

REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2003

(CIVIL)

GOVERNMENT OF RAJASTHAN

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Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2003.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.
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 2002-03 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 2002-03 have also been included wherever necessary.

Overview

This Report contains two Chapters on the observations of Audit on the State's Finance and Appropriation Accounts for the year 2002-03 and three other Chapters comprising two reviews and 28 other paragraphs, based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of findings contained in the Report is presented in this Overview.

1. The Finances of the State Government

- Against the targeted realisation of revenue of Rs 14312 crore, only Rs 13082 crore were realised. The actual Revenue Expenditure exceeded the targeted expenditure by Rs 1199 crore.
- Of total receipts of Rs 55485 crore of the State Government for the year 2002-03, the revenue receipts of the State Government were Rs 13082 crore only, constituting 24 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.
- While on an average 60 *per cent* of the revenue had come from the State's own resources, central tax transfers and grant-in-aid together continued to contribute nearly 40 *per cent* of the total revenue.
- The rate of growth of total expenditure was lower than the rate of growth of revenue receipts. There was an upward trend in the ratio of revenue receipts to total expenditure from 62 *per cent* in 1998-99 to 68 *per cent* in 2002-03. This indicated that only 68 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.
- Revenue expenditure accounted for 88 *per cent* of total funds available during 2002-03. This was higher than the share of revenue receipts (68 *per cent* of total receipts) of the State Government, which has led to revenue deficit. Salaries (including pay and allowances), interest payment and pensions alone consumed 85 *per cent* of total revenue receipts of the State during the year.
- Out of the total subsidies borne by the Government 98 *per cent* were paid to the power sector alone.
- Plan expenditure declined from 24 *per cent* of total expenditure in 1998-99 to 22 *per cent* in 2002-03. Similarly, capital expenditure also declined from 13 *per cent* in 1998-99 to 11 *per cent* in 2002-03. There was also a decline in the share of developmental expenditure from 65 *per cent* in 1998-99 to 60 *per cent* in 2002-03.

- The financial results of five major and 12 medium irrigation projects with a capital outlay of Rs 2977.41 crore at the end of March 2003 showed that these suffered a net loss of Rs 342.49 crore.
- As of 31 March 2003, Rs 2277 crore was blocked in 531 incomplete projects.
- As on 31 March 2003, three statutory corporations, 12 rural banks, 10 government companies and seven joint stock companies with an aggregate investment of Rs 1926.72 crore were incurring losses and their accumulated losses amounted to Rs 1574.70 crore.
- Total outstanding balance of the loans advanced was Rs 2954 crore. Overall interest received against these advances declined to 2.95 *per cent* during 2002-03.
- Overall fiscal liabilities of the State increased from Rs 24170 crore in 1998-99 to Rs 45871 crore in 2002-03 at an average growth rate of 18.59 *per cent*. These liabilities as ratio to GSDP increased from 33.1 *per cent* in 1998-99 to 52.5 *per cent* in 2002-03 and stood at 3.51 times of its revenue receipts and 5.86 times of its own resources comprising its own tax and non-tax revenue.
- The revenue deficit increased from Rs 2996 crore in 1998-99 to Rs 3934 crore in 2002-03. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also increased from Rs 5151 crore in 1998-99 to Rs 6114 crore in 2002-03.

(Paragraphs 1.1 to 1.12)

- An expenditure of Rs 10.12 crore on transportation of wheat was irregularly charged to Calamity Relief Fund by State Government.

(Paragraph 1.8.3)

2. Allocative Priorities and Appropriation

- The excess of Rs 856.28 crore under seven grants/appropriations during the year requires regularisation. Excess expenditure of Rs 153.12 crore pertaining to years 2000-02 was also to be regularised.
- The supplementary provisions (Rs 7754.63 crore) made during this year constituted 28 *per cent* of the original provision (Rs 27353.03 crore).
- Supplementary provisions of Rs 28.14 crore made in 27 cases during the year proved unnecessary in view of aggregate saving of Rs 1838.42 crore.
- In 13 cases, after partial surrender, savings of Rupees one crore and above in each case aggregating Rs 177.44 crore remained un-

surrendered. In 15 cases excess surrender of Rs 118.59 crore was made.

- Rupees 2797.70 crore were surrendered on the last working day of the financial year as such amount could not be transferred to needy sectors. In 22 cases, surrender exceeding Rs 20 crore in each case amounted to Rs 2440.98 crore.
- Expenditure of Rs 54.07 lakh was incurred in one grant without any provision having been made either in the original estimates/ supplementary demands or through re-appropriation.

(Paragraphs 2.1 to 2.3)

- Advance of Rs 3 crore from the Contingency Fund was given to Rajasthan Renewable Energy Corporation Limited without any immediate requirement.

(Paragraph 2.4)

- Advances of Rs 48.67 crore were lying unadjusted with the executing agencies for the last four to 16 years and unspent funds of Rs 2.38 crore were not refunded to State Government.

(Paragraph 2.5)

3. Accelerated Irrigation Benefit Programme

Accelerated Irrigation Benefit Programme (AIBP) was launched in 1996-97 by Government of India with the main objective of accelerating the completion of on-going irrigation/multi-purpose projects of states. Ten projects of Rajasthan State pertaining to Irrigation and Indira Gandhi Nahar Pariyojana (IGNP) Departments were covered under AIBP. An expenditure of Rs 1246.70 crore was incurred upto March 2003 but none of the projects could be completed. Against the targeted irrigation potential of 982.61 thousand hectare, creation was only 233.53 thousand hectare (23.77 per cent). The significant points noticed were as under:

- Advance payment of Rs 5.68 crore to executing agencies was irregularly charged finally to works instead of Miscellaneous Public Works Advances.
- Rupees 7.93 crore were blocked for one to six years due to incomplete works.
- Preparation of unrealistic estimates of earth and lining works led to extra cost of Rs 60.17 lakh and creation of liability of Rs 46.87 lakh.
- Irregular payment of price escalation of Rs 1.26 crore was made to contractor.

- An expenditure of Rs 3.52 crore was incurred by the IGNP authorities on construction of cross drainage works at various lift canals without provision in Revised Project Estimates, 1993.
- There was avoidable extra expenditure of Rs 4.12 crore due to dispute in strata classification, frequent changes in specification, delayed decision etc.

(Paragraph 3.1)

4. Implementation of Drugs and Cosmetics Act

The Government of India (GOI) enacted the “Drugs and Cosmetics Act, 1940” (the Act) with a view to regulate the import, manufacture, distribution and sale of drugs and cosmetics. Significant points noticed during test-check were as under:

- Sixty seven cases ordered by the Drugs Controller for being filed in the court of law were not filed for periods ranging from six months to more than five years. There was acquittal in 15 cases because of failure of the department.
- There was delay in granting/renewal of licences ranging between two and 34 months.
- Shortfall in achievement of targets of taking samples and inspections ranged from six to 18 *per cent* and 39 to 74 *per cent* respectively. In Ayurved Department, there was shortfall in conducting inspections between 38 and 63 *per cent*.
- There was delay in sending samples for analysis to laboratories ranging from one month to 43 months. In 33 cases, test reports were received from laboratories after expiry of drug.

(Paragraph 3.2)

5. Working of Agriculture Department

The Agriculture Department is responsible mainly for dissemination of latest technical know-how besides ensuring timely supply of quality input to the farming community. The department also performs regulatory functions regarding quality control of seeds, fertilizers, pesticides and agriculture implements. Review of the working of Agriculture Department revealed the following:

- The State Government did not release Central assistance of Rs 3.50 crore during 2000-03 alongwith its proportionate share of Rs 1.17 crore to implementing agencies under Oilseeds Production Programme.

- Rates of sprinkler sets were fixed higher than prevailing market rates. This led to mis-utilisation of funds and excess payment of subsidy by Rs 8.14 crore.
- Undue benefit of Rs 1.37 crore was provided to suppliers on supply of sub-standard gypsum.
- Subsidy of Rs 2.18 crore on purchase of tractors under Centrally sponsored scheme was given to medium/big farmers (69 *per cent*), defeating the purpose of providing subsidy to small/marginal/semi-medium farmers.
- There was blocking of funds of Rs 2.35 crore in Personal Deposit account due to non-approval of "Rajasthan State Wells Insurance Fund" scheme by the State Government.

(Paragraph 3.3)

6. Working of Ayurved Department

The *Ayurved* Department is entrusted with the responsibility of providing medical treatment through *Ayurvedic*, *Unani*, *Homeopathy* systems of medicines and Naturopathy. The main activities of the department are to provide medical facilities, prevention of disease, production/procurement and distribution of medicines, medical education and training and research. Significant points noticed during test check were as under:

- Out of Central grant of Rs 3.63 crore, Rs 1.68 crore remained unutilised as of March 2003.
- Rupees 25.49 lakh spent on pay and allowances of *Chikitsaks* who remained under awaiting posting orders for the period ranging from one to 11 months, proved infructuous.
- There was shortfall of 64 to 71 *per cent* in achievement of targets for manufacturing of medicines by pharmacies.
- Rupees 1.47 crore provided for purchase of raw material was utilized for purchase of medicines.
- Wasteful expenditure of Rs 25.60 lakh was incurred on manufacturing of sub-standard *Sanjeevanivati*.
- The staff was not reduced according to actual requirement as per bed capacity of hospitals.
- There was 18 to 68 *per cent* shortfall in inspections of dispensaries by higher authorities.

(Paragraph 3.4)

7. Computerisation Projects in State Government implemented through RajCOMP

A society "Centre for Electronic Data Processing" (renamed as RajCOMP in December 1991), registered under Societies Registration Act, 1958 was established (March 1989) with the Chief Secretary, Government of Rajasthan and fourteen other Government officers in the Governing Board. Important findings noticed as a result of test-check were as under:

- Computerisation work was awarded without inviting tenders and executing any agreement and a sum of Rs 9.80 crore was irregularly advanced (between April 1997 to October 2002) by various departments to RajCOMP.
- Computer and other equipment (59 items; cost: Rs 11.13 lakh) issued (March 1991 to June 2002) by RajCOMP to various officers were neither received back so far nor the cost thereof was recovered.
- Expenditure of Rs. 1.16 crore on computerisation through RajCOMP in four departments was rendered unfruitful.
- An excess expenditure of Rs 88 lakh was incurred on computerisation programme of four departments through RajCOMP.

(Paragraph 3.5)

8. Prevention and Control of Fire

Fire prevention and related safety measures are integral part of town planning and building construction. The subject "Fire Services" has been included as municipal function in the XII Schedule of the Constitution of India. Significant points noticed during test-check were as under:

- Out of Rs 5.00 crore released to Director, Local Bodies under Tenth Finance Commission (TFC), Rs 41.89 lakh were lying unutilised with various Urban Local Bodies.
- Out of 13 fire vehicles in Civil Defence offices, eight fire vehicles and one fire vehicle of *Nagar Palika*, Kotputli were off the road for one to more than four years, thereby considerably reducing availability of vehicles.
- The State Government neither enacted the Fire Service Act nor were the bye-laws got framed by any of the *Nagar Nigams/Nagar Parishads/Nagar Palikas*.

(Paragraph 3.6)

9. Stores and Stock

Important points noticed in test-check of the records relating to Stores and Stock management in Public Health Engineering Department for the period 1997 to 2003 were as under:

- The Reserve Stock Limit was fixed between September and December (1988-99, 2000-01 and 2002-03) as against April defeating the purpose of its fixation.
- Excess stock was held in 18 divisions ranging from Rs 2.40 crore to Rs 4.69 crore during 1997-2002.
- Stock valuing Rs 1.77 crore was lying unutilised in 19 divisions/on sites.
- Irregular purchases of Rs 1.30 crore were made in piece meal during 1999-2003 by 10 divisions without adhering to the annual limit.
- Non-recovery of Rs 46.50 lakh from firms and in 10 divisions the cost of material worth Rs 47.21 lakh was recoverable from sister divisions.
- Material worth Rs 2.86 crore charged to work was lying in stores indicating fictitious budget utilization. Stock worth Rs 1.89 crore was charged in advance of actual requirement to avoid lapse of budget grant.

(Paragraph 3.7)

10. Fraudulent drawal/misappropriation/embezzlement/losses

(i) Failure of the Forest Department in revising rates of compensatory afforestation timely and issue instructions to Divisional Officers to include a clause in demand notices that the rates were provisional led to loss of Rs 2.13 crore due to short recovery on account of compensatory afforestation.

(Paragraph 4.1.1)

(ii) Due to non-procurement of cement at DGS&D rates by the Irrigation Divisions the State Government sustained a loss of Rs 60.24 lakh.

(Paragraph 4.1.2)

11. Infructuous/wasteful expenditure and overpayment

(i) Failure of the Environment Department to take timely steps for getting refund of unutilised amount of Rs 42.94 lakh from *Avas Vikas Sansthan* led to the amount remaining unrecovered for more than four years.

(Paragraph 4.2.1)

(ii) Seven highway facility centres constructed at a cost of Rs 4.19 crore to generate employment for rural population and increase the resources of *Gram Panchayats* could not be used at all rendering the expenditure unfruitful.

(Paragraph 4.2.2)

(iii) Selection of unsuitable species of plants for plantation in Mohangarh *Tehsil* (Jaisalmer District) resulted in wasteful expenditure of Rs 48.65 lakh during November 1995 to March 2002 due to failure of plantations.

(Paragraph 4.2.3)

(iv) Failure of the Rural Development Department to acquire land before construction of roads led to infructuous expenditure of Rs 37.60 lakh on two village roads (Rahir and Daulatpura) lying incomplete.

(Paragraph 4.2.4)

12. Violation of contractual obligations/undue favour to contractors

(i) The Irrigation Department gave undue benefit of Rs 23.10 lakh to a contractor due to payment on incorrect rates.

(Paragraph 4.3.1)

13. Avoidable/excess/unfruitful expenditure

(i) Defective planning of Indira Gandhi Nahar Department and non-utilisation of Chawanda sub-minor (RD 0.000 to 20.400) due to non-construction of water courses led to unfruitful expenditure of Rs 31.40 lakh.

(Paragraph 4.4.2)

(ii) Despite availability of adequate funds slackness in execution of the project by the Medical and Health Department led to unfruitful expenditure of Rs 2.55 crore on hospital building and auditorium in Medical College, Kota lying incomplete.

(Paragraph 4.4.3)

(iii) Allotment of work of construction of various roads under Rajasthan Roads Upgradation and Strengthening Schemes in PWD Circle, Chittorgarh and Udaipur by the Public Works Department at higher rates led to avoidable expenditure of Rs 73.81 lakh.

(Paragraph 4.4.4)

(iv) In contravention of approval of Ministry of Road Transport and Highways, New Delhi's, execution of profile correction by 20 mm Bituminous Macadam work on Nasirabad-Mangliawas road led to avoidable expenditure of Rs 28.17 lakh, which would increase to Rs 49.80 lakh on completion of work.

(Paragraph 4.4.5)

(v) Failure of Public Works Department in ensuring availability of funds and non-construction of railway crossing the construction of approach to Kurel

bridge on Keshoraipatan-Khatkar road and Bituminous treated road to Notada was lying incomplete rendering the expenditure of Rs 1.00 crore unfruitful.

(Paragraph 4.4.6)

(vi) Failure of the Public Works Department to acquire land before awarding works and ensure availability of adequate funds resulted in unfruitful expenditure of Rs 2.77 crore on various works lying incomplete.

(Paragraph 4.4.7)

14. Idle investment/idle establishment/blockage of funds

(i) Non-utilisation of the Girls College building at village Kanjeri Silore (District Bundi) constructed by Rural Development Department rendered the expenditure of Rs 49.06 lakh unfruitful.

(Paragraph 4.5.1)

15. Regulatory issues and other points

(i) In Primary Education Department, cases regarding irregular purchase of furniture worth Rs 6.88 crore, undue benefit of Rs 12.16 lakh to firms, utilisation of Central grant without raising community participation were noticed.

(Paragraph 4.6.1)

(ii) Panchayati Raj Department failed to utilise grant of Rs 10.58 crore provided during 1996-2000 under recommendations of Tenth Finance Commission.

(Paragraph 4.6.2)

(iii) Imprudent action of Public Works Department to propose Kota bypass through sensitive defence area and sanctuary led to injudicious expenditure of Rs 53.12 lakh on conducting feasibility study and preparing project report.

(Paragraph 4.6.3)

(iv) District Rural Development Agencies, Churu and Sawaimadhopur spent irregularly Rs 2.66 crore on temporary nature of works of *Kanna Bunding* and *Med Bundi* during 1997-2001.

(Paragraph 4.6.4)

16. Internal Control System in Government Departments

Internal Audit is an integral part of administration that carries out basic internal auditorial functions for the management. Some important findings noticed during test-check of the departments of Small Savings, State Insurance and Provident Fund, Panchayati Raj and Sales Tax were as under:

No separate Internal Audit Standards/guidelines/Manuals for conducting internal audit have been framed.

Considerable pendency of compliance on internal audit observations reflects poor effectiveness of internal controls.

Internal Audit was in arrears for periods ranging from two to 12 years.

(Paragraphs 5.1.1 to 5.1.3)

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

In Summary

Large Revenue and Fiscal Deficit year after year indicate continued macro imbalances in the State. In Rajasthan both the Revenue and Fiscal Deficit, which have been rising until 2002-03 except declined marginally in 2000-01. The ratio of revenue receipts to total expenditure stood at 67.71 *per cent* in 2002-03. Revenue of the State consist mainly of its own tax and non-tax revenue, Central Tax Transfers and Grants-in-aid from Government of India. Overall revenue receipts increased from Rs 8579 crore in 1998-99 to Rs 13082 crore in 2002-03 at an average trend of 10.50 *per cent* per annum. There were, however, significant inter year variations in the growth rates. During the current year revenue receipts grew by 7.64 *per cent*. This was due to 10.26 *per cent* increase in tax revenue and 4.04 *per cent* increase in non-tax revenue. Arrears of revenue were high at Rs 2249 crore and represented 29 *per cent* of tax and non-tax revenue receipts. On an average around 60 *per cent* of the revenue came from the State's own resources.

Overall expenditure of the State increased from Rs 13810 crore in 1998-99 to Rs 19321 crore in 2002-03 at an average trend rate of 10 *per cent* per annum. The rate of growth in expenditure increased from 6.73 *per cent* in 2001-02 to 7.51 *per cent* in 2002-03. This was due to increase in expenditure on interest payments, power, relief on account of natural calamities and urban development etc. The proportion of developmental expenditure declined from 65.35 *per cent* in 1998-99 to 59.64 *per cent* in 2002-03. Revenue expenditure which constituted 88.07 *per cent* of total expenditure grew at a trend rate of 12.97 *per cent* over the period with a growth of 6.69 *per cent* in 2002-03. Interest payments increasing steadily by 92 *per cent* from Rs 2243 in 1998-99 to Rs 4300 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit.

Although it is not uncommon for a State to borrow for increasing its social and economic infrastructure and for creating additional income generating assets, an increasing ratio of fiscal liabilities to Gross State Domestic Product (GSDP) and revenue receipts together with a growing revenue deficit indicated that the state is gradually getting into a debt trap. As generation of additional internal resources and curtailment of non-development expenditure are the best means available, implementation of Medium Term Fiscal Reforms Programme by the State Government by signing the Memorandum of Understandings (MOU) with Government of India on 25 March 2003 is a step in the right direction. As per MOU the revenue deficit in proportion of revenue receipts was to be reduced by 5 *per cent* with 1999-2000 as base year. The actual revenue deficit which was to be restricted to 27 and 22 *per cent* during 2001-02 and 2002-03 however rose from 21 *per cent* during 2000-01 to more than 30 *per cent* during 2001-02 and 2002-03.

1.1 Introduction

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

Box 1

Lay out of Finance Accounts

Statement No. 1 presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.

Statement No. 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2002-03.

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

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

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

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

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

Statement No. 8 depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2003.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2002-03 as a percentage of total revenue/expenditure.

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

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

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

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2002-03.

Statement No. 14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2002-03.

Statement No. 15 depicts the capital and other expenditure to the end of 2002-03 and the principal sources from which the funds were provided for that expenditure.

Statement No. 16 gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.

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

Statement No. 18 provides the detailed account of loans and advances given by the Government of Rajasthan, the amount of loan repaid during the year, the balance as on 31 March 2003, and the amount of interest received during the year.

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

1.2 Trend of Finances with reference to previous year

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

(Rupees in crore)

2001-02	Sl. No.	Major Aggregates	2002-03
12,153	1.	Revenue Receipts (2+3+4)	13,082
5,671	2.	Tax Revenue	6,253
1,508	3.	Non-Tax Revenue	1,569
4,974	4.	Other Receipts	5,260
69	5.	Non-Debt Capital Receipts	125
69	6.	Of which Recovery of Loans	125
12,222	7.	Total Receipts (1+5)	13,207
13,922	8.	Non-Plan Expenditure (9+11+12)	14,904
13,763	9.	On Revenue Account	14,744
3,878	10.	Of which, Interest Payments	4,300
73	11.	On Capital Account	71
86	12.	On Loans disbursed	89
4,049	13.	Plan Expenditure (14+15+16)	4,417
2,186	14.	On Revenue Account	2,272
1,745	15.	On Capital Account	1,956
118	16.	On Loans disbursed	189
17,971	17.	Total Expenditure (8+13)	19,321
5,749	18.	Fiscal Deficit (17-7)	6,114
3,796	19.	Revenue Deficit (9+14-1)	3,934
1,871	20.	Primary Deficit (+)/Surplus(-) (18-10)	1,814

1.3 Summary of Receipts and Disbursements for the year

Table-1 summarises the finances of the State Government of Rajasthan for the year 2002-03 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03 (Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
					Non-Plan	Plan	Total
12,153.29	I. Revenue receipts	13,081.86	15,948.98	I. Revenue expenditure	14,743.64	2,272.14	17,015.78
5,671.17	Tax revenue	6,253.34	7,176.72	General Services	7,593.26	52.22	7,645.48
1,508.46	Non-tax revenue	1,569.00	6,404.58	Social Services	5,360.20	1,225.42	6,585.62
2,882.36	Share of Union Taxes/Duties	3,063.10	2,349.15	Economic Services	1,790.06	994.50	2,784.56
2,091.30	Grants from Government of India	2,196.42	18.53	Grants-in-aid / Contributions	0.12	-	0.12
Section-B: Capital							
-	II. Miscellaneous Capital Receipts	-	1,817.81	II. Capital Outlay	71.01	1,956.52	2,027.53
69.24	III. Recoveries of Loans and Advances	125.23	204.10	III Loans and Advances disbursed	#	-	277.80
5,978.86	IV. Public debt receipts*	7,686.49	1,023.83	IV. Repayment of Public Debt	#	-	3,056.04
27,770.69	V. Public account receipts	34,592.19	26,893.18	V. Public account disbursements	#	-	33,315.28
(-) 162.95	Opening Balance	(-) 78.77	(-) 78.77	Closing Balance	#	-	(-) 285.43
45,809.13	Total	55,407.00	45,809.13	Total			55,407.00

Note : Minus expenditure is because of recoveries on capital account.

* Includes net ways and means advances and overdraft also.

Bifurcation of plan and non- plan not available.

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2002-03. Wherever necessary the observations, show these trends in the light of time series data and periodic comparisons. Major fiscal aggregates such as tax and non-tax revenue, revenue and capital expenditure, internal debt and loans and advances etc. have been presented as percentages to the GSDP at current market prices. For tax revenues, non-tax revenues, revenue expenditure etc., buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) resources by volumes and sources, (ii) application of resources, (iii) assets and liabilities, and (iv) management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

In addition, the section also contains a paragraph on indicators of financial performance of the Government. Some of the terms used here are explained in *Appendix- I*.

1.5 Non-fulfilment of assurances to the extent pronounced in the Budget speech

At the time of presentation of budget for the year 2002-03, the Finance Minister had made certain assurances in his budget speech. The observations on fulfilment of the assurances are as under:

• Against the target for realisation of revenue of Rs. 14,312.47 crore only Rs. 13,081.86 crore were realised. There was a shortfall of Rs 1,230.61 crore (9 *per cent*). The shortfall was mainly due to short realisation of Tax Revenue of Rs 1,053.45 crore¹ and Non-tax Revenue of Rs 140.67 crore².

• The Revenue expenditure incurred was Rs 17,015.78 crore against Rs 18,214.38 crore targeted. The shortfall of Rs 1,198.60 crore was mainly due to incurring lesser expenditure (ranging between seven and 43 *per cent*) on the following socio-economic services:

Table 2

(Rupees in crore)

Name of service	Assurance given in Budget speech	Actual expenditure	Shortfall (In <i>per cent</i>)
Elementary and Secondary Education	3,413.00	2,982.20	430.80 (13)
Higher Education	255.65	227.94	27.71 (11)
Technical Education	64.62	37.06	27.56 (43)
Central Road Fund	150.00	101.16	48.84 (33)
Medical and Public Health and Family Welfare	1,054.56	913.03	141.53 (13)
Water Supply and Sanitation	1,477.83	1,367.02	110.81 (7)

1.6 State Finances by key Indicators

1.6.1 Resources by volumes and sources

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

Table 3 shows that the total receipts of the State Government for the year 2002-03 were Rs 55,485 crore. Revenue receipts were Rs 13,082 crore and

1. Rs 10,369.89 crore (-) Rs 9,316.44 crore.
2. Rs 1,709.67 crore (-) Rs 1,569.00 crore.

constituted only 24 per cent of total receipts. The balance of receipts came from borrowings and Public Account receipts.

Table 3 – Resources of Rajasthan

		(Rupees in crore)
I. Revenue Receipts		13,082
II. Capital Receipts		7,811
a	Miscellaneous Receipts	-
b	Recovery of Loans and Advances	125
c	Public Debt Receipts	7,686
III. Public Account Receipts		34,592
a	Small Savings, Provident Fund, etc.	1,918
b	Reserve Fund	837
c	Deposits and Advances	29,787
d	Suspense and Miscellaneous	19
e	Remittances	2,031
Total Receipts		55,485

1.6.2 Revenue receipts

The Revenue Receipts of the State consist mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and their buoyancy are indicated below:

Table 4: Revenue Receipts – Basic Parameters (Values: Rupees in crore and others in per cent)

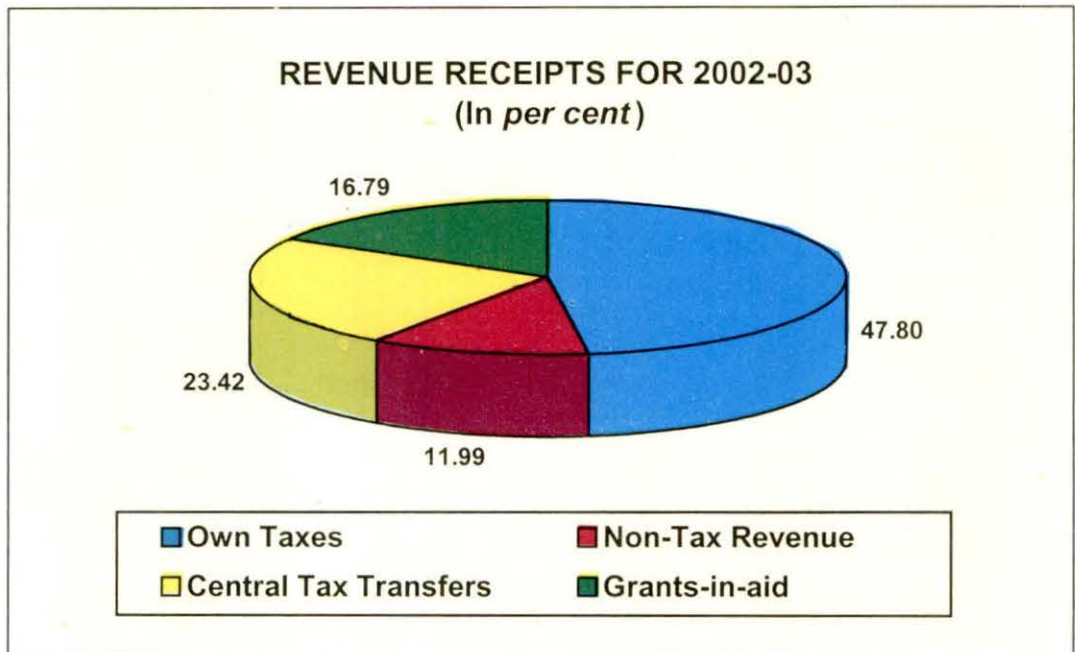
	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Receipts	8,579	9,790	12,402	12,153	13,082	11,201
Own taxes	45.92	46.28	42.73	46.66	47.80	45.88
Non-Tax Revenue	15.78	16.08	13.61	12.41	11.99	13.97
Central Tax Transfers	22.89	22.32	22.88	23.72	23.42	23.05
Grants-in-aid	15.41	15.32	20.78	17.21	16.79	17.10
Rate of Growth	2.08	14.12	26.68	(-) 2.01	7.64	10.50**
Revenue Receipts/GSDP	11.76	12.47	15.58	13.54	14.97	13.72
Revenue Buoyancy	0.160	1.871	18.712	*	*	1.661
GSDP Growth	12.98	7.55	1.43	12.72	(-) 2.62	6.32**

* Rate of growth of Revenue Receipts and GSDP was negative.

** Average trend rate of growth with base year of 1997-98.

Revenue receipts of the State increased from Rs 8,579 crore in 1998-99 to Rs 13,082 crore in 2002-03 at an average trend rate of 10.50 per cent per annum. There were, however, significant inter year variations in the growth rate. The increase in tax revenue during the year over 2001-02 was mainly on Sales Tax (Rs 369 crore), Taxes on goods and passengers (Rs 107 crore),

Taxes on Vehicles (Rs 80 crore) and Union Excise Duties (Rs 67 crore).



While on an average around 60 *per cent* of the revenue came from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 40 *per cent* of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 55 *per cent* of the tax revenue followed by State Excise (18 *per cent*), Taxes on Vehicles (10 *per cent*), Stamp and Registration fees (eight *per cent*) etc. Of non-tax revenue sources, interest receipts (39 *per cent*), and non-ferrous mining and metallurgical industries (29 *per cent*) were the principal contributors. The increase under Interest Receipts (Rs 23.26 crore), however, was neutralised by higher interest payments (Rs 422 crore) during the year mainly due to more interest payment on Internal Debt (Rs 134.78 crore) and Interest on Loans and Advances from Central Government (Rs 278.58 crore) in comparison to previous year.

The arrears of revenues increased by 61 *per cent* from Rs 1,393 crore in 1999-2000 to Rs 2,249 crore at the end of 2002-03. Of these, Rs 262.75 crore was outstanding for a period of more than 5 years. Arrears were mainly in respect of Taxes on Sales, Trade, etc. (Rs 1,635.34 crore), State Excise (Rs 208.90 crore), Taxes on Immovable property other than Agricultural land (Rs 87.12 crore) and Sale of Land and Property (Rs 67.08 crore). The increase in arrears of revenue indicated a slackening of the revenue realizing efforts of the State Government.

The source of revenue receipts under different heads and GSDP during 1998-2003 is indicated in Table 5.

Table 5 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1998-99	8,579	80	3,996	17,349	29,984	72,974
1999-00	9,790	120	5,267	21,681	36,858	78,481
2000-01	12,402	124	4,204	25,677	42,407	79,600
2001-02	12,153	69	5,979	27,771	45,972	89,727
2002-03	13,082	125	7,686	34,592	55,485	87,372

1.7 Application of resources

1.7.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State increased from Rs 13,810 crore in 1998-99 to Rs 19,321 crore in 2002-03 at an average trend rate of 10.00 *per cent* per annum. The rate of growth of total expenditure was slightly lower than the rate of growth of revenue receipts during this period. Despite this, revenue receipts could cover only about 68 *per cent* of total expenditure in 2002-03 leaving the balance to be financed from borrowings.

Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts is indicated in Table-6 below:

Table 6: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Total Expenditure	13,810	15,271	16,838	17,971	19,321	16,642
Rate of Growth	16.60	10.58	10.26	6.73	7.51	10.00*
TE/GSDP	18.92	19.46	21.15	20.03	22.11	20.39
Revenue Receipts/TE	62.12	64.11	73.65	67.63	67.71	67.04
Buoyancy of Total Expenditure with						
GSDP	1.279	1.402	7.197	0.529	**	1.582
Revenue Receipts	7.971	0.749	0.385	***	0.983	0.952

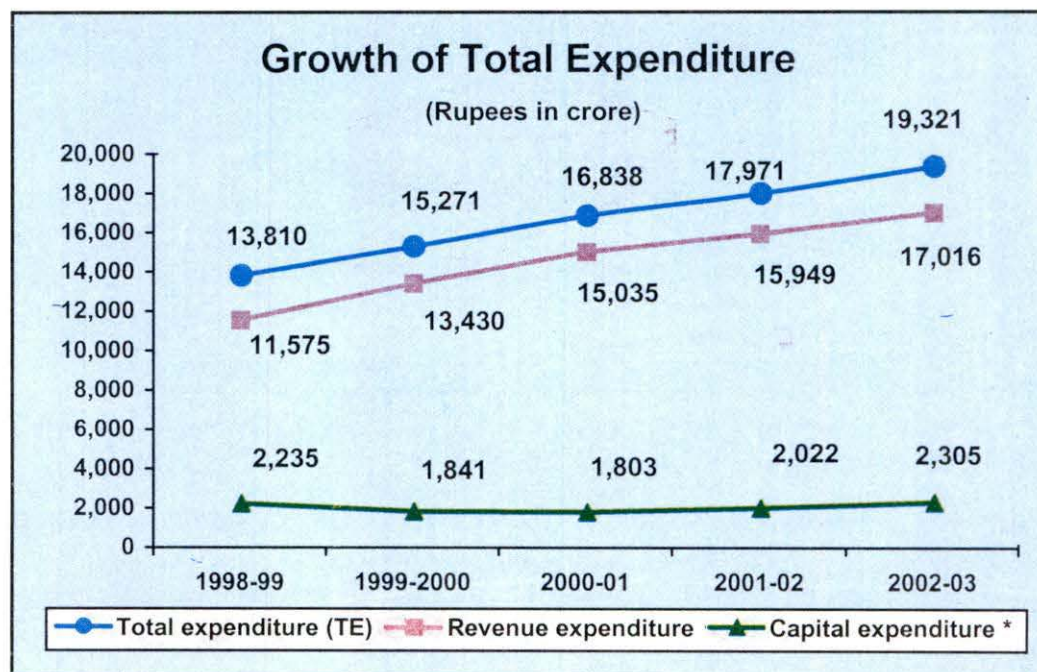
* Average trend rate of growth.

** Rate of growth of GSDP was negative in 2002-03.

*** Rate of growth of Revenue Receipts was negative in 2001-02.

The total expenditure during the year increased by Rs 1350 crore in comparison to previous year. Revenue expenditure increased by Rs 1066.80 crore (mainly due to more expenditure on interest payment: Rs 422.15 crore, power: Rs 343.89 crore, relief on account of natural calamities: Rs 144.36 crore and Urban Development: Rs 122.31 crore).

Capital expenditure increased by Rs 209.73 crore (mainly due to more expenditure³ on district and other roads: Rs 147.16 crore, urban water supply scheme: Rs 38.72 crore and rural water supply schemes: Rs 90.48 crore). The ratio of revenue receipts to total expenditure indicated that approximately only 68 per cent of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.



* Including Loans and Advances received from State Government.

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in the total expenditure is indicated in Table 7.

Table 7: Components of expenditure – Relative Share (in per cent)

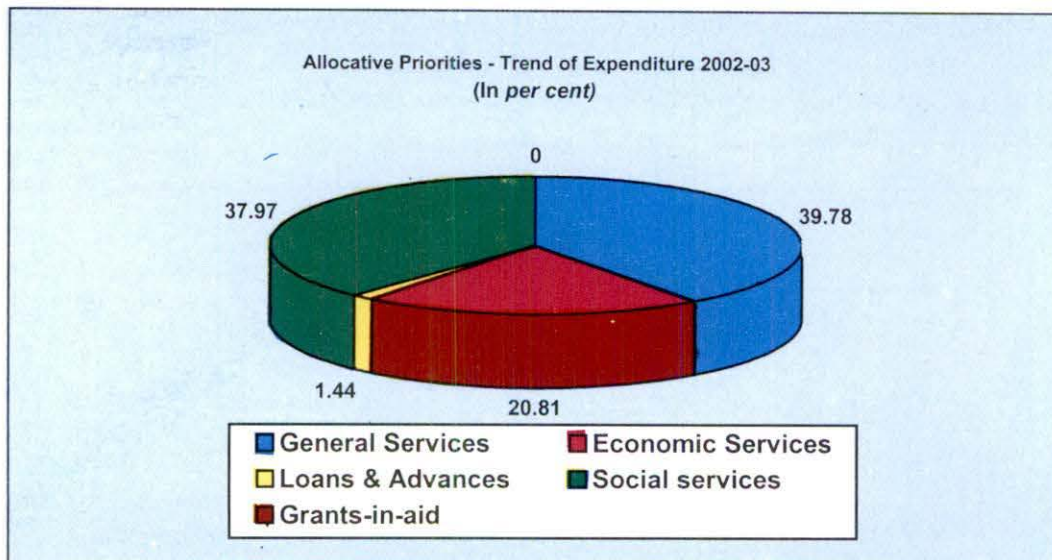
	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
General Services	33.34	38.52	39.19	40.09	39.78	38.18
Social Services	40.31	38.88	39.92	39.34	37.97	39.29
Economic Services	22.94	20.37	18.30	19.34	20.81	20.35
Grants-in-aid	0.20	0.11	0.10	0.09	*	0.10
Loans and advances	3.21	2.12	2.49	1.14	1.44	2.08
Total	100.00	100.00	100.00	100.00	100.00	100.00

* Only 0.0006 per cent

The movement of relative share of these components of expenditure indicated that while the share of social services and economic services in total expenditure declined from 40.31 and 22.94 per cent in 1998-99 to 37.97 and 20.81 per cent respectively during 2002-03, the relative share of general

3. Capital outlay on Roads and Bridges and Water Supply and Sanitation.

services increased from 33.34 *per cent* in 1998-99 to 39.78 *per cent* in 2002-03.



1.7.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table 8 below:

Table 8: Revenue Expenditure – Basic Parameters (Value: Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Expenditure	11,575	13,430	15,035	15,949	17,016	14,601
Rate of Growth	28.81	16.03	11.95	6.08	6.69	12.97 ¹
RE/ GSDP	15.86	17.11	18.89	17.78	19.48	17.89
RE as <i>per cent</i> of TE	83.82	87.94	89.29	88.75	88.07	87.73
RE as <i>per cent</i> to Revenue Receipts	134.92	137.18	121.23	131.24	130.07	130.35
Buoyancy of Revenue Expenditure with						
GSDP	2.220	2.124	8.382	0.478	*	2.052
Revenue Receipts	13.836	1.135	0.448	**	0.875	1.235

* Rate of growth of GSDP was negative in 2002-03.

** Rate of growth of revenue receipts was negative in 2001-02.

1. Average trend rate of growth with base year of 1997-98.

Revenue expenditure of the State increased from Rs 11,575 crore in 1998-99 to Rs 17,016 crore in 2002-03 at an average trend rate of 12.97 *per cent* per annum. The increase in the revenue expenditure during the year was mainly due to more expenditure on interest payments (Rs 422 crore), power (Rs 344 crore), relief on account of natural calamities (Rs 144 crore) and urban development (Rs 122 crore).

Revenue expenditure accounted for 88 *per cent* of total funds available during 2002-03. This was higher than the share of revenue receipts (68 *per cent* of total receipts) of the State Government, which led to revenue deficit. Though the ratio of revenue expenditure to revenue receipts declined from 134.92 *per cent* in 1998-99 to 130.07 *per cent* in 2002-03, dependence of the State on borrowings, for meeting its current expenditure continued primarily due to the

fact that salaries (Rs 5,099 crore), interest payments (Rs 4,300 crore) and pensions (Rs 1,683 crore) alone consumed 85 *per cent* of total revenue receipts of the State.

1.7.3 Expenditure on Salary and Pension Payments

The expenditure on salaries and pension payments increased from Rs 4861 crore and Rs 1337 crore in 1999-2000 to Rs 5099 crore and Rs 1683 crore in 2002-03 respectively. While expenditure on salaries and pension payments during 2002-03 accounted for 39 and 13 *per cent* of the revenue receipts, it was 30 and 10 *per cent* of revenue expenditure respectively. The State Government has not constituted any fund to meet the huge pension liabilities of the retired State employees.

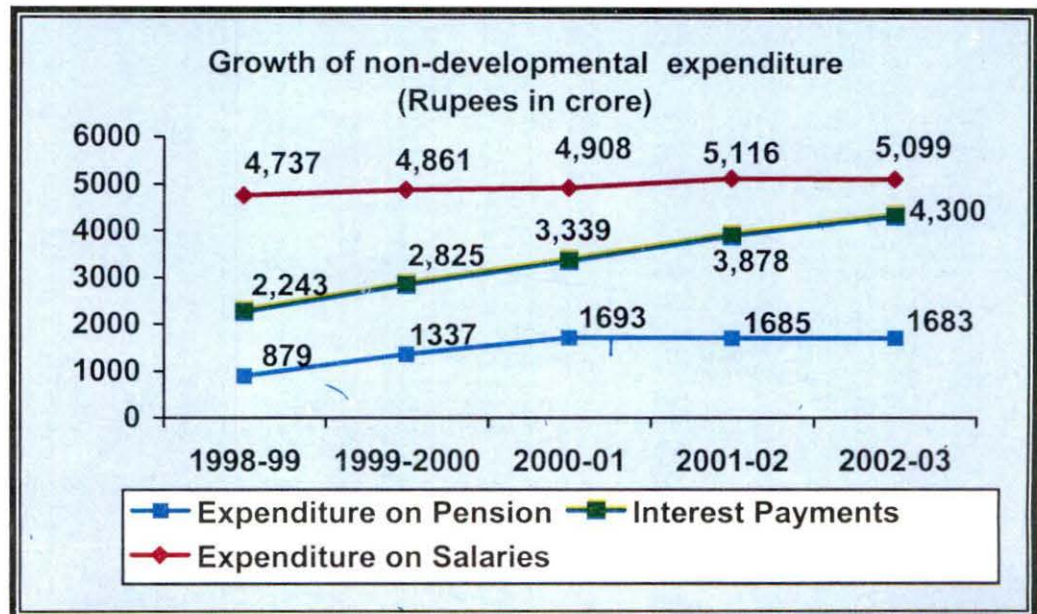
1.7.4 Interest payments

The Eleventh Finance Commission recommended (July 2000) that as a medium term objective, states should endeavour to limit interest payment as a ratio to revenue receipts to 18 to 20 *per cent*. It was, however, observed that interest payments as percentage of revenue receipts ranged between 26 and 33 during the period 1998-2003.

Table 9

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1998-99	2,243	26	19
1999-2000	2,825	29	21
2000-01	3,339	27	22
2001-02	3,878	32	24
2002-03	4,300	33	25

In absolute terms, interest payments increased steadily by 92 *per cent* from Rs 2,243 crore in 1998-99 to Rs 4,300 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit. In fact the ratio of interest payments to Revenue Receipts and total expenditure steadily increased during the period 1998-2003. Higher interest payments, increasing year after year, left lesser funds for expenditure on primary education, health and social welfare schemes.



1.7.5 Subsidies by the Government

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

Table 10 (Rupees in crore)

Sl. No.	Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Power Sector	278.43*	458.14*	2.25*	-	422.64**
2.	Others	19.16	10.38	10.26	7.58	9.82
	Total	297.59	468.52	12.51	7.58	432.46
1.	Percentage Increases (+)/ Decreases (-) over previous years	1258	57	(-) 97	(-) 39	5605
2.	Percentage of subsidy with total expenditure***	2.23	3.13	1	1	2.27

* Rajasthan State Electricity Board.

** Rajasthan Renewable Energy Corporation Limited (Rs 19.92 crore), Rajasthan Rajya Vidyut Utpadan Nigam Limited (Rs 24.30 crore), Rajasthan Rajya Vidyut Prasaran Nigam Limited (Rs 132.30 crore), Jaipur Vidyut Vitran Nigam Limited (Rs 81.28 crore), Jodhpur Vidyut Vitran Nigam Limited (Rs 1.25 crore) and Ajmer Vidyut Vitran Nigam Limited (Rs 163.59 crore).

*** Total Expenditure excludes Loans and Advances.

1. In 2000-01 and 2001-02 only 0.08 and 0.04 per cent respectively.

During the current year, subsidies constituted 2.39 per cent of the total expenditure out of which 98 per cent was paid to Power Sector alone.

1.8 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflect the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure. Table 11 below gives the percentage share of these components of expenditure in State's total expenditure*.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan Expenditure	24.05	20.91	19.53	22.13	22.20	21.71
Capital Expenditure	13.41	10.15	8.43	10.23	10.64	10.47
Developmental Expenditure	65.35	60.53	59.71	59.35	59.64	60.69

* Total expenditure excludes expenditure on loans and advances.

All the three components of expenditure show a relative decline during 1998-2003. Plan expenditure declined from 24.05 per cent of total expenditure in 1998-99 to 22.20 per cent in 2002-03. Similarly, capital expenditure also declined from 13.41 per cent in 1998-99 to 10.64 per cent in 2002-03. There was also a decline in the share of developmental expenditure from 65.35 per cent in 1998-99 to 59.64 per cent in 2002-03.

Out of the developmental expenditure (Rs 11,357 crore), social services (Rs 7,337 crore) accounted for 65 *per cent* of the developmental expenditure during the year. General Education, Health and Family Welfare, Water Supply and Sanitation and Urban Development consumed nearly four-fifths (84 *per cent*) of the expenditure on Social sector.

Similarly, the expenditure on Economic Services (Rs 4,020 crore) accounted for 35 *per cent* of the developmental expenditure. Of which, Agriculture and Allied Activities (Rs 519 crore), Rural Development (Rs 623 crore), Irrigation and Flood Control (Rs 1,130 crore), Energy (Rs 996 crore) and Transport (Rs 548 crore) accounted for 95 *per cent* of the expenditure on Economic sector.

1.8.1 *Department's failure to utilise allotted Central assistance resulted in non-receipt of further assistance of Rs 10.05 crore*

During test-check (May 2001 to December 2002) of the records of 10 District Rural Development Agencies⁴ (DRDAs) it was observed that Central share released by Government of India during 1998-2002 was not fully utilised within the stipulated period and funds in excess of limit prescribed by the Government of India were carried forward in the next year. Besides, State Government did not release its matching share. These factors resulted in non-release of Central assistance amounting to Rs 10.05 crore⁵ during 1998-2002 under various schemes.

The matter was referred to State Government during October 2001-April 2003; reply has not been received (November 2003).

1.8.2 *Despite availability of Central grant of Rs 1.72 crore no training was imparted to the newly elected representatives of PRIs defeating the very purpose of the Scheme*

During test-check (October 2002) of the records of Panchayati Raj Department, Jaipur it was observed that the Central grant of Rs 1.72 crore for training of newly elected representatives of Panchayati Raj Institutions (PRIs) was lying unutilised with State Government. No training was imparted to newly elected representatives of PRIs within first two years of their tenure (not even thereafter) for want of State share. Unutilised funds were also not refunded to Government of India as per conditions (March 2000) of the sanction.

The matter was referred to the State Government in January 2003; reply has not been received (November 2003).

4. Tonk, Alwar, Dausa, Barmer, Karauli, Sirohi, Churu, Udaipur, Banswara and Bharatpur.

5. Tonk: Rs 2.13 crore, Alwar: Rs 0.64 crore, Dausa: Rs 1.01 crore, Barmer: Rs 0.93 crore, Banswara: Rs 1.51 crore, Bharatpur: Rs 0.71 crore, Karauli: Rs 0.42 crore, Sirohi : Rs 0.49 crore, Churu: Rs 1.16 crore, Udaipur: Rs 1.05 crore.

1.8.3 Irregular debit of transportation charges to Calamity Relilef Fund

According to Government of India (GOI) guidelines (July 2001) of Food for Work Programme, the transportation, handling and commission charges of wheat were to be borne by the State Government. It was observed that expenditure of Rs 10.12 crore on transportation etc. charges was debited to Calamity Relief Fund in contravention of GOI guidelines.

1.8.4 Financial Assistance to Local Bodies and others

Autonomous bodies and authorities including local bodies and other institutions registered under the State Cooperative Societies Act, Companies Act, 1956 etc. are granted substantial financial assistance by the State Government to implement various programmes.

The quantum of assistance provided to different bodies, during the period of five years ending 2002-03 was as follows:

Table 12

(Rupees in crore)						
S.No.	Bodies/authorities, etc.	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Universities and Educational Institutions	139.89	141.66	148.10	247.53	182.96
2.	Municipal Corporations and Municipalities	8.57	6.39	416.42	460.91	460.56
3.	Zila Parishads and Panchayat Raj Institutions	768.21	918.90	1,082.48	1,413.71	1,167.76
4.	Development Agencies	8.29	1.52	3.13	39.35	247.88
5.	Hospitals and other Charitable Institutions	11.00	3.42	30.16	14.04	7.22
6.	Other Institutions	799.24	967.03*	596.70*	415.65	797.69
	Total	1,735.20	2,038.92	2,276.99	2,591.19	2,864.07
	Percentage increase (+) / decrease (-) over previous year	19	18	12	14	11
	Assistance as a percentage of revenue receipts	20	21	18	21	22
	Percentage of assistance to revenue expenditure	15	15	15	16	17

* Aggregate figure of the amount of assistance paid to various institutions for various purposes.

1.8.5 Delay in furnishing of utilisation certificates

Out of 11,266 utilisation certificates due in respect of grants aggregating Rs 2,646.55 crore paid during April 1993 to March 2002, 10,613 utilisation certificates for Rs 2,614.46 crore had been furnished by 31 March 2003 and 653 certificates for Rs 32.09 crore were in arrears. Department-wise break-up of outstanding utilisation certificates is given in *Appendix-II*.

In the absence of these certificates it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given.

1.8.6 Misappropriation and defalcation of Government funds

As per Rule 20 of General Financial and Accounts Rules Part-I cases of misappropriation, defalcation and theft, etc. of the Government money/property reported to/detected by Audit upto the end of March 2003 on which final action was pending at the end of September 2003 were as under:

Particulars	Number of cases	Amount (Rupees in crore)
Cases reported upto March 2001 and outstanding at the end of September 2001	1484	17.34
Cases reported during 2001-02 and 2002-03	221	4.44
Cases disposed of between October 2001 and September 2003	361	1.98
Cases reported upto March 2003 and outstanding at the end of September 2003	1344	19.80 ⁶

The extent of delay in finalisation of 1344 cases pending with 61 offices as on 30 September 2003 was as under:

S. No.	Particulars	Number of cases	Amount (Rupees in crore)
1.	Cases more than 10 years old	496	4.41
2.	Cases between 7 and 10 years old	217	2.51
3.	Cases between 5 and 7 years old	191	3.05
4.	Cases between 3 and 5 years old	163	2.23
5.	Cases upto 3 years old	277	7.60
	Total	1344	19.80

Thirty seven *per cent* of the cases are pending for more than 10 years, as such recovery etc. of these amounts is difficult. Out of these cases 598 cases: Rs 6.35 crore (44 *per cent*) are pending for recovery and 385 cases: Rs 2.91 crore (29 *per cent*) pending for departmental enquiry. Department-wise pendency was as under:

S. No.	Department	Number of cases	Amount (Rupees in crore)
1.	Revenue	64	0.36
2.	Education	323	1.73
3.	Works	597	8.41
4.	Medical	120	1.75
5.	Others	240	7.55
	Total	1344	19.80

Keeping in view the measures suggested by the Public Accounts Committee (1986-87), the Government issued instructions to the Heads of Department concerned in December 1986 and reiterated in August 1995 to initiate action

6. Does not include money value in respect of 96 cases for want of information from the departments.

on the pending embezzlement cases and intimate progress to the Accountant General.

No concrete steps have yet been taken to settle these cases. The Government needs to take suitable steps for finalising the cases in a time-bound manner.

1.9 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. Exhibit-I presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. The liabilities of Government of Rajasthan depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/letters of comforts issued by the State Government. Exhibit-IV depicts the Time Series Data on State Government Finances for the period 1998-2003.

1.9.1 Financial results of irrigation works

The financial results of 5 major and 12 medium irrigation projects with a capital outlay of Rs 2,977.41 crore at the end of March 2003 showed that revenue realised (Rs 12.40 crore) from these projects during 2002-03 was only 0.42 *per cent* of the capital outlay which was not sufficient to cover even the direct working expenses. After meeting the working and maintenance expenditure (Rs 65.33 crore) and interest charges (Rs 289.56 crore), the schemes suffered a net loss of Rs 342.49 crore.

1.9.2 Incomplete projects

As per information received from the State Government, as of 31 March 2003, there were 531 incomplete projects in which Rs 2,277 crore were blocked for periods ranging from five to 41 years.

1.9.3 Investments and returns

As on 31 March 2003, Government had invested Rs 3,268.03 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives. Government's return on this investment was meagre (less than one *per cent*) as indicated in Table-13 below. Of these, three statutory corporations, 12 rural banks, 10 government companies and seven joint stock

companies with an aggregate investment of Rs 1,926.72 crore upto 2002-03 were incurring losses and their accumulated losses amounted to Rs 1,574.70 crore as per the accounts furnished by these companies upto 2001-02 (*Appendix-III*). The negligible returns on investment as compared to high cost of borrowing with interest upto 12.50 *per cent* led to implicit subsidy.

Table 13: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (<i>per cent</i>)
1998-1999	2,517.65	8.00	0.32	12.15 and 12.50
1999-2000	2,560.08	5.29	0.21	11, 11.85 and 12.25
2000-01	2,596.35	5.57	0.21	10.50, 10.82, 10.52 and 12.00
2001-02	2,936.76	4.78	0.16	8.00, 8.30, 9.45 and 10.35
2002-03	3,268.03	8.26	0.25	6.75, 6.80, 6.95 and 7.80

1.9.4 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs 2,954 crore as on 31 March 2003 (Table 14). Overall, interest received against these advances declined to 2.95 *per cent* during 2002-03. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 14: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening Balance	1,802	2,165	2,369	2,664	2,801 ⁷
Amount advanced during the year	443	324	419	204	278
Amount repaid during the year	80	120	124	69	125
Closing Balance	2,165	2,369	2,664	2,799	2,954
Net Addition (+) / Reduction (-)	363	204	295	135	153
Interest received (Rupees in crore)	213	238	108	83	85
Interest received as <i>per cent</i> to outstanding Loans and advances	10.74	10.50	4.29	3.04	2.95
Average rate of interest paid by the State	10.33	10.43	10.45	10.50	10.02
Difference between interest paid and received	+ 0.41	+ 0.07	- 6.16	- 7.46	- 7.07

1.9.5 Lack of accountability in departmental commercial undertakings

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are to prepare *pro forma* accounts in the prescribed format annually showing the results of financial operation so that the Government can assess the results of their working. The Heads of Departments in Government are to ensure that the undertakings prepare the accounts and submit the same to Accountant General

7. Proforma correction regarding prior period adjustments due to conversion of investment into loans amounting to Rs. 2.45 crore.

for audit. As of March 2003, there were 12⁸ such undertakings. Two out of these did not prepare the accounts for two years and six for one year. Rs 3,411.66 crore had been invested by the State Government in these 12 undertakings at the end of financial year upto which their accounts were finalised.

It has been repeatedly commented in the Audit Reports of the State about the failure of the Heads of Departments and the management of the undertakings for timely preparation of the *pro forma* accounts. Neither did Government initiate action against the management for their failure to prepare accounts nor did it take any effective initiative to set right the position. As a result, accountability of the management and Government in respect of the public funds spent by these undertakings was not ensured.

The department-wise position of arrears (upto November 2003) in preparation of *pro forma* accounts were as follows:

Table 15

Department	Number of undertakings	Accounts not finalised	Year from which accounts were due	Investment as per last audited account* (Rs in crore)
Home	7	Jail Manufacture, Ajmer	2001-02 ⁹	0.61
		Jail Manufacture, Alwar	2001-02	0.26
		Jail Manufacture, Bikaner	2002-03	0.57
		Jail Manufacture, Jaipur	2002-03	1.19
		Jail Manufacture, Jodhpur	2002-03	0.95
		Jail Manufacture, Kota	-	0.25
		Jail Manufacture, Udaipur	2002-03	0.71
Forest	2	Departmental Trading of Forest Coupes	2002-03	- [#]
		Patta Tendu Scheme	2001-02	- [#]
State Enterprises	2	Sodium Sulphate Works, Didwana	-	-
		Government Salt Works, Didwana	-	- [#]
Public Health Engineering	1	Rajasthan Water Supply and Sewerage Management Board, Jaipur	2002-03	3407.12
	12	Total		3411.66

During the course of audit it was noticed that eight out of twelve undertakings incurred losses for more than five years and the accumulated losses were Rs 2,735 crore against a total investment of Rs 3,412 crore.

8. This does not include:
Scheme for purchase and sale of pumping sets and Rajasthan Ground Water Department, Jodhpur which were declared non-commercial with effect from December 1987. However, the *pro forma* accounts of these departmental undertakings from 1975-76 to 1987-88 and 1974-75 to 1987-88 respectively were pending.

* Investment represents the balance of fixed capital account and current account of the Government on the last day of the financial year up to which accounts had been finalised.

9. Accounts of Jail Manufacture, Ajmer for the year 2001-02 have just been received (20 November 2003) and audit is being provided.

Capital investment of the Government is nil as the remittances from the undertakings were more than the amount invested by the Government.

The lack of accountability displayed by the failure to prepare the accounts by the management of these undertakings is a matter of concern as large amount of public funds are involved in these cases. The Government should also re-examine the justification for continued release of budgetary funds to the undertakings without assessing their financial performance.

1.9.6 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. During the year, the State has used this mechanism for 206 days as against 141 days last year although it raised borrowings of Rs 2,383 crore from the market on five occasions. In addition, the volume of Ways and Means Advances taken by the State was much higher this year. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the Overdraft facilities for 150 days during the year as against 168 days last year.

Table 16: Ways and Means and Overdrafts of the State and Interest paid thereon

	(Rupees in crore)					
	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Ways and Means Advances						
Taken in the Year	1,862.83	3,848.08	3,445.78	2,635.01	4,893.81	3,337.10
Outstanding	239.12	395.35	374.67	446.24	235.70	338.22
Interest Paid	2.84	20.17	22.75	20.67	23.68	18.02
Overdraft						
Taken in the Year	1,984.86	2,344.81	2,684.96	5,370.54	4,656.06	3,408.25
Outstanding	645.88	535.05	-	625.09	-	361.20
Interest Paid	1.42	6.52	4.74	4.28	6.19	4.63
Number of Days State was in Overdraft	79	96	103	168	150	119

1.9.7 Undischarged Liabilities

Fiscal liabilities – public debt and guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its Consolidated Fund, within such limits as may, from time to time, be fixed by an act of Legislature. However, no such law was passed by the State to lay down any such limit. However, State Government through a resolution had decided (May 1999) that its total debt (excluding other liabilities) and outstanding amount of guarantees as on the last day of any financial year will not be more than double the estimated receipts in its consolidated fund. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It was, however, observed that the overall fiscal liabilities of the State increased from Rs 24,170 crore in 1998-99 to Rs 45,871 crore in 2002-03 at an average growth rate of 18.59 per cent. These liabilities as ratio to GSDP

increased from 33.1 *per cent* in 1998-99 to 52.5 *per cent* in 2002-03 and stood at 3.51 times of its revenue receipts and 5.86 times of its own resources comprising its own tax and non-tax revenue. Table 17 below gives the fiscal Liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 17: Fiscal Imbalances—Basic Parameters (Rupees in crore and Ratios in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Fiscal Liabilities	24,170	30,011	33,874	39,970	45,871	34,779
Rate of growth	25.49	24.17	12.87	18.00	14.76	18.59
Ratio of Fiscal Liabilities to						
GSDP	33.1	38.2	42.6	44.5	52.5	42.6
Revenue Receipts	281.7	306.5	273.1	328.9	350.6	305.5
Own Resources	456.6	491.6	484.7	556.8	586.4	510.8
Buoyancy of Fiscal Liabilities to						
GSDP	1.964	3.202	9.028	1.415	*	2.943
Revenue Receipts	12.239	1.712	0.482	(-) 8.963	1.931	1.771
Own Resources	3.961	1.575	0.890	6.584	1.648	1.760

* Rate of Growth of GSDP was negative in 2002-2003

In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-03 stood at Rs 14,968 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities exceed four times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP, revenue receipts and own resources. On average for each one *per cent* increase in GSDP the direct fiscal liabilities of the State have increased by 2.943 *per cent*.

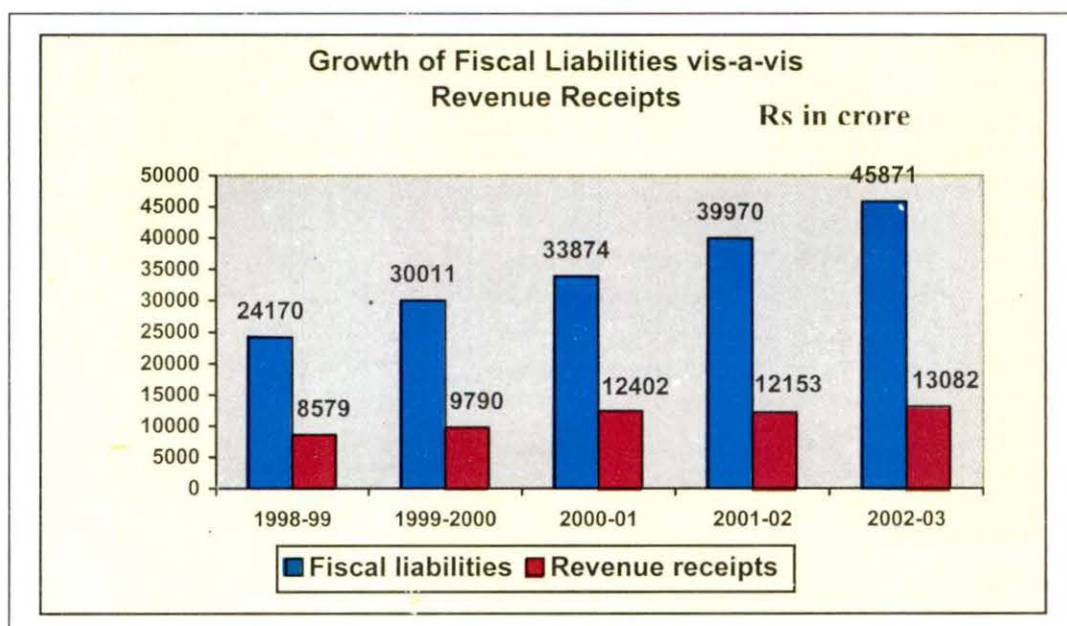
Increasing liabilities had raised the issue of sustainability of State Government finances. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table-18.

Table 18: Debt Sustainability – Interest Rate and GSDP Growth (in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Weighted Interest Rate	10.33	10.43	10.45	10.50	10.02	10.35
GSDP Growth	12.98	7.55	1.43	12.72	- 2.62	6.32
Interest spread	2.65	- 2.88	- 9.03	2.22	- 12.64	- 4.03

In the case of Rajasthan the weighted interest rate is higher than the rate of growth of GSDP indicating unsustainability of the State's fiscal liability.



Another important indication of debt sustainability is net availability of funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 19 below gives the position of the receipts and repayments of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments ranged between 26.8 *per cent* and 42.5 *per cent* during 1998-2003.

Table 19: Net Availability of Borrowed Funds (Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Internal Debt*						
Receipts	1,175	1,867	1,510	1,609	2,701	1,772
Repayments (Principal + Interest)	702	896	1,084	1,322	1,436	1,088
Net Funds Available	473	971	426	287	1,265	684
Net Funds Available (<i>per cent</i>)	40.3	52.0	28.2	17.8	46.8	38.6
Loans and Advances from Government of India						
Receipts	1,859	2,485	2,644	3,673	4,787	3,090
Repayments (Principal + Interest)	1,263	1,606	1,957	2,334	3,757	2,184
Net Funds Available	596	879	687	1,339	1,030	906
Net Funds Available (<i>per cent</i>)	32.1	35.4	26.0	36.5	21.5	29.3
Total Public Debt						
Receipts	3,034	4,352	4,154	5,282	7,488	4,862
Repayments (Principal + Interest)	1,965	2,502	3,041	3,656	5,193	3,272
Net Funds Available	1,069	1,850	1,113	1,626	2,295	1,590
Net Funds Available (<i>per cent</i>)	35.2	42.5	26.8	30.8	30.6	32.7

* Internal debt excluding ways and means advances and overdrafts from RBI/GOI.

The State Government raised market loans of Rs 2,383.41 crore during the year. The average rate of market borrowing (Rs 2,383 crore) during the year

was 7.22 *per cent* whereas the State Government borrowed Rs 3,397.93 crore from National Small Saving Fund at the rate 10.50 *per cent per annum* from Government of India. Further the State Government failed to use the option of raising market borrowing at competitive rates through auctions by RBI. As on 31 March 2003, 68 *per cent* of the existing market loans of the State Government carried interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly one-fourth of the total market loans are repayable within the next five years while the remaining three-fourth loans are required to be repaid within five to 10 years.

1.10 Recommendations of Eleventh Finance Commission

1.10.1 Medium Term Fiscal Reforms Programme (MTFRP)

Eleventh Finance Commission (EFC) in its report lays down broad parameters of fiscal correction in the State Sector. Each State was required to draw up the Medium Term Fiscal Reforms Programme (MTFRP) to achieve the objective of zero revenue deficit. The MTFRP was to form the basis of a Memorandum of Understandings (MOU) entered into between the State and Ministry of Finance. Further, the EFC recommended an Incentive Fund from which grants were to be released to States based on their fiscal performance. On the basis of the recommendations of the EFC, the Government of India (GOI) created Fiscal Reforms Facility (2000-01 to 2004-05) to motivate the States to undertake MTFRP. Release from the Incentive Fund was to be based on achieving a minimum improvement of five percentage points in the revenue deficit as a proportion of its revenue receipts each year till 2004-05 over the base year 1999-2000.

Test-check of records of Finance Department revealed that State Government formulated its MTFRP in March 2003 and an MOU had been signed by the Rajasthan Government with GOI only in March 2003. GOI released Rs 171.68 crore during 2001-02 towards incentive fund pertaining to their share for the year 2000-01. The main impact of this programme will be felt in the coming years.

Further, according to MOU (25 March 2003), the revenue deficit as a proportion of Revenue Receipts was to be reduced by five *per cent* each year from 1999-2000 (base year). Accordingly, the revenue deficit of 37 *per cent* during 1999-2000 was to be restricted to 32 *per cent*, 27 *per cent* and 22 *per cent* of revenue receipts during years 2000-01 to 2002-03. The actual revenue deficit, however, after a dip in 2000-01 (21 *per cent*), rose steeply and was higher than 30 *per cent* during 2001-02 and 2002-03.

1.11 Management of deficits

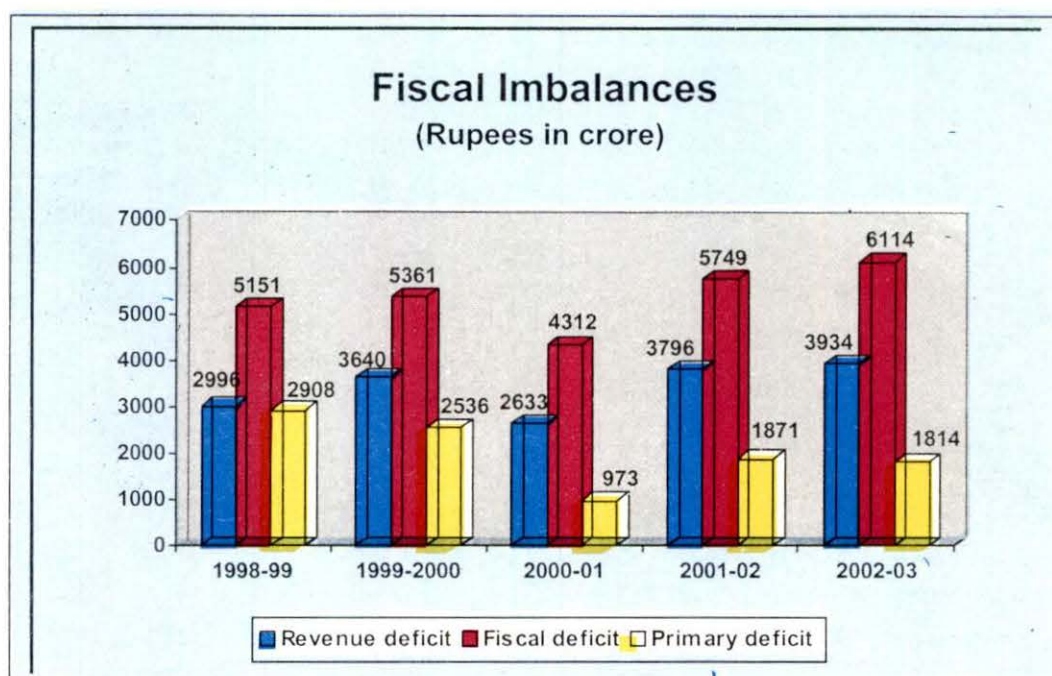
1.11.1 Fiscal imbalances

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

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs 2,996 crore in 1998-99 to Rs 3,934 crore in 2002-03. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also increased from Rs 5,151 crore in 1998-99 to Rs 6,114 crore in 2002-03. The primary deficit declined from Rs 2,908 crore in 1998-99 to Rs 1,814 crore in 2002-03 as indicated in Table 20.

Table 20: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue deficit	2,996	3,640	2,633	3,796	3,934	3,400
Fiscal deficit	5,151	5,361	4,312	5,749	6,114	5,337
Primary Deficit	2,908	2,536	973	1,871	1,814	2,020
RD/GSDP	4.11	4.64	3.31	4.23	4.50	4.16
FD/GSDP	7.06	6.83	5.42	6.41	7.00	6.54
PD/GSDP	3.98	3.23	1.22	2.09	2.08	2.48
RD/FD	58.16	67.90	61.06	66.03	64.34	63.70



Persistent revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure and Government had to borrow to meet its current obligations. The ratio of revenue deficit to fiscal deficit has also increased from 58.16 per cent in 1998-99 to 64.34 per cent in 2002-03.

As a proportion of GSDP, revenue deficit increased from 4.11 *per cent* in 1998-99 to 4.50 *per cent* in 2002-03 and fiscal deficit marginally decreased from 7.06 *per cent* in 1998-99 to 7 *per cent* in 2002-03.

1.12 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 21 below presents a summarized position of Government Finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprises not only the tax and non-tax resources of the State but also the transfers from Union Government. These ratios, show a continuous improvement during 1998-2001, depict a significant deceleration in 2001-02. Though these ratios again increased during the current year.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilisation. The ratio of revenue expenditure to total expenditure has shown an increase while its capital expenditure and developmental expenditure as percentage to total expenditure has declined in 2002-03 in comparison to 1998-99. Both its revenue and total expenditure when compared to its revenue receipts and revenue expenditure have shown comparatively higher buoyancy. All these indicate State's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 21: Ratios of Fiscal Efficiency (in *per cent*)

Fiscal Ratios	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Resources Mobilisation						
Revenue Receipts/GSDP	11.76	12.47	15.58	13.54	14.97	13.72
Revenue Buoyancy	0.160	1.871	18.712	- 0.158	- 2.912	1.661
Own Tax/GSDP	5.40	5.77	6.66	6.32	7.16	6.30
Expenditure Management						
Total Expenditure/GSDP	18.92	19.46	21.15	20.03	22.11	20.39
Revenue Receipts/ Total Expenditure	62.12	64.11	73.65	67.63	67.71	67.04
Revenue Expenditure/Total Expenditure	83.82	87.94	89.29	88.75	88.07	87.73
Capital Expenditure/Total Expenditure	13.41	10.15	8.43	10.23	10.64	10.47
Developmental Expenditure/Total Expenditure (RE+CE)	65.35	60.53	59.71	59.35	59.64	60.69
Buoyancy of TE with RR	7.971	0.749	0.385	- 3.351	0.983	0.952
Buoyancy of RE with RR	13.836	1.135	0.448	- 3.028	0.875	1.235

Fiscal Ratios	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	2,996	3,640	2,633	3,796	3,934	3,400
Fiscal deficit (Rs in crore)	5,151	5,361	4,312	5,749	6,114	5,337
Primary Deficit (Rs in crore)	2,908	2,536	973	1,871	1,814	2,020
Revenue Deficit/Fiscal Deficit	58.16	67.90	61.06	66.03	64.34	63.70
Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	33.1	38.2	42.6	44.5	52.5	42.6
Fiscal Liabilities/RR	281.7	306.5	273.1	328.9	350.6	305.5
Buoyancy of FL with RR	12.239	1.712	0.482	- 8.963	1.931	1.771
Buoyancy of FL with OR	3.961	1.575	0.890	6.584	1.648	1.760
Interest Spread	2.65	- 2.88	- 9.03	2.22	- 12.64	- 4.03
Net Fund Available	35.2	42.5	26.8	30.8	30.6	32.7
Other Fiscal Health Indicators						
Return on Investment	0.32	0.21	0.21	0.16	0.25	0.23
BCR (Rs in crore)	- 2,543	- 3,015	- 1,998	- 2,692	- 3,045	- 2,659
Financial Assets/Liabilities	0.74	0.67	0.63	0.59	0.56	0.64

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing revenue deficit indicate that the state is gradually getting into a debt trap. In fact the ratio of fiscal liabilities to GSDP had crossed 50 *per cent* in the current even without including the state's contingent liability. The average interest paid by the State on its borrowings during 1998-2003 has also exceeded the rate of growth of its GSDP, violating the cardinal rule of debt sustainability. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. The State's low return on investment and its outstanding advances indicated an implicit subsidy. High cost funds were being allocated to these investments, which yielded very little to the State. This indicated that either the State has to generate more revenue out of its existing assets or it needs to provide from its current revenues for servicing its debt obligations. The Balance from Current Revenues (BCR) of the State has also continued to be negative. The negative BCR reduced the availability of resources to fund for additional infrastructure support and other revenue generating investment. The ratio of its assets to its liabilities had declined to 0.56 indicating that the State's fiscal liabilities had ceased to have an asset back-up. All these indicate continuing deterioration of the State's fiscal situation.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF RAJASTHAN

(Rupees in crore)

As on 31 March 2002	Liabilities		As on 31 March 2003
9667.23	Internal Debt-		11877.13
	7551.82	Market Loans bearing interest 9816.18	
	9.34	Market Loans not bearing interest 9.28	
	115.01	Loans from Life Insurance Corporation of India 109.80	
	86.58	Loans from the General Insurance Corporation of India 99.92	
	683.40	Loans from the National Bank for Agriculture and Rural Development 886.75	
	50.41	Loans from the National Cooperative Development Corporation 42.69	
	724.43	Loans from other Institutions, etc. 676.81	
	446.24	Ways and Means Advances from RBI 235.70	
625.09	Overdrafts from Reserve Bank of India		-
17651.22	Loans and Advances from Central Government		20696.86
	556.62	Pre 1984-85 Loans 507.30	
	11318.63	Non-Plan Loans 14669.57	
	5448.98	Loans for State Plan Schemes 5357.98	
	0.99	Loans for Central Plan Schemes 0.95	
	158.00	Loans for Centrally Sponsored Plan Schemes 161.06	
	168.00	Ways and Means Advances from GOI -	
35.00	Contingency Fund		35.00
8630.05	Small Savings, Provident Funds, etc.		9568.44
3058.63	Deposits		3312.12
337.68	Reserve Funds		416.84
-	Suspense and Miscellaneous Balances		-
70.39*	Deposits with Reserve Bank		288.41*
11.22*	Cash in Treasuries and Local Remittances		-
40086.51	Total		46194.80
As on 31 March 2002	Assets		As on 31 March 2003
20798.48	Gross Capital Expenditure		22823.56
	2936.76	Investments in shares of Companies, Corporations, etc. 3268.03@	
	17861.72	Other Capital Expenditure 19555.53	
2799.14	Loans and Advances		2954.16
	1900.43	Loans for Power Projects 2038.99**	
	614.20	Other Development Loans 598.58@	
	284.51	Loans to Government Servants and Miscellaneous loans 316.59	
-	Reserve Fund Investments		-
1.20	Advances		1.95
29.03	Remittance Balances		30.20
43.66	Suspense and Miscellaneous Balances		35.87
2.84	Cash		2.98
	-	Cash in Treasuries and Local Remittances 0.27	
	2.11	Departmental Cash Balance 1.98	
	0.56	Permanent Advances 0.56	
	0.17	Cash Balance Investments 0.17	
16412.16	Deficit on Government Accounts		20346.08
	3795.69	(i) Revenue Deficit of the Current Year 3933.92	
	12616.47	(ii) Accumulated deficit upto preceding year 16412.16	
40086.51	Total		46194.80

* Included on liabilities side as the balances were in negative.

@ Proforma correction regarding prior period adjustment account due to conversion of investment into loans amounting to Rs 2.45 crore.

** Includes Rs 0.04 crore booked under major head 6853 (Industry and Minerals Sector).

EXHIBIT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03
(Rupees in crore)

2001-02	Receipts		2002-03	2001-02	Disbursements		2002-03		
							Non-Plan	Plan	Total
12153.29	Section-A: Revenue				I. Revenue Expenditure				
5671.17	I. Revenue receipts		13081.86	7176.72	General Services		7593.26	52.22	7645.48
	Tax revenue	6253.34		6404.58	Social Services		5360.20	1225.42	6585.62
1508.46	Non-tax revenue	1569.00		3430.98	Education, Sports, Art and Culture		3155.25	155.29	3310.54
				973.22	Health and Family Welfare		699.43	199.55	898.98
2882.36	State's share of Union Taxes and Duties	3063.10		1232.50	Water Supply, Sanitation, Housing and Urban Development		805.97	593.20	1399.17
				8.07	Information and Broadcasting		8.51	0.03	8.54
1008.26	Non-Plan grants	813.64		109.73	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		30.47	69.08	99.55
				36.39	Labour and Labour Welfare		36.34	0.98	37.32
342.08	Grants for State Plan Schemes	616.52		603.89	Social Welfare and Nutrition		614.61	207.29	821.90
				9.80	Others		9.62	-	9.62
740.96	Grants for Central, Centrally Sponsored Plan Schemes and Special Plan Schemes	766.26		2349.15	Economic Services		1790.06	994.50	2784.56
				524.08	Agriculture and Allied Activities		406.05	100.74	506.79
				410.36	Rural Development		133.99	316.40	450.39
				-	Special Areas Programmes		-	-	-
				777.17	Irrigation and Flood Control		735.04	15.18	750.22
				318.70	Energy		268.13	394.70	662.83
				52.48	Industry and Minerals		49.22	15.76	64.98
				191.48	Transport		156.67	99.78	256.45
				3.20	Science, Technology and Environment		2.16	1.39	3.55
				71.68	General Economic Services		38.80	50.55	89.35
				18.53	Grants-in-aid and Contributions		0.12	-	0.12
3795.69	II. Revenue deficit carried over to Section-B		3933.92		Total		14743.64	2272.14	17015.78
15948.98	Total		17015.78	15948.98					
(-)162.95	Section-B - Others			1817.81	II. Capital Expenditure		71.01	1956.52	2027.53
	III. Opening Cash balance including Permanent Advances and Cash Balance Investments		(-) 78.77	27.20	General Services		10.13	31.45	41.58
				664.94	Social Services		60.86	689.93	750.79
				24.54	Education, Sports, Art and Culture		-	19.32	19.32
				23.87	Health and Family Welfare		-	14.05	14.05
				519.10	Water Supply, Sanitation, Housing and Urban Development		60.86	591.03	651.89
				0.37	Information and Broadcasting		-	0.18	0.18
				70.14	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		-	47.33	47.33
				26.70	Social Welfare and Nutrition		-	17.21	17.21
				0.22	Others		-	0.81	0.81
				1125.67	Economic Services		0.02	1235.14	1235.16
				21.04	Agriculture and Allied Activities		-	12.17	12.17
				177.03	Rural Development		-	172.15	172.15
				32.32	Special Areas Programmes		-	36.57	36.57
				403.81	Irrigation and Flood Control		-	380.26	380.26
				333.00	Energy		-	333.50	333.50
				0.35	Industry and Minerals		-	1.14	1.14
				149.94	Transport		-	291.38	291.38
				-	Science, Technology and Environment		-	0.03	0.03
				8.18	General Economic Services		0.02	7.94	7.96

Audit Report (Civil) for the year ended 31 March 2003

(Rupees in crore)

Receipts			Disbursements		
2001-02		2002-03	2001-02		2002-03
69.24	IV. Recoveries of Loans and Advances	125.23	204.10	III. Loans and Advances disbursed	277.80
2.31	From Power Projects 4.29		92.50	For Power Projects 142.85	
27.23	From Government 38.31		75.70	To Government Servants 70.72	
39.70	From Others 82.63		35.90	To Others 64.23	
5978.86	V. Public Debt Receipts	7686.49	3795.69	IV. Revenue deficit brought down	3933.92
1609.09	Internal debt other than Ways and Means Advances and Overdraft 2701.24		1023.83	V. Repayment of Public Debt	3056.04
696.66	Net transactions under Ways and Means Advances including Overdraft -		296.67	Internal debt other than Ways and Means Advances and Overdraft 280.80	
3673.11	Loans and Advances from Central Government 4985.25		727.16	Net transactions under Ways and Means Advances including Overdraft 835.63	
27770.69	VI. Public Account Receipts	34592.19	26893.18	Repayment of Loans and Advances to Central Government 1939.61	
1915.63	Small Savings, Provident Funds, etc. 1917.69		937.73	VI. Public Account disbursements	33315.28
334.07	Reserve Funds 837.09		325.13	Small Savings, Provident Funds, etc. 979.30	
59.17	Suspense and Miscellaneous 19.59		320.92	Reserve Funds 757.94	
1723.53	Remittances 2031.02		1725.51	Suspense and Miscellaneous 11.81	
23738.29	Deposits and Advances 29786.80		23583.89	Remittances 2032.17	
			(-) 78.77	Deposits and Advances 29534.06	
			(-) 11.22	VII. Cash Balance at end	(-) 285.43
			(-) 70.39	Cash in Treasuries and Local Remittances 0.27	
			2.67	Deposits with Reserve Bank (-)288.41	
			0.17	Departmental Cash Balance 2.54	
				Including permanent Advances	
				Cash Balance Investment 0.17	
33655.84	Total	42325.14	33655.84	Total	42325.14

* Represents receipts: Rs 9549.87 crore and disbursements: Rs 10385.50 crore.

EXHIBIT-III SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-02	Sources	2002-03
12153.29	Revenue receipts	13081.86
69.24	Recoveries of Loans and Advances	125.23
4955.03	Increase in Public Debt	4630.45
877.51	Net receipts from Public Account	1276.91
977.90	Increase in Small Savings, Provident Funds, etc.	938.39
154.40	Net effect in Deposits and Advances	252.74
8.94	Net effect in Reserve Funds	79.15
(-) 261.75	Net effect of Suspense and Miscellaneous transactions	7.78
(-) 1.98	Net effect of Remittance transactions	(-) 1.15
-	Decrease in closing cash balance	206.66
18055.07	Total	19321.11
2001-02	Application	2002-03
15948.98	Revenue expenditure	17015.78
204.10	Lending for development and other purposes	277.80
1817.81	Capital expenditure	2027.53
84.18	Increase in closing cash balance	-
18055.07	Total	19321.11

Explanatory Notes for Exhibits -I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was a difference of Rs 0.43 crore (net Debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposit with Reserve Bank". Following reconciliation and subsequent adjustments, a difference of Rs 0.05 crore (net Debit) remained to be reconciled as of May 2003.

EXHIBIT-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES
(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Part A. Receipts					
1. Revenue Receipts	8579	9790	12402	12153	13082
(i) Tax Revenue	3939(46)	4531(46)	5300 (43)	5671(47)	6253(48)
Taxes on Sales, Trade, etc.	2059(52)	2425(54)	2821(53)	3069(54)	3438(55)
State Excise	990(25)	961(21)	1119 (21)	1110(20)	1142(18)
Taxes on Vehicles	364(9)	455(10)	511 (10)	566(10)	646(10)
Other Taxes	526(14)	690(15)	849 (16)	926(16)	1027(17)
(ii) Non-Tax Revenue	1354(16)	1574(16)	1688 (14)	1508(12)	1569(12)
(iii) State's share of Union taxes and duties	1964(23)	2185(22)	2837 (23)	2883(24)	3063(23)
(iv) Grants-in-aid from GOI	1322(15)	1500(16)	2577 (20)	2091(17)	2197(17)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Total revenue and Non-debt Capital Receipts (1+2)	8579	9790	12402	12153	13082
4. Recoveries of Loans and Advances	80	120	124	69	125
5. Public Debt Receipts	3976	5267	4204	5979	7686
Internal Debt (excluding Ways & Means Advances and Overdraft)	1175(30)	1867(35)	1510 (36)	1609(27)	2701(35)
Net transactions under Ways and Means Advances and Overdraft	838(21)	45(1)	-	697(12)	-
Loans and Advances from Government of India ^{\$}	1963(49)	3355(64)	2694 (64)	3673(61)	4985(65)
6. Total receipts in the Consolidated Fund (3+4+5)	12635	15177	16730	18201	20893
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts	17349	21681	25677	27771	34592
9. Total receipts of the State (6+7+8)	29984	36858	42407	45972	55485
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	11575	13430	15035	15949	17016
Plan	1443(12)	1643(12)	1885 (13)	2186(14)	2272(13)
Non-Plan	10132(88)	11787(88)	13150(87)	13763(86)	14744(87)
General Services (excluding Interest payments)	2316(20)	2858(21)	3239(22)	3299(21)	3345(20)
Interest Payments	2243(19)	2825(21)	3339(22)	3878(24)	4300(25)
Social Services	4923(43)	5486(41)	6128(41)	6405(40)	6586(39)
Economic Services	2065(18)	2243(17)	2312(15)	2349(15)	2785(16)
Grants-in-aid and Contributions	28(-)	18(-)	17 (-)	18(-)	@
11. Capital Expenditure	1792	1517	1384	1818	2027
Plan	1772(99)	1482(98)	1322(98)	1745(96)	1956(96)
Non-Plan	20(1)	35(2)	62 (2)	73(4)	71(4)
General Services	45(2)	199(13)	21 (1)	27(1)	41(2)
Social Services	644(36)	451(30)	593(43)	665(37)	751(37)
Economic Services	1103(62)	867(57)	770(56)	1126(62)	1235(61)
12. Disbursement of Loans and Advances	443	324	419	204	278
13. Total (10+11+12)	13810	15271	16838	17971	19321
14. Repayments of Public Debt	503	985	1211	1024	3056
Internal Debt (excluding Ways and Means Advances and Overdraft)	155(31)	178(18)	186(15)	297(29)	281(9)
Net transactions under Ways and Means Advances and Overdraft	-	-	556(46)	-	836(27)
Loans and Advances from Government of India ^{\$}	348(69)	807(82)	469(39)	727(71)	1939(64)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	14313	16256	18049	18995	22377
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	15910	20125	24530	26893	33315
19. Total disbursement by the State (16+17+18)	30223	36381	42579	45888	55692
Part C. Deficits					
20. Revenue Deficit (1-10)	2996	3640	2633	3796	3934
21. Fiscal Deficit (3+4-13)	5151	5361	4312	5749	6114
22. Primary Deficit (21-Interest Payment)	2908	2536	973	1871	1814
Part D. Other data					
23. Balance from Current Revenue (BCR)	(-)2543	(-)3015	(-)1998	(-)2692	(-)3045
24. Arrears of Revenue	208 (4)	1393 (23)	1333(19)	1532(21)	2249(29)
25. Ways and Means Advances/Overdraft availed (days)	219	349	349	309	356
26. Interest on Ways and Means Advances/Overdraft	4	27	27	25	30
27. Gross State Domestic Product (GSDP)**	72974	78481	79600	89727	87372
28. Outstanding Debt (year end)	24170	30011	33874	39970	45871
29. Outstanding guarantees including interest (year end)	9203	11270	11954	12912	14968
30. Maximum amount guaranteed (year end)	12061	14288	16746	19117	21887
31. Number of incomplete projects	407	510	423	300	531
32. Capital blocked in incomplete projects	2662	3632	2670	1760	2277

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

^{\$} Includes Ways and Means Advances from GOI.

@ Only Rs 11,85,105.

* Information relating to five revenue heads (Taxes on Sales, Trade, etc., Entertainment Tax, Forestry and Wild Life, Sale of Land and Property and Major and Medium Irrigation) was not given by the State Government.

** Source: Economic Review- 2002-03. Changes in figures due to adoption of revised GSDP figures.

CHAPTER-II

Allocative Priorities and Appropriation

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-03 against grants/appropriation was as follows:

(Rupees in crore)						
	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Saving (-)/Excess (+)
Voted	1. Revenue	1,43,84.80	6,80.35	1,50,65.15	1,33,79.48	(-) 16,85.67
	2. Capital	29,36.73	1,63.17	30,99.90	25,25.00	(-) 5,74.90
	3. Loans and Advances	6,41.50	50.02	6,91.52	2,77.80	(-) 4,13.72
Total Voted		1,79,63.03	893.54	1,88,56.57	1,61,82.28	(-) 26,74.29
Charged	4. Revenue	43,95.71	3.14	43,98.85	43,24.29	(-) 74.56
	5. Capital	0.03	0.22	0.25	0.23	(-) 0.02
	6. Public Debt	49,94.26	68,57.73	1,18,51.99	1,26,05.91	(+) 7,53.92
Total Charged		93,90.00	68,61.09	1,62,51.09	1,69,30.43	(+) 6,79.34
Grand Total		2,73,53.03	77,54.63	3,51,07.66	3,31,12.71*	(-) 19,94.95

Note: - The actual expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure: Rs 6,87.99 crore and capital expenditure: Rs 4,97.69 crore.

The overall savings of Rs 19,94.95 crore as mentioned above was the net result of savings of Rs 28,51.23 crore in 55 grants and appropriations offset by

* Rupees 16,29.84 crore drawn through NIL payment vouchers were transferred to 8443- Civil Deposits. Besides, Rs 18,89.56 crore were also drawn through NIL payment vouchers and transferred to other Deposit heads like 8448, 8338, 8342, etc.

excess of Rs 8,56.28 crore in seven cases of grant and appropriations. The savings/excesses (Detailed Appropriation Accounts) were sent to the Controlling Officers requiring them to explain the significant variations, which were not received.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Analysis of savings (exceeding Rs 25 crore in each case and also by more than 15 per cent of total grant) with reference to allocative priorities brought out the following:

Grant No. 9 – Forest

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	1,72.59	1,72.59	1,28.69	43.90	25.44
Supplementary:	-				

Savings occurred mainly on the Plan side under 2406-Forestry and Wild Life-Forestry-Social and Farm Forestry-Plantation under Rajasthan Forestry Development Project with external assistance (Rs 43.20 crore). Reasons for the savings were not intimated.

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	96.79	96.79	1.55	95.24	98.40
Supplementary:	-				

Savings occurred mainly under 4406-Capital Outlay on Forestry and Wild Life- Forestry-Social and Farm Forestry-Plantation under Rajasthan Forestry Development Project with external assistance (Rs 94.32 crore) under Plan. Reasons for the savings were not intimated.

Grant No. 15 – Pensions and Other Retirement Benefits

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	20,27.73	20,27.73	16,83.58	3,44.15	16.97
Supplementary:	-				

Savings occurred mainly in Non-plan side under 2071-Pensions and Other Retirement Benefits-Civil-Commuted Value of Pensions (Rs 1,19.84 crore), Gratuities-Gratuity to State Employees (Rs 1,42.67 crore), Leave Encashment Benefits (Rs 24.22 crore). Reasons for the final savings were not intimated.

Grant No. 19 – Public Works

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	2,06.49	2,06.49	1,24.12	82.37	39.89
Supplementary:	@				

Savings occurred mainly under 2059-Public Works-General-Direction and Administration-Direction (Rs 1.24 crore) in the Plan and Non-Plan side, under Non-Plan side (Superintendence: Rs 2.09 crore, Execution: Rs 8.87 crore, Suspense-Miscellaneous Public Works Advances-Charges: Rs 28.71 crore and Suspense-Stock-Charges: Rs 33.73 crore), out of which Rs 72.96 crore were surrendered/re-appropriated in March 2003. Reasons for final savings were not intimated.

Grant No. 21 – Roads and Bridges

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	3,50.78	4,99.14	3,80.34	1,18.80	23.80
Supplementary:	1,48.36				

Savings occurred mainly under 5054-Capital Outlay on Roads and Bridges-District and Other Roads-Transfer to/from Reserve Fund/Deposit Account-Central Road Fund (Rs 99.78 crore) and Other expenditure- Roads of R. I. D. F. financed by NABARD-Through the Relief Department (Rs 2.76 crore) in Plan side. Reasons for final savings were not intimated.

Grant No. 30 – Tribal Area Development

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	3,29.69	3,29.69	2,68.66	61.03	18.51
Supplementary:	\$				

Savings occurred mainly under 2202-General Education-Elementary Education-Tribal Area Sub-plan¹, 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-Welfare of Scheduled Tribes-Tribal Area Sub-plan-Grants for two Centrally sponsored schemes (CSS)², Programme for Development of Tribal Area under Special Scheme (Plan:

@ Rs 1000

\$ Rs 37000

1. Upper Primary Schools for Boys (Rs 5.88 crore), CSS-Operation Black Board (Rs 2.60 crore), Government Secondary School-Boys Schools (Rs 4.79 crore), Girls Schools (Rs 1.43 crore).
2. Grant to Scheduled Castes Corporation: Rs 4 crore and Modified Area Development Approach Programme- Grants to District Rural Development Agencies for small development of Tribal Blocks: Rs 3.65 crore.

Rs 9.87 crore) and 2406-Forestry and Wild Life³-Forestry. Reasons for the final savings were not intimated.

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	1,55.78	1,55.78	1,06.31	49.47	31.76
Supplementary:	*				

Savings occurred due to reduction in annual plan outlay mainly under 4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes - Welfare of Scheduled Tribes-Tribal Area Sub-plan-Special Scheme Programme for the development of Tribal Area (Plan: Rs 18.63 crore). Under 4406-Capital Outlay on Forestry and Wild Life-Forestry-Tribal Area Sub-plan-Plantation under external assistance received under Rajasthan Forestry Development Project (Plan: Rs 16.20 crore).

Grant No. 33 - Social Security and Welfare

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	5,15.08	5,15.08	3,87.85	1,27.23	24.70
Supplementary:	1				

Savings occurred mainly on Non-Plan side under 2235-Social Security and Welfare-Other Social Security and Welfare Programme-Pensions under Social Security Scheme-Through the Social Welfare Department-National Senility Pension (Rs 1,04.73 crore); State Senility Pension (Rs 16.99 crore), those were surrendered/re-appropriated in March 2003 due to merger of schemes in Pension to old age persons.

Grant No. 37 – Agriculture

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	2,11.68	2,11.68	1,73.23	38.45	18.16
Supplementary:	2				

Savings occurred mainly under 2401-Crop Husbandry-Direction and Administration-District Organisation (Non-Plan: Rs 4.48 crore), Commercial Crops-Intensive Cotton Development Programme (Plan: Rs 0.45 crore and CSS: Rs 1.36 crore), Oil Seeds Production Programme (Plan: Rs 0.90 crore and CSS: Rs 2.69 crore), Work Plan (Plan: Rs 1.68 crore and CSS: Rs 15.27 crore), Horticulture and Vegetable Crops-Work Plan (Plan: 0.52 crore and CSS: Rs 4.68 crore). Reasons for the final savings were not intimated.

3. Plantation under Rajasthan Forestry Development Project with the external assistance (Plan : Rs 10.80 crore).

* Rs 7000

1. Rs 11000 2. Rs 1000

Grant No. 42 – Industries

(Rupees in crore)

Revenue (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	64.72	64.72	36.24	28.48	44.00
Supplementary:	3				

Savings occurred mainly under 2851-Village and Small Industries-Khadi and Village Industries-Grant-in-aid/Contribution/Subsidy etc. to Rajasthan Khadi and Gramodyog Board (Rs 9.09 crore) in the Non-Plan and Plan side. Under 2852-Industries-General-Industrial Productivity- Grant-in-aid/Contribution/Subsidy etc. to Rajasthan State Industrial Development and Investment Corporation Limited (Plan: Rs 5.78 crore and CSS: Rs 6.62 crore) due to receipt of less grants/funds from the State Government/Government of India. Reasons for final savings were not intimated.

Grant No. 45 – Loans to Government Servants

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	1,97.54	1,97.54	70.72	1,26.82	64.20
Supplementary:	-				

Savings occurred mainly on Non-plan side under 7610-Loans to Government Servants-House Building advance-Loan for House Building to other employees through Housing Development Finance Corporation-To other Employees (Rs 83.91 crore), Other Advances-Advance for purchase of Food Grain (Rs 33.00 crore) due to non-completion of formalities of application by the loanees in time.

Grant No. 46 – Irrigation

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	5,80.14	5,80.14	4,31.27	1,48.87	25.66
Supplementary:	#				

Savings occurred mainly on the Plan side under 4701-Capital Outlay on Major and Medium Irrigation-Major Irrigation Commercial-Indira Gandhi Nahar Project-Stage II-Through the Chief Engineer, Indira Gandhi Nahar Project, Bikaner (Rs 17.50 crore); Narbada Project-Construction work-Construction work in Rajasthan (Rs 8.23 crore); Bisalpur Project-Construction Work (Rs 17.31 crore); Gang Canal-Construction Work in Punjab-Modernisation (Rs 13.00 crore); General-Other Expenditure-General Construction Work-Rajasthan Water Resources Integrated Project (Rs 83.91 crore). Reasons for final savings were not intimated.

3. Rs 3000

Rs 6000

Grant No. 48 - Power

(Rupees in crore)

Capital (Voted)		Total grant	Actual expenditure	Saving	Percentage of saving
Original:	7,84.00	7,84.00	4,76.35	3,07.65	39.24
Supplementary:	*				

Savings occurred mainly on the Plan side under 4801-Capital Outlay on Power Projects-General-Investments in Public Sector and Other Undertakings-Investment in Rajasthan State Power Corporation Limited (Rs 25.00 crore) and under 6801-Loans for Power Projects-Loans to Public Sector and Other Undertakings-Loan to Rajasthan State Power Corporation Limited (Rs 73.00 crore); Other Loans to Electricity Boards (Rs 2,05.72 crore^{**}). Reasons for savings were not intimated.

- In 43 cases, involving 32 grants/appropriations there were savings of Rs 25,13.95 crore which exceeded Rs one crore in each case and also by more than 10 per cent of total provision as indicated in *Appendix-IV*.

2.3.2 Persistent savings

In one case of Grant No. 46-Irrigation, during three years there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of total provision. Details are given in *Appendix-V*.

2.3.3 Excess requiring regularisation

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 regularised by the State Legislature. However, the excess expenditure amounting to Rs 1,53.12 crore for the years 2000-01 to 2001-02 had not been regularised so far (August 2003). This was breach of Legislative control over appropriations.

Year	Number of grants/ Appropriation	Grant/Appropriation No.(s)	Amount of excess (Rs in crore)	Reasons for excess
2000-01	4/6	15,16,17,21,25,32, 40,46	55.53	Not received (Except Grant No. 15)
2001-02	5/7	1,15,16,17,21,23, 24,43,46,49, Public Debt	97.59	Not received (Except Grant No. 17 and Public Debt)
Total	22		1,53.12	

* Rs 1000

** Rs 21.52 crore + Rs 73.87 crore + Rs 41.61 crore + Rs 68.72 crore.

Excess over provisions during 2002-03 requiring regularisation

The excess of Rs 8,56.28 crore under 7 grants/appropriations during the year requires regularisation under Article 205 of the Constitution. The excess was mainly under Appropriation *Public Debt* amounting to Rs 7,53.92 crore. Details are given below:

(In rupees)				
Sl. No.	Number and name of the Grant/Appropriation	Provision (Original + Supplementary)	Expenditure	Excess
Voted: Revenue Section				
1.	21- Roads and Bridges	1,62,06,92,000	2,63,45,94,723	1,01,39,02,723
2.	34- Relief from Natural Calamities	9,01,26,05,000	9,01,95,24,846	69,19,846
Voted: Capital Section				
3.	51- Special Component Plan for Welfare of Scheduled Castes	22,89,86,000	23,08,88,005	19,02,005
Charged: Revenue Section				
4.	15- Pensions and Other Retirement Benefits	5,04,000	13,29,490	8,25,490
5.	46- Irrigation	30,98,000	31,59,436	61,436
6.	32- Civil Supplies	60,000	60,405	405
Charged: Capital Section				
7.	Public Debt	1,18,51,99,14,000	1,26,05,91,32,303	7,53,92,18,303
	Total	1,29,38,58,59,000	1,37,94,86,89,208	8,56,28,30,208

The main reasons for the excess expenditure during 2002-03 were:

- Actual repayment of ways and means advances due to inadequate estimation of day-to-day cash flow by the State Government (Rs 7,53.93 crore – Public Debt).
- Transfer of grants received from Government of India on account of subvention of Central Road Fund to head “8449-Other Deposits-Subvention from Central Road Fund” without provision under Revenue Section. However, the provision for said transfer was made in Capital Section through Supplementary Grant (Rs 99.78 crore - Grant No.21).

2.3.4 Original budget and supplementary provisions

Supplementary provisions (Rs 77,54.63 crore) made during the year constituted 28 *per cent* of the original provision (Rs 2,73,53.03 crore) as against 17 *per cent* in the previous year.

2.3.5 Unnecessary/excessive/inadequate supplementary provisions

- Supplementary provisions of Rs 28.14 crore made in 27 cases during the year proved unnecessary in view of aggregate saving of Rs 18,38.42 crore as detailed in *Appendix-VI*. However, in 17 cases, involving 15 grants/appropriations, supplementary provision obtained (less than Rs 10,000)

proved unnecessary as the actual expenditure being less than the original provision.

- In 11 cases, against additional requirement of only Rs 1,93.36 crore, supplementary grants and appropriations of Rs 3,70.76 crore were obtained, resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 1,77.40 crore. Details of these cases are given in *Appendix-VII*.
- In two cases, supplementary provision of Rs 68,98.57 crore proved insufficient by more than Rupees one crore in each case leaving an uncovered excess expenditure of Rs 8,55.31 crore as per details given in *Appendix-VIII*.

2.3.6 Persistent excesses

Significant excesses were persistent in eight cases involving five grants as detailed in *Appendix-IX*. Persistent excess requires investigation by the Government.

2.3.7 Excessive/unnecessary re-appropriation of funds

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

2.3.8 Anticipated savings not surrendered

- According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2002-03, there were 13 cases in which after partial surrender, savings of Rupees one crore and above in each case aggregating Rs 1,77.44 crore (15.98 per cent of total savings) remained un-surrendered. This included un-surrendered savings of Rs 12.70 crore (60 per cent of savings under Grant No. 27 – Drinking Water Scheme), Rs 98.18 crore (83 per cent of savings under Grant No. 21 – Roads and Bridges) and Rs 4.55 crore (60 per cent of savings under Grant No. 22 - Area Development). Details are given in *Appendix-XII*.
- Besides, in 15 cases, Rs 1,18.59 crore (16.95 per cent of total savings) were surrendered in excess, which includes excess surrender of savings of Rs 99.24 crore (274 per cent under Grant No. 27 - Drinking Water Scheme). It indicates inadequate financial control over expenditure. Details are given in *Appendix-XIII*.
- However, in all Rs 27,97.70 crore were surrendered on the last working day of the financial year. In 22 cases, involving 17 grants and one appropriation surrender exceeding Rs 20 crore in each case amounted to Rs 24,40.98 crore (87 per cent of total surrender). Details are given in *Appendix- XIV*.

2.3.9 Expenditure without provision

• As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. An expenditure of Rs 54.07 lakh was incurred in the Capital Section under Grant No. 19-Public Works without provision having been made in the original estimates/supplementary demands or through re-appropriation.

• In the following six grants (nine cases) there was "Minus" expenditure:

S. No.	Number and Name of the Grant/ Appropriation	Head of Account	Amount (Rs in lakh)	Reasons as per Appropriation Accounts
1.	19- Public Works	4059-80-051(033)[01]	46.15	Due to deposit of unspent balance of previous years
		4853-01-004(002)	13.75	
2.	24- Education, Art and Culture	2202-01-800(001)[03]	0.17	Not intimated
3.	33- Social Security and Welfare	2235-60-102(003)	16.85	Due to deposit of unspent balance of previous years
4.	35- Miscellaneous Community and Economic Services	3454-01-800(003)	0.59	Due to deposit of unspent balance of previous years
5.	37- Agriculture	2401-109(007)[02]	9.73	Due to receipt of reimbursement for the year 2001-02 from the Government of India under Minicut Programme
		4401-800(003)[01]	4.12	Due to deposit of unspent balance of previous years
		4401-800(003)[10]	13.54	
6.	38- Minor Irrigation and Soil Conservation	2702-80-800(004)	2,70.96	Due to deposit of unspent balance of previous years

2.4 Advances from the Contingency Fund

Advances from the Rajasthan Contingency Fund may be given for meeting unforeseen expenditure in the circumstances (i) provision could not be made in annual/supplementary budget, (ii) expenditure could not be foreseen and (iii) the expenditure cannot be postponed till vote of Legislature is obtained.

Scrutiny of four sanctions aggregating Rs 11.06 crore issued by the State Government during 2002-03 for grant of advance from the Contingency Fund, revealed that advance of Rs 3 crore was given (December 2002) to Rajasthan Renewable Energy Corporation Limited (RREC) for rural electrification under *Pradhan Mantri Gramodaya Yojana*. The amount was, however, kept (January 2003) in the Personal Deposit account of RREC without utilisation as of June 2003. Thus, advance of Rs 3 crore was given to RREC without immediate requirement.

2.5 Non-adjustment/non-refund of unspent funds under various schemes

The State Government issued (July 1997) instructions to all the *Panchayat Samitis* to submit utilisation certificates on completion of works under various schemes so that funds allotted to executing agencies can be adjusted and to credit unspent balance of the closed schemes under concerned heads/schemes. It was noticed (between March 2001 to December 2002) that in District Rural Development Agencies (DRDAs), Ajmer, Bhilwara, Dausa, Karauli and Tonk advances amounting to Rs 48.67 crore¹ paid to various executive agencies during 1987-2001 were lying unadjusted for the last four to 16 years and Rs 2.38 crore² pertaining to various closed/dead schemes relating to 1992-2002 lying unutilised with six DRDAs, was not credited to Government account/concerned schemes. Non-adjustment of advances was indicative of defective monitoring by the department. Besides, non-refund of unspent balances led to blocking of funds denying its gainful use.

2.6 Erroneous adjustment under the suspense head- Miscellaneous Public Works Advances

Rule 566 of Public Works Financial and Accounts Rules, *inter alia*, prescribes that transactions pertaining to sales on credit, expenditure incurred on deposit works in excess of deposits received, losses, retrenchment, errors and other items booked under the minor head Suspense Accounts- Miscellaneous Public Works Advances (MPWA) in the form of advances against contractors, officials of outside/within the department, firms etc., and depict sums, which are due for recovery. All the transactions recorded therein are of temporary character and are to be cleared either by payment or recovery in cash or by adjustment. Scrutiny of Appropriation Accounts for the years 1994-95 to 2002-03 revealed minus balance ranging between Rs 0.45 crore to Rs 21.88 crore under the head 2059-80-799(003) MPWA (Grant No.19) against a balance of Rs 11.92 crore in monthly accounts rendered to the Accountant General (Accounts and Entitlements) by Public Works Divisions on 31 March 2003. Thus, a difference of Rs 33.80 crore in Appropriation Accounts and monthly accounts of March 2003 appeared due to transferring of excess amounts from MPWA to Stock Suspense through Transfer Entry by the Chief Engineer, Public Works Department at his own level without making corresponding adjustment in the books maintained by the Divisions. This was indicative of the attempt to prevent depiction of excess expenditure in the Appropriation Accounts, which would have entailed the process of re-appropriation and regularisation. Government has accepted (November 2003) the facts.

1. DRDA, Bhilwara (1992-93 to 1997-98: Rs10.36 lakh), Dausa (1997-98 to 2000-01: Rs 1.51 crore (including Rs 1.04 crore transferred by DRDA, Sawaimadhopur), Karauli (Rs 46.68 crore transferred by DRDA, Sawaimadhopur) and Tonk (1995-96 to 1999-2000: Rs37.96 lakh).
2. DRDA, Ajmer (1995-96 to 2001-02: Rs 1.41 crore), Bhilwara (1992-93 to 1997-98: Rs 19.70 lakh), Dausa (1997-98 to 2000-01: Rs 34.54 lakh) and Tonk (1995-96 to 1999-2000: Rs 42.68 lakh).

CHAPTER-III

Performance Reviews

This Chapter presents two performance reviews including review of the regulatory role of the Government of Rajasthan in the implementation of the Drugs and Cosmetics Act and review on Accelerated Irrigation Benefit Programme. This Chapter also includes five long paragraphs on Working of Agriculture Department, Computerisation Projects in State Government implemented through RajCOMP, Stores and Stock of Public Health Engineering Department, Prevention and Control of Fire and Working of Ayurved Department.

Irrigation and Indira Gandhi Nahar Departments

3.1 Accelerated Irrigation Benefit Programme

Highlights

Accelerated Irrigation Benefit Programme (AIBP) was launched (1996-97) with the main objective of accelerating the completion of on-going irrigation/multi-purpose projects on which substantial investment had already been made and which were beyond the resource capability of the State Governments. Ten projects of Rajasthan State were covered under AIBP on which expenditure of Rs 1246.70 crore was incurred upto March 2003 but none of the projects could be completed. Significant points noticed were:

Advance payment of Rs 5.68 crore to executing agencies was irregularly charged finally to works instead of Miscellaneous Public Works Advances.

(Paragraph 3.1.9)

There was diversion of Rs 22.67 crore by incurring expenditure on activities not covered under the programme.

(Paragraph 3.1.10)

Rupees 7.93 crore were blocked for one to six years due to incomplete works.

(Paragraph 3.1.11)

Preparation of unrealistic estimates of earth and lining works led to extra cost of Rs 60.17 lakh and creation of liability of Rs 46.87 lakh.

(Paragraph 3.1.14)

There was avoidable extra expenditure of Rs 4.12 crore due to dispute in strata classification, frequent changes in specifications, delayed decision etc.

(Paragraph 3.1.15)

Irregular payment of price escalation of Rs 1.26 crore was made to contractor.

(Paragraph 3.1.16)

Rupees 3.52 crore was incurred by the Indira Gandhi Nahar Pariyojana authorities on construction of cross drainage works at various lift canals without provision in Revised Project Estimates, 1993.

(Paragraph 3.1.17)

3.1.1 Background

Accelerated Irrigation Benefit Programme (AIBP) was launched during 1996-97 with the main objective of accelerating the completion of on-going irrigation/multi-purpose projects on which substantial investment had already been made and which were beyond the resource capability of the State Governments. The programme was modified in March 1997, March 1999 and February 2002. AIBP in Rajasthan covered 10 projects including IGNP Stage-II.

3.1.2 Scope of the programme

The following major/medium projects (Irrigation-9 : IGNP-1) taken up under the AIBP in Rajasthan were incomplete and under progress as of March 2003.

S. No.	Name of the projects	Estimated cost		Year of revision	Expenditure before inclusion in AIBP	Year of inclusion under AIBP	(Rupees in crore)	
		Original	Revised				Outlay under AIBP	Expenditure under AIBP
1.	Mahi	31.36	834.88	2000	598.57	1999-2000	104.81	85.76
2.	Gang Canal (Modernisation)	445.79	445.79	1999	44.62	2000-2001	72.09	72.59
3.	Panchana	1.03	125.03	2002	40.16	1997-1998	59.57	54.69
4.	Chhapi	5.91	93.96	2002	27.91	1996-1997	54.20	51.81
5.	Gambhiri (Modernisation)	11.76	16.71	1994	12.66	1998-1999	2.44	2.30
6.	Bisalpur	52.00	657.91	2000	205.04	1998-1999	86.59	87.33
7.	Chauli	28.87	95.53	2001	5.50	1998-1999	57.15	57.34
8.	Narmada	467.53	1392.00	1999	125.70	1998-1999	101.40	101.12
9.	Jaisamand (Modernisation)	12.40	24.11	1999	8.66	1996-1997	7.79	7.56
10.	IGNP Stage-II	89.12	2267.44	1993	1330.59	1997-1998	824.66	726.20
	Total	1145.77	5953.36		2399.41		1370.70	1246.70

The estimates of Indira Gandhi Nahar Pariyojana (IGNP) Stage-II were last revised in January 1993 for Rs 3398.87 crore[@] and cleared (March 1998) by Central Water Commission (CWC) to provide irrigation to 13.16 lakh ha (Flow: 8.73 lakh and Lift 4.43 lakh ha). As per Revised Project Estimates (RPE), 1993, Stage-II was to be completed by 2003-04. The project was included (1997-98) under AIBP with the target of creation of irrigation potential of 515 thousand hectare.

3.1.3 Implementation arrangement

The projects covered under AIBP were executed by the Irrigation Department headed by four Chief Engineers (CEs) assisted by four Additional Chief Engineers (ACEs), through 68 divisions headed by Executive Engineers (EEs). The execution of the IGNP was entrusted to two CEs through 30 divisional EEs.

3.1.4 Audit coverage

The records for the period 1996-2003 in the offices of CEs, Irrigation Department, Jaipur, Mahi, Bisalpur and Hanumangarh (North), ACEs Jaipur, Jodhpur, Udaipur and Kota and 19 Divisions¹ (covering nine Major/Medium Irrigation Projects) and in the office of Indira Gandhi Nahar Board (IGNB), Jaipur, CEs Bikaner and Jaisalmer and 17 Divisions² (covering five lifts) were test checked (December 2002 to May 2003). Important audit findings are discussed in the succeeding paragraphs.

Audit findings

3.1.5 Improper selection

Three modernisation projects (Jaisamand, Gambhiri and Gang Canal) were irregularly included under AIBP because these were under the category of Extension, Renovation and Modernisation (ERM). Jaisamand and Gambhiri projects were shown as completed in Annual Progress Report (2001-02) of Irrigation Department but were actually incomplete (March 2003). In Jaisamand project 28 works of distribution system were executed between 25 and 75 *per cent* only. For Gambhiri project, technical sanctions (Rs 14.40 crore) for three rehabilitation works were issued (2002-03) under Rajasthan Water Sector Restructuring Project by the ACE, Udaipur. Thus, the project

[@] Includes Rs 1131.44 crore for construction of lined water courses to be constructed by Command Area Development Department.

1. Karauli, Chauli I & II, Jhalawar, Chhapi Jhalawar, I & II Division, Sanchoe, Salumber, Division-I, Chittorgarh, LMC Garhi, RMC Distributary Banswara, Dam Division, Mechanical Division and B&RC Division, Banswara, Construction Division I & III Deoli, Rehabilitation Division, Deoli, Canal I & II Division, Tonk and Link Canal Division, Sriganganagar.
2. 20th Division, 18th Division IGNP Bikaner, 10th Division, Taranagar, S&I Lift Division, Rawatsar, Kolayat Lift Division, Bikaner, 24th Division, Phalodi, 28th Division, Phalodi, Lift Mechanical Division, Bikaner, Field Mechanical Division, Bikaner, Birsalpur Branch Division-II Bajju, 14th Division, Bikampur, Phalodi Division, 29th Division, 15th Division, Water Course Division-II, IGNP, Jaisalmer, SMG Division, Ramgarh, Jaisalmer and Mechanical Division, Phalodi.

cannot be treated as complete.

3.1.6 Selection of Bisalpur and Narmada projects under AIBP was not correct as these projects were not in an advanced stage of completion. Expenditure at the time of selection (1998-99) under AIBP was much lesser (33 per cent and 27 per cent) than the requirement (75 per cent of estimated cost). Further, under the Bisalpur project the targeted potential was less than one lakh hectare which was necessary for selection under AIBP.

3.1.7 Lack of planning

Execution of work of IGNP, Stage-II was being taken-up (1971-72) in two parts (flow and lift). As per Revised Project Estimates (RPE), 1993 Culturable Command Area (CCA) in flow area was 8.73 lakh ha (estimated cost of Rs 1044 crore) and in lift area CCA was 4.43 lakh ha (estimated cost: Rs 1223 crore). Due to execution of works of both the systems at the same time, the works remained incomplete and the required potential (5,15,000 ha) could not be created. It was also observed that though canal works (branches/minors etc.) were completed (1998-2003) by IGNP, the water courses in various systems could not be completed as of March 2003 by CAD[#] due to lack of coordination between the two departments.

Financial mismanagement

3.1.8 Short receipt of Central Loan Assistance (CLA) due to less release of state matching share

Central assistance under AIBP was to be given in the form of loan on matching basis (Central : State upto 1998-99 - 1:1, 1999-2002 - 2:1 and 2002-03 - 4:1). It was observed that during 1996-2003 against the total CLA of Rs 640.56 crore, state matching share was Rs 606.14 crore. In six projects short release of matching share of Rs 15.93 crore resulted in less receipt of CLA of Rs 57.37 crore* from Government of India.

3.1.9 Advance irregularly charged to final head/rush of expenditure

Advance of Rs 5.68 crore irregularly charged to final head.

In three projects an advance payment of Rs 5.68 crore made upto March 2003 by three divisions³ to the Sub-Divisional Officers, Land Acquisition Officers (LAOs) and other executing agencies for execution of works, disbursement of Land Compensation, etc. was irregularly charged finally to projects instead of Miscellaneous Public Works Advances against the officer concerned. In Gang Canal modernisation project expenditure to the extent of 92.42 per cent was made in the last quarter of 2000-01.

Command Area Development Department.

* Panchana (1998-99 : Rs 2.15 crore), IGNP Stage-II (1999-2000 : Rs 30 crore), Gambhiri (1999-2000 : Rs 0.48 crore), Chauhi (2000-01 : Rs 5.14 crore), Gang Canal (2001-02 : Rs 13.02 crore) and Mahi (2002-03 : Rs 6.58 crore).

3. Panchana Irrigation Division, Karauli : Rs 100.26 lakh; Chhapi Irrigation Division, Jhalawar : Rs 390.37 lakh and 24th Division, IGNP, Phalodi : Rs 77.32 lakh.

3.1.10 Diversion of funds

Funds of Rs 22.67 crore diverted.

In eight projects expenditure of Rs 22.67 crore was incurred on other activities not covered under the programme such as purchase of cars, computer, coolers, running and maintenance of buildings, etc. (Rs 21.74 crore), office expenses (Rs 0.32 crore) and the payment of arrear of wages (Rs 0.61 crore) pertaining to the period prior to inclusion under AIBP.

3.1.11 Funds amounting to Rs 7.93 crore remained blocked for a period from one to six years as the works were either incomplete or held up due to execution problems, such as non-acquisition of land, change in strata, non-completion of work of middle reaches of distributaries, non-fixing of delivery pipes, etc.

3.1.12 As per AIBP guidelines the State Government was required to submit audited statements of expenditure within nine months of completion of financial year of the projects to CWC. These were not submitted by any of the test- checked divisions.

Execution

3.1.13 Lack of construction of Jaisamand Dam upto safety level

The Jaisamand irrigation modernisation project cleared (May 1992) by Planning Commission was selected (1996-97) under AIBP with the aim of raising the height of the dam upto safety level (from 301.10 M to 306.84 M) to accommodate flood water discharge, construction of 39 additional structures for lining of main canal etc. It was observed that expenditure of Rs 7.56 crore was incurred during 1996-2001 on modernisation works, which were still incomplete and height of the dam was not raised, the project was shown as completed in 2000-01 as per published progress report for 2001-02 without raising height of the dam upto safety level.

3.1.14 Extra cost of Rs 60.17 lakh and liability of Rs 46.87 lakh

Non-preparation of detailed estimates of excavation and lining works of Bisalpur project led to extra cost of Rs 60.17 lakh and liability of Rs 46.87 lakh.

As per financial rules no works should be commenced without detailed estimate based on actual survey and investigation. It was observed that the detailed estimates (August 1998) of earth work excavation of cutting reaches in RD 23.50 to 24.50 and RD 25 to 27.50 of Right Main Canal (RMC) of Bisalpur project were prepared on the basis of trial pits upto 3 M depth only. However, on execution of earth work excavation actual depth of these reaches varied from 7.76 M to 12.42 M and strata at lower reaches was different. This resulted in heavy increase/variation in quantities of earth work.

The contractors to whom the works were initially allotted left (March 2000) the work incomplete after execution of excess earth work ranging from 102 to 1341 per cent from Schedule 'G'. The higher rate demanded (June 2000) by them under clause 12-A of the agreement was not accepted (July 2000 - January 2001) by the department.

On re-tendering (April-November 2002), the left over works with enhanced quantity of earth work, were got executed at higher tender premium which led to an extra expenditure of Rs 60.17 lakh in RD 23.5 to 24.5 and extra liability of Rs 46.87 lakh in RD 25 to 27.5. The re-tendered rates were higher than those demanded by the contractor in June 2000 but rates were not negotiated with them.

3.1.15 Avoidable extra expenditure

Dispute in strata classification, frequent changes in specifications, delayed decision etc. resulting in avoidable extra expenditure of Rs 4.12 crore.

- Various construction works of three projects (March 1996 to March 1999) were left incomplete by the contractors due to dispute in classification of strata, frequent changes in specifications, etc. The balance works were re-awarded (September 1998 to January 2003) on higher tender premium resulting in avoidable extra expenditure of Rs 1.95 crore.

- Avoidable extra expenditure of Rs 1.20 crore was incurred on (a) removal of silt and shrubs etc. from canal as lining work was not taken up in quick succession with excavation; (b) removal of earth and bentonite material left very near to canal bank by departmental mechanical unit; (c) repairs of Village Road Bridges (VRBs) which were damaged due to late allotment of earth and lining works, after construction of VRBs and (d) increased quantity of earth work due to abnormal delay in taking decision regarding foundation wall and change of source of cohesive non-swelling soil and grit.

- In four divisions⁴ of IGNP (Stage-II) four works were allotted (November 1997 - January 1999) to contractors but they did not commence the work as no agreement was executed by them. The department initiated action late by nine to 15 months against contractors under condition 11 of Notice Inviting Tender (NIT) forfeiting the earnest money. Similarly, eight works allotted (1997-2000) to contractors were not commenced/completed, but action against defaulters to levy compensation under clause 2 and 3 of the agreement was taken late by 11 to 52 months. This resulted in 12 to 57 months delay in re-awarding (between 1999 and 2002) these 12 works. Thus, delayed action of the department, caused higher tender premium resulting in extra expenditure of Rs 97.17 lakh.

3.1.16 Irregular payment of price escalation

The work for construction of overflow portion at RD 1290 to 1690 and non-overflow portion of Chauli Irrigation Dam was awarded (June 1998) to contractor 'A' for completion by July 2000. Provisional extension upto December 2002 was granted (January 2002) without compensation. It was noticed that irregular payment of Rs 1.26 crore was made (up to September 2002) by EE, Chauli Irrigation Project to the contractor due to price variation

4. 15th Division, Jaisalmer; WC Division-II, Jaisalmer; Phalodi Division, Jaisalmer; 28th Division, Phalodi.

for the extended period, even though he was not empowered⁵ to sanction escalation beyond stipulated original period of completion.

3.1.17 Irregular expenditure of Rs 3.52 crore on Cross Drainages works without provision

Irregular expenditure of Rs 3.52 crore on CD works without provision in RPE.

Scrutiny of records revealed that an expenditure of Rs 3.52 crore was incurred on construction of Cross Drainages (CD) over Gajner, Kolayat and Phalodi Lift canals without provision in RPE 1993. This resulted in irregular expenditure of Rs 3.52 crore. On enquiry (February to May 2003) the EEs replied that the construction of CD works was done as per construction programme. Deviation was not approved by IGNB (May 2003).

3.1.18 Huge gap in irrigation (1996-2003) potential targeted, potential created and its utilisation

The position of ultimate potential, its creation and utilisation in respect of projects covered under AIBP was as under:

(In thousand hectares)								
S. No.	Name of Project	Irrigation potential before AIBP	Targets under AIBP	Potential created under AIBP	Short-fall (in per cent)	Total potential available	Potential utilised (Maximum)	Per cent
1.	Mahi	56.13	15.07	4.42	71	60.55	2.10*	3
2.	IGNP Stage-II	449.00	515.00	183.00	64	632.00	267.67	42
3.	Panchana	4.50	6.10	5.93	3	10.43	4.30	41
4.	Chhapi	Nil	10.00	6.50	35	6.50	2.43	37
5.	Gambhiri (Modernisation)	2.20	2.58	1.73	33	3.93	1.30	33
6.	Bisalpur	2.50	79.30	15.00	81	17.50	12.00**	69
7.	Chauli	Nil	8.96	0.30	97	0.30	-	-
8.	Narmada	Nil	251.00	Nil	100	Nil	-	-
9.	Jaisamand (Modernisation)	4.61	3.74	2.76	26	7.37	-	-
10.	Gang Canal (Modernisation)	5.65	90.86	13.89	85	19.54	19.54	100
	Total	524.59	982.61	233.53		758.12	309.34	

* Utilisation of potential is out of potential created under AIBP only.

** Bisalpur project shifted to NABARD from 2000-01.

No irrigation potential was created in Narmada Project as the canal works in Gujarat portion were not completed. In other projects, the percentage of shortfall in creation of additional irrigation potential ranged between three and 97.

5. As per note 1 of item 25 of the Schedule of Powers of Public Works Financial and Accounts Rules.

In Chauli irrigation project, 300 ha irrigation potential was shown as created (2002-03) in reports sent to CE, even though water was not available at outlet of the canals as head works were incomplete. In Chhapi Project, only 6500 ha potential was created against targeted potential of 10,000 ha. The position of utilisation of created potential during 1999-2003 (except Gang Canal) ranged from 0 to 69 *per cent*. Thus, there was huge gap between creation and utilisation of targeted and created potential.

In IGNP Stage-II, the overall position of utilisation of irrigation potential created during 1997-2002 fluctuated between 29 to 46 *per cent*. It was observed in 11 test-checked Divisions⁶ that after incurring expenditure of Rs 76.94 crore on construction of canals/systems, 72599 ha area was opened and created upto March 2002 but the same was not utilized. Non-utilisation was due to non-completion/construction of pumping stations (PSs), water courses in lift area and non-allotment of land to the settlers by Colonisation Department. Position of utilisation for the year 2002-03 was not available with the department.

3.1.19 Non-fulfilment of environmental conditions and other irregularities

- Environmental clearance for Bisalpur drinking water cum Irrigation project was granted (2 December 1997) by GOI, subject to fulfilment of conditions which were not fulfilled by the State Government despite repeated instructions by the GOI (September 2000, January 2001 and December 2001).

- The construction works of Bisalpur and Chhapi irrigation projects were started without obtaining clearance of the Forest Department. The GOI, Ministry of Environment and Forests, while sanctioning diversion of forest land in favour of Irrigation Department, held (December 1997 and January 1998) that the State Government violated the Forest (Conservation) Act, 1980. They directed payment of cost of compensatory afforestation and cost of penal afforestation, which was twice (in Bisalpur project) and four times (in Chhapi project) of the original cost respectively. It was observed that due to delay in payment of cost of compensatory afforestation and cost of penal afforestation the department had to pay extra sum of Rs 55.19 lakh on account of revision of wage rates and there was a further liability of Rs 16.19 crore (in Bisalpur Rs 2.96 crore and Chhapi project Rs 13.23 crore).

Other points of interest

3.1.20 Non-mutation of land

Review of records in nine test-checked divisions⁷ revealed that in 1455 cases 1690.86 ha land was acquired for construction of various canals/distributaries

6. 20th Division, Bikaner; 18th Division, Bikaner; Kolayat Lift Canal Division Bikaner; 14th Division, Bikanpur; 10th Division, Taranagar; SMG Division, Ramgarh; 15th Division, Jaisalmer; Phalodi Division, Jaisalmer; 29th Division, Jaisalmer; 24th Division, Phalodi and 28th Division, Phalodi.

7. Bisalpur Canal Division-I, Tonk, Bisalpur Canal Division-II, Tonk, Rehabilitation Division, Deoli, B&RC Division, Banswara, Dam Division, Banswara, Mahi Distributary Division, Gadhi (LMC), Chauli Irrigation Project Division, Jhalawar, Panchana Irrigation Division, Karauli and S&I Lift Division, Rawatsar.

Delay in payment of cost of compensatory afforestation/penal cost of compensatory afforestation led to extra payment of Rs 55.19 lakh and a further liability of Rs 16.19 crore.

Mutation of 1690.86 ha land was not done despite payment of compensation.

etc. and compensation amounting to Rs 17.73 crore was paid during the period 1997-2003 but mutation of land in the name of department was not done (March 2003).

3.1.21 Users Associations

No water users associations were formed in nine projects.

Water users associations were to be formed to ensure effective water management, maintenance and cost recovery. It was observed that no water users associations were formed in nine out of 10 projects. Water users associations formed for Gang Canal Modernisation Project was also non-functional. Maintenance work of canals and collection of water revenue was being done by Irrigation Department. From March 2002 the work of collection of water revenue has been assigned to the Revenue Department.

3.1.22 Monitoring

No separate monitoring committees were constituted.

The monitoring of the AIBP was being done by the Director, Central Water Commission (CWC), Jaipur. In IGNP Department, programme of the project was being monitored by SE (P&M) at department level. It was observed that separate monitoring committees were not constituted by the department and only physical and financial progress reports were being furnished to CWC.

3.1.23 Evaluation and impact assessment

No evaluation programme was carried out to assess the benefits in terms of irrigation potential created and actually being utilised.

Evaluation of the impact of the programme is essential to judge its success or failure and for taking remedial measures to eliminate shortcomings/weaknesses in implementation/execution of the projects. It was observed that no evaluation programme was carried out at department's level to assess the benefits in terms of irrigation potential created and actually being utilised.

The study on Impact assessment of AIBP in respect of 20 Major/Medium/ERM projects including Jaisamand Modernisation project of Rajasthan was awarded (March 2001) by Planning Commission, Government of India to Water and Power Consultancy Services (India) Limited (WAPCOS). The above study was required to be completed by December 2001. It was observed that information for study work was called for (September 2001) by WAPCOS but data of the same was not available with the Department (June 2003).

3.1.24 Conclusion

None of the ten projects of Rajasthan State pertaining to Irrigation and IGNP Departments taken under AIBP during 1996-2001 for being completed in two years were not completed (March 2003) within the prescribed time frame despite incurring an expenditure of Rs 1247 core. Only 24 per cent of the targeted irrigation potential was created.

3.1.25 Recommendations

Accountability of the funding and expenditure process needs to be strengthened by avoiding diversion and blockage of money.

■ Inefficiencies/irregularities in execution should be checked by State CWC unit through improved monitoring and by closer coordination.

■ The State Government should take the initiative to form water users association for equitable distribution, proper utilisation and maintenance of the resources created at the grass root level.

■ State should take up fewer projects and complete them expeditiously rather than spending resources thinly across projects, none of which are complete.

The matter was reported to the Government in July 2003; reply has not been received (November 2003).

Medical and Health and Ayurved Departments

3.2 Implementation of Drugs and Cosmetics Act

Highlights

The Drugs and Cosmetics Act, 1940 (the Act) is a Central Act and is applicable to the whole of India. This Act and the rules made thereunder regulate the manufacture, sale, import, export and clinical research of drugs and cosmetics in India. While the parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government. However, the Act and the Rules were not implemented effectively in the State as was noticed in test-check.

There was delay ranging between two and 34 months in granting/renewal of licences.

(Paragraph 3.2.4)

Shortfall in achievement of targets of drawal of samples and inspections ranged from six to 18 *per cent* and 39 to 74 *per cent* respectively. In Ayurved Department, there was shortfall in conducting inspections ranging between 38 and 63 *per cent*.

(Paragraphs 3.2.5 and 3.2.6)

The delay in sending samples for analysis to laboratories ranged upto 43 months. In 33 cases, test reports were received after expiry of drugs.

(Paragraph 3.2.7)

Sixty seven cases ordered by the Drugs Controller for being filed in the court of law were not filed for periods ranging from six months to more than five years. There was acquittal in 15 cases because of failure of the department.

(Paragraph 3.2.8)

3.2.1 Introduction

The Government of India (GOI) enacted the “Drugs and Cosmetics Act, 1940” (the Act) with a view to regulate the import, manufacture, distribution and sale of drugs and cosmetics. The Drugs and Cosmetics Rules, 1945 (the Rules) were adopted in the State with effect from 16 July 1959. The Act also applies to patent or proprietary medicines, which relate to Ayurvedic and other systems of medicine and cosmetics.

3.2.2 Implementing Agencies

The Drugs Controller (DC) is the Regulatory Authority entrusted with the task

of enforcement of the Act and the Rules. DC is assisted by 11 Assistant Drug Controllers (ADCs) and 45 Drugs Control Officers^S (DCOs). One Drugs Testing Laboratory (DTL) headed by the Government Analyst (GA) is working under the DC. The administrative control of the DC is vested with the Secretary, Medical and Health Department. For Ayurvedic (including *Siddha*) and Unani medicines, Director, Ayurved under the Secretary, Ayurved is the Regulatory Authority. The Director is assisted by one ADC (Ayurved).

3.2.3 Scope of audit

Implementation of the Act/the Rules for the period 1998-2003 was reviewed in audit (January 2003 to June 2003) in the offices of the DC, Rajasthan, Jaipur, 3 ADCs[@], DTL, Jaipur and Director, Ayurved, Rajasthan, Ajmer.

3.2.4 Survey and Licensing Procedure

There was delay in granting/renewal of licence ranging between two and 34 months.

- As per directions (January 1999) of the Secretary, Medical and Health Department, Rajasthan, licences were to be granted within 15 days of the receipt of application. Applications for renewal were to be disposed off the same day. Test-check of records of three ADCs revealed that a time of two to 34 months was taken in granting/renewing licences. The ADCs, Kota and Ajmer attributed the reasons for delay in granting/renewing licences to shortage of staff and workload.

Two to 59 months period was taken for issue/renewal of licence.

- In respect of Ayurvedic medicines, Rules provide for issue of manufacturing licence within a period of three months from the date of receipt of application. However, two to 59 months were taken for issue/renewal of licence. The Director, Ayurved stated (April 2003) that delay was due to non-receipt of Inspection Reports from Drugs Inspectors (DIs), time taken by unit owners to comply with the deficiencies, closure of units, non-supply of information and workload in Licensing Authority (LA) office. The reply is not tenable as three months prescribed time is sufficient to meet the requirements essential for issue of licence.

- The manufacturing of Ayurvedic (including *Siddha*) or Unani drugs was to be carried out in such premises and under such hygienic conditions as specified* under Good Manufacturing Practices (GMP) (revised with effect from 23 June 2000). Existing licensee units were allowed two years buffer time to meet requirements as per revised schedule. However, as of March 2003, out of 447 manufacturing units, only two existing units had been granted certificate of GMP of Ayurved, which indicate that other units did not meet the requirements.

Blood Banks

As of 31 March 2003, there were 60 blood banks (Government sector: 43, Private sector: 17). Of these, 51 licences (Government sector: 42, Private

^S Designation of 'Drugs Inspector' has been changed as 'Drugs Control Officer' by the State Government w.e.f. 5 April 2002 in respect of Allopathic medicines.

[@] Ajmer, Chittorgarh and Kota.

* Schedule 'T' of the Drugs and Cosmetics Rules, 1945.

sector: 9) have not been renewed after expiry of their validity between 1998-2002.

No compliance report was furnished by any of the Government Blood Banks.

The licence for operating the blood banks at 43 Government Hospitals was granted (March 1993 to September 2002) with the condition to comply with the deficiencies pointed out in the Joint Inspection*. However, no compliance report was furnished as of June 2003 by any of the blood banks, even though, the licence was renewed up to 31 December 2002 in 31 cases. Thus, blood banks with deficiencies were working under a licence of Drugs Control Organisation, which may lead to health hazards.

Inadequacy of Sampling and Inspection

3.2.5 Sampling

There was shortfall in achievement of targets in drawal of samples ranging between six and 18 per cent.

No samples of cosmetics and Homoeopathic medicines was drawn from rural as well as urban areas except two DCOs.

During 1998-2003, 5079 samples were drawn, and 732 samples** (14 per cent) were declared as not of standard quality of which 54 samples were spurious. Following irregularities were noticed:

- The shortfall in achievement of targets in drawal of samples during 1998-2003 ranged between six and 18 per cent. Out of 38 to 42 Drugs Control Officers who worked during different periods five to 26 DCOs did not achieve their targets.

A comparison of samples drawn from urban and rural areas and of samples drawn from allopathic drugs, cosmetics, homoeopathic medicines and Government stores is given in the table below:

Year	Number of DCOs	Samples of Drug		Number of DCOs who did not take samples of			
		Rural (Percentage in bracket)	Urban	Allopathic drugs in rural areas	Cosmetics in urban and rural areas	Homoeopathic medicines in urban and rural areas	Government store in rural areas
1998-1999	18	75 (16)	391 (84)	6	16	18	17
1999-2000	18	38 (10)	356 (90)	7	17	18	15
2000-01	19	58 (15)	317 (85)	7	19	19	17
2001-02	19	59 (14)	363 (86)	8	19	19	18
2002-03	19	45 (8)	496 (92)	11	19	19	16

There was a substantial urban bias in taking samples. Further, no samples of homoeopathic medicines were taken over the period 1998-2003 and no samples for cosmetics were taken over the period 2000-03. The DC stated (June 2003) that no targets were fixed for taking of samples, rural and urban area-wise, for proportionate collection of samples of Allopathic and Homoeopathic medicines and cosmetics. In respect of Government stores, target for taking one sample per month per DCO has now been fixed from January 2003.

* Representatives of Central Drugs Standard Control Organisation (North Zone), Ghaziabad, State Drugs Controller, Expert of Blood of the Blood Banks.

** Includes samples drawn before 1998-99 but test reports received during 1998-2003.

• Test reports of 23 samples (taken by DIs of other States) were challenged by concerned manufacturers after issue of show cause notices (September 1998 to July 2002). Thereupon the cases were referred to the concerned DCs. No further action was taken for the last one to four years.

• Transfusion of matching human blood may cause harm to the patients if transferred blood is infected or HIV positive. Not a single sample of human blood/ component/product was taken by any of the DCOs for testing during 1998-2003. On being pointed out in audit ADC, Jaipur stated that amendments have been made (April 2002) in the Rules inserting the name of National Institute of Biologicals, Noida as an additional centre for testing blood samples and action has been initiated at DC level to direct the DCOs for taking the blood samples. The reply was not tenable as the testing facility for blood was already available at three other institutes situated at Delhi, Pune and Vellore and no sample was drawn even after issue of amendments.

• Though the facility for testing of single component Ayurvedic drug was available, only one sample was drawn during 1998-2003. The Director, Ayurved asked (April 2003) the DIs to explain reasons for non-drawing samples during the last five years.

3.2.6 Inspection

There was shortfall in achievement of targets of inspection of DCOs during 1999-2003, which ranged from 39 to 74 per cent.

In respect of manufacture of Ayurvedic (including *Siddha*) or Unani medicine, there was shortfall in conducting inspections ranging between 38 and 63 per cent. The Director, Ayurved while accepting the facts intimated (April 2003) that inspectors have now been directed to strictly follow the Rules.

3.2.7 Follow up action on samples found not of standard quality or spurious; effectiveness thereof

• Test-check of records revealed that 81 samples were sent to laboratories with a delay from one to 43 months. Test-reports of 33 samples (11 declared as not of standard quality and one spurious) were received after expiry period of drugs and adverse test results were circulated to ADCs/DCOs of the State and DCs of other States with delay ranging from 10 days to four months. Consumption of drugs not of standard quality in the meantime may have led to health hazard to the consumers.

• As the drugs are sold through out the country, there should be proper coordination among the Drug Control Organisations of all the States for prompt communication. Such coordination was lacking which is indicative from the fact that during 1998-2003, information of adverse test results in 14 cases from other States was received in DC office with delays ranging from five to 36 months and in 25 cases test results were received one to 3½ months after the date of expiry of drug. The Rajasthan DC intimated adverse test results of 79 cases to other state Drug Control Organisations with a delay ranging from 10 days to 2½ months. Results of 35 cases declaring the drugs as

Only one sample was drawn even though facility of single component drug was available.

There was shortfall in achievement of targets ranging from 39 to 74 per cent.

Test reports of 33 samples were received after expiry of drug.

not of standard quality were intimated (April 2000 to April 2003) to all Drug Control Organisations after expiry date of the drug.

- Details like date of manufacture and expiry of drug, and reasons for declaring the drug as not of standard quality were not being given in the bulletin issued by the DC from time to time. Consequently, the concerned authorities were not in a position to assess time left, position of stock and gravity of the offence for taking prompt and suitable action.
- Reference to provisions of the Act and the Rules under which accused is to be prosecuted was not found mentioned in the sanctions issued by the DC (Controlling Authority).
- After the declaration of a sample as not of standard quality there was delay of six to 30 months in linking with the manufacturer in 15 cases where no stock was got retrieved from the suppliers/retailers resulting in consumption of drugs not of standard quality exposing the lives of patients to various hazards.

3.2.8 Prosecutions vis-a-vis cases filed

Out of 82 cases decided (1999-2003) by various courts there was acquittal/discharge in 48 (59 *per cent*) cases and out of 23 test checked cases, in 15 cases (65 *per cent*) the acquittal/discharge was due to various departmental failures such as deprivation of right of re-examination of sample because of expiry of drug, not issuing proper prosecution sanction, delay in analysis/reporting, drawal of samples by official not notified etc. In 67 cases where the DC had issued orders for filing the case in the court of law, cases were not filed for periods ranging from six months to five years and more. In 34 cases (out of 180 cases) there was departmental delay of more than 12 months in filing the challan in court of law against the offenders. The main reasons for delay were linking of firms and non-receipt of their constitution.

3.2.9 Working of Drugs Testing Laboratories

Following major deficiencies were noticed in the working of DTL functioning in the State since 1961:

- The sanctioned strength of DTL during 1998-2003 was 24 for technical (13) and administrative (11) work. Of these, six technical posts and one post of Deputy Director were lying vacant since 1998.
- Pharmacology, Micro-Biological Laboratory and Computer room constructed at a cost of Rs 35 lakh and handed over between October 1997 and November 2001 were lying unutilised.
- DTL was having testing facilities for 11 major categories of drugs. Out of 2728 samples received for testing during 1998-2003, 291 samples (11 *per cent*) were returned without analysis mainly due to non-availability of testing facility, testing equipment being out of order or the samples were not sealed properly. While most of the samples received for test related to

Pharmacology lab,
Micro-Biological lab
and computer room
were lying
unutilised.

analgesic/antipyretics/anti-inflammatory (30 to 74 *per cent*) and surgical dressing (four to 36 *per cent*) categories, representation of samples of other categories like vitamins, anti-tubercular, anti-malarial, raw material and cosmetics was negligible. In 114 cases test checked, during 1998-2003 time taken in analysis of samples ranged from two to 24 months. In 31 cases samples were declared as not of standard quality which may have resulted in consumption of these drugs in field during such delay.

3.2.10 Manpower

• The State Government sent (November 1998) requirement of 55 additional posts to GOI under capacity building project for strengthening drug enforcement machinery with World Bank assistance. The DC also sent (February 2002) proposals for creation of 55 posts of DCOs based on recommendations of task force committee to the Director for submission to State Government. No decision on the proposals was taken (April 2003).

• No time limit has been laid down for issue of gazette notification for appointment as Drugs Inspector. During 1993-2001, the notifications for appointment of five DCOs were issued with abnormal delay of 86 to 190 days after their joining duty. In absence of notification they were not authorised to perform duties entrusted by the Act.

3.2.11 Inadequacy of financial and administrative powers of Drugs Control Authorities

Though the DC is head of the Drugs Control Organisation and independent for enforcement of the Act and the Rules, he has no financial/administrative powers in respect of transfer and posting of staff essential for effective control over the performance of organisation as a whole.

3.2.12 Training

• No training facility existed nor any training programme was conducted for developing/upgrading the skills of DCOs of Drugs Control Organisation/DIs of Ayurved Department during 1998-2003 to make them efficient in discharging the specialized functions envisaged in the Act and the Rules.

• The Rules envisaged that licensee of a blood bank was responsible to ensure through maintenance of records and other latest techniques used in blood banking system that the personnel involved in blood banking activities for collection, storage, testing and distribution are adequately trained in the current Good Manufacturing Practices/Standard Operating Procedures for the tasks undertaken by each personnel. No such training was found to have been conducted by any blood banks.

3.2.13 Monitoring

There was lack of coordination with other States as is seen by the fact that reports of drugs of not of standard were received or dispatched to the

No training facility existed nor any training programme was conducted.

respective Drug Controllers after considerable lapse of time.

3.2.14 Conclusion

In Rajasthan, the Act has not been implemented effectively. The provisions of the Act regarding inspection of units, drawing/testing/reporting of sample, speedy and effective action against defaulters were not implemented strictly. There was shortfall in conducting inspections of units and action against drug offenders was inadequate. There was no proper coordination among the Drug Control Organisations of various States. There was serious risk, therefore, of fake/spurious/not of standard quality drugs being supplied to consumers in the State. There was delay in sending of samples to laboratories for analysis, delayed reports of analysis even after expiry of drugs, full consumption of stock of “not of standard quality” drugs, and shortfall in sampling of all categories of drugs.

3.2.15 Recommendations

In view of the above shortcomings Audit recommends that:

- The drawal and testing procedures of samples need to be rationalised.
- Drugs Testing Laboratories should be fully equipped with testing equipment and technical staff, for strengthening and ensuring effective enforcement of the Act.
- Time limit for testing of samples should be specified.
- Proper coordination among the Drug Control Organisations of various states should be ensured.

These points were referred to the Government in July 2003; reply had not been received (November 2003).

Agriculture Department

3.3 Working of Agriculture Department

Introduction

The main objective of the department is to improve the production and productivity of food grains/other agriculture products for sustainable growth of the State economy. The Agriculture Department is responsible mainly for dissemination of latest technical know-how besides ensuring timely supply of quality input to the farming community. The Department also performs regulatory functions regarding quality control of seeds, fertilizers, pesticides and agriculture implements.

The Principal Secretary is the administrative Head of the Department. Director of Agriculture (DOA) implements the schemes through Joint Director and Deputy Director at zone/district level and Assistant Directors at the sub-divisional level.

Working of Agriculture Department during 2000-03 was reviewed (December 2002 - June 2003) by test check of records of DOA and his subordinate offices in eight districts¹. The results of test-check are discussed in the succeeding paragraphs:

3.3.1 Finance

- Out of Rs 32.19 crore released by the Government of India (GOI) under Oilseeds Production Programme (OPP) during 2000-03, the State Government did not release Rs 3.50 crore alongwith its proportionate State share of Rs 1.17 crore to implementing agencies.

Delay in releasing CSS funds.

- Period ranging from two to nine months were taken in releasing Centrally sponsored schemes (CSS) funds (amount involved: Rs 52.01 crore) by the State Government to the nodal departments during 2000-03.

Diversion of Rs 4.80 crore.

- Against provision of Rs 48 lakh in the CSS, Work Plan (2002-03) for new component "Special Fodder Minikit distribution for other than demonstration purposes", Rs 5.28 crore were spent by diverting savings of Rs 4.80 crore available under other components without approval of the GOI.

- Under Intensive Cotton Development Programme assistance for the establishment of seed delinting plant at the rate of 50 *per cent* of cost limited to Rs 40 lakh for medium sized plant was admissible and balance 50 *per cent* was to be borne by Rajasthan State Seed Corporation (RSSC). However, the DOA released (January 2002) Rs 40 lakh (100 *per cent* cost) to RSSC for establishment of cotton seed delinting complex, which were lying unutilized (June 2003) depriving the farmers of intended benefits.

1. Ajmer, Bharatpur, Bhilwara, Hanumangarh, Jaipur, Jodhpur, Kota and Tonk.

Blocking of Rs 2.35 crore owing to non-approval of scheme.

- DOA deposited (March 1991) Rs 1.00 crore sanctioned by the State Government for setting up “Rajasthan State Wells Insurance Fund” in interest bearing Personal Deposit (PD) Account. The amount alongwith interest of Rs 1.35 crore was lying unutilised as of March 2003 due to non-approval of scheme by the State Government.

3.3.2 Programme Management

Results of test-check of few components of various programmes and regulatory functions and shortcomings noticed in implementation thereof are discussed below:

3.3.3 Subsidy on sprinkler irrigation system

Higher fixation of rates than prevailing market rates resulted in excess payment of subsidy of Rs 8.14 crore.

Sprinkler irrigation system facilitated better water use efficiency providing 25 to 40 per cent saving over conventional irrigation particularly in sandy soil having high percolation rate, land with undulated topography and areas with limited water availability. During 2000-03, subsidy for one hectare under various CSS was fixed by DOA as (a) 50 per cent of cost of sprinkler sets/unit cost² or Rs 10,000 whichever is less to small/marginal/SC/ST/Woman farmers and (b) 33 per cent of unit cost² or Rs 7,000 whichever is less to other categories of farmers. As per instructions (June 2000) admissible subsidy on plant protection equipment/chemical was to be worked out on the lowest rates offered by manufacturers. The DOA did not apply these instructions in case of sprinkler sets despite the fact that National Bank for Agriculture and Rural Development (NABARD) rates were only indicative and agencies concerned could have adopted unit cost on realistic basis. By adopting NABARD rates instead of lowest rates offered by manufacturers for sprinkler sets subsidy of Rs 8.14 crore was paid in excess by the department as shown in the table:

Year	Lowest rate offered by manufacturer	Unit cost fixed by NABARD	Difference	Difference for each		Number of benefited farmers	Excess subsidy paid (Rs in crore)
				SC/ST/Small/Marginal/ Woman	Other farmer		
	(In rupees)						
2000-01	14,930	18,000	3,070	1,535	1,013	13228	3.41
2001-02	17,225	18,000	775	388	256	16395	1.93
2002-03	11,353	15,000	3,647	1,824	1,204	8753	2.80
Total						38376	8.14

A perusal of several reports received during 2001-03 by the DOA from Joint Directors and politicians further revealed that (i) Bureau of Indian Standards (BIS) mark sprinkler sets were available in market at about half the rates fixed by NABARD, (ii) manufacturers were providing the sprinkler sets to the dealer on discounts of up to 56 per cent, (iii) dealers were providing the sets to farmers at lower rates out of their margin with a bill of full amount. State Government also pointed out (June 2002) to DOA that BIS mark sprinkler sets were available in the market for Rs 8,000 to Rs 10,000 in cash. Despite above reports, no changes were made in the procedure. Instead, the matter was

2. Fixed by NABARD.

closed (November 2002) by DOA on Deputy Director's report (October 2002) that the bills received were at NABARD rates i.e. Rs 18,000. Thus, the subsidy provided by the Government was misutilised.

3.3.4 Use of gypsum in reclamation of alkali soil and as micro-nutrient

• Gypsum, a cheap source of sulphur, is used in reclamation of alkali soil developed mostly due to use of brackish ground water and high sodium absorption ratio or residual sodium carbonate in irrigation water. It was observed that as against 10.62 lakh hectare of affected land only 0.41 lakh hectare (four *per cent*) was treated (1997-2003) at a cost of Rs 5.89 crore (March 2003).

Gypsum treatment was given in one *per cent* of the area sown under OPP/NPDP.

• Use of gypsum is included as one of the components under NPDP and OPP because its use as micronutrient (250 kg per hectare) increases productivity of pulses and oil content in oilseeds by 25 to 30 *per cent* and 10 to 15 *per cent* respectively. It was observed that gypsum treatment during 2000-03 was given only in one *per cent* of the area sown under OPP/NPDP*.

• Indian Standard (IS) Code prescribes that Agriculture Grade Gypsum should contain 70 *per cent* Calcium Sulphate. For quality control, suppliers of gypsum were required to get the supplies tested by a third party (one sample in a lot of 300 MT) and the Department could also test the samples in its own laboratories. However, Gypsum was in general distributed to the farmers before getting the sample analysed. While, only two samples were tested by the departmental laboratories during 2000-01 and found sub-standard, out of 424 samples taken during 2001-03, 320 (75 *per cent*) samples were found sub-standard with reference to purity of gypsum.

Undue benefit of Rs 1.37 crore was provided to suppliers on sub-standard supply of gypsum.

• For supply of sub-standard gypsum subsidy of Rs 89.14 lakh was deducted during 2000-03 on proportionate weight percentage basis for each lot of 300 MT. Subsequently, the DOA revised (March 2003) retrospectively the pattern of deduction for 2002-03, prescribing deduction of full subsidy for only 10 MT for samples taken from dealer's point and 100 MT at mining locations (instead for each lot of 300 MT) and refunded (March 2003) Rs 47.94 lakh to the suppliers giving them undue benefit to that extent. Besides, the farmers who had also contributed 50 *per cent* of the cost of gypsum as matching share were not compensated for such inferior supplies. This resulted in further undue benefit of Rs 89.14 lakh to the suppliers.

Subsidy of Rs 2.18 crore on purchase of tractors under CSS was given to medium/big farmers (69 *per cent*) defeating the purpose of providing subsidy to small/marginal/semi medium farmers.

3.3.5 Agricultural Mechanisation

Subsidy of Rs 30,000 on purchase of tractor is admissible to farmers under CSS 'Promotion of Agricultural Mechanisation among small farmers', wherein the DOA was expected to (i) identify few districts in view of limited funds, (ii) identify beneficiary farmers and (iii) ensure that maximum benefit under the scheme reached marginal, small and semi-medium farmers in that order by constituting societies etc. It was observed that the scheme was implemented in all districts without identifying beneficiary farmers. Of 1,062

* National Pulses Development Project.

individual farmers who benefited under the scheme during 2000-03 maximum benefit (Rs 2.18 crore) was given to 728 medium/big farmers (69 per cent) defeating the very purpose of the scheme.

3.3.6 Enforcement of the Dangerous Machines (Regulation) Act, 1983

Poor administration of the Dangerous Machines (Regulation) Act, 1983.

The GOI promulgated (December 1983) "The Dangerous Machines (Regulation) Act, 1983" to provide for the regulation of use of the product of any industry producing dangerous machines (i.e. Power-thresher) for security and payment of compensation for the death or body injury suffered by any labourer while operating any such machine.

After 16 years the State Government appointed (October 1999) Additional/Deputy Controllers and Inspectors for implementation of the Act. However, Act has not been actually implemented in the State owing to lack of survey/registration of dangerous machines and users did not take insurance policies for coverage of death/injury. This had resulted in payment of Grant-in-aid of Rs 53.20 lakh by the State Government to Rajasthan State Agriculture Marketing Board/Krishi Upaj Mandi Samitis for payment of compensation to 861 farmers/labourers, who sustained injuries under *Krishi Sathi Yojana* (State Plan) during 1998-2003 (upto December 2002).

3.3.7 Impact Assessment

No noticeable impact of schemes on production and productivity of agriculture produce

- During 1998-2002, there was no appreciable increase in total area cultivated, as shown below:

(Hectare in lakh)			
Year	Cultivable area	Cultivated area	Percentage of cultivated area to the cultivable area
1998-1999	273.85	160.73	58.69
1999-2000	273.59	155.09	56.69
2000-01	273.39	158.65	58.03
2001-02	273.35	167.65	61.33
2002-03 ³	NA	NA	NA

Steady decline in the production of food grains despite increase in utilisation of fertilisers.

- Further, even while there was no major decline in land use and utilisation of fertilisers increased, there was a steady decline in the production of food grains during 1998-2003 as detailed below:

Item	1998-99	1999-2000	2000-01	2001-02	2002-03 ⁴
Production of food grains (in lakh MT)	129.33	106.85	100.40	139.83	63.25
Productivity (in kg per hectare)	962	975	883	1099	781
Consumption of fertilizers (in kg per hectare)	33.98	42.38	34.57	39.22	53.36

- Data yet to be collected by the Department (30 July 2003).
- Figures for the year 2002-03 are provisional.

It would be seen from the above that production of food grains of the State declined from 129.33 lakh MT in 1998-99 to 63.25 lakh MT in 2002-03. It was observed that productivity per hectare has been fluctuating substantially during the period 1998-2003.

3.3.8 Monitoring and evaluation

No follow up action/remedial measures were taken up on the evaluation study of *Kharif* and *rabi* crops.

A "Monitoring and Evaluation Cell" consisting of 87 Statistical Officials and headed by Joint Director was functioning under the direct control of the DOA. The cell had displayed reports of evaluation study on the functioning of recognized agriculture extension system in the State of *kharif* and *rabi* crops; no follow up action/remedial measures were taken up.

The cell was to monitor scheme-wise achievements but neither any monitoring note nor inspection note of any officer on any scheme was made available to audit nor the Joint Director of the cell had any information of the physical and financial progress of the schemes.

Even the evaluation and monitoring of the performance/results achieved against financial assistance released to various autonomous bodies/corporations, viz. Agriculture Colleges, RSSC etc. for various research/agriculture education oriented schemes etc. was not conducted.

3.3.9 Recommendations

- The production and productivity of the State need to be improved by effective implementation of the various Centrally sponsored and State Plan schemes.

- Latest technical know-how and timely supply of quality agricultural inputs such as seeds, fertilizers, pesticides to farming community need to be ensured.

- State Government should make timely release of proportionate shares of funds against Centrally sponsored schemes. The utilisation of funds is required to be monitored and delays in release avoided.

The matter was referred to the State Government in July 2003; reply has not been received (November 2003).

Ayurved Department

3.4 Working of Ayurved Department

3.4.1 Introduction

The Ayurved Department provides medical treatment through *Ayurvedic*, *Unani* and *Homoeopathy* systems of medicines and Naturopathy. The main activities of the Department are to provide medical facilities, prevention of

disease, production/procurement and distribution of medicines, medical education and training and research. The Secretary, Ayurved is the administrative head of the department and the Director, Ayurved is the Head of the Department. *Ayurvedic* medicines are being manufactured by four¹ Pharmacies and *Unani* medicines are manufactured at Ajmer Pharmacy. The Government Ayurved College, Udaipur provides medical education and training to *Chikitsaks* besides research work.

The working of the Department for the period 1998-2003 was reviewed (January 2003 to May 2003) through test check of records in the offices of the Director, Ayurved, four Regional Deputy Directors², eight District Ayurved Officers³ (DAOs), five Ayurved Hospitals⁴, *Unani* Hospital at Jaipur and Homoeopathic hospital at Ajmer, two Pharmacies at Udaipur and Ajmer, Training Centre at Ajmer and Government Ayurved College, Udaipur*. Important points noticed are discussed in the succeeding paragraphs.

3.4.2 Financial Performance

Against the budget provision of Rs 647.89 crore during 1998-2003, Rs 647.19 crore were spent. The expenditure on production and procurement of medicines and on other infrastructure facility was Rs 11.15 crore (two *per cent*) only in comparison to the expenditure of Rs 621.98 crore incurred on establishment (96 *per cent*).

3.4.3 Non-utilisation of grant-in-aid

The position of Central assistance provided by the Government of India (GOI) for various purposes and expenditure thereagainst was as under:

(Rupees in lakh)

Central assistance of Rs 167.77 lakh remained unutilised.

S. No.	Purpose of grant	When sanctioned	Amount	Expenditure	Unutilised amount
1.	Strengthening of Drugs Testing Laboratory, Ajmer and Pharmacy, Ajmer, Bharatpur and Udaipur	March 2001 and February 2002	325.00	174.62	150.38
2.	Grant-in-aid for Post Graduate (PG) courses	March 1992 August 1998	2.50 9.41 11.91	-	11.91
3.	Development of Herbal Garden	1996-97 2000-01 2001-02	11.16 5.00 10.00 26.16	20.68	5.48
	Total		363.07	195.30	167.77

Thus, out of total grant of Rs 3.63 crore, Rs 1.68 crore (46 *per cent*) remained unutilised as of March 2003.

1. Ajmer, Udaipur, Jodhpur, Bharatpur
 2. Bikaner, Jaipur, Udaipur and Ajmer
 3. Bikaner, Jaipur, Udaipur, Ajmer, Bharatpur, Alwar, Nagaur and Bhilwara
 4. Ajmer, Bikaner, Bharatpur, Jaipur and Bhilwara
- * Including Research Centre.

- Rupees 3.25 crore released by GOI was kept in Government account and not in bank as per instruction of GOI (March 2001 and February 2002) resulting in loss of interest of Rs 17.44 lakh⁵. Out of the expenditure of Rs 1.95 crore booked, machinery valuing Rs 1.15 crore was awaited (May 2003).

- Funds of Rs 11.91 lakh (March 1992: Rs 2.50 lakh; August 1998: Rs 9.41 lakh) meant for PG courses (*Maulik Siddhant* and *Kumarbhrithya* respectively) were to be utilised by March 2001 failing which it was to be refunded to GOI alongwith interest thereon. The Principal, Government Madan Mohan Malviya Ayurved College, Udaipur received Rs 9.41 lakh and deposited (March 1999) it in Government account under Government directions. Both the amounts were not released by the State Government upto March 2001. Subsequently, while as admission in PG courses of *Kumarbhrithya* was banned (July 2001) by the Central Council of Indian Medicine, New Delhi, course on *Maulik Siddhant* was also not conducted. Thus, entire amount was retained unauthorisedly by the State Government and not refunded to GOI (May 2003).

- Out of Central assistance of Rs 26.16 lakh shown as expended during 1996-2003, Rs 9.88 lakh were yet (May 2003) to be spent.

3.4.4 Rupees 39.38 lakh was sanctioned during 1997-99 for construction of 30 dispensaries under *Sahbhagita Yojana (State Plan Scheme)*. Test-check of records revealed that Rs 14.23 lakh were lying unutilised with three District Rural Development Agencies (DRDAs)⁶ for more than four years due to closure of the scheme.

3.4.5 Physical targets and achievements

During 1999-2000, 150 new dispensaries were targeted to be opened. However, no financial sanction was issued for opening of new dispensaries because of ban imposed (October/November 1999) on new expenditure. During test-check it was observed that 36 dispensaries were operated without financial sanction by diverting staff from other existing dispensaries. Of these, 26 became non-functional between November 1999 and November 2002 because of withdrawal of diverted staff.

3.4.6 Staff position

Test-check revealed that 49 *chikitsaks* remained idle for a period ranging from one month to 11 months (1998-2003) as they were awaiting posting orders from State Government contrary to Rajasthan Service Rules providing for posting in 30 days only. This resulted in infructuous expenditure of Rs 25.49 lakh on pay and allowances of *chikitsaks*.

5. At minimum interest rate of 4 per cent per annum.

6. Alwar, Bhilwara and Chittorgarh.

Deprivation of medical facilities to the beneficiaries.

Infructuous expenditure of Rs 25.49 lakh on pay and allowances of *chikitsaks*.

3.4.7 Ayurved Pharmacies

Shortfall in manufacturing of medicines ranged between 64 to 71 per cent.

- Ayurved Department manufactures medicines at four pharmacies for distribution to patients through its dispensaries/hospitals. It was observed that only 29 to 36 per cent of the target for manufacture of 40 *Ayurvedic* and 18 *Unani* medicines was achieved during 1998-2003. Reasons for shortfall was attributed to non-availability of particular ingredients, non-fixing of targets according to production capacity of pharmacy, machines being old etc. However, no remedial action was taken.

Purchase of medicines of Rs 1.47 crore against the budget of raw material.

In Ajmer Pharmacy medicines worth Rs 1.47 crore were purchased (2000-03) out of the funds available for procurement of raw material and packing material for manufacture of medicines. This resulted in under-utilisation of manpower and infrastructure of the pharmacies.

- Norms for calculation of wastages of raw material by the passage of time and during manufacturing process were fixed in June 1988. However, wastages were not being calculated by the Pharmacies on the ground that these norms were not appropriate. The proposals sent (October 1996) to State Government for revision of norms were yet to be finalized by the Government (March 2003). Further, during physical verification for 1998-2002 done by the department in Udaipur and Ajmer pharmacies, shortage of raw material worth Rs 9.01 lakh was pointed out. Ajmer Pharmacy wrongly adjusted the shortage (Rs 3.80 lakh) without obtaining write off sanction of the competent authority.

Wasteful expenditure of Rs 25.60 lakh on manufacturing of *Sanjeevanivati* of sub-standard quality.

- In Bharatpur Pharmacy raw material was issued for manufacture of 2000 kilogram (kg) *Sanjeevanivati* out of which 1012 kg *Sanjeevanivati* was manufactured during 1996-97 and semi processed 960 kg medicines was lying with the Pharmacy. Of the manufactured medicine 750.500 kg was distributed to different hospitals/dispensaries. On receipt of complaints from the Hospitals/Dispensaries regarding medicines not being of standard quality Director, *Ayurved* directed (May 1998) the Manager, Pharmacy to take back the *Sanjeevanivati* issued and to test its quality before issue. In compliance to above 248.630 kg *Sanjeevanivati* was received back (May 1998 to April 2001). No details regarding balance 501.870 kg was available with the Pharmacy as to whether this was lying unused or had been consumed. The test reports of samples sent (October 2001) to Industrial Toxicology Research Centre, Lucknow for testing were still awaited (August 2003) despite remitting (March 2003) testing charges of Rs 1.20 lakh. Thus, expenditure of Rs. 25.60 lakh on manufacture of sub-standard *Sanjeevanivati* proved wasteful. Two *Chikitsaks* suspended (July 1998) in the case were reinstated (November 2000) without waiting for final outcome of the test reports.

3.4.8 Medical Services

Staff was not reduced according to actual requirement as per bed capacity of hospital.

- As per State Government orders (December 1998) the position of staff of each hospital was to be reviewed every year with reference to bed utilisation. The average per day utilisation of beds in 85 Hospitals of *Ayurved*, *Homoeopathy*, *Unani* and *Naturopathy* during 1998-2003 ranged from 17 to

19 per cent. The staff position was not reviewed to reduce the staff accordingly.

- To provide treatment to patients of backward, interior, scheduled tribal and rural areas where the medical facilities were not freely available, five mobile units were functioning. The Director, Ayurved has not fixed the targets for organising camps by mobile units.

Test-check of records of Mobile Unit, Bikaner revealed that the unit had organised on an average 30 days camps a year only instead of providing regular services through out the year. Further, the unit is also working in hospital premises since 1997-98 defeating the very purpose of providing medical facilities in backward, interior, scheduled tribal and rural areas. The main reason attributed for less number of camps was non-availability of driver for vehicle.

- The manufacture for sale of the Ayurvedic drugs has been brought under the provisions of the Drugs and Cosmetics Act, 1940 and Rules thereunder. It was observed that only one sample for testing of Ayurvedic medicine was drawn during 1998-2003.

3.4.9 Herbal Garden

Ayurved Department was maintaining herbal garden at seven places⁷ for production of herbs. The expenditure of Rs 27.02 lakh (1993-2003) incurred out of Central/State grant⁸ for maintenance of these gardens was rendered unfruitful as no herbs were produced during 1998-03 except one truck of "Gwarpatha" (Kishangarh farm) in 2000-01 and grass at Suwana (Bhilwara) (valued at Rs 0.28 lakh).

3.4.10 Inspection

As per norms fixed (1985 and June 1999) by the department, the DAOs were required to inspect every dispensary once a year where more than 75 dispensaries exist in a district and twice in a year where less than 75 dispensaries exist and Deputy Directors were required to inspect every bedded hospital twice a year and at least one dispensary in each Panchayat/Municipality in a year.

Test-check of records of eight DAOs revealed that there was 18 to 68 per cent shortfall in inspection. Non-fulfillment of targets was attributed to non-availability of vehicles.

3.4.11 Recommendations

- The State Government should ensure proper utilisation of manpower to ensure that benefits reach the public.

7. Kishangarh (Ajmer), Suwana (Bhilwara), Padihara (Churu), Ratangarh (Churu), Hudeel (Nagaur), Lidi (Ajmer), Amberi (Udaipur).

8. Central grant Rs 15.97 lakh State grant Rs 11.05 lakh.

Shortfall in inspection of dispensaries by higher authorities ranged between 18 to 68 per cent.

- The State Government should provide adequate funds and release them in time for production and procurement of Ayurvedic medicines and for other infrastructural facilities.
- Herbal gardens should be developed and maintained so as to produce good quality herbs.

These points were referred to the Government in July 2003; reply had not been received (November 2003).

Department of Information Technology and Communication

3.5 Computerisation Projects in State Government implemented through RajCOMP

3.5.1 Introduction

Department of Computer under the administrative control of Planning Department was created (1987) for providing proper direction to computerisation and information technology projects in Government Departments. It was established as an independent Department of Information Technology in December 1998 and renamed as Department of Information Technology and Communication (DoIT&C) in May 2002. It was to act as a nodal agency for computerisation in Rajasthan.

3.5.2 Irregular funding to RajCOMP

A society "Centre for Electronic Data Processing", registered under Societies Registration Act 1958, was established (March 1989) with the Chief Secretary, Government of Rajasthan and fourteen other Government officers¹ in the Governing Board. None of the members deposited entry fee of Rs 50,000 for membership as decided in the meeting (19 May 1989) of Board of Governors and Memorandum of Association (MoA). Rupees 25,000 each was collected during 1989-91 as membership fee from 24 District Rural Development Agencies (DRDAs) without collecting entry fee of Rs 50,000. Later on, the amount was treated (24 April 2001) as advance and adjusted against office automation software provided to these DRDAs. Further, the name of the society was changed (December 1991) to RajCOMP without authorisation.

The Governing Board was changed (December 1992) and new Board

1. Commissioner and Secretary, Finance Department, Chairman and Managing Director (CMD), Rajasthan Financial Corporation, Secretary, Agriculture Department, Secretary Special Schemes and Integrated Rural Development, Commissioner and Special Secretary to Government, Planning Department, Director, Computer Department, Additional Collector, Development, DRDA, Jaipur, Commissioner and Secretary, Education Department, Managing Director, Rajasthan State Dairy Development Corporation, Jaipur; Director, Harish Chandra Mathur Rajasthan Institute of Public Administration; Special Secretary, Department of Personnel (Training), Additional Collector (Development), Alwar, Ajmer and Udaipur.

constituted, again with Government officers. Subsequently, no elections were held. As against the requirement of Annual General Meeting (AGM) of the General Body before 30th June every year, no AGM was held during January 1993 to March 2001.

RajCOMP did not have infrastructure and technical manpower and expertise, as the building, leased line for communication were provided by DoIT&C and most of the manpower was taken on deputation basis.

In spite of these above aspects, RajCOMP was patronised as indicated below:

- Computerisation work was awarded without inviting tenders and executing any agreement and a sum of Rs 9.80 crore was irregularly advanced by various departments between April 1997 to October 2002 to RajCOMP. In absence of any working capital RajCOMP executed the projects after getting 90 *per cent* advance. However, in the absence of any agreement between Government departments and RajCOMP, projects were delayed. Meanwhile, money was invested in banks and interest of Rs 35.86 lakh was earned during 1997-2002, which was credited in the income of RajCOMP instead of concerned project account. Project-wise details were also not maintained. RajCOMP accepted the facts (January 2003).

Rs 9.80 crore was irregularly advanced to RajCOMP by various departments.

- RajCOMP charged an excess amount of Rs 11.15 lakh for training of staff of various departments during 1999-2003 and did not adhere to the rates agreed (September 1999, July 2000, November 2001 and January 2003) with the State Government.

Equipment worth Rs 11.13 lakh were unauthorisedly issued to various officers.

- Laptop, computer system and other equipment (59 items costing Rs 11.13 lakh) were issued by RajCOMP to various officers during the period March 1991 to June 2002. These were neither received back nor was the cost recovered from them. Besides, telephone, entertainment, air travel and foreign tours expenses for Rs 1.38 lakh of the Secretary, DoIT&C and the Director, DoIT&C incurred during 2000-2002 were paid by RajCOMP without any provision. RajCOMP stated that these expenses were met from its own income. The reply was not acceptable as these officers were not entitled for the recoupment of such expenditure from the RajCOMP.

- The reimbursement of service charges worth Rs 25.80 lakh by various departments to RajCOMP during 1997-2002 for procurement of hardware/software was a loss to Government, as it was not covered under its objectives.

- Contrary to the provisions of the Act, RajCOMP prepared Profit and Loss Account during 1997-2002 instead of Income and Expenditure Accounts. Managing Director stated that this was a practice since 1990-91. Neither rent of office building (Rs 6.40 lakh), electricity charges and leased line and Internet charges (Not available) were paid to Government nor the provisions for payment of above charges were made in the balance sheet. Thus, the Accounts do not depict the true financial position of the agency.

Provisions of RAPSAR Act were not followed.

• Though RajCOMP received grant from the State Government for their infrastructure development and was to follow the provisions of the Regulation of Appointments to Public Services and Rationalisation of Staff (RAPSAR) Act, 1999 for creation of post, recruitment and appointment of staff and revision of pay and allowances it was not following the same and providing benefit to their employees by irregular appointments, upgradation of post, promotion and granting advance increment.

• The Minister of IT&C commented (November 2002) "Objectives of the Government is rapid computerisation of its major activities to bring in higher efficiency, greater transparency and more accountability, for the benefit of its people. If these objectives can be met through the Department of IT, then it serves no purpose by floating an existing small organisation like RajCOMP, which is functioning as a parallel Government at the cost of public exchequer". No action was taken on his observation.

3.5.3 In eight test-checked departments, the position of amount advanced (April 1992 to March 2003) to RajCOMP for computerisation and other related items and expenditure thereagainst is as under:

(Rupees in lakh)

S. No.	Department/Unit	Amount* advanced to RajCOMP	Expenditure	Balance with RajCOMP	Remarks
1.	Education Department	112.00	97.37	14.63	(i) Without any planning for computerisation and approval of the Committee for Information Technology Project Approval (CITPA), the funds were deposited (June 1996) in the PD account of RajCOMP to avoid lapse of budget grant. Principal and interest were utilised by RajCOMP for their own purposes for more than six years, and (ii) Computer hardware costing Rs 41.09 lakh were purchased without open NIT and hardware worth Rs 8.84 lakh were supplied (December 2001 to January 2003) to the Government Secretariat, Jaipur without any provisions in the estimates.
2.	Rajasthan State Pollution Control Board	149.45	138.87 (upto November 2002)	10.58	(i) Entire amount advanced to RajCOMP remained unadjusted in absence of paid vouchers, (ii) In contravention of World Bank guidelines and MoU for appointment of consultant, RajCOMP was appointed (September 2001) consultant despite non-availability of qualified and desired experienced staff and environment specialist and (iii) Financial and Accounts Information module were not put to use (March 2003) due to non-linking with main software and incomplete database. Software to monitor the recovery of water was not developed while the project has been shown complete.
3.	Department of Information and Public Relations (DIPR)	71.66	63.38	8.28	(i) RajCOMP charged Rs 3.70 lakh in March 2001 for software development on forecast basis instead of actual system study as the basic record of software development was not maintained, and (ii) Computer systems and server costing Rs 14.72 lakh were purchased (October 2000) from M/s HCL Info System Limited, Jaipur without inviting tender, but purchase was shown fictitiously from Kendriya Bhandar, New Delhi.

(Rupees in lakh)

S. No.	Department/Unit	Amount* advanced to RajCOMP	Expenditure	Balance with RajCOMP	Remark
4.	Mahatma Gandhi (MG) Hospital, Jodhpur Sawai Man Singh (SMS) Hospital, Jaipur and nine district/ public hospitals	59.90	58.71	1.19	Approval of CITPA was not obtained before executing these projects.
5.	Forest Department (i) Chief Conservator of Forests (CCF), IGNP, Bikaner (ii) CCF, Jodhpur	10.80 10.64	11.99 10.57	(-) 1.19 0.07	RajCOMP made purchases (August 2001) of hardware of Rs 5.52 lakh on single tender from a Jaipur based firm without wide publicity of NIT.
6.	DoIT&C	35.00	28.61	6.39	
7.	Public Works Department	20.38	21.58 14.68#	(-) 1.20	The approval of CITPA was not obtained. The Government contention that CITPA's approval was not necessary in view of initial cost of the proposal as Rs 17.30 lakh was not tenable as the cost actually exceeded Rs 20 lakh.
8.	Transport Department	50.46	59.21	(-) 8.75	Computers worth Rs 19.06 lakh were purchased (November 1995) without inviting open tenders.
	Total	520.29	490.29	30.00	

* Except in the case of Rajasthan State Pollution Control Board, Jaipur no agreement was executed with RajCOMP before release of funds.

Out of the total expenditure of Rs 36.26 lakh, Rs 14.68 lakh were incurred by the Chief Engineer, Public Works Department (NH) at its own level.

3.5.4 Test-check of relevant records revealed the following irregularities in execution of the job by RajCOMP:

3.5.5 Unfruitful expenditure

In the following departments expenditure of Rs 1.16 crore rendered unfruitful because of the reasons given below:

Department	Date of installation/ procurement of computer etc.	Unfruitful expenditure (Rupees in lakh)	Remarks
Medical and Health	June 1997 to January 1999	12.00	Computer based counters at the MG Hospital, Jodhpur were not working since January 2000. Computers were dumped in the computer room due to non-maintenance and non-repairing of obsolete hardware.
Forest	August 2001 to January 2002	22.56	The hardware and software developed by RajCOMP was not being utilised by the CCF (IGNP), Bikaner and CCF, Jodhpur due to programme errors, lack of customisation and training.
Public Works Department (NH)	October 2001 to March 2002	36.26	In absence of application software, non-utilisation of the computers for quality control of National Highways rendered the entire expenditure unfruitful.
Transport	August 1993 to March 1999	45.45	(i) Procurement of non-compatible and lower configuration computer system, (ii) delay and deviation in the development of application software, without feasibility report, frequent changes in development tools, and (iii) expenditure on laying of cable at locations where from offices were shifted to other places immediately after laying of cable.

3.5.6 Excess expenditure

In the following departments there was excess expenditure of Rs 88 lakh as detailed below:

(Rupees in lakh)

There was excess expenditure of Rs 88 lakh in computerisation of four departments.

Department	Excess expenditure	Remarks
Director, Secondary Education, Bikaner	25.92	(i) RajCOMP incurred extra expenditure of Rs 1.22 lakh on the purchase of 38 external MODEMs without requirement as internal MODEMs were supplied with the computers, (ii) RajCOMP claimed excess amount of Rs 3.98 lakh from the Government by recovering meagre liquidated demurrage (Rs 0.02 lakh) from the firm and credited the same to its own revenue and (iii) RajCOMP claimed Rs 28.62 lakh (excess Rs 20.72 lakh) for system study, training, data entry and development of application software against actual expenditure of Rs 7.90 lakh.
Rajasthan State Pollution Control Board, Jaipur	32.63	RajCOMP claimed Rs 40.98 lakh for system study against actual expenditure of Rs 8.35 lakh.
Medical and Health	17.27	(i) RajCOMP spent only Rs 2.90 lakh on application software development but charged Rs 17.57 lakh (excess Rs 14.67 lakh), and (ii) the firms installed the hardware with one year warranty but RajCOMP charged Rs. 2.60 lakh for hardware inspection, installation and maintenance.
DoIT&C (Janmitra)	12.21	(i) Difference between booked figure and charged figures - Rs 2.23 lakh, (ii) excess charge for need assessment and software development - Rs 9.46 lakh, and (iii) computer rent - Rs 0.52 lakh.

3.5.7 Conclusion

Implementation of computerisation programme in various departments through RajCOMP did not derive fruitful results. RajCOMP not only violated the provisions of the Act/MoA, but also credited in its own revenue the interest earned on Government money; charged excess amount for training; unauthorisedly and claimed service charges. There was also excess/unfruitful expenditure on computerisation in all the departments test-checked as computer systems purchased through RajCOMP were not/partially utilised in absence of providing support services and non-completion of application softwares.

3.5.8 Recommendations

- Floating of RajCOMP as a society for computerising Government departments was unwarranted and it led to flouting of legislative and other financial controls. The Government may consider closing down the society.
- The advances lying with RajCOMP and excess payments made to it be got recovered.

- Effective steps to be taken for making the idle equipment functional besides ensuring its utilisation.

The matter was referred to the State Government between July and August 2003; reply had not been received from Department of Information Technology and Communication and other related departments except Information and Public Relations and Public Works Departments.

Local Self Government and Home Departments

3.6 Prevention and Control of Fire

3.6.1 Introduction

Fire prevention and related safety measures are integral part of town planning and building construction. The subject "Fire Services" has been included as municipal function in the XII Schedule of the Constitution of India. To combat any odd situation arising out of fire related calamities, fire fighting services are organised as first responder to save life and property. The necessity for strengthening and modernisation of fire services is increasing demands due to rapid growth of population, industrialization, urbanization etc.

3.6.2 Organizational Set up

Secretary, Local Self Government Department is responsible for implementation of the scheme at State level through Director and Deputy Secretary, Local Bodies (DLB). The Urban Local Bodies (ULB), District Collector/District Magistrate/Deputy Commissioner are responsible for overall functioning under the Rajasthan Municipality Act 1959, the fire brigades are maintained by the Municipal Councils/Municipal Boards. The Director General, Civil Defence and Home Guards is also responsible for maintaining the fire brigade through Controller, Civil Defence in 12 notified Civil Defence Districts.

3.6.3 Audit coverage

A review of the prevention and control of fire for the period 1998-2003 was conducted through test check of records in the office of Director, Local Bodies Jaipur, Director General, Civil Defence, Jaipur and their subordinate offices (seven) in eight districts*. Important points noticed are mentioned in succeeding paragraphs.

* Nagar Nigam: Jaipur, Jodhpur, Kota
Nagar Parishad: Ajmer, Bikaner, Bharatpur, Beawar, Udaipur
Nagar Palika: Barmer, Balotra, Chomu, Kishangarh, Kotputli

3.6.4 Financial profile

Rs 41.89 lakh was lying un-utilised even after the expiry of time limit.

While expenditure on pay and allowances of staff of fire stations under the control of DLB was being met by concerned ULBs, from their own income the year wise position of budget allotment in respect of fire service stations coming under the control of Director General, Civil Defence in 12 notified districts and grants released by the State Government to ULB for the improvement and strengthening of Fire Services on the recommendations of Tenth and Eleventh Finance Commissions and expenditure incurred thereagainst during the period 1997-2003 are as under:

(Rupees in lakh)

Year	Director General, Civil Defence			Local Self Government Department				
	Budget Allocation	Expenditure incurred	Savings (-)/ Excess (+)	Amount released by Government of India (GOI)	Amount released by State Government by transferring the amount in PD Account of ULBs/DLB	Shortfall in release of funds	Actual expenditure	Unspent balance lying with ULBs/ DLB at the end of the year
Under Tenth Finance Commission								
1997-98	-	-	-	56.25	56.25	-	56.00	0.25
1998-99	109.14	109.66	(+) 0.52	288.00	150.00	138.00 (48 %)	-	-
1999-2000	111.82	111.79	(-) 0.03	105.75	293.75	-	402.11	41.89
Under Eleventh Finance Commission								
2000-01	114.27	114.28	(+) 0.01	442.42	-	442.42 (100%)	-	-
2001-02	114.21	114.27	(+) 0.06	442.42	780.00	104.84 (12%)	-	780.00
2002-03	116.48	116.51	(+) 0.03	442.42	440.00	107.26 (20 %)	1032.08	187.92
Total	565.92	566.51	(+) 0.59	1777.26	1720.00		1490.19	

Out of Rs 5.00 crore released (1997-2000) to DLB under Tenth Finance Commission (TFC), Rs 41.89 lakh was lying unutilised with various ULBs. Similarly, out of Rs 12.20 crore released (2000-03) to DLB under Eleventh Finance Commission (EFC), Rs 1.88 crore was lying unutilised in Personal Deposit (PD) accounts of Directorate of Local Bodies and Avas Vikas Limited (AVL) for a period ranging between one to three years.

Delay in release of grants by State Government ranged between nine and 17 months.

3.6.5 Out of the total grant of Rs 13.27 crore received by the State Government under EFC, Rs 12.20 crore only was released by it during 2001-03 with delay ranging from nine to 17 months. Reasons for non-release/delay in release of funds were attributed by the Finance Department to delayed finalisation of the action plan by the State Level Empowered Committee (SLEC).

Following irregularities were noticed in the utilisation of grant.

- Out of Rs 6.00 lakh received (March 2000) in two *Nagar Nigams* and one *Nagar Palika* for construction of overhead tanks, Rs 5.85 lakh was diverted for construction of boundary wall of fire station (Rs 1.85 lakh) and purchase of fire vehicle (Rs 4.00 lakh).

- Of Rs 13.50 lakh sanctioned¹ to Nagar Parishad, Udaipur for the construction of over head tanks, fire foam tender and wireless sets, unspent balance of Rs 6.25 lakh (March 2003) has not been deposited in Government account (June 2003).

Programme Management

3.6.6 Infrastructure

Keeping in view the EFC recommendations and taking into account other criteria such as Border districts, cantonment Board, Industrial area and other important places of the State, construction of 35 new fire stations and upgradation of 25 existing fire stations at an estimated cost of Rs 22.00 crore were approved (June 2001) in the Action Plan for modernisation of fire services in Rajasthan which included Rs 10.90 crore² for 60 civil works.

The DLB, Jaipur sanctioned 35 civil works costing Rs 5.78 crore and released Rs 4.30 crore to AVL, Jaipur during 2001-03. The AVL spent Rs 3.85 crore as of March 2003 and constructed 24 fire station buildings, seven works were in progress and one was stopped because of land dispute. Nine buildings were handed over to concerned municipalities. However, construction of overhead tanks/tube well was not completed in any case, in absence of which not a single fire station can be said to be completed in all respects.

3.6.7 Fire Management

Reports of fire incidents occurred, incidents attended, human lives lost, property lost during last five years in the State as a whole (other than Civil Defence) are not available with the DLB, Jaipur revealing lack of monitoring. However, the position of fire incidents occurred, lives and property lost during 1998-2003 in respect of eight test-checked districts³ in case of ULB and 12 notified districts of Civil Defence is as under:

Year	No. of fire accidents occurred and attended		Total	Loss of life			Loss of property (Rs in crore)		
	In Nagar Palikas, Parishads and Nagar Nigam (ULBs)	In Civil defence Fire Stations		ULBs	CD	Total	ULBs	CD	Total
1998-1999	1264	502	1766	54	174	228	6.77	5.42	12.19
1999-2000	1410	644	2054	37	183	220	8.90	4.59	13.49
2000-01	1547	715	2262	5	191	196	16.48	8.15	24.63
2001-02	1515	509	2024	-	44	44	8.46	2.32	10.78
2002-03	1647	334	1981	12	4	16	8.69	1.19	9.88
Total	7383	2704	10087	108	596	704	49.30	21.67	70.97

1. Rs 12.50 lakh in March and Rs 1.00 lakh in November 2000

2. Garage: Rs 6.93 crore, residential quarters: Rs 1.11 crore, Tube well/over head tank and underground reservoir: Rs.2.86 crore.

3. Ajmer, Barmer, Bharatpur, Bikaner, Jodhpur, Jaipur, Kota and Udaipur.

Source of valuation of property lost was not found maintained.

Source for valuation of the property lost was not found on record. Ajmer and Barmer test-checked districts intimated that valuation was based on the spot witnesses/interviews but the fire services department did not make their own assessments.

3.6.8 Response Time

As per GOI Standing Fire Advisory Committee (SFAC) recommendation fire services should be available within five minutes of the outbreak of fire. In test-checked districts date and departure time of fire vehicle sent to fire incident was found recorded but the fire call time of fire incident was not recorded. Thus, the response time to attend fire incident was not ascertainable*. In Chomu (Jaipur district) where a major fire broke out (October 2002) in a fire works factory, the fire brigade was sent to the spot half an hour after receipt of message of the incident. In the incident a two storeyed building collapsed and 12 lives were lost.

3.6.9 Vehicle and Equipment

Blocking of
Rs 6.53 lakh due
to non-fabrication
of body on
chassis.

- The Executive Officer, *Nagar Parishad*, Udaipur purchased (December 2000) a Tata Chassis for fire vehicles at a cost of Rs 6.53 lakh under TFC. The body on the Chassis was not constructed (May 2003) and as such vehicles could not be put to use.

9 Fire vehicles
were off road for
want of budget.

- Out of 13 fire vehicles of Civil Defence offices, eight fire vehicles and one fire vehicle of *Nagar Palika*, Kotputli were off road for major repair for periods ranging from one year to more than four years. These could not be repaired so far for want of budget (March 2003). This not only reduced the availability of fire vehicles during emergency but also increased dependency on other fire service stations and delay in attending to fire accidents.

3.6.10 Training and Awareness

There is no separate Fire Training Institute in Rajasthan. The Rajasthan Local Self Government Institute, Jaipur is imparting 30 days basic fire course training to fire men. The SFAC recommended (1998) in his 24th meeting for special courses on fire in high rise buildings, hazardous chemical material, and in industrial/factory sheds. No such training was provided to fire men. Test-checked *Nagar Nigams/Nagar Parishads/Nagar Palikas* (except *Nagar Palika*, Balotra), also felt the need to provide such type of training and DLB, Jaipur stated (February 2003) that there was shortage of trainers and training material at the training centre. Neither the fire resistance building material were popularised nor any efforts were made for awareness in public for prevention of fire by any *Nagar Nigams/Nagar Parishads/Nagar Palikas*, test-checked in audit.

* Except *Nagar Palika*, Chomu (Jaipur district).

No legislation had been enacted for the establishment and maintenance of fire brigades in the State.

3.6.11 Prevention against fire

The fire brigades are maintained by the Municipal Councils/Municipal Boards under the Rajasthan Municipalities Act, 1959. Rule 98 of the Rajasthan Municipalities Act, 1959 envisaged that every board shall make reasonable provision for the matters within the municipality under its authority, namely extinguishing fire and protecting life and property when fire occurs. However, no legislation has been enacted so far for the establishment and maintenance of fire brigades in the state. The existing provisions of the Municipal Act are inadequate in the present day context as per recommendations of Mehrotra Fire Advisory Committee report (January 1979). As per the Administrative Report of Director General Civil Defence (2001-02) a Fire Act Bill was prepared and sent to the State Government for approval (August 1988), which was not approved as of March 2003. In test-checked districts it was found that none of the *Nagar Nigams*, *Nagar Palikas*, *Nagar Parishads*, had made any bye-laws for the prevention and control of fire or conducted any survey to identify fire risk areas. Licences were also not issued by the Municipal Bodies to the builders/owners/users of the Public Premises/high rise buildings etc. in absence of bye-laws/Fire Act. Except maintaining the fire brigade no measures were taken to improve awareness, lower fire risk in times of heightened risk of fire such as during festivals/marriages/religious ceremonies etc. There was no system of providing training in fire drill for school children, employees/workers of industrial establishments, offices and residents of high rise building in case of fire alarm. Fire service weeks were not organised by *Nagar Palikas*, Chomu, Kotputli, Barmer and Balotra.

3.6.12 Auxiliary Fire Services

Test-check of records of *Nagar Nigams*, *Nagar Parishads*, *Nagar Palikas* revealed that the services of Home Guards were not being utilised as Auxiliary Fire Men as per the guidelines (Para - 7) of Government of India.

3.6.13 Conclusion

The existing provisions of Municipal Act were inadequate in the present day context and there was a need for a Fire Service Act for efficient prevention and control of fire incidents. However, no legislation had been enacted so far, for establishment and maintenance of fire brigades in the State. Further, the *Nagar Nigams*, *Nagar Parishads* and *Nagar Palikas* had also not made any bye laws for the prevention and control of fire. In most of the fire stations there was shortage of the staff. Source of valuation of property lost was not found maintained.

3.6.14 Recommendations

- Separate workshop and sufficient budget provision should be provided to maintain the Fire Brigade vehicles.
- Adequate infrastructural facilities such as overhead tanks/tube wells for water arrangement, garrage for fire vehicles and adequate staff should be provided on all the fire stations for better fire services.

- Special training course on fire in high rise buildings, hazardous chemical material and in industrial/factory sheds should be provided to Firemen.

These points were referred to the State Government (July 2003); reply had not been received (November 2003).

Public Health Engineering Department

3.7 Stores and Stock

3.7.1 Introduction

In Public Health Engineering Department (PHED) of Rajasthan, stores are purchased on the basis of rate contracts approved by the Director General Supplies and Disposals (DGS&D), Government of India, Central Stores Purchase Organisation (CSPO), Government of Rajasthan and by the Chief Engineer (CE), PHED, Rajasthan, Jaipur. A material management cell under the CE, PHED (Headquarters), Rajasthan, Jaipur manages the procurement of stores required in bulk quantities. Purchases are also being made at zonal, circle and divisional levels.

Following points were noticed during test-check (December 2002 to April 2003) of records of 17 PHED divisions of 13 districts covering the period from 1997-98 to 2002-03 and local inspection of the units:

3.7.2 Reserve stock limit

The Reserve Stock Limit (RSL) required to be fixed by the CE at the beginning of a financial year was fixed between September and December each year during 1998-99, 2000-01 and 2002-03, which defeated the very purpose of its fixation. In 18 divisions, this limit was not adhered to and excess stock ranging from Rs 2.40 crore to Rs 4.69 crore was held during 1997-2002. No action was initiated to obtain the revised RSL (April 2003).

Purchases

3.7.3 Procurement of stores in excess of requirement

Purchases were required to be made in accordance with the requirement of public service, after being properly assessed and not much in advance of actual requirement. Scrutiny of stock ledgers of stores revealed that (i) stock worth Rs 41.64 lakh¹ was not utilised in six divisions for three to 33 years, (ii) in two divisions², 71 monoblock pumping sets and three centrifugal

Reserve Stock
Limits not fixed
at the beginning
of financial year.

Stock valuing
Rs 1.77 crore lying
unutilised in 19
divisions/on sites.

1. Alwar : Rs 14.08 lakh, Anoopgarh : Rs 0.35 lakh, Banswara : Rs 5.06 lakh, Chittorgarh : Rs 0.32 lakh, Sawaimadhopur : Rs 15.60 lakh and Sikar : Rs 6.23 lakh.
2. Jaipur District-II- 48 monoblock pumping sets (Rs 7.25 lakh) and Sawaimadhopur - 23 monoblock and 3 centrifugal pumping sets (Rs 8.56 lakh).

pumping sets valuing Rs 15.81 lakh procured (1989-2001) were lying in the store unutilised. Of these, 48 monoblock pumping sets (Rs 7.25 lakh) procured (1996-98) and charged to works by the Jaipur division were kept out of store account risking their theft/misappropriation, (iii) in seven divisions stock worth Rs 16.61 lakh³ was lying unused at site of the works for three to 13 years and (iv) stock worth Rs 1.03 crore⁴ procured between 1968 and 2002 was declared surplus in 18 divisions. Besides blockage of funds, the unutilised surplus material may become unserviceable over a period of time but no steps were initiated for its utilisation or disposal.

3.7.4 Irregular petty purchases beyond limit

Irregular purchases in excess of prescribed limit by AENs/EEs.

As per item 54 of Schedule of Powers, the Executive Engineer (EE) and Assistant Engineer (AEN) were empowered to purchase spare parts in emergent cases without inviting tenders up to a limit of Rs 2000 and Rs 1000 in each case subject to annual limit of Rs 50,000 and Rs 10,000 respectively. Scrutiny of records revealed that irregular purchase of Rs 1.30 crore in piece meal (11203 cases) was made during 1999-2003 by 10 divisions⁵ without adhering to the annual limit. It was intimated (January 2003 and April 2003) by the EEs that continuous water supply maintenance had necessitated excess petty purchases. However, neither the limit was enhanced nor the excesses got regularised.

3.7.5 Unadjusted amounts in suspense head 'Purchases'

Non adjustment of amounts in suspense head 'purchases'.

In two PHED divisions⁶, 48 cases of purchases of various store articles of Rs 60.69 lakh were pending from the year 1982 onwards under suspense head 'Purchases' as of January 2003. Of these, Rs 31.40 lakh (20 per cent payment) of firm 'A' was withheld (September 1988) by PHED, Drilling and Hand Pump (D&HP) Division, Kota on account of defective supply (1988) of rigs. The division did not, however, credit Rs 31.40 lakh to the Government revenue even after 15 years.

3. Ajmer District: Rs 7.99 lakh, Alwar : Rs 0.38 lakh, Chittorgarh : Rs 3.93 lakh, Pali : Rs 2.77 lakh, Rajsamand : Rs 0.62 lakh, Sawaimadhopur : Rs 0.35 lakh and Sikar : Rs 0.57 lakh.
4. Alwar : Rs 2.98 lakh, Anoopgarh : Rs 0.82 lakh, Banswara : Rs 0.66 lakh, Chittorgarh : Rs 2.98 lakh, Jalore : Rs 1.76 lakh, Jodhpur D&HP : Rs 12.13 lakh, Kota D&HP : Rs 35.41 lakh, Kota P&D : Rs 7.21 lakh, Khetri : Rs 1.51 lakh, Merta : Rs 1.73 lakh, Nagaur : Rs 4.30 lakh, Pali : Rs 0.33 lakh, Pratapgarh : Rs 0.76 lakh, Rajsamand : Rs 7.57 lakh, Sawaimadhopur : Rs 9.10 lakh, Sikar : Rs 8.98 lakh, Sriganganagar : Rs 0.63 lakh and Tonk : Rs 4.08 lakh.
5. Ajmer District-I : Rs 24.27 lakh, Alwar : Rs 2.42 lakh, Banswara : Rs 9.42 lakh, Jaipur district-I : Rs 30.74 lakh, Jalore : Rs 4.73 lakh, Pratapgarh : Rs 3.01 lakh, Rajsamand : Rs 2.44 lakh, Sawaimadhopur : Rs 12.28 lakh, Sikar : Rs 31.84 lakh and Sriganganagar : Rs 9.22 lakh.
6. Kota D&HP : 11 cases involving Rs 32.72 lakh and Pali : 37 cases involving Rs 27.97 lakh.

3.7.6 Recoverable amounts from supplying firms/other divisions

Non-recovery of Rs 46.50 lakh from firms.

• Rupees 54.47 lakh were recoverable from various firms in eight divisions⁷ for the period 1967-2003. No details were recorded in Miscellaneous Public Works Advances (MPWA) registers except in PHED division, Bhinmal where Rs 23.66 lakh and Rs 11.46 lakh were shown recoverable against firm 'B' and 'C' respectively due to defective supply of PVC pipes, cost of laying, jointing and digging out defective pipes. Scrutiny of records of CE (Headquarters)/Division revealed that out of this, Rs 27.15 lakh were not recovered (August 2003) despite a lapse of five years.

Recoveries of Rs 47.21 lakh outstanding from 10 divisions.

• Cost of material supplied by one Public Health Engineering Division to another was to be recovered in cash. In 10 divisions⁸, cost of stock material (Rs 47.21 lakh) issued from April 1987 to March 2003 was recoverable from the other divisions. Due to non-receipt of payment, credit to stock could not be given and correct picture of stock held by the division was not depicted in accounts.

3.7.7 Non-deduction of income tax and surcharge at source

Income tax amounting to Rs 21.49 lakh was not deducted from contractors at source.

Section 194-C of Income Tax Act, provides deduction of Income Tax at source from payments made under material contracts. None of the divisions test checked was deducting Income Tax⁹ at source from the bills of suppliers which involved transportation, loading and unloading under the rate contracts executed by the CE. In seven divisions,¹⁰ income tax and surcharge amounting to Rs 21.49 lakh was not deducted at source from firms during 2001-02.

Fictitious booking

Material charged to work was lying in stores indicating fictitious budget utilisation to avoid lapse of budget.

3.7.8 Charged material lying in divisional store

Financial rules strictly prohibit fictitious stock adjustments such as debiting the cost of material not required immediately in order to utilise the budget provision. In 13 divisions¹¹, stock material worth Rs 4.06 crore though charged (March 1978 to March 2003) to various works, was lying in stores unlifted for a period between one to 25 years for which PHED divisions were

7. Alwar : Rs 0.79 lakh, Bhinmal : Rs 42.07 lakh, Jalore : Rs 5.85 lakh, Kota D&HP : Rs 0.13 lakh, Kota P&D : Rs 2.53 lakh, Rajsamand : Rs 0.10 lakh, Sawaimadhopur : Rs 1.90 lakh and Sriganganagar : Rs 1.10 lakh.
8. Ajmer District I : Rs 1.23 lakh, Alwar : Rs 8.63 lakh, Balotra : Rs 1.28 lakh, Banswara : Rs 0.68 lakh, Chittorgarh : Rs 3.57 lakh, Kota D&HP : Rs 10.37 lakh, Rajsamand : Rs 17.10 lakh, Sawaimadhopur : Rs 2.07 lakh, Sikar Rs 0.37 lakh and Sriganganagar : Rs 1.91 lakh.
9. Along with surcharge.
10. Alwar : Rs 2.99 lakh, Banswara : Rs 2.20 lakh, Chittorgarh : Rs 2.94 lakh, Jaipur District-I : Rs 1.93 lakh, Pali : Rs 6.80 lakh, Pratapgarh : Rs 2.34 lakh and Rajsamand : Rs 2.29 lakh.
11. Alwar : Rs 126.56 lakh, Chittorgarh : Rs 41.85 lakh, Nagaur : Rs 10.31 lakh, Jaipur District-II : Rs 8.33 lakh, Jaisalmer District : Rs 39.79 lakh, Jaisalmer City : Rs 29.55 lakh, Jodhpur D&HP : Rs 4.64 lakh, Khetri : Rs 11.52 lakh, Kota P&D : Rs 9.04 lakh, Merta : Rs 44.09 lakh, Pali : Rs 4.87 lakh, Pratapgarh : Rs 6.52 lakh and Sikar : Rs 68.86 lakh.

maintaining a charged material register (without any provision). Valuable material could easily be misappropriated, as the same was treated consumed at site because the Material at site (MAS) accounts was also not maintained. PHED Division, Alwar intimated (February 2003) that charged material lying at stores was reduced from Rs 126.56 lakh to Rs 7.35 lakh (January 2003) by issue to concerned schemes. However, the transactions could not be verified as stock ledgers, gate passes of the division and stock registers of Junior Engineers (JENs) were not produced to Audit (September 2003).

3.7.9 Withdrawn charged material

In 10 divisions, material worth Rs 2.61 crore¹² booked to various schemes was withdrawn in the beginning of subsequent financial years and debited against stock. This activity indicated utilisation of budget fictitiously to avoid lapse of budget grant.

Material worth Rs 1.89 crore booked to work in advance of requirement.

3.7.10 In PHED division, Bhinmal, stock material worth Rs. 1.89 crore was issued (March 2001 and March 2002) to "Reorganisation of Urban Water Supply Scheme, Bhinmal" whereas work order for laying and jointing of pipe lines of the scheme was issued late in August 2002. Thus the material worth Rs 1.89 crore was charged in advance of actual requirement to avoid lapse of budget grant of concerned financial years.

3.7.11 Shortages/losses

In 11 divisions¹³ pumps/motors/pumping sets costing Rs 17.61 lakh were reported lost during 1985-2003 due to their falling down in the wells. In 11 divisions¹⁴, loss of Rs 21.23 lakh was sustained on account of theft and fire etc. Neither the responsibility for the loss was fixed nor the loss written off.

3.7.12 Non-disposal of unserviceable stores

Store articles valuing Rs 2.78 crore (approximately) declared unserviceable between December 1984 and January 2003 were lying undisposed off in the stores of 19 divisions¹⁵.

Unserviceable stores worth Rs 2.78 crore lying undisposed off.

12. Alwar : Rs 15.74 lakh, Chittorgarh : Rs 18.45 lakh, Jalore : Rs 14.42 lakh, Kota P&D: Rs 20.25 lakh, Pali : Rs 11.15 lakh, Pratapgarh : Rs 24.29 lakh, Rajsamand : Rs 12.32 lakh, Sawaimadhopur : Rs 46.73 lakh, Sikar : Rs 43.33 lakh and Sriganganagar : Rs 53.90 lakh.
13. Banswara : Rs 1.40 lakh, Bhinmal : Rs 1.21 lakh, Chittorgarh : Rs 2.32 lakh, Jaipur District-I : Rs 0.43 lakh, Jalore : Rs 3.15 lakh, Kota D&HP : Rs 3.80 lakh, Kota P&D: Rs 0.55 lakh, Pali : Rs 1.71 lakh, Rajsamand : Rs 0.80 lakh, Sawaimadhopur : Rs 0.39 lakh and Sikar : Rs 1.85 lakh.
14. Alwar : Rs 2.56 lakh, Balotra : Rs 0.51 lakh, Banswara : Rs 0.91 lakh, Bhinmal : Rs 0.54 lakh, Jalore : Rs 0.50 lakh, Kota D&HP : Rs 0.41 lakh, Kota P&D : Rs 8.91 lakh, Pali : Rs 1.80 lakh, Rajsamand : Rs 0.24 lakh, Sawaimadhopur : Rs 3.29 lakh and Sikar : Rs 1.61 lakh.
15. Ajmer District-I : Rs 0.18 lakh, Alwar : Rs 7.06 lakh, Anoopgarh : Rs 2.25 lakh, Banswara : Rs 2.46 lakh, Bhinmal : Rs 4.97 lakh, Chittorgarh : Rs 8.98 lakh, Jaipur District-I : Rs 3.69 lakh, Jalore : Rs 4.20 lakh, Jodhpur D&HP : Rs 24.36 lakh, Khetri: Rs 12.37 lakh, Kota D&HP : Rs 87.70 lakh, Merta : Rs 5.69 lakh, Nagaur : Rs 31.15 lakh, Pali : Rs 0.98 lakh, Pratapgarh : Rs 7.55 lakh, Rajsamand : Rs 3.93 lakh, Sawaimadhopur : Rs 4.78 lakh, Sikar : Rs 3.73 lakh and Udaipur D&HP : Rs 61.50 lakh.

3.7.13 Non-maintenance of material at site (MAS) accounts

Despite objection by audit in each inspection report of PHED divisions, MAS accounts were not maintained. Instead a stock register was maintained by JENs at site of work for which no provision existed in rules and which too did not depict the scheme-wise position of the material issued. Thus, actual consumption of material could not be verified. Lack of maintenance of MAS accounts of material received by JENs at site would pose great threat of pilferage/ misappropriation of costly material.

3.7.14 Recommendations

- Reserve stock limit should be fixed in beginning of the year to ensure that the limit is not exceeded.
- The purchases of stores made after proper assessment of the actual requirements so that funds as surplus stores are not blocked.
- Unutilised stores need to be issued or got disposed off under rules and unserviceable stores got disposed of.
- The purchases in excess of financial power may be got regularized and suspense head 'purchases' got cleared.

The matter was reported to Government in June 2003; reply has not been received (November 2003).

CHAPTER-IV AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/misappropriation/embezzlement/losses

Forest Department

4.1.1 Loss due to short recovery on account of compensatory afforestation

Due to short recovery on account of compensatory afforestation, Government sustained a loss of Rs 2.13 crore.

Forest (Conservation) Act, 1980 provide that forest land, can be utilised for non-forest purposes after approval of Government of India. However, compensatory afforestation has to be provided by Forest Department. Besides, cost of compensatory afforestation has to be recovered from the user agency as per model cost of afforestation (mainly based on 93 *per cent* labour cost and seven *per cent* material cost) fixed by the State Government from time to time. The State Government approved (November 1998) rates of Rs 27,500 per hectare for compensatory afforestation, based on daily wage rates of Rs 44 per day. Subsequently, due to revision (November 1999) of rate of daily wages to Rs 60 per day, the proposals (April 2000 and September 2000) of Principal Chief Conservator of Forests (PCCF) for revising rates* of compensatory afforestation, were belatedly approved by State Government in April 2001.

Test-check (August 1999 to May 2002) of 9 offices of Conservators of Forests (CF)/Deputy Conservators of Forests (DCF)/Divisional Forest Officers (DFOs)** revealed that Rs 2.13 crore were either not recovered or were recovered short by the Divisional Officers from 65 private user agencies (Rs 143.01 lakh), two Government departments*** (Rs 13.38 lakh) and Rajasthan State Mineral Development Corporation Limited (Rs 56.27 lakh) for the period November 1999 to March 2001 due to belated proposal of PCCF/decision of State Government and absence of a clause that the rates were provisional and the final demand notice would be issued on the revision of rates with effect from November 1999.

Thus, failure of the department to issue instructions to Divisional Officers to include a clause in demand notices that the rates were provisional led to short

* Compensatory afforestation on non-forest land: Rs 36,700 per hectare; Compensatory afforestation of denuded forest land: Rs 26,000 per hectare: renovation of safety zone internal fencing: Rs 7,480 per 100 running metre. Outer fencing: Rs 7,555 per 100 running metre and renovation of degraded forest: Rs 16,000 per hectare.

** CF, Social Forestry, Ajmer; DCF, Soil Conservation, Karauli; DCF, Social Forestry, Dausa; DCF, Dholpur; DCF, DPAD, Churu; DCF (West), Jaipur and DFOs, Chittorgarh, Kota and Sirohi.

*** Public Works Department, Project Division, Dholpur and Irrigation Division, Chittorgarh.

recovery on account of compensatory afforestation resulting in loss of Rs 2.13 crore.

In response, the State Government admitted the facts and stated (December 2003) that a clause would be included in the sanctions now by virtue of which the difference in rates would be recovered from the user agencies in case of subsequent revision of rates during five years' period.

Irrigation Department

4.1.2 Loss due to non-procurement of cement at DGS&D rates

Due to non-procurement of cement at DGS&D rates the Government sustained loss of Rs 60.24 lakh.

General Financial and Accounts Rules, Part-II Rule 30 stipulate that ordinarily all the purchases shall be made through tenders except in case of items that are on rate contract with Director General, Supplies and Disposals (DGS&D)/Central Stores Purchase Organisation (CSPO) rate contracted firms. Although terms and conditions of annual rate contract are valid for a year, the rates of cement are fixed quarterly as mutually agreed upon by the DGS&D and the cement manufacturers. The rates of cement, however, were not fixed for the quarter January 2001 to March 2001 (due to exorbitant rates offered by the cement manufacturers) and for the brief spell of 1 April to 1 May 2001. On enquiry, DGS&D intimated (September 2002) that no indents were received by them from Irrigation Department during the quarter (January 2001 to March 2001). As per DGS&D rate contract existing with four to 11 firms in Rajasthan for the period April 2000 to December 2000 and May 2001 to March 2002, the supply rate of 43 grade cement was Rs 1,520 to Rs 1,610 and Rs 1,700 per MT respectively including Sales Tax (16 per cent).

Tenders for purchase of cement were sanctioned by the Additional Secretary-cum-Chief Engineer (CE), Irrigation Department, Jaipur and by Additional Chief Engineer (ACE), Kota Zone as under:

S. No.	Zone/Project for which tenders were sanctioned	Date of sanction	Rate (Rs)/per MT	
1.	Jaipur	13.4.2001	Ranging between Rs 2520 and Rs 2700	F.O.R. destination
2.	Udaipur	07.03.2001	2440	Ex-works /
3.	-do-	19.5.2001	2368	F.O.R. destination
4.	Bisalpur Project, Deoli	24.2.2001	2640	F.O.R. destination
5.	Kota	24.4.2001	2495	F.O.R. destination

Test-check of records of 10 divisions*, one Circle office and one Zone office and further information obtained from 21 Divisions revealed (April 2001 to August 2002) the following:

- Instead of finalising purchase orders of cement at the available DGS&D rates, tenders were invited (10 November 2000 and 30 December 2000) for purchase of 6100 MT cement by Chief Engineer, Bisalpur Project and by the Executive Engineer, Construction Division I, Deoli during the quarter (October 2000 to December 2000). The procurement of above quantity through open tender instead of through DGS&D rates resulted in a loss of Rs 28.09 lakh.
- Supply orders for supply of 250 MT cement were issued (11 June 2001) by Executive Engineer, Irrigation, Tonk after the rates for the quarter April to June 2001 (2001-2002) were fixed (May 2001) by DGS&D with the result Government had to sustain a loss of Rs 0.44 lakh.
- Supply orders for supply of 6550 MT cement were issued (26 May 2001) by ACE, Irrigation Zone, Udaipur with the condition that the above supply orders will be dispensed with from the date DGS&D rate contract, if any, is finalised. Supply of 3792 MT cement, however, was received by the said Zone even after the DGS&D rate contract was finalised; this resulted in loss of Rs 9.42 lakh.
- The department also failed to include a condition regarding dispensing with the supply orders on finalisation of DGS&D rate contract in case of supply orders placed in March 2001, April 2001 and May 2001 with the result supplies were accepted after finalisation of DGS&D rate contract. Failure to include the above mentioned condition resulted in loss of another Rs 22.29 lakh to the Government.

Thus, due to non-procurement of cement at DGS&D rates, the Government sustained a loss of Rs 60.24 lakh.

The matter was brought to the notice of Government in December 2001 and again in July 2002; reply has not been received (October 2003).

* EE, Irrigation Division: Banswara, Construction Division III- Bisalpur, Deoli Tonk, Jaipur, Bundi Construction Division I, Bisalpur, Deoli II Ajmer, Sawaimadhopur, Dungarpur, II Bhilwara SE, Dam Circle Bisalpur, Deoli, Additional CE, Irrigation Zone, Udaipur.

4.2 Infructuous/ wasteful expenditure and overpayment

Environment Department

4.2.1 Non-recovery of unutilised amount from *Avas Vikas Sansthan*

Failure of the Rajasthan State Pollution Control Board in timely assessment of the actual work executed by the *Avas Vikas Sansthan* and continued payments resulted in excess payment of Rs 42.94 lakh. This amount was lying unrecovered for more than four years.

In pursuance of the agreement signed between Government of India and World Bank under Industrial Pollution Prevention Project, the Rajasthan State Pollution Control Board (Board) awarded (October 1995 and February 1996) the construction of Regional office-cum-Laboratory buildings at five places¹ for Rs 1.14 crore to *Avas Vikas Sansthan* (AVS)² for completion in 10-months.

During test-check (August-October 2002) of the records of Rajasthan Pollution Control Board, Jaipur it was observed that AVS did not adhere to the time schedule for completion of work and executed work valuing Rs 39.72 lakh (as assessed by the Board in January 2001) upto May 1998. However, the Board continued to make payments without ensuring the progress of work and assessing the actual work executed by AVS and paid Rs 82.66 lakh upto August 1998. Thereafter, AVS went (March 1999) into liquidation and the left over work was allotted (June 2001) to Rajasthan State Road Development and Construction Corporation Limited at an estimated cost of Rs 73.99 lakh and was actually completed at a cost of Rs 58.68 lakh. No timely steps were taken to get the refund of unutilised amount of Rs 42.94 lakh from AVS lying unrecovered for more than four years.

The Department while accepting the facts stated (May 2003 and August 2003) that the Chairman, AVS Liquidation Committee had been asked (April 2003) to settle the issue. The fact remains that the amount of Rs 42.94 lakh was lying unrecovered for more than four years and no timely action was taken to get the refund.

The matter was referred to the Government in March 2003; reply had not been received (August 2003).

1. Alwar, Bhiwadi, Jodhpur, Kota and Udaipur.
2. AVS - A registered society of Rajasthan Housing Board.

Panchayati Raj Department

4.2.2 Infertuous expenditure on highway facility centres

Non-involvement of rural public led to unfruitful expenditure of Rs 4.19 crore on construction of highway facility centres.

In order to generate employment for the rural population and facilitate planned growth of the village and increasing resources of the *Gram Panchayats*, the Panchayati Raj Department decided (1992-93) to construct 27 facility centres on National Highways (NH)/State Highways (SH)¹ in 15 districts. The facility centres envisaged medical help, police post, communication, *Dhabas*, Motels, Petrol Pump, shops and guest houses.

The State Government sanctioned (1994-97) Rs 3.23 crore for seven highway facility centres* in the first phase on NH 8, 11, 12 and SH 4. Rajasthan State Road Development and Construction Corporation (Corporation) Limited, Jaipur created seven facility centres at a cost of Rs 4.19 crore on land provided by Government free of cost as of October 1998. As these centres were not being utilised, the department decided (December 2000) to dispose/sell them by invitation of tenders (May 2001). Since the highest tendered amount of Rs 1.16 crore was far less than the Rs 4.19 crore actually spent, the centres could not be sold. In view of the deteriorating condition of the centres the Finance Department recommended in February 2002 that the Department should either utilise these buildings or dispose them. The department then decided (February 2002) to transfer these assets on "as is where is" basis to Tourism Department for their disposal under Rajasthan Tourism Disposal of Lands and Properties by DOT/RTDC Rules, 1997.

Audit scrutiny (October-November 2002) of the records of Panchayati Raj Department revealed that (i) these centres were constructed far away from villages, (ii) no attempt was made to involve villagers, (iii) these centres were not integrated with infrastructural requirement of the village and (iv) as a result it failed to provide employment to local population and increasing resources of *Gram Panchayats*. Thus, while the expenditure of Rs 4.19 crore (excluding cost of land) did not bring the intended result, an amount of Rs 36 lakh had to be spent on its watch and ward for four years.

In response, the State Government stated (July 2003) that assets have been transferred to Tourism Department for disposal. Further progress was awaited. The facts remains that the assets created worth Rs 4.19 crore could not be used at all.

1. NH 8(6), NH 11 (2), NH 12 (3), NH 14 (2), NH 15 (2) SH 3 (1), SH 4(3), SH 7A (1), SH 8 (1), SH 9(2), SH 28(3) SH 30(1).

* NH 8: Khatoli (Shahpura); Mahala (Jaipur); NH 11: Seemla Gurjar (Dausa) and Rashidpura (Sikar); NH 12: Basni (Bundi); Mandana (Kota), SH 4: Mona doongar (Banswara).

Rural Development Department

4.2.3 Wasteful expenditure due to failure of plantation

Failure to ensure plantation of species indicated in the original Project Report led to a low survival rate ranging from 15 to 20 per cent, resulting in wasteful expenditure of Rs 48.65 lakh on the plantation.

For Development of Watershed in 1800 hectare in Mohangarh Tehsil (Jaisalmer district), under Integrated Wasteland Development Programme (IWDP), a Centrally sponsored scheme, revised plan of Rs 170.30 lakh was prepared (February 1997) by Watershed Development and Soil Conservation Department and sanctioned by the Rural Development Department. The work of plantation was executed between November 1995 and September 1996 at a cost of Rs 42.44 lakh. Thereafter, the work was stopped (October 1996) due to lack of funds. The plantation work was re-started (December 1998) and Rs 91.09 lakh was spent upto March 2001. Thereafter, the Project was closed. Rs 44.71 lakh (including interest of Rs 6.40 lakh) was refunded (January 2002) to Government of India.

During examination (November-December 2000) of the records of District Rural Development Agency, Jaisalmer it was noticed that the original Project Report (August 1991) provided plantation of nine species* of plants. Lower priority was to be given to plantation of species – *Prosopis juliflora* and *Acacia tortilis* in the area. Despite this, during November 1995 to September 1996, 79 per cent of the total plantation was of *Acacia Tortilis* species by the Watershed Development and Soil Conservation Department. The survival rate of this plantation at the time of survey (July 1997) was only 15-20 per cent as the area is rocky and *Acacia tortilis* was not suitable. Further, the Project Officer, Forest, Deputy Secretary, Rural Development Department and Additional Collector (Development), Jaisalmer during their inspections (August 1999 and September 1999) also found that the *Acacia tortilis* species was not suitable for the area.

Despite these adverse findings the Department continued to plant (December 1998 to March 2002) these species. Ninety seven per cent of the total plantation (750 ha) was of *Acacia tortilis* plants made at a cost of Rs 48.65 lakh. Thus, selection of unsuitable plant rendered the entire expenditure of Rs 48.65 lakh as wasteful indicating failure of the Department to implement the programme properly.

The Government's (Command Area Development and Water Utilisation Department) contention (September 2002) that the survey reports do not mention failure of plantations due to plantation of above referred species is not sustainable as the original Project Report provided bare minimum plantation of species - *Prosopis juliflora* and *Acacia tortilis* and subsequent evaluation report and inspections also pointed out that the plants of species *Acacia tortilis*

* Khejri, Rohida, Jhau, Ber, Sisham, Siris, Neem, *Prosopis juliflora* and *Acacia tortilis*.

suffered maximum damage. Thus, failure of the plantation was mainly due to non-plantation of species of plants indicated in the original Project Report. Rural Development Department also contended (August 2003) that low survival rate of plantation was due to non-providing of funds for two years. The reply was not tenable as the funds were not connected to the plantation already made.

4.2.4 Infertuous expenditure on village roads lying incomplete

Failure of the Department in ensuring availability of land before entrusting work to Public Works Department for execution resulted in incomplete village roads, rendering the entire expenditure of Rs 37.60 lakh infertuous.

The Forest (Conservation) Act, 1980 prohibits use of forest land for other purposes without prior approval of Government of India (GOI). Further, Public Works Financial and Accounts Rules lay down that encumbrance free site is a pre-requisite for planning and designing works. Employment Assurance Scheme (EAS) guidelines stipulate sanction of only those works under the scheme that can be completed in two years.

In order to connect two villages, viz. Rahir and Daulatpura with main roads the State Government sanctioned (June 1996) Rs 40 lakh for construction of two gravel approach roads (AR) to Rahir (Rs 16 lakh) and Daulatpura (Rs 24 lakh) in 10 km and 15 km respectively under EAS. The works were started in October 1997 and January 1998 respectively partly through departmental labour and partly through contractors by the Public Works Department (PWD), Division Karauli. The roads were incomplete (July 2003) even after incurring an expenditure of Rs 37.60 lakh (AR Daulatpura: Rs 21.60 lakh, AR Rahir: Rs 16 lakh) as of October 2002.

Test-check (January – February 2001) of records of the District Rural Development Agency (DRDA), Karauli revealed the following:

- The construction of these roads was entrusted to PWD without ensuring availability of land.
- The prior permission of GOI to use forest land was not obtained.
- Though the road alignment was through forest land permission of the Forest Department was not taken before starting execution of road works. Consequently, the Forest Department did not permit (May 1997) the work to continue. The matter was not sorted out with the Forest Department even after six years and construction of road in open segments continued.

In response, the State Government contended (January 2002) that the main aim of EAS was to provide gainful employment to all needy able bodied adults during lean agricultural season; this was achieved and assets created. The reply was not tenable as no assets were created because the roads were yet (July 2003) to be completed and as a result the villagers were deprived of the intended benefits.

4.3 Violation of contractual obligations/ undue favour to contractors

Irrigation Department

4.3.1 Undue benefit to contractor due to payment at incorrect rates

Payment for rock excavation at incorrect rates led to loss of Rs 23.10 lakh and undue benefit to contractors.

Basic Schedule of Rates (BSR), 1995 of Bisalpur Irrigation Circle*, Deoli (rates enhanced by 15 *per cent* in March 1997), provide separate rates for excavation in hard rock blasted including stacking (minimum 40 *per cent*) of usable stones and for very hard compacted jhagia, phyllite, schist etc. requiring blasting (in which less usable stones were received) at Rs 2,152.80 per 10 cum and Rs 1,307.55 per 10 cum respectively.

The Chief Engineer (CE), Bisalpur Project, Jaipur sanctioned (November 1998 – one reach; September 2000 – two reaches) the works of excavation and lining in three reaches** of Right Main Canal of Bisalpur Irrigation Project and work orders were issued (November 1998, October 2000) by Executive Engineer (EE) to contractors A, B and C at 42.30 *per cent*, 27 *per cent* and 27 *per cent* below Schedule 'G' (based on BSR, 1995). Rupees 258.11 lakh*** were paid to these contractors for the above works which included excavation of 48382.57 cum in 'hard rock blasted'.

During test-check (April 2002) of the records of EE, Canal Division-I, Bisalpur Project and from further information obtained (April 2003) it was observed that though no usable stones were obtained from excavation of 48382.57 cum hard rock blasted even then payment was made to contractors at the higher rate (Rs 2,152.80 per 10 cum) applicable for item of 'hard rock blasted' with minimum 40 *per cent* useable stones instead of at the lower rate (Rs 1,307.55 per 10 cum) applicable for less/no useable stones obtained. This resulted in loss of Rs 23.10 lakh (contractor 'A': Rs 14.38 lakh, contractor 'B': Rs 2.62 lakh and contractor 'C': Rs 6.10 lakh) to State Government. The loss would further increase on completion of work.

* A separate BSR for Bisalpur Irrigation Circle

** RD 24.5 to 25 km, RD 50 to 51 km and RD 51 to 51.64 km.

Reach (in km)	Cost of total work done (Rs in lakh)	Less tender premium (In <i>per cent</i>)	Amount paid (Rs in lakh)	Paid upto
RD 24.5 to 25	169.68	42.3	97.91	November 2001
RD 50 to 51	119.90	27	87.53	May 2002
RD 51 to 51.64	99.55	27	72.67	May 2002
Total			258.11	

In response, the State Government stated (July 2003) that availability of usable stones in the item of excavation in hard rock blasted is only estimation and not a requisite condition for payment of item. The reply was not acceptable as payment for excavation of hard rock blasted was to be made only when minimum 40 per cent useable stones were received as per Schedule 'G' of the agreement.

4.4 Avoidable/excess/unfruitful expenditure

Finance Department

4.4.1 Excess payment of pension

Failure to exercise prescribed checks by Treasury Officers led to excess payment of pension/family pension aggregating to Rs 31.19 lakh.

State Government introduced (June 1977) a system of payment of pension to State pensioners through Public Sector Banks. The instructions made Treasury Officers (TOs) responsible for checking the correctness of the pension payments made by the Banks with reference to the records maintained by them before incorporating the transactions in their accounts. These instructions were reiterated in March 1980. Mention was made in the reports of the Comptroller and Auditor General of India (Civil) - Government of Rajasthan for the years 1984-85 (Paragraph 3.9), 1990-91 (Paragraph 3.1), 1993-94 (Paragraph 3.4), 1997-98 (Paragraph 3.2) about excess payment to State pensioners by Public Sector Banks.

Test-check of the records of 51 district treasuries (including sub-treasuries) conducted during April 2002 to March 2003 revealed that excess payment of pension/family pension amounting to Rs 31.19 lakh* was made during January 1996 to February 2003 to 218 pensioners/family pensioners by three Public Sector Banks due to erroneous determination of admissibility amount in respect of pension claims. TOs are, thus, not maintaining proper records and exercising prescribed checks, resultantly the irregularities continued as detailed below:

S. No.	Particulars	Number of cases	Excess payment (Rupees in lakh)
1.	Non-reduction of Family pension to lower rate after expiry of the prescribed period	143	22.25
2.	Pension and Relief wrongly paid at higher rates than admissible	49	6.85
3.	Non-payment of pension at reduced rates after its commutation	21	0.95
4.	Non-recovery of outstanding amount mentioned in Gratuity payment order	5	1.14
	Total	218	31.19

* Amount detected by Treasury Inspection parties: Rs 24.98 lakh and Bank audit parties: Rs 6.21 lakh.

In response, the Government stated (November 2003) that recovery of excess amount of Rs 16.18 lakh has been made from pensioners and efforts for lump sum recovery of remaining amount from the banks were being made. Further during discussion (25 November 2003) the Additional Chief Secretary, Finance mentioned that proper check registers have now been maintained by the treasuries and about 758 bank branches making pension payments have already been inspected.

Indira Gandhi Nahar Department

4.4.2 Unfruitful expenditure on construction of sub-minor

Defective planning and non-utilisation of sub-minor for irrigation purposes resulted in unfruitful expenditure of Rs 31.40 lakh besides the cultivators were being deprived of the irrigation benefits.

The Executive Engineer, 29th Division, Indira Gandhi Nahar Pariyojana (IGNP), Jaisalmer allotted (1989-90) the earth work excavation and single clay tile lining of Chawanda sub-minor from RD 0.000 to 20.400 off taking from tail of Deva minor, to various contractors. The work was completed (April 1991 to August 1992) at a cost of Rs 31.40 lakh incurred upto September 1994. Final bill for RD 15.000 to 20.400 was not finalised as of May 2003 due to non-sanction of extra items. The canal was to provide irrigation in Culturable Command Area of 1290 hectare (ha).

Audit observed (September 2002) that the sub-minor completed in August 1992 had not been used by the farmers for irrigation purposes as of August 2002 due to non-construction of water courses for *chaks*. Over time the sub-minor got damaged and blocked due to silt deposition and filling of blown sand therein. Rs 0.73 lakh were sanctioned (August 2002) by the Superintending Engineer, 2nd stage Circle No. III, IGNP, Jaisalmer for removal of blown sand and restoration of the sub-minor.

Non-utilisation of sub-minor for irrigation purposes not only indicated defective planning and resulted in unfruitful expenditure of Rs 31.40 lakh but the cultivators were also deprived of the irrigation benefits for a decade.

In response, the Government stated (July 2003) that five water courses were constructed during 2002-03. The reply was not in consonance with the Chief Engineer, Command Area Development, IGNP's reply (November 2003) that construction of water courses has not been started so far.

Medical and Health Department

4.4.3 Unfruitful expenditure on construction of hospital building and auditorium in the Medical College Campus, Kota

Failure of the Department to provide adequate funds resulted in unfruitful expenditure of Rs 2.55 crore on buildings lying incomplete.

In accordance with norms fixed (March 1999) by the Medical Council of India (MCI), a 1000 bedded hospital was to be constructed in the Medical College, Kota premises to provide better teaching facilities as the existing hospital building was situated at a distance of 15 km from the Medical College. The Principal and Controller, Medical College, Kota sent (October 1994) proposals along with estimates for construction of the hospital as prepared (October 1994) by Public Works Department (PWD) to the State Government. The hospital was to be constructed in three phases (1997-2004) at an estimated cost of Rs 18.18 crore. The first phase for construction of ground floor of the hospital was sanctioned in April 1997. The technical sanction for Rs 6.04 crore was issued (March 1999) by the Additional Chief Engineer, PWD Zone, Kota.

The work of hospital building (first phase) was allotted (June 1999) by the Executive Engineer, PWD, Medical Construction Division, Kota to contractor M/s Gulshan Rai Jain II, Jaipur for Rs 4.40 crore with stipulated date of completion as 23 June 2001. The contractor started (June 1999) the work and an expenditure of Rs 1.85 crore was incurred on masonry work and cement concrete pillars of ground floor of the building (Ist Phase) upto March 2001. Due to cut in plan expenditure by the State Government the work was stopped and was lying incomplete as of November 2003 rendering the expenditure of Rs 1.85 crore unfruitful. Despite the Principal and Controller of Associated Group of Hospitals and Medical College, Kota's request (October 2001) that in the absence of hospital facilities near Medical College the recognition of Medical College, Kota by the MCI would be in question, no efforts were made by the Government to allot the funds and to complete the hospital building.

Similarly, construction of an auditorium at Medical College, Kota sanctioned (March 1994) for Rs 69.90 lakh (Ist phase) was lying incomplete as of November 2003 after incurring Rs 70.26 lakh on civil work (60 *per cent*) upto March 2001 due to non-release of funds for IInd phase.

On being pointed out the Government while accepting the facts stated (November 2003) that due to drought/famine and acute financial circumstances funds could not be released. The Government's reply is not convincing as budget provisions for construction of Hospital building and Auditorium were made by the State Government every year and funds were not released to the extent of budget provisions. The funds released during the years 1999-2002 were also not fully utilised by the department as given below:

Year	Budget provision	Amount released		Expenditure	
		Hospital	Auditorium	Hospital	Auditorium
1999-2000	1000	200	13.20	87.53	0.04
2000-01	850	100	25.00	97.63	0.08
2001-02	750	20	50.00	10.10	3.89
2002-03	100	Nil	Nil	Nil	Nil

Despite availability of funds, there was slackness in execution of the project. This delay ultimately would result in time and cost overrun.

Thus, non-completion of the building not only resulted in failure of the Department to provide better teaching facilities but the patients were also deprived of the benefits of the hospital.

Public Works Department

4.4.4 Avoidable expenditure due to acceptance of tenders at abnormally higher rates

Failure of the Department in considering prevailing market rates for analysing different tendered rates resulted in avoidable expenditure of Rs 73.81 lakh.

The Chief Engineer (CE), Public Works Department (PWD) (Roads), Rajasthan, Jaipur invited tenders (September 2001) for construction of various roads under Rajasthan Roads Upgradation and Strengthening Project. The tenders were received/accepted (November 2001) by the Additional Chief Engineer (ACE), PWD, Zone Udaipur for one package and by the Superintending Engineer (SE), PWD Circle, Chittorgarh for two packages. Package-wise details of rates of tenders and payment made were as under:

(Amount: Rupees in crore)

S. No.	Sanctioning authority and Package No.	Schedule 'G' amount	Contractor	Tender premium	Amount	Work order issued	Amount paid (upto date)
1	ACE, PWD, Zone Udaipur RJ-10-01/RUP-2001	1.41 (BSR, 1998)	M/s Chetak Enterprises Pvt. Ltd., Udaipur	2.00 per cent above	1.43	November 2001	1.26 (upto June 2002)
2.	SE, PWD, Circle Chittorgarh RJ-10-02/RUP-2001	1.04 (BSR, 1998)	M/s Balu Lal Somani, Bhilwara	1.98 per cent above	1.06	December 2001	0.46 (upto June 2002)
3.	SE, PWD, Circle Chittorgarh RJ 10-03/RUP-2001	0.95 (BSR, 1998)	M/s Ankita Construction, Nimbaheera	18.11 per cent below	0.78	December 2001	0.51 (upto May 2002)

Scrutiny (August 2002) of the records of office of Executive Engineer, PWD Division, Chittorgarh revealed that at the time of accepting the tenders ACE, PWD Zone, Udaipur and SE, PWD Circle, Chittorgarh did not consider the prevailing market rates and rates received in the past for similar works in the area. Consequently, tenders in respect of package No. 01 and package No. 02 were accepted (November 2001) at higher rates of 20.11 *per cent* and 20.09 *per cent* respectively as compared to package No. 03 although all works were executed in Chittorgarh district. It was also noticed that tenders for the same nature of work were accepted at 20.97, 20.01, 17.81 *per cent* (October 1999) and 17.11 *per cent* (January 2002) below Schedule 'G'. This indicated that the Department failed to analyse the rates of tenders and accepted tenders at higher rates, which led to an avoidable expenditure of Rs 33.97 lakh*.

In response, the Department stated (March 2003) that the works were got executed within the ceiling rate of 2 *per cent* above BSR as fixed by the CE in June 2001. The reply was not tenable as the ceiling rate does not prevent the department from getting work done at lower prevailing rates.

◦ Similarly, in PWD, Circle Udaipur it was noticed that the tenders for one package were to be received by the Additional Chief Engineer (ACE), PWD Zone, Udaipur and for three packages by the Superintending Engineer (SE), PWD, Circle Udaipur by 6 November 2001. Package-wise details of acceptance of tenders by the ACE, Zone Udaipur in November 2001 were as under:

(Amount: Rupees in crore)

S. No.	Package No.	Schedule 'G' amount of BSR, 1998	Contractor	Tender premium	Amount	Work order details	Amount paid (upto date)
1.	RJ-32-05/2001	1.18	M/s G.R. Agarwal Builders & Developers Limited, Udaipur	2.00 <i>per cent</i> above	1.20	December 2001 Executive Engineer (EE), PWD, Division Salumber	1.13 (December 2002)
2.	RJ-32-06/2001	1.02	-do-	2.00 <i>per cent</i> above	1.04	December 2001 EE, PWD, Division Salumber	1.11 (December 2002)
3.	RJ-32-07/2001	1.21	-do-	2.00 <i>per cent</i> above	1.24	December 2001 EE, PWD, Division Salumber	1.15 (October 2002)
4.	RJ-32-04/2001	1.73	M/s Narain Singh Gulab Singh, Himm-atnagar	10.00 <i>per cent</i> below	1.56	December 2001 EE, PWD, Division Vallabh Nagar	1.05 (July 2002)

* Package 01- Rs 123.42 lakh X 20.11 *per cent* = 24.82
 Package 02- Rs 45.57 lakh X 20.09 *per cent* = 9.15
 Rs 33.97 lakh

Scrutiny (December 2002) of the records of office of ACE, PWD Zone, Udaipur further revealed that the ACE accepted the single tender of M/s G.R. Agarwal Builders and Developers Limited, Udaipur for packages Nos. 5, 6 and 7 each at 2 *per cent* above Schedule 'G' without analysing and considering the lower tendered rates of packages Nos. 4, 8 and 9 at 10 to 11.63 *per cent* below Schedule 'G' received and accepted during the same period in the nearby area. Thus, department's failure to analyse the rates of tenders and acceptance of tenders at 12 to 13.63 *per cent* higher rates resulted in avoidable expenditure of Rs 39.84 lakh.

In response, Additional Secretary to the Government contended (July 2003) that the works have been got executed within ceiling rate of two *per cent* above BSR as fixed by CE in June 2001/November 2001 and areas where higher rates were accepted, were hilly area and suffered from scanty water and lack of transportation facilities. The reply is not tenable because areas of packages Nos. 5,6,7 and 4 were same (in Kherwara- Dhariawad). Reasons of lack of water and transportation facilities were also not tenable as the work was of upgradation and strengthening of already existing roads and lead charges were already included in item of work.

4.4.5 Avoidable expenditure on unwarranted Bituminous Macadam work on strengthening of road

Execution of 20 mm BM work on strengthening of road in contravention of Central Road Fund guidelines resulted in avoidable expenditure of Rs 28.17 lakh.

Guidelines for Central Road Fund (CRF) works circulated (March 2002) by Chief Engineer, Public Works Department, Rajasthan, Jaipur for improvement of riding quality, *inter alia*, provided for 40 mm Bituminous Macadam (BM) and 20 mm premix carpet (PMC) if the depressions were in the range of 16 to 30 mm. However, 20 mm PMC alone could be laid in case of depressions below 16 mm. Proposals for widening of Nasirabad - Mangliawas road in km 5/0 to 24/200 from 5.5 metres (m) to 7 m and strengthening of whole road (km 0/0 to 24/200) by providing 50 mm BM under CRF at an estimated cost of Rs 3.63 crore were submitted (January 2002) by the Executive Engineer (EE), PWD, District Division, Ajmer. These were reduced (August 2002) by the Ministry of Road Transport and Highways (MORTH) to Rs 1.47 crore as renewal with 20 mm PMC only was approved. Accordingly, sanction for Rs 1.47 crore was accorded (August 2002) by the State Government (in PWD) limiting the scope of work to renewal of road by 20 mm PMC.

However, even before issue (August 2002) of administrative sanction of Rs 1.47 crore, the Additional Chief Engineer, PWD, Ajmer sanctioned (June 2002) the technical estimates for profile correction by 40 mm BM and 20 mm PMC on 44 *per cent* surface of the road at a cost of Rs 46.05 lakh.

During test-check (April-May 2003) of the records of EE, PWD, District Division, Ajmer it was noticed that this work alongwith another work of "Improvement of surface of Ajmer - Pushkar Road km 4.500 to 12/0" was allotted (August 2002) to M/s H.S. Mehta, Ajmer at 4.84 *per cent* below Schedule 'G' aggregating to Rs 2.09 crore. These works were allotted on the basis of tenders invited (April 2002) even prior to issue of administrative sanctions.

Further, during execution of work, the EE's request (October 2002) to grant permission to execute 20 mm thick BM and 20 mm PMC as profile correction in total surface area instead of 40 mm BM on 44 *per cent* surface area as provided in sanctioned estimates was granted (October 2002) by the Superintending Engineer (SE), PWD Circle, Ajmer and work was being executed accordingly. The contractor had been paid (upto March 2003) Rs 1.33 crore for both roads, which included payment of Rs 28.17 lakh for 3462.695 MT BM work and Rs 30.94 lakh for 3780.425 MT of PMC done on Nasirabad - Mangliawas Road. Execution of profile correction by 20 mm BM work in addition to 20 mm PMC was in contravention of MORTH's approval. Thus, execution of unwarranted work of 20 mm BM resulted in avoidable expenditure of Rs 28.17 lakh, which will further increase to Rs 49.80 lakh on completion of estimated work.

In response, Government stated (November 2003) that the sanctioned estimates of the work provided for both 20 mm PMC plus BM work and also stated that the depressions on the road were in the range of 16 mm to 30 mm, which justified the BM work on the road. The fact remains that the renewal with 20 mm PMC only was approved by MORTH, which indicated that the depressions were below 16 mm.

4.4.6 Unfruitful expenditure on construction of incomplete road and approaches to bridge

Failure of the department in proper planning and ensuring availability of adequate funds for the works led to works lying incomplete resulting in unfruitful expenditure of Rs one crore.

- The State Government sanctioned (June 1995) construction of approaches to Kurel Bridge on Keshoraipatan-Khatkar Road at a cost of Rs 40 lakh under Minimum Needs Programme.

The work was allotted (October 1995) to M/s Prakash and Company, Kota for Rs 28.36 lakh who was paid Rs 36.92 lakh for earth work upto March 1996. Since the protection works were not included in the scope of work as such unsafe earth work was washed out during flood of 1996. Rs 60 lakh was again sanctioned (September 1996) for metalling, bitumen and protection works and work was allotted (December 1996) to M/s Kundan Enterprises, Kota (contractor) for Rs 53.66 lakh to be completed by 15 July 1998. However, after having executed work worth Rs 35.48 lakh (including 12,246.52 cum

earth work and protection works costing Rs 22.70 lakh) the work was stopped (June 2000) by the contractor and was subsequently withdrawn (July 2002) at an incomplete stage (without WBM top layer, bituminous carpeting and some protection works) on the ground of paucity of funds. The work was lying incomplete as of January 2003 after incurring Rs 73.60 lakh (including Rs 1.20 lakh incurred on flood restoration in December 2000) and further deteriorated with passing of time during 3-4 rainy seasons due to inadequate protection works.

Scrutiny of records (August 2001) of Executive Engineer, PWD Division, Bundi and further information collected (January 2003) revealed that construction work was sanctioned in piece meal i.e. first earth work, then protection work, metalling etc. and then again earth work without any grounds on record. It was further observed that the estimate for Rs 40 lakh (only for earth work of approaches) was prepared and approved (January 1996) without proper survey and as against 81,143 cum earth work required, actual execution was 1,09,017.49 cum. Besides, protection works were also not included in this estimate as a result the earth work was washed away in rains of 1996. Thus, improper planning of work led to unfruitful expenditure of Rs 73.60 lakh on approaches lying incomplete. Besides, their further deterioration over time would lead to further cost and time overrun.

- It was also noticed (January 2003) that the work of construction of the BT road to Notada (expenditure of Rs 8.69 lakh incurred earlier under Employment Assurance Scheme) allotted (May 1997) to M/s Jain Enterprises, Kota for Rs 34.75 lakh was left (March 1998) incomplete after executing works (mostly Cross Drainage work) worth Rs 6.05 lakh due to non-construction of railway level crossing across the road. Subsequently, remaining work was re-allotted (April 2001) to M/s Narendra Kumar Mittal, Kota for Rs 34.34 lakh. The contractor also stopped work after having executed work worth Rs 11.67 lakh (October 2002) due to non-construction of railway crossing. Even after incurring expenditure of Rs 26.41 lakh (M/s Jain Enterprises, Kota: Rs 6.05 lakh; M/s Narendra Kumar Mittal, Kota: Rs 11.67 lakh and EAS: Rs 8.69 lakh) the work was lying incomplete due to non-construction of railway crossing on the road.

Thus, failure of the Department to ensure proper planning and availability of adequate funds, together with non-construction of railway crossing led to works lying incomplete resulting in unfruitful expenditure of Rs one crore.

While accepting the facts the Additional Secretary, PWD intimated (July 2003) that proposals for completion of remaining work were under consideration and the matter of shifting of railway crossing was also under consideration of Railway authorities. The fact remains that the roads were still lying incomplete denying the public of desired benefits.

4.4.7 Unfruitful expenditure on incomplete works

Failure of the department to acquire land before awarding works and ensuring availability/release of adequate funds resulted in unfruitful expenditure of Rs 2.77 crore on works lying incomplete.

Public Works Financial and Accounts Rules (PWF & AR) lay down that no works should commence unless a proper detailed design and estimate have been prepared, allotment of funds made and land on which work to be executed has not been duly made over by a responsible Civil Officer. Further, said rules also provide that all original works as well as new construction, whether entirely new or additions and alterations to existing works are required to be brought at such a stage that it may be put to use.

During test-check (December 2002, July-September 1999, March 2003 and October-November 2002) of the records of following offices of Public Works Department (PWD), it was observed that the works of construction of roads/quarters were left incomplete after incurring expenditure of Rs 2.77 crore due to non-acquisition of land and paucity of funds:

S. No.	Name of executing agency	Name of work	Amount of administrative sanction	Dates of allotment and completion of work	Month from which work is lying incomplete	Expenditure incurred on the work (Rs in lakh)	Reason for works lying incomplete
1.	Superintending Engineer, PWD, Circle Jodhpur	BT approach road (AR) Banar-Jajiwai Vishnoiyan (Jodhpur district)	Rs 50 lakh	November 1999 August 2000	July 2000	33.84	Due to non-allowing execution of road work by military authority from security point of view (work incomplete in km 0/0 to 1/600).
2.	Executive Engineer (EE), District Division (North), Jaipur	Construction of AR from Chandlai road to Kareda Khurd	Rs 69.62 lakh	July 1997 Feb 1999	September 1999	43.15	After vacation of court stay in two reaches (km 6 and 7) in June 2000, the department failed to acquire the land.
3.	EE, PWD Division II, Alwar	Construction of rural road from Hamirka to Siroli kalan	Rs 46.40 lakh	November 1998 October 1999	October 2002	28.19	Due to non-acquisition of land.
4.	EE, PWD, Division Dungarpur	Construction of AR from Ramsar to Juna	Rs 5.00 lakh	February 1997 May 1997	January 1998	2.58	Due to paucity of funds.
		AR Peeth Duka road to AR Bachhadia	Rs 5.00 lakh	January 1997 June 1997	January 1998	1.37	
		AR Chikhli to Saled road	Rs 13.00 lakh	April 1997 December 1997	January 1998	6.42	

S. No.	Name of executing agency	Name of work	Amount of administrative sanction	Dates of allotment and completion of work	Month from which work is lying incomplete	Expenditure incurred on the work (Rs in lakh)	Reason for works lying incomplete
5.	EE, PWD City Division III, Jaipur	Construction of upper/lower subordinate quarters for RAC Battalion, Jaipur	Rs 39.60 lakh for 36 lower subordinate quarters	March 1995 June 1996	October 1999	33.86	Due to shortage of funds.
6.	EE, PWD Division, Pratapgarh	Construction of road from Talau to Alod Noganwa Bhatoli Bagaran Chikarda-11 km	Rs 85.50 lakh	July 1998 February 2000	December 1999	57.83	Paucity of funds.
7.	EE, PWD Division, Churu	Construction of Bituminous road (21 km) from Gulpura to Dhigrala via Pahadsar Bhegela and Hansiawas	Rs 85.70 lakh	December 1994 November 1995	October 1999	69.43	Due to non-acquisition of land.
					Total	276.67	

It was observed that four works (S. Nos. 1,2,3 and 7) were lying incomplete due to failure of the department to acquire land before starting work and two road works (S. Nos. 4 and 6) and construction of upper/lower subordinate quarters were left incomplete for want of adequate funds.

Thus, failure of the Department to acquire land before awarding works and ensuring availability/release of adequate funds resulted in unfruitful expenditure of Rs 2.77 crore on works lying incomplete.

In response, the Additional Secretary-cum-Chief Engineer, PWD accepted (August 2003) that the works could not be completed by the contractors due to non-acquisition of land, non-availability of funds and non-receipt of revised sanctions of quarters due to increase in construction cost and objection raised by the military authorities.

4.5 Idle investment/ idle establishment/ blockage of funds

Rural Development Department

4.5.1 Unfruitful expenditure due to non-utilisation of Girls' College building

Non-utilisation of Girls' College building constructed at a cost of Rs 49.06 lakh resulted in unfruitful expenditure.

The State Government approved (1995-96) opening of Girls' College at Bundi Headquarters and sanctioned (November 1995) Rs 50 lakh* for construction of new Girls' College building at Chittore road (village Kanjeri Silore). The site was proposed (June 1995) by *Tehsildar* and approved (November 1995) by the then Principal, Girls' College, Bundi. The building was constructed (September 1998) at a cost of Rs 49.06 lakh by the Public Works Department (PWD). Division Bundi and Education Department was asked (September 1998) to take possession. The Principal did not take possession of the building due to non-construction of boundary wall, roads, cycle stand, *chowkidar* room, etc. and as it was 4½ km away from the main city, without regular transport facility for students. The college continued to run in old Jail Campus (a Government building) at Lanka Gate, Bundi.

Test-check (March-May 2001) of the records of District Rural Development Agency, Bundi revealed that neither the provision for construction of roads, cycle stand, *chowkidar* room, etc. was included in the sanction for construction of the college issued in November 1995 nor the possibility of using the existing old jail campus which had sufficient space for extension was explored before construction of the new college building at new site. The new college building was lying unutilised as the college was running in the old building (August 2003).

The matter was referred to the Government in September 2001. The Government stated (February and April 2002) that the Education Department was requested to shift the college building. Subsequently, the proposal for shifting of Industrial Training Institute, Bundi in this building was also under consideration (September 2002). The fact remains that college building constructed at a cost of Rs 49.06 lakh remained unutilised for five years and the expenditure thereon became unfruitful.

* Untied Fund: Rs 10 lakh, Member of Parliament Local Area Development Scheme: Rs 10 lakh and *Nagar Sahbhagi Yojana*: Rs 30 lakh.

4.6 Regulatory issues and other points

Primary Education Department

4.6.1 Irregular purchase of steel furniture and utilisation of Central grant without raising funds from participating schools under Operation Blackboard

Violation of the provisions of financial rules and terms and conditions of sanction/supply order by the department led to irregular purchase of steel furniture without inviting open tenders and irregular utilisation of Central grant of Rs 12.01 crore.

The Government of India (GOI), Ministry of Human Resource Development sanctioned (December 2000) Rs 15.85 crore to State Government at Rs 40,000 per school with the condition that Rs 10,000 per school would be raised by State Government through community participation for providing teaching learning equipment to 3962 upper primary schools located in non-tribal areas of Rajasthan.

The teaching learning equipment were purchased (April 2001 to August 2001) at a cost of Rs 12.01 crore* (excluding liability of Rs 1.23 crore towards *Bal Sahitya*) for 3452 schools of nine districts as of September 2002.

During (August – October 2002) test-check of the records of the Director, Primary Education, Rajasthan, Bikaner following irregularities were noticed:

Irregular purchase of steel furniture

General Financial and Accounts Rules (GF&AR) authorises Rajasthan Small Industries Corporation to supply quality steel furniture after inviting open tender from small-scale industries. Steel furniture can be purchased from the village industrial units registered with the Rajasthan Khadi and Village Industries Board (Board) at the rates approved by Board upto the limit of Rs 1.00 lakh in a financial year including purchases by head of department alongwith their subordinate offices.

The State Level Purchase Committee decided in March 2001 to purchase furniture for schools from units registered by Board at prescribed rates and specifications according to requirement of schools and agreement with such units. The Director, Primary Education, Bikaner placed (31 March 2001) supply orders with three firms** and paid (April to August 2001) Rs 6.92 crore including sales tax (Rs 12.16 lakh) to these firms.

* *Dari Patties*: Rs 3.83 crore; Duster: Rs 0.02 crore; Steel furniture: Rs 6.92 crore; Sports material and Transportation: Rs 1.24 crore.

** Rashtriya Vyavsayik Shiksha Audhyogic Prashikshan Sansthan, Bayana : Rs 2.35 crore; Rajasthan Gandhi Jan Sewa Sansthan, Jaipur: Rs 2.31 crore; and Khadi Mandir, Bikaner : Rs 2.22 crore.

Thus, supply orders worth Rs 6.92 crore issued to three firms without restricting it to Rs 1.00 lakh were in contravention of provision of financial rules resulting in irregular expenditure of Rs 6.88 crore.

Undue benefit to the firms

The terms and conditions of supply orders provided that the rates given in the order included all taxes and duties. Contrary to this, department paid an additional Rs 12.16 lakh as sales tax to the firms* which led to undue benefit of Rs 12.16 lakh to the firms.

Utilisation of Central grant without raising funds from community participation

In view of Director's opinion that raising of Rs 10,000 per school would be difficult, the State Level Purchase Committee decided (March 2001) to utilise Central grant without raising funds through community participation.

Though the sanction for transferring the funds was issued (March 2001) by the Panchayati Raj Department making the Director, Elementary Education, Bikaner responsible for collection of Rs 10,000 per school through community participation, payment of Rs 12.01 crore towards purchase of furniture, etc. was made to various firms (excluding pending liability of Rs 1.23 crore) without obtaining any relaxation in the condition from GOI as of August 2002.

In response, the State Government accepted the facts and stated (June 2003) that (i) furniture was purchased from units registered by the Board as they did not ask for advance payments, (ii) sales tax was paid as purchase exceeded Rs 2 crore; and (iii) community participation was not insisted upon due to famine and natural calamity conditions in Rajasthan.

The reply was not tenable as no relaxation from Finance Department was obtained for non-observance of provisions of GF&AR. Further, sales tax was already included in the rates quoted in the supply orders and approval of GOI was not obtained for non-raising of funds through community participation.

Panchayati Raj Department

4.6.2 Non-utilisation of grants provided under Tenth Finance Commission

Grant of Rs 10.58 crore provided under recommendations of Tenth Finance Commission was lying unutilised for the last three years in the PD accounts of 22 Zila Parishads.

State Government issued (April 1998) instructions to all *Zila Parishads* (ZPs) and *Panchayat Samiti* (PSs) to utilize grants received under Tenth Finance

* Rashtriya Vyavasayik Shiksha Audhyogic Prashikshan Sansthan, Bayana: Rs 4.83 lakh; Rajasthan Gandhi Jan Sewa Sansthan, Jaipur: Rs 4.26 lakh and Khadi Mandir, Bikaner: Rs 3.07 lakh.

Commission (TFC) within six months of its release and to transfer the unutilised grant to other PSs. The PSs and ZPs were required to further transfer the funds to *Gram Panchayats* (GPs) for execution of various works, relating to providing drinking water, sanitation, lightning, roads, etc. in rural areas.

During test-check (July 2002) of the records of ZP, Jodhpur and further information collected (April – May 2003) from Panchayati Raj Department it was observed that Rs 463.52 crore (TFC grants: Rs 212.22 crore; matching share of State Government and Local Bodies: Rs 251.30 crore) were received during 1996-2000 by 32 ZPs, for transferring the same to PSs/GPs for execution of various works in rural areas through GPs. Of this, Rs 10.58 crore were lying unutilised for last three years (April 2003) in the non-interest bearing Personal Deposit Accounts of 22 ZPs depriving the beneficiaries of the intended benefits.

The matter was referred to the Government in September 2002; reply had not been received (July 2003).

Public Works Department

4.6.3 Injudicious expenditure on Kota bypass

Imprudent action of the Department to propose construction of bypass on sensitive defence area and sanctuary of endangered species led to injudicious expenditure of Rs 53.12 lakh.

According to Public Works Financial and Accounts Rules (PWF&AR) clear title of site is a pre-requisite for planning and designing works.

While approving the proposal of State Government for construction of Kota bypass including high level bridge across River Chambal at NH-12, the Ministry of Road Transport and Highway (MORTH) instructed (August 1998) the State Government to obtain necessary clearance from Army Authorities and Forest Department. Thereafter MORTH sanctioned Rs 1.66 crore in January 1999 for survey, investigation and preparation of detailed project report. The proposed bypass required acquisition of 132.72 hectare (ha) of Agricultural/Defence/ Forest and Urban Improvement Trust land. While the land acquisition process and permission from the Army and Forest Department was under process, the Department awarded (January 2000) the work of consultancy services for conducting feasibility study and preparing project report for Rs 96.16 lakh to M/s STUP Consultants Limited, New Delhi with stipulated date of completion as 11 February 2001.

The firm submitted its Reports between February 2000 and June 2001 for which Department spent Rs 47.96 lakh (including liability of Rs 4.69 lakh)

* Agriculture land holders: 24.94 ha, Defence : 5.92 ha, Urban Improvement Trust, Kota: 7.07 ha and Forest : 94.79 ha.

and also Rs 5.16 lakh on the land acquisition proceedings. However, the Forest Department and the Defence Department did not give permission for construction of bypass on their land as the proposed bypass was passing through Abhera firing range and crocodile sanctuary. Audit observed that the Department at the proposal stage did not inform the Government of India that the proposed bypass would be passing through sensitive defence land and crocodile project. Later on the MORTH ordered (August 2002) to close the consultancy contract as the part of this bypass overlapped with NH-76 bypass on East - West corridor.

Thus, imprudent action of the Department to propose construction of bypass on sensitive defence area and sanctuary of endangered species led to injudicious expenditure of Rs 53.12 lakh.

The State Government stated (May 2003) that the land could not be acquired due to ban imposed (November 2000) by the Hon'ble Supreme Court on use of forest land for non-forest purposes. The Department's reply was not acceptable because it was the fault of the Department to award the work before obtaining clear title of the land and after thought to hide its own injudicious action of proposing a bypass through sensitive defence land and a sanctuary.

Rural Development Department

4.6.4 Irregular expenditure

Expenditure of Rs 2.66 crore incurred on works of a temporary nature, not included in the guidelines of the scheme, was irregular, besides no durable productive assets had been created.

Guidelines for Watershed Development (April 1995) provide that 50 per cent of allocation of funds of Employment Assurance Scheme (EAS) would be spent on development of watersheds in Desert Development Programme (DDP) district. State Government further circulated (September 1995) revised guidelines received from Government of India (GOI) that wasteland development works including sand dunes stabilisation, shelter belt plantation and road side plantation should be carried out in index catchment/cluster of villages in order to check the movement of sand and improving the ecology of desert area. The State Government further stated (February 2001) that works of permanent nature be encouraged. *Kanna** *Bunding* and *Med** *Bundi* works were not permissible activities in the guidelines.

During test-check (January 2002 to March 2002) of the records of District Rural Development Agency (DRDA), Churu it was observed that DRDA

* *Kanna Bunding* : A device to control soil erosion by wind in desert area by locally available dry vegetation put in 3 tiers (in soil covers) about 20 to 25 metres apart in road across the wind direction.
Med Bundi : A earthen bund surrounding the field made by farmers to protect the field and to check soil erosion by water.

undertook works of temporary nature such as *Kanna bunding* and *Med bundi* in 36 hot sandy arid areas during 1997-2001 under EAS at a cost of Rs 1.19 crore which were not covered under guidelines of the scheme. The State Government had also prohibited (February 2001 and October 2001) these works under the scheme.

Similarly, test-check of the records of DRDA, Sawaimadhopur revealed (May-July 2001) that against the sanctions issued (1998-2001) for execution of vegetative contour bund (VCB) under Watershed Development Programme Rs 1.47 crore were spent (1998-2001) on *Med bundi* works executed in 28 watersheds for watershed development under Employment Assurance Scheme/Drought Prone Area Programme which was in contravention of the guidelines/instructions issued for Watershed Development.

Thus, expenditure of Rs 2.66 crore incurred on works of a temporary nature, not included in the guidelines of the schemes, was irregular; besides no durable productive assets had been created.

The matter was referred to the Government in February – May 2002; reply has not been received (October 2003)

General

4.6.5 Delay in submission of accounts

Government/Heads of Departments were required to furnish to audit every year detailed information about the financial assistance given to various institutions, the purpose for which the assistance was sanctioned and the actual expenditure incurred by the institution. Information for the years 1999-2003 called for during April 2002 to May 2003 was awaited (August 2003) from Heads of Departments/Offices as detailed in *Appendix-XV*.

Audit of accounts of following bodies had been entrusted to the Comptroller and Auditor General of India for the period mentioned against each:

S. No.	Name of Body	Period of entrustment	Remarks
1.	Rajasthan Khadi and Village Industries Board, Jaipur	1996-97 to 2000-01	For further entrustment a reference to State Government has been made (June 2003).
2.	Kota Open University, Kota	1998-99 to 2002-03	Audit completed upto 2001-02.
3.	Rajasthan State Legal Service Authority, Jaipur	Audit entrusted under Section 19 (2) of CAG's (DPCS) Act, 1971	Audit completed upto 2001-02.

4.6.6 Audit arrangements

Various authorities who conducted primary audit of local bodies, educational institutions and others were as detailed below:

S. No	Name of Institutions	Name of authority conducting audit
1.	Panchayati Raj Institutions	Director, Local Fund Audit
2.	Co-operative Institutions	The Registrar, Co-operative Societies or an officer nominated by him
3.	Municipalities	Examiner of Local Fund Audit
4.	Educational Institutions	
	(a) Schools	A person authorised by the Government or Director, Local Fund Audit
	(b) Colleges	-do-
	(c) Universities	Chartered Accountants

During 2002-03, audit of 260 institutions was conducted under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 and of 24 institutions under Section 15 of the said Act.

Test-check of two departments viz. Urban Development and Housing and Director, College Education conducted under Section 15 of the said Act during March to May 2003 revealed the following:

Name of Department	Money value	Nature of Irregularities
Urban Development and Housing	Rs 31.38 lakh	(i) For the development of Bundi a loan of Rs 38.33 lakh (Central share: Rs 23 lakh, State share: Rs 15.33 lakh) was released (March 1995) to <i>Nagar Parishad</i> , Bundi at 15.75 per cent interest. The funds were not utilised and entire amount of Rs 38.33 lakh with interest of Rs 16.41 lakh was refunded in February 2003 as against interest of Rs 47.79 lakh (15.75 per cent for March 1995 to February 2003) resulting in short realisation of interest of Rs 31.38 lakh.
	Rs 6.07 crore	(ii) Government of India (GOI) sanctions issued under Integrated Development of Small and Medium Towns Scheme provide for refund of unutilised amount to GOI. However, of Rs 17.31 crore sanctioned to 16 local bodies during 1990-91 to 1997-98, unutilised amount of Rs 6.07 crore lying with local bodies was not refunded to GOI/State Government even after lapse of five to 12 years.
	Rs 12.50 lakh	(iii) GOI sanctioned (February 2001) Rs 30 lakh for development of Balotra Town and Rs 20 lakh was to be sanctioned by the State Government. However, the State Government sanctioned (March 2001) Rs 7.50 lakh only and Rs 12.50 lakh sanctioned (March 2002) were not transferred to <i>Nagar Palika</i> , Balotra. Thus, Rs 12.50 lakh could not be utilised and public was deprived of the intended benefits.
	Rs 212.50 lakh	(iv) Central funds of Rs 212.50 lakh released by (February 2001 and June 2001) GOI for eight towns were released by the Department during September 2001 to March 2002 with delays ranging between two months and 12 months. (v) Registers of permanent/quasi permanent assets, loans and their recoveries were not being maintained by the Department and grantee institutions.
Director, College Education	Rs 79.22 crore	Rule 13 (1) of Rajasthan Non-Government Educational Institutions Rules, 1993 provide that annual recurring grant given on the basis of estimated expenditure of current year be adjusted from the grant payable in next year.

Name of Department	Money value	Nature of Irregularities
	Rs 5.84 lakh	However, provisional grant of Rs 79.22 crore* released to 174 institutions during 1995-96 to 2001-02 was not adjusted on the basis of actual expenditure in subsequent years. Rule 13(4) of Rajasthan Non-Government Educational Institutions Rules, 1993 provide that total recurring grant in aid in any year shall not exceed the difference between the total approved expenditure and income from various fees. However, non-inclusion of recurring income of tutorial fees, section fees and terms fees in the income of three institutions** resulted in excess payment of grant of Rs 5.84 lakh.

The matter was referred to Government in July-August 2003; reply has not been received.

4.6.7 Lack of response to audit findings and observations resulting in erosion of accountability

For early settlement of outstanding Inspection Reports (IRs) and paragraphs, Government issued (August 1969) instructions to all departmental officers for sending the first reply to IRs within a month and replies to further observations from audit within a fortnight. In September 1987, the Finance Department while reiterating the instructions stressed that there should be no delay in dealing with the IRs.

At the end of March 2003, there were 11,530 IRs containing 41,875 paragraphs relating to Civil and Works departments issued during the period from 1982-83 to 2002-03 (reports issued upto September 2002) pending settlement as detailed below:

Year	IRs	Paragraphs
Upto 1997-98	6,019	15,507
1998-99	1,030	3,369
1999-2000	1,225	4,509
2000-01	1,114	5,012
2001-02	1,384	8,367
2002-03 (upto September 2002)	758	5,111
Total	11,530	41,875

* 1995-96-3 institutions: Rs 21.lakh; 1996-97-6: Rs 86 lakh; 1997-98-11: Rs 321 lakh; 1998-99-10: Rs 284 lakh; 1999-2000-41: Rs 1256 lakh; 2000-01-31: Rs 997 lakh and 2001-02-72: Rs 4957 lakh.

**

(In Rupees)							
	Approved Expenditure	Income taken into account for calculation of GIA	Not taken into account for calculation of GIA	Total income	Grant admissible	Grant paid	Excess grant paid (Rupees in lakh)
Sophia Girls' College, Ajmer	5160907	299481	276645	576126	4584700	4644800	0.60 (Tutorial fees)
JB Shah Girls' College, Jhunjhunu	2256000	128252	674400	802652	1453348	1575000	1.22 (Section fees)
Vedik Kanya Mahavidyalaya, Jaipur	4530000	294275	560305	854580	3675420	4077000	4.02 (Term fees)

A review of outstanding IRs relating to following four departments revealed that 1,845 IRs containing 6,850 paragraphs were outstanding as of March 2003. It was further noticed that first reply to 291 IRs containing 1,112 paragraphs had not been replied to and are pending for one to 10 years:

Name of Department	Outstanding		First reply not received		Reply pending for
	IRs	Paras	IRs	Paras	
Public Health Engineering	862	4,017	32	221	1 year
Medical and Health	701	1,961	181	578	1 to 5 years
Watershed Development and Soil Conservation	167	530	28	146	1 to 3 years
Social Welfare	115	342	50	167	1 to 10 years
Total	1,845	6,850	291	1,112	

As a result, serious irregularities (details in *Appendix-XVI*) commented in these IRs had not been settled as of March 2003.

According to Rule 327(1) of General Financial and Accounts Rules, the retention period for various accounting records ranges between one and three years after audit. As the departmental officers failed to comply with observations in IRs within the prescribed retention period of records, the possibility of their settlement in future appeared to be bleak due to non-availability of records.

The Government should look into the matter and ensure that procedures exist for (a) action against the officials who failed to send replies to IRs/paragraphs as per time schedule, (b) action to recover loss/outstanding advances/overpayment in time bound manner and (c) revamping the system to ensure prompt and proper response to audit observations.

CHAPTER-V

Internal Control System in Government Departments

5.1 Evaluation of Internal Control System in Government Departments

Introduction

In response to the growing concerns of financial analysts, governance experts and the civil society at large with regard to the debilities of internal control system in governance structures, increasing attention is being paid by audit to the efficacy of the internal control systems. Evaluation of the effectiveness of internal audit forms part of a wide spectrum of measures devised for the purpose by the Comptroller and Auditor General of India. Internal audit is an integral part of the Administration that carries out the basic internal auditorial functions for the management. Unlike statutory audit, it is not independent of the management control and hence debilities in the internal audit system would have to be seen as debilities in the administrative accountability structure. Greater effectiveness of internal audit, by implication, would ensure greater efficiency of Administration and consequently would attract lesser criticism from statutory Audit. Systems and procedure would be corrected on an ongoing basis, providing a concurrent support system to administration.

Internal Audit Systems of four Government departments[#] were evaluated with regard to their adequacy and effectiveness. Audit of Department of Panchayati Raj Institutions, conducted by an external agency viz. Director, Local Fund Audit was also evaluated. The audit observations are as under:

Civil Departments

5.1.1 Small Savings Department

Organisational set up

Small Savings Department, Rajasthan, Jaipur is responsible for publicity of Small Savings schemes and encouraging investment in different saving schemes. The Department has 32 District Offices. The internal audit of Directorate is conducted by the Director of Inspection, Jaipur while that of 32 subordinate offices is conducted by the Directorate through a section under the supervision of Additional Director.

Performance of Internal Audit

Evaluation of the Internal Audit System revealed the following:

- The internal audit of subordinate offices was being conducted on the basis of provisions codified in the General Financial and Accounts Rules (GF&AR) and directions issued by the State Government and the Director

[#] Small Savings, State Insurance and Provident Fund, Panchayati Raj and Sale Tax.

from time to time. The periodicity of audit was one financial year, actual pendency of internal audit revealed that audit of 30 offices was not taken up for two to 12 years as shown below:

Audit pending since	Number of offices
April 1991	1
February 1993	1
April 1996	1
April 1997	1
April 1998	12
April 1999	8
April 2000	2
April 2001	4

- No separate internal audit standards, guidelines/manuals for conduct of internal audit and responsibilities of internal audit organisation have been prescribed by the Department. Training, also was not arranged for Internal Audit staff.
- No time limit for issuing the report was fixed and there was no formal format prescribed for the Inspection Report.
- Fifteen days are fixed for first compliance of Internal Audit Report from the date of issue. A total of 619 paras were outstanding on 31 August 2003 involving 72 inspection reports belonging to the period July 1981 to March 2003.

Non-effectiveness of Internal Audit

Substantial pendency of internal audit, lack of training, lack of internal auditing standards and guidelines, and considerable pendency of compliance on internal audit observations reflected poorly on the effectiveness of internal audit system in the Small Savings Department.

During discussion (25 November 2003) the Additional Chief Secretary, Finance while admitting the facts stated that pendency of internal audit was mainly due to shortage of staff. He, however, assured to clear the pendency by March 2004.

5.1.2 State Insurance and Provident Fund Department

Organisational set up

The Director, State Insurance and Provident Fund maintains accounts of State Insurance and Provident Fund of the employees of the State Government, sanctions loans/advances during service period of the employees and settlement of claims at the time of death/retirement. There are eight divisional offices and 37 subordinate offices under the Director. The internal audit of Directorate is conducted by the Director of Inspection, Jaipur and that of the subordinate offices by a section established in the Directorate.

Performance of Internal Audit

Evaluation of the Internal Audit System revealed the following:

- The internal audit was being conducted on the basis of provisions codified in General Financial and Accounts Rules (GF&AR) and various instructions issued by the Director, State Insurance and Provident Fund from

time to time. The periodicity of audit was one financial year but actual pendency of audit was from one to eleven years as per details given below:

Audit pending since	Audit of State Insurance (Number of offices)	Audit of Provident Fund (Number of offices)	Audit of expenditure (Number of offices)
1991-92	-	-	1
1992-93	-	-	5
1993-94	-	-	1
1998-99	23	-	-
1999-2000	1	-	1
2000-01	9	32	5
2001-02	1	2	7
2002-03	1	1	17
Total	35	35	37

• Internal audit of State Insurance was pending in 23 offices for the last five years (since 1998-99), while audit of Provident Fund was pending in 32 offices since 2000-2001 out of total 37 offices.

• There was no codal provision for conducting internal audit in the department. There did not exist any specific rules/manuals, audit standards and guidelines under which internal audit is to be conducted. Further, no training was arranged for internal audit parties of the Directorate.

• No time limit was fixed for issuing the reports and there was no formal format prescribed for the inspection report.

• Fifteen days are fixed for compliance of internal audit reports of State Insurance and Provident Fund, while in case of Expenditure audit 30 days are given. It was, however, observed that compliance of internal audit reports was not made in time. A total of 1466 paras were outstanding on 31 August 2003 involving 162 inspection reports as per details given below:

S.No.	Particulars	Outstanding	
		IRs	Paras
1.	State Insurance	26	214
2.	Provident Fund	51	696
3.	Expenditure Audit	85	556
	Total	162	1466

Non-effectiveness of Internal Audit

Cases of overpayment/less payment of claims of State Insurance and Provident Fund were noticed during internal audit of State Insurance and Provident Fund on account of non-posting/delayed posting of withdrawals/recoveries and incorrect calculation of interest. This indicated slackness of the mechanism of internal checks. A large number of outstanding internal audit report/paras (162 IRs involving 1466 paras) coupled with substantial pendency of internal audit indicated inadequacy and inefficacy of internal audit.

During discussion (25 November 2003) the Additional Chief Secretary, Finance while admitting the facts stated that pendency of internal audit was mainly due to shortage of staff. He, however, assured to clear the pendency by March 2004.

5.1.3 Panchayati Raj Department

Organisational set up

There are 32 Zila Parishads (ZPs), 237 Panchayat Samitis (PSs) and 9189 Gram Panchayats (GPs) in the State. Principal Secretary, Panchayati Raj and Rural Development Department assisted by Director, Panchayati Raj Department is the administrative head at the State level. There is no provision for Internal Audit in the department. Director, Local Fund Audit (DLFA), Rajasthan conducts annual audit of all the units of Panchayati Raj Department under Rajasthan Local Fund Audit Rules, 1955 framed under Section 16 of Rajasthan Local Fund Audit Act, 1954 (Act). Audit conducted by DLFA includes test audit and special audit.

Test-check (September 2003) of records of the Director, Panchayati Raj Department and the DLFA, Rajasthan, Jaipur for the period from April 1998 to March 2003 revealed the following:

Pendency of audit

Periodicity of audit of all the Panchayati Raj Institution (PRI) units was annual. However, out of 9189 GPs, audit of 1317 GPs was pending for total 7256 accounting years indicating that audit was due for an average 5½ years in each of 1317 GPs. Though, the main reason for pendency of audit was non-production of records by the GPs, DLFA did not take any action against the defaulters under Section 7 of the Act which provides fining the defaulters.

Delay in first compliance of Inspection Reports (IRs)

Three months period has been fixed for first compliance of an IR. However, of 736 IRs of PSs and 97 IRs of ZPs issued during 1999-2003 PSs had not furnished first compliance of two IRs for more than three years, of 11 IRs for more than two years and of 88 IRs for more than one year. ZPs had not furnished first compliance of six IRs for more than two years and of 11 IRs for more than one year. No such record in respect of GPs was maintained by DLFA. The Director, Panchayati Raj did not intimate action taken against defaulting units.

Non-compliance of Special Audit Reports

DLFA, Rajasthan, Jaipur had got conducted special audits in 51 cases during 1991-2003. Embezzlements and serious irregularities pointed out in almost all the reports of special audits were brought to the notice of the Director, Panchayati Raj time and again for taking adequate action non recovery, disciplinary action against defaulters, police case and disciplinary action against supervising officers for supervisory negligence for not taking action against defaulters.

Scrutiny of 10 special audit reports in DLFA office revealed that though embezzlements of Rs 1.11 crore and serious irregularities involving Rs 2.52 crore were pointed out, compliance reports were not received by

DLFA for the last one to four years. No consolidated record of special audit and action taken thereon was found maintained in office of the Director, Panchayati Raj.

Outstanding embezzlement cases

There were 8643 cases of embezzlement involving Rs 6.79 crore pointed out in the IRs of DLFA, pending settlement as of July 2003. Of these, in 212 cases amount of embezzlement was more than Rs 50,000 in each case which amounted to Rs 2.48 crore. The cases were pending for recovery and disciplinary action from 1962-63 onwards. No case-wise record of the embezzlement and the action taken thereon was maintained by the Director, Panchayati Raj for effective monitoring nor was any action taken against supervising officers for supervisory negligence for not taking action against the defaulters.

Pendency of old IRs/draft paragraphs

Position of outstanding paragraphs of old Inspection Reports as of 31 May 2003 was as under:

Year	Number of outstanding paragraphs		
	<i>Zila Parishads</i>	<i>Panchayat Samitis</i>	Total
Upto 1998-1999	2,551	74,841	77,392
1999-2000	218	3,258	3,476
2000-01	209	4,001	4,210
2001-02	218	3,356	3,574
Total	3,196	85,456	88,652

Number of outstanding paragraphs of GPs were 18,52,927. As per Special Audit Report of GP, Bap (District Jodhpur) issued in October 2001, almost all the paragraphs of 25 IRs for the period 1957-2000 were outstanding in absence of compliance. Total outstanding paragraphs of GPs i.e. 18.53 lakh suggest that similar position of non-compliance may be prevailing in other GPs. Besides, 400 draft paragraphs included in the annual audit reports of DLFA were also lying unsettled (August 2003).

State, Divisional and District level permanent administrative committees were formed in March 2000 for accelerating compliance of old outstanding paras and their settlement which were to meet two to four times a year. There was a shortfall of 27 to 33 per cent in organising the meetings reflecting inadequate monitoring of compliance of audit observations.

The matter was referred to the Government in October 2003; reply has not been received.

Revenue Department

5.1.4 Sales Tax Department

A separate accounts wing is functioning under the supervision of Financial Advisor, who is supported by two Accounts Officers and other staff. Internal Audit is one of the important functions of this wing. Eleven internal audit parties are working with the main duty of checking assessment records of

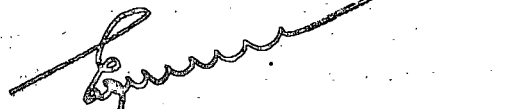
sales tax, entertainment tax and also expenditure accounts of the entire Department. There are 443 units and all these units are audited annually. The year-wise position of units pending for Internal Audit as on 30 June 2003 is as under:

Financial year	Number of units
1998-1999	13
1999-2000	22
2000-2001	38
2001-2002	39
2002-2003	370

The position of pendency of Internal Audit paras and Inspection Reports (IR) is as under:

Year	Opening balance		Additions		Clearance		Balance at the close of year		Percentage of disposal	
	Number of IR	Paras	Number of IR	Paras	Number of IR	Paras	Number of IR	Paras	Number of IR	Paras
1999-2000	2843	17077	226	1451	105	551	2964	17977	3.42	2.97
2000-2001	2964	17977	119	3058	1035	12290	2048	8745	33.57	58.42
2001-2002	2048	8745	343	1690	153	689	2238	9746	6.39	6.60
2002-2003	2238	9746	252	2123	109	794	2381	11075	4.37	6.68


From the above it is evident that the observations made by the Internal Audit Wing are not followed-up properly and arrears of paras and Inspection Reports have shown an increasing trend in all the years except during 2000-01.



JAIPUR,
The

(B.R. MANDAL)
Principal Accountant General (Audit)-I, Rajasthan

Countersigned



NEW DELHI,
The

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I

(Refer paragraph 1.4; page 4)

Part A- Government Accounts

I. Structure:

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

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 35 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B- List of terms used in the Chapter-I and basis for their calculation

Term	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year's Amount} / \text{Previous year's Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of five years (LOGEST(Amount of 1997-98: Amount of 2002-03)-1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of five years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <i>minus</i> all Plan grants and Non-Plan Revenue Expenditure excluding debits under "2048 – Appropriation for Reduction or Avoidance of Debt"

APPENDIX – II

(Refer paragraph 1.8.5; Page 14)

Statement showing details of pending Utilisation Certificates as on 1 April 2003

Department	Year	Number of outstanding utilisation certificates	Amount (Rupees in crore)
Environment	1996-1999	27	0.19
Science and Technology	1996-2002	60	0.13
Social Welfare	1995-2002	343	3.93
Women and Child Development	2001-2002	02	0.97
Tourism	1999-2002	37	3.30
Animal Husbandry	1994-1997	05	0.55
Industries	1995-2002	24	11.68
Cooperative	1999-2002	9	1.25
Rural Development	2001-2002	118	9.24
Fisheries	2001-2002	27	0.35
Medical and Health	2001-2002	1	0.50
Total		653	32.09

APPENDIX-III

(Refer Paragraph 1.9.3; page 17)

List of Government Enterprises running in loss

(Rupees in crore)

S.No.	Name of the enterprises	Government investment upto 31 March 2003	Financial results received	Accumulated loss
I- Statutory Corporations				
1/1	Rajasthan Financial Corporation, Jaipur	44.71	2001-02	73.58
2/3	Rajasthan State Road Transport Corporation, Jaipur	81.13	2001-02	260.94
3/6	Rajasthan State Electricity Board, Jaipur	1774.59	19-7-2000	17.10
II- Rural Banks				
4/9	Shekhawati Gramin Bank, Sikar	3.64	2001-02	12.99
5/10	Marwar Anchalik Gramin Bank, Pali	0.15	2002-03	6.30
6/11	Marudhar Kshetriya Gramin Bank, Churu	0.15	2002-03	49.41
7/12	Alwar Bharatpur Kshetriya Gramin Bank, Bharatpur	0.15	2001-02	18.51
8/13	Arawali Kshetriya Gramin Bank, Sawai Madhopur	0.15	2001-02	34.06
9/14	Thar Anchalik Gramin Bank, Jodhpur	0.15	2002-03	19.08
10/15	Hadoti Kshetriya Gramin Bank, Kota	0.15	2002-03	25.36
11/16	Sriganganagar Kshetriya Gramin Bank, Sriganganagar	0.15	2002-03	6.40
12/17	Dungarpur Banswara Kshetriya Gramin Bank, Dungarpur	1.09	2001-02	10.46
13/19	Mewar Anchalik Gramin Bank, Udaipur	0.15	2001-02	14.19
14/20	Bundi-Chittor Kshetriya Gramin Bank, Bundi	2.19	2002-03	15.21
15/21	Bikaner Kshetriya Gramin Bank, Bikaner	4.46	2002-03	6.38
III- Government Companies				
16/24	Hi-Tech Precision Glass Ltd., Jaipur	0.08	2001-02	0.18

(Rupees in crore)

S.No.	Name of the enterprises	Government investment upto 31 March 2003	Financial results received	Accumulated loss
17/25	Rajasthan State Hotels Corporation Ltd., Jaipur	0.97	2001-02	1.37
18/27	Rajasthan State Agro Industries Corporation Ltd., Jaipur	4.13	2001-02	35.55
19/29	Rajasthan State Dairy Development Corporation Ltd., Jaipur	0.16	2001-02	0.18
20/34	Rashtriya Pariyojana Nirman Nigam Ltd., New Delhi (The National Projects Construction Corporation Limited, New Delhi)	0.10	2001-02	489.41
21/35	Sambhar Salts Ltd., Jaipur	0.40	2001-02	9.40
22/36	Rajasthan Rajya Van Vikas Nigam Ltd., Jaipur	0.19	2001-02	0.17
23/37	National Textiles Corporation, New Delhi.	0.46	1999-2000	383.24
24/39	Rajasthan State Handloom Development Corporation Ltd., Jaipur	5.60	2001-02	31.65
25/43	Rajasthan State Electricity Corporation, Jaipur	0.05	1999-2000	*
IV Joint Stock Companies				
26/51	Jaipur Udyog Ltd., Sawai Madhopur	0.75	30.6.85	24.64
27/52	Man Industrial Corporation Ltd., Jaipur	0.15	1982-83	0.33
28/53	News Paper Ltd., Allahabad	**	1986-87	0.24
29/55	Rampur Industries Ltd., Rampur	***	1995-96	0.19
30/57	Aditya Mills Ltd., Kishangarh, Ajmer	0.16	1994-95	8.81
31/59	Associated Iron and Steel Industries Ltd., Ram Ganj Mandi, Kota	0.01	31-12-84	0.17
32/61	Mewar Textiles Mills Ltd., Bhilwara	0.50	2001-02	19.20
	Total	1926.72		1574.70

Denominator represents the Serial Number of Statement No. 14 of the Finance Accounts.

- * Rs 8,000 only
 ** Rs 10,000 only
 *** Rs 6,960 only

APPENDIX-IV

(Refer paragraph 2.3.1; page 36)

Grants/appropriations where the savings (more than Rs one crore in each case) exceeded by 10 per cent of the total grant/appropriation

(Rupees in crore)					
Sl. No.	Number and Name of the grant	Total grant	Expenditure	Savings	Percentage of savings
Revenue-Voted					
1.	3-Secretariat	97.43	78.57	18.86	19.36
2.	9-Forest	1,72.59	1,28.69	43.90	25.44
3.	11-Miscellaneous Social Services	11.59	8.45	3.14	27.09
4.	12-Other Taxes	41.03	36.89	4.14	10.09
5.	14-Sales Tax	54.61	47.28	7.33	13.42
6.	15-Pensions and Other Retirement Benefits	20,27.73	16,83.58	3,44.15	16.97
7.	19-Public Works	2,06.49	1,24.12	82.37	39.89
8.	20-Housing	48.38	37.74	10.64	21.99
9.	22-Area Development	83.93	74.34	9.59	11.43
10.	23-Labour and Employment	40.59	36.53	4.06	10.00
11.	24-Education, Art and Culture	35,45.00	31,40.75	4,04.25	11.40
12.	26-Medical and Public Health and Sanitation	9,92.67	8,69.01	1,23.66	12.46
13.	29-Urban Plan and Regional Development	6,97.68	5,96.82	1,00.86	14.46
14.	30-Tribal Area Development	3,29.69	2,68.66	61.03	18.51
15.	32-Civil Supplies	27.35	24.28	3.07	11.22
16.	33-Social Security and Welfare	5,15.08	3,87.85	1,27.23	24.70
17.	35-Miscellaneous Community and Economic Services	1,41.31	1,17.82	23.49	16.62
18.	36-Co-operation	27.92	21.71	6.21	22.24
19.	37-Agriculture	2,11.68	1,73.23	38.45	18.16
20.	38-Minor Irrigation and Soil Conservation	1,04.42	82.96	21.46	20.55
21.	39-Animal Husbandry and Medical	1,21.56	1,07.04	14.52	11.94
22.	40-State Enterprises	2.31	0.90	1.41	61.04

(Rupees in crore)

Sl. No.	Number and Name of the grant	Total grant	Expenditure	Savings	Percentage of savings
23.	41-Community Development	4,45.10	3,82.71	62.39	14.02
24.	42-Industries	64.72	36.24	28.48	44.00
25.	43-Minerals	30.83	27.46	3.37	10.93
26.	44-Stationery and Printing	13.28	11.56	1.72	12.95
27.	47-Tourism	15.03	10.00	5.03	33.47
28.	49-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	18.17	0.12	18.05	99.34
Capital-Voted					
29.	9-Forest	96.79	1.55	95.24	98.40
30.	19-Public Works	83.30	64.68	18.62	22.35
31.	20-Housing	61.34	49.46	11.88	19.37
32.	21-Roads and Bridges	4,99.14	3,80.34	1,18.80	23.80
33.	24-Education, Art and Culture	27.92	15.47	12.45	44.59
34.	26-Medical and Public Health and Sanitation	13.27	4.92	8.35	62.92
35.	30-Tribal Area Development	1,55.78	1,06.31	49.47	31.76
36.	35-Miscellaneous Community and Economic Services	16.68	5.14	11.54	69.18
37.	36-Cooperation	58.91	52.74	6.17	10.47
38.	38-Minor Irrigation and Soil Conservation	14.43	10.63	3.80	26.33
39.	42-Industries	17.92	1.12	16.80	93.75
40.	45-Loans to Government Servants	1,97.54	70.72	1,26.82	64.20
41.	46-Irrigation	5,80.14	4,31.27	1,48.87	25.66
42.	47-Tourism	7.30	2.67	4.63	63.42
43.	48-Power	7,84.00	4,76.35	3,07.65	39.24
	TOTAL	1,27,02.63	1,01,88.68	25,13.95	

APPENDIX-V

(Refer paragraph 2.3.2; page 36)

Statement of various grants/appropriations indicating Major Head-wise/scheme-wise expenditure where there was persistent savings (more than Rs one crore and 20 per cent of total provision)

(Rupees in crore)

Sl. No.	Grant No.	Head of Account	Amount of savings (Percentage of savings in parenthesis)								
			2000-01			2001-02			2002-03		
			Provision	Expenditure	Savings	Provision	Expenditure	Savings	Provision	Expenditure	Savings
1.	46	2701-01-105(001)[01]	5.27	1.97	3.30 (62.62)	5.42	2.40	3.02 (55.72)	4.52	1.45	3.07 (67.92)
		TOTAL	5.27	1.97	3.30	5.42	2.40	3.02	4.52	1.45	3.07

APPENDIX-VI

(Refer paragraph 2.3.5; page 37)

Cases of unnecessary supplementary grants/appropriations (Savings in excess of Rs one crore in each case)

(Rupees in crore)

Sl. No.	Number and name of the grant	Amount of grant/appropriation			
		Original	Supplementary	Actual expenditure	Savings
Revenue-Voted					
1.	5-Administrative Services	32.96	1.08	32.06	1.98
2.	6-Administration of Justice	1,12.79	a	1,07.16	5.63
3.	12-Other Taxes	41.03	b	36.89	4.14
4.	13-Excise	1,15.59	2.03	1,15.08	2.54
5.	14-Sales Tax	54.33	0.28	47.28	7.33
6.	16-Police	7,88.12	13.77	7,38.17	63.72
7.	19-Public Works	2,06.49	c	1,24.12	82.37
8.	20-Housing	40.88	7.50	37.74	10.64
9.	23-Labour and Employment	40.59	d	36.53	4.06
10.	24-Education, Art and Culture	35,45.00	e	31,40.75	4,04.25
11.	25-Treasury and Accounts Administration	42.20	f	38.71	3.49
12.	26-Medical and Public Health and Sanitation	9,92.67	g	8,69.01	1,23.66
13.	29-Town Planning and Regional Development	6,97.68	h	5,96.82	1,00.86
14.	30-Tribal Area Development	3,29.69	i	2,68.66	61.03
15.	33-Social Security and Welfare	5,15.08	j	3,87.85	1,27.23
16.	35-Miscellaneous Community and Economic Services	1,41.31	k	1,17.82	23.49
17.	37-Agriculture	2,11.68	l	1,73.23	38.45
18.	41-Community Development	4,45.10	m	3,82.71	62.39
19.	42-Industries	64.72	n	36.24	28.48
20.	46-Irrigation	7,74.14	o	7,14.01	60.13
Revenue-Charged					
21.	Interest Payments	43,72.93	p	43,00.14	72.79
Capital-Voted					
22.	19-Public Works	83.30	q	64.68	18.62
23.	26-Medical and Public Health and Sanitation	9.79	3.48	4.92	8.35
24.	30-Tribal Area Development	1,55.78	r	1,06.31	49.47
25.	42-Industries	17.92	s	1.12	16.80
26.	46-Irrigation	5,80.14	t	4,31.27	1,48.87
27.	48-Power	7,84.00	u	4,76.35	3,07.65
	TOTAL	1,51,95.91	28.14	1,33,85.63	18,38.42

a: Rs 1,000/-

b: Rs 1,000/-

c: Rs 1,000/-

d: Rs 1,000/-

e: Rs 9,000/-

f: Rs 2,000/-

g: Rs 14,000/-

h: Rs 1,000/-

i: Rs 37,000/-

j: Rs 11,000/-

k: Rs 2,000/-

l: Rs 1,000/-

m: Rs 3,000/-

n: Rs 3,000/-

o: Rs 1,000/-

p: Rs 1,000/-

q: Rs 21,000/-

r: Rs 7,000/-

s: Rs 2,000/-

t: Rs 6,000/-

u: Rs 1,000/-

APPENDIX-VII

(Refer paragraph 2.3.5; page 38)

Excessive supplementary grants/appropriations (Savings of Rs 10 lakh and above in each case)

(Rupees in crore)

Sl. No.	Number and Name of the grant	Amount of grant/appropriation				
		Original	Supple- mentary	Total	Actual expenditure	Savings
Revenue-Voted						
1.	2-Council of Ministers	3.05	1.11	4.16	3.85	0.31
2.	7-Elections	9.82	8.28	18.10	17.12	0.98
3.	27-Drinking Water Scheme	8,21.34	36.02	8,57.36	8,36.11	21.25
4.	28-Special Programmes for Rural Development	24.75	12.52	37.27	36.56	0.71
5.	32-Civil Supplies	23.75	3.60	27.35	24.28	3.07
6.	48-Power	5,78.81	1,07.67	6,86.48	6,61.99	24.49
Revenue-Charged						
7.	26-Medical and Public Health and Sanitation	#	0.52	0.52	0.40	0.12
Capital-Voted						
8.	21-Roads and Bridges	3,50.78	1,48.36	4,99.14	3,80.34	1,18.80
9.	33-Social Security and Welfare	6.82	2.89	9.71	9.47	0.24
10.	34-Relief from Natural Calamities	*	13.61	13.61	12.35	1.26
11.	36-Co-operation	22.73	36.18	58.91	52.74	6.17
	TOTAL	18,41.85	3,70.76	22,12.61	20,35.21	1,77.40

Rs. 61,000/-

* Rs. 3,000/-

APPENDIX-VIII

(Refer paragraph 2.3.5; page 38)

Grants where supplementary provisions were insufficient by more than Rs one crore

(Rupees in crore)

(Rupees in Crores)						
Sl. No.	Number and Name of the grant	Amount of grant/appropriation				
		Original	Supplementary	Total	Actual expenditure	Excess
Revenue-Voted						
1.	21-Roads and Bridges	1,21.23	40.84	1,62.07	2,63.46	1,01.39
Capital-Charged						
2.	Public Debt	49,94.26	68,57.73	1,18,51.99	1,26,05.91	7,53.92
	TOTAL	51,15.49	68,98.57	1,20,14.06	1,28,69.37	8,55.31

APPENDIX-IX

(Refer paragraph 2.3.6; page 38)

Statement of Head and Sub Head-wise cases of significant and persistent excess over grants/appropriations

(Rupees in crore)

Sl. No.	Grant No. Head and Sub-head	Amount of excess (Percentage of excess in parenthesis)								
		2000-01			2001-02			2002-03		
		Provision	Expenditure	Excess	Provision	Expenditure	Excess	Provision	Expenditure	Excess
21-Roads and Bridges (Revenue-Voted)										
1.	3054-02-337(001)[01]	12.59	19.09	6.50 (51.63)	12.59	22.81	10.22 (81.18)	15.00	24.77	9.77 (65.13)
2.	3054-80-001 Add: Pro-rata charges exhibited under Major head 2059-Public Works-Establishment	31.24	36.46	5.22 (16.71)	44.43	47.04	2.61 (5.87)	47.19	51.15	3.96 (8.39)
	(Capital-Voted)									
3.	5054-02-337(003)	12.00	15.62	3.62 (30.17)	12.00	14.63	2.63 (21.92)	12.00	15.50	3.50 (29.17)
	26-Medical and Public Health and Sanitation (Revenue-Voted)									
4.	2210-06-101(004)	3.25	4.77	1.52 (46.77)	3.85	4.30	0.45 (11.69)	3.56	4.91	1.35 (37.92)
5.	2210-06-101(001)	23.51	25.86	2.35 (10.00)	25.74	28.68	2.94 (11.42)	24.28	28.05	3.77 (15.53)
	27-Drinking Water Scheme (Capital-Voted)									
6.	4215-01-799(001)[01]	100.00	143.94	43.94 (43.94)	125.00	144.82	19.82 (15.86)	145.00	199.96	54.96 (37.90)
	30-Tribal Area Development (Revenue-Voted)									
7.	2210-06-796(003)	2.07	3.41	1.34 (64.73)	2.45	3.54	1.09 (44.49)	2.32	2.84	0.52 (22.41)
	46-Irrigation (Capital-Voted)									
8.	4701-01-104(003)[05]	1.63	2.07	0.44 (26.99)	3.08	3.09	0.01 (0.32)	2.29	2.98	0.69 (30.13)
	TOTAL	1,86.29	2,51.22	64.93	2,29.14	2,68.91	39.77	2,51.64	3,30.16	78.52

APPENDIX-X

(Refer paragraph 2.3.7; page 38)

Significant cases of major re-appropriation which were injudicious on account of non-utilisation

(Rupees in crore)								
Sl. No	Grant No.	Major head affecting the grant	Original	Supplementary	Re-appropriation	Total grant	Expenditure	Amount of final savings
1.	21	5054-Capital Outlay on Roads and Bridges 04-District and Other Roads 797-Transfer to Reserve Fund/Deposit Account. 001- Central Road Fund transfer to head-8449.	-	91.71	(+) 8.07	99.78	-	(-)99.78
2.	22	4575-Capital Outlay on Other Special Area Programmes 60-Others (Border Area Development) 800-Other expenditure 001-Construction of Building and Road through District Rural Development Agencies	33.35	-	(+) 6.97	40.32	34.82	(-) 5.50
3.	27	2215-Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply Programmes 012-Other Urban Water Supply Schemes	1,48.53	5.00	(+) 1.42	1,54.95	1,51.29	(-) 3.66
4.		102-Rural Water Supply Programmes 001-Other Rural Water Supply Schemes	2,70.07	13.87	(+) 5.82	2,89.76	2,87.24	(-) 2.52
5.		02-Sewerage and Sanitation 001-Direction and Administration 004-Shilp Shala	26.12	-	(+) 2.14	28.26	27.00	(-) 1.26
6.		4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply 001-General Urban Water Supply Schemes 02-Other Urban Water Supply Schemes	62.28	-	(+) 5.68	67.96	66.22	(-) 1.74
7.		102-Rural Water Supply 015-Pradhan Mantri Gramodaya Yojana	11.87	-	(+) 10.63	22.50	21.46	(-) 1.04
8.	46	2701-Major and Medium Irrigation 01-Major Irrigation-Commercial 206-Sidhmukh Project 001-Other Charges	-	*	(+) 25.33	25.33	24.17	(-) 1.16

* Only Rs 1,000/-

APPENDIX-XI

(Refer paragraph 2.3.7; page 38)

Cases of re-appropriation under which the expenditure finally showed excess over the balance provision

(Rupees in crore)

Sl. No.	Grant No.	Major head affecting the grant	Original	Supplementary	Re-appropriation	Total grant	Expenditure	Amount of excess after re-appropriation
1.	15	2071-Pensions and Other Retirement Benefits 01-Civil 101-Superannuation and Retirement Allowance 001-Pensions to State Employees	10,50.00	-	(-) 1,22.00	9,28.00	9,43.73	(+) 15.73
2.	26	2210-Medical and Public Health 06-Public Health 101-Prevention and Control of Diseases 001-National Malaria Eradication Programme	29.57	-	(-) 5.29	24.28	28.05	(+) 3.77
3.	27	4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply 102-Rural Water Supply 001-Accelerated Rural Water Supply Scheme 01-General	1,51.84	-	(-) 9.37	1,42.47	1,49.24	(+) 6.77
4.		02-Desertation	59.50	-	(-) 0.66	58.84	60.07	(+) 1.23

(Rupees in crore)

Sl. No.	Grant No.	Major head affecting the grant	Original	Supplementary	Re-appropriation	Total grant	Expenditure	Amount of excess after re-appropriation
5.		004-Water Supply Schemes with the assistance from KFW Germany (through the Chief Engineer, Project Management Cell, Churu) 01-Reserve Funds of Chief Engineer, Project Management Cell, Churu under head "8235"	56.20	-	(-) 26.80	29.40	34.45	(+) 5.05
6.		005- Water Supply Schemes with the assistance from KFW Germany (through the Chief Engineer, Project Management Cell, Churu)	67.20	-	(-) 35.40	31.80	36.50	(+) 4.70

APPENDIX-XII

(Refer paragraph 2.3.8; page 38)

Anticipated savings not surrendered (Rs one crore and above)

(Rupees in crore)

Sl. No.	Number and name of the grant	Savings	Amount surrendered	Amount not surrendered	Percentage not surrendered
Revenue- Voted					
1.	19-Public Works	82.37	80.24	2.13	2.59
2.	20-Housing	10.64	8.86	1.78	16.73
3.	22-Area Development	9.59	8.44	1.15	11.99
4.	24-Education, Art and Culture	4,04.25	3,69.85	34.40	8.51
5.	26-Medical and Public Health and Sanitation	1,23.66	1,21.55	2.11	1.71
6.	27-Drinking Water Scheme	21.25	8.55	12.70	59.76
7.	30-Tribal Area Development	61.03	56.98	4.05	6.64
8.	33-Social Security and Welfare	1,27.23	1,24.75	2.48	1.95
9.	38-Minor Irrigation and Soil Conservation	21.46	18.95	2.51	11.70
10.	41-Community Development	62.39	58.63	3.76	6.03
11.	46-Irrigation	60.13	52.49	7.64	12.71
Capital- Voted					
12.	21-Roads and Bridges	1,18.80	20.62	98.18	82.64
13.	22-Area Development	7.54	2.99	4.55	60.34
	TOTAL	11,10.34	9,32.90	1,77.44	

APPENDIX-XIII

(Refer paragraph 2.3.8; page 38)

Anticipated savings surrendered in excess

(Rupees in crore)

Sl. No.	Number and name of the grant	Savings	Amount surrendered	Excess surrendered	Percentage excess surrendered
Revenue-Voted					
1.	2-Council of Ministers	0.31	0.32	0.01	3.23
2.	4-District Administration	5.46	5.68	0.22	4.03
3.	5-Administrative Services	1.98	2.00	0.02	1.01
4.	9-Forest	43.90	44.16	0.26	0.59
5.	13-Excise	2.54	2.59	0.05	1.97
6.	14-Sales Tax	7.33	7.54	0.21	2.86
7.	15-Pensions and Other Retirement Benefits	3,44.15	3,55.59	11.44	3.32
8.	17-Jails	0.34	0.45	0.11	32.35
9.	18-Public Relation	0.78	0.79	0.01	1.28
Revenue-Charged					
10.	Interest Payments	72.79	78.27	5.48	7.53
Capital-Voted					
11.	19-Public Works	18.62	19.02	0.40	2.15
12.	24-Education, Art and Culture	12.45	12.54	0.09	0.72
13.	27-Drinking Water Scheme	36.24	1,35.48	99.24	273.84
14.	38-Minor Irrigation and Soil Conservation	3.80	3.82	0.02	0.53
15.	46-Irrigation	1,48.87	1,49.90	1.03	0.69
	TOTAL	6,99.56	8,18.15	1,18.59	

APPENDIX-XIV

(Refer paragraph 2.3.8; page 38)

Amount surrendered on the last day of March 2003

(Rupees in crore)

Sl. No.	Number and name of the grant	Grant/Appropriation	Amount surrendered
1.	Interest Payments	Revenue-Charged	78.27
2.	9-Forest	Revenue-Voted	44.16
3.	9-Forest	Capital-Voted	95.23
4.	15-Pensions and Other Retirement Benefits	Revenue-Voted	3,55.59
5.	19-Public Works	Revenue-Voted	80.24
6.	21-Roads and Bridges	Capital-Voted	20.62
7.	24-Education, Art and Culture	Revenue-Voted	3,69.85
8.	26-Medical and Public Health and Sanitation	Revenue-Voted	1,21.55
9.	27-Drinking Water Scheme	Capital-Voted	1,35.48
10.	29-Urban Plan and Regional Development	Revenue-Voted	1,00.57
11.	30-Tribal Area Development	Revenue-Voted	56.98
12.	30-Tribal Area Development	Capital-Voted	49.12
13.	33-Social Security and Welfare	Revenue-Voted	1,24.75
14.	35-Miscellaneous Community and Economic Services	Revenue-Voted	23.31
15.	37-Agriculture	Revenue-Voted	38.00
16.	41-Community Development	Revenue-Voted	58.63
17.	42-Industries	Revenue-Voted	28.20
18.	45-Loans to Government Servants	Capital-Voted	1,25.90
19.	46-Irrigation	Revenue-Voted	52.49
20.	46-Irrigation	Capital-Voted	1,49.90
21.	48-Power	Revenue-Voted	24.49
22.	48-Power	Capital-Voted	3,07.65
	TOTAL		24,40.98

Appendix-XV

(Refer Paragraph.4.6.5; page 105)

List of departments/offices from which information regarding financial assistance given to various institutions was awaited

S. No.	Name of Controlling Officer/Department	Year(s) from which information had not been furnished
1.	Secretary, Education (Group-I) Department, Jaipur	1999-2000 and 2002-03
2.	Secretary, Education (Group-II) Department, Jaipur	1999-2000 to 2002-03
3.	Secretary, Medical and Health Department, Jaipur	2000-01 and 2002-03
4.	Secretary, Devasthan, Waqf and Sainik Welfare Board, Jaipur	2002-03
5.	Secretary, Agriculture (Group-II) Department, Jaipur	2001-02 and 2002-2003
6.	Director, Social Welfare Department, Jaipur	2002-03
7.	Director, Finance Department, Jaipur	2002-03

Appendix-XVI

(Refer paragraph 4.6.7; page 108)

Statement showing the details of serious irregularities commented in Inspection Reports and which were pending as of March 2003

(Amount in crore of rupees)

Nature of irregularities	Public Health Engineering Department		Medical and Health Department		Watershed Development and Soil Conservation Department		Social Welfare Department	
	Number of paragraphs	Amount	Number of paragraphs	Amount	Number of paragraphs	Amount	Number of paragraphs	Amount
Non-recovery/adjustment of outstanding dues/advances liquidated damages from contractors/firms/suppliers	561	43.93	139	2.29	43	3.48	3	0.09
Excess payments/extra expenditure	414	85.92	-	-	-	-	13	0.06
Withdrawal of funds from treasury without immediate requirement	-	-	20	0.61	-	-	11	8.11
Wasteful/infructuous/unfruitful/avoidable expenditure	613	214.40	-	-	-	-	10	3.60
Irregularities in purchase of store	142	19.84	182	82.79	114	47.07	22	0.87
Non-recovery of shortages in stores	-	-	29	0.09	-	-	12	0.01
Non-disposal of unserviceable stores articles/surplus material	67	12.62	98	0.61	-	-	12	0.11
Non-recovery of outstanding water charges	32	43.27	-	-	-	-	-	-
Excess expenditure on deposit works	14	3.18	-	-	-	-	-	-
Non-obtaining of sanction of competent authority/irregular sanction	312	96.81	90	4.62	-	-	2	0.04
Blocking/diversion of funds	-	-	62	10.73	11	4.53	20	9.39
Material charged to scheme but lying in store	73	27.69	-	-	-	-	-	-
Cases of theft/embezzlement/losses/mis-appropriation of stores and cash	130	46.47	94	5.20	24	1.16	7	0.01
Idle equipment			54	0.78				
Irregular payment of pay and allowances			368	8.05	-	-	26	0.18
Irregularities in maintenance of Cash Book	-	-	37	1.31	-	-	1	4.95
Irregular drawal/expenditure to avoid lapse of budget grant	-	-	18	3.84	-	-	-	-
Non-production of records	-	-	33	0.82	20	6.21	11	0.15
Non-submission of utilisation certificates	-	-	-	-	6	6.89	-	-
Recoveries due against other departments/organisations	-	-	-	-	38	2.90	-	-

(Amount in crore of rupees)

Nature of irregularities	Public Health Engineering Department		Medical and Health Department		Watershed Development and Soil Conservation Department		Social Welfare Department	
	Number of paragraphs	Amount	Number of paragraphs	Amount	Number of paragraphs	Amount	Number of paragraphs	Amount
Irregular payment of prorata charges	-	-	-	-	6	4.17	-	-
Unspent balances	-	-	-	-	4	4.66	-	-
Irregular payment of personal claims	-	-	-	-	29	0.40	-	-
Wanting actual payee's receipt	-	-	-	-	11	2.35	-	-
Irregular/wasteful expenditure/losses to Government	-	-	262	23.64	-	-	-	-
Non-recovery of over-payments/loans and advance etc. from employees	-	-	-	-	-	-	9	0.01
Other irregularities	1659	396.28	475	71.91	224	83.11	183	18.45
Grand Total	4017	990.41	1961	217.29	530	166.93	342	46.03

APPENDIX-XVII

Glossary of Abbreviations

ACE	: Additional Chief Engineer
ADCs	: Assistant Drug Controllers
AEN	: Assistant Engineer
AGM	: Annual General Meeting
AIBP	: Accelerated Irrigation Benefit Programme
AUWSP	: Accelerated Urban Water Supply Programme
AVL	: <i>Avas Vikas Limited</i>
AVS	: <i>Avas Vikas Sansthan</i>
BCR	: Balance from Current Revenues
BM	: Bituminous Macadam
BSR	: Basic Schedule of Rates
CAD	: Command Area Development
CCA	: Culturable Command Area
CCF	: Chief Conservator of Forests
CE	: Chief Engineer
CF	: Conservator of Forests
CITPA	: Committee for Information Technology Project Approval
CLA	: Central Loan Assistance
CMD	: Chairman and Managing Director
CRF	: Central Road Fund
CSPO	: Central Stores Purchase Organisation
CSS	: Centrally sponsored scheme
CWC	: Central Water Commission
D&HP	: Drilling & Hand Pump
DC	: Drugs Controller
DCF	: Deputy Conservator of Forests
DCOs	: Drugs Control Officers
DDP	: Desert Development Programme
DFOs	: Divisional Forest Officers
DGS&D	: Director General, Supplies and Disposals
DIPR	: Department of Information & Public Relations
DIs	: Drugs Inspectors
DLB	: Director and Deputy Secretary, Local Bodies
DLFA	: Director, Local Fund Audit
DoIT&C	: Department of Information Technology & Communication
DRDAs	: District Rural Development Agencies
DTL	: Drugs Testing Laboratory

EAS	: Employment Assurance Scheme
EE	: Executive Engineer
EFC	: Eleventh Finance Commission
ERM	: Extension, Renovation and Modernisation
GA	: Government Analyst
GF&AR	: General Financial and Accounts Rules
GMP	: Good Manufacturing Practices
GOI	: Government of India
GOR	: Government of Rajasthan
GP	: <i>Gram Panchayat</i>
GSDP	: Gross State Domestic Product
IGNB	: Indira Gandhi Nahar Board
IGNP	: Indira Gandhi Nahar Pariyojana
IRC	: Indian Road Congress
IRs	: Inspection Reports
IWDP	: Integrated Waste Land Development Programme
JEN	: Junior Engineer
LA	: Licensing Authority
LAO	: Land Acquisition Officer
LMC	: Left Main Canal
M	: Metres
MAS	: Material at Site
MG	: Mahatma Gandhi
MORTH	: Ministry of Road Transport and Highways
MoU	: Memorandum of Understandings
MPWA	: Miscellaneous Public Works Advances
MT	: Metric Tonne
MTFRP	: Medium Term Fiscal Reforms Programme
NABARD	: National Bank for Agriculture and Rural Development
OSPD	: Oil Seeds Production Programme
PCCF	: Principal Chief Conservator of Forests
PCUs	: Passenger Car Units
PD	: Personal Deposit
PHED	: Public Health Engineering Department
PMC	: Pre-mix Carpet
PRI	: Panchayati Raj Institution
PWD	: Public Works Department
PWF&AR	: Public Works Financial and Accounts Rules

RAPSAR	:	Regulation of Appointment to Public Service and Rationalisation of Staff
RBI	:	Reserve Bank of India
RMC	:	Right Main Canal
RPE	:	Revised Project Estimates
RREC	:	Rajasthan Renewable Energy Corporation Limited
RSL	:	Reserve Stock Limit
RSRDCC	:	Rajasthan State Road Development and Construction Corporation Limited
RSSC	:	Rajasthan State Seeds Corporation
RWSSMB	:	Rajasthan Water Supply and Sewerage Management Board
SE	:	Superintending Engineer
SLEC	:	State Level Empowered Committee
SMS	:	Sawai Man Singh
TFC	:	Tenth Finance Commission
TOs	:	Treasury Officers
ULB	:	Urban Local Bodies
VCB	:	Vegetative Contour Bund
ZPs	:	Zila Parishads