
42	24-Public Works-Roads and Bridges	5053-02-102-0101-4727-Construction and Extension of Air Strips	36.31	89.65
43	24-Public Works-Roads and Bridges	5054-04-337-0101-5139-Upgradation of Main District Roads	71.95	100.00
44	37-Tourism	5452-01-101-0701-7630-Construction of Tourist Infrastructure (Central Share)	41.84	83.68
45	41-Tribal Areas Sub-Plan	25-Tribal Welfare Department 4515-796-103-0102-5111-Incentive to Navachar	6.00	100.00
46	41-Tribal Areas Sub-Plan	34-Public Health Engineering 4215-01-796-102-0702-9207-Drinking Water Arrangement in Hard Water affected villages	6.87	90.39
47	42-Public Works relating to Tribal Areas Sub-Plan- Roads and Bridges	19-Public Works Department 5054-04-796-800-0102-5139- Upgradation of Main District Roads	18.04	100.00
48	45-Minor Irrigation Works	4702-101-1401-2304-Direction and Administration	13.35	100.00
49	45-Minor Irrigation Works	4702-800-0101-2304-Direction and Administration	24.03	100.00

Audit Report (Civil) for the year ended 31 March 2008

50	48-Narmada Development	Valley	4700-80-001-0101-5010-Narmada Kshipra Link Project	7.87	98.87
51	48-Narmada Development	Valley	4801-01-203-0101-6403-Payment of share to N.H.D.C. of Indira Sagar Project Unit-1	16.36	100.00
52	48-Narmada Development	Valley	4801-01-205-0101-9133-Sardar Sarovar Project	66.67	100.00
53	57- Externally Aided Projects Pertaining to Water Resources Department		4700-64-001-1201-6826-Improvement in productivity of Pre-constructed Irrigation Schemes of Five Basins Agriculture Department	7.73	92.02
54	57- Externally Aided Projects Pertaining to Water Resources Department		4700-64-001-1201-6827- Improvement in Productivity of pre-Constructed Irrigation Schemes of Five Basins-Fisheries Department	8.46	96.25
55	57- Externally Aided Projects Pertaining to Water Resources Department		4700-64-001-1201-6830- Improvement in productivity of Pre-constructed Irrigation Schemes of Five Basins-Animal Husbandry Department	5.78	85.63
56	57- Externally Aided Projects Pertaining to Water Resources Department		4700-64-052-1201-6831- Improvement in productivity of Pre-constructed Irrigation Schemes of Five Basins-Water Resources Department	7.75	100.00
57	60- Expenditure Pertaining to District Plan Schemes		4515-101-0101-5111-Incentive to Navachar	19.50	100.00
58	64- Scheduled Castes Sub-plan		19-Public Works Department 5054-03-789-337-1203-5003-M.P. Road Development Programme	24.86	100.00
59	64- Scheduled Castes Sub-plan		19-Public Works Department 5054-04-789-800-0103-5139- Upgradation of Main Roads of Districts	10.00	100.00
60	64- Scheduled Castes Sub-plan		55-Scheduled Caste Welfare Department 4515-789-103-0103-5111- Incentive to Navachar	12.00	100.00
61	77- Other Expenditure Pertaining to School Education Department (Excluding Primary Education)		4202-01-202-0101-6969-Construction of High School Buildings	11.40	100.00
62	79- Medical Education Department		4210-03-105-0101-6974-Sagar Medical Collage	32.00	88.74
			Total (C)	850.12	
	D-Capital- Charged				
63	Charged Appropriation-Public Debt		6003-109-6236 Loans from National Capital Region Planning Board	15.35	100.00
64	Charged Appropriation-Public Debt		6003-110-637- Ways and Means Advances	1000.00	100.00

65	Charged Public Debt	Appropriation- 6003-110-779- Advances to meet short fall	1000.00	100.00
		Total (D)	2015.35	
		Grand Total (A+B+C+D)	3773.21	

Appendix 2.4

(Reference : Paragraph 2.3.2, page 41)

Cases of persistent savings

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Amount of saving (percentage of saving in brackets)		
		2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)
	A-Revenue Voted			
1	22- Urban Administration and Development-Urban Bodies	4.04 (30.93)	10.95 (52.52)	9.45 (39.84)
2	25- Mineral resources	2.88 (26.21)	2.35 (20.65)	2.73 (22.94)
3	29- Law and Legislative Affairs	63.50 (33.49)	60.00 (28.60)	57.64 (26.27)
4	48- Narmada Valley Development	538.57 (99.61)	19.86 (78.44)	8.05 (33.44)
5	71- Biodiversity and Biotechnology	3.37 (69.06)	2.22 (52.22)	1.00 (26.46)
	B- Revenue- Charged			
6	06- Finance	2.56 (91.76)	3.09 (30.78)	10.44 (98.40)
	C-Capital -Voted			
7	01- General Administration	6.10 (100)	7.55 (100)	7.25(77.54)
8	03- Police	72.81(64.21)	68.35 (82.86)	27.73 (88.68)
9	17- Co-operation	15.67 (34.34)	8.17(22.89)	43.79 (43.98)
10	21- Housing and Environment	32.31 (52.08)	19.00 (26.33)	20.59 (32.07)
11	40- Expenditure Pertaining to Water Resources Department-Command area Development	4.50 (40.18)	8.72 (52.28)	6.05 (39.08)
12	45- Minor Irrigation Works	24.14 (30.46)	36.86 (35.11)	147.31 (28.58)
13	57- Externally aided projects pertaining to Water Resources Department	49.70 (29.20)	93.04(50.68)	172.85 (54.13)
14	58-Expenditure on relief on account of Natural Calamities and Scarcity	16.30 (100)	16.30 (100)	4.30 (100)
15	67- Public Works-Buildings	35.38 (44.67)	46.67 (58.56)	38.80 (50.31)
16	72- Gas Tragedy Relief and Rehabilitation	3.34 (60.62)	3.68 (59.93)	1.41 (21.08)
	D-Capital -Charged			
17	Public debt	7577.46(88.82)	4463.47(72.05)	2004.48(54.45)

Appendix 2.5

(Reference: paragraph 2.3.5, page 42)

Cases where supplementary provision proved unnecessary

(Rupees in crore)					
Sl. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	01-General Administration	98.20	13.56	92.95	18.81
2.	02-Other Expenditure pertaining to General Administration Department	17.52	0.03	11.95	5.60
3	03- Police	1169.14	47.53	1100.22	116.45
4.	04- Other Expenditure pertaining to Home Department	11.20	0.17	9.96	1.41
5.	05- Jail	84.65	1.34	82.92	3.07
6.	06- Finance	2643.95	111.50	2143.81	611.64
7.	07- Commercial Tax	555.58	30.07	530.17	55.48
8	08- Land Revenue and District Administration	413.45	6.59	354.84	65.20
9.	14- Animal Husbandry	226.04	40.15	201.21	64.98
10.	18- Labour	51.05	2.15	45.96	7.24
11.	19- Public Health and Family Welfare	849.13	12.27	817.69	43.71
12.	20- Public Health Engineering	242.60	1.13	227.89	15.84
13.	23- Water Resources Department	349.91	8.35	323.73	34.53
14	25- Mineral Resources	11.85	0.05	9.17	2.73
15	27- School Education (Primary Education)	1872.26	167.58	1539.93	499.91
16.	28- State Legislature	27.61	1.38	23.62	5.37
17.	29- Law and Legislative Affairs	216.41	3.03	161.81	57.63
18.	31- Planning, Economics and Statistics	24.74	3.00	23.98	3.76
19.	33- Tribal Welfare	508.30	26.83	498.13	37.00
20	34- Social Welfare	41.05	5.59	37.30	9.34
21	39- Food, Civil Supplies and Consumer Protection	127.14	0.96	102.19	25.91
22	44- Higher Education	365.27	22.56	356.04	31.79
23	46- Science and Technology	15.25	2.36	9.79	7.82
24	47- Technical Education and Training	130.18	2.79	115.65	17.32
25	49- Scheduled Caste Welfare	49.20	0.35	42.33	7.22
26	51- Religious Trusts and Endowments	11.27	0.15	9.31	2.11
27	52- - Financial assistance to Tribal Area-Sub-Plan-Three Tier Panchayati Raj Institutions	740.56	72.24	739.30	73.50
28	53- Financial Assistance to Urban Bodies under Scheduled Castes Sub-Plan	92.86	0.85	41.08	52.63
29	55- Women and Child Development	495.49	43.88	457.22	82.15

Audit Report (Civil) for the year ended 31 March 2008

30	64- Scheduled Castes Sub-Plan	600.50	115.39	574.72	141.17
31	65- Aviation	10.50	0.05	9.26	1.29
32	75- Financial assistance to Urban Bodies	1703.07	108.71	1567.95	243.83
33	77- Other Expenditure pertaining to School Education Department (Excluding Primary Education)	442.31	25.70	437.41	30.60
34	79- Medical Education Department	251.18	1.52	231.17	21.53
	Total (A)	14449.42	879.81	12930.66	2398.57
	B- Revenue Charged				
35	10- Forest	13.25	0.65	0.87	13.03
36	29- Law and Legislative Affairs	24.43	1.73	21.86	4.30
	Total (B)	37.68	2.38	22.73	17.33
	C- Capital- Voted				
37	01- General Administration	4.35	5.00	2.10	7.25
38	21- Housing and Environment	49.96	14.24	43.61	20.59
	Total (C)	54.31	19.24	45.71	27.84
	Total (A+B+C)	14541.41	901.43	12999.10	2443.74

Appendix 2.6

(Reference: paragraph 2.3.5, page 42)

Cases where supplementary provision proved excessive

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Suppleme- ntary grant/ Appropriation	Actual Expen- diture	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	09- Expenditure pertaining to Revenue Department	27.68	10.00	31.83	5.85
2.	10- Forest	618.00	66.46	664.14	20.32
3.	11- Commerce, Industry and Employment	73.44	21.04	82.28	12.20
4.	12- Energy	663.09	377.60	1006.25	34.44
5.	13- Farmers Welfare and Agriculture Development	283.62	204.31	397.29	90.64
6.	15- Financial Assistance to Three Tier Panchayati Raj Institutions under Scheduled Castes Sub-Plan	549.71	57.28	561.42	45.57
7.	17- Co-operation	79.27	19.17	91.16	7.28
8	21- Housing and Environment	121.23	324.00	162.45	282.78
9	24- Public Works - Roads and Bridges	463.41	145.00	588.58	19.83
10	26- Culture	26.49	27.20	50.20	3.49
11	30- Rural Development	561.38	24.18	576.13	9.43
12	32- Public Relations	52.10	10.09	61.10	1.09
13	36-Transport	19.59	14.79	28.41	5.97
14	41- Tribal Areas Sub-Plan	857.46	389.57	962.57	284.46
15	43- Sports and Youth Welfare	12.08	8.42	19.18	1.32
16	45- Minor Irrigation Works	63.83	20.00	76.52	7.31
17	58- Expenditure on Relief on Account of Natural Calamities and Scarcity	620.23	140.03	639.30	120.96
18	66- Welfare of Backward Classes	156.23	50.64	199.74	7.13
19	67- Public Works - Buildings	238.18	42.00	249.06	31.12
20	69- Information Technology	7.90	22.19	25.04	5.05
21	78- Horticulture and Food Processing	40.95	22.87	58.96	4.86
22	80- Financial Assistance to Three Tier Panchayati Raj Institutions	1485.33	256.89	1646.74	95.48
23	56 -Rural Industry	29.62	3.80	31.81	1.61
24	60 -Expenditure Pertaining to District Plan Schemes	--	6.93	4.49	2.44
25	63 -Minority Welfare	3.00	2.95	4.12	1.83
	Total (A)	7053.82	2267.41	8218.77	1102.46

Audit Report (Civil) for the year ended 31 March 2008

	B- Revenue – Charge				
26	08 -Land Revenue and District Administration	0.68	3.54	3.89	0.33
27	75 -Financial Assistance to Urban Bodies	40.00	19.77	59.19	0.58
	Total (B)	40.68	23.31	63.08	0.91
	C-Capital- Voted				
28	06- Finance	261.31	160.67	410.46	11.52
29	10- Forest	7.52	5.50	11.77	1.25
30	11- Commerce, Industry and Employment	10.39	103.20	113.47	0.12
31	12- Energy	1329.33	446.00	1483.27	292.06
32	17- Co-operation	45.62	53.94	55.78	43.78
33	20- Public Health Engineering	180.08	168.85	307.25	41.68
34	22- Urban Administration and Development- Urban Bodies	150.11	92.41	242.02	0.50
35	23- Water Resources Department	364.65	321.92	630.00	56.57
36	24- Public Works- Roads and Bridges	1006.15	357.14	1097.91	265.38
37	27- School Education (Primary Education)	0.82	12.79	8.78	4.83
38	41- Tribal Areas Sub-Plan	846.71	189.83	923.19	113.35
39	42- Public Works Relating to Tribal Areas Sub-Plan - Roads and Bridges	298.30	148.00	375.37	70.93
40	43- Sports and Youth Welfare	7.60	2.09	8.61	1.08
41	44- Higher Education	14.56	5.00	19.39	0.17
42	45- Minor Irrigation Works	286.12	229.38	368.19	147.31
43	53- Financial Assistance to Urban Bodies under Schedule Castes Sub-Plan	48.04	9.49	57.28	0.25
44	64- Scheduled Castes Sub-Plan	682.27	188.15	773.57	96.85
45	67- Public Works - Buildings	27.04	50.08	38.32	38.80
	Total (C)	5566.62	2544.44	6924.63	1186.43
	D –Capital – Charged				
46	23 -Water Resources Department	1.00	1.50	2.33	0.17
	Total (D)	1.00	1.50	2.33	0.17
	Grand Total (A+B+C+D)	12662.12	4836.66	15208.81	2289.97

Additional requirement = Rs.15208.81-12662.12 = Rs. 2546.69 crore

Appendix 2.7

(Reference: paragraph 2.3.6, page 42)

Injudicious/ Irregular/ Incorrect Re-appropriations/ Surrenders

- (a) Some of the cases in which withdrawal by re-appropriation/ surrender, proved injudicious in view of final excess over provision

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Excess excluding re-appropriation	Re-appropriation/ surrender (-)	Final excess (+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Interest payment and Servicing of Debt (Charged) 2049-01-101-6763- New Market Loan	105.00	151.13	46.13	12.00	58.13
2.	07-Commercial Tax 2030-02-102-2455 Expenses on sale of non-judicial stamp	15.00	18.54	3.54	8.12	11.66
3.	19-Public Health and Family Welfare 2210-01-110-748- Dispensaries	4.17	9.03	4.86	1.33	6.19
4	19-Public Health and Family Welfare 2210-03-103-0101-5868- State Level Patients Assistance Fund	10.00	16.38	6.38	4.02	10.40
5	23- Water Resources Department 2701-80-799-0101-1051-Stock	4.60	9.90	5.30	1.56	6.86
6	23- Water Resources Department 4700-22-800-0101-2884-Canal and Appurtenant Works	31.29	42.97	11.68	1.40	13.08
7	42-Public Works Relating to Tribal Area Sub-Plan-Roads and Bridges 19-Public Works Department 5054-04-796-800-0102-2457-Minimum Needs Programme (including Rural Roads)	84.85	91.81	6.96	8.18	15.14
8	64- Scheduled Caste Sub-Plan 55- Scheduled Caste Welfare Department 2225-01-789-277-0103-2676-Post Matric Scholarship	48.86	49.67	0.81	1.33	2.14

- (b) Some of the cases, in which withdrawal by re-appropriation/surrender, resulted in final excess of Rs.10 lakh and above.

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Available saving	Re-appropriation/ surrender (-)	Final excess (+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
9	03-Police 2055-101-270-Criminal Investigation Department	43.90	34.95	8.95	9.21	0.26
10	03-Police	9.30	7.50	1.80	2.25	0.45

Audit Report (Civil) for the year ended 31 March 2008

	2055-101-279-Directorate of Prosecution					
11	03-Police 2055-104-4492-Normal Expenditure (Special Police)	255.88	230.99	24.89	32.65	7.76
12	03-Police 2055-109-1816- Anti Dacoity operations	16.12	13.40	2.72	3.50	0.78
13	03-Police 2055-109-4491-General Expenditure (District Establishment)	607.30	574.89	32.41	42.69	10.28
14	03-Police 2070-107-4670-Training of Home Guards	5.63	4.62	1.01	1.52	0.51
15	07- Commercial Tax 2030-03-001-1480- District Charges	10.50	9.17	1.33	1.57	0.24
16	13- Farmers Welfare and Agriculture Development 2401-108-1102- Sugarcane Transportation Grant	4.37	2.83	1.54	1.83	0.29
17	13-Farmers Welfare and Agriculture Development 2401-800-0701-1580-Macro Management Scheme	53.41	36.97	16.44	16.59	0.15
18	14-Animal Husbandry 2403-101-0701-3786- Mata Epidemic Eradication	5.31	4.27	1.04	1.15	0.11
19	14-Animal Husbandry 2403-103-3578- Poultry Development Farms	5.77	4.46	1.31	2.65	1.04
20	15-Financial Assistance to Three Tier Panchayati Raj Institutions under Scheduled Castes Sub-Plan 2215-02-789-107-0703-5206- Rural Cleanliness Programme	29.26	15.54	13.72	17.55	3.83
21	17-Co-operation 2425-001-0101-123- Superintendence	15.39	13.48	1.91	2.28	0.37
22	19- Public Health and Family Welfare 2210-01-110-993- T.B. Hospitals	19.96	15.96	4.00	4.94	0.94
23	19-Public Health and Family Welfare 2210-06-003-3463- Training of Women Health Workers	2.91	0.80	2.11	2.23	0.12
24	19-Public Health and Family Welfare 2210-06-101-2818- Filariasis	2.56	1.37	1.19	1.34	0.15
25	19-Public Health and Family Welfare 2210-06-101-4245- Malaria	65.96	57.50	8.46	13.17	4.71
26	19-Public Health and Family Welfare 2210-06-101-8150- Multipurpose Workers Scheme	37.11	29.66	7.45	9.30	1.85

27	20-Public Health Engineering 2215-02-107-0701-6263-Rural Sewerage Scheme (Complete Cleanliness Expedition)	12.73	4.49	8.24	11.12	2.88
28	24-Public Works- Roads and Bridges 3054-01-337-134-Maintenance and Repair-Ordinary Repairs	50.50	21.31	29.19	30.00	0.81
29	27-School Education (Primary Education) 2202-04-800-0801-4402- Government Education Colleges	1.50	0.54	0.96	1.06	0.10
30	29-Law and Legislative Affairs 2014-105-4497-General Establishment	124.90	96.49	28.41	28.84	0.43
31	29- Law and Legislative Affairs 2014-102-573- High Court (Charged)	25.95	21.71	4.24	4.45	0.21
32	41-Tribal Area Sub-Plan 34-Public Health Engineering 4215-01-796-102-0702-9489- Fluorosis Control Programme in the State	26.20	23.32	2.88	4.60	1.72
33	41-Tribal Area Sub-Plan 14-Farmers Welfare and Agriculture Development Department 2401-796-800-0702-1580- Macro Management Scheme	14.22	11.62	2.60	3.85	1.25
34	41-Tribal Area Sub-Plan 25- Tribal Welfare Department 4225-02-796-277-0702-8799- Construction of Hostel Building	10.10	8.27	1.83	2.00	0.17
35	44-Higher Education 2202-03-103-0101-798-Art, Science and Commerce Colleges	257.75	235.18	22.57	27.20	4.63
36	45-Minor Irrigation Works 4702-101-0101-6708- A.I.B.P. Schemes	138.00	49.08	88.92	90.00	1.08
37	49-Scheduled Castes Welfare 2225-01-277-1398- Operation of Hostels/Ashrams	22.97	19.99	2.98	3.58	0.60
38	49-Scheduled Castes Welfare 2225-01-277-8050-Various Scholarships	17.35	14.82	2.53	2.84	0.31
39	52-Financial Assistance to Tribal Area Sub-Plan Three Tier Paanchayati Raj Institutions 34-Public Health Engineering 2215-02-796-107-0702-5206- Rural Cleanliness Programme	26.26	12.39	13.87	16.05	2.18
40	52-Financial Assistance to Tribal Area Sub-Plan Three Tier Paanchayati Raj Institutions 58-Rural Development Department	17.03	12.13	4.90	5.31	0.41

Audit Report (Civil) for the year ended 31 March 2008

	2505-01-796-702-0702-9376- National Programme-Sampoorna Gramin Rojgar Yojna					
41	57-Externally Aided Projects Pertaining to Water Resources Department 4700-64-001-1201-6825 -Service Providing Irrigation and Water Drainage Institution-Water Resources Department	31.11	7.41	23.70	26.10	2.40
42	57-Externally Aided Projects Pertaining to Water Resources Department 4700-64-800-1201-6822-Water Resources Management Institute and Sources SWARA	6.01	2.63	3.38	3.48	0.10
43	57-Externally Aided Projects Pertaining to Water Resources Department 4700-64-052-1201-6825-Regarding Providing Services- Irrigation and Water Drainage-Water Resources Department	8.24	3.23	5.01	5.21	0.20
44	64-Scheduled Castes Sub-Plan 14- Farmers Welfare and Agriculture Development Department 2401-789-102-0703-1580- Macro Management Scheme	8.14	4.77	3.37	3.61	0.24
45	64-Scheduled Castes Sub-Plan 35- Animal Husbandry Department 2403-789-102-0103-1109- Intensive Cattle Development Project	5.59	4.44	1.15	1.49	0.34
46	64-Scheduled Castes Sub-Plan 55- Scheduled Castes Welfare Department 2225-01-789-277-0103-4717- Scheduled Castes Hostels	21.75	15.86	5.89	6.17	0.28
47	75- Financial Assistance to Urban Bodies- 2202-01-103-0101-2669- Maintenance Grant to Local Bodies- Rural and Urban	26.96	23.32	3.64	4.11	0.47

(c) Unnecessary augmentation of funds, despite available saving.

Sl. No.	Description of Grant and Head of account	(Rupees in crore)				
		Original plus supplementary provision	Actual expen- diture	Avail- able Saving	Re- approp- - riation (+)	Final Saving (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
48	17-Co-operation 6425-107-0101-3242-Purchase of debentures Floated by the M.P. State	34.25	3.71	30.54	1.76	32.30

	Co-operative Land Development Bank					
49	19- Public Health and Family Welfare 2211-102-0801-621- Additional Sub-Health Centers	133.65	118.40	15.25	3.83	19.08
50	24-Public Works- Roads and Bridges 5054-04-800-0101-1513- Construction of Major District Roads	21.00	18.31	2.69	8.00	10.69
51	24-Public Works- Roads and Bridges 5054-04-800-0101-2457- Minimum Need Programme (Including Rural Roads)	96.97	82.30	14.67	15.00	29.67
52	24-Public Works- Roads and Bridges 5054-04-1401-6590- Construction of Roads under NABARD Loan Assistance	281.31	247.59	33.72	48.96	82.68
53	42-Public Works Relating to Tribal Areas Sub-plan- Roads and Bridges 19-Public Works Department 5054-04-796-800-1402-5226- Construction of Rural Roads(NABARD)	121.18	72.51	48.67	22.03	70.70
54	64-Scheduled Castes Sub-Plan 17-Public Health and Family Welfare Department 4210-01-789-110-0103-7648- Construction of buildings for Hospital and Dispensaries	1.70	0.65	1.05	1.00	2.05

(d) Augmentation of funds by re-appropriation, resulted in final savings.

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Excess excluding re-appropriation	Re-appropriation (+)	Final saving (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
55	Public-Debt (Charged) 6003-105-3731-Loans from the National Agricultural Credit Fund of the National Bank for Agriculture and Rural Development	118.35	147.72	29.37	37.49	8.12
56	Interest Payments and Servicing of Debt (Charged) 2049-01-200-3732-Interest on Loan from the National Agriculture Fund of the National Bank of Agriculture and Rural Development	100.00	117.05	17.05	17.25	0.20
57	Interest Payment and Servicing of Debt (Charged) 2049-01-200-6973-Interest on Local fund Deposit Account	4.00	13.72	9.72	12.00	2.28

Audit Report (Civil) for the year ended 31 March 2008

58	23-Water Resources Department 4700-12-800-0101-2897- Dam and Appurtenant Works	38.52	42.27	3.75	4.52	0.77
59	24-Public Works-Roads and Bridges 3054-04-800-7081-Renovation, Upgradation and Bituminisation of Highways/Main District Roads	205.00	215.81	10.81	40.00	29.19
60	24- Public Works-Roads and Bridges 5054-03-101-0101-4149- Construction of Major Bridges	24.00	32.35	8.35	13.83	5.48
61	24-Public Works-Roads and Bridges 5054-03-337-0101-4336- Construction of Roads in State Highways	0.05	13.81	13.76	20.23	6.47
62	40-Expenditure pertaining to Water Resources Department Command Area Development 4705-203-0701-2823-Construction of Field Channels	5.00	6.97	1.97	2.50	0.53
63	41-Tribal Area Sub-Plan 25- Tribal Welfare Department 2225-02-796-0102-4675- Self Employment Scheme	Token	8.55	8.55	8.81	0.26
64	41-Tribal Area Sub-Plan 34-Public Health Engineering 4215-01-796-102-0702-693-Tools and Plant	3.00	6.61	3.61	3.78	0.17
65	42-Public Works Relating to Tribal Areas Sub-Plan-Roads and Bridges 19-Public Works Department 5054-04-796-800-0102-3539- Main Districts Roads	3.50	4.97	1.47	4.20	2.73
66	45-Minor Irrigation Works 2702-80-800-207-Other Minor Irrigation Construction works	55.28	66.43	11.15	15.71	4.56
67	48-Narmada Valley Development 4700-41-800-0101-2872-Bargi Canal Diversion Project	141.98	202.89	60.91	64.77	3.86
68	48-Narmada Valley Development 4700-43-800-0101-2884-Canal and Appurtenant Works	104.35	135.82	31.47	35.60	4.13
69	48-Narmada Valley Development 4700-80-800-0101-6399-Indira Sagar Project (Unit-I)	12.81	52.44	39.63	39.82	0.19
70	52-Financial Assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions 25- Tribal Welfare Department 2225-02-796-277-0102-850- Scholarship to Girl and Boys at Primary Level	17.70	20.05	2.35	3.28	0.93

71	52-Financial Assistance to Tribal Area Sub-Plan- Three Tier Panchayati Raj Institutions 58-Rural Development Department 2216-03-796-102-0702-5198- Indira Awas Yojna	10.60	12.79	2.19	2.36	0.17
72	52-Financial Assistance to Tribal Area Sub-Plan- Three Tier Paanchayati Raj Institutions 58-Rural Development Department 2501-02-796-800-0102-5128- Implementation of Water Storage Working Plan	1.15	1.55	0.40	1.00	0.60
73	55-Women and Child Development 2235-02-103-0101-5067-Ladly laxmi Yojna	13.92	15.78	1.86	2.00	0.14
74	64-Scheduled Castes Sub-Plan- 19- Public Works Department 5054-04-789-800-0103-9002- Construction of Roads in Scheduled Castes Majority Areas	61.95	64.74	2.79	10.00	7.21
75	64-Scheduled Castes Sub-Plan 31-Water Resources Department 4701-43-789-800-1403-2897-Dam and Appurtenant Works	3.00	5.69	2.69	3.00	0.31
76	67-Public Works-Buildings 2059-01-051-183-Other Maintenance Works	1.10	5.04	3.94	8.00	4.06
77	79-Medical Education Department 2210-04-101-0101-465-Ayurvedic and Other Dispensaries	1.78	3.80	2.02	2.42	0.40

Appendix 2.8

(Reference: Paragraph 2.3.7 (a) page 42)

Non-surrender of significant savings (Rupees five crore and above)

Sl. No.	Number and name of Grant/Appropriation	Total available saving	(Rupees in crore)
			Amount not surrendered (percentage to total saving in brackets)
(1)	(2)	(3)	(4)
	A - Revenue- Voted		
1.	06-Finance	611.64	602.94 (98.58)
2.	08-Land Revenue and District Administration	65.20	37.76 (57.91)
3	10-Forest	20.32	18.81 (92.57)
4.	11-Commerce, Industry and Employment	12.20	6.59 (54.02)
5.	14-Animal Husbandry	64.98	22.36 (34.41)
6	18-Labour	7.24	5.19(71.69)
7	19-Public Health and Family Welfare	43.71	42.95(98.26)
8	21- Housing and Environment	282.78	272.52(96.37)
9	23-Water Resources Department	34.53	28.13(81.47)
10	24-Public Works-Roads and Bridges	19.83	19.83 (100)
11	27— School Education (Primary Education)	499.91	13.85(2.77)
12	29-Law and Legislative Affairs	57.64	6.01 (10.43)
13	30-Rural Development	9.43	5.35 (56.73)
14	33-Tribal Welfare	37.00	36.51(98.68)
15	34-Social Welfare	9.34	9.34 (100)
16	36-Transport	5.98	5.98 (100)
17	41-Tribal Areas Sub-Plan	284.46	105.73 (37.17)
18	45-Minor Irrigation Works	7.31	6.50 (88.92)
19	47-Technical Education and Training	17.32	5.22 (30.14)
20	52-Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions	73.50	9.80 (13.33)
21	55-Women and Child Development	82.15	33.93 (41.30)
22	62-Panchayat	10.78	10.78 (100)
23	64-Scheduled Castes Sub-Plan	141.17	21.28 (15.07)
24	67-Public Works-Buildings	31.12	30.93 (99.39)
25	75-Financial Assistance to Urban Bodies	243.83	5.22(2.14)
26	79-Medical Education Department	21.53	6.18 (28.70)
27	80- Financial Assistance to Three Tier Panchayati Raj Institutions	95.48	24.04 (25.18)
	Total (A)	2790.38	1393.73
	B- Revenue- Charged		
28	Interest Payments	62.56	62.55 (100)
29	06-Finance	10.43	10.43 (100)
30	10-Forest	13.03	13.03 (100)
	Total (B)	86.02	86.01
	C- Capital- Voted		
31	06-Finance	11.52	11.52(100)
32	17-Co-operation	43.79	32.31(73.78)
33	19-Public Health and Family Welfare	55.22	27.22 (49.29)
34	20- Public Health Engineering	41.67	31.67 (76.00)

35	23- Water Resources Department	56.57	47.92 (84.71)
36	24-Public Works-Roads and Bridges	265.39	265.39 (100)
37	37-Tourism	46.84	22.78 (48.63)
38	41-Tribal Areas Sub-Plan	113.35	70.00 (61.76)
39	42-Public Works relating to Tribal Areas Sub-Plan – Roads and Bridges	70.93	66.93 (94.36)
40	45-Minor Irrigation Works	147.31	47.01 (31.91)
41	48-Narmada Valley Development	108.90	32.10 (29.48)
42	57-Externally Aided Projects pertaining to Water Resources Department	172.85	14.77 (8.54)
43	64-Scheduled Castes Sub-Plan	96.85	57.53 (59.40)
44	67-Public Works-Buildings	38.80	38.80 (100)
	Total (C)	1269.99	765.95
	D- Capital Charged		
45	Public-Debt	2004.48	2004.48 (100)
	Total (D)	2004.48	2004.48
	Grand Total (A+B+C+D)	6150.87	4250.17

Appendix 2.9

(Reference: Paragraph 2.3.8 page 42)

Cases of injudicious/ unrealistic surrender

(a) Cases where amount surrendered more than available saving.

Sl. No.	Number and name of Grant/Appropriation	(Rupees in crore)	
		Available Saving	Amount Surrendered
	A-Revenue Voted		
1	03-Police	116.45	137.37
2	05-Jail	3.08	3.21
3	07- Commercial Tax	55.48	61.99
4	12-Energy	34.44	34.53
5	17-Co-operation	7.28	7.94
6	40-Expenditue pertaining to Water Resources Department-Command Area Development	0.75	0.79
7	49-Scheduled Caste Welfare	7.22	8.20
8	56-Rural Industry	1.60	2.12
	Total (A)	226.30	256.15
	B-Revenue Charged		
9	29- Law and Legislative Affairs	4.29	4.49
	Total (B)	4.29	4.49
	C-Capital Voted		
10	60-Expenditure Pertaining to District Plan Scheme	25.18	25.39
	Total (C)	25.18	25.39
	Grand Total (A+B+C)	255.77	286.03

Appendix-2.10

(Reference: Paragraph 2.3.11 Page 44)

Year wise break-up of unclaimed (Revenue) deposit amounts

SL.No.	Name of Treasury/sub Treasury.	Year	Amount
1	Sub Treasury Indore	1998-99	95306.00
		99-2000	2244212.00
		2000-01	2282435.00
		2001-02	24741677.00
		2002-03	244476.00
		Total	29608106.00
2	Sub Treasury Karera (Shivpuri)	1996-97	20308.00
		1997-98	2200.00
		1998-99	11785.00
		99-2000	200000.00
		2001-02	12719.00
		Total	247012.00
3	Sub Treasury Pichhor (Shivpuri)	1980-81	22027.12
		1981-82	1628.65
		1982-83	4449.25
		1983-84	9418.43
		1984-85	2624.95
		1985-86	510.20
		1986-87	360.70
		1987-88	995.00
		1988-89	26814.95
		1989-90	4017.70
		1990-91	17765.44
		1991-92	265.00
		1992-93	977.10
		1993-94	369.00
		1994-95	4850.40
		1995-96	2577.00
		1996-97	1934.00
		1997-98	2735.00
		1998-99	786.00
		99-2000	67951.00
		2000-01	6310.00
		2001-02	100.00
		2002-03	5000.00
		Total	184466.89
4	Sub Treasury Ambah (Morena)	1979-80	666.00
		1980-81	6366.00
		1981-82	794.00
		1982-83	2369.00
		1983-84	1080.00
		1984-85	2855.00
		1985-86	477.00
		1986-87	49857.00
		1987-88	4259.00
		1988-89	58904.00

Audit Report (Civil) for the year ended 31 March 2008

		1990-91	3711.00
		1991-92	11419.00
		1992-93	1451.00
		1993-94	3458.00
		1994-95	2744.00
		1995-96	4682.00
		1997-98	56938.00
		99-2000	105374.00
		2001-02	5960.00
		2002-03	43475.00
	Total		366839.00
5	Sub Treasury Mahu (Indore)	2002-03	24000.00
		2004-05	590266.00
	Total		614266.00
6	Sub Treasury Lahor (Bhind)	2002-03	27438.00
	Total		27438.00
7	Sub Treasury Harsood (Khandwa)	1997-98	50590.00
		1998-99	13430.00
		99-2000	87491.00
		2000-01	12814.00
		2001-02	9872.00
	Total		174197.00
8	Sub Treasury Banda (Sagar)	2002-03	18104.00
	Total		18104.00
9	Sub Treasury Dabra (Gwalior)	2001-02	116129.00
		2002-03	142964.68
	Total		259093.68
10	Treasury Tikamgarh	2002-03	255595.00
		2003-04	3900.00
	Total		259495.00
11	Sub Treasury Narsingarh (Rajgarh)	2000-01	89204.00
		2002-03	81970.00
		2003-04	50000.00
	Total		221174.00
12	Sub Treasury Nasrullaganj (Sehore)	99-2000	255000.00
		2000-01	843000.00
		2001-02	501528.00
	Total		1599528.00
13	Treasury Dewas	2003-04	457122.00
	Total		457122.00
	GRAND TOTAL		34036841.57

Appendix 2.11

(Reference : Paragraph 2.4, at page 44)

Non-reconciliation of expenditure figures for 2007-08

(Rupees in crore)

Sl. No.	Head of Account	Grant Numbers	Amount of expenditure not reconciled during the year
1	2	3	4
1	2041	36	28.43
2	2059	1,67	86.17
3	2211	19	160.47
4	2216	10	0.51
5	2406	10,41,64	50.96
6	2408	39	46.02
7	3054	10,21,24	590.46
8	5054	24, 42,76	1565.51
9	4217	21	0.26
10	4406	10	0.99
11	4885	06	5.00
Total	Major Heads-11	Grants -13	2534.78

Appendix 2.12

(Reference: paragraph 2.5, page 45)

Defective sanctions for re-appropriations/ surrenders

(Rupees in crore)

Sl. No.	Number of sanctions	Grant No.	Amount	Particulars of irregularities
1	8	13,39,41,64,77 and 79	16.67	Sanctions were issued after closure of financial year 2007-08
2	7	2,18,19,50 and 72	33.80	Delayed receipt of sanctions in Accountant General (A&E) office i.e. after closing and finalization of Account.
3	13	13,15,17,26,38,41,42,46 and 64	17.48	Non -availability of provision in concerned heads from which Surrender/Re-appropriation sanctioned.
4	1	06	0.23	Non-furnishing of full details by the Department.
5	2	11 and 80	0.08	Issue of combined sanction of surrenders and re-appropriations.
Total	31	21	68.26	

Appendix 2.13

(Reference: paragraph 2.6, page 45)

Rush of expenditure during March-2008

Sl. No.	No. and name of Grant/ Appropriation	Total Provision	Expenditure up to			Total Expenditure up to March 2008	Expenditure in march 2008	Percent-age of expenditure in March to total expenditure
			6/07	9/07	12/07			
1	2	3	4	5	6	7	8	9
1	Charged Appropriation-Public Debt	3681.48	354.96	584.51	869.16	1677.00	627.23	37.40
2	09-Expenditure Pertaining to Revenue Department	37.88	3.92	7.08	10.70	32.02	11.58	36.16
3	17-Co-operation	198.02	8.92	16.09	33.42	146.94	106.87	72.73
4	20-Public Health Engineering	593.06	66.95	142.36	250.65	535.49	205.69	38.41
5	21-Housing and Environment	514.72	12.95	29.05	48.68	211.32	112.91	53.43
6	22-Urban Administration and Development-Urban Bodies	266.24	16.35	50.86	109.74	256.29	142.09	55.44
7	26-Culture	54.73	4.64	10.11	15.65	51.24	27.92	54.49
8	37-Tourism	84.68	0.07	0.10	14.16	34.10	13.81	40.50
9	39-Food, Civil Supplies and Consumer Protection	148.51	26.12	45.04	50.65	120.37	51.30	42.62
10	41-Tribal Areas Sub-Plan	2283.72	165.15	410.06	797.10	1885.76	659.95	35.00
11	51-Religious Trusts and Endowments	11.43	0.10	1.61	3.78	9.31	2.91	31.26
12	53-Financial Assistance to Urban Bodies Under Scheduled Castes Sub-Plan	151.24	2.78	8.36	34.14	98.37	46.39	47.16
13	57-Externally Aided Projects pertaining to Water Resources Department	319.33	22.23	45.09	73.06	146.48	50.47	34.46

14	59- Externally Aided Projects pertaining to Rural Development Department	68.95	6.50	13.30	17.60	68.95	46.66	67.67
15	60- Expenditure Pertaining to District Plan Scheme	187.90	16.82	42.62	69.53	160.27	60.87	37.98
16	63-Minority Welfare	5.95	0.58	1.10	1.83	4.12	1.93	46.84
17	68- Financial Assistance to Tribal Area Sub-Plan- Urban Bodies	38.10	0.37	1.44	2.08	12.90	4.97	38.53
18	69-Information Technology	30.09	-	-	3.69	25.04	21.12	84.35
19	70- Externally Aided Projects pertaining to Technical Education and Training	24.22	0.06	1.80	2.14	8.95	3.37	37.65
20	78-Horticulture and Food Processing	63.85	7.58	15.39	24.70	58.98	26.55	45.02

Note:- The expenditure shown in column (7) of grant No.39,41 and 69 includes amounts of Rs.0.41 crore, Rs.29.55 crore and Rs.18.30 crore respectively aggregating to Rs.48.26 crore, which were credited to the Major Head 8443- Civil Deposits-800 Other Deposits, on 31st March 2008.

Appendix 2.14

(Reference: Paragraph 2.7.2(ii), page 46)

Substantial savings under schemes of selected grants

(Rupees in crore)

Sl. No.	Grant number and name of scheme	Saving (Percentage)		
		2005-06	2006-07	2007-08
08-Land Revenue and District Administration				
1.	2029-001-6846-Land Management	5.06 (19.28)	6.80(24.03)	7.06(23.65)
2.	2029-102-2193 -Nazul establishment	1.90 (18.23)	2.28(20.88)	3.20(25.93)
3	2029-103-0101-5045- Digitization of Cadastral Survey Maps	7.00 (100)	10.50(100)	2.28(100)
4	2053-093-1509-District Establishment	9.68 (17.50)	10.57 (16.44)	15.89 (21.80)
16-Fisheries				
5.	2405-101-0101-162-District Level Staff for Inland Fishries	1.55 (18.07)	2.23 (20.31)	4.57 (32.62)
20-Public Health Engineering				
6.	2215-01-001-523-Establishment of Water Supply Schemes of the State	1.35 (15.22)	1.69 (18.27)	2.11 (21.29)
7.	2215-02-107-0701-6263-Rural Sewerage Scheme (Complete Cleanliness Expedition)	5.02 (66.93)	3.03 (67.18)	8.24 (64.73)
22-Urban Administration and Development-Urban Bodies				
8.	2217-05-800-1201-7321-Urban Services Programme for Poor People	NA	NA	7.33 (48.83)
30-Rural Development				
9	2515-800-0101-6931-Mid-day-Meal Programme	NA	Excess	41.98 (64.35)
40-Expenditure Pertaining to Water Resources Department-Command Area Development				
10	4705-203-0701-6852-Correction of System Deficiency	1.82 (100)	3.40(100)	4.00 (100)
67-Public Works Buildings				
11	2059-01-053-3645-Maintenance of Government Higher Secondary School Buildings	NA	4.45 (48.06)	3.24 (32.40)
12	2059-01-053-5009- Maintenance of Government College Buildings	NA	NA	8.88 (59.20)
13	2059-80-052-7091-Electrical and Mechanical Establishment	Excess	Excess	2.87 (26.14)
	Total	33.38	44.95	111.65

Appendix 2.15

(Reference: Paragraph 2.7.2(ii), page 46)

Substantial excesses under schemes of selected grants

(Rupees in crore)

Sl. No.	Grant number and name of Scheme	Excess (percentage)		
		2005-06	2006-07	2007-08
20- Public Health Engineering				
1	2215-01-191-0101-7446-Narmada Water Extension Scheme for Bhopal City	NA	Saving	8.00 (53.33)
2	2215-01-799-001-Stock	Saving	Saving	3.28 (*)
3	2215-01-799-4058-Miscellaneous Public Works Advances	3.22 (*)	4.52 (*)	2.66 (*)
22-Urban Administration and Development-Urban Bodies				
4	4217-60-051-1201-7905-Development of Basic Facilities in Municipal Corporations	NA	Saving	1.25 (8.83)
5	6217-60-800-1201-7905- Development of Basic Facilities in Municipal Corporations	2.75 (*)	Saving	3.15 (1.68)
30-Rural Development				
6	2515-800-0801-7886-Transpotation of Mid-day-Meal Material	Saving	Saving	41.98 (10.21)
40-Expenditure Pertaining to Water Resources Department-Command Area Development				
7	4705-203-0701-2823-Constrution of Field Channels	0.25 (5.81)	Saving	1.97 (39.40)
67-Public Works - Buildings				
8	2059-01-051-183-Other Maintenance Works	0.90 (108.36)	Nil	3.94 (358.18)
9	2059-01-053-1576-Ordinary Repairs	7.37 (29.86)	7.91 (17.20)	4.20 (9.92)
10	2059-01-053-0101-3383-Special Repairs-Buildings	0.94 (75.05)	3.13 (48.15)	1.02 (17.00)
11	2059-80-799-1051-Stock	12.09 (151.13)	23.45 (2345.00)	5.76 (576.00)
12	2059-20-799-4056- Miscellaneous Public Works Advances	6.48 (92.57)	16.24 (1624.00)	7.75 (775.00)
13	2216-80-800-4489- Ordinary Repairs	11.97 (49.77)	5.79 (13.47)	2.16 (5.20)
	Total	45.97	61.04	87.12

* Excess against Token Provision

Appendix 2.16

(Reference: Paragraph 2.7.3, page 46)

(A) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants.

(Rupees in crore)		
Sr. No.	Description of grant and scheme	Amount of unutilized supplementary provision
(1)	(2)	(3)
08-LAND REVENUE AND DISTRICT ADMINISTRATION		
1	2053-093-1509-District Establishment	2.00
2	2053-094-619-Sub-divisional Establishment	2.08
25-MINERAL RESOURCES		
3	2853-02-001-0101-2294-Direction	0.05
30-RURAL DEVELOPMENT		
4	2515-800-0101-6931-Mid-day-Meal Programme	7.35
67-PUBLIC WORKS-BUILDINGS		
5	2059-01-051-6997-Maintenance of DIET Building	4.00
6	2059-01-053-5462- Maintenance of Commerce Industry Centers	1.00
7	2216-05-053-5469- Maintenance of Government College Hostels	1.00
Total		17.48

(B) Cases where supplementary provision proved excessive under schemes of selected grants.

(Rupees in crore)					
Sr. No.	Description of Grants and Schemes.	Original	Supple-mentary	Expendi-ture	Saving (-)
22-URBAN ADMINISTRATION AND DEVELOPMENT- URBAN BODIES					
1	6217-01-800-1201-7986-Development of Basic Facilities in Capital	25.21	11.15	31.96	4.40
67-PUBLIC WORKS-BUILDINGS					
2	2216-05-053-5466-For Maintenance of Residential Houses of Subordinate Courts	-	1.50	0.71	0.79
3	2216-05-053-5470- Maintenance of Government Education College Hostels	-	1.00	0.14	0.86
4	2216-05-053-5471- Maintenance of DIET Hostel Buildings	-	1.50	0.31	1.19
5	2059-01-053-1533-Jail Administration-Maintenance of Jail Buildings	-	2.00	1.09	0.91
6	2059-01-053-5009- Maintenance of Government College Buildings	5.00	10.00	6.12	8.88
7	2059-01-053-6996 - Maintenance of Government Teaching Colleges	0.14	2.00	0.32	1.82
8	2059-01-053-1864- Maintenance of Technical Buildings	1.60	4.00	4.72	0.8

9	2059-01-053-4220-Education-Medical Colleges (Maintenance of Buildings)	2.10	9.00	9.50	1.60
Total		34.05	42.15	54.87	21.33

(C) Cases where supplementary provision proved inadequate under schemes of selected grants.

(Rs. in crore)

Sr. No.	Description of Grants and Schemes	Original	Supplementary	Expenditure	Excess (+)
30-RURAL DEVELOPMENT					
1	2215-800-0801-7886-Transportation of Mid-day-Meal	394.41	16.83	453.22	(+) 41.98
67-PUBLIC WORKS-BUILDINGS					
2	2216-05-053-2450-Administration of Justice	0.50	1.00	2.12	(+) 0.62
22-URBAN ADMINISTRATION AND DEVELOPMENT- URBAN BODIES					
3	4217-60-051-1201-7905-Development of Basic Facilities in Municipal Corporation	8.00	6.16	15.41	(+) 8.25
4	6217-60-800-1201-7905- Development of Basic Facilities in Municipal Corporation	112.91	75.09	191.15	(+) 3.15
Total		515.82	99.08	661.90	54.00

Appendix 2.17

(Reference: Paragraph 2.7.7, page 47)

Rush of expenditure under schemes of selected grants

Sr. No.	Grant No.	Particulars of schemes	Total Expenditure	Expenditure in March-08	(Rupees in lakh)
					Percentage of Expenditure in March-08
1	16	2405-120-0701-8269-Construction of Residential Houses Under Fishermen's National Welfare Fund	32.90	32.90	100.00
2	20	2215-01-005-0101-4184-Survey of Water Supply schemes in Urban and Semi Urban Areas and drainage scheme in Major Cities	23.32	16.72	71.70
3	20	2215-01-191-0101-7446-Narmada Water Extension Scheme for Bhopal City	2300.00	2300.00	100.00
4	20	2215-01-192-0101-7447-Revised Water Supply Scheme	231.36	104.30	45.08
5	22	2217-05-800-1201-7321-Urban Services Programmes for Poor People	767.53	557.18	72.59
6	22	4217-60-051-1201-7905-Development of Basic Facilities in Municipal Corporations	1541.13	974.26	63.22
7	22	6217-60-800-1201-7905-Development of Basic Facilities in Municipal Corporations	19115.13	11115.00	58.15
8	22	6217-01-800-1201-7986-Development of Basic Facilities in Capital	3195.97	1410.00	44.12
9	30	2515-800-0801-7886-Transportation of Mid-day Meal material	45322.13	18841.88	41.57
10	67	2059-01-051-1024-Treasury and Accounts Administration	18.43	18.06	98.00
11	67	2059-01-051-3859-Public Service Commission	6.78	6.78	100.00
12	67	2059-01-051-4574-Information and Publicity	4.06	4.06	100.00
13	67	2059-01-053-1533-Jail Administration-Maintenance of Jail Buildings	109.03	109.03	100.00
14	67	2059-01-053-2553-Veterinary and Animal Health Service Programme	154.49	132.00	85.44
15	67	2059-01-053-3645-Maintenance of Government Higher Secondary School Buildings	675.61	380.17	56.27

16	67	2059-01-053-4177-Maintenance of Urban Areas Dispensaries Buildings	187.17	114.47	61.16
17	67	2059-01-053-4220-Education-Medical Colleges (Maintenance of Buildings)	949.78	721.15	75.93
18	67	2059-01-053-5004-Welfare of Tribes	30.43	30.43	100.00
19	67	2059-01-053-5009-Maintenance of Government College Buildings	612.14	427.20	69.79
20	67	2059-01-053-5459-For Maintenance Works of Sub-ordinate Courts	52.51	52.51	100.00
21	67	2059-01-053-5460-Maintenance of Archaeology Museums	11.96	11.96	100.00
22	67	2059-01-053-6996- Maintenance of Government Teaching Collages	32.01	31.34	97.91
23	67	2059-01-053-6997-Maintenance of DIET Buildings	69.72	59.72	85.66
24	67	2059-01-053-8037- Maintenance of Agriculture Farms	13.52	15.86	117.31
25	67	2059-01-053-8187- Maintenance of Buildings of Industrial Training Institutes	29.89	29.70	99.36
26	67	2216-05-053-1481-District Administration	19.93	19.93	100
27	67	2216-05-053-1523-Jails (Construction at Residential Quarters for Staff)	26.08	26.08	100.00
28	67	2216-05-053-183-Other Maintenance Works	1044.37	1044.37	100.00
29	67	2216-05-053-1864- Maintenance of Technical (Educational Institutions) Buildings	42.67	42.67	100.00
30	67	2216-05-053-2450- Administration of Justice	211.92	211.92	100.00
31	67	2216-05-053-2631-Police Administration	61.82	61.82	100.00
32	67	2216-05-053-3643-Governor House	5.51	5.51	100.00
33	67	2216-05-053-5466-For Maintenance of Residential Houses of Sub-ordinate Courts	70.93	70.92	100.00
34	67	2216-05-053-5470- Maintenance of Government Education College Hostels	13.76	13.76	100.00

Audit Report (Civil) for the year ended 31 March 2008

35	67	2216-05-053-5471- Maintenance of DIET Buildings Hostels	31.35	31.35	100.00
36	67	2216-05-053-5472- Maintenance of Industrial Training Institute Hostels	53.17	53.17	100.00
37	67	2216-05-053-6220-Public Works Department	76.03	76.03	100.00
Total			77144.54	39154.21	

Appendix-3.1

(Reference: paragraph 3.1.7.4 , page 58)

Statement showing irregular selection of watershed projects in areas with preponderance of agriculture land under DPAP

(Area in hectare/Rupees in crore)

Name of ZP	Name of watershed programme	No. of micro-watersheds	Total area selected	Agriculture land with percentage	Forestland/ Wasteland community/ Government land (with percentage)	Total cost of Agriculture land
Barwani	DPAP	16	8000	6685 (84)	1315 (16)	4.01
Betul	DPAP	28	13902	10614 (76)	3288 (24)	6.37
Chhindwara	DPAP	90	39586	31097 (79)	8489 (21)	18.66
Damoh	DPAP	5	2500	2189 (88)	311 (12)	1.31
Dhar	DPAP	56	23947	17745 (74)	6202 (26)	10.65
Jhabua	DPAP	21	9725	7423 (76)	2302 (24)	4.45
Khargone	DPAP	22	10952	8205 (75)	2747 (25)	4.92
Khandwa	DPAP	11	6069	4417 (73)	1652 (27)	2.65
Rewa	DPAP	10	5000	4456 (89)	544 (11)	2.67
Shivpuri	DPAP	6	1627	1305 (80)	322 (20)	0.78
Shajapur	DPAP	16	8564	6596 (77)	1968 (23)	3.96
Sidhi	DPAP	11	5707	4225 (74)	1482 (26)	2.54
Total		292	135579	104957 (77)	30622 (23)	62.97

Appendix 3.2

(Reference: paragraph 3.1.7.5, page 58)

Statement showing re-selection of already treated villages

Name of Zila Panchayat	Name of Block	(Area in hectare/Rupees in lakh)					
		Villages already treated under NWDPR			Villages re-selected for treatment under DPAP		
		Name of village	Area treated	Expenditure	Area	Cost	Expend-iture upto March-2008
Barwani	Barwani	Dhabababdi	390	17.55	500	30.00	14.57
	Thikari	Bhamauri	210	9.03	500	30.00	11.07
Betul	Chincholi	Jamli	4012	94.55	500	30.00	-
		Godna			500	30.00	8.31
		Dudhiya along with 4 other villages			500	30.00	9.83
		Barangwadi along with two other villages	497	10.87	300	18.00	-
	Bhimpur	Hidali (alongwith two other villages)	780	10.40	500	30.00	16.47
		Kutanga + Mungajhiri	2061	50.66	500	30.00	22.14
		Khama,ur			500	30.00	23.93
		Khatapani			448	26.88	21.48
		Dori (along-with other one)			496	29.76	15.47
	Bhesdehi	Raxi	3011	62.55	500	30.00	4.00
		Beldhana			475	28.50	11.44
		Dhokara Raiyat along with 6 other villages			525	31.50	7.49
	Prabhatpattan	Morand	3295	66.01	500	30.00	14.63
		Jamthi Sawasan along with two other villages			500	30.00	18.98
Jhabua	Ranapur	Chhapari	2022	38.44	400	39.00	32.10
		Padalwa (along with two other)			250		
	Udaygarh	Khandalaraw (along with one other)	1331	17.20	450	60.00	-
		Pipliya			550		
Khandwa	Khandwa	Piplyathar	366.75	17.09	500	60.00	9.82
		Surgaon nipani			500		
Damoh	Damoh	Hathna	462	19.23	500	30.00	12.51
		Piparia (alongwith 3 other villages)			500	30.00	9.18
Rewa	Maugani	Rakri	1247	30.11	500	30.00	3.06
		Sareha			500	30.00	0.34
		Amokhar			500	30.00	1.81
		Padhar (alongwith 3 other villages)			500	30.00	0.44
	Gangev	Budbha	120	6.27	500	30.00	1.54
		Jarha (alongwith 8 other villages)	103	3.38	500	30.00	2.09
		Total No. of villages-30		453.34	14394	863.64	272.70

Appendix 3.3

(Reference: paragraph 3.1.7.6 , page 59)

Statement showing Selection of micro-watershed (villages) falling under command areas of Irrigation projects

Name of ZP	Name of Irrigation Project	Name of villages which are falling under the command area of the Irrigation Projects	Name of watershed programme in which these villages has been selected for treatment	Area selected in hectare	Cost of area (Rupees in lakh)
1	2	3	4	5	6
Betul	Sanpana Dam	Ankawadi + Parsodi	DPAP	500	30.00
	Sonkhedi Dam	Niman wada	DPAP	500	30.00
	Jhagadiya Dam	Jhagadiya	DPAP	300	18.00
	Gondigola Dam	Sarandai	DPAP	511	30.66
	Pawar Jhando dam	Pawar Jhanda	DPAP	500	30.00
	Pahawadi Dam	Pahawadi power jhanda	DPAP	500	30.00
	Mathani Dam	Mathani	DPAP	300	18.00
	Lalawadi Dam	Lalawadi	DPAP	500	30.00
	Pusli Dam	Dhanora	DPAP	500	30.00
	Jeetu Dhana Dam	Ratanpur	DPAP	562	33.72
	Khokhara Dam	Khokhara, Narharpur, Katkuhi	DPAP	301	18.06
				609	36.54
				590	35.40
	Kursi Dam	Mathani	DPAP	500	30.00
		14		6673	400.38
Chhindwara	Karaboh Dam	Khajri	DPAP	687	41.22
	Karaboh Dam	Karaboh	DPAP	791	47.46
	Sakarwada Dam	Ranikamath	DPAP	573	34.38
	Ghoghari Dam	Mehlon	DPAP	350	21.00
	Mursani Dam	Bichhua	DPAP	380	22.80
	Dolapanjra Dam	Jamuniya	DPAP	600	36.00
	Mayawadi lift irrigation scheme	Mayawadi	DPAP	400	24.00
	Haranbhata lift irrigation scheme	Haranbhata	DPAP	650	39.00
		8		4431	265.86
Dhar	Dhantoli tank	Dantoli	DPAP	550	33.00
	Govindpura tank	Badveli	DPAP	500	30.00
	Govindpura tank	Govindpura	DPAP	286	17.16
	Mahaveer pavitra	Amodiya	DPAP	500	30.00
	Anandkhedi tank	Tandakheda	DPAP	500	30.00
	Anandkhedi tank	Moyakheda	DPAP	400	24.00
	Anandkhedi tank	Hanurantya kag	DPAP	550	33.00
	Kakadwa tank	Kakdwa	DPAP	525	31.50
	Nakhli tank no.1	Narwali	DPAP	484	29.04
	Singachori tank	Chamjhar	DPAP	500	30.00
	Jotgarh tank	Gardi	DPAP	602	36.12
	Jotgarh tank	Jetgarh	DPAP	413	24.78
	Piprani tank no.1	Piprani	DPAP	500	30.00
		13		6310	378.60

Contd...

Audit Report (Civil) for the year ended 31 March 2008

1	2	3	4	5	6
Khargone	Adampura Tank	Adampura	DPAP	500	30.00
	Dalki Tank	Dalki	DPAP	500	30.00
	Kamodwada Tank	Kamodwada	DPAP	500	30.00
		3		1500	90.00
Khandwa	Deshgoan Tank No.2	Sahejala	DPAP	1200	72.00
	Saliya Tank	Saliya	DPAP	800	48.00
	Patajan Tank	Patajan	DPAP	400	24.00
	Dagarkot Tank	Dagarkot	DPAP	1500	90.00
	Dabhiya Tank	Dabhiya	DPAP		
	Jamdhara	Jamdhara	DPAP	700	42.00
	Gulardhana Tank	Gulardhana	DPAP	800	48.00
		7		5400	324.00
Shajapur	Chillar Medium Irrigation Tank	Tookrana	DPAP	513	30.78
		Bheelwadiya	DPAP	397	23.82
		Loharwas	DPAP	250	15.00
		Chhatgoan	DPAP	400	24.00
		Chausala	DPAP	350	21.00
		Banakhedi	DPAP	200	12.00
		Delodari	DPAP	300	18.00
	Amalaverdiya Tank	Kadari	DPAP	560	33.60
		Kachaliya	DPAP	420	25.20
	Rawali Lift Irrigation Scheme	Amarkot	IWDP	250	15.00
	Sajod Dam	Bardiyasone	DPAP	520	31.20
		Chausla kulmi	DPAP	847	50.82
		Akya	DPAP	270	16.20
		Sajod	DPAP	258	15.48
		14		5535	332.10
Rewa	Sengari	Rampur	DPAP	500	30.00
	Mauganj Tank	Barria kala	DPAP	500	30.00
	Padar Tank	Padar Tank	DPAP	500	30.00
	Ramsagar Tank	Rakri	DPAP	500	30.00
		4		2000	120.00
	Grand Total	63		31849	1910.94

Appendix 3.4

(Reference: paragraph 3.1.8.1, page 59)

Statement showing position of physical targets and achievements of test checked Zila Panchayats

(Area in hectare & Rupees in crore)

Name of watershed programme	Sanctioned project		No. of years completed as on March-2008	Target of land treatment	Proportionate target upto March 2008	Achievement with percentage	Shortfall with percentage	Expenditure incurred as of March-2008
	No.	Period						
DPAP-6 th Batch	399	2000-05	8 years	199500	199500	182814 (92)	16686 (8)	113.02
DPAP-7 th Batch	161	2001-06	7 years	80500	80500	65278 (81)	15222 (19)	39.82
DPAP-8 th Batch	219	2002-07	6 years	109500	109500	60913 (56)	48587 (44)	38.37
DPAP-9 th Batch	198	2003-08	5 years	99000	99000	58881 (59)	40119 (41)	39.18
DPAP-10 th Batch	198	2004-09	4 years	99000	89100	44102 (49)	44998 (51)	28.78
DPAP-11 th Batch	226	2005-10	3 years	113000	84750	36368 (43)	48382 (57)	25.71
DPAP-12 th Batch	237	2006-11	2 years	118580	53361	8911 (17)	44450 (83)	8.47
IWDP-I	2	2000-05	8 years	19581	19581	18532 (95)	1049 (5)	11.02
IWDP-II	4	2001-06	7 years	24232	24232	20029 (83)	4203 (17)	13.82
IWDP-III	1	2002-07	6 years	7972	7972	7659 (96)	313 (4)	5.42
IWDP-IV	2	2003-08	5 years	9895	9895	7818 (79)	2077 (21)	6.11
IWDP-V	7	2005-10	3 years	34125	25594	11074 (43)	14520 (57)	8.48
IWDP-VI	2	2006-11	2 years	10000	4500	1621 (36)	2879 (64)	1.69
Total	1656			924885	807485	524000 (65)	283485 (35)	339.89

Audit Report (Civil) for the year ended 31 March 2008

Appendix 3.5

(Reference: paragraph 3.1.9, page 63)

Part-I

Statement showing the pre and post classification status of land in DPAP blocks as per revenue records during 1999-2000 to 2006-07

(Area in hectare)

Name of district	Year	Total area as per village paper	Revenue forest	Barren land	Area under non-agriculture use	Wasteland available for cultivation after some improvement	Grazing land	Current fallow land	Net sown area
Barwani	2000-2001	370819	24077	59263	22421	10728	16654	5463	232213
	2006-07	370819	24442	72272	25252	9792	4333	5736	228984
	Difference	-	+365	+13009	+2831	-936	-12321	+273	-3229
Dhar	1999-2000	407036	803	50033	30550	10509	29117	4445	281579
	2006-07	407036	2260	60335	32470	7765	25131	3397	279258
	Difference	-	+1457	+10302	+1920	-2744	-3986	-1048	-2321
Khargone	1999-2000	300493	25594	14658	13821	14150	26209	4756	201305
	2006-07	300493	25721	16656	15510	15806	23983	4528	198289
	Difference	-	+127	+1998	+1689	+1656	-2226	-228	-3016
Jhabua	1999-2000	556009	11229	58306	54212	26240	35829	11853	358340
	2006-07	554924	10917	83414	57245	25814	8695	9323	359516
	Difference	1085	-312	+25108	+3033	-426	-27134	-2530	+1176
Chhindwara	1999-2000	569124	85859	20194	35727	14877	34697	49195	328574
	2006-07	569124	85781	19170	36662	13980	35320	60486	317725
	Difference	-	78	-1024	+935	-897	+623	+11291	-10849
Khandwa	1999-2000	439798	15166	8183	38728	211	52854	19288	305368
	2006-07	439798	15081	8239	59801	157	49839	15963	290718
	Difference	-	-85	+56	+21073	-54	-3015	-3325	-14650
Betul	1999-2000	724771	113099	25393	46106	46353	26723	59417	407680
	2006-07	724771	113665	25942	46819	40928	27296	65499	404622
	Difference	-	+566	+549	+713	-5425	+573	+6082	-3058
Shajapur	1999-2000	318268	Nil	20777	27025	11491	35087	1491	222397
	2006-07	319111	Nil	26456	30195	5964	25894	1661	228941
	Difference	-	+794	Nil	+5679	-5527	-9193	+170	+6544
Shivpuri	1999-2000	432957	8865	34473	23967	51305	20745	99100	194502
	2006-07	432957	8840	35268	23565	44569	20989	31570	268156
	Difference	-	-25	+795	-402	-6736	+244	-67530	+73654
Damoh	1999-2000	230663	22465	21996	14310	6648	13537	6574	145133
	2006-07	230633	22130	22333	14410	5643	12597	4953	148597
	Difference	-	-335	+337	+100	-1005	-940	-1621	+3464
Rewa	1999-2000	204064	-	12493	22016	3379	8740	14178	143258
	2007-2008	198120	-	9000	21980	2431	7411	18162	139136
	Difference	-5944	-	-3493	-36	-948	-1329	+3984	-4122
Sidhi	1999-2000	677164	75740	29360	74633	61675	-	58322	377433
	2007-2008	636385	31927	16568	83737	65183	14018	75696	349251
	Difference	-40779	-43813	-12792	+9104	+3508	+14018	+17374	-28182

Part-II

Statement showing the status of net sown area, barren land and non-agriculture use land of blocks of test-checked districts

Sl. No.	Name of Districts	Net sown area			Barren Land			Non-agriculture use land		
		2000	2007	Difference	2000	2007	Difference	2000	2007	Difference
1	Barwani	232213	228984	-3229	59263	72272	13009	22421	25252	2831
2	Dhar	281579	279258	-2321	50033	60335	10302	30550	32470	1920
3	Khargone	201305	198289	-3016	14658	16656	1998	13821	15510	1689
4	Jhabua	358340	359516	+1176	58306	83414	25108	54212	57245	3033
5	Khandwa	305368	290718	+14650	8183	8239	-56	38728	59801	21073
6	Betul	407680	404622	-3058	25393	25942	549	46106	46819	713
7	Shajapur	222397	228941	+6544	20777	26456	5679	27025	30195	3170
8	Damoh	145133	148597	+3464	21966	22333	337	14310	14410	100
	Total	2154015	2138925	-26274 +11184 -15090	258609	315647	57038	247173	281702	34529

	2000	2007	Difference
Barren land	258609	315647	57038
Non-agriculture land use	247173	281702	34529
Total	505782	597349	91567

Appendix 3.6

(Reference: paragraph 3.2.2, page 68)

Statement showing Organisational set up chart for Mid Day Meal Scheme

State level ↓	→ Principal Secretary Panchayat and Rural Development Department (Nodal Department) ↓ Development Commissioner (Implementing Agency)
District level ↓	→ District Collector ↓ Chief Executive Officer, Zila Panchayat
Block level ↓	→ <ul style="list-style-type: none"> • Block Education Officer • Chief Executive Officer, Janpad panchayat
School level	→ <ul style="list-style-type: none"> • Nagriya Nikay/Gram Panchayats • Parent Teacher Associations • Self Help Groups.

Appendix 3.7

(Reference : Paragraph 3.2.6.2, page 70)

Statement showing data of minus balances of conversion cost with PTAs

Sr. no.	Name of District	No. of school test checked	Year 2004-05				Year 2005-06				Year 2006-07				Year 2007-08			
			No. of schools reported minus balance of cooking cost	Fund availability	Actual expenditure	Minus balance	No. of schools reported minus balance of cooking cost	Fund availability	Actual expenditure	Minus balance	No. of schools reported minus balance of cooking cost	Fund availability	Actual expenditure	Minus balance	No. of schools reported minus balance of cooking cost	Fund availability	Actual expenditure	Minus balance
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Bhopal	20	1	19586	38406	-18820	1	0	85179	-85179	0	0	0	0	3	73548	111042	-37494
2	Bhind	20	1	2995	6648	-3653	1	17697	24381	-6684	1	29661	37604	-7943	8	201267	245388	-44121
3	Burhanpur	20	3	96162	133239	-37077	7	179674	286722	-107048	3	68304	239384	-171080	1	56475	64938	-8463
4	Narsinghpur	20	3	43518	56960	-13442	1	11744	16302	-4558	3	82285	90186	-7901	6	166143	181250	-15107
5	Shajapur	20	4	82845	102479	-19634	9	195466	291719	-96253	11	284209	368291	-84082	9	206600	248693	-42093
6	Shivpuri	20	4	64008	72535	-8527	8	176976	191071	-14095	8	215859	258417	-42558	7	205099	249680	-44581
7	Dindori	5	0	0	0	0	0	0	0	0	0	0	0	0	4	131430	175088	-43658
8	Shahdol	32	0	0	0	0	0	0	0	0	0	0	0	0	15	416648	529306	-112658
9	Betul	20	5	133597	164117	-30523	8	191211	262536	-71325	4	137410	155340	-17930	1	41571	42416	-845
10	Mandla	20	4	42046	46854	-4808	5	64772	76867	-12095	4	87298	100213	-12915	2	70623	73092	-2469
11	Jhabua	20	4	85709	93259	-7550	6	78571	110982	-32411	11	306222	368677	-62455	2	87611	113342	-25731
12	Khargone	20	15	430533	523545	-93012	13	399646	483716	-84070	3	83760	116671	-32911	5	140874	175885	-35011
	Total	237	44	1000999	1238042	-237046	59	1315757	1829475	-513718	48	1295008	1734783	-439775	63	1797889	2210120	-412231

Data source : Test checked schools.

Appendix 3.8

(Reference: paragraph 3.2.7.1, page 71)

Statement showing enrolment, retention and dropout of students in primary schools

Year	Enrolment as per Scheme	Percentage of increase/decrease in enrolment	No. of beneficiaries availed MDM	Per cent of beneficiaries no. of beneficiaries wrt enrolment	Dropout rate(%) in MDM as per PRDD records	Retention rate(%) in MDM as per PRDD records	Dropout (No. of students)	Retention (No. of Students)	(Number of students in lakh)	
									New enrollment as per dropout rate of last year and enrolment shown in current year	Increase/decrease percentage of new enrolment
1	2	3	4	5	6	7	8	9	10	11
2003-04	76.94	--	NA	NA	24	76	18.47	58.47	--	--
2004-05	82.52	7	NA	NA	21	79	17.33	65.19	24.05	--
2005-06	88.92	8	NA	NA	20	80	17.78	71.14	23.73	-1
2006-07	89.15	0	76.11	85	18	82	16.05	73.10	18.01	-24
2007-08	84.90	-5	67.03	79	16	84	13.58	71.32	11.80	-35

Source : Panchyat and Rural Development Department.

Appendix 3.9

(Reference: paragraph 3.2.7.2, page 72)

Statement showing enrolment, Average attendance, retention and trend thereof

Sr. No.	Name of District	No. of schools test checked	Year	MDM run day	Enrolment Class I to V	Trend of enrolment percent over the year	Total beneficiaries Class I to V	Average Attendance Class I to V	Average attendance Rate Class I to V	Retention (Class)
1	2	3	4	5	6	7	8	9	10	11
1	Bhopal	20	2003-04	3116	2520		483733	2117	84	566 I
			2004-05	4119	3584	42	681817	2938	82	665 II
			2005-06	4629	4003	12	746378	3200	80	806 III
			2006-07	4618	3594	-10	692662	2963	82	733 IV
			2007-08	4670	3371	-6	615654	2630	78	729 V
2	Burhanpur	20	2003-04	4675	3897		697280	2980	76	880 I
			2004-05	4702	3826	-2	672471	2857	75	798 II
			2005-06	4703	3742	-2	693204	2940	79	842 III
			2006-07	4618	3606	-4	656562	2847	79	691 IV
			2007-08	4678	3443	-5	529947	2268	66	561 V
3	Shajapur	20	2003-04	4604	1707		320195	1396	82	408 I
			2004-05	4631	1771	4	341456	1475	83	356 II
			2005-06	4701	1727	-2	337967	1438	83	341 III
			2006-07	4688	1819	5	351958	1503	83	306 IV
			2007-08	4706	1872	3	370129	1573	84	301 V
4	Dindori	5	2003-04	1058	585		118541	526	90	173 I
			2004-05	1100	587	0	120125	538	92	140 II
			2005-06	1156	637	9	130292	578	91	137 III
			2006-07	1154	731	15	145430	644	88	141 IV
			2007-08	1168	697	-5	131545	563	81	178 V
5	Narsinghpur	20	2003-04	4697	2721		541264	2306	85	525 I
			2004-05	4645	2607	-4	493547	2136	82	494 II
			2005-06	4466	2550	-2	465510	2127	83	513 III
			2006-07	4653	2370	-7	456888	1966	83	479 IV
			2007-08	4682	2254	-5	401565	1712	76	482 V
6	Bhind	20	2003-04	4638	1448		289590	1252	86	327 I
			2004-05	4656	1582	9	318760	1369	87	304 II
			2005-06	4615	1623	3	319656	1391	86	305 III
			2006-07	4671	1607	-1	322674	1383	86	287 IV
			2007-08	4547	1591	-1	299203	1323	83	306 V
7	Shivpuri	20	2003-04	4680	2429		383504	1639	68	657 I
			2004-05	4668	2614	8	413490	1769	68	570 II
			2005-06	4676	2792	7	413392	1769	63	525 III
			2006-07	4697	2935	5	433224	1845	63	459 IV
			2007-08	4699	3282	12	439341	1871	57	434 V
8	Shahdol	32	2003-04	6964	2416		289244	1257	52	673 I
			2004-05	7538	2670	11	371832	1589	60	610 II
			2005-06	7478	2791	15	405960	1738	62	601 III
			2006-07	7566	2772	-	429423	1815	65	536 IV
			2007-08	7378	2885	4	498325	2159	75	613 V

Audit Report (Civil) for the year ended 31 March 2008

1	2	3	4	5	6	7	8	9	10	11	
9	Betul	20	2003-04	4702	2786	-	519652	2211	79	555	I
			2004-05	4673	2735	-2	489320	2094	77	492	II
			2005-06	4713	2665	-3	512925	2177	82	551	III
			2006-07	4737	2540	-5	487918	2059	81	580	IV
			2007-08	4457	2382	-6	464077	2035	85	581	V
10	Mandla	20	2003-04	4671	1631		272393	1167	72	432	I
			2004-05	4680	1675	3	295987	1267	76	348	II
			2005-06	4677	1608	-4	302192	1292	80	341	III
			2006-07	4694	1659	3	314415	1332	80	330	IV
			2007-08	4684	1790	8	344330	1470	82	308	V
11	Khargone	20	2003-04	4431	2832		441072	1991	70	596	I
			2004-05	4485	2963	5	517233	2301	78	559	II
			2005-06	4873	3075	4	528080	2181	71	588	III
			2006-07	4635	3108	1	518890	2242	72	578	IV
			2007-08	4577	2943	-5	490505	2138	73	573	V
12	Jhabua	20	2003-04	3587	1718		201392	1113	65	476	I
			2004-05	4335	1990	16	329505	1496	75	431	II
			2005-06	4319	2184	10	364514	1667	76	403	III
			2006-07	4491	2319	6	398108	1765	76	382	IV
			2007-08	4381	2406	4	386173	1756	73	348	V
	Total	237	2003-04	51823	26690		4557860	19955	75	6268	I
			2004-05	54232	28604	7	5045543	21829	76	5767	II
			2005-06	55006	29397	3	5220070	22498	77	5953	III
			2006-07	55222	29060	-1	5208152	22364	77	5502	IV
			2007-08	54627	28916	0	4970794	21498	74	5414	V

Note-Data shown in column 9 is total average attendance of the no. of schools checked in the districts.

Appendix 3.10

(Reference: paragraph 3.2.11.3, page 77)

Statement showing non-distribution of IFA and Albendazol tablets in test checked schools

Sr. No.	Name of district	No. of Schools test checked	Year 2005-06				Year 2006-07				Year 2007-08			
			No. of schools where IFA tablets were not distributed	No. of students deprived of IFA tablets	No. of schools where Albendazol tablets were not distributed	No. of students deprived of Albendazol tablets	No. of schools where IFA tablets were not distributed	No. of students deprived of IFA tablets	No. of schools where Albendazol tablets were not distributed	No. of students deprived of Albendazol tablets	No. of schools where IFA tablets were not distributed	No. of students deprived of IFA tablets	No. of schools where Albendazol tablets were not distributed	No. of students deprived of Albendazol tablets
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Betul	20	1	23	2	81	15	1795	15	1795	18	2273	18	2273
2	Bhind	20	1	97	6	407	2	91	7	409	6	521	11	891
3	Bhopal	20	2	295	2	295	2	252	2	252	13	1681	17	2426
4	Burhanpur	20	0	0	0	0	13	2007	16	2719	4	690	19	3220
5	Dindori	5	5	638	5	638	5	731	5	731	1	128	5	697
6	Jhabua	20	2	254	4	461	13	1662	18	2076	9	1162	16	1985
7	Khargone	20	5	665	8	1500	17	2587	18	2818	19	2793	20	2935
8	Mandla	20	3	251	13	1015	10	931	14	1218	13	1069	18	1633
9	Narsinghpur	20	1	238	9	1499	18	2175	20	2382	17	2015	18	2056
10	Shahdol	32	28	2508	32	2815	28	2490	31	2735	2	142	24	2115
11	Shajapur	20	9	811	12	1106	13	1204	15	1414	19	1708	20	1858
12	Shivpuri	20	1	233	1	233	2	349	4	971	15	2689	15	2689
	Total	237	58	6013	94	10050	138	16274	165	19520	136	16871	201	24778

Data source : Test checked schools.

Appendix –3.11

(Reference: paragraph 3.2.12.1, page 77)

Statement showing the position of infrastructure in test checked districts

(Figures in numbers)

Sl. No.	District	Year	Number of schools	Schools having Pucca Kitchen shed	Schools having Drinking water facility	Schools having Kitchen devices	Schools having Gas based/ smoke less chullahs
1	Betul	2007-08	1993	580	1993	1993	Nil
2	Bhind	2007-08	1797	903	1665	1567	66
3	Bhopal	2007-08	977	248	765	NA	86
4	Burhanpur	2007-08	543	383	418	479	Nil
5	Dindori	2007-08	1390	1250	804	NA	Nil
6	Jhabua	2007-08	3664	NA	3664	NA	Nil
7	Khargone	2007-08	2581	1079	2331	2581	Nil
8	Mandla	2007-08	2072	1019	2037	NA	Nil
9	Narsinghpur	2007-08	1219	642	1219	1219	196
10	Shahdol	2007-08	1604	1200	1437	NA	Nil
11	Shajapur	2007-08	1534	1050	1526	1450	229
12	Shivpuri	2006-07	2273	444	1880	2273	Nil

Data source : Zila Panchayats of checked districts.

Appendix 3.12

(Reference: paragraph 3.3.7.2, page 87)

Statement showing incomplete schemes under Tribal Sub Plan

(Rupees in lakh)

Sl. No.	Name of District	Name of Schemes	Year of AA	Estimated Cost	Designed Potential (Hectare)	Up-to-date Expenditure	Reasons for delay
1	2	3	4	5	6	7	8
1	Badwani	Ralawati Talab	2001	1385.36	1843	1723.89	Canal work is in progress
2	Badwani	Jhiri janni Talab	2006	240.47	221	104.44	work is in progress
3	Badwani	Pisnawal Talab	2006	239.52	240	233.49	work is in progress
4	Badwani	Jaliyapaani Talab	2001	449.20	635	584.07	Canal work is in progress
5	Badwani	Gaurikheda Talab	2005	310.15	315	236.34	work is in progress
6	Badwani	Deodhar Talab	2006	623.90	625	228.04	Work is to be started
7	Badwani	Kaanpuri Talab	2002	74.86	100	100.08	Canal work is in progress
8	Badwani	Karanpura Talab	2005	82.25	85	5.56	Work is to be started
9	Badwani	Dharapani Talab	1998	61.25	125	1.83	Tender work is in progress
10	Badwani	Sawarda Talab	2001	84.43	112	-----	Refusal by local villagers
11	Badwani	Talawadi Talab	2003	69.40	82	-----	Proposed for deletion
12	Badwani	Juliya kundia Talab	1982	45.29	270	49.18	Delay due to forest clearance
13	Badwani	Rajpura Talab	2002	60.00	80	----	Delay due to forest clearance
14	Badwani	Kekadia Talab	2001	65.02	86	62.34	Canal work is in progress
15	Khargone	Junapani tank	2002	216.84	259	280.67	Work is in progress
16	Khargone	Bagri mata tank	2002	96.54	129	120.23	Work is in progress
17	Khargone	Deori No. 2 tank	2002	598.70	850	644.35	Work is in progress
18	Khargone	Chhoti oon tank	2003	100.88	135	137.30	Work is in progress
19	Dindori	Bargi tank tank	1983	167.25	340	152.23	Inadequacy of funds
20	Dindori	Ramnagar tank	1983	296.92	195	182.93	Inadequacy of funds
21	Dindori	Kachhari tank	1991	260.50	269	228.49	Inadequacy of funds
22	Dindori	Pakla tola tank	1991	94.50	52	74.35	Inadequacy of funds
23	Dindori	Kharganna tank	2003	115.72	121	4.38	Inadequacy of funds

Audit Report (Civil) for the year ended 31 March 2008

1	2	3	4	5	6	7	8
24	Dindori	Jatadori tank	2003	114.81	121	1.50	Inadequacy of funds
25	Dindori	Bhagwanpura tank	1989	140.90	146	0.79	Inadequacy of funds
26	Dindori	Gorakhpur tank	1991	114.89	190	89.78	Inadequacy of funds
27	Dindori	Raacho tank	2003	124.20	183	14.25	Inadequacy of funds
28	Dindori	Udaar tank	2004	121.01	134	2.06	Inadequacy of funds
29	Dindori	Banjartola tank	2004	121.63	125	60.03	Inadequacy of funds
30	Dindori	Kisalpuri tank	2004	48.55	51	4.30	Inadequacy of funds
31	Dindori	Chhapni tank	2004	41.27	42	3.17	Inadequacy of funds
32	Dindori	Silghity tank	2004	137.40	166	0.20	Inadequacy of funds
33	Dindori	Ramnepur tank	2004	72.56	88	1.49	Inadequacy of funds
34	Dindori	Barga tank	2004	98.59	138	14.58	Inadequacy of funds
35	Dindori	Karaunda tank	2004	130.56	125	21.39	Inadequacy of funds
36	Dindori	Bilaikhar tank	2004	102.59	105	10.84	Inadequacy of funds
37	Dindori	Ghopatpur tank	2004	57.83	60	1.40	Inadequacy of funds
38	Dindori	Keolari tank	2004	114.56	121	13.53	Inadequacy of funds
39	Dindori	Dadananala tank	2005	709.12	1394	24.21	Inadequacy of funds
40	Dhar	Abdullapura tank	2004	303.75	305	240.02	Work is in progress
41	Dhar	Bagedi tank	2002	1770.92	1430	1597.88	Work is in progress
42	Dhar	Khaniamba tank	2003	447.16	450	215.49	Work is in progress
43	Dhar	Khokharia tank	2004	210.86	290	181.28	Work is in progress
44	Dhar	Mandawti tank	2005	1848.38	1853	1607.82	Work is in progress
45	Dhar	Kujrod tank	2005	183.25	184	208.35	Work is in progress
46	Dhar	Sitlamata tank	2005	135.73	139	93.84	Work is in progress
47	Dhar	Banjari tank	2005	204.74	224	108.11	Work is in progress
48	Dhar	Dhuknikhaltank	2005	158.60	162	115.10	Work is in progress
49	Dhar	Chhatwani tank	2005	89.12	84	19.13	Work is in progress
50	Dhar	Dilwara tank	2005	366.22	60	340.87	Work is in progress
51	Dhar	Haidri tank	2003	96.06	77	54.92	Delay due to forest clearance
52	Seoni	Hirrichhapara tank	1991	89.03	101	27.76	Non availability of fund
53	Seoni	Baigapiparia tank	1989	189.79	140	38.82	Work is in progress
54	Seoni	Gorakhpur tank	1989	215.95	267	182.95	Canal work is in progress

55	Seoni	Ghutna tank	1999	248.25	283	40.35	Agitation by cultivators
56	Seoni	Kutmaili tank	1999	100.50	152	60.18	Delay from contractor's side
57	Seoni	Atariya tank	1999	202.05	273	166.71	Work is in progress
Total					16832		

Data source: Progress reports of W.R. Divisions

Appendix 3.13

(Reference: *paragraph 3.3.8.2, page 90*)

Statement showing loss of production of additional food grains due to under-utilization of created irrigation potential (considering 50 per cent utilization in moderate conditions)

- 50 per cent utilization on moderate considerations: 45,930 hectares (ha)
- Actual average utilization during plan period 24,518 ha
- Under-utilization of created irrigation potential 21,412 ha

Pre-development conditions					
Crop	Area in ha	Yield per ha (Qtls)	Total Production (Qtls)	Cost per Qtl (Rupees)	Total Cost
Soyabean (40%)	8564.80	10	85,648.00	1500	12,84,72,000
Ground nut (8%)	1712.96	10	17,129.60	1200	2,05,55,520
Juwar (20%)	4282.40	06	25,694.40	600	1,54,16,640
Pulses (14%)	2997.68	08	23,981.44	1000	2,39,81,440
Cotton (18%)	3854.16	10	38,541.60	1800	6,93,74,880
				Total	25,78,00,480
Post-development conditions					
Cotton Imp (15%)	3211.80	25	80,295.00	2000	16,05,90,000
Soyabean (15%)	3211.80	15	48,177.00	1500	7,22,65,500
Ground nut (10%)	2141.20	15	32,118.00	1200	3,85,41,600
Moong (12%)	2569.44	10	25,694.40	2458	6,31,56,538
Hy.Wheat (24%)	5138.88	20	1,02,777.60	1100	11,30,55,360
Gram (24%)	5138.88	08	41,111.04	1400	5,75,55,456
				Total	50,51,64,751

Addition production of food grain valuing Rs.24,73,64,271 (Rs.505164751- Rs.257800480)

Data source: Detailed Project Report –Mandleshwar Dn

Appendix 3.14

(Reference: paragraph 3.4.1, page 100)

Statement showing physical and financial progress of the Major, medium and minor irrigation projects in Narmada Tapti Basin

(Rupees in lakh)

Unit	No. of projects	Sanctioned Cost	Amount spent	Designed Irrigation Potential (ha)	Irrigation Potential created
AIBP					
(a) 41/4702					
Project completed	01	65.76	67.07	119	119
Project in progress	33	10120.28	4490.53	10571	--
Work not started	01	458.47	--	462	--
Total (a) 41/4702	35	10644.51	4557.60	11152	119
(b) 45/4702					
Project completed	--	--	--	--	--
Project in progress	17	5519.05	1862.09	5734	--
Work not started	--	--	--	--	--
Total (b) 45/4702	17	5519.05	1862.09	5734	--
Total (a)+(b)					
Project completed	01	65.76	67.07	119	119
Project in progress	50	15639.33	6352.62	16305	--
Work not started	01	458.47	--	462	--
Total (a)+(b) -AIBP	52	16163.56	6419.69	16886	119
NABARD					
Project completed	93	15603.01	17228.87	20702	20702
Project in progress	97	9379.05	23089.48	14287	--
Work not started	01	46.79	--	65	--
Total NABARD	191	25028.85	40318.35	35054	20702
Departmental					
Project completed	13	837.34	837.61	1172	1172
Project in progress	59	8889.70	4074.13	9430	--
Work not started	97	36178.25	--	37266	--
Total Departmental	169	45905.29	4911.74	47868	1172
275 (i)					
Project completed	01	50.00	50.00	40	40
Project in progress	15	1217.06	759.44	1310	--
Work not started	05	538.17	--	507	--
Total 275 (i)	21	1805.23	809.44	1857	40
Grand Total					
Project completed	108	16556.11	18183.55	22033	22033
Project in progress	221	35125.14	34275.67	41332	--
Work not started	104	37221.68	--	38300	--
Grand Total	433	88902.93	52459.22	101665	22033
Mahi Ongoing Major Project	01	20356.00	28318.00	26400	--

Appendix 3.15

(Reference: paragraph 3.4.2.3., page 102)

Statement showing irregular utilisation of savings of AIBP Funds

(Rupees in lakh)					
S. No.	Project	Allotment	Expenditure	Savings	Excess
Grant No. 41/4702					
1	Mandawati Tank	705.00	868.99	--	163.99
2	Nayakhokhariya Tank	90.00	98.79	--	8.79
3	Dhukankhal Tank	90.00	103.54	--	13.54
4	Jamunjhiri Tank	285.00	--	285.00	--
5	Kunjrod Tank	25.00	27.47	--	2.47
6	Banjari Tank	80.00	25.52	54.48	--
7	Sitalamata Tank	40.00	18.96	21.04	--
8	Chhagola Tank	15.00	23.99	--	8.99
9	Dharia Tank	30.00	31.20	--	1.20
10	Kadwal Tank	40.00	74.78	--	34.78
11	Dhanwa Tank	80.00	20.69	59.31	--
12	Deolia Tank	100.00	50.33	49.67	--
13	Momadiya Tank	80.00	106.64	--	26.64
14	Gorikheda Tank	120.00	99.96	20.04	--
15	Deodhar Tank	250.00	8.43	241.57	--
16	Kanpuri Tank	20.00	58.44	--	38.44
17	Thana Tank	660.00	76.67	583.43	--
18	Chhatwani Tank	30.00	14.06	15.94	--
19	Kisan Tank	95.00	170.36	--	75.36
20	Paniyadar Tank	15.00	12.43	2.57	--
21	Banhoor Tank	35.00	--	35.00	--
22	Jhirijamali Tank	70.00	53.37	16.63	--
23	Pisanwal Tank	80.00	145.83	--	65.83
24	Harshnagar Tank	70.00	61.42	8.58	--
25	Bargaon Tank	210.00	138.87	72.13	--
26	Kolpur Tank	60.00	42.73	17.27	--
27	Makanpur Tank	70.00	0.10	69.90	--
28	Boochandongari Tank	50.00	18.75	31.25	--
29	Samalyakund Tank	25.00	8.39	16.61	--
30	Palsyapani Tank	44.77	37.89	6.88	--
31	Semalkheda Tank	80.59	72.04	8.55	--
32	Bajrangsagar Tank	103.89	27.90	75.99	--
33	Tambolia tAnk	94.10	75.17	18.93	--
34	Kalsadia Tank	26.42	25.39	1.03	--
35	Ratnali Tank	34.31	21.65	12.66	--
	Total	3904.08	2619.75	1724.46	440.03

Appendix 4.1

(Reference: paragraph 4.2.1 (A), page 114)

Statement showing the up to date position of excess payment of family pension as on March 2008

Sl.No.	Name of Treasuries	Period of inspection	No. of Pensioners	Period of Excess payment	Amount	Recovery	Balance	Net Excess payment
1	Damoh	9/03 to 3/05	9	8/03 to 3/05	79981	79981	--	--
	Damoh	4/05 to 3/07	4	3/06 to 3/07	54298	54298	--	--
2	Sehore	12/02 to 2/05	5	3/05 to 2/05	75492	75492	--	--
3	Raisen	9/02 to 3/05	10	7/02 to 2/05	75515	75515	--	--
4	Jabalpur	5/03 to 3/05	3	1/03 to 4/05	44772	--	44772	118717
	Jabalpur	4/05 to 3/06	2	11/05 to 3/06	13749	--	13749	
	Jabalpur	4/06 to 6/07	5	4/06 to 5/07	60196	--	60196	
5	Balaghat	12/03 to 4/05	71	2/02 to 4/05	1573120	778130	794990	1277265
	Balaghat	5/06 to 11/07	10	5/02 to 11/07	482275	--	482275	851863
6	Hoshangabad	12/03 to 4/05	38	7/02 to 4/05	827656	--	827656	
	Hoshangabad	6/06 to 2/08	4	7/07 to 1/08	24207	--	24207	359542
7	Vidisha	9/02 to 4/05	19	4/02 to 4/05	507373	336600	170773	
	Vidisha	5/05 to 8/06	11	4/05 to 8/06	185163	--	185163	
	Vidisha	9/06 to 8/07	1	2/07 to 8/07	3606	--	3606	
8	Narsinghpur	12/04 to 10/05	31	7/02 to 10/05	704898	--	704898	720419
	Narsinghpur	11/05 to 4/07	2	12/06 to 4/07	15521	--	15521	
9	Sagar	11/04 to 10/05	4	5/03 to 9/05	57968	57968	--	3483
	Sagar	11/05 to 10/06	4	2/06 to 10/06	26782	26782	--	
	Sagar	11/06 to 11/07	1	8/07 to 9/07	3483	--	3483	
10	Seoni	12/04 to 9/05	2	5/05 to 9/05	17393	--	17393	307909
	Seoni	10/05 to 9/06	7	5/05 to 9/06	159671	--	159671	
	Seoni	10/06 to 9/07	4	12/05 to 9/07	130845	--	130845	

Audit Report (Civil) for the year ended 31 March 2008

11	Mandla	12/04 to 10/05	1	11/03 to 10/05	19919	--	19919	336571
	Mandla	11/05 to 12/06	9	8/03 to 12/06	251970	--	251970	
	Mandla	1/07 to 12/07	2	4/05 to 11/07	64682	--	64682	
12	Gwalior	1/04 to 11/05	1	4/05 to 9/05	10974	10974	--	230233
	Gwalior	12/05 to 12/06	4	10/03 to 10/06	170679	--	170679	
	Gwalior	1/07 to 12/07	3	5/06 to 11/07	59554	--	59554	
13	Dindori	1/04 to 12/05	1	2004 to 12/05	69446	35500	33946	37109
	Dindori	1/06 to 9/07	1	9/2007	3163	--	3163	
14	Indore	1/05 to 12/05	9	9/03 to 11/05	135094	--	135094	421249
	Indore	1/06 to 12/06	7	6/04 to 12/06	209153	--	209153	
	Indore	1/07 to 12/07	5	1/07 to 12/07	77002	--	77002	
15	Morena	3/05 to 2/06	1	1/03 to 1/06	26406	8250	18156	240225
	Morena	3/06 to 2/07	9	3/06 to 1/07	120008	--	120008	
	Morena	3/07 to 3/08	7	5/05 to 2/08	102061	--	102061	
16	Shivpuri	3/05 to 2/06	3	9/04 to 1/06	26482	--	26482	215178
	Shivpuri	3/06 to 2/07	12	7/06 to 1/07	126767	--	126767	
	Shivpuri	3/07 to 3/08	5	1/06 to 3/08	61929	--	61929	
17	Khandwa	2/05 to 2/06	2	8/05 to 7/06	5000	5000	--	60977
	Khandwa	3/06 to 2/07	4	2/04 to 1/07	96741	42523	54218	
	Khandwa	3/07 to 2/08	2	12/07 to 1/08	6759	--	6759	
18	Neemuch	7/04 to 3/06	3	8/05 to 2/06	14601	14601	--	1598
	Neemuch	4/06 to 3/08	2	06-02/08 to 29-02/08	1598	--	1598	
19	Badwani	7/05 to 6/06	7	7/05 to 6/06	35094	35094	--	--
20	Khargone	7/05 to 6/06	12	7/05 to 6/06	116240	--	116240	271967
	Khargone	7/06 to 10/07	6	5/04 to 8/07	155727	--	155727	
21	Jhabua	8/05 to 7/06	24	3/05 to 6/06	373722	--	373722	427443
	--do--	8/06 to 7/07	4	11/05 to 6/07	53721	--	53721	
22	Betul	9/05 to 8/06	8	9/06 to 7/06	85090	--	85090	174190
	--do--	9/06 to 7/07	7	3/05 to 6/07	89100	--	89100	

23	Bhopal	9/05 to 8/06	4	9/05 to 6/06	20066	--	20066	20066
24	Harda	2/05 to 8/06	6	12/02 to 8/06	165055	--	165055	165055
25	Anuppur	12/04 to 11/06	11	7/98 to 11/06	235607	--	235607	235607
26	Shahdol	12/05 to 11/06	3	8/04 to 11/06	86777	86777	--	--
27	Ujjain	2/06 to 1/07	3	9/03 to 11/06	21832	--	21832	90681
	--do--	2/07 to 2/08	2	5/07 to 1/08	68849	--	68849	
28	Bhind	3/06 to 2/07	2	6/02 to 1/07	95117	--	95117	95117
29	Dhar	2/06 to 1/07	7	1/06 to 12/06	36189	--	36189	509381
	--do--	2/07 to 1/08	8	3/03 to 12/07	473192	--	473192	
30	Shajapur	6/05 to 3/07	4	4/05 to 2/07	89936	--	89936	156079
	--do--	4/07 to 3/08	4	10/06 to 3/08	66143	--	66143	
31	Mandsour	6/05 to 5/07	7	1/03 to 4/07	248589	--	248589	248589
32	Ratlam	9/06 to 8/07	3	10/06 to 7/07	39987	--	39987	39987
33	Umaria	5/05 to 10/07	1	8/07 to 10/07	3399	--	3399	3399
34	Rewa	9/06 to 9/07	4	7/05 to 8/07	70688	--	70688	70688
Total			477		9414072	1723485	7690587	7690587

Appendix 4.2

(Reference: paragraph 4.2.1 (B), page 114)

Statement showing details of over/ excess payment of Commutation of pension to pensioners on account of revision of pension in terms of Government of Madhya Pradesh Finance department letter dated 25 October 2002

S. No.	Name of Treasury	Period of Inspection	No. of Pension Cases	Amount	Total
1.	Balaghat	5/06 to 11/07	10	123998	123998
2.	Bhopal	9/05 to 8/06 9/06 to 11/07	29 9	248104 90737	33841
3.	Chhatarpur	6/05 to 5/06 6/06 to 6/07	28 10	225410 80586	305996
4.	Dindori	1/06 to 9/07	6	28517	28517
5.	Damoh	5/07 to 5/08	10	134201	134201
6.	Dhar	2/07 to 1/08	7	42276	42276
7.	Dewas	3/06 to 3/07 4/07 to 5/08	19 9	144233 59727	203960
8.	Indore	1/06 to 12/06 1/07 to 12/07	16 13	255322 155227	410549
9.	Shivpuri	3/05 to 2/06 3/06 to 2/07	35 21	214290 121032	335322
10.	Shajapur	6/05 to 3/07	2	11061	11061
11.	Ujjain	2/05 to 1/06 2/06 to 1/07 2/07 to 2/08	14 20 12	111888 306837 120938	539663
12.	Hoshangabad	12/02 to 4/05 6/06 to 2/08	8 7	169812 52834	222646
13.	Gwalior	1/04 to 11/05 12/05 to 12/06 1/07 to 12/07	7 20 18	27842 130552 141347	299741
14.	Morena	3/07 to 3/08	15	155546	155546
15.	Mandla	12/04 to 10/05 11/05 to 12/06 1/07 to 12/07	21 21 3	146444 206012 24135	376591
16.	Neemuch	7/04 to 3/06 4/06 to 3/08	25 2	227764 7659	235423
17.	Khandwa	2/05 to 2/06 3/06 to 2/07 3/07 to 2/08	29 14 10	120381 208376 72371	401128
18.	Khargone	7/05 to 6/06 7/06 to 10/07	25 11	256760 76475	333235
19.	Mandsaur	6/05 to 5/07 6/07 to 6/08	8 25	106529 301747	408276
20.	Ratlam	8/05 to 8/06 9/06 to 8/07	17 19	228785 109177	337962

21.	Rewa	9/05 to 8/06 9/06 to 9/07	3 11	8062 112330	120392
22.	Sagar	9/05 to 8/06 9/06 to 9/07	5 3	37134 53150	90284
23.	Satna	1/07 to 1/08	16	132943	132943
24.	Sidhi	12/06 to 10/07	9	60739	60739
25.	Umariya	5/05 to 10/07	5	35014	35014
26.	Panna	10/04 to 3/06 4/06 to 5/08	2 19	14537 147391	161928
27.	Anuppur	12/04 to 11/06	12	77864	77864
28.	Shahdol	12/05 to 11/06 12/06 to 4/08	83 11	633153 84271	717424
29.	Seoni	10/05 to 9/06 10/06 to 9/07	13 9	54571 113550	168121
30.	Bhind	3/07 to 3/08	6	62725	62725
31.	Vidisha	5/05 to 8/06	13	109149	109149
32.	Harda	2/05 to 8/06 9/06 to 5/08	16 5	116712 25203	141915
33.	Datiya	11/06 to 6/08	36	256255	256255
34.	Betul	9/05 to-8/06 9/06 to 7/07	8 15	38175 91613	129788
35.	Burhanpur	1/05 to 6/06 7/06 to 4/08	7 4	63173 18192	81365
36.	Jhabua	8/05 to 7/06	26	223206	223206
	Total		912	7814044	7814044

Appendix 4.3
(Reference: paragraph 4.5.4, page 132)

Statements showing details of outstanding amount of Misc. Public Works Advances as of March 2008

Sl. No.	Name of the Division	Employees transferred to other Divisional Officers/Expired Retired		Existing employees		Suppliers/Contractors		Stores issued to other Divisions after 1.4.1984		Other Departments		Total
		No.	Rs.	No.	Rs.	No.	Rs.	No.	Rs.	No.	Rs.	
1	PW (E &M) Division, No. 1 Bhopal	13	0.22	-	-	-	-	-	-	-	-	0.22
2	PW Divisions, Sehore	04	0.32	-	-	06	38.77	-	-	-	-	39.09
3	PW (Maintenance) Division No. 1, Bhopal	416	5.45	-	-	67	58.60	-	-	19	204.58	268.63
4	PW Division, Raisen	101	76.80	11	67.69	15	0.04	08	32.16	-	-	176.70
5	PW Division, Vidisha	20	24.35	03	2.95	23	76.92	10	4.28	-	-	108.49
6	PW Construction Division No. 2, Bhopal	15	0.31	-	-	64	26.05	9	11.05	04	32.94	70.35
7	EE, Controller of Buildings Vidhan Shabha, CPA, Bhopal	14	0.87	01	0.01	47	38.93	-	-	-	-	39.81
	Total	583	108.32	15	70.65	222	239.31	27	47.48	23	237.52	703.28

Appendix 4.4

(Reference: paragraph 4.5.5, page134)

Statement showing outstanding Inspection Reports and Paragraphs in respect of departments as an on 30 June 2008.

Sl. No.	Name of Department	No. of Inspection Reports	No. of Paragraphs
1	Panchayat & Rural Development	87	324
2	Public Health & Family Welfare	426	1113
3	Revenue	628	1464
4	Medical Education	36	123
5	Finance	520	965
6	Co-operation	295	1046
7	Education	1643	4120
8	Agriculture	671	1777
9	Housing & Environment	157	656
10	Registration & Stamps	55	121
11	Public Relation	57	135
12	Panchayat & Social Welfare	460	926
13	Women & Child Development	389	1169
14	Animal husbandry	220	644
15	Police	241	514
16	Law & Legislative affairs	206	322
17	Horticulture	203	320
18	Labour & Employment	230	354
19	Jail	109	267
20	Technical Education	120	337
21	Handloom	61	146
22	Home Guard & Civil Security	59	95
23	Planning Economics & Statistics	103	280
24	Sericulture	52	131
25	Fisheries	45	118
26	Scheduled Tribes & Scheduled Castes Welfare	439	1006
27	Industries	147	453
28	General Administration	146	369
29	Transport	4	07
30	Energy Department	11	14
31	State Excise	49	66
32	Commercial Tax	48	85
33	Archaeological & Museum.	39	76
34	Rehabilitation	29	80
35	Printing & Stationery	24	94
36	Ayacut	23	46
37	Urban Administration	491	1498
38	Mining	14	31
39	Weights & Measurement	13	26
40	Civil Aviation	9	39
41	Tourism	5	22
42	Misc. Deptt. (PSC, Ad. Academy, State Garage enquiry Commission. NCC etc.)	129	283
Total		8693	21662

Appendix 4.5

(Reference: paragraph 4.5.5, page 134)

Statement showing year wise position of outstanding IRs and Paragraphs in respect of departments at Sl. No. 1 to 42 of Appendix 4.4 as on 30 June 2008.

Year	No. of Inspection Reports	No. of Paragraphs
Up to 2000-01	3414	6663
2001-02	848	1758
2002-03	682	1582
2003-04	426	934
2004-05	727	1609
2005-06	965	2943
2006-07	822	2517
2007-08 (up to December 2007)	809	3656
Total	8693	21662

Appendix 4.6

(Reference: paragraph 4.5.5, page 134)

Statement showing position of outstanding IRs and Paragraphs of Works Department.

Sl. No.	Department	Number of Auditee Units	Number of Inspection Reports	Number of Paragraphs
1.	Forest	158	783	2311
2.	Water Resources	175	1031	5075
3.	Public Works	113	802	5426
4.	Public Health Engineering	85	478	2257
5.	Narmada Valley Development Agency			
	(i) Irrigation	72	347	923
	(ii) Buildings/roads	11	46	96
	(iii) PHE	01	03	09
	(iv) Forest	11	26	102
6.	Housing and Environment (Capital Project Construction units)	05	46	277
7.	Bhopal Gas Rahat (Works unit)	01	09	30
8.	Panchayat and Rural Department (MPRRDA)	55	158	822
	Total	687	3729	17328

Appendix 5.1

(Reference: paragraph 5.1.5.2, page 138)

Statement showing budget provision & expenditure under Grant No. 15,41,52,55,64,80 and 82

(Rupees in crore)

Year	Budget provision	Expenditure	Savings	Percentage of savings
2003-04	385.90	275.86	110.04	29
2004-05	408.86	283.50	125.36	31
2005-06	481.73	269.91	211.82	44
2006-07	595.51	370.27	225.24	38
2007-08	691.88	587.21	104.67	15

Appendix-5.2

(Reference: paragraph 5.1.5.4, page139)

Statement showing the position of supplementary provisions which were not used

(Rupees in crore)

Year	Original grant	Supplementary grant	Actual expenditure
2003-04	295.57	25.69	231.52
2004-05	320.93	12.35	228.77
2005-06	367.69	2.83	230.02
2006-07	481.30	0.20	299.62
2007-08	495.49	43.88	457.22
Total	1960.98	84.95	1447.15

Appendix-5.3

(Reference: paragraph 5.1.5.6, page 139)

Statement showing position of expenditure in last month of the year

(Rupees in crore)

Year	Total Expenditure	Expenditure up to February	Expenditure in March	Percentage
2003-04	275.82	200.14	75.68	27.44
2004-05	283.50	209.45	74.05	26.12
2005-06	269.90	203.65	66.25	24.55
2006-07	370.27	266.26	104.01	28.09
2007-08	587.21	433.86	153.35	26.11
Grand Total	1786.70	1313.36	473.34	26.49

Appendix-5.4

(Reference: paragraph 5.1.5.7, page 140)

Statement showing reconciliation of expenditure figures

Years	Expenditure Figures		Difference
	As shown by AG	As shown by the department	
2003-04	275.86	257.60	18.26
2004-05	283.50	269.34	14.16
2005-06	269.91	266.76	3.15
2006-07	370.27	405.17	34.9
2007-08	587.21	629.71	42.50

Appendix 5.5

(Reference: paragraph 5.1.7.2, page 145)

Statement Showing procurement of Dalia at higher rate

Year	Name of the D.P.O.	Quantity of Dalia Purchased (in Quintal)	Rate fixed by Directorate (per Quintal)	Rate of Purchase (per Quintal)	Excess Rate	Amount of Excess Expenditure (Rs.in lakh)
1.	2.	3.	4.	5.	6.	7.
2003-04	Dhar	9231.25	1050	1162	112	10.34
		12620.95	1050	1125	75	9.47
	Bhopal	9992.00	1050	1250	200	19.98
	Khargone	8275.50	1050	1161.56	111.56	9.23
	Chindwara	13698.25	1050	1161.56	111.56	15.28
Total		53817.95				64.3
2005-06	Bhopal	1617.66	1375	1630	255	4.12
Total		1617.66				4.12
2006-07	Dhar	18453.00	1375	1550	175	32.29
	Bhopal	11182.83	1375	1630	255	28.52
	Khargone	7766.25	1375	1525	150	11.65
	Chindwara	32747.71	1375	1561	186	60.91
Total		70149.79				133.37
Grant Total		125585.4				201.79