



सत्यमेव जयते

REPORT OF THE
**COMPTROLLER
AND
AUDITOR GENERAL OF INDIA**
FOR THE YEAR ENDED 31 MARCH 1997

No. 3
(CIVIL)

GOVERNMENT OF GUJARAT

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from Appropriation Accounts for 1996-97 together with other points arising from audit of financial transactions of the Government of Gujarat. It also includes certain points of interest arising from the Finance Accounts for the year 1996-97.

2. The Report containing the observations of Audit on Statutory Corporations, Government Companies and the Gujarat Electricity Board and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 1996-97 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 1996-97 have also been included wherever considered necessary.

OVERVIEW

This Report contains six chapters, the first two containing the observations of Audit on the Accounts of the State Government for 1996-97 and the other four comprising eight reviews and 70 paragraphs based on the audit of certain selected schemes and programmes and financial transactions of the Government. A synopsis of the findings contained in the reviews and of more important paragraphs is presented in this overview

1 Accounts of the State Government

After recording revenue surplus during 1993-94 and 1994-95, the succeeding years i.e. 1995-96 and 1996-97 ended with revenue deficits. The year 1996-97 registered a record deficit of Rs. 591.41 crore in last five years and was 97 *per cent* higher over the deficit of 1992-93.

The aggregate of the amount received by the State Government on account of the State's share of Union Taxes, Duties and Grants-in-aid increased from Rs. 1296.56 crore in 1992-93 to Rs. 2029.34 crore in 1996-97 implying an increase of 57 *per cent*. The percentage of amounts received from the Government of India to the total receipts of the State declined from 22 in 1992-93 to 21 in 1996-97. Tax receipts of the State increased to Rs. 6065.96 crore in 1996-97 compared to Rs. 5322.87 crore in 1995-96.

The plan revenue expenditure during 1996-97 was Rs. 1145.67 crore against the budget estimates of Rs. 1222.69 crore (including supplementary). The non-plan revenue expenditure during the year was Rs. 9113.78 crore against the budget estimates of Rs. 9255.74 crore (including supplementary).

As at the end of 1996-97, the total investment in statutory corporations, Government companies etc., worked out to Rs. 3489.44 crore (against Rs. 3026.12 crore as at the end of 1992-93). Dividend and interest received thereon were only Rs. 22.78 crore, i.e. 0.66 *per cent* of investment.

Public Debt of the State increased from Rs. 7753.78 crore at the end of 1992-93 to Rs. 11976.01 crore at the end of 1996-97, registering a growth of 54 *per cent*. The repayment of Central loans and payment of

The abbreviations used in this Report are listed in the Glossary in Appendix-XX

interest thereon was Rs. 1390.51 crore during 1996-97 which worked out to 97 *per cent* of the fresh loans received from the Central Government during the year. The amount guaranteed by the State Government on behalf of statutory corporations, Government companies etc. outstanding as on 31 March 1997 was Rs. 6912.35 crore.

As on 31 March 1997, a total amount of Rs. 337.39 crore including interest of Rs. 63.57 crore was overdue for recovery against loans advanced to Municipalities, Panchayati Raj Institutions, Other Local Bodies and Public Sector Undertakings etc., for which accounts were maintained by the Accountant General (Accounts and Entitlement). According to information furnished by 29 out of 84 departmental officers, Rs. 51.98 crore including interest of Rs. 28.70 crore were overdue for recovery in respect of loans and advances for which accounts were maintained by departmental officers.

(Paragraphs 1.1 to 1.9)

2 Appropriation Audit and Control over expenditure

Against total budget provision of Rs.14441.18 crore (including supplementary), actual expenditure was Rs.13406.60 crore. Overall saving of Rs.1034.58 crore was the result of saving of Rs.1568.85 crore in 98 grants and 34 appropriations and excess of Rs.534.27 crore in 40 grants and three appropriations. The excess required regularisation by the Legislature under Article 205 of the Constitution of India. Reasons for excess of Rs. 639.62 crore and saving of Rs.484.35 crore affecting 42 grants / appropriations were not received from the concerned departments.

In 18 cases, supplementary provision of Rs.142.15 crore obtained in March 1997 proved unnecessary.

In 20 cases, expenditure fell short by more than Rs.1 crore and also by 10 *per cent* of total provision.

In nine cases, expenditure of Rs.6.45 crore was incurred without budget provision. Since these cases attracted the limitation of "New Service/New Instrument of Service", prior approval of the Legislature or advance from the Contingency Fund was required.

In Grant No. 66-Irrigation and Soil Conservation, excess expenditure of Rs.353.53 crore, 59 *per cent* of the provision occurred. Reasons for excess expenditure were not furnished by the Narmada and

Water Resources Department. In Grant No. 65, controlled by the same department there was a saving of Rs. 411.19 crore.

During inspection of treasury accounts, overpayment of pension of Rs.11 lakh was noticed in 19 treasuries.

(Paragraphs 2.1 to 2.10)

3 Production and Distribution of Seeds and Development Schemes for Major Crops

Government of India launched various Seed/Crop development schemes by expanding areas of cultivation of High Yielding varieties of seeds and genetic improvement of these crucial inputs for sustaining and increasing the level of productivity and production of various crops.

Out of total outlay of Rs.82.34 crore, only Rs.54.07 crore were spent during 1992-97. Expenditure under National Pulses Development Project was overreported by Rs.0.58 crore and the amount lying with the executive agencies were booked as final expenditure.

Under Oilseeds Production Programme, against the target of 30.71 lakh tonnes and 33.09 lakh tonnes for 1993-94 and 1995-96, the actual production was 15.91 lakh tonnes and 21.69 lakh tonnes respectively. As against the target of production of 58.76 lakh tonnes of cereals by 1996-97, 42.21 lakh tonnes were produced.

Utilisation certificates for grants amounting to Rs.40.51 crore were not furnished as of September 1997 by various executing agencies.

Out of the unspent balance of Rs.4.96 crore lying with the implementing agencies as of March 1997, Rs.1.71 crore were kept in current accounts with banks by the various executing agencies.

Out of total quantities of breeder seeds indented by Gujarat State Seeds Corporation during 1992-97, 46 *per cent* of paddy, 77 *per cent* of sesamum, 27 *per cent* of wheat and 46 *per cent* of mustard were of older varieties. Shortfall in seed multiplication ratio for various seeds during 1992-97 was much higher than the prescribed norms and ranged between 10 *per cent* and 78 *per cent* at foundation stage and 12 *per cent* and 92 *per cent* at certified stage .

Though Gujarat Agro Industries Corporation was not producing gypsum, Rs.1.77 crore were paid to it as transport subsidy for transporting gypsum during 1994-96. The amount was lying in the Personal Ledger Account.

State Level Co-ordination Committee held only five meetings as against 20 meetings required to be held during 1992-97.

(Paragraph 3.1)

4 Development of Small Scale Industries

Scheme for development of Small Scale Industries aimed at upgradation of entrepreneurial skills, generation of additional employment, better utilisation of installed capacity and wider entrepreneurial base through training.

Though the number of registered units under Small Scale Industries increased by 19 *per cent* in 1996-97, number of people employed in Small Scale Industries declined by 28 *per cent* during the period.

Out of 2192 hectares of land acquired for development and allotment to units in six estates, only 732 hectares of land were developed as of March 1996.

Reservation of 18 hectares of developed land for dumping solid waste resulted in wasteful expenditure of Rs.31.17 lakh besides non-utilisation of assets worth Rs.7.09 crore for more than 5 years.

Assistance given to small scale industries came down from Rs.269 crore in 1991-92 to Rs.251 crore in 1995-96 and number of units assisted declined from 2835 to 1221 during 1991-96.

Though cheques of 1878 units were dishonoured, action was initiated only against eight units as of March 1997. One hundred nineteen cheques amounting to Rs.70.53 lakh issued by four units to Gujarat State Financial Corporation, Vadodara and Valsad during 1992-96 were dishonoured. However, action was initiated against only one unit as of October 1997.

Non-adoption of procedure for fixing reservation price by Gujarat State Financial Corporation and selling of assets at a price much below the value approved by Government approved valuer resulted in loss of Rs.5 crore.

Machinery pertaining to 11 units were sold to one bidder at Surat at a rate lower than value approved by Government approved valuer which resulted in loss of Rs.24.82 lakh. Non-observance of prescribed procedure and non-exercising of proper checks before issue of 'No Due Certificate' resulted in loss of Rs.55.40 crore to Gujarat State Financial Corporation during 1990-91 and 1995-96.

Bill discounting scheme was irregularly extended to non-eligible units and Rs.18.02 crore were paid to these units. Cheques amounting to Rs.20.16 crore received during 1992-95 from small scale industrial units for supply of raw materials were dishonoured.

Gujarat Small Industries Corporation irregularly extended financial assistance amounting to Rs.2.87 crore to sister/associate units. Twelve units against which Rs.4.29 crore were outstanding were given bill discounting facility of Rs.2.08 crore to accommodate earlier outstanding bills of Rs.1.99 crore in contravention of scheme guidelines.

In Surat and Valsad, out of turn payment of subsidy amounting to Rs.11.06 crore was made to 172 units. The matter needed investigation by the Department.

Rupees 91.69 lakh were paid as subsidy to nine units of the same family in contravention of Capital Investment Subsidy Scheme in Pipodara-Surat.

In Surat, 31 units to which subsidy of Rs.2.57 crore was paid in 1994 were not in existence at the addresses given in their application forms.

(Paragraph 3.7)

5 Food and Drugs Control Administration

Food and Drugs Control Administration was entrusted with the responsibility to protect health of the consumer through strict control over the manufacture, sale and distribution of drugs, cosmetics and food items in the State.

As no information was kept of inspection of the selling units, it could not be verified in audit whether drugs selling units were inspected four times within the span of two years as required under the Act.

Number of food samples drawn by Food Inspectors fell short of norms ranging between 27 *per cent* and 49 *per cent* during 1991-96.

Renewal applications for licence of 103 out of 112 blood banks by the State Licensing Authority to the Central Licence Approving Authority were forwarded late, the delay ranged between 11 months and 65 months.

Thirty nine blood banks were ordered to discontinue functioning due to inadequate facilities. Issue of Notification under Section 9 of Prevention of Food and Adulteration Act, 1954 was delayed by 15 months for 31 Food Inspectors. As a result, Food Inspectors were not authorised to collect food samples.

Underutilisation of installed capacity for testing of food samples in the food testing laboratories at Bhuj, Rajkot and Vadodara ranged between 10 *per cent* and 24 *per cent* during 1991-96.

Though adulteration of milk and non-alcoholic beverages was on the higher side, their samples were not lifted adequately for testing.

There was sharp increase in number of pending cases of prosecution. The number of cases decided came down from 368 in 1991-92 to 248 in 1995-96.

Inadequate strength of technical/non-technical staff adversely affected the working of the Food and Drugs Control Administration.

(Paragraph 3.4)

6 Members of Parliament Local Area Development Scheme

Members of Parliament Local Area Development Scheme was introduced during 1993-94 to enable Member of Parliament to suggest to the head of district, works of the value of Rs. one crore per year to be taken up in his/her constituency.

Out of Rs.112.85 crore released during 1993 to 1997, Rs.75.35 crore remained unutilised. Interest amounting to Rs.88.63 lakh earned during 1994 to 1997 was lying in the savings bank accounts of district authorities as Government of India was yet to take decision about its utilisation.

Out of 14002 works sanctioned during 1993-94 to 1996-97, only 8250 works were completed at a cost of Rs.37.50 crore. Utilisation certificates

for Rs.9.22 crore relating to 1993-97 were not sent to Government of India by the Collectors.

Ninety two works not covered under the scheme were executed at a cost of Rs.56.57 lakh. Rupees 1.28 crore were sanctioned in five constituencies from unutilised balance of previous year in contravention of Government of India instructions.

Four works were executed by District Planning Officer, Nadiad by raising public contribution in contravention of scheme guidelines.

Delay in submission of monthly progress reports in Junagadh district ranged between 26 months and 36 months during 1993-97.

(Paragraph 3.8)

7 Salinity Ingress Prevention Programme

To overcome the problem of lateral migration of sea water converting available ground water resources into a saline belt and rendering good cultivable land useless and making water in wells unsuitable for irrigation and drinking purposes, Salinity Ingress Prevention Programme was launched by the Government of Gujarat in 1982.

Though Rs.85.13 crore were spent upto March 1997, only 6007 hectare and 15978 hectare area was improved as against the targets of 1 lakh hectare and 1.10 lakh hectare in 1977 and 1988 respectively.

A proposed legislation restricting extraction of ground water was not enacted since 1981 leading to unchecked extraction of ground water by cultivators. This widened the gap of withdrawal of ground water and re-charge from 19.55 million cubic metre (1977) to 64.96 million cubic metre (1996).

Lowering the height of 'Ogee' Spillway than high tide level resulted in non-prevention of entry of saline water to sweet water sources and expenditure of Rs.1.72 crore incurred on construction of Bhogat Bandhara proved unfruitful.

Construction of Adri Bandhara, though dropped in July 1990 having cost benefit ratio of 0.36, was revived in June 1991 at the instance of Irrigation Minister without any change in water storage capacity. The work was completed at a cost of Rs.2.42 crore as against the estimated cost of Rs.1.18 crore. Cost benefit ratio was reduced to 0.24 as against the norms of 1.5 of Central Water Commission and per hectare cost worked out to Rs.6.91 lakh.

Expenditure of Rs.2.80 crore incurred on installation of automatic tilting steel gates of Godbole type on 64 dams proved unfruitful as the gates did not function effectively.

Permitting drawal of water from spreading channel for irrigation purposes in contravention of High Level Committee's recommendation resulted in excessive drawal of ground water and increasing salinity level by 40 per cent to 50 per cent in the area.

Delay in awarding contract resulted in time overrun of over three years and cost overrun of Rs.16.65 lakh in construction of 7.5 kilometres spreading channel.

Though no afforestation work was carried out by the Forest Department during 1993-95 and 1996-97, expenditure of Rs.65.73 lakh was incurred towards establishment charges and was irregularly debited to the Programme. Gujarat State Land Development Corporation debited Rs. 45.31 lakh as establishment charges to the Programme, though no activity of construction of 'Nala Plug' was carried out during 1995-97.

Adoption of incorrect data in plan and estimate resulted in extra expenditure of Rs.25.94 lakh in respect of Khada Bandhara.

(Paragraph 4.19)

8 Audit of functioning of Irrigation Department

Preparation of estimate in violation of Public Accounts Committee's recommendations and of codal provisions resulted in surrender of savings of Rs.5.98 crore under 10 schemes at the fag end of financial years 1993-94 to 1995-96 by controlling officers. Twelve circles delayed submission of budget estimates by four days to 62 days and 11 circles delayed submission of revised estimates by three days to 37 days. The department delayed allotment of grant to controlling officers by 14 days to 24 days. Rupees 0.37 crore were released by the department in excess of the demand of the controlling officers. Savings of Rs.2.22 crore under the grant "Irrigation and Soil Conservation" and Rs.3.76 crore on capital accounts during 1994-95 and 1995-96 respectively were allowed to lapse.

Release of Rs.2.99 crore was noticed in 12 circle offices on last two days of the financial year. Four circles surrendered grant amounting to Rs.5.53 crore in March 1995 as against the due date of 15 February 1995.

Rupees 52.26 lakh were drawn before receipt of sanction by Und Irrigation Division, Jamnagar on 31 March 1993 and kept in deposit account to avoid lapse of grant.

Rupees 8.85 crore were spent under six heads of accounts without any budget provision. Excess expenditure under 66 heads of accounts ranged between 103 *per cent* and 3426 *per cent*.

Rush of expenditure on 18 schemes in the month of March ranged between 41 *per cent* and 93 *per cent* of total expenditure of the scheme at the departmental level and between 20 *per cent* and 70 *per cent* of the total expenditure in nine divisions. Savings ranged between 51 *per cent* and 100 *per cent* of budget provision under 21 heads of accounts.

Two circles and four divisions engaged daily wages labourers on nominal muster rolls in total disregard of Government instructions and incurred expenditure of Rs.15.43 crore and Rs.0.82 crore respectively during 1993-1996.

Spare parts worth Rs.73.53 lakh procured between 1987 and 1991 were lying unutilised as the indenting division failed to lift the items.

Underutilisation of heavy machinery valued at Rs.10.59 crore in two circles ranged between 81 *per cent* and 91 *per cent*.

The department took three years to nine years in according administrative approval to seven schemes of one circle.

Delay in completion of three irrigation schemes resulted in blocking up of funds of Rs.42.03 crore.

Baldeva Irrigation scheme taken up in 1973 and scheduled to be completed in 1975 was incomplete as of September 1997. Rupees 4.42 crore were spent as against original estimated cost of Rs.0.54 crore.

Five circles did not recover water charges amounting to Rs.45.87 crore and Rs.42.77 crore as of March 1996 for irrigation purpose and non-irrigation purpose respectively. Hire charges amounting to Rs.72.16 lakh for machinery let out on hire during 1976-77 to 1995-96 were not recovered by Irrigation Mechanical Circle II, Ahmedabad.

(Paragraph 4.20)

9 Rajiv Gandhi National Drinking Water Mission

Government of India launched National Water Mission in 1986 with the main objective of providing supply of sustainable safe drinking water to entire uncovered/no-source villages/habitations within the eighth plan period and to create awareness among the rural people about the hazards of using unsafe water for drinking. Accelerated Rural Water Supply Schemes (Central level) and Minimum Needs Programme (State level) were covered under the Mission.

Funds released by the State Government to Gujarat Water Supply and Sewerage Board during March, under Accelerated Rural Water Supply Programme ranged between 47 *per cent* (1994-95) and 62 *per cent* (1993-94) and under Minimum Needs Programme, it was 49 *per cent* (1996-97) of the total funds released by the Government of India.

Survey of 'not covered' and 'partially covered' villages conducted by the State Government was unsatisfactory.

Seven water supply schemes were not completed in time, which resulted in idle investment of Rs.22.59 crore on four schemes under Accelerated Rural Water Supply Programme and Rs.4.24 crore on three schemes under Minimum Needs Programme.

Rupees 6.29 crore in excess of sanctioned cost on eight schemes, were debited to Accelerated Rural Water Supply Programme in violation of scheme guidelines. Establishment, tools and Plant charges were debited in excess of prescribed norms which resulted in over-charging of Rs.19.27 crore to Accelerated Rural Water Supply Programme.

Materials worth Rs.3.40 crore were lying unutilised with eight divisions for more than six months to 25 years.

Contribution towards water charges from villages amounting to Rs.24.11 crore remained unrecovered as of March 1997. Of 146 individual water supply schemes completed at a cost of Rs.3.53 crore, 130 schemes were lying defunct for 3 months to more than 16 years.

Nineteen *per cent* of the bores drilled through private drillers, at a cost of Rs.3.77 crore failed. Ten defluoridation plants costing Rs.59.87 lakh were lying defunct from May 1994 onwards. Twenty eight Reverse Osmosis plants costing Rs.3.02 crore stopped working within 1 month to 69 months of their installation.

Water supplied between April 1992 and January 1997 through Sami-Harij Regional Water Supply Scheme, completed at a cost of Rs.19.70 crore, was non-potable on account of excess fluoride.

Drinking water facility was not provided to 3600 primary schools as the action plan submitted to the State Government in July 1996 was not approved as of July 1997.

(Paragraph 6.5)

10 Total Literacy Campaign

Total Literacy Campaign was launched in May 1988 as Central Plan Scheme with the objective of total eradication of illiteracy in age group of 6-35 years. The same was launched in all the 19 districts of the State in June 1992.

Out of the total grant of Rs.36.72 crore, Rs.28.96 crore were spent during 1992 to 1997. Of the unutilised balance of Rs.7.76 crore, Rs.6.14 crore pertained to 1992 to 1994.

The gap in the coverage against the target was not verifiable as total number of illiterates identified were shown as enrolled instead of actual number of learners joining the campaign.

Zilla Saksharta Samiti, Mehsana extended the Total Literacy Campaign beyond the scheduled date without approval of Government of India and spent Rs.18.97 lakh during the extended period of the campaign. Rupees 24.77 lakh were irregularly retained in Personal Ledger Account of District Development Officer in Bharuch and Kheda districts which resulted in loss of interest of Rs.9.55 lakh.

In Panchmahals district, training was conducted for 5 days instead of prescribed duration of 9 days and excess expenditure of Rs.16.47 lakh was incurred.

Even after closure of Jan Sikshan Nilayam from 1 April 1996, Rs.1.76 crore were lying unutilised with 12 Zilla Saksharta Samities in their Personal Ledger Accounts.

Though only 15.35 lakh learners were enrolled by State Resource Centre as against the targeted coverage of 30 lakh learners, excess expenditure of Rs.2.25 crore was incurred by the centre.

As against the requirement of 2.48 lakh primers, 4 lakh primers were supplied to Zilla Saksharta Samiti, Bhavnagar, which resulted in avoidable expenditure of Rs.22.86 lakh.

Against the targeted coverage of 80 *per cent* to 85 *per cent* under Post Literacy Campaign, actual coverage as of March 1997 ranged between 34 *per cent* and 66 *per cent* under each focus group.

There was delay of 10 months to 21 months in commencement of Post Literacy Campaign in five Zilla Saksharta Samities and in other five Zilla Saksharta Samities Post Literacy Campaign was not started even after 24 months to 30 months of completion of Total Literacy Campaign.

Zilla Saksharta Samiti, Amreli did not maintain any cash book, though Rs.82 lakh were spent on the campaign between August 1993 and July 1996. Total Literacy Campaign was completed in all the 19 districts, but only 5 districts were covered for monitoring.

(Paragraph 6.14)

11 Other points of interest

Though Public Accounts Committee was assured in 1995 of reduction of establishment expenditure by closure of some of the offices under Area Development Commissioners, no office was closed and the percentage of establishment expenditure *vis-a-vis* works expenditure worked out to 87 *per cent* and disproportionate expenditure of Rs.2.61 crore on establishment was incurred.

(Paragraph 3.2)

Failure to pursue with Government of India after October 1995 resulted in non-receipt of Rs.1.08 crore from Government of India as of September 1997 for Plague Control Programme in Surat.

Out of Rs.1.08 crore released to 19 District Panchayats under the Plague Epidemic Programme, Rs.0.27 crore were spent by the Panchayats and Rs.0.02 crore were diverted for other purposes. Information relating to utilisation of Rs.0.20 crore was not available with the Commissioner and Rs.0.59 crore were lying unutilised with the Panchayats for nearly three years. Rupees 0.91 crore were spent by the New Civil Hospital, Surat on the works/items which were not connected with the control of plague.

Though Rs. 0.46 crore were spent on setting up of Immunology Laboratory, regular tests were not carried out for want of trained staff.

(Paragraph 3.5)

Rupees 10.89 lakh were paid towards House Rent Allowance to the Judges of the High Court of Gujarat between September 1995 and June 1997 in contravention of instructions of Government of India.

(Paragraph 3.9)

Rupees 1.11 crore and Rs.1.50 crore were drawn by the Registrar, High Court of Gujarat, against the budgeted provision and from the Contingency Fund respectively far in advance of requirement. The amounts were lying unutilised in current accounts with the nationalised banks which resulted in loss of interest of Rs.18.27 lakh.

(Paragraph 3.10)

Lack of planned and expeditious action on the part of Home Department resulted in blocking up of government funds amounting to Rs.1.19 crore since 1993. Identity cards could not be issued to the residents of border districts of Banaskantha and Kachchh.

(Paragraph 3.11)

Failure on the part of the Commissioner of Fisheries to take action resulted in non-recovery of loan and interest amounting to Rs.1.82 crore as of March 1996 from Gujarat Fisheries Central Co-operative Association Limited, Ahmedabad.

(Paragraph 3.12)

Due to selection of already developed reservoirs without conducting 'bench mark' survey by Gujarat Fisheries Central Co-operative Association Limited, Ahmedabad, fish production and incidental income to fishermen did not increase. This led to the fore-closure of the scheme on which Rs.18.32 lakh were spent. Though Government decided in May 1995 to recover Rs.29.55 lakh from Gujarat Fisheries Central Co-operative Association Limited, Ahmedabad, no recovery was effected as of March 1996.

(Paragraph 3.13)

Though the terms and conditions of the grant were violated by four Fisheries Co-operative Societies of Veraval, Rs.61.99 lakh required to be recovered as per grant sanctioning order were not recovered by the Commissioner of Fisheries.

(Paragraph 3.14)

Lease rent amounting to Rs.23.75 lakh for 1991-92 to 1994-95 was not paid by Gujarat Fisheries Development Corporation. The reservoir was leased to the Corporation without resorting to the competitive bidding in contravention of Government instructions.

(Paragraph 3.15)

Establishment charges amounting to Rs.1.33 crore pertaining to 1978-79 to 1996-97 were not recovered from three local bodies by the Town Planning Officers, Rajkot and Odhav (Ahmedabad).

(Paragraph 3.16)

Percentage of excess with reference to the sanctioned grants on maintenance and repairs to roads ranged between 132 and 360 during 1992-93 in Navsari Roads and Buildings Division No. I, Navsari and Surat Roads and Buildings Division No. I, Surat respectively.

Though the works on special repair to roads were required to be carried out after obtaining job numbers and only on B-1/B-2 tender, Rs.1.05 crore and Rs.0.77 crore during 1992-93 and 1993-94 were spent by Surat Roads and Buildings Division No. I through piece work agreements on A-1/A-2 forms and departmental execution respectively in contravention of Government instructions. Godhra (Roads and Buildings) Division, Godhra failed to adopt correct California Bearing Ratio of soil which resulted in expenditure of Rs.58.60 lakh on special repairs within a span of six years.

Adoption of richer specifications in Lean Bituminous Macadam Seal Coat work resulted in extra expenditure of Rs.32.52 lakh.

(Paragraph 4.1)

Executive Engineer, Express Way Division, Ahmedabad failed to take expeditious action for encashment of bank guarantees which resulted in loss of Rs. 58 lakh besides non-recovery of outstanding dues from the contractor.

(Paragraph 4.2)

Delay in execution of work of a road overbridge on Ahmedabad-Kalol-Mehsana Road resulted in cost overrun of Rs.1.34 crore besides blocking of government funds of Rs.3.28 crore. Loss of interest due to belated approval of revised estimates worked out to Rs.1.02 crore.

(Paragraph 4.3)

Injudicious payment of secured advance resulted in undue benefit to a contractor amounting to Rs.1.22 crore.

(Paragraph 4.5)

Faulty decision of the Government to terminate the contract without invoking the risk and cost provision of the agreement resulted in non-recovery of extra expenditure of Rs.36.02 lakh by the Executive Engineer, Rural Road Project Division, Rajkot on construction of rural roads.

(Paragraph 4.7)

Incorrect computation of dues recoverable from defaulting contractors resulted in short recovery of Rs.25.90 lakh by the Executive Engineer, Roads and Buildings Division, Surendranagar.

(Paragraph 4.8)

Legal heirs of a deceased contractor were allowed to continue the work for 5 years and were then relieved from executing the remaining work without invoking the risk and cost provision resulting in loss of Rs.18.69 lakh to the Government.

(Paragraph 4.10)

Decision of Government to manufacture stoplog gates and procure gantry cranes against technical opinion of Central Design Organisation resulted in avoidable expenditure of Rs.1.06 crore.

(Paragraph 4.21)

Acceptance of second lowest tender by the Government without any recorded reason resulted in avoidable extra expenditure of Rs 0.33 crore.

(Paragraph 4.23)

Retention of excess staff on construction of field channel against actual requirement resulted in unfruitful expenditure of Rs.2.24 crore.

(Paragraph 4.24)

Failure to decide settlement of claims of the contractor even after reaching agreement resulted in avoidable liability of Rs.19.57 lakh besides avoidable payment of Rs.9.31 lakh towards arbitration award.

(Paragraph 4.27)

Failure on the part of the Government to take timely action to recover Government dues from defaulting contractors resulted in non-recovery of Government dues amounting to Rs.2.84 crore for the period ranging between six years and 12 years.

(Paragraph 4.33)

Value of closing balance of stores in relation to issue was 49 *per cent* and 62 *per cent* under the Director of Agriculture during 1991-92 to 1994-95. Rupees 1.16 crore were drawn and placed at the disposal of Gujarat Agro Industries Corporation by the Director of Agriculture in March 1996 to avoid lapse of budget grant. Though the orders for purchase of machinery were placed by the Director with the concerned firms, payment of Rs.97.77 lakh was made through Gujarat Agro Industries Corporation and balance amount of Rs.18.39 lakh was not refunded to Government account as required under financial rules. Rupees 39.95 lakh were lying unutilised with the Gujarat State Rural Development Corporation since 1995-96. Due to non-synchronisation

of procurement of required equipment, machinery valued at Rs.60.59 lakh remained idle as of September 1997.

(Paragraph 5.1)

Out of stores and stock account of 13 divisions test-checked, five divisions were having minus balance amounting to Rs.48.51 crore due mainly to non-adjustment of storage charges and pending adjustment memos.

XXX

Seven divisions had unadjusted progressive balance of Rs.3.11 crore and nine divisions had progressive credit balance of Rs.1.22 crore due to non-adjustment of storage charges. In nine divisions, debit advices amounting to Rs.23.24 crore relating to 1993-94 to 1996-97 were pending incorporation in divisions' accounts. Six divisions had surplus stores valued at Rs.55.31 lakh procured between 1979 and 1986.

Physical verification of stores was not carried out during 1993-96 by six divisions test-checked. Priced Stores Ledgers were not maintained by six test-checked divisions.

(Paragraph 5.2)

Due to improper planning and non-conducting of geological survey at the time of planning the schemes, expenditure of Rs.58.48 lakh proved infructuous besides non-achievement of intended benefits of the schemes for 14 years to 27 years.

(Paragraph 6.2)

XXX

Improper planning and lack of due care before releasing the fund resulted in blocking of funds of Rs.2.88 crore under Border Area Development Programme.

(Paragraph 6.6)

Non-removal of pipelines after restoration of water supply to Morbi town from Machhu-II dam resulted in blocking of funds of Rs.40 lakh for more than three years.

(Paragraph 6.7)

Injudicious procurement of material without prior approval of the scheme resulted in blocking of funds amounting to Rs.25.28 lakh for over seven years.

(Paragraph 6.8)

District Panchayat, Surat did not remit interest amount of Rs.3.43 crore to Government account despite clear directives from the Government.

(Paragraph 6.13)



CHAPTER - I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Introduction

1.1.1 Structure of the Government Accounts

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

Part I - Consolidated Fund

All 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 and no amount can be withdrawn from the Fund without authorisation from the State Legislature. It 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 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 the Fund (Rs.50 crore), authorised by the Legislature was raised to Rs.600 crore by an ordinance issued in October 1996 and subsequently reduced to Rs.500 crore by an Act of Legislature of 5 March 1997 till the close of the year.

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.

1.1.2 Annual Accounts

The accounts of the State Government are compiled annually by the Accountant General (Accounts and Entitlement), Gujarat. These are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transaction pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts on the other hand, present the details of amounts actually spent 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.

1.1.3 Audit Report

The Finance Accounts and the Appropriation Accounts as well as various transactions in these accounts are audited by the Comptroller and Auditor General of India (CAG) in accordance with CAG's (Duties, Powers and Conditions of Service) Act, 1971. CAG certifies the accounts and also submits separate Audit Reports to the Governor of the State in terms of Article 151 of the Constitution of India.

CAG's Reports in respect of Government of Gujarat for the year ended 31 March 1997 are structured as under:

Report Number	Containing observation on
1 of 1998	Government of Gujarat: Commercial
2 of 1998	Government of Gujarat: Revenue Receipt
3 of 1998	Government of Gujarat: Civil

1.2 Summarised financial position

The financial position of the Government of Gujarat as on 31 March 1997, emerging from the Appropriation Accounts and the Finance Accounts for the year 1996-97 supplemented by the additional information collected separately and the abstract of Receipts and Disbursements for the year is given in the following Statements.

STATEMENT - I

**STATEMENT OF FINANCIAL POSITION
OF
THE GOVERNMENT OF GUJARAT
AS ON
31 MARCH 1997**

Amount as on 31 March 1996		LIABILITIES	Amount as on 31 March 1997	
1630.96	Internal Debt			2019.09
	1425.42	Market Loans	1707.03	
		bearing interest		
	3.04	Market loans not	3.04	
		bearing interest		
	86.41	Loans from LIC	117.14	
	116.09	Loans from other	191.88	
		Institutions		
	NIL	Ways and Means	NIL	
		Advances		
	NIL	Overdraft from RBI	NIL	
8854.03	Loans and Advances from Central Government			9956.92
	577.34	Pre 1984-85 Loans	509.84	
	5903.31	Non-Plan Loans	6488.22	
	2333.27	Loans for State	2843.18	
		Plan Schemes		
	5.61	Loans for Central	79.00	
		Plan Schemes		
	34.05	Loans for Centrally	36.31	
		Sponsored Plan		
		Schemes		
	0.45	Loans for Special	00.37	
		Schemes		
1269.80	Small Savings, Provident			1435.01
	Funds etc.			
3010.20	Deposits			3605.25
101.13	Reserve Funds			
18.64				
223.03	Suspense and Miscellaneous			308.71
23.90	Contingency Fund			14.49

15113.05

17358.11

(Rupees in crore)

Amount as on 31 March 1996		ASSETS	Amount as on 31 March 1997
9757.43	Gross Capital Outlay on Fixed Assets		11242.65
	3380.05	Investment in Shares of Companies, Corporations etc.	3489.44
	6377.38	Other Capital Outlays	7753.21
4528.32	Loans and Advances		4809.96
	2854.16	Loans for Power Projects	3035.02
	1491.79	Other Development Loans	1559.34
	182.37	Loans to Government Servants and Miscellaneous Loans	215.60
00.63	Other Advances		00.08
30.83	Remittance Balances		63.67
787.02	Cash Balance		641.52
	(-)9.80	Cash in Treasuries and Local Remittances	(-)4.12 *
	129.06	Departmental Cash Balances including Permanent Advances and investment of earmarked Funds	129.50
	669.29	Cash Balance Investment	518.59
	(-)1.53	Deposits with Reserve Bank of India	(-)2.45 \$
8.82	Deficit on Government Account		600.23
		Current year's Revenue Deficit	591.41
		Miscellaneous Government Account	NIL **
			591.41
		Add:	
		Deficit on Government Account as on 31 March 1996	8.82
		Other Adjustments	NIL ***
15113.05			17358.11

*Minus balance is due to remittances between treasuries and currency chest remaining unadjusted on 31 March 1997.

\$ Minus balance is under investigation.

** Exhibited "NIL" as receipts of Rs.30168 ignored due to rounding.

*** Exhibited "NIL" as receipts of Rs.200 ignored due to rounding.

EXPLANATORY NOTES

1 The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.

2 Government accounts being mainly on cash basis, the revenue surplus or deficit had been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock, fixtures etc. do not figure in the accounts.

3 Although a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remained unaffected by end use.

4 The closing cash balance as per Reserve Bank of India was Rs.2.04 crore (Debit) against the general cash balance of Rs.(-)2.45 crore shown in accounts. The difference under Deposits with the Reserve Bank of India is yet to be reconciled (July 1997).

5 Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account with the result that cumulative position of such surplus or deficit is not ascertainable. The balancing figure of Rs.944.87 crore as on 31 March 1983 was, therefore, treated as cumulative surplus for drawing up the first summarised financial position for the year 1983-84 which took the place of a Balance Sheet.

6 Suspense and Miscellaneous balance includes cheques issued but not paid, payments made on behalf of the State and other pending settlement etc. The balance under Suspense and Miscellaneous increased from Rs.223.03 crore as on 31 March 1996 to Rs.308.71 crore as on 31 March 1997.

STATEMENT - II

**ABSTRACT OF
RECEIPTS AND DISBURSEMENTS
FOR THE YEAR
1996-97**

Section A-Revenue

RECEIPTS		Amount
I	Revenue Receipts	9668.04
(i)	Tax Revenue	6065.96
(ii)	Non-Tax Revenue	1572.74
(iii)	State's share of Union Taxes and duties	1174.50
(iv)	Non-Plan Grants	322.58
(v)	State Plan Schemes	334.92
(vi)	Grants for Centrally Sponsored Plan Schemes	197.34
II	Revenue deficit carried over to Section "B"	591.41
		10259.45

(Rupees in crore)

DISBURSEMENTS				Amount
I	Revenue Expenditure Sector	Non-Plan	Plan	Total 10259.45 *
(i)	General Services	3286.30	11.95	3298.25
(ii)	Social Services	2906.89	515.53	3422.42
(iii)	Agriculture and Allied Activities	327.50	99.98	427.48
(iv)	Rural Development	115.43	254.68	370.11
(v)	Special Areas Programmes	20.15	3.24	23.39
(vi)	Irrigation and Flood Control	895.06	73.49	968.55
(vii)	Energy	999.92	6.29	1006.21
(viii)	Industry and Minerals	24.58	103.38	127.96
(ix)	Transport	365.04	70.48	435.52
(x)	Communications	00.01	NIL	00.01
(xi)	Science, Technology and Environment	00.15	00.95	1.10
(xii)	General Economic Services	126.44	5.70	132.14
(xiii)	Grants-in-aid and Contributions	46.31	NIL	46.31
II	Revenue surplus carried over to Section 'B'			NIL

10259.45

* Represents net expenditure after taking into account recoveries accounted for in reduction of expenditure.

Section B-Others

RECEIPTS		Amount
III	Opening Cash Balance including Permanent advances and Cash Balance Investment	787.02
IV	Miscellaneous Capital Receipts	NIL
V	Recovery of Loans and Advances	196.41
(i)	From Power Projects	4.28
(ii)	From Government Servants and Miscellaneous loans	50.75
(iii)	From Others	141.38
VI	Revenue Surplus brought down from Section "A"	NIL
VII	Public Debt Receipts	1844.24
(i)	Internal Debt other than Ways and Means Advances and Overdraft from Reserve Bank of India	406.77
(ii)	Ways and Means Advances	NIL
(iii)	Overdraft from Reserve Bank of India	NIL
(iv)	Loans and Advances from Central Government	1437.44
VIII	Inter-State Settlement Account	NIL *
IX	Transfer from Contingency Fund	450.00
X	Contingency Fund	476.10
XI	Public Account Receipts	14350.48
(i)	Small Savings and Provident Funds	397.24
(ii)	Reserve Funds	64.93
(iii)	Suspense and Miscellaneous	3776.22
(iv)	Remittances	2502.18
(v)	Deposits and Advances	7609.91
XII	Closing Overdraft from the Reserve Bank of India	NIL
		18104.22

* Exhibited 'NIL' as receipts of Rs.200 have been ignored due to rounding.

Exhibited 'NIL' as receipts of Rs.30168 have been ignore due to rounding.

(Rupees in crore)

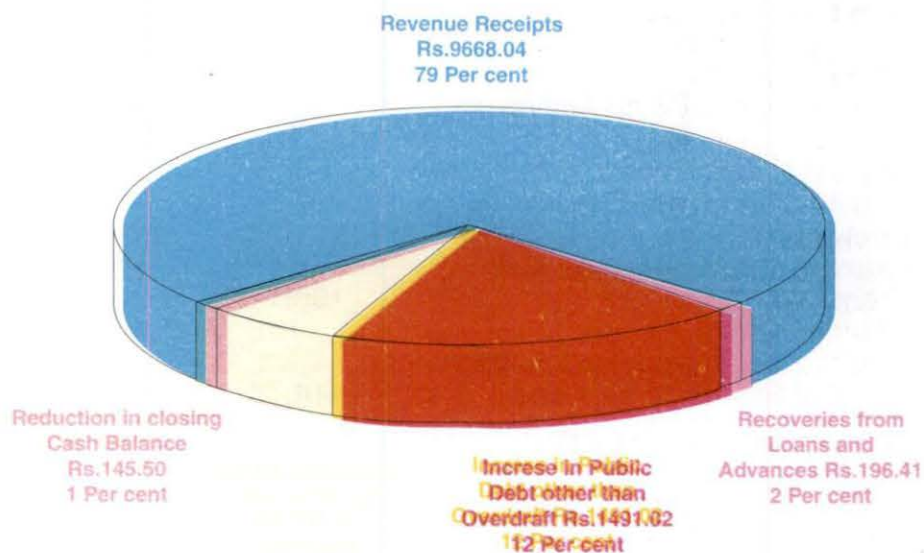
DISBURSEMENTS		Amount
III	Opening Overdraft from Reserve Bank of India	NIL
IV	Capital Outlay Sector	1485.22 [@]
	(i) General Services	29.97
	(ii) Social Services	151.40
	(iii) Agriculture and Allied Activities	118.26
	(iv) Rural Development	NIL
	(v) Special Areas Programmes	0.51
	(vi) Irrigation and Flood Control	1001.71
	(vii) Energy	(-)11.92
	(viii) Industry and Minerals	74.43
	(ix) Transport	106.10
	(x) Communications	NIL
	(xi) Science, Technology and Environment	NIL
	(xii) General Economic Services	14.76
V	Loans and Advances Disbursed	478.05
	(i) For Power Projects	185.14
	(ii) To Government Servants and Miscellaneous Loans	83.98
	(iii) To Others	208.93
VI	Reserve Deficit brought down from Section "A"	591.41
VII	Repayment of Public Debt	353.19
	(i) Internal Debt other than Ways and Means Advances and Overdraft from Reserve Bank of India	18.64
	(ii) Ways and Means Advances	NIL
	(iii) Repayment of Overdraft to Reserve Bank of India	NIL
	(iv) Repayment of Loans and Advances to Central Government	334.55
VIII	Inter-State Settlement Account	NIL
IX	Appropriation to Contingency Fund	450.00
X	Contingency Fund	485.51
XI	Public Account Disbursements	13619.32
	(i) Small Savings and Provident Funds	232.03
	(ii) Reserve Funds	147.42
	(iii) Suspense and Miscellaneous	3690.54
	(iv) Remittances	2535.02
	(v) Deposits and Advances	7014.31
XII	Cash Balance at the end	641.52
	(i) Cash in Treasuries and Local Remittances	(-)4.12 ^{ss}
	(ii) Departmental Cash Balances including Permanent Advances	129.50
	(iii) Cash Balance Investment	518.59
	(iv) Deposits with Reserve Bank of India	(-)2.45 [*]
		18104.22

^{ss} Minus balance is due to remittances between treasuries and currency chest remaining unadjusted on 31 March 1996.

^{*} Minus balance is under investigation.

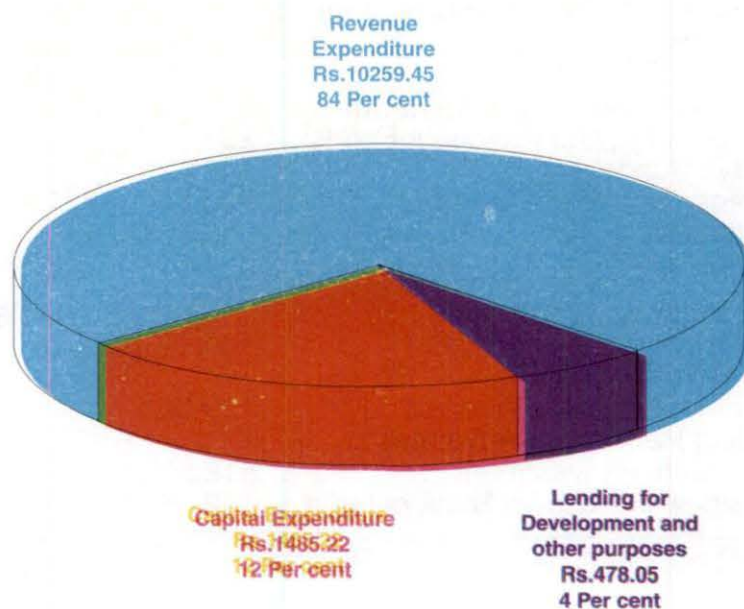
[@] Represents net expenditure after taking into account the recoveries accounted for in reduction of expenditure.

Sources of Funds for 1996-97 (Rupees in crore)



Note:-Miscellaneous Capital Receipts Rs.200 and Net Receipts on account of Inter-State Settlement Rs.30168 being negligible have not been reflected.

Application of Funds for 1996-97 (Rupees in crore)



Note:-Net disbursements from Contingency Fund Rs.9.41 crore being of negligible percentage have not been reflected.

STATEMENT - III

Sources and application of funds for 1996-97

(Rupees in crore)

		Amount
I Sources		
1	Revenue Receipts	9668.04
2	Recoveries from Loans and Advances	196.41
3	Miscellaneous Capital Receipts	NIL *
4	Increase in Public Debt other than Overdraft	1491.02
5	Net receipts from Public Accounts	731.16
	Increase in Small Savings, Provident Funds etc.	165.21
	Increase in Deposits and Advances	595.60
	Decrease in Reserve Funds	(-)82.49
	Effect on Remittance Balance	(-)32.84
	Increase in Suspense Balance	85.68
6	Net receipts on account of Inter-State Settlement	NIL #
7	Reduction in closing Cash Balance	145.50
	Net Funds available	12232.13
II Application		
1	Revenue Expenditure	10259.45
2	Lending for Development and other purposes	478.05
3	Capital Expenditure	1485.22
4	Net disbursements from the Contingency Fund	9.41
		12232.13

* Exhibited "NIL" as net receipts of Rs.200 have been ignored due to rounding.

Exhibited "NIL" as net receipts of Rs.30168 have been ignored due to rounding.

Based on these statements and other supporting data, the following paragraphs in this Chapter present an analysis of the management of the finances of the State Government during 1996-97, relating it to the position obtaining in the preceding four years.

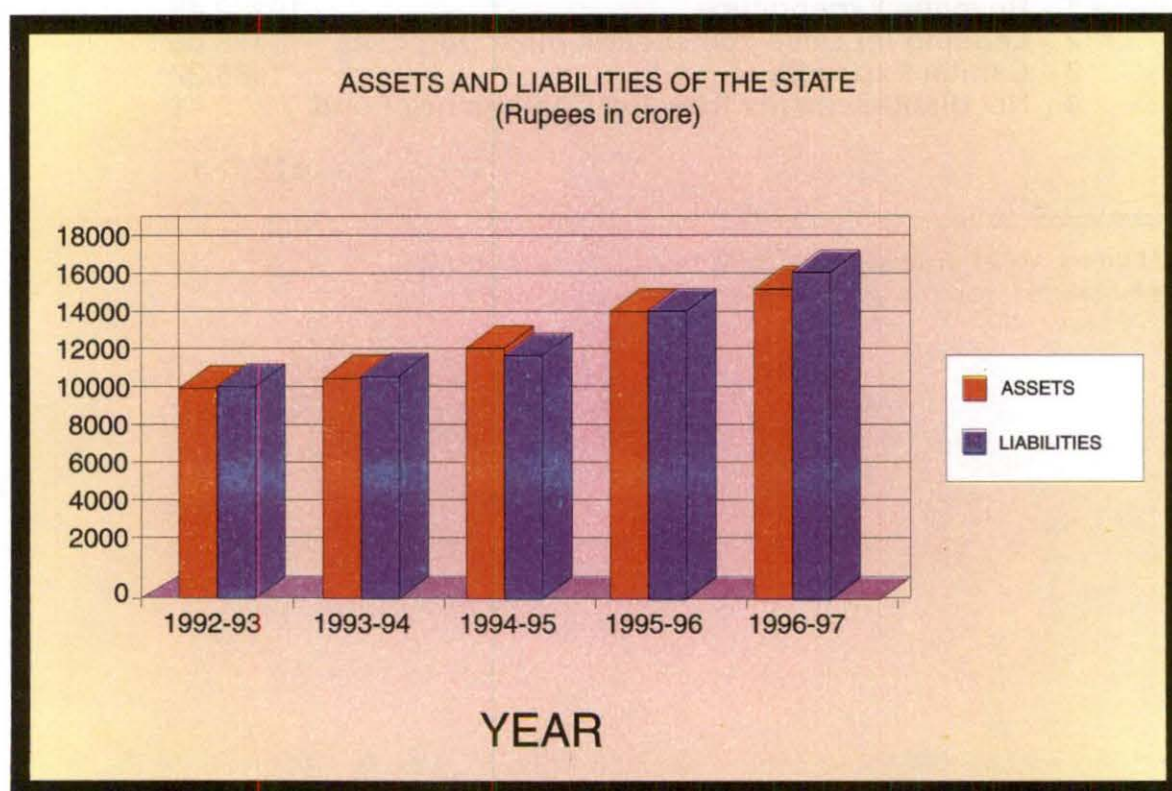
1.3 Assets and Liabilities of the State

The assets comprising of capital investments, loans and advances etc. and the total liabilities of the State Government during the last five years were as under:

(Rupees in crore)

Year	Assets	Liabilities
1992-93	10872.75	11094.67
1993-94	11555.48	11604.47
1994-95	13309.54	13096.37
1995-96	15104.23	15113.05
1996-97	16757.88	17358.11

A graphical presentation of the assets and liabilities is given below:



While the assets have grown by 54 *per cent* during the four years, the liabilities have grown by 56 *per cent*.

1.3.1 Financial position of the State

(i) Financial position of the State Government during 1996-97 as emerged from the Finance Accounts revealed that revenue receipts of the State Government were Rs.9668.04 crore against which revenue expenditure was Rs.10259.45 crore, thus resulting in a Revenue deficit of Rs.591.41 crore constituting 6 *per cent* of the revenue receipts.

(ii) The revenue receipts of the State Government comprised tax revenue (Rs.6065.96 crore), non-tax revenue (Rs.1572.74 crore), State's share of Union taxes and duties (Rs.1174.50 crore) and Grants-in-aid from the Central Government (Rs.854.84 crore). The main source of tax revenue was Taxes on Sales, Trade etc. (66 *per cent*), Taxes and Duties on Electricity (15 *per cent*) and Non-tax revenue came mainly from Interest Receipts (52 *per cent*), Non-ferrous Mining and Metallurgical Industries (28 *per cent*).

(iii) The revenue expenditure of Rs.10259.45 crore was on General Services (32.15 *per cent*), Social Services (33.36 *per cent*), Economic Services (34.04 *per cent*) and Grants-in-aid contributions (00.45 *per cent*).

(iv) The capital expenditure of the State Government was Rs.1485.22 crore which was distributed among General Services (2 *per cent*), Social Services (10 *per cent*) and Economic Services (88 *per cent*).

(v) The Public Debt of the State Government increased by Rs.1491.02 crore during 1996-97 thereby pushing up the burden of interest payment and servicing of debt. The interest payments (Rs.1609.96 crore) constituted 16 *per cent* of the revenue expenditure of the State.

1.3.2 Consolidated Fund

The receipts and expenditure under the Consolidated Fund of the State for 1996-97 alongwith previous financial year were as under:

(Rupees in crore)

<u>Receipts</u>			<u>Expenditure</u>		
1995-96		1996-97	1995-96		1996-97
Revenue Account					
8544.05	Revenue Receipts	9668.04	8766.10	Revenue Expenditure	10259.45
222.05	Deficit	591.41			
8766.10	Total	10259.45	8766.10	Total	10259.45
Capital Account					
00.06	Capital Receipts	NIL	1260.65	Capital Expenditure	1485.22
202.87	Recoveries of Loans and Advances	196.41	465.71	Loans and Advances Disbursed	478.05
1619.96	Receipts booked as Public Debt	1844.21	318.12	Repayment of Public Debt	353.19
221.59	Capital Deficit	275.84			
2044.48	Total	2316.46	2044.48	Total	2316.46
443.64	Deficit in Consolidated Fund	867.25			

Net deficit in Consolidated Fund Rs.867.25 crore, registered an increase of Rs.423.61 crore (95 *per cent*) over the previous year. It also increased by Rs.304.57 crore (54 *per cent*) over the budgeted deficit of Rs.562.68 crore in the Fund.

1.4 Revenue Receipts

1.4.1 Trend of Revenue Receipts

Trend of revenue receipts during the period of five years (1992-97) was as under:

Year	Budget Estimates	Actual Revenue Receipts	Increase(+)/ Decrease(-) over the previous year	Percentage of increase(+)/ decrease(-)
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(Rupees in crore)

1992-93	5915.83	5911.08	(+)893.52	(+)18
1993-94	6319.92	7030.01	(+)1118.93	(+)19
1994-95	7526.02	7806.39	(+)776.38	(+)11
1995-96	8289.00	8544.05	(+)737.66	(+)9
1996-97	9615.28	9668.04	(+)1123.99	(+)13

Revenue receipts increased from Rs.5911.08 crore in 1992-93 to Rs.9668.04 crore in 1996-97 which constituted an increase of 64 *per cent*.

1.4.2 Tax Revenue

The growth of tax revenue mobilised by the State Government during the last five years was as under:

Year	Budget Estimates	Tax Revenue	Percentage growth over the previous year	Percentage increase with reference to revenue receipts
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(Rupees in crore)

1992-93	3312.72	3456.55	19	63
1993-94	3889.62	3941.72	14	43
1994-95	4599.77	4742.86	20	103
1995-96	5383.49	5322.87	12	79
1996-97	6304.32	6065.96	14	66

While the revenue receipts of the Government increased by 11, 9 and 13 *per cent* during 1994-95, 1995-96 and 1996-97 respectively, the tax revenue increased by 20, 12 and 14 *per cent* respectively during these years. Though, there was increase in tax receipts during the year, the growth rate was still below that of 1994-95.

An analysis of the tax revenue raised by the State Government revealed that Taxes on Sales, Trade etc. constituted major share of tax revenue raised by the State during the last five years as indicated below:

	1992-93	1993-94	1994-95	1995-96	1996-97
(Rupees in crore)					
Taxes on Sales, Trade etc.	2300.58 (67)	2771.03 (70)	3185.99 (67)	3593.37 (67)	4025.69 (66)
Taxes and Duties on Electricity	544.19 (16)	465.53 (12)	791.21 (17)	695.58 (13)	900.60 (15)
Taxes on Goods and Passengers	121.56 (3)	117.44 (3)	65.40 (2)	107.30 (2)	96.19 (2)
Taxes on Vehicles	145.02 (4)	174.69 (4)	208.17 (4)	305.69 (6)	333.94 (5)
Stamps and Registration fees	184.56 (5)	210.77 (5)	270.68 (6)	355.48 (7)	399.13 (7)
Land Revenue	46.00 (2)	59.16 (2)	60.75 (1)	77.48 (1)	87.58 (1)
Other Taxes on Income and Expenditure	40.63 (1)	44.39 (1)	44.24 (1)	45.65 (1)	48.27 (1)
Other Taxes					
Estate duty and Taxes on Immovable Property other than Agriculture Land	0.28	0.41	0.56	0.56	0.73
State Excise	14.85	18.42	21.08	21.36	24.32
Other Taxes and Duties on Commodities and Services	58.88	79.87	94.78	120.40	149.51
Total Other Taxes	74.01 (2)	98.70 (3)	116.42 (2)	142.32 (3)	174.56 (3)
Total Collections	3456.55 (100)	3941.71 (100)	4742.86 (100)	5322.87 (100)	6065.96 (100)

Note: Percentage of individual taxes to the total collection is given in brackets.

The percentage of taxes on Sales, Trade etc. realised to total tax receipts during 1996-97 was lowest in the last five years.

1.4.3 Non-Tax Revenue

The growth of non-tax revenue during the last five years was as under:

Year	Budget Estimates	Non-Tax Revenue	Percentage growth over the previous year	Percentage increase with reference to revenue receipts
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(Rupees in crore)

1992-93	1234.47	1157.97	2	3
1993-94	979.50	1398.78	21	22
1994-95	1277.75	1488.11	6	12
1995-96	1128.23	1601.17	8	15
1996-97	1248.73	1572.74	(-)2	(-)3

Non-tax revenue receipts in 1996-97 declined by Rs.28.43 crore over the previous year. Decrease was mainly under 'Interest Receipt' (Rs.39.49 crore), 'Miscellaneous General Services' (Rs.13.71 crore) and 'Dividend and Profits' (Rs.11.22 crore), which were partly offset by increase under 'Non-ferrous Mining and Metallurgical Industries' (Rs.15.21 crore), 'Other Social Services' (Rs.4.71 crore) and 'Other Administrative Services' (Rs.3.11 crore) etc.

1.4.4 State's share of Union taxes and duties and Grants-in-aid

Trend of State's share of Union taxes and duties and the Central grants-in-aid for the last five years was as under:

Year	State's share of	Grants in-aid	Total	Percentage of total to	
	net proceeds of taxes on income other than corporation tax	Union Excise Duties		Revenue receipts	Revenue expenditure

(Rupees in crore)

1992-93	275.95	537.14	483.47	1296.56	22	21
1993-94	395.48	587.61	706.42	1689.51	24	24
1994-95	389.47	589.16	596.79	1575.42	20	21
1995-96	457.98	681.28	480.75	1620.01	19	18
1996-97	503.60	670.90	854.84	2029.34	21	20

The aggregate of State's share of taxes, duties and grants-in-aid from the Central Government during the year 1996-97 was Rs.2029.34 crore representing 21 *per cent* of the revenue receipts and 20 *per cent* of the revenue expenditure of the State Government.

1.4.5 Arrears of revenue

The position of arrears of revenue under principal heads of revenue as per information available and total revenue realised by the State Government during 1992-93 to 1996-97 was as given below:

Year	Revenue realised	Arrears of revenue	Percentage of arrears to revenue realised
(Rupees in crore)			
1992-93	4614.52	364.29	8
1993-94	5340.50	589.96	11
1994-95	6230.97	802.18	13
1995-96	6924.04	830.98	12
1996-97	7638.70	3298.99	43

Arrears of revenue of Rs.3298.99 crore at the end of March 1997, as reported by the departments, pertained mainly to Electricity Duty Rs.1839.48 crore, Sales Tax Rs.871.31 crore and Interest Receipt Rs.424.76 crore.

1.5 Revenue expenditure

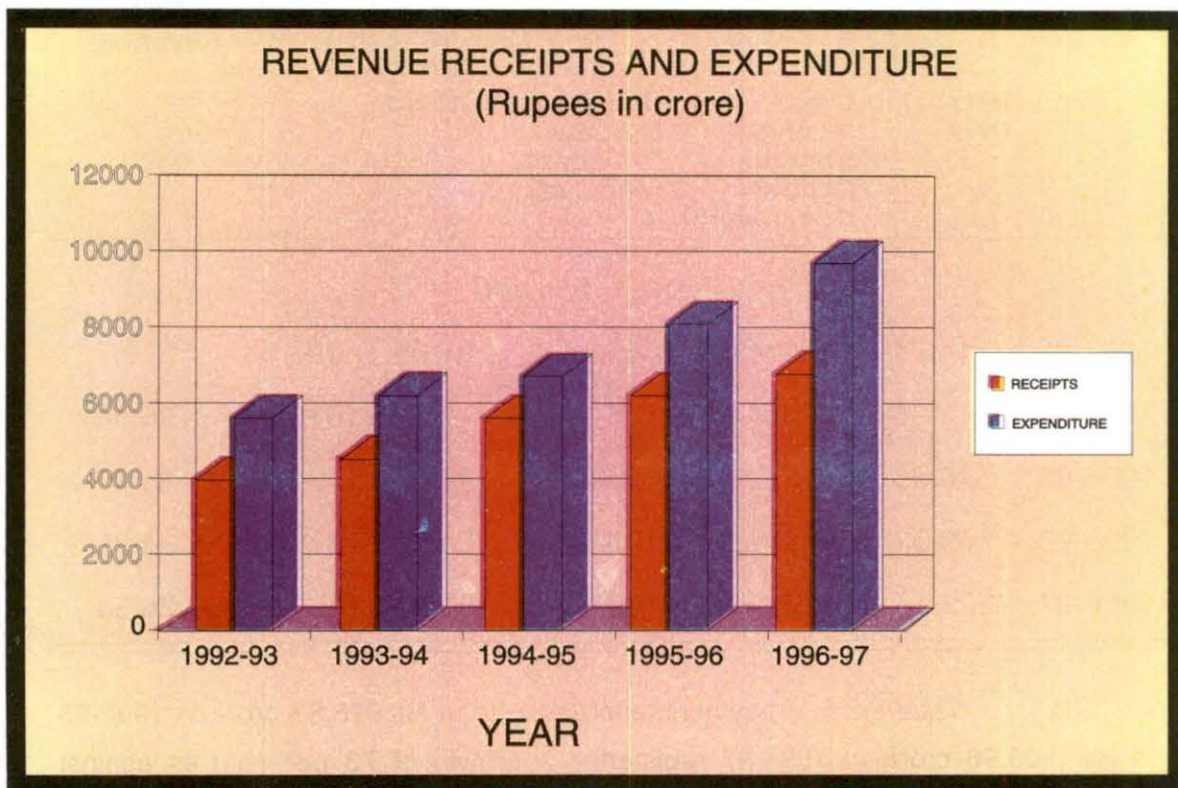
Trend of revenue expenditure of the State during the five years period ending 1996-97 was as under:

(Rupees in crore)						
Year	Budget Estimates		Actual			Increase(+)/ decrease(-) over the previous year
	Plan	Non-Plan	Plan	Non-Plan	Total	
1992-93	1561.82	4980.00	1482.44	4728.46	6210.90	(+)965.58
1993-94	754.30	6016.43	662.33	6271.46	6933.79	(+)722.89
1994-95	825.97	7028.77	825.46	6718.76	7544.22	(+)610.43
1995-96	1208.27	8073.36	1134.02	7632.08	8766.10	(+)1221.88
1996-97	1222.69	9255.74	1145.67	9113.78	10259.45	(+)1493.35

Revenue expenditure (Plan) during 1996-97 was Rs.1145.67 crore against the budget estimates of Rs.1222.69 crore (including supplementary) disclosing a shortfall of Rs.77.02 crore. Non-plan Revenue Expenditure during the year was Rs.9113.78 crore (Rs.7632.08 crore during the previous year) against the budget estimates of Rs.9255.74 crore (including supplementary) resulting in saving of Rs.141.96 crore. Main reasons for savings/excesses are given in Chapter II of this Report. Further, details are available in the Appropriation Accounts of the Government of Gujarat for the year 1996-97.

Substantial increase in revenue expenditure occurred under 'Power' (Rs.317.83 crore); 'Interest Payments' (Rs.281.89 crore); 'General Education' (Rs.170.43 crore); 'Pension and Other Retirement Benefits' (Rs.151.61 crore); 'Medical and Public Health' (Rs.49.03 crore) and 'Roads and Bridges' (Rs.48.73 crore). Reasons for substantial increase were due mainly to (i) assistance to Electricity Board (Power), (ii) Payment of more interest on Central Loans and on Internal Debt, (iii) Overall increase in rates of DA and IR (General Education), (iv) More expenditure on superannuation and retirement benefits and (v) more expenditure on district and other roads.

Total Revenue Expenditure (both Plan and Non-plan) during 1996-97 was Rs.10259.45 crore against Rs.8766.10 crore during 1995-96. Revenue receipts *vis-a-vis* revenue expenditure during the period of five years ending 1996-97 are indicated in a graph given below:



Sector-wise revenue expenditure of the State during the period of five years (1992-97) was as under:

(Rupees in crore)

Sector	Expenditure during				
	1992-93	1993-94	1994-95	1995-96	1996-97
A-General Services	1766.73	1940.67	2287.66	2592.47	3298.25
B-Social Services	2006.80	2332.89	2626.22	3129.62	3422.42
C-Economic Services	2410.60	2634.45	2595.50	3003.90	3492.47
D-Grants-in-aid and Contribution	26.77	25.78	34.84	40.11	46.31
Total	6210.90	6933.79	7544.22	8766.10	10259.45

1.5.1 Interest payment

Trend of interest payments during the last five years was as under:

Year	Interest Paid on				Total	Percentage of interest payments with reference to Tax Revenue
	Internal Debt	Loans received from the Central Government	Small Savings, Provident funds, etc.	Others		

(Rupees in crore)

1992-93	114.28	641.41	85.14	88.00	928.83	26.87
1993-94	117.38	716.74	98.91	112.93	1045.96	26.54
1994-95	140.75	796.83	113.87	139.47	1190.92	25.11
1995-96	143.33	900.23	129.84	154.67	1328.07	24.95
1996-97	223.16	1055.96	148.93	181.91	1609.96	26.54

Total interest payments increased from Rs.928.83 crore in 1992-93 to Rs.1609.96 crore in 1996-97 registering a growth of 73 *per cent* as against growth rate of 64 *per cent* in revenue receipts during this period. Interest payments

during the year was more by Rs.793.82 crore (97 *per cent*) over the interest receipts of Rs.816.14 crore during the year.

1.5.2 (i) Loans and advances by the State Government

The State Government have been advancing loans to Government companies, corporations, autonomous bodies, co-operatives, non-Government institutions, etc. for development and non-development activities. The position of such loans for the five years from 1992-93 to 1996-97 was as under:

(Rupees in crore)

	1992-93	1993-94	1994-95	1995-96	1996-97
Opening balance	3598.77	3673.76	3672.58	4265.48	4528.32
Amount advanced during the year	514.96	454.49	712.63	465.71	478.05
Amount repaid during the year	439.97	455.67	119.73	202.87	196.41
Closing balance	3673.76	3672.58	4265.48	4528.32	4809.96
Net increase(+)/decrease(-)	(+)74.99	(-)1.18	(+)592.90	(+)262.84	(+)281.64
Interest received and credited to revenue	168.42	324.48	316.06	190.24	54.60

The terms and conditions in respect of four loans aggregating Rs.1.82 crore sanctioned and paid upto the year 1996-97 (Health and Family Welfare Department: two items: Rs.1.66 crore; Industries, Mines and Energy Department: one item:Rs.16.00 lakh; Revenue Department: one item: Rs.00.05 lakh) were not prescribed (November 1997). Year-wise details are given below:

1.5.2 (ii) Recoveries in arrears

The total amount overdue for recovery against loans advanced to municipalities, panchayatiraj institutions, other local bodies, public sector undertakings, etc. as on 31 March 1997, the detailed accounts of which were maintained by the Accountant General (Accounts and Entitlement), was Rs.337.39 crore including Rs.63.57 crore on account of interest. This included Rs.221.36 crore (66 *per cent*) pertaining to periods prior to 1993-94. During last four years,

only 10 *per cent* of overdue loan and interest for the period prior to 1993-94 was recovered indicating slow pace of recovery process.

In respect of loans granted to others, the detailed accounts are kept by 84 departmental officers. Information regarding overdue instalments of principal and interest thereon were not furnished by 74, 74, 64, 40 and 55 departmental officers as at the end of March 1993, 1994, 1995, 1996 and 1997 respectively. Rupees 51.98 crore (Principal: Rs.23.28 crore, Interest: Rs.28.70 crore) become overdue as on 31 March 1997 as per information furnished by 29 departmental officers.

1.6 Capital Expenditure

1.6.1 Assets are created mostly out of capital expenditure. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government (i.e. Public Sector Undertakings (PSUs), corporations, etc.) and loans and advances. Trend of capital expenditure for the last five years was as under:

Year	Budget Estimates	Capital expenditure		Total	Percentage increase(+)/ decrease(-) over the previous year	Percentage of capital expenditure with reference to total expenditure
		Plan	Non-plan			

(Rupees in crore)

1992-93	835.69	737.07	61.78	798.85	(-)15	9
1993-94	957.36	568.76	55.10	623.86	(-)22	7
1994-95	1056.68	894.59	67.11	961.70	(+)54	10
1995-96	1380.86	1078.05	182.60	1260.65	(+)31	12
1996-97	1574.03	1408.94	76.28	1485.22	(+)18	11

The progressive capital expenditure of the State Government increased from Rs.6112.31 crore at the beginning of 1992-93 to Rs.11242.65 crore at the end of 1996-97, an increase of 84 *per cent*. Expenditure on capital account which was Rs.798.85 crore during 1992-93 rose to Rs.1485.22 crore during 1996-97. Bulk of the capital expenditure on Plan schemes was under irrigation and flood control, water supply, sanitation, housing and urban development, agriculture and allied activities and transport.

Sector-wise capital expenditure of the State during the period of five years (1992-97) was as under:

Sector	Expenditure during				
	1992-93	1993-94	1994-95	1995-96	1996-97
	(Rupees in crore)				
A-General Services	15.18	17.68	17.09	20.08	29.97
B-Social Services	107.84	142.56	205.41	103.98	151.40
C-Economic Services	676.63	463.62	739.20	1136.59	1303.85
Total	798.85	623.86	961.70	1260.65	1485.22

1.6.2 Investments and Returns

Government invested Rs.109.39 crore during 1996-97 in capital contribution, equity, debentures, etc. in statutory corporation, Government companies, etc. It was made up of Rs.8.47 crore in statutory corporations, Rs.86.06 crore in Government companies and Rs.14.86 crore in co-operative Societies, other joint stock companies, etc.

The total investment of the Government capital contribution, equity and debentures, etc. of different concerns at the end of 1992-93, 1993-94, 1994-95, 1995-96 and 1996-97 were Rs.3026.12 crore, Rs.3087.40 crore, Rs.3219.68 crore, Rs.3380.05 crore and Rs.3489.44 crore respectively. Dividend and interest received therefrom were Rs.12.26 crore, Rs.21.26 crore, Rs.14.08 crore, Rs.34.00 crore and Rs.22.78 crore which worked out to 0.41 *per cent*, 0.69 *per cent*, 0.44 *per cent*, 1.01 *per cent* and 0.66 *per cent* of the investments in the respective years against the average rate of interest of 13.36 *per cent* for Government borrowings during this period.

The dividends and interest received from Statutory Corporations, Government Companies, Joint Stock Companies, Partnerships, Co-operative institutions and Local Bodies, the amount invested therein and the number of such institutions in which investments were made were as indicated below:

	Amount of Dividend/Interest				
	Investments (Rupees in crore)				
	Number of Institutions				
	1992-93	1993-94	1994-95	1995-96	1996-97
1 Statutory Corporations	NIL	NIL	3.5	3.29	NIL
	404.50	407.26	408.16	416.63	386.36
	6	6	6	6	6
2 Government Companies	8.67	9.19	0.20	15.31	15.87
	2549.04	2589.07	2708.73	2863.79	2949.85
	39	40	40	40	41
3 Other Joint Stock Companies and Partnerships	NIL	2.67	2.79	1.94	2.36
	4.91	4.92	4.93	4.93	4.93
	28	29	29	29	29
4 Co-operative institutions and Local Bodies	3.59	9.40	7.55	13.46	4.55
	85.81	88.91	98.76	103.17	118.03
	2004	2004	2004	2004	2004
Total	12.26	21.26	14.08	34.00	22.78
	3026.12	3087.40	3219.68	3380.05	3489.44
	2077	2079	2079	2079	2080

As per accounts finalised till 31 March 1997, accumulated loss by 17 Government companies amounted to Rs.789.50 crore.

As of 31 March 1997, finalisation of accounts of 20 Government companies was in arrears (1 since 1992-93, 4 since 1993-94, 8 since 1994-95 and 7 for the year 1995-96).

1.7 Deficit

1.7.1 Revenue Deficit

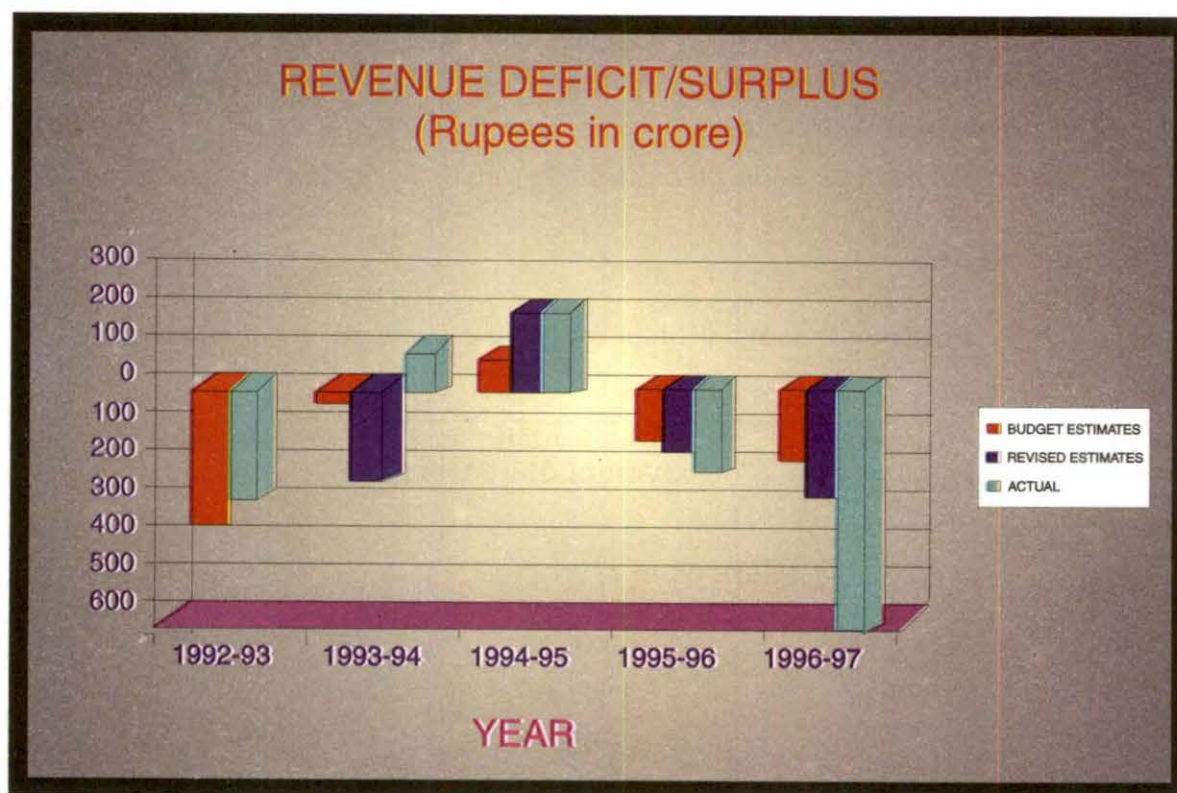
The revenue deficit is the gap between revenue receipts and revenue expenditure. Trend of revenue deficit for the last five years was as under:

Year	Revenue Deficit(-)/Surplus(+)			Percentage of actual Deficit(-) Surplus(+) to revenue receipts	Revenue deficit as a percentage of fiscal deficit
	Budget estimates	Revised estimates	Actual		
(Rupees in crore)					
1992-93	(-)362.01	(-)244.72	(-)299.82	(-)5.07	26.04
1993-94	(-)34.10	(-)249.88	(+)96.22	(+)1.37	*
1994-95	(+)87.33	(+)196.40	(+)262.17	(+)3.36	*
1995-96	(-)125.41	(-)161.71	(-)222.05	(-)2.60	12.72
1996-97	(-)197.72	(-)280.51	(-)591.41	(-)6.12	25.08

* Percentage not exhibited as there was revenue surplus as against fiscal deficit during those years.

The revenue surplus attained during 1993-94 and 1994-95 was followed by revenue deficit in succeeding two years. The year 1996-97 ended with record deficit of Rs.591.41 crore in five years, registering an increase of 97.25 *per cent* over 1992-93.

A graphical expression of revenue deficit/surplus is given below:



1.7.2 Fiscal Deficit

The position of fiscal deficit i.e. the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received) for the last five years was as under:

Year	Fiscal deficit (Rupees in crore)
1992-93	1151.18
1993-94	526.46
1994-95	1292.43
1995-96	1745.48
1996-97	2358.27

It would be seen that except in 1993-94 all the years registered heavy fiscal deficit. The fiscal deficit of Rs.2358.27 crore in 1996-97 indicated an increase of 105 *per cent* above the deficit of 1992-93.

1.8 Public Debt

Public Debt of a State Government comprises of internal debt. It has vital link with all aspects of Public Finance, taxation and expenditure policies, budget surplus and deficits, development expenditure and economic growth.

The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law has been passed by the State Legislature laying down any such limit.

1.8.1 Internal Debt

Position of internal debt for the last five years was as under:

Year	Addition during the year	Debt servicing and payment of interest	Percentage
(Rupees in crore)			
1992-93	984.82	946.80	96
1993-94	974.97	1147.60	118
1994-95	368.45	285.51	58
1995-96	311.77	179.53	58
1996-97	406.77	241.80	59

1.8.2 Other liabilities

Apart from the borrowing accounted for in the Consolidated Fund of the State, there are Small Savings, Provident Funds, Reserve Funds and Deposits which are kept in a separate Public Account. The balances of Public Account are carried forward annually. These amounts add substantially to the liability of the State Government.

Trend of these liabilities for the last five years was as under:

Year	Addition during the year	Debt payment and interest	Percentage
(Rupees in crore)			
1992-93	4478.68	4211.03	94
1993-94	4829.87	4692.37	97
1994-95	5681.59	5344.70	94
1995-96	6839.24	6512.84	95
1996-97	7967.11	7595.03	95

It would be seen that the addition of 'Other Liabilities' increased by Rs.3508.12 crore and net inflow of these funds ranged between 3 and 6 *per cent* only during the period of five years.

1.8.3 Loans and Advances from the Central Government

Position of loans and advances from the Government of India for the last five years was as under:

Year	Addition during the year	Repayment and interest	Net flow	Percentage
(Rupees in crore)				
1992-93	848.97	947.36	(-)98.39	112
1993-94	797.26	972.26	(-)175.00	122
1994-95	968.56	1046.22	(-)77.66	108
1995-96	1308.19	1182.15	(+)126.04	90
1996-97	1437.44	1390.51	(+)46.93	97

While the receipt of loans and advances from Government of India increased by Rs.588.47 crore (69 *per cent*) during the period of five years (1992-97) the net flow of funds available during 1996-97 was Rs.46.93 crore only.

1.8.4 Guarantees given by the Government

Under Article 293 of the Constitution of India, the Gujarat State Guarantees Act, 1963 as amended by the Act of 1994 was passed by the State Legislature laying down the limit upto Rs.8000 crore within which Government may give guarantees on the security of the Consolidated Fund of the State. State guarantees, constituting contingent liabilities on the revenue of the State, are given on behalf of statutory corporations and statutory bodies, municipal corporations, municipalities, nagar panchayats etc., co-operative banks and societies, joint stock companies and others for discharge of certain liabilities like repayment of capital, loans, fixed deposits etc., raised and for payment of minimum dividend or interest. The guarantees given by Government, sums guaranteed and outstanding, during the last five years were as indicated below:

(Rupees in crore)		
As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding
1993	5815.18	5189.61
1994	5970.25	5387.33
1995	7083.74	6500.82
1996	7083.83	6519.06
1997	7527.12	6912.35

The following observations are made:

(i) As regards the outstanding amount break-up of principal and interest was not available.

(ii) Government paid Rs.4.62 crore in respect of 18 cases towards discharge of guarantee liabilities upto March 1997. No amount was recovered against the discharge during 1996-97.

1.9 Ways and Means Advances and Overdraft

Under an agreement with the Reserve Bank of India, the Government of Gujarat has to maintain with the Bank a minimum cash balance of Rs.70 lakh on all days during 1996-97. The Bank informs the Government of the daily balance with the Bank at the close of each working day and if the balance falls below the agreed minimum, the deficiency is made good either by discounting Government of India treasury bills held on behalf of the Government of Gujarat or by obtaining ordinary ways and means advances upto a maximum of Rs.117.60 crore. The Bank has also agreed to give special ways and means advances not exceeding Rs.44.89 crore against the securities of the Government of India held by the Government of Gujarat.

The extent to which the Government maintained the minimum balance with the Bank during 1992-93 to 1996-97 was as under:

	1992-93	1993-94	1994-95	1995-96	1996-97
1 Number of days on which the balance was maintained					
(a) Without obtaining any advance	148	237	354	366	365
(b) by obtaining Ways and Means Advances	105	95	10	NIL	NIL
2 Number of days on which there was shortfall even after availing of Ways and Means Advances but without taking overdraft	2	NIL	NIL	NIL	NIL
3 Number of days on which overdrafts were obtained	110	33	1	NIL	NIL
(all days inclusive of Sundays and holidays)					

The position of ways and means advances and overdrafts taken by the Government of Gujarat and interest paid thereon during the same period was as under:

	1992-93	1993-94	1994-95	1995-96	1996-97
(Rupees in crore)					
Ways and Means Advances					
(a) Opening balance	9.73	53.20	NIL	NIL	NIL
(b) Advances taken during the year (gross)	720.06	451.89	101.11	NIL	NIL
(c) Advances repaid during the year (gross)	676.59	505.09	101.11	NIL	NIL
(d) Advances outstanding at the end of the year	53.20	NIL	NIL	NIL	NIL
(e) Interest paid	2.61	1.51	0.10	NIL	NIL
Overdrafts					
(i) Overdraft taken during the year (gross)	4812.21	246.24	13.86	NIL	NIL
(ii) Overdraft outstanding at the end of year	138.64	NIL	NIL	NIL	NIL
(iii) Interest paid	1.59	0.61	0.01	NIL	NIL

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State . The Appropriation Act passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Acts include expenditure which has been voted by the Legislature on various grants in terms of Article 204 and 205 of the Constitution of India and also include expenditure which is required to be charged on the Consolidated Fund of the State . The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government *vis-a-vis* those authorised by the Appropriation Acts.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants was within the authorisation given under the Appropriation Acts 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 was in conformity with the law , relevant rules, regulations and instructions.

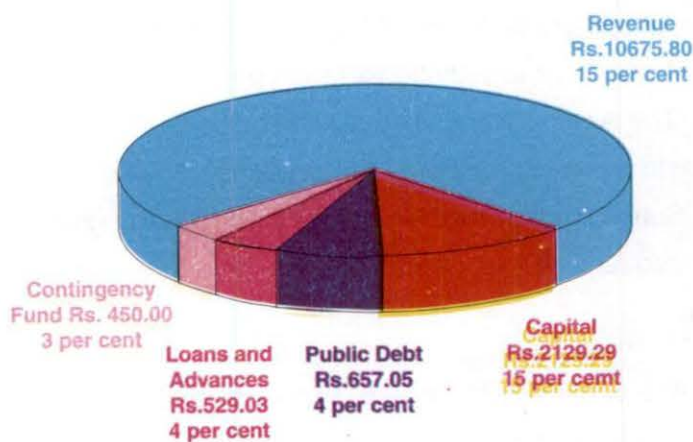
This chapter contains observations of Audit conducted in respect of Appropriation Accounts prepared by the Accountant General (Accounts and Entitlement) Gujarat for the year 1996-97.

2.2 Summary of Appropriation Accounts

A summary of Appropriation Accounts of sums expended during the year ended 31 March 1997 compared with the several sums authorised in the Appropriation Acts, 1996 and 1997 passed under Articles 204 and 205 of the Constitution of India is given below :

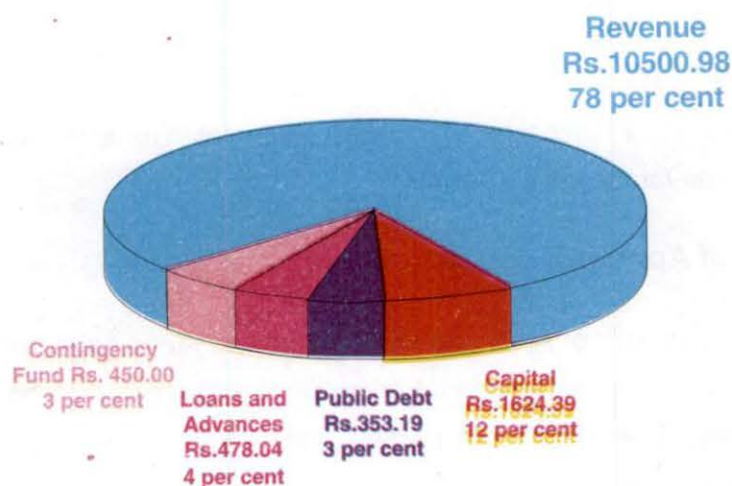
The pie chart below depicts the provision and expenditure during 1996-97

PROVISION FOR 1996-97 (Rupees in crore)



Note : Provision Rs.0.01crore under inter-state settlement being of negligible percentage has not been reflected.

EXPENDITURE FOR 1996-97 (Rupees in crore)



Serial number	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Variation savings(-) excess(+)
---------------	-----------------------	------------------------------	-----------------------------------	-------	--------------------	--------------------------------

(Rupees in crore)

I	Revenue					
	Voted	7782.71	1254.51	9037.22	8840.63	-196.59
	Charged	1552.84	85.74	1638.58	1660.35	+ 21.77
II	Capital					
	Voted	1860.07	265.87	2125.94	1621.32	-504.62
	Charged	0.04	3.31	3.35	3.07	- 0.28
III	Public Debt					
	Charged	649.47	7.58	657.05	353.19	-303.86
IV	Loans and Advances					
	Voted	407.73	121.30	529.03	478.04	- 50.99
V	Others					
	Inter-State Settlement					
	Charged	0.01	-	0.01		- 0.01
VI	Contingency Fund					
	Voted	-	450.00	450.00	450.00	-
Grand Total		12252.87	2188.31	14441.18	13406.60	-1034.58

2.3 Results of Appropriation Audit

The following results emerge broadly from Appropriation Audit.

2.3.1 Supplementary provision of Rs.2188.31 crore obtained in March 1997 constituted 18 *per cent* of the original provision as against 13 *per cent* in the preceding year.

2.3.2 Unnecessary/excessive/inadequate supplementary provision

(a) Total supplementary provision of Rs.2188.31 crore, obtained in March 1997 could have been reduced in view of overall saving of Rs.1034.58 crore.

(b) Supplementary provision of Rs.142.15 crore (Revenue : Rs.7.43 crore, Capital : Rs.134.72 crore) in 18 cases as detailed in Appendix-I, proved unnecessary.

(c) In 27 cases as detailed in Appendix-II, additional funds required were only Rs.789.27 crore (Revenue : Rs.749.32 crore, Capital : Rs.39.95 crore) against the Supplementary provision of Rs.891.30 crore (Revenue : Rs.804.74 crore, Capital : Rs.86.56 crore) with saving in each case exceeding Rs. 20 lakh.

(d) In 20 cases as detailed in Appendix-III, Supplementary provision of Rs.465.28 crore (Revenue : Rs.439.19 crore, Capital : Rs.26.09 crore) was inadequate by more than Rs.20 lakh in each case leaving an aggregate uncovered excess expenditure of Rs.533.11 crore.

2.3.3 Saving/Excess over provision

Overall saving of Rs.1034.58 crore was the result of saving of Rs.1568.85 crore in 98 grants (Rs.1259.90 crore) and 34 appropriations (Rs.308.95 crore) offset by excess of Rs.534.27 crore in 41 grants (Rs.507.70 crore) and three appropriations (Rs.26.57 crore). The excess of Rs.534.27 crore details of which are given in Appendix-IV, required regularisation under Article 205 of the Constitution. The excesses for the years 1988-89, 1989-90 and 1991-96 were yet to be regularised.

2.3.4 Unutilised provision

In 20 cases, expenditure fell short by more than Rs.1 crore and also by 10 *per cent* of the total provision as detailed in Appendix-V.

2.3.5 Significant cases of savings under plan expenditure

Due to non-implementation/slow implementation of the plan schemes, substantial savings occurred in 22 cases; the entire provision remained unutilised in 7 cases. Details are given in Appendix-VI.

2.3.6 Significant savings under the Centrally Sponsored Schemes

Significant cases of savings under centrally sponsored schemes test checked were as under:

(a) Provision of Rs.15.00 crore(Non-Plan-Grant No.3)was made under "National Watershed Development Project for rainfed Agriculture". There was saving of Rs.12.14 crore due mainly to less release of fund by Government of India.

(b) Provision of Rs.16.97 crore(Grant No.8) was made under "Purchase and maintenance of Equipment for physical facilities under Operation Black Board Programme". There was saving of Rs.13.05 crore due mainly to less receipt of central share.

(c) Provision of Rs.1.61 crore (Grant No.8) was made for "Jan-Shikshan Nilayam".The entire provision remained unutilised due to non-implementation of the scheme pending approval by Government.

(d) Provision of Rs.0.70 crore (Grant No.8) was made under "Post Graduate Courses" which remained unutilised due to non-filling up of post and non-purchase of equipment.

(e) Provision of Rs.0.75 crore (Grant No. 25) was made for "Establishment of Fodder Bank". No expenditure could be incurred due to closure of the scheme.

(f) Provision of Rs.1.65 crore (Grant No.38) was made under partially Centrally Sponsored Scheme "National T.B. Control Programme". There was saving of Rs.1.13 crore due to non-receipt of Central assistance from Government of India.

(g) Provision of Rs.0.70 crore (Grant NO. 54) was made for Centrally Sponsored Scheme for "Development of Holiday Homes", out of which Rs.0.56 crore remained unutilised due mainly to non-sanction of proposal of State Government by Government of India.

(h) Provision of Rs.2.00 crore(Grant No.94) was made under "National Water Shed Project for rainfed Agriculture". Out of this Rs 1.54 crore remained unutilised reasons for which were not intimated.

(i) Provision of Rs.0.84 crore (Grant No.94) was made under "Establishment of Farm-women Training Technology Centres". Rupees 0.64 crore remained unutilised due to non-sanction of the scheme.

2.3.7 Persistent Savings

Persistent savings exceeding Rs.25 lakh in each case noticed in the grants are given in Appendix-VII.

2.3.8 Significant cases of excess

In the following grants, expenditure exceeded the provision by more than Rs.50 lakh and also by more than 10 per cent of the total provision.

Serial number	Name of Department Number and name of grant	Amount of excess (percentage to total Provision)	Reasons for excess
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(Rupees in crore)

Revenue Section			
Grants			
Agriculture, Co-operation and Rural Development			
1	5-Co-operation	5.42 (18)	Reasons for excess had not been intimated (November 1997).
Narmada and Water Resources			
2	66-Irrigation and Soil Conservation	353.53 (59)	Reasons for excess had not been intimated (November 1997).
Roads and Buildings			
3	83-Non-Residential Buildings	13.20 (11)	Reasons for excess had not been intimated (November 1997).
4	84-Residential Buildings	8.53 (18)	Reasons for excess had not been intimated (November 1997).
5	85-Roads and Bridges	49.86 (16)	Reasons for excess had not been intimated (November 1997).
6	86-Gujarat Capital Construction Scheme	0.51 (15)	Reasons for excess had not been intimated (November 1997).

2.3.9 Surrender of savings

(a) As against available saving of Rs.1034.58 crore, a sum of Rs.1551.31 crore was surrendered in March 1997, resulting in excess surrender of Rs.516.73 crore.

(b) Surrender exceeding Rs.1 crore in each case was made in excess of saving available in the following grants:

Grant number	Department	Amount of saving	Amount surrendered	Amount surrendered in excess
(Rupees in crore)				

Capital Section Grants

49	Industries and Mines	35.57	40.86	5.29
65	Narmada and Water Resources	411.19	412.43	1.24

(c) Though the expenditure incurred exceeded the provisions, amounts exceeding Rs.1 crore were surrendered in the following grants:

Grant number	Department	Actual excess over provision	Amount surrendered
(Rupees in crore)			

Revenue Section Grants

43	Home	18.46	1.89
94	Social Welfare and Tribal Development	2.30	1.00

(d) Significant savings of Rs. 1 crore or more in each case were not surrendered in the following cases:

Grant/Appropriation number	Department	Total saving	Amount surrendered	Amount not surrendered
(Rupees in crore)				

Revenue Section Grants

2	Agriculture, Co-operation and Rural Development	2.59	0.11	2.48
21	Food and Civil Supplies	2.04	Nil	2.04
40	Health and Family Welfare	1.05	Nil	1.05
78	Revenue	5.93	0.36	5.57
93	Social Welfare and Tribal Development	6.21	3.10	3.11

Appropriation

43	Home	1.70	Nil	1.70
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Capital Section Appropriation

19	Finance	303.82	300.84	2.98
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2.4 Injudicious re-appropriations

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. It is permissible only when there is definite or reasonable chance of saving under the unit to meet urgent expenditure under another unit.

In 16 cases, re-appropriations turned out to be injudicious in view of final excess/saving being more than the amount re-appropriated as detailed in Appendix-VIII.

2.5 Expenditure on "New Service/New Instrument of Service"

The existing rules provide that expenditure on any item coming under "New Service/New Instrument of Service" should not be incurred without obtaining specific approval of the legislature. In case of urgency, such expenditure can be incurred by obtaining advance from the Contingency Fund of the State pending authorisation by the legislature.

In nine cases, mentioned in Appendix-IX expenditure of Rs.6.45 crore was incurred without budget provision. No supplementary grant or advance from the Contingency Fund was, however, obtained though these cases satisfied the criteria for being treated as "New Service/New Instrument of Service".

2.6 Trend of recoveries

Under the system of gross budgeting followed by the State Government, demands for grants/appropriations presented to the legislature are for gross expenditure and exclude all credits/recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. During 1996-97, such recoveries were anticipated at Rs.752.62 crore (Revenue : Rs.197.37 crore and Capital : Rs.555.25 crore).

In six grants under Revenue Section, actual recoveries (Rs.132.25 crore) were more than the estimated recoveries (Rs.66.63 crore) by Rs.65.62 crore. On the other hand, in 74 grants, actual recoveries (Rs.0.96 crore) were less than estimated recoveries (Rs.25.97 crore) by Rs.25.01 crore.

Similarly, in Capital Section, in respect of six grants, actual recoveries (Rs.5.96 crore) were more than estimated recoveries (Rs.0.75 crore) by Rs 5.21 crore. Further, in six grants, actual recoveries (Rs.133.21 crore) were less than estimated recoveries (Rs.554.51 crore) by Rs.421.30 crore.

Less recoveries under Revenue Section were partly due to exhibition of recoveries on account of Food Grain Advances and Festival Advances granted to employees as recoveries distinctly in the grants, instead of treating such recoveries as reduction in expenditure under the programme minor head "Direction and Administration". To that extent, budget estimates were framed incorrectly.

Reasons for variations were not furnished (November 1997). Further details of grant-wise recoveries were as given in Appendix-II of the Appropriation Accounts for the year 1996-97.

2.7 Advances from the Contingency Fund

The Contingency Fund of the State was established under the Gujarat Contingency Fund Act, 1960 and under the provision of Article 267(2) of the Constitution of India.

The Corpus of the Fund is Rs.50 crore. As on 1 April 1997 balance in the Fund was Rs.23.90 crore. During the year, Corpus was increased to Rs.600 crore by an Ordinance issued in October 1996 which was repealed by an Act passed in March 1997 reducing the Corpus to Rs.500 crore valid till the close of the year. During the year, advances amounting to Rs.148.10 crore were drawn from the Fund against Rs.188.56 crore sanctioned. Rupees 138.69 crore were recouped to the Fund including Rs.26.10* crore pertaining to previous year, leaving an unrecouped balance of Rs.35.51 crore at the end of the year.

According to provision of Gujarat Budget Manual, it is the responsibility of the administrative department to watch progress of expenditure in respect of the advance obtained from the Contingency Fund and wherever necessary, to get it cancelled, reduced or increased. Further, the administrative department should after collecting details of withdrawals from the controlling officers reconcile the figures of expenditure incurred from the Contingency Fund with those booked in the Office of the Accountant General (Accounts and Entitlement). The budget manual further lays down that the application for advance should contain a certificate that the amount would be fully utilised before its recoupment.

A review of operation of the Contingency Fund during 1996-97 revealed the following :

(i) Out of 410 sanctions involving Rs.188.56 crore issued during the year, 72 sanctions involving Rs.37.40 crore were not operated.

* The actual figure was Rs.26.10 crore instead of Rs.23.90 crore shown in previous year.

(ii) Six sanctions for Rs.2.67 crore were cancelled, six sanctions were increased by Rs.3.93 crore and three sanctions were reduced by Rs.1.67 crore indicating that requirements were assessed incorrectly.

(iii) There was no monitoring of the progress of expenditure from the Fund by the Administrative Departments. No reconciliation of expenditure figures was carried out by administrative departments concerned, though the budget manual enjoined them to do so.

2.8 Overpayment of pension

During inspection of Treasury Accounts conducted by the Accountant General (Accounts and Entitlement), Gujarat during the year it was noticed that overpayment of pension amounting to Rs.11 lakh was made in 113 cases by 19 Treasuries of the State.

2.9 Non-receipt of explanations for excess/savings

Reasons for the excess/savings under various heads were called for from the Government between September and October 1997. However, reasons for 241 cases of excess involving Rs.639.62 crore and 141 cases of savings involving Rs.484.35 crore affecting 42 Grants/Appropriations were not received from the concerned departments (November 1997).

2.10 Reconciliation of departmental figures

In order to exercise effective control over expenditure, all departmental officers are required to reconcile monthly expenditure of their respective departments with the expenditure booked in the accounts maintained by the Accountant General (Accounts and Entitlement), Gujarat before the closure of the year's accounts. This enables the departmental officers to detect serious irregularities in drawal of funds, fraud or defalcation of government money promptly.

It was noticed that during 1996-97 expenditure of Rs.16.28 crore out of the total expenditure of Rs.1,34,06.60 crore in respect of 11 drawing officers remained unreconciled despite repeated reminders.

* Ahmedabad (Rs.2.40 lakh), Amreli (Rs. 0.26 lakh), Bharuch (Rs. 0.52 lakh), Bhavnagar (Rs. 2.60 lakh), Dangs-Ahwa (Rs. 0.09 lakh), Gandhinagar (Rs.0.41 lakh), Godhra (Rs. 0.45 lakh), Himatnagar (Rs. 0.07 lakh), Jamnagar (Rs. 0.15 lakh), Junagadh (Rs. 0.21 lakh), Kheda (Rs. 0.69 lakh), Kachhchh (Rs. 0.11 lakh), Mehsana (Rs. 0.79 lakh), Palanpur (Rs. 0.29 lakh), Rajkot (Rs. 0.31 lakh), Surat (Rs. 0.24 lakh), Surendranagar (Rs. 0.24 lakh), Vadodara (Rs. 0.52 lakh), and Valsad (Rs. 0.32 lakh)

CHAPTER - III

CIVIL DEPARTMENTS

AGRICULTURE, CO-OPERATION AND RURAL DEVELOPMENT DEPARTMENT

3.1 Production and Distribution of Seeds and Development Schemes for Major Crops

3.1.1 Introduction

Government of India (GOI) launched various schemes such as National Pulses Development Project (NPDP) 1986-87, National Oilseeds Production Programme (NOPP) 1990-91, Integrated Cereals Development Programme (ICDP) 1994-95 and Minikit Demonstration Programme of Wheat and Coarse Cereals for increasing agricultural production and yields of various crops by expanding area of cultivation under High Yielding Varieties (HYV) of seeds. This was to ensure genetic improvement of this crucial inputs for sustaining and increasing the level of productivity of various crops. During the Eighth Five Year Plan, NPDP and ICDP were implemented in 16 districts, NOPP in 18 districts and Maize Development Programme in 3 districts of the State.

3.1.2 Organisational set-up

The seed development schemes and crop development programmes implemented in the State by Agriculture, Co-operation and Rural Development Department (Department) through Director of Agriculture (Director), Director of Horticulture, Gujarat Agro Industries Corporation (GAIC), Gujarat State Fertilizers Corporation (GSFC) and Seed Producing Agencies viz., Gujarat State Seeds Corporation (GSSC), Gujarat Co-operative Oilseeds Growers' Federation (GROFED) and Gujarat State Co-operative Marketing Federation (GUJCOMASOL).

3.1.3 Audit coverage

Implementation of these schemes in the State during 1992-97 was reviewed between January and May 1997 through test-check of records of the Department, Directorate, GSSC, GROFED, GUJCOMASOL and nine[#] District Panchayats. Important points noticed are discussed in succeeding paragraphs.

[#] Amreli, Banaskantha, Bhavnagar, Jamnagar, Junagadh, Kheda, Rajkot, Sabarkantha and Vadodara

3.1.4 Highlights

Against total outlay of Rs.82.34 crore, during 1992-97 for various crop development schemes, Rs.54.07 crore were spent resulting in saving of Rs.28.27 crore (34 per cent). Expenditure of Rs. 0.58 crore was over reported to Government of India under National Pulses Development Project. The amount though lying with the executing agencies, was booked as final expenditure.

(Paragraph 3.1.5.1)

Under Oilseeds Production Programme, 15.91 lakh tonnes and 21.69 lakh tonnes of seeds were produced against the targets of 30.71 lakh tonnes and 33.09 lakh tonnes for 1993-94 and 1995-96 respectively .

(Paragraph 3.1.6(i))

Under National Pulses Development Project, against the target of 35.35 lakh tonnes, 26.77 lakh tonnes of pulses were produced during 1992-97.

(Paragraph 3.1.6(ii))

Production of cereals was increased by 42.21 lakh tonnes against the target of 58.76 lakh tonnes by 1996-97.

(Paragraph 3.1.6(iii))

Utilisation Certificates for grants amounting to Rs.40.51 crore were not furnished as of September 1997 by various executing agencies. Gujarat Agro Industries Corporation accounted for Rs. 28.22 crore out of this amount. Director of Agriculture did not maintain records of grants paid during 1993-97 for ICDP and did not monitor the receipt of utilisation certificates from the grantees.

(Paragraph 3.1.9)

As on 31 March 1997, unspent balance of Rs.4.96 crore was lying with the implementing agencies, of which Rs.1.71 crore were kept in current accounts with banks.

(Paragraph 3.1.10)

Central assistance of Rs.15 lakh released in March 1992 was not utilised by the State even though extension for utilisation of grant was granted by Government of India upto March 1996. Unutilised fund was not refunded to Government of India as of July 1997 though required under the scheme.

(Paragraph 3.1.12)

Out of the total quantities of breeder seeds indented by Gujarat State Seeds Corporation during 1992-97, 46 *per cent* of paddy, 77 *per cent* of sesamum, 27 *per cent* of wheat and 46 *per cent* of mustard were of older varieties. Procurement of older varieties in contravention of Government of India instructions, affected the purpose of popularisation of new and improved varieties of seed.

(Paragraph 3.1.13)

Shortfalls in Seed Multiplication Ratio for various seeds during 1992-97 ranged between 10 *per cent* and 78 *per cent* at foundation stage and 12 *per cent* and 92 *per cent* at certified stage which were much higher than the norms prescribed.

(Paragraph 3.1.14)

Rupees 38.62 lakh and Rs.13.09 lakh were spent on field demonstrations and distribution of free minikits under Oilseeds Production Programme and National Pulses Development Project respectively in violation of scheme guidelines.

(Paragraphs 3.1.15 and 3.1.20(i))

Minikits were supplied to two districts after the sowing season was over. 4072 minikits of safflower supplied during 1994-95 in four districts remained undistributed.

(Paragraphs 3.1.19(i) and 3.1.20(iii))

Assistance of Rs.7.44 lakh was paid on distribution of sprinkler sets in 56 cases in contravention of scheme guidelines.

(Paragraph 3.1.21(i))

Transport subsidy of Rs.1.77 crore was unjustifiably paid during 1994-96 to Gujarat Agro Industries Corporation towards supply of

gypsum as they were not producing gypsum. The amount was lying in the Personal Ledger Account as of March 1997.

(Paragraph 3.1.22)

Meetings of State Level Co-ordination Committee on Technology Mission on oilseeds were not held regularly. As against 20 meetings required to be held during 1992-97, only five meetings were held. No evaluation of the Programme was made.

(Paragraphs 3.1.25 and 3.1.26)

3.1.5 Funding pattern

Expenditure on various Seed Development and Crop Development Schemes was to be shared between Central Government and State Government between 50 *per cent* and 100 *per cent* under various seed development schemes and between 25 *per cent* and 100 *per cent* in crop development Schemes.

3.1.5.1 Financial outlay and expenditure

Funds allotted and expenditure incurred during 1992-97 under the various schemes were as under:

(a) Seed Development Schemes**(Rupees in lakh)**

Serial number	Name of Scheme	Year	Opening balance	Grant released			Expenditure	Unspent balance	Reasons for saving
				Government of India	State	Total			
1	Integr- ated Seed Development for not easily accessible and remote areas of the State	1995-96	---	4.15	---	4.15	---	4.15	Late sanction of scheme by GOI
		1996-97	4.15	---	---	4.15	3.26	0.89	
2	Scheme to Streamline Certified Seed Produ- ction of Important Identified Vegetable Crops	1995-96	---	0.20	---	0.20	---	0.200	---
		1996-97	0.20	---	0.84	1.04	1.035	0.005	
3	Establi- shment and Streng- thening of Farmers Agro Service Centres	1991-92	---	15.00	---	15.00	---	15.00*	---
4	Production of Seeds for Drought Prone Areas (Revol- ving Fund of Rs.90 lakh sanc- tioned by Government of India was created in January 1996 with GSSC for execution)	1994-95	---	90.00	---	90.00	---	90.00	
		1996-97	---	---	---	---	65.96 ^{\$}	24.04	

The figures given in the table are departmental figures.

* Unutilised amount was not refunded as of July 1997.

^{\$} Rs.65.96 lakh to be recouped as of April 1997 on sale of seed.

(b) Crop Development Schemes**(Rupees in crore)**

Serial number	Year	Funds provided by			Expenditure	Excess(+) Savings(-)	Reasons for saving
		Government of India	State	Total			
1	2	3	4	5	6	7	8

(I) Integrated Programme for Rice Development (IPRD)

1992-93	1.50	0.50	2.00	1.01	(-)0.99	Low rate of assistance and lesser utilisation of amount
1993-94	1.19	0.40	1.59	1.04	(-)0.55	

Total	2.69	0.90	3.59	2.05	(-)1.54	
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(ii) Special Foodgrains Production Programme of Wheat (SFPP-Wheat)

1992-93	1.28	---	1.28	0.76	(-)0.52	Non-availability of subsidy on popular varieties and lesser utilisation of amount
1993-94	1.07	---	1.07	0.61	(-)0.46	

Total	2.35		2.35	1.37	(-)0.98	
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(iii) Special Foodgrains Production Programme-Maize and Millets (SFPP-Maize & Millets)

1992-93	1.20	---	1.20	0.87	(-)0.33	Revision of physical and financial targets and lesser utilisation of amounts
1993-94	1.66	---	1.66	0.88	(-)0.78	

Total	2.86		2.86	1.75	(-)1.11	
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(iv) Special Foodgrains Production Programme-Arhar (SFPP-Arhar)

1992-93	0.15	---	0.15	0.08	(-)0.7	Less attack of pest
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1	2	3	4	5	6	7	8
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(v) Integrated Cereals Development Programme in Coarse Cereals (ICDP- Coarse Cereals)

1994-95	2.37	0.48	2.85	0.85	(-)2.00	Non-availability of subsidy on popular varieties and lesser utilisation of amounts
1995-96	2.11	0.52	2.63	1.12	(-)1.51	
1996-97**	3.12	0.73	3.85	1.59	(-)2.26	

Total	7.60	1.73	9.33	3.56	(-)5.77	
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(vi) Minikits

1992-93	0.03	---	0.03	---	---	Scheme not implemented during 1992-93. 100 per cent expenditure incurred is claimed and being reimbursed by GOI
1993-94	0.15	---	0.15	0.08	---	
1994-95	0.11	---	0.11	0.10	---	
1995-96	0.09	---	0.09	0.08	---	
1996-97	0.08	---	0.08	0.07	---	

** Figures for 1996-97 are provisional.

(c) Technology Mission on Oilseeds, Pulses and Maize

(Rupees in crore)

Serial number	Year	Funds provided by			Expenditure	Excess(+) Savings(-)	Reasons for savings
		Government of India	State	Total			
1	2	3	4	5	6	7	8

(i)

OPP

1992-93	6.70	2.23	8.93	6.66	(-)2.27	Inadequate Breeder seed during 1992-93, failure of monsoon during 1993-94, inadequate allocation of Breeder seed, lesser utilisation of amounts during 1994-95 and long dry spell and non-availability of gypsum during 1995-96.
1993-94	7.50	2.50	10.00	6.61	(-)3.39	
1994-95	14.15	4.72	18.87	6.48	(-)12.39	
1995-96	8.66	2.88	11.54	10.42	(-)1.12	
1996-97*	5.90	1.97	7.87	9.50	(+)1.63	

Total	42.91	14.30	57.21	39.67	(-)17.54	
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1	2	3	4	5	6	7	8
(ii)	NPDP						
	1992-93	0.95	0.27	1.22	0.91	(-)0.31	Accordance of approval for less amount by the State during 1992-93, imposition of 20 per cent cut on expenditure from State share during 1993-94 and transfer of funds to other Central schemes during 1995-96.
	1993-94	0.92	0.31	1.23	0.89	(-)0.34	
	1994-95	1.03	0.34	1.37	1.35	(-)0.02	
	1995-96	1.06	0.35	1.41	1.12	(-)0.29	
	1996-97*	0.99	0.33	1.32	1.29	(-)0.03	
	Total	4.95	1.60	6.55	5.56	(-)0.99	

(iii)	Accelerated Maize Development Programme						
	1996-97	0.25	0.05	0.30	0.03	(-)0.27	Non-availability of certified seeds, lesser use of farm implements and non-adoption of new technology by the farmers.

*Figures for 1996-97 are provisional

Against total outlay of Rs 82.34 crore during 1992-97 for various crop development schemes, Rs 54.07 crore were spent resulting in saving of Rs 28.27 crore (34 per cent).

No record in support of the reasons for excess/savings against allotted funds was produced to Audit.

Under NPDP Rs.0.91 crore and Rs.1.35 crore were shown as expenditure during 1992-93 and 1994-95 respectively. The actual expenditure, however, was Rs.0.74 crore and Rs.0.94 crore. The unutilised balance of Rs.0.17 crore and Rs.0.41 crore lying with the executing agencies were booked as final expenditure.

3.1.6 Physical progress

Coverage of area and production of various crops under OPP, NPDP and ICDP-coarse cereals during 1992-93 to 1996-97 *vis-a-vis* target was as under:

(i) As against the target of 30.71 lakh tonnes and 33.09 lakh tonnes of seed production for 1993-94 and 1995-96, under OPP actual production was 15.91 lakh tonnes (52 *per cent*) and 21.69 lakh tonnes (66 *per cent*) respectively. Shortfall was attributed by the Director to vagaries of monsoons during kharif and seed-setting problems. As regards seed-setting, it was observed that during the preceding and succeeding two years achievement was between 80 *per cent* and 128 *per cent*.

The Director did not furnish any details for the problem of seed-setting in those two years.

(ii) GOI selected three districts under NPDP during 1992-95. However, State Government included 13 more districts and the funds were distributed amongst 16 districts with the intention to increase production of pulses crops in non-traditional areas. Thus, fund of Rs.3.82 crore which was provided during 1992-95 only for 3 districts was diverted to 13 districts which were not covered by GOI guidelines and was, therefore, irregular.

Further, even after covering more districts, there was continuous decrease in production of pulses during 1992-95. These districts were included in the scheme by GOI from 1995-96. As against the targeted production of 35.35 lakh tonnes during 1992-93 to 1996-97 achievement was 26.77 lakh tonnes during the period though fund of Rs.6.55 crore was provided. Shortfall in production was attributed by the Director to 'vagaries of monsoons'.

(iii) The target for the Eighth Plan period was to increase overall production of cereals to 58.76 lakh tonnes by 1996-97. However, the achievement was 42.21 lakh tonnes by 1996-97. There was continuous decrease in the area and production during 1992-97.

Shortfall in production was attributed by the Director to shortage of water for irrigation during 1992-93, long dry spell during 1993-94 (August and September), shortage of irrigation facilities during 1994-95 in Maize growing hilly area, early withdrawal of monsoons during 1995-96, less adoption of certain crops and more adoption of cash crops like castor, cotton, etc. by the farmers.

Scrutiny revealed that the contention of 'vagaries of monsoons' was not tenable. The rainfall data compiled by the State Government for 1992-97 showed that out of 19 districts, rainfall was above 70 *per cent* of normal rainfall in 15 districts (1993-94) and 10 districts (1995-96) and during rest of the years monsoons were either average or above average. Further, no record in support of other reasons was furnished to Audit, though called for. Moreover, reasons furnished to Audit were not included in any of the reports furnished to GOI at any point of time.

3.1.7 Crop-wise analysis of area under cultivation, production and yield per hectare for 1992-97 were as under:

(i) Groundnut

It is the most important oilseeds crop grown in the State and mostly raised under rainfed conditions during Kharif and as an irrigated crop in Rabi. Though, TMO envisaged per hectare yield of 1070 kg. during 1993-94 and 1995-96, actual yields were substantially low (329 kg. and 540 kg.). Shortfall was attributed by the Director to uneven/erratic rainfall during 1993-94 and no rain in August 1995 in groundnut producing areas.

(ii) Mustard

During 1992-96, though area and production increased, there was decline in per hectare yield in 1993-94 and 1995-96. Shortfall in yield was attributed by the Director to inadequate rain and shortage of water and irrigation facilities.

(iii) Sesamum

Though, area and production of sesamum increased during 1992-93, 1994-95 and 1996-97, there was decrease in per hectare yield during 1993-96. Shortfall was attributed by the Director to uneven and erratic rainfall in 1993-94, heavy rain in sesamum sowing areas during 1994-95 and scattered/no rain during August 1995.

(iv) Sunflower

To increase oilseeds production, sunflower cultivation was introduced as sole/intercrop. There was increase in productivity except 1993-94. As against targeted yield of 800 kg. per hectare actual yield was 666 kg. per hectare during 1993-94. Shortfall was attributed by the Director to poor seed-setting.

(v) Arhar

As compared to 1993-94 there was all-round decline in production and productivity during 1992-93 and 1994-97. The Director stated that production was affected due to climatic condition (1992-93), heavy rain (1994-95), late setting of monsoon (1995-96) and early withdrawal of monsoon (1996-97).

(vi) Moong

There was increase in area during 1992-97 (except 1993-94) but production and productivity of moong crop declined during the period. Shortfall was attributed by the Director to climatic condition (1992-93), dry spell of two months in Kharif (1993-94), heavy rain (1994-95), late setting of monsoon (1995-96) and early withdrawal of monsoon (1996-97).

(vii) Urad

Though, area increased, production and productivity of urad crop decreased during 1993-95. Shortfall was attributed by the Director to dry spell (1993-94) and heavy rain (1994-95).

(viii) Gram

Though, area increased during 1992-95, production of gram decreased during the first two years and per hectare yield fell during 1992-97. Shortfall was attributed by the Director to climatic condition (1992-93), dry spell of two months (1993-94), heavy rain (1994-95) and late monsoon (1995-96).

(ix) Rice

Though, area increased during 1992-95 and 1996-97, production and productivity of rice declined during the period. Shortfall was attributed by the Director to environmental effect (1992-93), long dry spell (1993-95) and early withdrawal of monsoon (1995-96).

(x) Bajra

Though, targeted area decreased by 0.49 lakh hectares during 1993-94, production of bajra decreased by 6.71 lakh tonnes (44 *per cent*) and per hectare yield by 443 kg. During 1995-96, the yield was 974 kg. against targeted yield of 1058 kg. Shortfall during 1993-94 and 1995-96 was attributed by the Director to long dry spell (1993-94) and early withdrawal of monsoon (1995-96).

(xi) Maize

As compared to 1992-93, there was all-round decline in production and productivity of maize during 1993-96. Shortfall was attributed by the Director to long dry spell (1993-94), shortage of irrigation facilities in hilly areas (1994-95) and early withdrawal of monsoons (1995-96).

Scrutiny of records revealed that the point relating to 'vagaries of monsoons' as contended by the Director was not tenable. The rainfall data compiled by the State Government for 1992-97 showed that out of 19 districts, rainfall was above 70 per cent of normal rainfall in 15 districts (1993-94) and 10 districts (1995-96) and during rest of the years monsoons were either average or above average.

3.1.8 Activities under various crop development programmes

(i) To supplement the efforts of the State Government for increasing crop production, various crop production oriented schemes were implemented which included IPRD, SFPP-Wheat and SFPP-Maize and Millets. In these thrust programmes, emphasis was laid on the development of specific crop to achieve higher production and productivity of the said crop.

Component-wise analysis of achievement and shortfall along with assistance paid was as under:

(a) IPRD

(i) There was shortfall in achievement of target fixed for 'distribution of certified seeds' as under:

Year	Target (qtls.)	Achievement (qtls.)	Assistance (Rupees in lakh)	Shortfall (qtls.)	Percentage of shortfall
1992-93*	15594	11402	12.79	4192	27
1993-94	26000	6324	8.12	19676	76

Shortfall was attributed by the Director to low rate of subsidy on GR-11, Jaya and Masuri etc., utilisation of their own seeds by the farmers and late receipt of administrative approval (June 1993) from

* Scheme was only for two years.

GOI. Thus, targets could not be achieved as the scheme was approved only when the sowing season was almost over.

(ii) Against the target of 7665 ha. to be covered under 'Herbicides', only 3019 ha. were covered during 1993-94 involving assistance of Rs.5.24 lakh. Shortfall of 61 *per cent* was attributed by the Director to non-utilisation of Herbicides during transplantation of paddy due to late receipt of GOI approval (June 1993).

(iii) The target fixed for distribution of 'Farm implements' during 1992-93 was 6000 against which 3096 implements only were distributed involving assistance of Rs.9.03 lakh. Shortfall of 48 *per cent* was attributed by the Director to lesser use of implements used for rice production by the farmers as these were not so popular in the State. This was not tenable as the farm implements were prescribed in consultation with the State Government.

(b) SFPP-Wheat

(i) Against the target fixed for 'distribution of certified seeds' of high yielding varieties not older than 10 years, the achievement was as under:

Year	Target (qtls.)	Achievement (qtls.)	Assistance (Rupees in lakh)	Shortfall (qtls.)	Percentage of shortfall
1992-93	40000	22423	43.22	17577	44
1993-94	47500	28827	40.71	18673	39

Shortfall was attributed by the Director (May 1997) to late issue of sanction (October 1992) by GOI for allowing subsidy on Sonalika variety of wheat covering large area (1992-93), non-availability of certified seed with nodal/seed supplying agencies and programme meant for small and marginal farmers (1993-94).

However, details of the efforts made for procuring certified seeds, was not furnished. Therefore, the contention of the Director could not be verified. The contention that the programme was meant for small and marginal farmers was not tenable as the fact was known at the time of fixing the target.

(ii) Shortfall noticed in 'micronutrients' was as under:

Year	Target (qtls.)	Achieve- ment (qtls.)	Assis- tance (Rupees in lakh)	Short- fall (qtls.)	Percen- tage of shortfall
1992-93	4000	550	1.58	3450	86
1993-94	1500	268	0.69	1232	82

Shortfall was attributed by the Director to higher cost of zinc sulphate while the rate of subsidy was less (1992-93) and receipt of additional target of 1250 qtls. (original target of 250 qtls.) after sowing season (1993-94).

(iii) Target fixed for 'herbicides' during 1992-93 and 1993-94 was 5926 ha. and 1500 ha. against which only 1199 ha. and 1078 ha. were covered involving assistance of Rs.1.15 lakh and Rs.1.32 lakh respectively. Shortfall was attributed by the Director to lower rates of subsidy. The reason advanced was not tenable as this fact was known at the time of fixing the target.

(iv) Target and achievement under 'seed treating chemicals' were as under:

Year	Target (ha)	Achieve- ment (ha)	Assis- tance (Rupees in lakh)	Short- fall (ha)	Percen- tage of shortfall
1992-93	20000	1000	0.02	19000	95
1993-94	25000	4539	1.25	20461	82

Shortfall was attributed by the Director (May 1997) to late receipt of GOI sanction. This was not tenable as wheat was grown in Rabi and GOI sanction was received (July 1992 and June 1993) well before Rabi season.

(c) SFPP-Maize Millets: Maize

(i) Target and achievement for 'distribution of certified seeds' of maize were as under:

Year	Target (qtls.)	Achievement (qtls.)	Assistance (Rupees in lakh)	Shortfall (qtls.)	Percentage of shortfall
1992-93	2700	527	1.70	2173	80
1993-94	2700	219	0.62	2481	92

Shortfall was attributed by the Director (May 1997) to use by farmers of their own varieties of seed popular in their areas. The reason advanced was not tenable as this fact was known at the time of fixing the target.

(ii) Against the target of 1300 farm implements during 1993-94, only 330 were distributed involving subsidy of Rs.1.11 lakh. Shortfall was attributed by the Director to lesser purchase of implements under this programme as the farmers purchased the same implements under other schemes and less popularity of the farm implements suggested by GOI. The reason of less popularity of farm implements advanced by the Director was not tenable as the farm implements were finalised after discussion with the State Government.

(d) SFPP-Maize Millets: Bajra

(i) Target and achievement for 'distribution of certified seed' of bajra were as under:

Year	Target (qtls.)	Achievement (qtls.)	Assistance (Rupees in lakh)	Shortfall (qtls.)	Percentage of shortfall
1992-93	12104	9551	53.91	2553	21
1993-94	15000	11915	59.42	3085	21

Shortfall was attributed by the Director (May 1997) to non-availability of certified seeds during summer season. However, details of the efforts made for procuring certified seeds, were not furnished. Therefore, the contention of the Director could not be verified.

(ii) Target fixed for 'farm implements' was 1200 and 4480 during 1992-93 and 1993-94 against which 548 and 1050 implements only were distributed involving subsidy of Rs.2.93 lakh and Rs.5.36 lakh respectively.

Shortfall was attributed by the Director to less popularity of the farm implements and high cost of power thresher on which rate of assistance was low. This was not tenable as the farm implements were finalised in consultation with the

State Government and as against the target of 4300 farm implements (excluding power thresher) achievement was 1045 (24 *per cent*).

(e) ICDP-Coarse Cereals

(i) Target and achievement in 'varietal replacement of new germplasm[@]' were as under:

Year	Target (qtls.)	Achievement (qtls.)	Assistance (Rupees in lakh)	Shortfall (qtls.)	Percentage of shortfall
1994-95	31911	23206	46.47	8705	27
1995-96	51600	32574	60.45	19026	37
1996-97	39500	29084	79.57	10416	26

Shortfall was attributed by the Director (May 1997) to availability of subsidy for varieties like ICTP-8203 of bajra not used in the State, non-availability of subsidy for popular varieties of wheat like Sonalika, Lok-1, Junagadh-24 used in the State, non-availability of recently released varieties of rice popular among farmers and non-availability of hybrid seed of bajra. This was not tenable as availability/non-availability of subsidy on certain varieties was known at the time of fixing the target and information as to the efforts made for procuring of hybrid seed of bajra and varieties of rice recently released was not furnished, though called for. As such the contention of the Director could not be verified.

(ii) 'Farmers training' programme

For effective transfer of crop production technology, training programmes for farmers and farm labourers including women were to be organised. Each training programme consisted of 50 farmers for 2 days. Assistance upto Rs.5000 was provided. The training programme was to be conducted during Kharif and Rabi seasons. Shortfall under farmers training was as under:

[@] Distribution of certified seed.

Year	Number of Trainings		Amount of assistance (Rupees in lakh)	Shortfall (In numbers)	Percentage of shortfall
	Target	Achievement			
1994-95	340	11	0.41	329	97
1995-96	340	41	1.68	299	88
1996-97	340	65	2.67	275	81

The Director stated (May 1997) that there was shortfall in achievement of target as farmers remained fully busy in field operation during July and October when the training was required to be imparted as per GOI orders. This was not tenable as the training programme was to be conducted before commencement of the crop season as per the scheme guidelines. Further, the programme involved training of farmers in the field itself for two days only which could have been arranged by the Director as per the convenience of the farmers. However, the Director organised only 11, 41 and 65 training courses during 1994-95, 1995-96 and 1996-97 respectively against 340 per year which indicated that the Director did not make any concerted efforts to impart training to farmers.

(iii) Target fixed for conducting 'Field demonstrations' during 1994-95 was 850 against which 293 demonstrations only were conducted involving subsidy of Rs.2.49 lakh. Shortfall of 66 *per cent* was attributed by the Director to late receipt of GOI guidelines as well as crop rotation difficulties faced by the farmers. This was not tenable as GOI guidelines were received in mid June 1994 and no specific period and month were prescribed for conducting these demonstrations. Thus, targeted demonstrations could have been completed during the remaining part of the year. Further, the Director did not intimate the specific difficulties faced by the farmers in crop rotation.

(iv) Against the target of 40 and 150 of 'IPM demonstrations' during 1994-95 and 1995-96, only 8 and 38 demonstrations respectively were conducted involving assistance of Rs.0.21 lakh and Rs.1.31 lakh resulting in shortfall of 80 *per cent* and 75 *per cent* respectively. Shortfall was attributed by the Director to the unwillingness of the farmers to participate in the training attached with the programmes as they remained engaged in their works. This was not tenable as the programme involved training of farmers in their fields only for three to four hours in a week and all the farmers could not remain continuously engaged in their works throughout the season.

(v) Target and achievement under the scheme 'Power operated identified farm implements' were as under:

Year	Target (number)	Achievement (number)	Assistance (Rupees in lakh)	Shortfall (number)	Percentage of shortfall
1994-95	500	22	1.01	478	96
1995-96	300	36	1.57	264	88
1996-97	200	21	0.90	179	90

Shortfall was attributed by the Director to high cost of implements and low rate of assistance. The reasons advanced were not tenable as the targets should have been fixed on realistic basis and not on *ad hoc* basis when both the aspects were known.

Further reasons of failure were not supported with evidence and therefore these could not be verified in audit.

In reply to audit query regarding documentary evidence in support of the reasons for shortfall advanced by the Director for (a) to (e) mentioned above, the Director stated (August 1997) that the reasons for shortfall were discussed in the meetings held from time to time with the district executing authorities.

This was not tenable as the copies of the minutes of the meetings furnished to Audit did not contain any reason for shortfall under each component.

Component-wise target and achievements under OPP, NPDP were as given in Appendix-X. From the analysis of information, the following points emerged :

Shortfall in various components under OPP ranged between 29 *per cent* (seed treatment) and 100 *per cent* (gypsum and micronutrients) whereas under NPDP it ranged between 53 *per cent* (storage bin) and 100 *per cent* (integrated pest management demonstrations and micronutrients).

Shortfall was attributed by the Director (May 1997) to less allocation of breeder seed, low multiplication ratio, less cultivation of newly introduced crops, non-satisfactory rainfall during 1992-93, less adoption of method by the farmers, new component and technology, non-popularity and less utilisation by the farmers, non-availability/non-supply of gypsum by the producer and fixation of higher physical targets.

Shortfall in achieving the targets under Maize Development Programme ranged between 71 *per cent* (field demonstration) and 100 *per cent* (use of certified seeds by the farmers). Shortfall was attributed by the Director to location of fields in hilly and tribal areas, non-availability of certified seeds of maize, non-adoption of new technology by the farmers and high cost of power operated farm implements.

No record in support of the contention of the Director for OPP, NPDP and Maize Development Programmes was, however, produced to Audit, though called for.

3.1.9 Non-submission of utilisation certificates

According to the provisions of grant sanctioning orders of GOI, Utilisation Certificates (UCs) were required to be furnished within 12 months from the date of release of grants. The Director was required to monitor the receipt of utilisation certificates.

Funds amounting to Rs.56.62 crore were placed at the disposal of various executing agencies for implementation of OPP and NPDP during 1992-97. The details of funds paid under ICDP was not furnished, though called for. Utilisation certificates for the grants amounting to Rs.40.51* crore were not furnished as of September 1997.

Reasons were not furnished for non-submission of utilisation certificates by the agencies. However, scrutiny of grant register of ICDP maintained by the Director revealed that no information regarding grants paid during 1993-97 was noted in the register. Thus, no proper mechanism existed at the level of the Director to monitor payments of grant, their utilisation for intended purposes and receipt of utilisation certificates.

3.1.10 Unspent balance

For implementation of the programmes, Government provided funds to various agencies like GAIC, GROFED, GSSC, GUJCOMASOL, District Panchayats etc. The agencies/district panchayats provided the farmers with seeds, pesticides, equipment etc. at subsidised rates. Some of the executing agencies had

* GAIC for Rs.28.22 crore (1993-97), GROFED Rs.0.90 crore (1996-97), GUJCOMASOL Rs.3.97 crore (1992-97), GSSC Rs.3.43 crore (1994-96), GSFC for Rs.2.88 crore (1992-94 and 1996-97), NSC Rs.0.14 crore (1995-97), District Panchayat Rs.0.88 crore (1992-97), Gujarat Agricultural University Rs.0.02 crore (1993-95) and Gujarat Cooperative Grain Grower's Federation Rs.0.07 crore (1992-93 and 1994-95).

huge unspent balances under OPP, NPDP and ICDP-Coarse Cereals as on 31 March 1997 as shown below:

Serial number	Institutions	Amount (Rupees in crore)		
		OPP	NPDP	ICDP
1	GAIC	0.78	0.01	0.17
2	GROFED	0.58	0.00	0.32
3	GUJCOMASOL	0.05	0.01	0.73
4	GSSC	0.93	0.16	0.40
5	GSFC	--	0.01	--
6	District Panchayats	0.73	--	0.07
7	Gujarat Agricultural University	--	0.01	--
Total		3.07	0.20	1.69

Grants paid to GROFED (Rs. 0.90 crore) GUJCOMASOL (Rs.0.79 crore), GSFC (Rs. 0.01 crore), and Gujarat Agricultural University (Rs. 0.01. crore) were kept in Current Account with banks. Thus, funds amounting to Rs. 1.71 crore remained outside the Government account as of March 1997.

The Director stated that the grant was placed at the disposal of various agencies for implementation of programmes as per targets fixed with the expectation that the entire target would be achieved but the targets were not achieved due to one reason or other which resulted in unspent balance remaining with the nodal agencies. The contention of the Director was not tenable as no specific recorded reason/reasons for shortfall in achievement was/were furnished by him. The large amount of unspent balance also indicated lack of adequate monitoring of financial and physical progress of the scheme.

3.1.11 Production and distribution of seed

Mechanism evolved by seed producing agencies (i.e. GSSC, GUJCOMASOL and GROFED) for production and distribution of seed was as under :

The seed producing agencies organise production of foundation seeds from breeder seeds and certified seeds from foundation seeds on the farmers' fields on contract basis. They select the farmers and distribute to them

required seeds for seed multiplication and register their programmes with Gujarat State Seeds Certifications Agency (GSSCA). The seeds so produced and certified by GSSCA were purchased by seed producing agencies and distributed them among the farmers for crop production through the branches of the agencies and their member societies.

3.1.12 Central assistance remained unutilised for more than 5 years

GOI sanctioned (September 1991) scheme for 'Establishment and Strengthening of Farmers' Agro Service Centres (FASCs) and released Rs.15 lakh (March 1992) for the purpose. Equal amount was to be provided from the State budget as State share. The amount provided by GOI was not utilised even though extension of time upto 1995-96 for utilisation was granted (January 1996) by GOI. Unutilised amount of Rs.15 lakh was not refunded to GOI as of July 1997 though GOI asked (August 1996) for refund of the amount.

Government stated that neither the Central share of Rs.15 lakh was utilised nor provision was made in the State budget as the Director and GAIC did not implement the scheme. Non-implementation of the scheme by the Director and GAIC not only resulted in the amount remaining unutilised for more than 5 years but also deprived the small and marginal farmers of the intended benefits.

3.1.13 Use of older varieties of breeder seed

As per GOI instructions, only new varieties of seeds were to be popularised. It was noticed that out of total quantities of breeder seeds indented by GSSC during 1992-93 to 1996-97, 46 *per cent* of paddy, 77 *per cent* of sesamum, 27 *per cent* of wheat and 46 *per cent* of mustard were of older varieties.

Indenting of older varieties was attributed by GSSC to varieties being location specific and demand from farmers. However, due to indenting older varieties in violation of instructions of GOI, the purpose of the scheme to popularise use of new and improved varieties of seed remained largely unfulfilled.

3.1.14 Seed multiplication ratio

According to the prescribed norms, quantum of seed multiplication ratio (SMR) was fixed at foundation and certified stage at 1:10 (groundnut), 1:100 (sesamum), 1:300 (mustard) and 1:25 (moong, urad, arhar and gram).

GSSC organised seed multiplication programme of breeder seed to foundation seed and foundation seed to certified seed on farmers' fields on contract basis. Shortfall during 1992-93 to 1996-97 in SMR at foundation stage ranged

between 70 per cent and 10 per cent (groundnut), 47 per cent and 78 per cent (sesamum), 20 per cent and 76 per cent (urad) and 20 per cent and 76 per cent (gram) where as shortfall in SMR at certified stage ranged between 20 per cent and 70 per cent (groundnut), 12 per cent and 62 per cent (sesamum), 20 per cent and 92 per cent (urad) and 16 per cent and 72 per cent (gram).

Shortfall was attributed by GSSC to low quality of pods, late sowing, rains at maturity stage, seed lots of poor quality, less germination, wilt, pest etc. Reasons advanced were not tenable as except rain at maturity stage all other reasons were general reasons and the agency could have fulfilled the targets by taking precautionary measures with proper monitoring during execution of the programme.

3.1.15 Field demonstrations with older varieties of seed

Field demonstrations were envisaged under OPP, NPDP and ICDP-Coarse Cereals to train the farmers in the use of improved production technology. The demonstrations were to be carried out on the farmers' fields under the technical supervision of agricultural extension staff.

OPP provided for new varieties/hybrids to be invariably incorporated in the demonstrations while under NPDP, the demonstrations were to be organised for the purpose of introduction of non-traditional pulses in new area.

However, test-check of records of selected districts revealed that older/traditional varieties of seeds released between 1960 and 1986 were used in 63 demonstrations conducted under OPP (1992-96 covering 630 ha) and 345 demonstrations under NPDP (1992-97 covering 3450 ha) and expenditure of Rs.6.38 lakh and Rs.32.24 lakh respectively was incurred.

The use of older and traditional varieties was attributed to non-availability of improved varieties in the State. To an audit query as to whether efforts were made to obtain improved varieties of seed for demonstrations, no reply was furnished by the Director.

Thus, the expenditure of Rs.38.62 lakh incurred on demonstrations with older and already established varieties was infructuous.

3.1.16 Irregular utilisation of grant

For conducting 15 block demonstrations of Kharif groundnut in selected districts on plots of 10 hactres during 1992-93, Rs.2.36 lakh were paid to GROFED. As reported by the Director, "no purpose was served as GROFED

conducted 25 demonstrations in violation of guidelines and norms fixed by the department". Thus, Rs.2.36 lakh were irregularly utilised by GROFED.

3.1.17 Distribution of minikits

Minikits Demonstration Programme on wheat, rice and coarse cereals including propagation of new technology aimed at quick dissemination of latest varieties of coarse cereals and propagation of new production technology among farmers. The programme was implemented in order to give fast coverage of area under location specific high yielding varieties/hybrids, test newly evolved varieties/hybrids under farmers' conditions, build up stocks of improved seeds at farm level and propagate adoption of improved production technology of coarse cereals.

The scheme envisaged distribution of minikits to the farmers by charging on an average 10 *per cent* of the cost of seed-kit for conducting demonstrations on their fields.

The table below shows number of minikits distributed, payment made by the State Government, amount realised from the farmers etc., under the scheme.

(Rupees in lakh)

Year	Number of minikits distributed	Payment made by the State Government	Amount claimed by the State Government from GOI	Amount to be realised from the farmers	Amount realised from the farmers
1992-93*					
1993-94	80149	8.15	8.14	2.38	2.07
1994-95	62278	10.11	10.11	2.22	2.09
1995-96	47358	8.20	8.20	1.71	1.56
1996-97	23700	6.91	6.91	0.67	0.53
Total	213485	33.37	33.36	6.98	6.25

* Scheme was not implemented during 1992-93.

(i) Details of short realisation of Rs.0.73 lakh from the farmers were not available with the Director.

(ii) Amount realised from the farmers in respect of wheat and coarse cereals minikits was to be utilised by the State Government for preparing technical literature (booklets, pamphlets etc), organising *Kisan Mela* or making short films for educating the farmers on varietal developments. It was noticed that Rs.3.28 lakh (wheat and coarse cereals minikits) realised from the farmers during 1993-96 was not utilised for the above purposes and the amount was credited to State revenue and Rs.0.42 lakh realised during 1996-97 were credited to Personal Ledger Account of District Development Officer in contravention of GOI guidelines.

The Director stated (June 1997) that there was no clear instruction from GOI to utilise the amount so realised in respect of coarse cereals. The reply was not tenable in view of clear instruction from GOI to utilise the amount realised for wheat (1993-97) and coarse cereals (1994-97) for the specific purpose.

3.1.18 Intensive cultivation demonstration of coarse cereals in SC and ST areas

Intensive cultivation demonstrations were proposed to be conducted for enhancing unit yield. Under the scheme, assistance not exceeding Rs.1000 per ha. for demonstration in maize, Rs.600 per ha. for jowar and bajra and Rs.400 per ha. for ragi and small millets was provided for inputs like seed, fertilisers and plant protection chemicals. Demonstrations were to be conducted on the farmers' fields. As against financial target of Rs.5.53 lakh, Rs.4.19 lakh were spent during 1993-97. Similarly, as against 736 demonstrations to be conducted, 541 were conducted during 1993-97. The achievement was between 57 *per cent* and 77 *per cent* in the first three years and 82 *per cent* in the fourth year. Major shortfall was in bajra and maize during 1993-94, jowar and ragi during 1994-95, jowar, maize and ragi during 1995-96 and ragi and other cereals during 1996-97.

Shortfall was attributed by the Director (June 1997) to shortage of certified seed in respect of maize, location of land in hilly and less fertile areas, non-adoption of hybrid/improved varieties of seed and use of local varieties by the farmers. The contention of the Director was not acceptable as no document in support of his contention was furnished.

3.1.19 Use of 'Truthfully Labelled Seeds' and older varieties of seeds

Under the Minikit Demonstration Programme of Coarse Cereals, only certified seeds of latest varieties were to be supplied through minikits. Despite this 'Truthfully Labelled Seeds' of bajra and jowar were supplied through minikits during 1994-97. 400 minikits of maize and 100 minikits of rice were supplied during 1996-97 and 1995-96 which were very old varieties (released in 1969 and 1989).

Use of 'Truthfully Labelled Seeds' and older varieties was attributed by the Director to non-availability of sufficient quantity of certified seeds. Details of requirement of certified seeds *vis-a-vis* availability, were not furnished. Hence, the contention of the Director could not be verified.

(i) For kharif season 1996-97, 650 minikits of bajra were allotted to Rajkot district in May 1996 which were supplied by GSSC in June 1996 after sowing season. Since the minikits were received after the sowing season, these were transferred to Banaskantha district in July 1996 where also sowing season was over. Thus, the minikits supplied after the sowing season were not distributed and were spoiled due to passage of time. Reasons for delayed supply of minikits to Rajkot after the sowing season and its transfer to Banaskantha were not furnished. In Bhavnagar district, 624 minikits of bajra were supplied after the sowing season and remained undistributed during 1994-95 for which no reasons were furnished.

(ii) As per instructions issued by GOI, State Government was required to set up a Monitoring Committee under the Chairmanship of the Director for close supervision of the programme and to keep constant watch for smooth functioning of the minikits programme. This committee was to include nominees of State Agricultural University, State Seed Corporation and National Seed Corporation.

However, no such committee was constituted. The Director stated that minikit programme was undertaken in consultation with GSSC and Agricultural University and was monitored by the departmental officers. The reply was not tenable as no record for the purpose was available at the Directorate. Further, according to GOI instructions, minikits programme was to be monitored by the Monitoring Committee and not by the departmental officers.

3.1.20 Distribution of free input kits (minikits)

To popularise latest released/pre-released varieties of oilseeds and to apprise farmers of the techniques of cultivation of new crops/varieties of seeds, OPP provided for distribution, free of cost, of input kits to small and marginal farmers, particularly SC and ST farmers, containing certified seeds of improved varieties, seed treating chemical, rhizobium culture and printed literature on cultivation practices. Under NPDP, seed minikit programme was launched with an overall idea to make the seed of promising/latest released varieties available to the farmers for quicker adoption and to popularise the cultivation of short duration improved varieties of pulses with yield advantages and adoption of better inter-cropping.

Test-check of records of distribution of input kits in selected districts disclosed the following:

(i) 14132 minikits in respect of five crops (groundnut, mustard, sesamum, castor and safflower) involving subsidy of Rs.4.69 lakh under OPP distributed during 1992-97 were of older varieties. Similarly, under NPDP 6768 input kits involving subsidy of Rs.8.40 lakh of moong, tuver, gram and urad were distributed which were of older varieties.

Distribution of older varieties was attributed by the Director to their higher yield and popularity among the farmers. This was not tenable as there was no use to propagate/popularise older and already established varieties which were released between 1973 and 1989. Expenditure of Rs.13.09 lakh incurred on distribution of minikits of older varieties was, not in conformity with the provisions of scheme guidelines.

(ii) As per GOI guidelines, urad minikit each of 4 kg per 0.2 ha. was to be distributed. As against this, 149 minikits of 4 kg each were distributed among 298 farmers by making 298 minikits of 2 kg. each during 1994-95 in Sabarkantha district.

The Divisional Officer stated that only half of the minikit quantity was distributed to cover more number of farmers. The reply was not tenable as it violated the guideline of GOI.

(iii) Not more than one minikits was to be distributed to individual farmer. Despite this, 100 minikits of safflower were distributed among 17 farmers in Rajkot district during 1992-93, which included ten minikits to one farmer only, while 4072 minikits (involving amount of Rs.1.22 lakh) of safflower bhima supplied in four districts during 1994-95 remained undistributed during the year. The excess distribution/non-distribution was attributed by the Director (May 1997) to safflower crop was newly introduced crop and non-traditional and having thorn problem. As such, it was not acceptable to farmers.

3.1.21 Supply of sprinkler sets

(i) To improve irrigation through economic usage of water, OPP, NPDP and ICDP-Coarse Cereals envisaged installation of sprinkler sets by farmers for which subsidy at prescribed rates was provided to small and marginal farmers, SC/ST farmers, women farmers and other farmers. Year-wise details of sprinkler sets supplied and subsidy paid during 1992-97 were as under:

Year	Number of sets supplied	Amount
(Rupees in crore)		
1992-93	998	0.92
1993-94	1554	1.43
1994-95	2444	2.35
1995-96	12935	17.62
1996-97	1446	3.78
Total	19377	26.10

As per guidelines farmer must have an assured source of water supply located on the holdings in his or her name. Test-check of records in selected districts revealed that during 1995-96 and 1996-97 in 56 cases involving subsidy of Rs.7.44 lakh, sprinklers sets were distributed to farmers who were not having source of water on the holdings in their names and assistance was provided on the undertakings to supply water given by other farmers who were having source of water in their own holdings. Thus, assistance was given without fulfilment of the pre-condition of an assured source of water located on the holdings in the names of the farmers.

The Director stated that the assistance was given as per modality fixed by the State Government. Reply was not tenable as modality fixed by the State Government was in violation of GOI guidelines which specifically stipulated for assured source of water located on the holdings in the names of the farmers.

(ii) The Ministry permitted (October 1996) to utilise during 1996-97 the unspent balance available with the State Government as on 1 April 1996 for clearance of all the committed liabilities of OPP during 1995-96 for distribution of sprinkler sets. Accordingly, as instructed by the Director in January 1997, the unspent balance was to be transferred to GAIC as it was the nodal agency for settling claims of supply of sprinkler sets to the farmers under the scheme by March 1997. Out of total unspent balance of Rs.87.58 lakh lying with District Panchayats (Rs.72.58 lakh) and GROFED (Rs.15 lakh), District Panchayats transferred Rs.57.83 lakh to GAIC in March 1997 and retained Rs.11.75 lakh for clearance of pending claims and proposals. Rupees three lakh refunded by the District Panchayat Kachchh were credited to the State receipt head. This resulted in excess reimbursement by GOI to the extent of Rs.2.25 lakh (75 per cent), GROFED retained the amount of Rs.15 lakh against the instructions of the Director. Further, it was observed that the amount was unauthorisedly diverted by GROFED for their own activities and they were not in a position to refund the amount. The Director stated (July 1997) that the amount would be recovered from GROFED as

and when the State Government would provide money to GROFED. However, as of July 1997, no recovery was made.

3.1.22 Irregular payment of subsidy for supply of gypsum

Application of gypsum to groundnut crop was recommended to obtain higher yields as its application was essential for healthy pod formation. High transport cost was one of the constraints in making gypsum available to farmers. Therefore, assistance of Rs.200 per hectare to meet transport cost was provided under OPP. To overcome shortage of gypsum, Rs.1.77 crore were released during 1994-96 for reimbursement of transport subsidy to GAIC for supply of gypsum. No supply was made by GAIC till the end of 1996-97 against the grant. Payment of transport subsidy was unjustifiable as GAIC was not producing gypsum. The grant released for reimbursement of transport cost without supplying and transporting gypsum was, therefore, irregular. The Director stated that to cope with shortage of gypsum, grant was placed with GAIC. The reason advanced was not tenable as it was known to the Director that GAIC was not producing gypsum. The amount was lying with GAIC in their PLAs as of March 1997.

3.1.23 Distribution of unapproved micronutrients

To promote use of micronutrients in deficient areas, ICDP- Coarse Cereals provided assistance at the rate of 25 *per cent* limited to Rs.300 per qtl on the cost of zinc sulphate monohydrate or ISI marked zinc sulphate hepta-hydrate. Contrary to this, assistance of Rs.2.68 lakh was paid during 1992-93 on supply of 3084 qtls. of 'chelated zinc' which was not an approved component. As the expenditure on an unapproved component was not admissible for Central assistance it was required to be met from the State funds. The Director stated (March 1997) that proposal to debit Rs.2.68 lakh to the State funds was awaiting finalisation from Government.

3.1.24 Infrastructural Development

To ensure adequate conversion of breeder's seed into foundation and certified seed, funds were provided under OPP to the State for development of infrastructural facilities like, irrigation, threshing floors, storage, equipment etc., at the seed farms owned by the State Department of Agriculture, State Seed Corporations, Oilseeds Growers' Co-operative Federations and other Seed Producing Agencies in the public and Co-operative Sectors. Only such farms were to be selected for infrastructure development which produced mostly or exclusively seeds for oilseed crops.

Test-check of records of Directorate and nine selected district panchayats revealed the following:

3.1.24.1 Irregular execution of works

Expenditure out of infrastructural grant was to be incurred on the works after getting approval of the Director. It was seen in audit that Rs.3.76 lakh were spent on six* seed farms (including two* closed farms) during 1995-96 and 1996-97 without prior approval of the Director. It was stated that the matter regarding approval was under correspondence with the Director.

3.1.24.2 Irregular expenditure on infrastructural development

Only such farms were to be selected for infrastructural development which produced mostly or exclusively seeds for oilseed crops. It was noticed that the seed farms of Kheda, Banaskantha and Sabarkantha on which infrastructural development was carried out at a cost of Rs.9.72 lakh were producing only 15 *per cent* to 36 *per cent* oilseeds and major produces were coarse cereals and pulses. Thus, the expenditure of Rs.9.72 lakh was irregular.

3.1.25 Monitoring

(a) A State Level Committee on Technology Mission on Oilseeds, Pulses and Maize, headed by the Additional Chief Secretary of the Department was constituted to have an overall supervision of implementation of the action plans for Technology Mission.

As against 20 quarterly meetings required to be held during 1992-97, only five meetings (July 1992, December 1993, September 1994, June 1995 and February 1997) were held. Scrutiny of the minutes of the meetings revealed the following:

(i) In the meetings held in September 1994, June 1995 and February 1997, the component-wise physical and financial targets and achievements for the years 1993-94, 1994-95 and 1995-96 under NPDP were reviewed and found satisfactory. However, as discussed in preceeding paragraphs there were shortfall in physical and financial achievement under the programme.

(b) Physical and financial reports were not sent on due dates to GOI. Delay in sending reports ranged between 15 days and 210 days.

* Kansari, Mahmadpura, Matar, Mahij, Nadiad, Shihori.

▲ Kansari, Mahmadpura.

3.1.26 Evaluation

No arrangement was made by the State Government for evaluation of impact of implementation of the schemes. Government stated that the schemes were implemented on the basis of guidelines issued by GOI, with physical and financial targets and, therefore, no evaluation of the programme was made.

3.1.27 The matter was reported to Government in September 1997; reply had not been received (November 1997).

3.2 Disproportionate expenditure on establishment

Mention was made in paragraphs 4.1.6 and 4.1.7.2. of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1991 No.3 (Civil)- Government of Gujarat regarding excess expenditure on establishment against the prescribed norms under various programme.

Government informed the Public Accounts Committee (PAC) in January 1995 that action was taken to reduce the establishment expenditure by closing some of the offices under Area Development Commissioners.

It was noticed in audit (November 1996) of offices of Assistant Director of Agriculture (Soil Conservation and Irrigation) Bhavnagar Division I and II under Area Development Commissioner (ADC), Rajkot that as against establishment expenditure of Rs.2.61 crore during 1991-92 to 1996-97, works expenditure was only Rs.0.40 crore. Thus, percentage of establishment expenditure *vis-a-vis* total expenditure worked out to 87 *per cent*. The percentage of works expenditure to total expenditure during 1991-92 to 1996-97 was as under:

(Rupees in lakh)				
Year	Total expenditure	Establishment expenditure	Works expenditure	Percentage of works expenditure to total expenditure
1991-92	38.89	36.90	1.99	5
1992-93	65.71	38.86	26.85	41
1993-94	49.65	45.99	3.66	7
1994-95	49.25	48.31	0.94	2
1995-96	65.45	58.56	6.89	11
1996-97	32.75	32.75	--	--
Total	301.70	261.37	40.33	--

The table showed that there was negligible project work which resulted in disproportionate expenditure of Rs.2.61 crore on establishment.

Though, PAC was assured in 1995 of action for reduction of establishment expenditure by closure of some of the offices, it was found that no

office was closed so far and ADC approached Government only in April 1997 to adjust the staff surplus due to less project work.

The matter was reported to Government in May 1997; reply had not been received (November 1997).

3.3 Non-recovery of subsidy

Government from time to time sanctioned assistance in the form of loan and subsidy to co-operative societies for undertaking lift irrigation scheme, construction work like markets hall, internal road etc. The amount of assistance was to be utilised within two years for lift irrigation schemes and one year for other schemes from the date of sanctioning of first instalment, failing which the entire amount of assistance was recoverable with interest at the prevailing rate in one lump.

District Registrar of Co-operative Societies (DRCS), Baroda sanctioned assistance of Rs.9.40 lakh to five co-operative societies between October 1990 and March 1995 as detailed below:

(Rupees in lakh)

Serial number	Name of society	Purpose for which subsidy paid	Number of release of instalment	Amount (Date of release)	Date by which work was to be completed	Remarks
1	Shri Beraj Khet Piyat Co-op. Society, Beraj	Lift irrigation	1st	1.85 (October 1990)	March 1992	Yet to be completed
			2nd	0.62 (August 1995)		
2	Ram Kabir Khet Piyat Co-op. Society, Moti Tokari	-do-	1st	1.87 (April 1994)	March 1995	-do-
3	Shri Beretha Khet Piyat Co-op. Society, Beretha	-do-	1st	3.06 (March 1995)	January 1997	-do-
4	Agriculture Produce Market Samitee, Pavi Jetpur	For construction of market hall	1st	1.00 (January 1995)	January 1996	-do-
5	Agriculture Produce Market Samitee, Bodeli	Construction of road	1st	1.00 (March 1995)	March 1996	-do-
Total				9.40		

All the five societies failed to complete the works within the stipulated period and even beyond that. However, no action was taken by DRCS to recover the amount from the defaulting societies.

Thus, failure to observe the provisions of the schemes resulted in non-recovery of subsidy of Rs.9.40 lakh and interest of Rs.3.69 lakh (August 1997) and non-achievement of intended benefits of the schemes.

The matter was reported to Government in June 1997; reply had not been received (November 1997).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 Food and Drugs Control Administration

3.4.1 Introduction

Drugs Control Administration (Administration) came into existence with effect from 1st May 1960. Food Wing was taken over by the Administration from 1979 and renamed as Food and Drugs Control Administration. Its primary responsibility is to protect health of the consumer through strict control over the manufacture, sale and distribution of drugs, cosmetics and food items in the State.

The goal was to be achieved through three broad-based activities given below:

(a) authenticating manufacturing and selling premises by licensing system;

(b) ensuring quality control by drawing samples from manufacturing and selling premises and subjecting such samples to scientific analysis to ensure compliance with prescribed standards; and

(c) maintaining vigil on anti-social elements engaged in manufacture and distribution of sub-standard, banned and spurious drugs.

3.4.2 Organisational set up

The Administration was headed by Commissioner, who was assisted by 3 Joint Commissioners, 4 Deputy Commissioners at Gandhinagar and 18 Assistant Commissioners at district level. They discharged statutory functions involved in implementation of various enactments relating to drugs, cosmetics and food in the State.

3.4.3 Audit coverage

Records maintained at Commissioner's office at Gandhinagar, 10 circle offices* and 3 laboratories (Regional Food Laboratory Bhuj, Regional Food Laboratory Rajkot and Food and Drugs Laboratory, Vadodara) from 1991-92 to 1996-97 were test-checked between February and May 1997.

Important points noticed during test-check are mentioned in the succeeding paragraphs.

3.4.4 Highlights

In the absence of selling unit-wise information of inspection, it could not be verified in audit whether drug selling units were inspected four times within the span of two years as required under the Act.

(Paragraph 3.4.6)

Drawing of food-samples by Food Inspectors fell short between 27 per cent and 49 per cent during 1991-96.

(Paragraph 3.4.7)

Shortage of manpower in technical cadre ranged between 65 per cent and 79 per cent as per norms of Government of India. Inadequate strength of technical / non-technical staff adversely affected the working of the Administration.

(Paragraph 3.4.8)

Renewal of licences of 103 out of 112 blood banks was delayed. Delay in forwarding renewal applications by the State Licensing Authority to the Central Licence Approving Authority ranged from 11 months to 65 months. Thirty nine blood banks were ordered to discontinue functioning due to inadequate facilities .

(Paragraph 3.4.9)

For 31 Food Inspectors issue of notification under Section 9 of Prevention of Food and Adulteration Act, 1954 was delayed by 15 months. Notification for six Food Inspectors appointed in August/September 1996, was not issued as of August 1997. In the absence of notification, Food Inspectors were not authorised to take food samples.

(Paragraph 3.4.10)

* Ahmedabad, Bhavnagar, Bhuj, Jamnagar, Junagadh, Mehsana, Rajkot, Surat, Vadodara and Valsad.

Underutilisation of installed capacity for testing of food samples in the 3 laboratories at Bhuj, Rajkot and Vadodara ranged between 10 per cent and 24 per cent during 1991-96.

(Paragraph 3.4.11)

Though adulteration of milk and non-alcoholic beverages was on the higher side, lifting of their samples was low.

(Paragraph 3.4.12)

While cases of complaints increased significantly during 1992-1997, pendency of cases with the Intelligence Branch increased from 25 to 171 during the same period. In test-checked cases, there was delay in finalisation of complaints which ranged between six months and 23 months.

(Paragraph 3.4.14)

There was sharp increase in pendency in the cases of prosecution. The number of cases decided came down from 368 to 248 during the years 1991-96.

(Paragraph 3.4.15)

3.4.5 Financial outlay and expenditure

During 1991-92 to 1996-97, Administration received grant of Rs.33.88 crore and incurred expenditure of Rs.33.65 crore. There was excess expenditure of Rs.0.36 crore during 1996-97, which was attributed mainly to payment of arrears of pay and enhancement of maximum ceiling of bonus.

3.4.6 Shortfall in inspection of selling units of drugs

As per the Drugs and Cosmetic Act, 1940 (Act) each Drug Inspector (DI) was required to inspect 420 drug selling units per year at the rate of 35 inspections per month. Number of establishments licensed, number of inspections required to be conducted and number of inspections actually conducted during April 1991 to March 1997 were as under:

Year	Number of establishments licensed	Number of inspection to be conducted		Number of inspections conducted	Percentage of shortfall in inspection conducted	
		(A) As per Act	(B) As per men-in-position per DI 420 per annum		As per (A)	As per (B)
1991-92	12985	25970	12600	11277	57	11
1992-93	10645	21290	12600	11803	45	6
1993-94	11576	23152	12600	12313	47	2
1994-95	12768	25536	12180	11817	54	3
1995-96	13727	27454	12180	12154	56	--
1996-97	14920	29840	12180	11791	60	3
Total	76621	153242	74340	71155		

Shortfall in inspection compared to the required number as per the Act ranged between 45 *per cent* and 60 *per cent* during 1991-92 to 1996-97, which was attributed to less number of Drug Inspectors. Even the number of annual inspections to be conducted as stipulated by the Administration was not achieved. The Administration attributed shortfall to non-filling up of posts of Drug Inspectors (22 during 1991-94 and 14 during 1995-97).

Further, the Administration was required to inspect 'selling units' four times in a span of two years. However, 'selling units'-wise information of inspection was not made available to Audit. Hence it could not be verified, whether the units were inspected as required under the Act.

3.4.7 Shortfall in drawing food samples

Each Food Inspector was required to draw 216 samples of various food items per year at the rate of 18 food samples per month. There was sharp decline in lifting of food samples as shown below:

Year	Food Inspectors Men-in-position	Food samples to be collected		Food samples lifted	Shortfall	Percentage of shortfall
		per annum	total			
1991	78	216	16848	10003	6845	41
1992	80	216	17280	11492	5788	33
1993	79	216	17064	12443	4621	27
1994	78	216	16848	9819	7029	42
1995	74	216	15984	10191	5793	36
1996	80	216	17280	8758	8522	49

Shortfall in lifting of food samples by Food Inspectors was attributed by the Administration to compulsory attendance in courts till finalisation of case, time consuming process in drawing samples. This was not tenable as all the constraints were known and should have been taken into account while fixing the target.

3.4.8 Inadequate strength of technical/non-technical staff

(i) Staff position at the end of 1996-97 under the Administration revealed that there were 90 vacancies in the technical cadre and 34 vacancies in the non-technical cadre which constituted 8.7 *per cent* and 3.2 *per cent* of the total sanctioned posts as shown below:

Category of staff	Sanctioned posts			Men-in-position			Vacant posts			Percentage of vacant posts	
	Tech-ni-chal	Non-Tech-nichal	Total	Tech-ni-chal	Non-Tech-nichal	Total	Tech-ni-chal	Non-Tech-nichal	Total	Tech-ni-chal	Non-Tech-nichal
Class-I	43	2	45	25	1	26	18	1	19	42	50
Class-II	110	13	123	77	10	87	33	3	36	30	23
Class-III	266	327	593	227	305	532	39	22	61	15	7
Class-IV	--	270	270	--	262	262	--	8	8	--	3
Total	419	612	1031	329	578	907	90	34	124		

As against 18 sanctioned posts of Assistant Commissioners, 8 posts (including 5 posts with more work load) were vacant at the end of March 1997 which were manned by giving additional charge to Senior Drug Inspectors. However, 10 circle offices having less work load were manned by regular Assistant Commissioners.

Administration stated that shortage of staff was due to the procedure which was required to be completed before making promotion or filling up the posts by direct recruitment. This was not tenable as it was noticed that action to fill up the posts were not initiated by the Administration as required.

(ii) Analysis of the number of posts admissible as per the norms approved by Government of India (GOI) and number of posts actually sanctioned by State Government as of March 1997 showed that in the technical cadres the shortfall ranged between 65 *per cent* and 79 *per cent* as shown below:

Category of posts	Number of posts as per norms approved by GOI	Number of posts sanctioned by State Government	Shortfall	Percentage of shortfall
Food Inspector	290	85	205	71
Senior Drug Inspector	112	23	89	79
Drug Inspector	146	51	95	65

Though, the Administration had been writing to the State Government for sanctioning of more posts for the last ten years, no action was taken by Government as of November 1997. Since heavy shortage could affect adversely the inspection of the licensed manufacturing and selling units as well as lifting of food samples for testing, Government was required to take adequate steps for proper implementation of the Acts in the State.

3.4.9 Delay in renewal of licences to blood banks

According to Drugs and Cosmetics Act, 1940 (Act), each blood bank was required to fulfil minimum requirements like adequate equipment, trained staff, minimum total area of 100 square metres (sq.mts.) consisting of 7 rooms, lighting, ventilation, washable floors, etc. On receipt of application for renewal of licence, the State Licensing Authority was required to arrange for joint inspection (from January 1993) with officer nominated by Drugs Controller General (India), New Delhi-Central Licence Approving Authority (CLAA). Based on their joint-inspection report State Licensing Authority submits proposal for renewal of licence in prescribed form to CLAA, which is approved by CLAA.

During audit, it was noticed that out of 112 blood banks operating as on 31 March 1997, delay in renewal of licence in respect of 103 blood banks ranged from 1 to 5 years as shown below:

Status of blood bank							
Charitable trust	Private	Government	Total number of blood banks	Licence valid up to the year	Allowed to continue operation as blood bank	Ordered to discontinue operation as blood bank	Delay in renewal (in years)
1	1	--	2	1991	2	--	5
4	1	5	10	1992	4	6	5
13	3	27	43	1993	26	17	4
7	19	4	30	1994	14	16	3
5	3	--	8	1995	8	--	2
2	6	2	10	1996	10	--	1
32	33	38	103		64	39	

Administration stated (September 1997) that out of 112 blood banks, licences in respect of 3 blood banks were cancelled and out of the remaining 109 blood banks, licences in 69 cases were approved by CLAA, whereas remaining 40 blood banks (including one having licence up to December 1997) were asked to discontinue the operation of blood bank till they fulfilled the minimum requirements as per the Act.

However, it was noticed that in 103 cases delay in forwarding renewal applications by State Licensing Authority to CLAA ranged between 11 months and 65 months.

Thus, 39 blood banks were ordered to discontinue functioning due to inadequate facilities.

(ii) Further, it was also noticed that though thirty-nine blood banks which were not having minimum area of 100 sq. mts. as required under the Act, these were granted licences under discretionary powers vested with the Licensing Authority (Commissioner, Food and Drugs Control Administration). Circumstances leading to exercise of the discretionary powers, were not furnished to audit. Though the authority exercising discretionary powers allowed these blood banks to function, it did not check and verify whether adequate facilities were created in these blood banks in the subsequent years.

3.4.10 Delay in issue of notification of Food Inspectors under the Act

For collecting samples and to take cognizance of offences and for launching of prosecution, each Food Inspector was required to be notified as such by the State Government.

Thirty one Food Inspectors appointed in January 1991 were notified in April 1992. Six Food Inspectors appointed during August/September 1996 were yet to be notified by the State Government. In the absence of notification, Food Inspectors were not authorised to take food samples. They were deployed on the work of administrative nature. Thus, because of inordinate delay in issue of notification by the Government, the six Food Inspectors were not able to discharge their functions under the Act. This affected adversely in implementation of the Act by the Administration as pointed out in paragraph 3.4.7.

3.4.11 Underutilisation of food sample testing capacity

Against the installed capacity of testing of 10,970 food samples per year, food samples, actually tested at three laboratories at Bhuj, Rajkot and Vadodara during the period of review were as under:

Year	Installed capacity	Number of food samples tested	Percentage of capacity utilisation
1991-92	10970	9061	83
1992-93	10970	9902	90
1993-94	10970	11479	--
1994-95	10970	8381	76
1995-96	10970	8739	80
Total	54850	47562	

Underutilisation of installed capacity ranged between 10 *per cent* and 24 *per cent* during four years. The Administration attributed underutilisation to diversion of 45 officials (33 technical and 12 non-technical) between October 1994 and February 1997 and four officials (one Junior Scientific Assistant, one Senior Laboratory Assistant and two Laboratory Assistants) were still engaged, at the Collectorate, Vadodara for preparation of identity cards for voters for the purpose of General Election.

3.4.12 Drawing of inadequate number of samples of adulteration prone items

Though, 62706 food samples were drawn by the Food Inspectors commodity-wise break-up of the samples drawn was not available with the

Administration. However, details of food samples received at three laboratories and analysis carried out during 1991 to 1996 were as under:

Nature of food articles	Opening balance	Number of samples received (percentage)	Total	Number of food samples analysis carried out	Number of food samples found adulterated (percentage)	Samples pending (carried over to next year)
Non-alcoholic Beverages	15	761 (1)	776	747	131 (18)	29
Spices and condiments	364	8665 (14)	9029	8626	720 (8)	403
Sweetening agents	143	2345 (4)	2488	2340	60 (3)	148
Tea, Coffee, Cocoa and Chicory	99	2913 (5)	3012	2915	46 (2)	97
Milk	40	2536 (4)	2576	2521	460 (18)	55
Butter, Ghee, Ice-cream and other milk products	102	3293 (5)	3395	3278	389 (12)	117
Edible oils, fats and vanaspati	244	9417 (15)	9661	9399	478 (5)	262
Fruit products	11	496 (1)	507	492	22 (4)	15
Cereal products and pulses	213	6175 (10)	6388	6147	477 (8)	241
other misc. food products	362	11439 (18)	11801	11397	918 (8)	404
Total	1593	48040	49633	47862	3701	1771

Number of samples lifted by Food Inspectors in respect of fruit-products (1 *per cent*), milk (4 *per cent*), sweetening agents (4 *per cent*), tea-coffee etc. (5 *per cent*), butter, ghee etc. (5 *per cent*) was very low in comparison to total number of food samples lifted.

Though, adulteration of milk (18 per cent), non-alcoholic beverages (18 per cent), butter, ghee etc.(12 per cent), was on higher side, lifting of their samples was low.

3.4.13 Inadequate investigation of complaints against the departmental officials

Sixty two complaints were received against the officials of the Administration during 1991-92 to 1996-97 for corruption, misuse of powers, etc.

Out of the above, six cases were pending with Government and five cases were pending with the Administration. Twenty seven cases were not followed up by the Administration though the charges were of serious nature.

Out of 24 cases in which action was taken by the Administration; 19 cases were finalised in six months and five cases were finalised between nine months and 39 months.

Out of 27 cases filed by the Administration time taken by the Administration in deciding these cases ranged between one month and three months (13 cases), three months and six months (11 cases) and six months and 13 months (three cases).

3.4.14 Poor performance by Intelligence Branch

Intelligence Branch under Food and Drugs Control Administration at Gandhinagar was set up for carrying on campaign against adulterated, misbranded and spurious drugs. It was also entrusted with the work of investigation of complaints received from various agencies and processing of prosecution cases, under the various Acts.

Performance of Intelligence Branch during 1991-92 to 1996-97 was as under:

Subject	Year					
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Complaints received	101	89	132	117	333	308
Action taken	59	54	95	64	124	75
Referred to other departments and States	9	10	25	45	43	62
Under process (Percentage)	33 (33)	25 (28)	12 (9)	8 (7)	166 (50)	171 (56)
<u>Prosecution</u>						
Launched in the Court	15	15	7	5	14	31
Raid	12	23	12	26	41	13

The number of complaints increased significantly from 1992-93 while action taken against the complaints did not keep pace. As a result, percentage of cases under process with the Intelligence Branch increased from 7 (1994-95) to 56 (1996-97). Thus, there was scope for improvement in the response of the Administration to the rising trend in complaints.

A test-check of disposal of 19 complaints revealed that four cases were finalised in six months and remaining 15 cases were finalised between six months and 23 months. The delay was attributed by the department to receipt of more complaints during 1995-96 and 1996-97.

3.4.15 Inordinate delay in finalisation of prosecution cases

Details of food samples lifted, found adulterated and prosecution cases during the period of review were as under:

Year	Number of samples		Number of cases		Cumulative number of cases at the Court at the end of year
	Lifted during the year	Found adulterated during the year	prosecution launched during the year	Decided during the year	
1991	10003	699	458	368	3646
1992	11492	675	643	251	4038
1993	12443	670	566	261	4343
1994	9819	605	610	269	4684
1995	10191	671	581	264	5001
1996	8758	519	563	248	5316
Total	62706	3839	3421	1661	

There was sharp increase in number of pending cases of prosecution and the cases decided came down from 368 to 248 during these years which indicated poor performance in this area.

Cases finalised at appeal stage were negligible during the period under review. The Administration attributed inordinate delay in finalisation of prosecution cases to frequent adjournment of hearing of cases.

The delay in finalisation of cases adversely affected the efficiency of the Administration.

3.4.16 Evaluation

Evaluation of working of the Administration was not conducted at any level.

3.4.17 The matter was reported to Government in July 1997; reply had not been received (November 1997).

3.5 Plague epidemic in Gujarat

Due to sudden outbreak of plague, Surat city and surrounding Talukas were declared plague affected areas from 24 September to 2 November 1994.

Test-check of records of Commissioner, Health and Medical Services, Gandhinagar (Commissioner), Central Medical Stores Organisation (CMSO), Gandhinagar, Civil Hospitals Surat, Baroda and Bharuch, District Panchayats (Health branch) Surat, Baroda, Bharuch and Gandhinagar and Regional Deputy Directors Gandhinagar, Baroda and Surat conducted between April and May 1996 and further information furnished by the Commissioner (April and May 1997) revealed the following:

(a) Grant of Plague control programme lying unutilised

Under the Plague Control Programme, Rs.1.08 crore were released on 10 and 24 October 1994 to 19 district panchayats (Panchayats) by the Commissioner for purchase of medicines and disinfectants. Out of this amount, only Rs.27.14 lakh were spent by the Panchayats for the purpose and Rs.1.77 lakh were spent for 'other purposes'. Details regarding exact nature of 'other purposes' were not furnished. Information relating to utilisation of Rs.20 lakh was not available with the Commissioner and Rs.59.09 lakh were lying (May 1997) unutilised with the Panchayats for nearly three years.

Commissioner stated (May 1997) that the amount was kept reserved for utilisation in eventualities like biological disasters in future. This was not tenable as the amount which could not be utilised for the purpose for which it was sanctioned should have been surrendered to Government after expiry of one year from the date of sanction as required under the provisions of Gujarat Financial Rules, 1971.

(b) Free supply of medicines not ensured by Government of India

Government of India (GOI) supplied 1.60 lakh tetracycline capsules through the Government Medical Store Depot (GMSD), Calcutta. The capsules were to be supplied free of cost. However, GMSD debited Rs.1.08 crore to Government of Gujarat in June 1995. The Commissioner referred the matter to GOI in October 1995 which was not followed up at all. This resulted in non-receipt of amount of Rs.1.08 crore from GOI as of September 1997.

(c) Diversion of funds

Out of the grant of Rs.6 crore released by the Commissioner for prevention and control of plague, Rs.90.78 lakh, as detailed below, were spent by the Superintendent, New Civil Hospital, Surat during September and December 1994 on the works/items which were not connected with the control of plague:

Works/Items	Amount (Rupees in lakh)
(i) Purchase of 20 AC machines, water coolers, fans etc.	10.00
(ii) Purchase of furniture	31.08
(iii) Installation of PBX	7.00
(iv) Erection of new lift	10.00
(v) Electrification in hospital building	32.70
Total	90.78

(d) Immunology Laboratory not functioning effectively

For proper diagnosis of Plague, Hepatitis, AIDs etc., the State Government sanctioned (October 1994) Rs.14.20 lakh for setting up of Immunology Laboratory by upgrading the existing laboratory at New Civil Hospital, Surat. Government of India also released Rs.49.30 lakh in March 1995 for the purpose. Rupees 45.85 lakh were spent between April 1995 and March 1996 for purchase of instruments etc. (including imported instruments worth Rs.28.38 lakh) for the laboratory.

The laboratory, though equipped, could not carry out regular tests for want of trained staff.

Commissioner stated (May 1997) that it was decided to train the staff with the National Institute of Communicable Disease. However, only two officers could be sponsored for training as of September 1997.

Thus, expected benefits of setting up of a laboratory were not achieved even after spending Rs.45.85 lakh due mainly to failure in imparting training to concerned staff.

Further, out of Rs.33.22 lakh deposited with the State Bank of India in April 1995 for importing an equipment, Rs.10.52 lakh (principal Rs.4.84 lakh; interest Rs.5.68 lakh) were refunded by the bank in March 1996. However, only Rs.4.84 lakh were credited to government account in April 1996 and interest amount of Rs.5.68 lakh was retained by the department. Reasons for non-refunding of interest amount, though called for, were not furnished.

The matter was reported to Government in June 1997; reply had not been received (November 1997).

3.6 Non-utilisation of government funds

To improve and strengthen the existing Under Graduate Colleges of Indian System of Medicines and Homeopathy, Government of India released (December 1994) a grant of Rs.6.50 lakh to the Government Ayurvedic College, Junagadh (College) for purchase of equipment etc. The grant was to be utilised within three/six months from the date of receipt and for the purpose for which it was sanctioned.

Although, Government of India released grant in December 1994, no action for purchase of equipment was initiated by the college and the entire amount of Rs.6.50 lakh was retained beyond the prescribed period of utilisation instead of refunding the amount to Government of India. The amount was lying in Personal Ledger Account of the college (February 1997) due to dispute between the college authorities and the Director of Indian System of Medicines and Homeopathy regarding delegation of powers for issue of sanction for purchase.

Thus, delay in deciding the procedural matter resulted in non-utilisation of Rs.6.50 lakh for nearly two and a half years besides denial of intended benefits to the students.

The matter was reported to Government in January 1997; reply had not been received (November 1997).

INDUSTRIES AND MINES DEPARTMENT

3.7 Development of Small Scale Industries

3.7.1 Introduction

Gujarat accounted for eight *per cent* of country's investment in Small Scale Industries (SSI). The State occupied seventh position in terms of number of SSI units in the country as on 31 March 1996.

Units with investment upto Rs.60 lakh in fixed assets and plant and machinery held on ownership basis/on lease or hire purchase were treated as SSI. The limit of investment was Rs.75 lakh in respect of export oriented units and auxiliary units. Those units with investment in plant and machinery upto Rs. five lakh were called 'tiny units'.

3.7.1.1 Objectives

Schemes for development of SSI units included development of industrial estates, construction of sheds, provision of financial assistance, supply of scarce raw materials, provision of fiscal incentives, imparting entrepreneurial training and extending marketing facilities.

The main objectives of the schemes were upgradation of entrepreneurial skills, generation of additional employment, better utilisation of installed capacity and wider entrepreneurial base through training.

3.7.2 Organisational set up

At the State level, Industries and Mines Department (Department) functions as administrative head while Industries Commissioner (Commissioner) acts as executive head for co-ordinating different activities of 18 District Industries Centres (DICs). The Commissioner is assisted by two additional commissioners.

The schemes were implemented by the Department through the Commissioner, DIC, Gujarat Industrial Development Corporation (GIDC), Gujarat State Financial Corporation (GSFC), Gujarat Small Industries Corporation (GSIC) and Centre for Entrepreneurial Development (CED).

3.7.3 Audit coverage

Implementation of the scheme during 1991-92 to 1996-97 was reviewed between January 1997 and July 1997 through test-check of records at the

Commissionerate, eleven[▼] DICs, and information supplied by GIDC, GSFC, GSIC and CED. Important points noticed are discussed in subsequent paragraphs.

3.7.4 Highlights

Though the number of registered units under Small Scale Industries increased from 11802 in 1991-92 to 14070 in 1996-97 (19 *per cent*), number of persons employed in Small Scale Industries declined from 66278 to 47668 (28 *per cent*) during the same period. The objective of generation of employment was thus not achieved.

(Paragraph 3.7.6)

Out of 2192 hectares of land acquired for development and allotment to units in six estates, only 732 hectares of land (33 *per cent*) was developed as on 31 March 1996.

(Paragraph 3.7.7.1(i))

In eight industrial estates, out of 618 hectares of land developed, only 271 hectares of land was allotted.

(Paragraph 3.7.7.1(ii))

Reservation of 18 hectares of developed land for dumping solid waste resulted in wasteful expenditure of Rs.31.17 lakh besides non-utilisation of asset worth Rs.7.09 crore for more than five years.

(Paragraph 3.7.7.1(iii))

Assistance given to Small Scale Industries came down from Rs.269 crore in 1991-92 to Rs.251 crore in 1995-96 and the number of assisted units declined from 2835 to 1221 during 1991-96.

(Paragraph 3.7.7.2(i))

Even though cheques of 1878 units were dishonoured action was initiated only against 8 units as of March 1997. One hundred nineteen cheques amounting to Rs.70.53 lakh issued by four units to Gujarat State Financial Corporation, Vadodara and Valsad during 1992-96, were dishonoured. However, action was initiated against only one unit (October 1997). In spite of repeated cases of dishonourment of cheques, Gujarat State

[▼] Ahmedabad, Bharuch, Bhuj, Godhra, Himatnagar, Mehsana, Rajkot, Surat, Surendranagar, Vadodara and Valsad.

Financial Corporation did not consider repayment of loans through demand drafts to safeguard the interest of government.

(Paragraph 3.7.7.2 (ii) and (iii))

Non-adoption of procedure for fixing reserve price by Gujarat State Financial Corporation and selling of assets at a price much below the approved value resulted in loss of Rs.5 crore. Machinery pertaining to 11 units were sold to one bidder at Surat for Rs.18.68 lakh as against approved value of Rs.43.50 lakh which resulted in loss of Rs.24.82 lakh.

(Paragraph 3.7.7.2(iv and v))

Non-observance of prescribed procedure and failure to exercise proper check before issue of no due certificate to units caused Gujarat State Financial Corporation a loss of Rs. 55.40 crore during 1990-91 to 1995-96.

(Paragraph 3.7.7.2(vi))

Cheques amounting to Rs.20.16 crore received from 771 Small Scale Industrial units during 1992-95 for raw materials supplied to these units, were dishonoured.

(Paragraph 3.7.7.3(ii))

Bill discounting scheme was irregularly extended to non-SSI units and Rs.18.02 crore were paid to those units.

(Paragraph 3.7.7.3(iii))

Gujarat Small Industries Corporation irregularly extended financial assistance amounting to Rs.2.87 crore in respect of sales made to sister/associate concerns.

(Paragraph 3.7.7.3(iv))

Twelve units under Small Scale Industries against which Rs.4.29 crore were outstanding as of March 1997, were given bill discounting facility of Rs. 2.08 crore by Gujarat Small Industries Corporation to accommodate outstanding bills of Rs. 1.99 crore in contravention of scheme guidelines.

(Paragraph 3.7.7.3(v))

In Surat and Valsad, District Industries Centres made out of turn payments of subsidy of Rs.11.06 crore to 172 units. The matter needed investigation by the department.

(Paragraph 3.7.8(i))

In Pipodra - Surat, subsidy of Rs.91.69 lakh was paid to 9 units of the same family in contravention of the provisions of Capital Investment Subsidy Scheme.

(Paragraph 3.7.8(iv))

In Surat, thirty one units to which subsidy of Rs.2.57 crore was paid in 1994, were not in existence at the addresses given in their application forms.

(Paragraph 3.7.8(vi(a)))

Out of 43308 units to which permanent registration certificates were issued during 1991-92 to 1996-97, marketing assistance was provided by District Industries Centres to 741 units only (2 per cent).

(Paragraph 3.7.10)

3.7.5 Financial outlay and expenditure

Year-wise details of budget allotment under Capital Investment Subsidy Scheme and actual expenditure during 1991-92 to 1996-97 were as under:

Year	Allotment	Total expenditure (Rupees in crore)	Expenditure on SSI
1991-92	50.13	50.12	34.44
1992-93	38.14	38.14	23.71
1993-94	26.00	25.44	22.89
1994-95	61.04	61.01	51.86
1995-96	77.87	77.87	56.08
1996-97	50.04	50.04	38.37
Total	303.22	302.62	227.35

Details of provision relating to SSI were not available.

3.7.6 Physical target and achievement

Physical targets for establishment of SSI units during 1991-92 to 1996-97 and achievements thereagainst were as under:

Year	Number of SSI units		Investment		Employment generation	
	Target	Achievement	Target	Actual investment	Target	Achievement
(Rupees in crore)						
1991-92	11840	11802	No target fixed for investment	353.00	82880	66278
1992-93	13600	12629		468.00	95200	60722
1993-94	13800	13048		583.00	96600	63582
1994-95	14000	14044		537.00	98000	62786
1995-96	14200	14058		561.00	99400	56055
1996-97	14400	14070		279.00	100800	47668

Although the SSI units increased from 11802 in 1991-92 to 14070 in 1996-97 (19 *per cent*), generation of employment declined from 66278 to 47668 (28 *per cent*). The reduction in employment generation defeated the objective of promoting SSI units. The department stated that shortfall in employment was due to modernisation and introduction of advanced technology in SSI units.

According to the Second All India Census of SSI units conducted in 1988, it was noticed that as against 58,328 SSI units registered in the State up to 31 March 1988, 35,000 were found working, 19159 units were closed and 4169 were not traceable/non responding.

A further 'Sample Survey' conducted in 1996 by the Development Commissioner (SSI), New Delhi, revealed that in respect of 9045 SSI units to which permanent registration certificates were issued during 1991-92 to 1996-97 only 5291 units were functioning while 2130 were closed and 1624 were not traceable/non-responding.

3.7.7 Implementation of the Scheme

3.7.7.1 Infrastructural facilities

(i) Acquisition of land and development of industrial estates including construction of sheds and residential quarters and allotment thereof was the responsibility of GIDC. The location of an industrial estate was required to be identified on the basis of representation from local industrial association, chamber of commerce or group of potential entrepreneurs (at least 20).

GIDC acquired 2192 hectares of land for development in six industrial estates, developed only 732 hectares of land (33 *per cent*) as of 31 March 1996 and 1460 hectares of land (67 *per cent*) was still to be developed. The department did not furnish reasons for non-development of major portion of acquired land (October 1997).

(ii) In eight* industrial estates, out of 618 hectares of land developed, 271 hectares of land was allotted as on 31 March 1996.

Percentage of allotment of developed land ranged between 1 (Rafaleshwar) and 70 (Anjar) which indicated that land was developed far in excess of requirements. GIDC stated (April 1997) that land was not allotted as there was no demand. Thus, land was not developed based on demands from the local industrial association/representation from atleast 20 entrepreneurs.

(iii) GIDC, Vapi acquired 117 hectares of land at a cost of Rs.27.62 lakh in June 1986 for development of phase IV. Ten hectares of land was earmarked for dumping solid waste. Rupees 1.60 crore were spent for development of balance 107 hectares of land. Thirty hectares of developed land was used for pumping station, road etc. and 59 hectares of land was allotted to industries. Balance 18 hectares of developed land (present value Rs.7.09 crore) remained unallotted since April 1992. GIDC stated that land could not be allotted due to dispute with villagers and reservation of land for dumping solid waste. Details of action taken for settlement of dispute, though called for, were not furnished. Thus, expenditure of Rs.31.17 lakh became wasteful as no expenditure was required to be incurred on development of land reserved for dumping solid waste. Further assets worth Rs.7.09 crore remained unutilised for a period of more than five years.

(iv) GIDC, Sarigam constructed 255 sheds in January 1994, out of which 231 sheds were allotted and 24 sheds worth Rs.1.33 crore remained unallotted. GIDC stated that the sheds could not be allotted as there was no demand from parties and were expected to be allotted during the course of Capital Investment Subsidy Scheme 1995-2000. However, fact remained that in the first two years of Capital Investment Subsidy Scheme 1995-2000, no shed could be allotted which indicated that construction of sheds was not based on demand.

3.7.7.2 Financial assistance

(i) GSFC provided financial assistance in the form of loans to new industrial units for acquisition of fixed assets, preliminary and pre-operative

* Anjar, Bamanbore, Kerala, Rafaleshwar, Savli, Sarigam, Vartej, Viramgam.

expenses, expansion, modernisation, diversification and renovation. Before sanction of loan, equitable mortgage of fixed assets, hypothecation of machinery, third party guarantee and collateral security were required to be obtained. Six years, including initial moratorium period of one year was fixed for repayment of principal amount. The units were to repay the loan instalment by cheques. Details of loans given to SSI units during the period 1991-96 were as under:

Year	Total assistance (Rupees in crore)	Assistance to SSI	Percentage of assistance to SSIs	Total number of units	Number of SSI units assisted	Percentage of SSI units to total units assisted
1991-92	283	269	95	2858	2835	99
1992-93	220	204	93	1951	1929	99
1993-94	231	207	90	1576	1544	98
1994-95	239	205	86	1359	1318	97
1995-96	306	251	82	1271	1221	96
1996-97 [®]						

Total assistance given to SSI units came down from Rs.269 crore in 1991-92 to Rs. 251 crore in 1995-96. There was also a steep decline in number of SSI units assisted from 2835 in 1991-92 to 1221 in 1995-96 (43 per cent). Share of SSI units in total assistance also shown a decline from 95 per cent to 82 per cent during the above period. Percentage of SSI units assisted out of total units declined from 99 per cent to 96 per cent during the same period. Reasons for decline in the quantum of assistance given to SSI units were not furnished (October 1997).

(ii) At Surat, Vadodara and Valsad large number of cheques received in re-payment of loan instalments were dishonoured as on March 1997 as shown below:

Name	Number of units	Cheques dishonoured at the end of March 1997 (Rupees in crore)	Action taken against number of units
Surat	847	4.52	4
Vadodara	685	4.94	1
Valsad	346	2.87	3
Total	1878	12.33	8

[®] As the Accounts for 1996-97 were not finalised, figures were not available.

Thus, action was taken only against 8 units (less than 1 *per cent* of defaulting units), out of 1878 units, whose cheques were dishonoured. Reason for not initiating action against other defaulting units, though called for, was not furnished by GSFC (October 1997). The failure in taking action against defaulters resulted in perpetuating the loss caused due to dishonoured cheques.

(iii) It was also noticed that the number of cheques which bounced, was more than 20, in the case of four SSI units as detailed below:

Name of the Unit	Cheques dishonoured	Amount (Rupees in lakh)	Period	Action taken
Creative Plastics, Vadodara	21	24.50	March 1993 to March 1996	Auctioned in October 1996
Gujarat Suspension, Vadodara	28	26.71	March 1992 to May 1996	No action taken
M.H.Verma Industries, Valsad	21	8.12	July 1994 to March 1997	No action taken
Ajit Paper Mills, Valsad	49	11.20	June 1995 to March 1996	No action taken
Total	119	70.53		

Though, cheques were repeatedly dishonoured in the above cases, no action was initiated by GSFC against the defaulting units. GSFC also did not furnish any reason as to why they did not consider adopting a system for repayment of loans through demand draft instead of remitting the same by cheques to safeguard the interest of Government.

(iv) Defaulting units were to be taken over and valuation report from Government approved valuer was required to be obtained before auction of the unit. Though GSFC received valuation reports from the Government approved valuers, it did not adopt the procedure of fixing offset price/reserve price, before auction. GSFC sold the units far below the value fixed by the Government approved valuer which resulted in loss of Rs.5 crore in two Regional Offices at Surat and Valsad during 1994-97 as shown below:

Name of the region	Year	Total number of units auctioned	Value as per Valuer's report	Sale price	Loss
(Rupees in crore)					
Surat	1994-95 to 1996-97	214	13.00	9.00	4.00
Valsad	1994-95 to 1996-97	67	5.00	4.00	1.00
Total		281	18.00	13.00	5.00

(v) GSFC, Surat sold machinery of 11 units to one bidder at Surat for Rs.18.68 lakh as against approved value of Rs.43.50 lakh resulting in loss of Rs. 24.82 lakh.

Reasons for selling machinery at such low price to one party were not furnished by GSFC.

(vi) Scrutiny of balance sheet of GSFC for 1990-91 to 1995-96 revealed that Rs.55.40 crore were written off on account of bad debts.

GSFC stated that write off policy was decided each year and debts were written off according to the policy. It was noticed that bad debts were written off mainly on the following grounds:

- (a) Loanees/guarantors were non-existing/non- traceable.
- (b) No objection certificates were issued to parties though outstanding balance existed in their accounts.
- (c) Assets of loanees were sold and the sale proceed was less than the outstanding amount and either collateral security was not available or recovery from guarantors were not possible as they did not have sufficient resources.

The reply of GSFC was not tenable as, if prescribed procedures like obtaining of equitable mortgage of fixed assets, hypothecation of machinery and collateral security etc. were followed and proper checks were exercised before issue of no due certificate, writing off of bad debt of Rs. 55.40 crore could have been avoided.

3.7.7.3 Supply of raw materials

The main object of GSIC was to help SSI units in procurement of raw materials. Details of materials supplied to SSI units during 1991-96 were as under:

(Rupees in crore)

Year	Pig Iron		Iron and Steel		Plastic		Others	
	Num-ber of units	Amount	Num-ber of units	Amount	Num-ber of units	Amount	Num-ber of units	Amount
1991-92	1912	103.96	936	31.44	425	35.93	315	3.36
1992-93	1917	95.18	425	14.57	265	43.94	163	3.33
1993-94	1581	85.00	242	27.45	282	39.85	165	4.18
1994-95	1534	69.70	413	121.48	294	58.11	171	3.68
1995-96	739	71.43	239	109.98	309	78.93	131	5.02
1996-97 ^ψ								
Total	7683	425.27	2255	304.92	1575	256.76	945	19.57

(i) The above table shows that there was sharp decline in number of units to which materials were supplied during 1991-92 to 1995-96. (In case of pig iron from 1912 to 739 (61 *per cent*), iron and steel from 936 to 239 (74 *per cent*), plastic from 425 to 309 (27 *per cent*) and other items from 315 to 131 (58 *per cent*)). GSIC did not furnish reasons for such steep decline in units assisted .

(ii) It was noticed that 1545 cheques amounting to Rs.20.16 crore received by GSIC from 771 SSI units for material supplied were dishonoured during 1992-93 to 1994-95.

It was also observed that many cheques issued by certain parties were dishonoured repeatedly as shown below:

^ψ As the Accounts for 1996-97 were not finalised, figures were not available.

Serial number	Name of unit	Name of owners	Period	Number of cheques	Amount (Rupees in crore)
1	Sonia Enterprise Pvt.Ltd., Ahmedabad	Surendra Sing Rajput 31, Amaltas bungalow, Ahmedabad	1992-93 to 1993-94	42	1.03
2	Tipo Plast, Baroda	Vipin Nishar Top O Plast 292, GIDC Estate Makarpura, Baroda	--do--	25	0.25
3	Jacika Blow Plast Pvt. Ltd., Ahmedabad	Not available	--do--	13	0.02
4	Vidya Laminates Pvt. Ltd., Ahmedabad	Mr. Mahesh Thakkar Vidya Laminates, Ahmedabad	--do--	17	0.11
5	Jyoti Poly, Sihor, Dist. Bhavnagar	Smt. Kaluben Samant and partners Jyoti Poly Sihor, 101, GIDC, Sihor, Bhavnagar	--do--	12	0.15
Total				109	1.56

GSIC stated that action was initiated (during 1996-97) against defaulting parties under Section 138 of Negotiable Instruments Act and with Mamlatdar for issue of recovery certificates. The reply was not tenable as action was initiated against 67 defaulting units only out of 771 units. Further, the number of dishonoured cheques could have been kept under control had the system of payment through demand draft was introduced in the case of regularly defaulting units.

(iii) Although GSIC was set up for providing assistance to SSI units only, it was seen that assistance under bill discounting scheme, introduced in January 1994 was irregularly extended to non SSI units and Rs.18.02 crore were paid to those units.

(iv) It was observed that in case of discounting of bills, proper scrutiny or verification was not done to ascertain whether purchases and sales

actually took place. Further, financial assistance of Rs.2.87 crore was irregularly given in respect of sales made to sister/associate concerns as shown below:

Name of unit		Amount (Rupees in crore)
(a)	Union Bearings (India) Ltd. Sales to Navchetan Trading and Investment Pvt. Ltd.	1.82
(b)	Genuine Commodities and Development Company Ltd. Sales to Genuine Marketing Ltd.	1.05
Total		2.87

(v) Twelve units against whom Rs. 4.29 crore were outstanding as on 31 March 1997, availed themselves of disbursement from GSIC by discounting new bills in order to make payment of earlier bills as detailed below:

(Rupees in crore)

Serial number	Name of unit	Bills discounted	Earlier bills retired
1	Nada Industries Ltd.	0.13	0.12
2	D and V Apperals Mfg. Co.	0.09	0.07
3	Shah Enterprises	0.05	NA
4	Strong Steel Ltd.	0.56	0.52
5	Uttam Poly Films Pvt. Ltd	0.56	0.60
6	Rub Industries Pvt. Ltd.	0.07	0.09
7	Shri Gayatri Engineering Works	0.04	0.04
8	Quality Corporation	0.04	NA
9	Exim Enterprises	0.06	0.06
10	Ramesh Chandra and Company	0.16	0.16
11	Mahadev Enterprises	0.26	0.27
12	Mascot Hotel	0.06	0.06
Total		2.08	1.99

NA: Information not available

As discussed in sub paragraph (iii) to (v) above, bill discounting scheme was improperly implemented by the Deputy General Manager (Executive), two Junior Executives and one Senior Assistant (all from Marketing branch) of GSIC. They did not furnish any reason for improper implementation of the scheme, though called for (October 1997).

3.7.8 Capital Investment Subsidy Scheme

To develop industries in rural and backward areas and achieve decongestion of industries from developed areas and cities, Capital Investment Subsidy Scheme was introduced in December 1977.

Subsidy disbursed under the scheme during 1991-92 to 1996-97 was as under:

Year	Subsidy disbursed	
	Number of units	Amount (Rupees in crore)
1991-92	1948	42.53
1992-93	1307	32.04
1993-94	1534	25.84
1994-95	2242	64.60
1995-96	1189	77.87
1996-97	707	38.37
Total	8927	281.25

Capital Investment Subsidy Scheme envisaged payment of 85 *per cent* of subsidy before commencement of commercial production and remaining 15 *per cent* after the unit commenced commercial production.

(i) It was observed that payment of subsidy was made only in respect of units which commenced commercial production on or before March 1993. Subsidy amounting to Rs.397.65 crore to 8145 units was yet to be paid as shown below:

Year	Number of units	Subsidy to be paid (Rupees in crore)
1993-94	4494	177.55
1994-95	2023	125.10
1995-96	1628	95.00
Total	8145	397.65

The department stated that due to shortage of budget provision payment of subsidy before starting commercial production could not be made and amount was paid after unit commenced commercial production. However, it was noticed in two test-checked DICs (Surat and Valsad) that out of 396 units which were paid subsidy, 172 units were paid Rs. 11.06 crore out of turn. The matter needed further investigation by the department.

(ii) Capital Investment Subsidy Scheme (1990-95) provided for 5 *per cent* additional subsidy to women entrepreneurs who were not paying Wealth Tax. Before releasing subsidy it was required to be verified whether women entrepreneurs were paying Wealth Tax or not. This could only be certified authoritatively by Income Tax Department, but in four DICs (Ahmedabad, Rajkot, Surat and Vadodara) 5 *per cent* additional subsidy amounting to Rs.1.28 crore was paid to 96 women entrepreneurs on the basis of affidavit given by them.

(iii) Under the scheme, subsidy was payable for expansion of an existing unit in eligible area. It was noticed that an unit existing at Makarpura (in-eligible area) was shifted to Waghodia (eligible area) and amount of Rs.1.92 lakh was paid as subsidy for expansion under the scheme. The payment was irregular as the unit was shifted from in-eligible area to eligible area in order to avail benefit of subsidy.

(iv) An unit was ineligible for incentive, if it utilised any common amenity other than water, electricity, steam and pollution control measures. In Pipodra-Surat, nine¹ units belonging to one family were operating in the same plot under common compound wall using common amenities like, telephone, fax etc. These units were irregularly paid subsidy of Rs.91.69 lakh² during 1989-96 and subsidy Rs.41.42 lakh³ was sanctioned in December 1995.

The department stated (January 1997) that according to provision an individual proprietary concern was entitled for incentive and therefore designation of family could not be made applicable to units setup in backward areas. This was not tenable as common amenities were shared by the units.

Similarly, Nagalia Fabrics and BMV Associates (Pl. No.113), Motaborsa, Surat were irregularly paid Rs.4.41 lakh and Rs.16.41 lakh respectively as subsidy, although Basudeo R. Nagalia was partner in both the firms and both the firms had the same fax number.

(v) As per provisions of Capital Investment Subsidy Scheme, unit which received subsidy was to remain in commercial production for five years. This was to be verified every year by DICs. If units were found closed within five years after commencement of commercial production, subsidy paid was to be recovered by issuing revenue recovery certificates. It was noticed that during 1978-97, 681 units were closed within five years after commencement of commercial production and Rs.8.47 crore were to be recovered as of May 1997.

(vi) Scrutiny of the details of various units which were paid subsidy by DIC Surat from 1994-95 to 1996-97 revealed that:

(a) Thirty one units to which Rs.2.57 crore were paid were not available at the address given in their subsidy application forms.

¹ RBM Polyester, DN Texturisers, Sitaram Textiles, Sitaram Texturisers, Nirman Texturising, Nirman Udyog, Nirman Twisting Works, Nisha Fibers, Rajeevni Synthetics.

² under 1986-91 scheme

³ Under 1990-95 scheme

(b) Eight units belonging to four groups who were paid subsidy of Rs.1.12 crore were utilising common facilities as detailed in Appendix-XI.

Payment of subsidy to units sharing common facilities including factory premises was in contravention of Government orders.

3.7.9 Identification and revival of sick-SSI units

The Reserve Bank of India formed a committee under the Chairmanship of Industries Commissioner called 'State Level Inter Institutional Committee (SLIIC)' for rehabilitation of sick units. To examine cases of individual sick units, SLIIC formed a sub-group. The Government also formed a State Level Committee (SLC) in June 1991 to strengthen the sub-group under the Chairmanship of Industries Commissioner.

Number of applications from sick units processed as on 31 March 1996 was as under:

Serial number	Particulars	Number of applications
1	Total applications received	1293
2	Considered viable	952
3	Sent to State Government	22
4	Sent to financial institutions	930
5	Rejected	341

Out of 952 sick units considered viable, applications of 22 units only were sent to Government for sanction of relief and it took 11 months to 36 months for sanction of relief in thirteen cases. Remaining nine cases were rejected by Government. Even though 930 cases were sent to financial institutions for assistance, no information was available with the Commissioner whether assistance was provided to them or not.

The Commissioner stated (June 1997) that in the absence of any statutory support to enforce decision of the Committee, SLC proved ineffective and was not working as an empowered body, even though there was provision that all participating agencies were bound to accept recommendations of SLC.

3.7.10 Marketing assistance

For rendering marketing assistance, SSI units were required to register themselves with DICs. During test-check of seven^Ψ DICs following points were noticed:

Out of 43,308 units to whom permanent registration certificates were issued during 1991-92 to 1996-97, marketing assistance was provided by DICs to less than 2 *per cent* units (741 units only).

General Managers, Managers and Industrial Promotion Officers of DICs were required to undertake marketing/demand survey of different items and prepare techno-economic survey reports at regular intervals, which was not done at all. Reasons for not carrying out survey and for registration of less than 2 *per cent* of SSI units for marketing assistance were not furnished.

3.7.11 Monitoring and Evaluation

Activities of DICs were required to be monitored by District Level Committees (DLC). Similarly, at the State level, monitoring was to be done by Monitoring Cell through periodical reports and returns from DICs. It was noticed that no effective monitoring mechanism existed in the State. No evaluation of the scheme was done at State level.

3.7.12 The matter was reported to Government in August 1997; reply had not been received (October 1997).

GENERAL ADMINISTRATION DEPARTMENT

3.8 Member of Parliament Local Area Development Scheme

3.8.1 Introduction

Member of Parliament Local Area Development Scheme (MPLADS) (scheme) was introduced during 1993-94. Under the scheme, each Member of Parliament (MP) had the choice to suggest to the head of district, works of the value of Rs.1 crore per year to be taken up in his/her constituency subject to maximum limit of Rs.10 lakh on any individual work. Elected members of Rajya Sabha were allowed to select works for implementation in one or more districts as they might choose. Nominated members of Lok Sabha and Rajya Sabha were allowed to select works for implementation in one or more districts, but within one State of their choice. The works to be undertaken under the scheme were to be of

^Ψ Ahmedabad, Kachchh, Mehsana, Panchmahals, Surat, Surendranagar and Valsad.

developmental nature based on locally felt needs with emphasis on creation of durable assets. The scheme was entirely financed by Government of India (GOI) and was under implementation in the State since 1993-94. In Gujarat there are 37 Members of Parliament (26 Lok Sabha Members and 11 Rajya Sabha Members).

3.8.2 Organisational set-up

The scheme was implemented by District Collectors assisted by District Planning Officers (DPOs). No nodal agency at State level existed but at the district level District Collector of the districts was the nodal agency for co-ordination and overall supervision of the work under the scheme. At the State level General Administration Department (GAD) (Planning Branch) was responsible for consolidation of the statements received from district authorities, sending the same to the Department of Programme Implementation and transmission of instructions received from GOI.

The scheme was mainly executed through the Government agencies like District Rural Development Agency (DRDA), Public Works Department (PWD), District Panchayat (DP), Gujarat Water Supply and Sewerage Board (GWSSB), Municipalities, Gujarat State Road Transport Corporation (GSRTC) and Gujarat Electricity Board (GEB).

3.8.3 Audit coverage

Implementation of the scheme from 1993-94 to 1996-97 was reviewed in audit during January to June 1997 through test-check of records of GAD, (Planning Branch) Gandhinagar, 11 DPOs¹, 2 DRDAs (Godhra and Surat), 4 DPs (Ahmedabad, Baroda, Godhra and Surat), 6 divisions of GWSSB² 3 divisions of GEB (Baroda, Bulsar and Surat), 1 GSRTC (Surat) and 3 Municipalities (Ahmedabad, Baroda and Surat) in six³ selected districts.

Important points noticed during test-check are discussed in the succeeding paragraphs.

3.8.4 Highlights

Out of Rs.112.85 crore released during 1993-97, Rs.75.35 crore remained unutilised as of 31 March 1997.

(Paragraph 3.8.5(i))

¹ Ahmedabad, Amreli, Baroda, Bhavnagar, Bulsar, Godhra, Jamnagar, Junagadh, Kheda, Rajkot and Surat.

² Ahmedabad, Godhra and Junagadh (Works and Mechanical division)

³ Ahmedabad, Baroda, Bulsar, Godhra, Junagadh and Surat.

Interest amount of Rs.88.63 lakh earned during 1994-97 was lying in the savings bank accounts of district authorities as Government of India was yet to take decision about its utilisation.

(Paragraph 3.8.5(ii))

Out of 14002 works sanctioned during 1993-94 to 1996-97, only 8258 works (59 *per cent*) were completed at a cost of Rs.37.50 crore.

(Paragraph 3.8.6)

Utilisation certificates for Rs.9.22 crore relating to 1993-97 were not sent to Government of India by the collectors in four districts.

(Paragraph 3.8.7)

Year-wise and MP-wise asset registers were not maintained by the Collectors.

(Paragraph 3.8.8)

Ninety two works not covered under the scheme were executed at a cost of Rs.56.57 lakh in Ahmedabad, Junagadh and Kheda districts..

(Paragraph 3.8.9)

Rupees 1.28 crore were sanctioned in five constituencies from unutilised balance of previous year in contravention of Government of India instructions.

(Paragraph 3.8.11(a))

Due to non-finalisation of tenders within validity period Rs.35.33 lakh were blocked for more than one year in Godhra.

(Paragraph 3.8.11(b))

Four works were executed by District Planning Officer, Nadiad by raising public contribution in contravention of scheme guidelines.

(Paragraph 3.8.11(c))

As against cent *per cent* inspection of works at the level of senior officers, only 10 *per cent* works were inspected in Bular district. Shortfall in inspection of works by the collector during 1994-97 was 69 *per cent*. No works were inspected by the senior officers in Junagadh district during 1993-97.

(Paragraph 3.8.12(i))

Delay in submission of monthly progress reports in Junagadh district ranged between 26 months and 36 months during 1993-97.

(Paragraph 3.8.12(ii))

Evaluation of the scheme was not carried out.

(Paragraph 3.8.12(iii))

3.8.5 Financial outlay and expenditure

(i) Under the scheme, funds were directly released by GOI to the District Collectors. Table below indicates year-wise release of funds by GOI and expenditure incurred during 1993-97:

Year	Funds released	Expenditure incurred	Unspent balance
(Rupees in crore)			
1993-94	1.85	1.36	00.49
1994-95	37.00	21.98	15.02
1995-96	37.00	13.64	23.36
1996-97	37.00	00.52	36.48
Total	112.85	37.50	75.35

Out of unspent balance of Rs.75.35 crore as on 31 March 1997, Rs.45.38 crore were lying with the district authorities in savings accounts with nationalised banks and Rs.29.97 crore were lying with the various implementing agencies in their Personal Ledger Accounts(PLA).

The collectors attributed shortfall in expenditure to late receipt of recommendation from MPs, delay in preparation of plans and estimates, administrative approval and shortage of staff.

The contention was not tenable as no time limit was fixed for receipt of recommendation from MPs. Moreover, as the works under the scheme were to be completed within a specified time limit, special care should have been taken to avoid/eliminate delay in the preparation of plans and estimates and approval thereof.

(ii) The scheme provided that DRDAs/District Collectors were to open savings bank accounts or PLA. Amount retained in PLA earns interest at the rate applicable to savings bank account as fixed by the Reserve Bank of India. Rupees 43.40 lakh released for 1993-94 were credited by district panchayats Baroda (Rs.15 lakh), Bulsar (Rs.11.16 lakh), Junagadh (Rs.7.76 lakh) and Surat

(Rs.9.48 lakh) in District Panchayats' PLAs and no interest was earned. Interest amount earned on the funds released from 1994-95 to 1996-97 and kept in the savings bank accounts was as under:

(Rupees in lakh)

Year	Interest earned by district authorities on bank deposits				Total interest earned
	Baroda	Bulsar	Junagadh	Surat	
1994-95	2.47	9.90	15.89	2.01	30.27
1995-96	16.57	7.58	10.35	8.23	42.73
1996-97	6.22	---	7.57	1.84	15.63
Total	25.26	17.48	33.81	12.08	88.63

Interest of Rs.88.63 lakh earned by the district authorities during 1994-97 was lying in the savings bank accounts as GOI was yet to take decision about the utilisation of interest amount.

3.8.6 Physical performance

During 1993-94 to 1996-97, out of 18225 works recommended by MPs, 4184 works were not sanctioned and 39 works sanctioned during 1996-97 were not taken up. Out of 14002 works sanctioned, 8258 works (59 *per cent*) were completed and expenditure of Rs.37.50 crore (33 *per cent*) was incurred thereon. Out of the remaining 5744 works 2573 works were in progress, 2996 works were not started, 123 works were cancelled and 52 works were incomplete as of March 1997 as per details given in Appendix-XII. The following points were noticed in this regard.

(I) Baroda

Out of 884 works recommended by MPs between March 1994 and January 1997 and sanctioned by the collector, 542 works were completed, 141 works were in progress, 25 works were cancelled and 176 works pertaining to 1994-95 (5 works), 1995-96 (25 works) and 1996-97 (146 works) were not started (June 1997).

In reply to an audit query as to the reasons for shortfall in achievement, DPO stated (November 1997) that 25 works were cancelled, 5 works (1994-95) and 25 works (1995-96) were not started due to high rate of tenders, opposition of local public, non-availability of site, change of earlier recommendation by MP etc. It was further stated that 146 works relating to 1996-97 were not started as they were sanctioned between February and March 1997.

(II) Bulsar

Out of 1621 works recommended by MPs between March 1994 and April 1997 and sanctioned by the collector, 1167 works were completed, 170 works were in progress and 284 works were not started (April 1997). Reasons for shortfall in achievement, were not furnished (November 1997).

(III) Junagadh

Out of 763 works recommended by MPs between March 1994 and December 1996 and sanctioned by the collector, 322 works were completed, 214 works were in progress and 227 works were not started (July 1997). Reasons for shortfall in achievement, though called for, were not furnished (November 1997).

(IV) Surat

Out of 1149 works recommended by MPs between February 1994 and July 1997 and sanctioned by the collector, 841 works were completed, 153 works were in progress and 155 works relating to 1994-97 were not started (June 1997). Reasons for shortfall in achievement, though called for, were not furnished (November 1997).

3.8.7 Utilisation certificates

According to provision of the scheme, utilisation certificates (UCs) were required to be sent to GOI by the collectors. It was noticed in test-checked districts that UCs for Rs.9.22 crore pertaining to 1993-94 (Rs.0.36 crore - 285 works), 1994-95 (Rs.5.22 crore - 1149 works), 1995-96 (Rs.3.63 crore - 1073 works) and 1996-97 (Rs.0.01 crore - 15 works) were not sent to GOI by the collectors.

3.8.8 Assets registers not maintained

According to provision of the scheme, year-wise and MP-wise asset registers were required to be maintained by the collectors as well as by the various implementing agencies. No such asset registers were maintained by the collectors and other implementing agencies in the test-checked districts.

3.8.9 Execution of works not covered under the scheme

Works under the scheme should be developmental in nature, based on locally felt needs and for creation of durable assets. Funds should not be used for incurring revenue expenditure. During test-check of records it was noticed that

works not covered under the scheme were sanctioned by the collectors and executed by the implementing agencies as mentioned below:

Serial number	Approved by District Collector	Name of work	Number of works	Expenditure incurred (Rupees in lakh)	Reasons furnished by the Collector/ DPO	Remarks
1	Ahmedabad	Resurfacing of roads	34	20.97	Not furnished	Resurfacing work being of the nature of repair work
2	--do--	--do--	1	1.14	--do-- was not	permissible under the scheme
3	Junagadh	Slab and repairing work of panchayat ghar and primary school	50	18.09	For the benefit of the society	Repair works were not permissible under the scheme
4	--do--	Repair and maintenance of roads	4	15.00	No specific reasons were furnished	Repairs and maintenance works were beyond the scope of the scheme
5	Kheda	Compound wall of panchayat ghar and water cooler in bus stand	3	1.37	Construction of compound wall of panchayat ghar was permissible under the State guidelines and water cooler for providing drinking water to people	Works were not covered and purchase of inventory was not allowed under the scheme
Total			92	56.57		

3.8.10 Delay in completion of works

The scheme envisaged that works taken up under the scheme should be completed in one or two working seasons. The following works were not completed within two working seasons:

(i) Godhra

DPO, Godhra sanctioned 25 road works and released Rs.27.60 lakh to District Panchayat (Roads and Buildings Division-II), Godhra during July 1994 to January 1996 and the works were required to be completed between July 1995 and January 1997. It was noticed in audit that only 7 works were completed and Rs.4.14 lakh were spent as of January 1996. Reasons for delay in the execution of the works were not furnished (July 1997).

Similarly, Rs.4.59 lakh were received (July 1994) by Executive Engineer, GWSSB, Mechanical Division, Godhra for execution of 17 works relating to drilling of bores and fixing of hand pumps. However, it was noticed (January 1997) that the works were not started and Rs.4.59 lakh were lying unspent with the division.

The division stated (January 1997) that as the scarcity works in the district were required to be carried out on priority basis every year and departmental/private rigs were not available, works could not be completed in time.

Reply was not tenable as all the works were sanctioned in July 1994 when there was no scarcity in the area and the works were relating to drilling of bores which could have helped in eliminating the problem of shortage of water during scarcity, if executed. Further, not a single work was commenced (January 1997) even after more than two years of receipt of funds.

(ii) Junagadh

166 works (3 works for 1993-94, 86 works for 1994-95 and 77 works for 1995-96) such as construction of crematorium, panchayat ghar, primary school room, public library room, recharging of well etc. were in progress and not completed within two working seasons as envisaged in the scheme. Out of Rs.90.23 lakh provided for these works, only Rs.18 lakh were spent as of April 1997.

DPO stated (May 1997) that the works could not be completed within two working seasons due to delay in receipt of the recommendations and completion of administrative formalities, rainy seasons (July to September), preparation of revised estimates due to new Schedule of Rates (November 1995), high rates quoted by the tenderers and election process.

The reply was not tenable as the period of two working seasons was to be counted from the date of sanction of the works and therefore late receipt of recommendation was not a relevant factor. The other points raised like delay in

completion of administrative formalities, rainy seasons, etc. were normal factors which must have been taken into account while fixing the period of one or two working seasons.

(iii) Surat

151 works (81 works for 1994-95 and 70 works for 1995-96) such as providing pipelines, construction of pick up stand, washing ghat, electrification in selected slum/backward areas, primary school room, panchayat ghar, roads, hand pumps etc. were not completed within two working seasons even though sufficient fund of Rs.1.09 crore was available.

DPO stated (March 1997) that due to heavy rain during 1994-96, most of the works were not started in time and not completed within two working seasons.

Reply of DPO was not tenable as 40 works sanctioned between April 1995 and March 1996 were not completed even after more than two working seasons (excluding rainy season) and 41 works sanctioned between March 1995 and October 1996 were not even started as of April 1997.

(iv) Amreli

Sixteen works of 1993-95 such as construction of primary school room, roads, toilet, balmandir and panchayat ghar sanctioned between March and December 1995 at a cost of Rs.18.61 lakh were not started by the agencies (June 1997) and amount was lying with the various implementing agencies.

DPO stated (June 1997) that works were not started due to revision of plan and estimate, non-receipt of concurrence from MP either to change the works or places, high rates quoted by the tenderers etc.

(v) Jamnagar

Twenty two works of 1994-95 such as construction of roads, pick up stand, water tank, public toilets, water stand post etc. sanctioned between March 1995 and January 1996 at a cost of Rs.10.61 lakh were not started till date (June 1997) and amount was lying in PLA of the implementing agencies.

DPO stated (June 1997) that the matter would be brought to notice of the concerned implementing agencies with clear instruction to complete the works. If the works were not carried out by them, the entire amount would be transferred to MPLADS's account with cancellation of works after discussion in the monthly review meeting.

Further development was awaited (November 1997).

3.8.11 Other points of interest

(a) Utilisation of unspent balance

GOI ordered in May/July 1996 that execution of works with unspent balances relating to MPs of 10th Lok Sabha could be undertaken only for ongoing works under certain conditions. Works recommended by ex-MPs but not sanctioned or taken up for execution due to some reasons, could be taken up with the concurrence of the newly elected or re-elected MPs of the 11th Lok Sabha. The amount spent for execution of these works was to be adjusted against the funds released for 1996-97.

It was, however, noticed that even after receipt of GOI orders of May/July 1996 in 5 constituencies Rs.0.22 crore were spent as of June 1997 out of Rs.1.28 crore sanctioned for 161 works from the unspent balances of the previous year in contravention of GOI instructions as detailed below:

Serial number	Constituency	Number of works	Amount sanctioned (Rupees in crore)	Amount spent
1	Mandvi (Surat)	38	0.30	0.09
2	Surat	14	0.18	0.02
3	Baroda	6	0.02	0.01
4	Chhota-udepur	78	0.64	0.10
5	Anand	25	0.14	--
Total		161	1.28	0.22

(i) DPO, Surat stated that works executed on or after 22 May 1996 were reviewed and necessary concurrence would be obtained from the concerned MPs and intimated to Audit.

Further developments were awaited (November 1997).

(ii) DPO, Baroda stated that works executed/ sanctioned were extremely necessary in order to meet the basic needs of the area. The contention was not tenable as the works were sanctioned in contravention of GOI instructions.

(iii) Reply from DPO Nadiad (Kheda) was awaited (November 1997).

(b) Blocking of funds

Between July 1995 and August 1996, Rs.35.33 lakh were received by District Panchayat (Roads and Buildings Division I), Godhra for execution of 9 works. Rates received against the tenders were 35 to 42 *per cent* higher than the estimated cost. The division demanded additional funds during July 1996 to January 1997 but it was not provided by the Collector. Due to inaction on the part of the department validity of the tenders expired and works recommended by MPs and sanctioned by the Collector were not started (January 1997). Thus, besides blocking of funds of Rs.35.33 lakh, facilities to be created by these works were not made available.

The division stated (January 1997) that works would be completed as and when additional funds were sanctioned.

(c) Works executed with contribution from public

It was noticed during test-check of records relating to DPO, Nadiad (Kheda) that Rs.2 lakh were provided from MPLAD Scheme for four works and equal amount of Rs.2 lakh was raised through public contribution though in the scheme there was no provision for raising such contribution. Reasons for raising such contribution, though called for, were not furnished.

3.8.12 Monitoring and evaluation

(i) As per guidelines issued by GOI, senior officers, sub-divisional officers and block-level officers were required to inspect 100 *per cent* of works, while collectors were required to inspect 10 *per cent* of works every year.

It was noticed in DPO, Bulsar that senior officers of the implementing agencies inspected only 10 *per cent* of the works during 1993-94 to 1996-97. The collector inspected only 41 works out of 134 works required to be inspected during 1994-97. Reasons for shortfall were not furnished.

Similarly, no works were inspected by senior officers of the implementing agencies in Junagadh district during 1993-97. Reasons for shortfall were not furnished, though called for.

The scheme also envisaged that a senior commissioner level officer at the State Headquarters should conduct an annual meeting involving Heads of District and MPs to assess the progress of works under the scheme. No such arrangement existed at the State level.

(ii) Progress reports in the prescribed formats were required to be submitted to GOI through National Informatics Centre Network by 10th of every month. However, in Junagadh district it was noticed that delay in submission of reports ranged between 26 months (334 works) and 36 months (19 works) during 1993-97. In Baroda, Bulsar and Surat districts, progress reports were sent to GAD, Gandhinagar instead of GOI.

DPO, Junagadh stated that delay was due to late receipt of reports from implementing officers and discrepancy in the information. Reply of DPO was not tenable as submission of report was inordinately delayed and first report was sent only in February 1996.

(iii) Evaluation of the scheme was not carried out.

3.8.13 The matter was reported to Government in August 1997; reply had not been received (November 1997).

GENERAL ADMINISTRATION AND LEGAL DEPARTMENTS

3.9 Irregular drawal of house rent allowance

Section 22A of the High Court Judges (Condition of Service) Act, 1954 (Act) provides;

(i) Every Judge shall be entitled without payment of rent to the use of an official residence in accordance with such rules as may, from time to time, be made in that behalf.

(ii) Where a Judge does not avail himself of the use of an official residence, he may be paid every month an allowance of Rs.2500 only.

Thus, neither rent can be charged from a Judge for staying in official residence nor House Rent Allowance (HRA) be paid to a Judge who is availing himself of official residence.

Government of India (GOI), (Department of Justice) further clarified (August 1995) that HRA at the rate of Rs.2500 per month (pm) was admissible to Judge only when the official residence was not used under Section 22(A)(1). It was also clarified that value of free furnishing to which Judges were entitled had no linking with payment of HRA.

It was noticed in audit that payment of HRA at the rate of Rs.2500 pm was made to 26 Judges of the Gujarat High Court and one Director, Judicial Academy for the period from September 1995 to June 1997, even though, they

were in occupation of official residence provided by the Government. It was also noticed that rent for occupation of such official residence was also recovered in contravention of the provision of the Act.

Thus, payment of HRA amounting to Rs.10.89 lakh (after reduction of the amount of rent recovered for occupation of official residence) even after receipt of clarification from GOI in August 1995 was irregular.

Registrar, High Court of Gujarat stated (October 1997) that the accommodations which were made available to the Judges were neither furnished nor rent free and hence there appeared to be absolute justification for payment of HRA.

The contention of the Registrar was not tenable as GOI, Ministry of Law and Justice (Department of Justice) clarified (August 1995 and June 1997) that payment of HRA to a Judge in occupation of official residence and recovery of rent for such accommodation were in contravention of provisions of the Act. Further, Ministry vide circular letter of February 1997 informed the Chief Secretaries of all the State Governments that it was not appropriate or desirable to act short or beyond the provisions in the Act.

The matter was reported to Government in August 1997; reply had not been received (November 1997).

LEGAL DEPARTMENT

3.10 Drawal of funds to avoid lapse of budget provision and unnecessary operation of Contingency Fund

Financial Rules provide that money should not be drawn from the treasury unless required for immediate disbursement. Thus, it follows that money should not be drawn for depositing the amount under the heads personal ledger account, current account or for obtaining bank drafts in order to avoid lapse of budget grant.

Further, no advance should be made out of Contingency Fund of the State except for purpose of meeting unforeseen expenditure pending authorisation of such expenditure by State Legislature under appropriations made by law.

Following points were noticed during audit:

(i) Rupees 1.11 crore were drawn by the Registrar, High Court of Gujarat on 29 March 1997 for computerisation project of District Courts. The

amount was deposited in current account with a bank and was lying unutilised as of August 1997.

Thus, drawal of Rs.1.11 crore at the fag end of the financial year and its non-utilisation for more than four months indicated that the amount was drawn to avoid lapse of budget grant.

(ii) Rupees 1.50 crore were sanctioned on 6 February 1997 as advance from the 'Contingency Fund' for computerisation work in the New High Court building. The amount was drawn by the Registrar, High Court of Gujarat on 26 March 1997 and was credited in a current account with a bank. The amount was lying unutilised as of August 1997.

Gujarat Contingency Fund Rules (CFR), 1960 provides that if after sanctioning the advance from the fund and before presenting supplementary demand (under Rules 7) if it was found that the advance sanctioned would remain wholly or partly unutilised, an application should be made to the sanctioning authority for cancelling or modifying the sanction, as the case might be. No such action was taken by the department though the entire amount was lying un-utilised as of August 1997. Thus, drawal of funds to avoid lapse of budget grant and in violation of Contingency Fund Rules resulted in loss of interest of Rs.18.27 lakh worked out at the borrowing rate of 12 per cent.

Government stated (October 1997) that since the purchase procedure was started, withdrawal of money at the fag end of the year could not be termed as drawal of funds to avoid lapse of budget grant. This was not tenable as it was known to the department that it was not possible to utilise the amount within three days.

HOME DEPARTMENT

3.11 Blocking of government funds

The scheme of issue of identity cards to the residents of border districts of Banaskantha and Kachchh was agreed to by Government of India (GOI) in November 1992. The object of the scheme was to identify the bonafide residents and to check the movement of the visitors who stayed for more than 30 days in those Districts.

Accordingly, an amount of Rs.1.26 crore being 90 per cent of its share of expenditure was released by GOI in April 1993 and in March 1994. Rupees 1.19 crore were spent for procurement of materials needed for printing and distribution of identity cards. Except 'Phonetic Code Books' which were to be

supplied by Bhabha Atomic Research Centre, Bombay (BARC) other materials were received by the department.

Further, though it was decided in the meeting held between the officials of GOI and representatives of State Governments on 15 January 1993 that the work of preparation and issue of identity cards should commence by 1 June 1993, not much headway in this regard was made in the absence of 'Phonetic Code Book'.

It was observed in Audit (May 1996) that though other material in connection with the printing of identity cards were received, 'Phonetic Code Books' were not supplied by BARC, as the preparatory works such as list of villages, requirement of maps, data about districts etc. were yet to be compiled by the department. However, payment of Rs.10.10 lakh was made to BARC in August 1994 without receipt of 'Phonetic Code Books'.

In the meantime, GOI instructed (January 1994) to keep the issuance of identity cards in abeyance as the entire issue was referred to the Standing Committee of the Ministry of Home Affairs for further discussion. However, GOI advised the State Government to continue the preliminary work.

'Phonetic Code Books' were not supplied by BARC till August 1997 as essential information/data like list of villages, maps etc. were not supplied to BARC by the department.

Thus, lack of planned and expeditious action resulted in blocking of government funds amounting to Rs.1.19 crore since 1993 besides non-achieving of the intended benefits of the scheme.

The matter was reported to Government in August 1996; reply had not been received (November 1997).

PORTS AND FISHERIES DEPARTMENT

3.12 Non-recovery of loan and interest

To tide over the difficulties of the Gujarat Fisheries Central Co-operative Association Limited, Ahmedabad (Association) and improve its liquidity position, Government sanctioned two loans of Rs.35 lakh (March 1981) and Rs.20 lakh (July 1981) to the Association. These loans were repayable in 14 annual instalments from the date of disbursement together with interest at the rate of 15 per cent per annum. In case of failure to repay loans and interest on due dates,

penal interest at the rate of 2.5 *per cent* was chargeable on the overdue amount of loan.

Scrutiny of records maintained by the Commissioner of Fisheries (Commissioner), Gandhinagar revealed (March 1996) that not a single instalment of principal or interest was repaid by the Association. Amount of such overdue loan and interest with penal interest worked out to Rs.1.82 crore as of March 1996. Instead of taking action for recovery, the Commissioner recommended to Government in June 1990 to convert loan into share capital. No decision in this regard was taken by Government (May 1997).

Thus, failure on the part of the Commissioner to take action to recover the amount resulted in non-recovery of loan and interest amounting to Rs.1.82 crore as of March 1996.

The matter was reported to Government in May 1996; reply had not been received (November 1997).

3.13 Unfruitful expenditure and non-recovery of government dues

National Co-operative Development Corporation (NCDC) sanctioned in May 1992 a project for Reservoir Fisheries Development to improve the socio-economic conditions of fishermen by increasing fish production and improve its distribution, which was earlier approved by the European Economic Community (EEC) during 1987-88. The total project cost estimated to Rs.6.30 crore was revised to Rs.8.47 crore in June 1994. Under EEC programme, only underdeveloped reservoirs were to be selected through bench mark survey.

For implementation of the scheme, the Government placed Rs.35.62 lakh at the disposal of Gujarat Fisheries Central Co-operative Association Ltd. Ahmedabad (GFCCA) during 1993-95. GFCCA was to implement the project in a period of eight years from the date of its sanction. The project envisaged additional yield of 1555.08 tonnes of fish worth Rs.2.12 crore. Out of Rs.35.62 lakh received by GFCCA, Rs.18.32 lakh were spent. No bench mark survey was conducted by GFCCA and already developed reservoirs were selected. This resulted in non-increase of fish production and the incidental income to fishermen. The Government, therefore, decided (May 1995) to drop the project and to recover from GFCCA assistance of Rs.14.50 lakh in May 1995 and Rs.15.05 lakh by September 1995. Balance amount was to be treated as loan.

It was observed in audit (March 1996) that actual recovery was not effected from GFCCA. Thus, expenditure of Rs.18.32 lakh on the project proved unfruitful besides non-recovery of government dues amounting to Rs.29.55 lakh.

The matter was reported to Government in May 1996; reply had not been received (November 1997).

3.14 Blocking of funds

National Co-operative Development Corporation (NCDC) sponsored scheme for Development of Fisheries Co-operative (scheme). Under the scheme, financial assistance to the extent of 80 *per cent* of block cost of mechanised fishing boat was payable to Fisheries Co-operative Society (society) in the form of loan, subsidy and share capital. The beneficiary society was required to construct and commission boat within 12 months from the date of sanctioning assistance. In case of default or infringement of any of the terms and conditions the amount of loan with interest, subsidy and other assistance should be recovered immediately as arrears of land revenue.

The Commissioner of Fisheries (Commissioner) released (January/February 1995) Rs.61.99 lakh under the scheme to four societies of Veraval comprising loan (Rs.42.62 lakh), subsidy (Rs.7.75 lakh) and share capital (Rs.11.62 lakh) for purchase of eight boats.

The societies completed construction of boats within the prescribed time limit, but did not lift marine engines offered for delivery (April 1996) by the supplier resulting in non-commissioning of boats and blocking up of funds of Rs.61.99 lakh. Reasons for non-lifting of engines by the societies were not furnished. Though, the societies failed to commission the boats within the stipulated period, no action was taken by the Commissioner to recover Rs.61.99 lakh as required under the scheme. Further, an amount of interest (including penal interest) amounting to Rs.13.53 lakh up to January 1997 was also not recovered (July 1997).

The matter was reported to Government in May 1996; reply had not been received (November 1997).

3.15 Non-recovery of lease rent

The programme of development and exploitation of inland and marine fisheries was implemented by the Commissioner of Fisheries (Commissioner), Gandhinagar. Most of the commercial activities and certain

specific developmental activities were carried out by Gujarat Fisheries Development Corporation (GFDC).

Under the leasing policy formulated by Government of Gujarat in November 1982, Kadana water reservoir was leased out (November 1991) to GFDC for a period of three years commencing from 1 July 1991 on lease rent of Rs.7.50 lakh per annum. Lease period was extended by Government in March 1995 upto 30 June 1995.

Test-check of records maintained by Fisheries Training Officer, Kadana revealed (April 1996) following irregularities:

(i) As per clause 4 of the order issued in November 1991 by the Commissioner, lease agreement was required to be executed by GFDC. However, no such agreement was made by GFDC.

(ii) GFDC paid Rs.6.25 lakh towards lease rent during 1991-92 and did not pay any amount thereafter. Lease rent of Rs.23.75 lakh from 1991-92 to 1994-95 remained unrecovered from GFDC as of October 1997.

(iii) Though, lease rent was not paid regularly by GFDC, instead of taking action for recovery and terminating the contract in terms of clause three of the sanction order, the period of lease was extended up to June 1995.

(iv) Though, it was decided in July 1990 by Government to lease out watersheets by auction on competitive bidding, the reservoir was leased to GFDC at mutually agreed rates without resorting to competitive bidding.

Government stated (December 1997) that GFDC was instructed to remit the amount.

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

3.16 Non-recovery of establishment charges

Town Planning and Valuation Department (Department) prepares Town Planning Schemes and Development Schemes (Schemes) on behalf of Nagarpalika, Municipalities, Authorities (Local Bodies) and transfer the same to concerned local body after approval by Government. Recovery of establishment charges was to be made from the concerned local body. According to Government instructions penal interest at the rate of 0.02 *per cent* per day was required to be recovered for delay in payment of establishment charges by local body.

Scrutiny of records of Town Planning Office (TPO), Rajkot revealed (October 1996) that the department was rendering services to Rajkot Municipal Corporation (RMC) from 1982-83 for various Schemes. Out of Rs.1.07 crore recoverable from RMC from 1982-83 to 1996-97 as establishment charges, RMC paid only Rs.41.95 lakh leaving balance of Rs.64.70 lakh. Penal interest of Rs.32.21 lakh was also recoverable thereon.

Similarly, it was revealed (May 1997) during Audit of Town Planning Officer, Odhav, Ahmedabad that Rs.36.25 lakh as penal interest for belated payment of establishment charges were not recovered from Ahmedabad Municipal Corporation (Rs.19.88 lakh; 1985-86 to 1995-96) and from Ahmedabad Urban Development Authority (Rs.16.37 lakh; 1978-79 to 1993-94).

Thus, Rs.1.33 crore were outstanding for recovery.

The matter was reported to Government in May 1997; reply had not been received (November 1997).

URBAN DEVELOPMENT AND URBAN HOUSING AND PORTS AND FISHERIES DEPARTMENTS

3.17 Outstanding Inspection Reports

(a) Inspection Reports

A review of the outstanding inspection reports of the Urban Development and Urban Housing and Ports and Fisheries Departments revealed the following:

(i) Action was pending (June 1997) on 60 reports containing 179 paragraphs issued up to March 1997 (Urban Development and Urban Housing Department: 14 inspection reports, 45 paragraphs; Ports and Fisheries Department: 46 inspection reports, 134 paragraphs). The year-wise break-up of pending inspection reports was as under:

Year	Urban Development and Urban Housing Department		Ports and Fisheries Department	
	Reports	Paragraphs	Reports	Paragraphs
Up to				
1992-93	2	5	8	22
1993-94	1	4	4	8
1994-95	2	3	5	10
1995-96	2	2	8	39
1996-97	7	31	21	55
Total	14	45	46	134

(ii) Delay in receipt of first reply to inspection reports ranged upto two years, in respect of five inspection reports containing 22 paragraphs, four years in respect of one inspection report containing one paragraph and eight years in respect of one inspection report containing three paragraphs was noticed in Urban Development and Urban Housing Department. Delay upto two years in respect of six inspection reports containing 11 paragraphs, upto three years in respect of one inspection report containing one paragraph and upto nine years in respect of one inspection report containing two paragraphs was noticed in Ports and Fisheries Department.

According to the directions issued (March 1992) by Government, Heads of the department were required to depute their officials regularly to the Office of the Accountant General (Audit)-II for on the spot discussion/settlement of outstanding audit objection. However, no officials were regularly deputed by the Heads of Ports and Fisheries and Urban Development and Urban Housing Departments during 1996-97.

(iii) Important audit observations in these outstanding inspection reports highlighted irregularities broadly falling under following categories:

Category	Number of paragraphs	
	Urban Development and Urban Housing Department	Ports and Fisheries Department
1 Excess payment of Grant/Subsidy	---	6
2 Outstanding Loan/ Subsidy/Interest	3	18
3 Short recovery/Outstanding dues/ Development Charges, TP Scheme	13	11
4 Idle/Unserviceable Articles/ machinery	2	21
5 Blocking of Government money	3	7
6 Un-fruitful Expenditure/avoidable-infructuous expenditure	---	10
7 Overpayment/Irregular payment	5	3
8 Liquidation of Co-operative Societies	---	2
9 Outstanding recoveries of loan amount	---	8
10 Miscellaneous	8	9
11 Outstanding valuation charges	1	---
	35	95

(b) Non-functioning of Audit Committees

The Public Accounts Committee recommended (November 1977) constitution of Audit Committee in each department to discuss periodically audit objections in order to expedite settlement. Such Committee was formed in July 1995 in Urban Development and Urban Housing Department. However, no meeting was held till date. In Ports and Fisheries Department, no Audit Committee was constituted so far.

The matter was reported to Government in August 1997; reply had not been received (November 1997).

SOCIAL WELFARE AND TRIBAL DEVELOPMENT DEPARTMENT

3.18 Non-recovery of government dues

To help Law and Medical Graduates belonging to Scheduled Castes and Scheduled Tribes to start legal/medical practice, schemes for financial assistance in the form of loan and subsidy were introduced in the years 1972 and 1973. According to provisions of the schemes, loan of Rs.2500 and subsidy of Rs.2000 were payable to law graduates and loan of Rs.8000 and subsidy of Rs.7000 were payable to medical graduates which were further raised to Rs.5000 plus Rs.5000 and Rs.25000 plus Rs.25000 respectively from February 1989. While no interest on loan was payable by law graduates, loan to medical graduates carried interest at the rate of 4 *per cent* and was repayable in 10 and 80 six-monthly instalments after five years/one year respectively, from the date of commencement of practice. According to conditions of the schemes, beneficiaries were to start their profession within three months from the date of receipt of assistance. In case of violation of above conditions, entire loan/subsidy was to be recovered. In the event of failure in repayment of loan, penal interest at the rate of 7.5 *per cent* for first year and at the rate of 8.5 *per cent* for subsequent years was leviable. The schemes also provided for recovery of dues from the parents of the beneficiaries as arrears of land revenue.

Scrutiny of records maintained by the Backward Class Welfare Officer, Bharuch and Social Welfare Officer, Ahmedabad and subsequent information obtained from the Director of Developing Tribes, Gandhinagar and Director of Social Welfare, Gandhinagar revealed (February/April 1996 and May 1997) that out of the loan of Rs.19.39 lakh and subsidy of Rs.19.63 lakh paid to 434 law graduates, and loan of Rs.14.06 lakh and subsidy of Rs.15.13 lakh paid to 121 medical graduates between 1990-91 and 1995-96, loan of Rs.3.98 lakh was

repaid by the beneficiaries leaving balance of Rs.29.47 lakh. No information regarding commencing of practice by the beneficiaries was available with the department. Except issuing formal notices, no action for recovery of loan and subsidy or interest either from the beneficiaries or from their parents was taken (October 1996), resulting in non-recovery of government dues of Rs.75.36 lakh (Loan Rs.29.47 lakh; subsidy Rs.34.76 lakh; interest on loan Rs.0.88 lakh and penal interest Rs.10.25 lakh) upto May 1997.

The matter was reported to Government in May 1996; reply had not been received (November 1997).

3.19 Wasteful expenditure

To impart pre-recruitment training to SC/ST candidates appearing in various competitive examinations, a building was hired in February 1990 by the District Backward Class Welfare Officer, Rajkot at a rent of Rs.16510 per month.

It was noticed (August 1996) that no agreement was signed by the department with the landlord. The entire building was not actually occupied by the department as the landlord had not carried out necessary modifications required by the department. In view of this and in the absence of agreement with the landlord for hiring of the accommodation, the department was under no obligation to make the payment of rent. However, department paid rent amounting to Rs.3.47 lakh at the rate of Rs.16510 per month from February 1990 to October 1991. In the absence of any agreement, the correctness of rent paid *vis-a-vis* area occupied could not be verified in audit. The building was not utilised at all till the date of its vacation in October 1991.

According to the department, the landlord was to carry out some additions and alterations so as to utilise big halls for various purposes like class room, library room, kitchen, residence etc., but the landlord did not provide such facility for which the hired building could not be utilised. However, landlord disputed the area of occupancy and demanded rent at the rate of Rs.32636 per month from February 1990 to August 1991.

Thus, non-utilisation of the building for the intended purpose resulted in wasteful expenditure of Rs.3.47 lakh besides creation of liability of Rs.5.54 lakh towards rent for disputed area of occupation.

The matter was reported to Government in January 1997; reply had not been received (November 1997).

REVENUE DEPARTMENT

3.20 Non-recovery of cost of establishment charges

If any establishment was specially created for the purpose of acquisition of land on behalf of any local body, corporation etc., the entire cost of such establishment was recoverable from the concerned local body, corporation etc., as the case might be. The following cases of non-recovery of such costs, were noticed in audit.

(i) Rupees 20.93 lakh were recoverable for establishment charges from Ahmedabad Municipal Corporation (Corporation), Ahmedabad from 1989-90 to 1996-97. However, the Additional Special Land Acquisition Officer, Ahmedabad preferred (July 1997) a claim for Rs.6.07 lakh as against the recoverable amount of Rs.20.93 lakh. The reasons for short claim were not furnished (November 1997).

(ii) The cost of establishment for acquisition of land on behalf of Oil and Natural Gas Commission amounting to Rs.7.19 lakh for the year 1996-97 was outstanding as of June 1997. Special Land Acquisition Officer (ONGC), Ahmedabad requested ONGC in June 1997 to credit the establishment charges at the earliest. The amount was not remitted by ONGC (August 1997).

The matter was reported to Government in August 1997; reply had not been received (November 1997).

EDUCATION DEPARTMENT

3.21 Irregular/excess payment of grants

For imparting practical training to students, Government resolution of March 1992 provided that an 'Uttar Buniyadi Schools' having agriculture as main subject should possess within the vicinity of one kilometer minimum land of (i) 7.5 acres if the land was fully irrigated or (ii) 10 acres if it was cultivable in two seasons or (iii) 12 acres if it was not irrigated. It also envisaged that the existing schools, should acquire the land within the vicinity of one kilometre by June 1992 failing which 25 *per cent* of grant should be cut off. It further envisaged that registration of the School should be cancelled if it did not acquire any land by June 1992.

Following points were noticed :

(a) Uttar Buniyadi School of Morbi taluka established in 1984 did not acquire any land in pursuance of orders *ibid*. The District Education Officer, Rajkot

(DEO), therefore, sent a proposal (December 1992) to Gujarat Secondary Education Board, Gandhinagar (Board) for cancellation of registration of the school.

It was noticed during audit (July 1996) that despite reminders by DEO, no action was taken by the Board. DEO, however, continued payment of salary grant.

Inaction on the part of the Board in cancellation of registration of the school resulted in irregular payment of salary grant of Rs.11.20 lakh between 1992-93 and 1996-97.

The matter was reported to Government in May 1997; reply had not been received (November 1997).

(b) Uttar Buniyadi School of Morbi, established in 1983 as an agriculture school possessed 24 acres of land at a distance of eight kilometers from the school. District Education Officer, Rajkot (DEO) paid grant of Rs.25.44 lakh between 1992-93 and 1996-97 to the school without imposing 25 *per cent* cut as prescribed in Government Resolution of March 1992. DEO stated (January 1997) that the school applied to the Director of Education, Gandhinagar for permitting change of subject in February 1994. This was not tenable as the application for change of subject was not to be entertained in terms of para 5(a) of the Resolution *ibid*.

Thus, non-observance of Government instructions resulted in excess payment of grant of Rs.6.36 lakh.

The matter was reported to Government in March 1997; reply had not been received (November 1997).

LABOUR AND EMPLOYMENT DEPARTMENT

3.22 Idle machinery

To impart training in refrigeration and air-conditioning machines to the students, the Director of Employment and Training, Gandhinagar (Director), placed orders (March 1990) for supply of cold storage plants, package air-conditioner (AC) plants and ice-candy plants with the various suppliers. The machines were received between March and July 1990 by Industrial Training Institutes (ITIs) Ahmedabad, Jamnagar, Junagadh and Bilimora. As per terms and conditions of supply order, payment at 90 *per cent* of the cost amounting to Rs.9.20 lakh was made.

It was noticed in audit (October 1995) and from the subsequent information furnished by the ITIs (May 1997) that all the three plants received by the ITI, Junagadh wherein non-working condition. As such, these were not commissioned. Similarly, package air-conditioner plant received by ITI, Bilimora was also not commissioned. In case of other ITIs, the plants were in non-working conditions due to technical defects.

The details of plants received, commissioned and payment made were as under:

ITI/Plant	Date of receipt	Date of commissioning	Date of payment	Amount paid (Rupees in lakh)	Percentage of payment made	Remarks
Ahmedabad						
1 Package AC	March-1990	October-1991	March-1990	1.17	90	Equipment were not in working condition due to technical defects*.
2 Cold storage	May-1990	May-1990	March-1990	0.91	90	
3 Ice candy	May-1990	May-1990	March-1990	0.51	90	

				2.59		
Jamnagar						
1 Package AC	June-1990	June-1990	June-1990	0.97	--	Machines were not in working condition*. Supplier had not imparted training and supplied literature.
			February-1992	0.28	90	
2 Cold storage	July-1990	September 1990	August-1990	0.72	--	
			August-1990	0.19	100	
			November-1992	0.04	--	

				2.20		
Junagadh						
1 Package AC	June-1990	Yet to be commissioned	June-1990	0.97	90	Supplier had not commissioned the plants
2 Cold storage	June-1990	-do-	August-1990	0.72	--	
			June-1990	0.10	85	
				0.04		
3 Ice candy	June-1990	-do-	June-1990	0.51	90	

				2.34		
Bilimora						
1 Package AC	May-1990	Yet to be commissioned	January-1991	0.97	90	Supplier had not commissioned package AC plant where as cold storage plant was commissioned only in March 1992.
			May-1991	0.19		
2 Cold storage	June-1990	March-1992	March-1990	0.72	90	
			March-1990	0.19		

				2.07		
Grand total				9.20		

* Exact dates were not furnished, though called for (November 1997).

Though, cold storage plant and ice candy plant were covered by guarantee for 12 months against manufacturing defects and in case of AC plants there was warranty for 12 months, department did not take any action for getting the plants repaired and commissioned for the intended purposes. The students were taken to local factories for imparting training. Thus, machinery valued Rs.9.22 lakh were lying idle for more than six years besides depriving the students of the intended benefits of continuous training in their jobs.

The matter was reported to Government in February 1997; reply had not been received (November 1997).

GENERAL

3.23 Misappropriation, losses, etc.

Finalisation of 179 cases of alleged misappropriation, losses etc. reported to Audit up to March 1997 was pending at the end of September 1997 as shown below:

	Land Revenue		(Rupees in lakh)	
	Number of cases	Amount	Number of cases	Amount
Cases reported upto the end of March 1996 and pending at the end of September 1996	57	5.86	123	^A 120.41
Cases reported during 1996-97	^B 1	0.06	^C 14	17.63
Cases closed during 1996-97	^B 9	0.45	^D 7	2.38
Cases outstanding at the end of September 1997	49	5.47	130	135.66

Department-wise and year-wise details of these cases are given in Appendix-XIII.

^A Amount of one case pertaining to Home Department enhanced by Rs.0.25 lakh at the instance of D.S.P (Rural) Rajkot.

^B Revenue Department one case (Rs.0.06 lakh) and 9 cases (Rs.0.45 lakh).

^C Health and Family Welfare Department 2 cases (Rs.1.29 lakh), Home Department 1 case (Rs.3.88 lakh), Fisheries Department 3 cases (Rs.0.03 lakh), Agriculture and Rural Development Department 1 case (Rs.3.41 lakh), Education Department 2 cases (Rs.8.65 lakh), Forests and Environment Department 1 case (Rs.0.05 lakh), Industries and Mines Department 1 case (Rs.0.07 lakh) and Panchayat and Rural Housing Department 3 cases (Rs.0.25 lakh).

^D Food and Civil Supplies Department 1 case (Rs.0.05 lakh), Health and Family Welfare Department 4 cases (Rs.0.95 lakh), Roads and Buildings Department 1 case (Rs.1.36 lakh) and Fisheries Department 1 case (Rs.0.02 lakh).

CHAPTER - IV

WORKS EXPENDITURE

ROADS AND BUILDINGS DEPARTMENT

4.1 Review of expenditure on maintenance and repairs to roads in Gujarat

Expenditure on the maintenance and repairs (M&R) to roads in Gujarat during 1992-93 to 1996-97 was reviewed in audit between April and May 1997 through test-check of records of 12 out of 17 Divisions under five Circle Offices of Roads and Buildings (R&B) Department. The object of the review was to verify whether (i) the expenditure was within the parameters of the Gujarat Budget Manual Volume I ensuring financial discipline and (ii) the repair works were in conformity with the instructions issued by the Government.

Points noticed during the study are brought out in the succeeding paragraphs.

4.1.1 Huge excess expenditure in M & R work in violation of norms

(a) The recommendations of the Eighth Finance Commission for revised norms for maintenance and repairs to different types of roads were accepted by Government in December 1986. The norm fixed for cost of repair varied from Rs.16000 per kilometre to Rs.23500 per kilometer. The order envisaged restriction of maintenance expenditure to the actual grant sanctioned.

The details of road length falling under the jurisdiction of three divisions of Surat (R&B) Circle, grant received, expenditure incurred etc., were as under:

* Ahmedabad, Bharuch, Bhuj, Godhra, Himatnagar, Junagadh, Kaira, Mehsana, Navsari, Palanpur, Surat and Vadodara.

* Ahmedabad I and II, Rajkot II, Surat and Vadodara.

(Rupees in crore)

Year	Name of division	Length of road (in kms.)	Maximum expenditure with reference to norms	Grant received	Expenditure incurred	Excess expenditure	
						With reference to grant	With reference to norms
						(Percentage)	(Percentage)
1992-93	Navsari (R & B) Division, Navsari	1017	2.35	3.38	7.85	4.47	5.50
						-----	-----
						(132)	(234)
1993-94	--do--	1034	2.35	4.23	5.61	1.38	3.26
						-----	-----
						(33)	(139)
1992-93	Surat (R & B) Division-I, Surat	178	0.42	1.23	5.66	4.43	5.24
						-----	-----
						(360)	(1248)
1993-94	--do--	188	0.44	1.29	2.09	0.80	1.65
						-----	-----
						(62)	(375)
1992-93	Surat (R & B) Division-II, Surat	1198	2.82	3.40	8.93	5.53	6.11
						-----	-----
						(163)	(217)
1993-94	--do--	1202	2.82	3.82	5.79	1.97	2.97
						-----	-----
						(52)	(105)

The road length falling under the jurisdiction of Surat (R & B) Division No. I, Surat being 178 kms and 188 kms, the maximum ceiling limit for expenditure by the division would work out to Rs.42 lakh and Rs.44 lakh for the years 1992-93 and 1993-94 respectively. As against the grant of Rs.1.23 crore and Rs.1.29 crore, the division incurred actual expenditure of Rs.5.66 crore and Rs.2.09 crore respectively. Thus, excess with reference to the sanctioned norms was 1248 *per cent* (1992-93) and 375 *per cent* (1993-94).

The percentage of excess with reference to the sanctioned grant was 360, 163 and 132 in respect of Surat (R & B) Division No.I, Surat (R & B) Division No.II and Navsari (R & B) Division respectively during 1992-93.

The excess expenditure was attributed by the divisions to: (i) norms fixed by Government being old; (ii) increase in cost of materials; (iii) heavy rainfall in Surat area and (iv) inadequate budgetary support.

The contention was not tenable as notwithstanding the old norms and increase in cost of material, excess expenditure was very heavy in respect of Surat (R & B) Division, No.1 (360 *per cent*) though the division had only $\frac{1}{6}$ th of the road length of the other two divisions. The revised norms recommended by the Tenth Finance Commission (April 1993) were not adopted by the State Government as of July 1997.

(b) According to Government order of January 1985, Special Repair (SR) works on roads should be undertaken after obtaining job numbers from Government. The order also stipulated that the work should be executed only on B1/B2 tender forms and that it should not be carried out departmentally. Spill over liability of the earlier years was required to be liquidated first before executing new works in the succeeding years.

In Division No. I under Surat (R&B) Circle, the sanctioned grant for the year 1992-93 was Rs.74.10 lakh and the spill over liability of the earlier year(s) was Rs.34.25 lakh. As against the available amount of Rs.39.85 lakh, expenditure incurred by the division, excluding spill over payment, was Rs.1.77 crore and including spill over payment, it was Rs.2.11 crore. Out of Rs.1.77 crore, the amount spent through B1/B2 agreements was Rs.0.72 crore only and the remaining amount of Rs.1.05 crore represented expenditure incurred through piece work agreements on A1/A2 forms.

Similarly, as against the sanctioned grant of Rs.83.68 lakh during 1993-94, expenditure incurred on B1/B2 agreements was only Rs.6.67 lakh and the remaining amount was spent through departmental execution of works.

The division stated that due to heavy monsoon, it was inevitable for the division to carry out the works in view of the urgency involved. The departmental execution was carried out after obtaining permission from the Circle Officer.

The reply was not tenable as M&R (SR) work was required to be restricted to the sanctioned grant. Apart from this, the Government orders required execution of M&R work through B1/B2 tender forms and departmental execution of M&R works without obtaining prior permission of Government was irregular.

4.1.2 Deficiencies in framing estimates

(a) Crust thickness

Crust thickness of a new road was designed on the basis of California Bearing Ratio (CBR) value of subgrade which was decided by test result and projected traffic intensity. Government order of December 1984 envisaged preparation of plan and estimate of road showing its crust thickness after obtaining necessary CBR test report from Government laboratory.

A detailed study of the diversion road passing through Dahod town in Ahmedabad-Godhra-Dahod-Indore constructed by Godhara (R&B) Division, Godhara at a cost of Rs.23 lakh and put to traffic in June 1988 revealed the following :

(i) The crust thickness of 40 centimetres (cms) adopted during execution was based on laboratory report on CBR value.

(ii) Since the road was heavily damaged shortly after construction, further CBR test conducted in August 1988 revealed that the crust thickness ought to have been 86 cms instead of 40 cms.

(iii) Special repair work was undertaken in April 1991 at a cost of Rs.22.52 lakh by increasing the crust thickness by 25 cms instead of the required crust thickness of 46 cms (86 less 40) to reduce the project cost.

(iv) While the special repair undertaken in April 1991 was in progress, further massive special repair was proposed by the division to Government in May 1994 and the work was completed at a cost of Rs.36.08 lakh in October 1995.

(v) It was noticed in audit that special repair work was generally undertaken at an interval of 4 to 5 years. Therefore, the expenditure of Rs.36.08 lakh incurred during 1995-96 could have been avoided or staggered by 3 to 4 years but for the failure of the division in bringing out the correct CBR test/non-adherence to CBR value determined as a result of subsequent CBR test.

The division stated that the cost would have been more, had the division undertaken the work as per CBR test result. The reply was inconsistent since it violated the technical requirement and Government instruction besides incurring huge expenditure of Rs.58.60 lakh on special repairs within a span of six years.

(b) Widening of existing roads not in consistence with the existing Government orders

Government issued instructions in September 1991 to the effect that widening work should be completed upto Water Bound Macadam (WBM) stage only at first stage and after the road was kept open to traffic, asphalt work should be undertaken next year one full monsoon by preparing separate estimate and obtaining new job number.

A test-check of records relating to widening works under SR programme by some divisions revealed that, contrary to the above instructions, consolidated estimates for WBM carpet and seal coat works were prepared and works taken up for execution as such making the roads susceptible to fast deterioration.

Serial number	Name of division	Total number of work(s)	Total amount of work(s) (Rupees in crore)	Date of issue of work order
1	R&B Division, Bhuj	2	0.66	Between January 1996 and February 1997.
2	R&B Division, Himatnagar	1	0.45	In November 1996.
3	R&B Division, Mehsana	2	0.44	Between August 1993 and July 1996.
4	R&B Division, Palanpur	3	0.87	Between January 1995 and March 1997.
5	District (R&B) Division, Vadodara	4	1.00	Between February 1996 and March 1997.
Total		12	3.42	

(c) Estimate for WBM works

WBM work is treated as complete when a wearing course known as 'surface dressing' is carried out. Failure to carry out 'surface dressing' would lead to fast deterioration of road surface due to rain cut, soil erosion and damage to side shoulders, etc., rendering the entire expenditure on WBM as wasteful.

Test-check of widening of three existing road works undertaken by R&B Division, Mehsana at a cost of Rs.37.95 lakh revealed that estimates were

prepared without making provisions for surface dressing leading to defective WBM work which would result in infructuous expenditure of Rs.37.95 lakh.

The division stated that the works were required to be executed as per site conditions and when the traffic was in full swing. The reply was not relevant as surface dressing was a prerequisite for completion of WBM work. Further, in an identical SR work, WBM work was carried out (1995-96) by making provision for surface dressing by the division. In another WBM work executed (1996-97) by R&B Division, Himatnagar the work was carried out by making provision for surface dressing.

4.1.3 Adoption of richer specifications in lean bituminous macadam (LBM) seal coat work

Government vide order of April 1991, raised the quantity of binder content to be used in LBM work from 2.5 per cent by weight of mix to 3 per cent by weight of mix. The thickness of premix seal coat also was raised from 0.12 cubic metre (cmt)/10 square metres (sq. mts.) to 0.18 cmt/10 sq. mts.

Test-check of records relating to SR works to roads in respect of three circles and divisions thereunder revealed that in a few cases higher thickness of 0.24 cmt/10 sq. mts. in premix seal coat was provided resulting in avoidable extra expenditure of Rs.32.52 lakh as shown below :

(Rupees in lakh)

Serial number	Name of division	Name of circle	Agreement number and date	Excess expenditure
1	R & B Division, Bhuj	R & B Circle No. 2, Ahmedabad	<u>B2/72</u> 1995-96	3.49
2	--do--	--do--	<u>B2/53</u> 1996-97	2.80
				6.29
3	Godhra (R&B) Division, Godhra	R & B Circle, Vadodara	<u>B2/55</u> 1994-95	1.68
4	R & B Division, Himatnagar	R & B Circle No. 1, Ahmedabad	<u>B2/40</u> 1996-97	1.57
5	R & B Division, Kheda	--do--	<u>B1/10</u> 1993-94	2.89
6	--do--	--do--	<u>B1/60</u> 1994-95	1.91
				4.80
7	R & B Division, Mehsana	R & B Circle No. 2, Ahmedabad	<u>B1/69</u> 1995-96	0.52
8	--do--	--do--	<u>B1/75</u> 1995-96	1.60
9	--do--	--do--	<u>B2/5</u> 1996-97	3.23
				5.35
10	R & B Division, Palanpur	--do--	<u>B1/49</u> 1993-94	2.58
11	--do--	--do--	<u>B2/86</u> 1995-96	4.91
				7.49
12	District (R&B) Division, Vadodara	R & B Circle, Vadodara	<u>B2/19</u> 1992-93	2.98
13	--do--	--do--	<u>B1/22</u> 1994-95	2.36
				5.34
Total				32.52

The divisions stated that higher thickness was provided due to increase in intensity of traffic and site condition.

The reply was not tenable since the Government order of April 1991 did not provide any relaxation in the specification.

4.1.4 Additional treatment not in consistence with the administrative sanction

In view of instructions contained in Government circular of January 1985, the programme for SR to roads was to be approved by the Chief Engineer (CE) and job number would be given to each SR work. It further reiterated that the SR work which had not been allotted job number should not be under taken by the field office without prior approval of CE. The CE while awarding job number *inter alia* would indicate in the sanction order, the length of road to be covered and the type of work to be carried out. Addition or alteration in the sanctioned programme could be made with the approval of CE.

(a) A scrutiny of four SR works undertaken by R & B Division, Bharuch during 1996-97 revealed that additional bituminous treatment namely built up spray grout (BSG) was also sanctioned for execution over and above the type of treatment specified in the job number in contravention of Government circular of January 1985. This resulted in additional liability of Rs.12.53 lakh with reference to the estimated quantity and tendered cost. The works were in progress as of April 1997.

(b) In the six cases, extra road length was covered by four^{*} divisions while executing SR programme after obtaining job numbers for a specific distance from the Chief Engineer. New job numbers from the Chief Engineer for extra distance were not obtained and consequently extra expenditure of Rs.55 lakh was irregular.

The divisions stated (May and June 1997) that the job numbers were based on rough estimates and the estimates were prepared keeping in view the monetary ceiling given in job numbers. The reply was not tenable as the Government circular prohibited execution of the works for which job numbers were not assigned by the Chief Engineer.

(c) Illustrative cases of increased distance taken while preparation of detailed estimates for execution of SR works by R & B Division, Kheda during the year 1996-97 were as under:

^{*} Bhuj, Himatnagar, Junagadh and Kheda.

Job number Amount	Name of work	Length sancti- oned in Govt. job number	Length taken in estimate Amount	Agreement number and date
1995-96(15) Rs.33 lakh	SR to Vasad- Borsad- Dharmaj Road km 70/0 to 101/2	Selected 12.400 kms	14.800 kms ----- Rs.32.92 lakh	B-1/78 96-97
1995-96(16) Rs.20 lakh	SR to Boryavi- Anand- Borsad Rd. km 0/0 to 26/850	Selected 8 kms	9.40 kms ----- Rs.19.90 lakh	B-1/77 96-97
1995-96(22) Rs.7.50 lakh	SR to Bilodra- Sinhuj Rd.	3 kms	6 kms ----- Rs.7.49 lakh	B-1/57 95-96
(work completed in September 1996 at a cost of Rs.6.32 lakh)				

Roads and Buildings Division, Kheda stated that job numbers were based on rough estimates only. The reply was not tenable since the Government circular of January 1985 was very specific which prohibited taking up of works for which job numbers were not assigned by the Chief Engineer.

4.1.5 Execution of civil works not falling under the jurisdiction of R & B Division, Bhuj

Two SR works not falling under the jurisdiction of Executive Engineer, R & B Division, Bhuj but falling under the jurisdiction of Bhuj Nagar Palika were completed by the former on 31 December 1995 and 13 February 1997 respectively at a total cost of Rs.28.38 lakh on the basis of request received from Bhuj Nagar Palika. As it was a deposit work, the division should have obtained the deposit amount from the Nagar Palika before executing the work. The division did not demand the estimated cost of repair and the Nagar Palika did not pay the cost of repair as of July 1997. This resulted in irregular expenditure of Rs.28.38 lakh.

4.1.6 Other topics

4.1.6.1 Unintended benefits to contractors

Government resolution of February 1988 provided that only provision for bulk asphalt was to be made in schedule "A" of agreement.

In violation of the above provision in seven agreements executed by the Ahmedabad R. & B Division, Ahmedabad, provision for bulk asphalt/packed asphalt in case of non-availability of bulk asphalt was made in schedule "A" leading to ambiguity. As against the total provision of 1926 tonnes, the quantity of packed asphalt issued was just 1.40 tonnes. Because of difference of rates of these two items, unintended benefits which accrued to the contractors worked out to Rs.20.87 lakh.

4.1.6.2 Returns and estimates in connection with repairs of road

(a) Account of road metal

Road metals should be measured and paid for in the same way as supplies of other materials for work. Each sub-division was to maintain an account of road metal in form 16 (statement of receipts, issues and balance of road metal) in loose leaf and submit monthly to the divisional office within a fortnight of submission of monthly account.

The position of maintenance of road metal account in respect of 8 divisions indicated that except for one division, the returns were not received. It was evident that the divisions had no control over the availability of road metals in the sub-divisions and hence issue of such materials was also not related to the position of stock with the divisions.

(b) Maintenance and Repairs estimates

Estimates for maintenance and repairs to works to be executed during a year should be prepared by 15 January of the previous financial year and sanctioned by the Executive Engineer before 15 April of the year concerned.

In 4 divisions, expenditure on maintenance and repair was incurred without annual estimates as detailed below:

(Rupees in crore)

Serial number	Name of division	Expenditure				
		1992-93	1993-94	1994-95	1995-96	1996-97
1	Godhra (R & B) Division, Godhra	4.80	4.27	4.26	5.97	7.80
2	R & B Division, Himatnagar	5.84	5.23	5.77	5.38	6.24
3	Junagadh (R & B) Division, Junagadh	6.65	5.57	6.22	8.28	7.89
4	District (R & B) Division, Vadodara	8.15	6.51	7.85	8.19	6.41

4.1.6.3 Delay in encashment of performance bond

Agreement no. B1/4 of 1995-96 for the work of 'flood damage repair' to Bodeli-Chotaudepur Road (providing semi-dense bituminous carpet) entered into with a contractor by the District (R&B) Division, Vadodara was terminated by the division in November 1995 due to the failure of the contractor to execute the work as per terms of the contract. However, the confiscated performance bond valued at Rs.1.43 lakh obtained from the contractor was sent to the bank by registered post after about three months. In the meanwhile, the contractor approached the arbitration tribunal in February 1996 and obtained stay in March 1996 restraining the bank from making payment to the division. The case was pending before the tribunal (April 1997).

Delay in encashment of the performance bond resulted in non-realisation of Government dues.

The divisional officer stated (April 1997) that the contractor had objected to the termination order in December 1995. Therefore, he would have approached the tribunal earlier had the division presented the bond to the bank earlier. The divisional reply was hypothetical. The contract was terminated in November 1995 whereas the contractor objected to the termination of contract in December 1995. Thus, there was ample time and scope to encash the performance bond soon after the termination of the contract in November 1995.

The matter was reported to Government in June 1997; reply had not been received (November 1997).

4.2 Non-encashment of bank guarantees

The construction of road work including minor bridges, canal crossing, cross drainage work, toll plaza, junction and appurtenant between (i) kilometres 0/0 to 16/0 and (ii) kilometres 16/0 to 32/0' at Ahmedabad-Vadodara Expressway was awarded to a contractor on two different agreements by the Executive Engineer, Expressway Division, Ahmedabad in May 1987 at a tendered cost of Rs.22.17 crore (estimated cost: Rs.19.33 crore). The work was stipulated for completion by January 1992 which was extended up to December 1994.

The contractor could achieve progress of work to the extent of 59 per cent as of December 1994. After issue of several notices between 1989 and 1994, the contracts were terminated in December 1994 after obtaining approval (December 1994) from Ministry of Surface Transport (MOST). It was also directed by MOST to recover all the outstanding advances by invoking the bank guarantees from the concerned banks. Total payment made on both the works was Rs.13.84 crore (as per last running account bill paid in November 1994 in one contract and final bill paid in June 1997 in another contract).

There were eleven bank guarantees amounting to Rs.4.53 crore of two Nationalised Banks at New Delhi (5 bank guarantees of Rs.1.10 crore and 6 bank guarantees of Rs.3.43 crore) with the division. The bank guarantees were forwarded to banks on 28 December 1994 and all were due to expire between 30 June and 31 December 1995. It was observed as under:

(a) Out of five bank guarantees amounting to Rs.1.10 crore, three bank guarantees amounting to Rs.0.52 crore were only presented to bank and encashed on 18 November 1995. Remaining two bank guarantees of Rs.0.58 crore issued by the State Bank of Saurashtra were included in the list of another bank situated at the same place were forwarded on 22 December 1995. Bank informed on 1 February 1996 that the letter of 22 December 1995 was not received by them and refused to encash the bank guarantees.

Thus, failure on the part of division to produce the bank guarantees in time resulted in loss of Rs.0.58 crore to Government and dues recoverable from the contractor remained unadjusted.

The Executive Engineer admitted the mistake and stated (June 1997) that action for fixing the responsibility was under process.

(b) Six bank guarantees for Rs.3.43 crore of United Commercial Bank which were forwarded to the bank on 28 December 1994, were encashed on 8 April 1996. The contractor approached Lower Court against the termination of his contract and obtained stay order in January 1995. High Court verdict of October 1995 was in favour of Government. The contractor appealed to the Supreme Court which ultimately decided in March 1996 in favour of Government. For delayed encashment of bank guarantees, no interest was demanded by the Executive Engineer. This resulted in loss of interest of Rs.20.24 lakh at the borrowing rate of 12 per cent for the period from 11 October 1995 to 7 April 1996.

The Executive Engineer stated (June 1997) that encashment was delayed because the matter was sub-judice. The contention of the Executive Engineer was not tenable as department should have sought remedy from the court for the loss due to unnecessary litigation by the contractor.

The matter was reported to Government in December 1996; reply had not been received (November 1997).

4.3 Road overbridge not constructed even after payment of full cost to the Railways

Administrative approval of providing a road overbridge (ROB) in lieu of level crossing on Ahmedabad-Kalol-Mehsana Road (State Highway No.41) for Rs.5.20 crore was accorded in October 1995. The work included cost of ROB (Rs.1.97 crore) and approaches (Rs.3.23 crore).

The estimates for Rs.55 lakh for the proposed road overbridge were submitted to the Executive Engineer Roads and Buildings Division, Mehssana by the Deputy Chief Engineer (Construction) North, Western Railway, Ahmedabad in May 1986. The estimate was revised for Rs.1.94 crore in September 1991. Rupees 3.88 lakh being the cost of preparation of detailed working plans and estimates at the rate of 2 per cent of estimated cost was deposited by the Executive Engineer between March 1988 and November 1991. The Executive Engineer further deposited between February and August 1994 Rs.1.58 crore against estimated cost of the work. Subsequently, due to revision of estimates on account of time overrun, Executive Engineer deposited Rs.1.70 crore between January and March 1996 as demanded by the Railway Authorities. Thus, total amount deposited worked out to Rs.3.28 crore against the administrative approval of Rs.1.94 crore. Revised administrative approval was awaited (May 1997).

Agreement signed by the division (December 1990) with the Western Railway did not contain either the date of commencement or the date of completion of work. General arrangement drawing sent by the Railway Authorities

to division in September 1992 (revised in November 1992 and May 1994) were approved by Government in June 1996. Work of road overbridge was yet to be taken up by Railway Authorities (May 1997), though full payment towards cost of the bridge was made. Delay in execution of work resulted in increase in cost of Rs.1.34 crore and also blocking of Government funds to the extent of Rs.3.28 crore.

It was noticed in audit that division took 2 years for considering the revised estimates and similarly, the department took 2 years in approving it. The abnormally long time of four years in approving the revised estimates resulted in loss of interest of Rs.1.02 crore during the period.

Government stated (July 1997) that amount towards cost of ROB was deposited before commencement of work as per agreement and tenders invited by Railway Authorities were under finalisation. However, the fact remained that work was yet to commence resulting in blocking of government funds of Rs.3.28 crore.

4.4 Undue favour to a contractor

To enforce work schedule effectively and charge liquidated damages from defaulting contractors, Government dispensed with the risk and cost conditions of contract and introduced (October 1991 and June 1992) revised clauses 1 to 4 in tender forms B-1 and B-2.

As per clause 1 of the tender for works costing more than Rs.15 lakh, the contractor would furnish performance bond supported by Fixed Deposit Receipt (FDR) or unconditional and irrevocable bank guarantee from any scheduled bank equivalent to five *per cent* of the estimated cost put to tender alongwith initial security deposit. All compensation, liquidated damages or other sums or money payable by the contractor to Government under the terms of contract were to be deducted from or recouped by realisation of sufficient part of his security deposit, or from the interest arising therefrom or performance bond.

Government accepted (July 1995) the negotiated lowest tender of Rs.2.55 crore (estimated cost: Rs.2.22 crore) of a contractor for the work of strengthening Km. 8/100 to 20/0 of Porbandar-Rajkot-Bamanbore Road of National Highway 8B (excluding municipal limit between Km 14/560 to 15/0). Executive Engineer, National Highway Division, Rajkot communicated the acceptance of tender in August 1995 and instructed contractor to pay initial security deposit of Rs.5.55 lakh and furnish performance bond for Rs.11.11 lakh within ten days. The contractor, after a delay of 129 days, paid initial security deposit of Rs.5.71 lakh in

December 1995. Delay in payment was condoned by Government in June 1996. However, the performance bond was not furnished by the contractor who stated that the same would be furnished when it would be received from the bank. The contractor also requested that amount of performance bond might be deducted at 5 *per cent* from running account bills. The division agreed to the proposal and issued work order in December 1995 for completion of work by December 1997. The following points were noticed in audit in respect of this work.

(i) The waiver of the submission of performance bond for Rs.11.11 lakh, issue of work order and deducting amount in lieu from running account bills violated the revised condition of the contract. Division deducted only Rs.7.86 lakh upto August 1997 towards performance bond.

(ii) According to agreed time schedule, 50 *per cent* of the value of work (Rs.1.28 crore) should have been completed by December 1996. However, the contractor executed work of the value of Rs.10.77 lakh (4 *per cent*) upto May 1997. For slow progress of work the contractor was liable to pay liquidated damages at the rate of Rs.25547 per day subject to maximum of 10 *per cent* of estimated cost. Accordingly, liquidated damages of Rs.22.22 lakh being 10 *per cent* of estimated cost were to be recovered from the contractor. Against this, division recovered Rs.14.19 lakh.

Division directed the contractor in May 1997 to complete the work within time limit and to rectify the defects in the works executed by them within 10 days, failing which action to terminate the contract would be taken. The contractor, however, failed to comply with the directives and contract was terminated on 26 May 1997.

Division stated (March/May 1997) that circumstances under which performance bond was not furnished by the contractor were reported to Government in February 1996. Government condoned (June 1996) the delay in payment of initial security deposit and non-furnishing of performance bond. Action would be taken to recover the amount from subsequent bills. Reply was not tenable as Government condoned only the delay in payment of security deposit and not the non-furnishing of performance bond. Waiver of furnishing of the performance bond amounted to undue favour to the contractor.

The matter was reported to Government in February 1997; reply had not been received (November 1997).

4.5 Undue benefit to a contractor

Construction of expressway between Ahmedabad-Vadodara (Kilometres 59.10 to 75 and 75 to 92) was awarded to a contractor vide 2 agreements on 1 June 1987 (Contract IX) and 1 May 1987 (Contract X) to be completed by 29 February 1992 and 4 February 1992 at the tendered cost of Rs.11.85 crore and Rs.14.13 crore respectively.

The progress of work was poor due to inadequacy of input like machinery, plants, equipment, men-power, materials, poor cash flow, etc. The progress of work of contracts IX and X was only 39 *per cent* and 23 *per cent* respectively as on 31 December 1994. The department issued several notices (8 to 20 in each year) upto November 1994 for stepping up the progress of works. As the contractor did not show any improvement in the execution of work, department issued notices of expulsion on 28 December 1994, stipulating taking over possession of site after expiry of notice period of 14 days. The possession of site was taken over in April 1996 after the vacation of stay of the High Court of Gujarat on a writ petition filed by the contractor.

The provisions of the contracts required that the contractor was to be paid secured advance for the material brought to site, not exceeding 75 *per cent* of the related material. Further as per codal provisions, as far as possible, payment of secured advance should not be made towards the end of March. It was observed that secured advance of Rs.13.12 lakh and Rs.0.54 lakh was outstanding as on August 1993 and November 1993 on two contracts IX and X respectively. Executive Engineer paid further advance of Rs.40.75 lakh (Contract IX) and Rs.62.14 lakh (Contract X) between October 1993 and July 1994. It included secured advances of Rs.4.60 lakh and Rs.10.79 lakh paid at the end of March 1994. Adjustment made against these secured advances was only for Rs.0.29 lakh (March 1994) and Rs.1.36 lakh (April 1994) in respect of contract IX and X respectively. The net outstanding secured advance was Rs.61.11 lakh (Contract IX) and Rs.61.33 lakh (Contract X) as of December 1994. The action of the department in making payment of secured advance was not justified as the material brought to site earlier was not utilised in works and the progress of works was far behind schedules. Further, payment of Rs.15.39 lakh towards the end of March 1994 was contrary to codal provisions.

Government stated (May 1997) that payment of secured advance was strictly not linked with progress of work and that bringing of materials on site for use in the work was itself the part of the progress of work. As secured advance allowed to the contractor was interest free, granting of such advance to the

contractor without linking such payment to the progress of work would lead to loss of interest on amount blocked with the contractor and therefore contention of Government was not acceptable. Further, payment of secured advances in March 1994 was in contravention of codal provisions.

4.6 Unfruitful expenditure due to poor quality of departmental work

Administrative approval for Rs.61.75 lakh was accorded in August 1986 by the General Officer Commanding-in-Chief, Southern command, Pune for construction of 48 quarters for married officers and staff posted to National Cadet Corps (NCC) unit, Rajkot. Director General, NCC deposited Rs.46.75 lakh between March 1986 and May 1990 with the Executive Engineer, Roads and Buildings Division, Rajkot to execute the work as deposit work. The division spent Rs.33.93 lakh upto March 1990 and balance of Rs.12.82 lakh was lying with them.

Government decided (April 1988) that work upto plinth level be carried out departmentally at a cost of Rs.9.27 lakh (January 1989) while construction of super structure (estimated cost: Rs.38.30 lakh) was awarded to a contractor (December 1988) at his tendered cost of Rs.41.61 lakh for completion by June 1991. However, construction of ground floor upto reinforced cement concrete (RCC) stage was executed for Rs.11.83 lakh after which the contractor abandoned the work (March 1990).

Superintending Engineer, Roads and Buildings Circle, Rajkot, carried out inspection (November 1989) of work upto plinth level and super structures. He observed that in one of the sites, the mortar used in foundation and plinth masonry work carried out departmentally, was of very poor quality. As a result, cracks developed, lime concrete settled and compound wall constructed departmentally at a cost of Rs.2.37 lakh fell down. In respect of the other site, there were cracks in the wall which needed precautionary measures. Though several problems in foundation and plinth masonry developed after execution, the Executive Engineer did not report the facts to the higher authority.

Inspection was carried out by the Quality Control Division, Rajkot in April 1990 and it was revealed that as per sanctioned estimate trial pit indicated ordinary soil and hard murram base, but during inspection trial pits were excavated near by external wall up to foundation level of structure and it was observed that average 0.30 to 0.60 mt. soil was of black cotton clay and in remaining portion of the depth up to foundation level, was hard white soil, more or less of conglomerate nature. It was also revealed that Soil Bearing Capacity (SBC) test of soil was not carried out during departmental execution of work upto plinth level. The plinth

protection treatment carried out at a cost of Rs.1.71 lakh at the time of execution of super structure was also not completed to safe stage.

Superintending Engineer, Buildings Design, Roads and Buildings Circle, Gandhinagar directed (December 1992) not to construct vertical expansion since foundation masonry was not upto the mark.

Thus, failure to carry out SBC test of soil before taking up the work, incorrect excavation of trial pits and poor quality of work executed departmentally upto plinth level, 25 quarters on ground floor remained incomplete even after 6 years from scheduled date of completion. Besides the department was compelled for stopping construction of 23 quarters on first floor.

The matter was reported to Government in August 1996; reply had not been received (November 1997).

4.7 Loss due to termination of contract without invoking risk and cost provisions

The work 'Construction of rural roads upto black top stage including cross drainage works' (package No.Road Project-4) of Rajkot district was awarded (February 1988) to a contractor (a Government undertaking) at the tendered cost of Rs.60.32 lakh by the Executive Engineer, Rural Road Project (RRP) Division, Rajkot. The work was to be completed by April 1990. The division was closed and merged with Roads and Buildings Division, Rajkot with effect from 30 June 1996.

The work could not be completed within the stipulated time limit and contractor carried out work of the value of Rs.20.34 lakh upto March 1992. Since the contractor was not able to maintain the progress of work and complete it, Government decided (August 1992) to relieve the contractor from executing the work without invoking risk and cost provisions of the tender agreement. The remaining work (value Rs.39.98 lakh) was awarded (January 1995) to a second contractor at his tendered cost of Rs.84.53 lakh. While accepting the lowest tender, Government instructed that the work should be carried out at the risk and cost of the first contractor and also to initiate action against original contractor for recovery of liquidated damages as per terms and conditions of the contract.

Though the work had been completed (November 1995) by the second contractor at a total cost of Rs.76 lakh, no action was initiated (August 1996) by the division to recover the risk and cost dues including liquidated damages from first contractor. Decision of the Government of August 1992 to terminate the contract without invoking risk and cost provisions of the tender agreement was faulty and as a

result, the prospect of such recovery was remote and consequently Government had been put to extra expenditure of Rs.36.02 lakh.

The matter was reported to Government in January 1997; reply had not been received (November 1997).

4.8 Incorrect computation of dues recoverable from defaulting contractors

The work 'special repairs to Chotila-Tarnetar road kms. 0 to 7/2' was awarded to a contractor in February 1991 by the Executive Engineer, Roads and Buildings Division, Surendranagar, at a tendered cost of Rs.9.60 lakh. The contractor abandoned the work after execution of work of the value of Rs.5.82 lakh.

Another work 'construction of a bridge across river Falku with approaches' was awarded to another contractor in April 1989 at a tendered cost of Rs.33.97 lakh. The second contractor also left after executing work of the value of Rs.16.80 lakh.

Remaining works in both the projects were awarded to 3 new contractors at the risk and cost of the defaulting contractors at tendered cost of Rs.6.95 lakh and Rs.35.65 lakh in July 1996 and in September 1996 respectively.

It was noticed in audit (January 1997), that while computing the dues to be recovered from the defaulting contractors, the differential cost of materials viz. asphalt, cement and steel supplied by the division to the new contractors, were not included by the Roads and Buildings Division, Surendranagar which resulted in short computation of recovery of Rs.25.90 lakh from the contractors.

While accepting the facts (January 1997), the division stated (July 1997) that amount short computed had been included in revised Law Officers Report (LOR) submitted to Government in May 1997 for approval of legal action to be taken against the defaulting contractors. Decision on LOR was pending with Government (July 1997).

The matter was reported to Government in March 1997; reply had not been received (November 1997).

4.9 Undue delay in completion of a hostel building

Under a centrally sponsored scheme, the work 'Construction of a hostel building with dining hall at Palanpur' was approved (October 1986) by Government of India under 'Border Area Development Programme'. The overall technical sanction for Rs.52.33 lakh was accorded in February 1988 by the Roads

and Buildings Department. The work was awarded (March 1988) by the Executive Engineer, Roads and Buildings Division, Palanpur to a contractor at his tendered cost of Rs.34.28 lakh against the estimated cost of Rs.33.35 lakh.

The progress of work was slow from the beginning. Though, the work was to be completed by March 1990, work of the value of Rs.5.29 lakh (15 *per cent*) was completed by that time. Extension of time was not granted though sought for by the contractor. Between 9 December 1988 and 16 March 1995, 66 notices were issued by sub-division (30) and the division (36), directing the contractor to expedite and complete the work. Though the progress of the work was very slow and only 57 *per cent* of work was executed in more than 6 years time, instead of terminating the contract as per clause 4 of the contract agreement, the contractor was allowed to continue the work on the ground that he repeatedly assured completion of the work. Government also issued directions (June 1993) to get the work completed as early as possible or otherwise to initiate action against the contractor as per terms and conditions of the agreement.

The work of the value of Rs.19.52 lakh was executed by the contractor as of August 1994. The contractor abandoned the work and left the site in August 1994.

The contract was terminated in January 1996 and remaining work valued at Rs.14.76 lakh was awarded in July 1996 to another contractor at his tendered cost of Rs.28.95 lakh at the risk and cost of the defaulting contractor. Rupees 14.19 lakh were recoverable from the defaulting contractor as risk and cost dues. However, no action was taken by the department to recover the amount (September 1997).

Government stated (October 1996) that a lump sum recovery of Rs.0.55 lakh was made till March 1995 from running account bills. Government further stated that new contractor was fixed on 31 July 1996 to complete the remaining work (estimated cost Rs.28.95 lakh) by 6 June 1997. The work scheduled to be completed in June 1997 was in progress (September 1997). On a reference, it was stated (July 1997) that the division withheld Rs.1.65 lakh from Running Account Bills to adjust toward risk and cost dues.

Thus, delayed action on the part of the division to complete the work resulted in depriving about 200 primary school students of remote rural areas of the benefit of hostel facilities for over seven years. Besides government dues amounting to Rs.11.99 lakh were not recovered.

4.10 Non-recovery of dues from legal heirs of deceased contractor

According to conditions of contract, in the event of death of the contractor during the currency of the contract, unless the Authority accepting the tender is satisfied that legal heirs of the deceased contractor are capable of carrying out and completing the contract, the accepting authority shall be entitled to cancel the contract without holding the legal heirs of the deceased contractor liable for damages sustained by the department.

The work of construction of a major bridge with approaches across tributary of river Machchu on Chotila-Vadali-Jasdan road was awarded to a contractor at his tendered cost of Rs.13.48 lakh (estimated cost: Rs.14.30 lakh). The contract awarded by the Executive Engineer, Roads and Buildings Division, Surendranagar in August 1989 was due for completion in August 1990. The contractor expired in March 1990. The legal heirs submitted (April 1990) power of attorney appointing one of them to complete the work. The Executive Engineer allowed the legal heirs to carry out the work after satisfying himself about their capability of carrying out and completing the remaining work. They executed work valued at Rs.4.85 lakh upto 20 April 1995. In May 1994, a representation seeking relief from executing the remaining work under the contract was made by the heir of deceased contractor citing family reasons. The same was accepted by Government in September 1995 after getting confirmation from the division about the incapability of the legal heirs. Remaining work valuing Rs.8.63 lakh was awarded (July 1996) to another contractor at a tendered cost of Rs.27.32 lakh. The work was in progress (January 1997).

It was noticed in audit (January 1997) that the risk and cost provision was not invoked for recovery of extra cost of Rs.18.69 lakh from the heirs of the deceased contractor. The division contended (January 1997) that by allowing the legal heirs to continue with the work, it saved additional expenditure of Rs.12.60 lakh compared with the rates of 1996.

The reply of the division was not tenable as the saving worked out by the division was not based on the rates prevailing in the year 1990 when tenders could have been invited after the death of the contractor. Further, allowing the legal heirs to work for 5 years after satisfying about their capability of carrying out and completing the work and relieving them from executing the remaining work under the contract agreement without invoking risk and cost provision was not justified and resulted in loss of Rs.18.69 lakh to Government.

The matter was reported to Government in March 1997; reply had not been received (November 1997).

4.11 Avoidable extra cost due to non-finalisation of tender within validity period

Executive Engineer, Capital Project Division NO.4, Gandhinagar invited (October 1993) tenders for construction of Police Bhavan at an estimated cost of Rs.3.37 crore returnable at the Superintending Engineer's office on 16 December 1993, which was extended upto 8 March 1994. Twenty-six blank tender forms were issued of which thirteen were received duly filled in on due date. The validity of offer was for a period of 120 days from the date of receipt which expired on 5 July 1994. The pre-qualification bids were opened on 9 March 1994 by Superintending Engineer and forwarded (April 1994) to Government for approval. Seven bidders were found eligible and approval was given by Government on 6 June 1994. As a result of technical and price bids opened on 9 March 1994, first lowest offer of 'Y' standing at Rs.3.41 crore (1.27 per cent above) was recommended by the Superintending Engineer for acceptance to Government on 23 June 1994. The validity period was got extended twice, first upto 5 September 1994 and then upto 31 October 1994, but Government could not take any decision and directed (17 October 1994) the Superintending Engineer to obtain further extension of validity period upto 31 December 1994 (2 months). However, the first lowest tenderer 'Y' refused (30 October 1994) further extension. At the instance of Government (5 December 1994) once again 'Y' was requested (17 December 1994) for extension of validity period, but he expressed unwillingness (19 December 1994) and demanded refund of earnest money deposit. In the meantime, Government accepted (16 December 1994) the offer of 'Y' subject to the condition that validity of offer might be got extended. Since the first lowest 'Y' did not agree to extend validity period third time, second lowest tenderer 'J' was recommended (1 February 1995) by the Superintending Engineer for acceptance. Government accepted (8 March 1995) the offer of 'J' at his tendered cost of Rs.3.59 crore as he agreed to extend validity period upto 15 March 1995. Thus, there was undue delay of 143 days for processing the tender as against the prescribed 120 days provided in the Manual. Non-finalisation of lowest offer within even extended validity period without recording any reason resulted in avoidable extra liability of Rs.18.67 lakh to Government.

The matter was reported to Government in January 1997; reply had not been received (November 1997).

4.12 Irregular payment for bulk asphalt to avoid lapse of budget grant

According to codal provisions, fictitious adjustment such as debiting the cost of materials to a work not required was totally prohibited and any deviation therefrom had to be taken as a serious irregularity. Executive Engineer, Roads and

Buildings Division, Godhra drew a self cheque for Rs.17.41 lakh on 25 March 1996, encashed it on 30 March 1996 and obtained a demand draft in favour of a Public Sector Undertaking (PSU) at Vadodara for supply of 360 tonnes of bulk asphalt at Rs.4838.15 per tonne. While handing over the demand draft on 30 March 1996, the division indicated names of 4 road works in which asphalt was to be used and consignees were Deputy Executive Engineers at Halol (140 tonnes), Godhra (70 tonnes), Lunawada (80 tonnes) and Limkheda (70 tonnes).

It was noticed (December 1996) in audit that none of the Sub-divisional Officers lifted the allotted quantity of asphalt as of December 1996 though two out of four road works were already completed (one each in May and December 1996), one work was nearing completion (December 1996) and the remaining one was not awarded when the PSU was directed to supply asphalt. No follow up action was taken either to lift the materials or to obtain the money back. Though asphalt was not lifted from PSU, the division booked the expenditure under four works and shown the material incorrectly in material at site account.

Since the material ordered was not lifted, payment of Rs.17.41 lakh to PSU with debit of the amount to stock by the division was to avoid lapse of budget grant. Procedure thus adopted was irregular.

The Division stated (December 1996) that as the asphalt was needed for completion of urgent important road works, the amount was paid to PSU. The reply was not tenable as the division did not lift any quantity of asphalt for use in works against the order so placed and paid for till December 1996. Further, by not lifting asphalt from PSU in time, the division incurred an avoidable extra expenditure of Rs.4.85 lakh for 256.235 tonnes of asphalt lifted in January 1997 for increase in cost of asphalt.

The matter was reported to Government in February 1997; reply had not been received (November 1997).

4.13 Additional liability due to late supply of structural design

The work 'construction of office building for Rural Broadcasting' at Palanpur was awarded (February 1994) to a contractor at his tendered cost of Rs.13.40 lakh (estimated cost: Rs. 16.96 lakh) by the Executive Engineer, Roads and Buildings Division, Palanpur. The work was to be completed by August 1995.

It was noticed (December 1996) in audit that required details of design and soil bearing capacity (SBC) test result reports were sent to Design Unit, Gandhinagar on 18 March 1994 i.e. after issue of work order. The design was

received in April/May 1995 from the Design Unit by the division. The RCC foundation/structural design was supplied to the contractor by the division in April-May 1995. The line out was given in April 1995, however, contractor stated that line out for foundation work was given on 16 August 1995. Therefore, the contractor expressed (November 1995) unwillingness to carry out work and demanded 45 *per cent* increase in tendered rates and extension of time limit for 18 months from the date of line out given, which was, however, not accepted by the division. The contract was terminated (July 1996) at the risk and cost of the contractor with imposition of liquidated damages of Rs.1.70 lakh and suspension of registration of the contractor for 3 years. Tenders were reinvited (August 1996) and work awarded (December 1996) to another contractor at a tendered cost of Rs.25.99 lakh for completion by June 1998. Thus, inordinate delay on the part of the division in approaching the Design Unit after issue of work order and in supplying the design resulted in extra liability of Rs.12.59 lakh.

Had the request of the contractor for extension of time limit and increase in rates been considered, his tendered cost would have been Rs.19.43 lakh only (less than the estimated cost of Rs.20.95 lakh based on Schedule of Rates of 1995-96) as against the tendered cost of Rs.25.99 lakh of second contractor (November 1996). Extra liability of Rs.6.56 lakh to Government could thus have been avoided.

Government stated (August 1997) that since issue of work order, the contractor did not show any interest to start the work though design was supplied in April/May 1995, before expiry of time limit (8 August 1995). Further, it was stated that in case of delay on the part of the department, the demand for increase in rate was not granted in normal circumstances as contractors might demand for increase in rates due to delay in works for normal reasons also. The reply was not tenable as the contractor was supplied design and line out only three months before the schedule date of completion of the work for which contractor could not be blamed for not starting the work. Further, delay of 15 months out of total 18 months period for completion of work on the part of the department in supplying the design and line out could not be termed as normal delay as contended by the Government and hence demand for increase in rate by the contractor could have been considered to avoid re-invitation of tender and additional liability to Government.

4.14 Blocking of government funds

The work of construction of a residential school building estimated to cost Rs.20.52 lakh was awarded to a contractor in May 1989 at his tendered cost of

Rs.21.63 lakh by Roads and Buildings Division, Palanpur for completion by May 1990.

During audit, it was noticed (September 1994) that the division approached Gujarat Electricity Board (GEB) only in August 1989 for shifting of High Tension (HT) line i.e. after issue of work order. GEB shifted the line in August 1990.

Due to non-availability of tor steel, the division approached Design Circle, Gandhinagar for change in design only in May 1990 i.e. the month by which work was scheduled to be completed. Revised design was received in June 1990. The contractor could complete the work of value of Rs.4.47 lakh within the stipulated period.

Thereafter the contractor requested for extension of time limit upto November 1990 and same was granted by Superintending Engineer (SE) (August 1990). The work valued at Rs.8.38 lakh was completed by that time.

The contractor again requested for further extension of time limit and promised to complete the work by November 1991.

The division recommended extension upto November 1991 to SE in February 1992 and SE recommended to Government in May 1992. Government directed SE in July 1992 to submit the proposal after completion of work. Reasons for recommending proposal for extension of time limit when the contractor failed to keep his promise, though called for, were not furnished.

The division submitted a proposal on 10 October 1994 to the circle office for levy of compensation for the period from 1 December 1991 to 15 October 1994 as no further extension was sought for by the contractor and work was not completed as promised by him. The approval from the circle office was awaited (July 1997).

The contractor abandoned the work on 15 May 1996. Till abandonment, the value of work done was Rs.12.45 lakh which was paid to the contractor in June 1996. The division terminated the contract in December 1996.

Though the progress of work was very slow, the proposal for levy of compensation was not finalised for a period over two years (July 1997) and prompt action to terminate the contract was also not taken.

The division fixed another contractor in January 1997 for completion of remaining work by July 1997 at the risk and cost of the defaulting contractor. The work was in progress (July 1997).

Thus, belated action in termination of contract resulted in time overrun of 7 years, blocking of funds of Rs.12.45 lakh and denial of intended benefit to the public.

Government stated (August 1997) that in the best interest of work, the contract was prolonged to get the work completed through original contractor as getting the work completed through another contractor was likely to delay the completion of work. Further, it was stated that necessary action to recover excess amount from the original contractor would be taken. The reply was not tenable as the period of prolongation of over six years was too long and not justifiable *vis-a-vis* the value of work executed (Rs.4.07 lakh executed between November 1990 and May 1996 which was less than Rs.one lakh per year) and ultimately the contract was terminated. Further, no action was initiated by the division as of July 1997 to recover risk and cost dues immediately after fixing the new contract as per Government instructions of December 1980.

4.15 Unauthorised financial assistance due to premature refund of retention money

Construction works of five major bridges between chainage 0.0 kilometre and 17.0 kilometres and two major bridges between chainage 17.0 kilometres and 38.0 kilometres of the proposed construction of Ahmedabad-Vadodara Expressway were awarded (July 1993) by the Executive Engineer, Expressway Division No IV, Ahmedabad under 2 agreements (I-A and I-B) to a contractor (a Uttar Pradesh State Government undertaking) at their tendered cost of Rs.15.43 crore and Rs.14.40 crore against estimated cost Rs.8.21 crore and Rs.7.49 crore respectively to be completed in October 1995 (27 months). However, work valuing Rs.10.99 crore and Rs.8.72 crore respectively could be completed upto March 1997.

As per contract agreements, retention money was to be recovered at 10 *per cent* of the bill amount, until such time such deduction accumulated to 5 *per cent* of the total contract price. It further provided that refund of the amount of retention money so accumulated would be made on reaching the maximum of 5 *per cent* provided the contractor requested for refund on furnishing a bank guarantee acceptable to the department.

On a request by the contractor (July 1995) for refund of retention money to maintain his cash flow to increase the progress of work, the Executive Engineer, after getting approval of Government (September 1995), refunded Rs.54.92 lakh (January 1996) against maximum of Rs.77.17 lakh recoverable by June 1996 (under contract I-A) and Rs.54.81 lakh (February 1996) against

maximum of Rs.72.02 lakh recoverable by September 1996 (under contract I-B) computed incorrectly with reference to progress of work done subsequently. Refunding of retention money was done far in advance in respect of both the contracts. Though the premature refund of retention money was done with the approval of Government and after obtaining bank guarantees, it was not in accordance with contractual provision and constituted financial assistance to the contractor beyond the scope of the agreement. Computed at the borrowing rate of 12 per cent, undue financial assistance extended to the contractor worked out to Rs.6.58 lakh.

The matter was reported to Government in February 1997; reply had not been received (November 1997).

4.16 Loss of interest due to late remittance of government money and short recovery of hire charges

Government acquired a Dauphin helicopter VT-ENX in October 1989 at a cost of Rs.3.76 crore. Gujarat Agro Industries Corporation Limited (GAIC), a Government Company, was appointed as a sole coordinator for procuring, maintenance and running the helicopter. The fund/grant sanctioned by Government for purchase of accessories and maintenance was being placed at the disposal of GAIC through Executive Engineer, City Roads and Buildings Division, Ahmedabad. Whenever the helicopter was used for private purposes, hire charges were recoverable by GAIC at the rate prescribed by Government from time to time.

It was noticed in audit (October 1996) that the helicopter was used for private purposes on eleven occasions (between July 1990 and April 1994) and hire charges of Rs.7.85 lakh were collected by GAIC from the users. However, the amount so collected by GAIC was not remitted to government on the ground that the head of account for remittance of said collections was not intimated by Government. Record, however, did not indicate whether GAIC ever approached Government in this regard. On this being pointed out in audit the amount was remitted to government accounts in February 1997. Thus, unauthorised retention of money out of government accounts ranging between 46 months and 79 months by GAIC resulted in loss of interest of Rs.4.75 lakh computed at the borrowing rate of 12 per cent.

Government fixed hire charges for use of the helicopter for non-Government purposes at the rate of Rs.23000 per hour or operational charges whichever was more for the period from October 1989 to June 1994. The rate was further revised to Rs.50,000 per hour of use subject to minimum use of two and a half hour with effect from July 1994.

It was noticed that actual operational charges for the period October 1989 to January 1992 worked out to Rs.36159 per hour and GAIC was charging hire charges from various State Governments and Public Undertakings of Government of India in Gujarat and out side Gujarat at the rate of Rs.36000 per hour. The hire charges fixed by the State Government in March 1992 were much below the actual operational charges. Reasons for fixing of charges lower than the actual operational charges, though called for were not furnished by Government. Thus, fixation of charges lower than the actual operational charges resulted in loss of Rs.3.22 lakh on eleven occasions on which it was rented.

Government stated (October 1997) that GAIC had fixed Rs.25000 per hour as hire charges during 1989-92 taking into account prevailing cost of fuel and oil at that time. It was further stated that the department would be careful to avoid such type of keeping amount outside government accounts. The contention of Government was not tenable as the Joint Secretary/Aviation Officer already worked out operational cost at the rate Rs.36000 per hour in May 1992 taking into account insurance, parking, oil, fuel and other charges which was chargeable as hire charges and hence there was no justification for fixing a lower rate of recovery.

4.17 Extra expenditure due to acceptance of unworkable tender

According to Government instructions (February 1970) bidder whose offer for a work was accepted, was required to pay initial security deposit within 10 days from the date of receipt of acceptance letter. Executive Engineer may, however, extend the period for payment of security deposit for further 5 days if reasons were genuine and beyond the control of the bidder.

The Executive Engineer, National Highway Division, Rajkot invited (July 1994) tenders for the work of providing paved side- shoulders in 95/0 to 100/0 kilometres on N.H. No.8-A, estimated at Rs.42.20 lakh. Tenders were opened on 8 July 1994. Offers were valid up to 4 November 1994. Out of 11 bids, lowest offer at Rs.27.93 lakh was accepted by Government on 3 October 1994. The division directed the tenderer on 6 October 1994 to pay initial security deposit within 10 days. However, lowest tenderer did not pay security deposit despite reminder on 26 October 1994. As the lowest tenderer failed to pay security deposit within stipulated period, the work should have been awarded to second lowest at his offer of Rs.28.68 lakh. Instead, the division even after the expiry of validity period of offers, directed the lowest tenderer again on 9 December 1994 to pay the security deposit who, however, finally refused to carry out the work on health ground and his earnest money deposit was forfeited. Belatedly, in January 1995, the division took up the matter with remaining tenderers to ascertain their willingness to carry out the

work at the same rate. Willing tenderers were further directed to extend validity of their offers till 28 February 1995. Ninth lowest bidder only agreed to execute work at his tendered offer of Rs.35.71 lakh with extension of validity period. The work was awarded to him in March 1995 and was completed in January 1996 at a cost of Rs.35.35 lakh.

Failure on the part of the division/circle to award the work to second lowest bidder when first lowest failed to pay security deposit within the stipulated period resulted in additional liability of Rs.7.03 lakh to Government in getting the work completed by ninth lowest bidder.

The Executive Engineer stated that on re-invitation the rates would have been much higher than the rates accepted. The reply was not tenable as the Government failed to award the contract to the second lowest tenderer within the validity period of the offer and unjustifiably entered into correspondence with all the remaining tenderers.

The matter was reported to Government in March 1997; reply had not been received (November 1997).

4.18 Wasteful expenditure due to adoption of higher specifications

The Indian Road Congress (IRC) provides for seal coat[#] type 'A' for high rainfall areas (over 150 cms per year) and type 'B' seal coat for low rainfall areas (under 150 cms per year). The quantity of asphalt to be used for type 'A' and type 'B' is 9.8 kg and 6.8 kg per 10 sq. metres respectively. Further, according to guidelines issued (May 1987) by the Ministry of Surface Transport (MOST), type 'B' seal coat should be provided in low and medium rainfall areas with traffic intensity equal to or less than 10 million cumulative standard axle (CSA). With reference to the annual rainfall, no area in the State except South Gujarat justified for type 'A' seal coat.

The work of construction of approach from village Jakhau to Jakhau Port km. 106/0 to 118/260, widening and improving existing road upto double lane was technically sanctioned (March 1994) by the Chief Engineer. It was covered under Border Area Development Programme, a centrally sponsored scheme. The work was entrusted (April 1994) to a contractor at his tendered cost of Rs.76.18 lakh (estimated cost: Rs.75.03 lakh) by the Executive Engineer, Roads and Buildings Division, Bhuj. The work was to be completed by April 1995. However, the work was completed in December 1995 at a cost of Rs.75.64 lakh.

[#] Seal Coat: Application of a coat for sealing voids in a bituminous surface laid to specified level and grades.

It was noticed (September 1995) in audit that the item of providing and laying premixed seal coat was executed using 157.294 tonnes of (18.63 kg./10 smt.) asphalt instead of 57.430 tonnes (6.80 kg./10 smt.) asphalt for an area of 84456.47 square metres involving extra expenditure of Rs.5.26 lakh for 99.864 tonnes of asphalt.

Government stated (July 1996) that MOST specifications were followed for the National Highway works. It was also stated that the work was for providing premix seal coat as wearing course and not as seal coat and hence the point raised by Audit did not appear to be correct. For the coat as wearing course, the MOST specifications for mixed seal surfacing (MSS) should be referred to.

The reply was not tenable as the work was financed by Government of India and hence MOST specifications ought to have been followed. Apart from this, the argument that premixed seal coat was used as a wearing course had no relevance since both liquid seal coat and premixed asphalt seal coat were seal coat work only, the former being Type 'A' seal coat and the later Type 'B' seal coat. Also MSS treatment was different from premix asphalt work.

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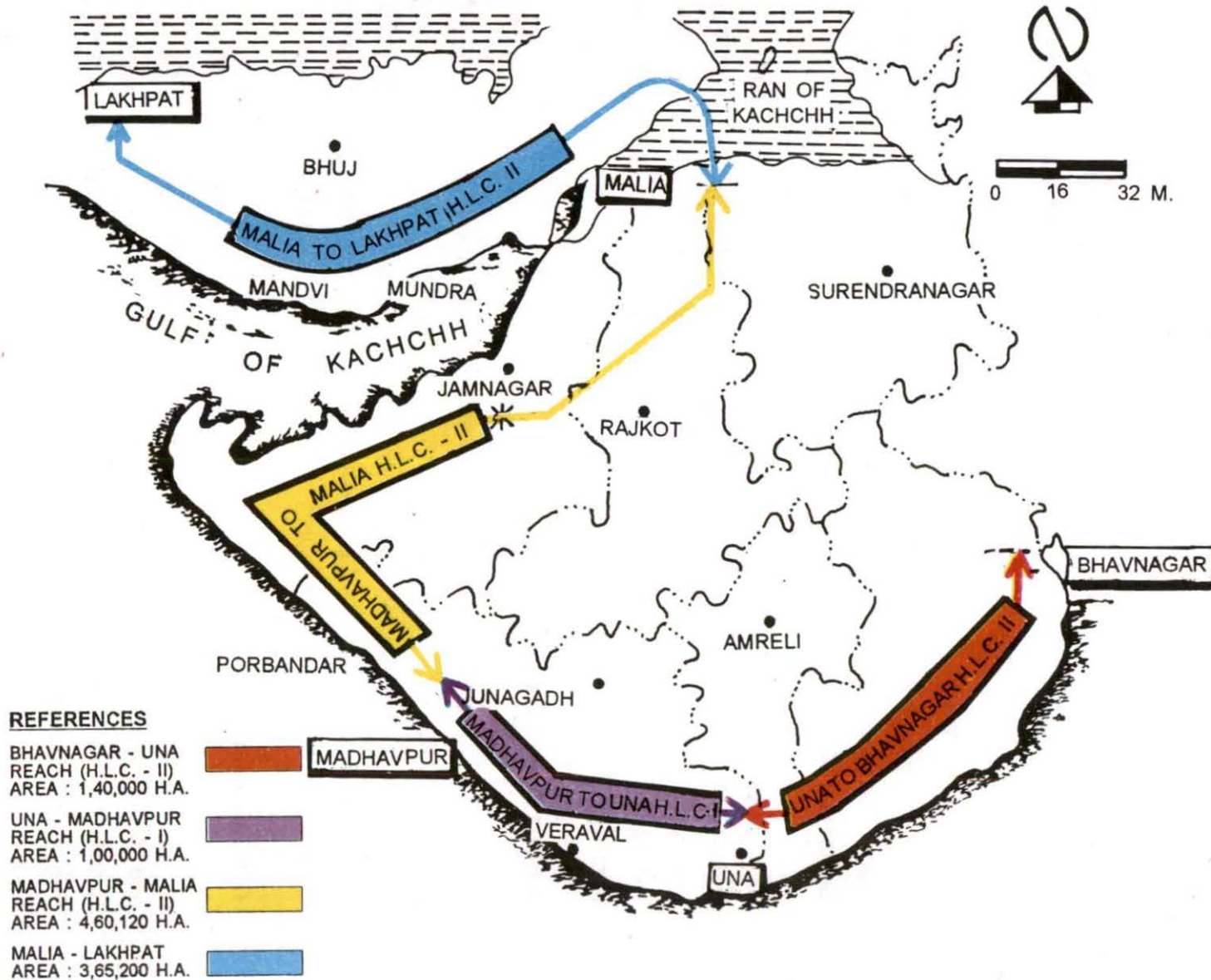
4.19 Salinity Ingress Prevention Programme

4.19.1 Introduction

Gujarat has 1600 kilometres (kms.) coast line. Of this, Saurashtra and Kachchh have 1125 kms. of coastal belt from Bhavnagar to Lakhpat (Bhavnagar - Una - Madhavpur-Malia - Lakhpat). Due to short duration and irregular distribution of rainfall and meager irrigation facility in the area, ground water has been the main source of irrigation. Consequently, there was heavy withdrawal of ground water resources compared to very meager recharge source (only rainfall). The lateral migration of sea water converted available ground water resources into a saline belt rendering good cultivable land useless and making the water in wells unsuitable for irrigation and drinking purposes. Areas affected due to salinity were 1 lakh hectares (ha.) (120 villages), 1.40 lakh ha. (166 villages), 4.60 lakh ha. (240 villages) and 3.65 lakh ha. (245 villages) in Una - Madhavpur, Una - Bhavnagar, Madhavpur - Malia and Malia - Lakhpat reaches respectively as indicated in the map.

Keeping in view the adverse effects caused by sea water ingress, Government of Gujarat appointed two High Level Committees, in 1976 (HLC-I) and 1978 (HLC-II) to suggest preventive and remedial measures in respect of coastal belt area.

INDEX MAP



The committees recommended three-fold remedial measures involving various fields (I) management techniques ((a) change in cropping pattern (b) regulation of ground water extraction), (II) recharge techniques ((a) checkdams (b) recharge tanks (c) recharge wells (d) spreading channels (e) recharge reservoirs (f) afforestation) and (III) salinity control techniques ((a) tidal regulator (b) Bandhara)*.

The report of HLC - I (Una - Madhavpur reach (160 kms.) was accepted by Government in October 1978 and administrative approval (AA) to the works was accorded in April 1980. The programme was implemented in the State since 1982.

The report of HLC - II pertaining to Una - Bhavnagar reach (180 kms.) was accepted in April 1984 and the report pertaining to Madhavapur - Malia reach (425 kms.) and Malia - Lakhpat reach (360 kms.) was accepted in September 1992 by Government.

The programmes were partially assisted by the World Bank and National Bank for Agriculture and Rural Development (NABARD). The World Bank provided assistance of Rs.38.72 crore during 1980-1995 and NABARD gave assistance of Rs.9.30 crore during 1995-97. The programmes were implemented from 1980-81.

4.19.1.1 Objectives of the programme

The main objective of the programme was to control salinity in 1125 Kms. and 10.59 lakh hectares of Saurashtra and Kachchh coastal areas by using salinity control, recharge and management techniques. Besides, the salinity ingress prevention structure constructed would create irrigation potential and the lift irrigation system provided in the area would reduce withdrawal of ground water.

4.19.2 Organisational set up

The programme was implemented by Narmada, Water Resources and Water Supply Department (Department) through Superintending Engineer, Salinity Ingress Prevention Circles at Rajkot and Bhuj and assisted by Executive Engineers, (Divisions at Bhavnagar, Bhuj, Jamnagar, Junagadh, Rajkot and Veraval), Forest Department, Gujarat State Land Development Corporation (GSLDC) and Gujarat Water Resources Development Corporation (GWRDC).

* *A solid non-gated wall with crest level above high tide level.

4.19.3 Audit coverage

The implementation of the programme during the Eighth Five year Plan period (1992-97) was reviewed in audit through test-check of records of Circle Office at Rajkot and Divisions (Bhavnagar, Bhuj, Jamnagar, Junagadh, Rajkot and Veraval), Forest Division and GSLDC at Junagadh during March to June 1997. Important points noticed are discussed in succeeding paragraphs.

4.19.4 Highlights

Though the programme was under implementation since 1982 and Rs.85.13 crore were spent, only 6007 hectares and 15978 hectares area was improved as against targets of 1 lakh hectares and 1.10 lakh hectares in 1977 and 1988 respectively.

(Paragraph 4.19.6(ii))

A proposed legislation restricting extraction of ground water was not enacted since 1981 leading to unchecked extraction of ground water by cultivators. This had widened the gap of withdrawal of ground water and recharge from 19.55 million cubic metres (1977) to 64.96 million cubic metres (May 1996).

(Paragraph 4.19.7.1)

As the height of ogee* spillway was kept lower (1.37 metres) than high tide level (1.60 metres) by Executive Engineer, entry of saline water to sweet water source could not be prevented and expenditure of Rs.1.72 crore incurred on construction of Bhogat Bandhara became unfruitful.

(Paragraph 4.19.8.1(a))

Though a cofferdam was existing, the same work was got done irregularly by the Executive Engineer in the 'ogee spillway' for Rs.14 lakh

(Paragraph 4.19.8.2)

Adri Bandhara, construction of which was dropped in July 1990, being economically unviable, was revived (June 1991) at the instance of the Irrigation Minister, without any change in water storage capacity and was constructed at a cost of Rs.2.42 crore as against the estimated cost of Rs.1.18 crore. Per hectare cost worked out to Rs.6.91 lakh and cost benefit

*A moulding with 'S' shaped profile.

ratio was reduced to 0.24 as against the norms of 1.5 of Central Water Commission.

(Paragraph 4.19.8.3)

Automatic tilting steel gates of Godbole type installed on 64 checkdams at a cost of Rs.2.80 crore did not function effectively and resulted in escape of stored water.

(Paragraph 4.19.9.1(a))

Permitting drawal of water from spreading channels for lift irrigation purpose by the Executive Engineer in contravention of High Level Committee's recommendation resulted in excessive drawal of ground water and increase in salinity level by 40 per cent to 50 per cent in the area defeating the very purpose of the programme.

(Paragraph 4.19.9.2(a))

Delay in awarding contract by the Executive Engineer resulted in time overrun of over 3 years in construction of 7.5 kilometres spreading channel and cost overrun of Rs.16.65 lakh. Against the recharge target of 65 million cubic feet per year, the recharge was only 18.70 million cubic feet per year.

(Paragraph 4.19.9.2(a) and (b))

Forest Department did not carry out afforestation works entrusted to it during 1993-95 and 1996-97. Expenditure of Rs.65.73 lakh towards establishment charges was irregularly debited to the programme.

(Paragraph 4.19.9.4)

Gujarat State Land Development Corporation debited Rs.45.31 lakh as establishment charges to the programme though no activity of construction of 'Nala Plug' was carried out during 1995-97.

(Paragraph 4.19.9.5(a))

Adoption of incorrect data in the plan and estimates resulted in extra expenditure of Rs.25.94 lakh in respect of Khada Bandhara.

(Paragraph 4.19.10.1(b))

4.19.5 Financial outlay and expenditure

The estimated cost of HLC-I area and HLC - II area were Rs.160.98 crore and Rs.1205 crore respectively.

Against the approved total outlay of Rs.69.35 crore for the Eighth Plan period, Rs.83.60 crore were provided in the budget and Rs.81.43 crore were spent. The excess expenditure of Rs.12.08 crore was attributed by Government (June 1997) to enhanced cost of the structures and achieving the progress as programmed by the World Bank.

4.19.6 Performance

(I) The physical target and achievement for the years 1992-97 were as under:

Item/Works	Unit	Physical		Shortfall	
		Target	Achievement	Number	Percentage
(I) Management techniques					
(a) Regulation of ground water extraction	Percentage	100	--	100	100
(b) Change in crop pattern/ Trial Cum Demonstration Farms	Number	3	--	3	100
(II) Control techniques					
(a) Tidal Regulator	"	9	2	7	78
(b) Bandhara	"	11	6	5	55
(III) Recharge techniques					
(a) Checkdams	"	178	95	83	47
(b) Recharge Tanks	"	--	1	--	--
(c) Recharge Wells	"	180	25	155	86
(d) " Reservoir	"	7	--	7	100
(e) Spreading channel	Km	60	15.5	44.5	74
(f) Afforestation	ha.	1650	550	1100	67
(g) Nala plug	Number	2160	1350	810	37

The table showed that on most of the items of work, the physical progress was either nil or very poor. The works on recharge techniques viz., recharge reservoir, recharge tanks, checkdams, afforestation and nala plugs received very low priority.

The shortfall in achievement was attributed by the Circle Office, Rajkot (June 1997) to (i) non-allotment of forest land (recharge reservoir) and (ii) procedural delay for the work of tidal regulator, bandharas and spreading channel which were at various stages of execution.

The contention of the Circle Office was not tenable as the ground realities were known to the Circle Office at the time of fixing the targets. Thus, due to improper planning, the works could not be completed by the stipulated period resulting in shortfall in achievement.

(ii) Affected areas due to salinity were one lakh ha. in 1977, which increased to 1.10 lakh ha. in 1988 due to successive draught years in 1985-1988, covering 120 villages in HLC - I area. Various salinity control techniques and recharge techniques were designed to control the adverse effect of salinity. The majority (80 *per cent*) of the construction of the structures was completed in HLC - I area and the works in HLC - II area were in progress.

Total expenditure for construction of these structures was Rs.85.13 crore upto March 1997. Though, the programme was under implementation since 1982, area improved was 6007 ha. and 15978 ha. in comparison to affected one lakh ha. and 1.10 lakh ha. in 1977 and 1988 respectively. Thus, achievement *vis-a-vis* target of 1977 and 1988 worked out to 6 *per cent* and 15 *per cent* respectively.

As regards HLC - II area, no improvement to control salinity ingress was noticed as the works were in progress and scattered.

4.19.7 Management techniques

4.19.7.1 Legislation

To prevent ingress of salinity in ground water, additional recharge of 83 million cubic metres (mcm) sweet water per year was estimated by HLC. Even if all recharge measures as recommended by HLC were employed, there would be overdrawal to the extent of 19.55 mcm per year. The committee, therefore, suggested ground water legislation for restriction of future expansion of construction of wells and restriction on withdrawal of ground water. A bill for regulation of withdrawal of water was reported to be under active consideration of

Government since 1981, but the same was not drafted for presentation to the legislature.

Unchecked and over-extraction of ground water by the cultivators, due to inordinate delay in bringing legislation on withdrawal of ground water, widened the gap of overdrawal than recharge (natural and artificial) which was 19.55 mcm in 1977 to 64.96 mcm in May 1996 (as per Geologist Report).

4.19.7.2 Change in cropping pattern

HLC recommended for effecting changes in cropping pattern for crops requiring less water and was having salt tolerance by educating the farmers and establishing of trial-cum demonstration (TCD) farms in consultation with Gujarat Agricultural University(GAU). It was noticed that though the programme was under implementation from 1982, no TCD farm was established as of June 1997. Government stated (July 1997) that as most of the works in the HLC - I area were completed and sufficient irrigation potential created, the proposal for establishment of TCD farms and training to farmers would be finalised in consultation with GAU in due course.

4.19.8 Salinity control techniques

Tidal regulator (TR) and Bandhara

Tidal regulators and Bandharas were constructed to stop ingress of sea water through the mouth of river or creeks and allow flood water to flow into the sea. The stored water would help in improving the level of ground water and provide lift irrigation facility in the nearby fields.

As against the total target of 11 Bandharas only six Bandharas (Adri, Bhogat, Khada, Kareli, Shardagram and Somnath) were completed at a cost of Rs.19.52 crore during 1992-97. The construction work of two Bandharas (Jambuda Rs.0.19 crore and Panchpiplva Rs.8.08 crore) was in progress. Similarly, as against 9 TR, work of two TR-Medha creek (main ogee) and Rukmavati (gates)- were completed at a cost of Rs.8.68 crore during 1991-93.

4.19.8.1 Unfruitful expenditure due to delay in acquisition of land

According to codal provisions, work should not commence unless more than 50 *per cent* of the land required for the work was acquired and the remaining land could be acquired without much difficulty. Non-observance of the codal provision was noticed as detailed below:

(a) Bhogat Bandhara

Government while approving the draft tender paper (DTP) (September 1994) of Bhogat Bandhara reiterated that the required land should be available with the department to avoid contractual complications. Land required for the work was 273 ha. of private land and 227 ha. of Government wasteland.

Though, Salinity Control Division, Jamnagar had no land under its possession, the Executive Engineer awarded work of construction of Bhogat Bandhara (spillway and earthen dam) in March 1995 for Rs.1.89 crore with stipulated date of completion as September 1996. The contractor executed the work of the value of Rs.1.72 crore and stopped the work in September 1996. As neither Government transferred wasteland to the division nor private land was in the possession of division till September 1996, the height of spillway between chainage 131 mt. and 149 mt. was reduced as per verbal order of the Executive Engineer (September 1996) to 1.37 mt. against 3.50 mt. of Full Reservoir Level (FRL) of the approved plan to enable passing of flood water during monsoon. Due to reduction in height, the storage capacity of water was reduced from 211.90 mcft. to 25 mcft. only. Consequently, as against the targeted 1200 ha. of land, only 120 ha. of land (10 *per cent*) was benefitted.

According to the Project Report, the high tide level assessed was 1.60 mt. As against this, the height of spillway ogee was kept 1.37 mt. Thus, saline water would enter the area of sweet water and the very purpose of prevention of salinity would be defeated.

The division stated (June 1997) that the acquisition of land proceedings were started in September 1994. But due to heavy work load of land acquisition on account of new industries coming in this area, Joint measurement survey (JMS) was done only in December 1995. The rates of land had gone up due to industrial development. Hence land could not be acquired on private negotiation.

Failure to ensure availability of required land before commencement and during the progress of work resulted in wasteful expenditure of Rs.1.72 crore.

(b) Jambuda Bandhara

The work of Jambuda Bandhara was awarded to a contractor in February 1997 for completion by July 1998 at his tendered cost of Rs.2.19 crore by the Executive Engineer, Salinity Control Division, Jamnagar though no land was in possession of the division. The land required for dam seat* as well as area coming

* Land required for the construction of spillway.

under submergence consisted of 10.87 ha. Forest land (Forest, Marine National Park), 47.61 ha. of Government wasteland (Gochar) and 10.53 ha. of private land. The Executive Engineer, Salinity Control Division, Jamnagar stated that the proposals for land acquisition were furnished to the Revenue Authority and Forest Department in December 1996 and in February 1997 respectively. The work was started to avoid delay.

It was also noticed that the Collector, Jamnagar directed Mamlatdar to verify the fact and obtain No Objection Certificate from the Forest Department and Gram Panchayat about transfer of Government wasteland only in May 1997. The acquisition of private land was at the primary stage only. However, fact remained that the Executive Engineer spent Rs.21.87 lakh (March 1997 Rs.19 lakh and April to September 1997 Rs.2.87 lakh) on the work without acquiring any land.

4.19.8.2 Unjustified construction of a cofferdam

The administrative approval to plan and estimate of Medha creek (TR) amounting to Rs.15.40 crore, which included 6 sub estimates including one for main ogee spillway, was accorded by the Government in February 1984.

According to the suggestion of Dam Safety Panel, it was decided to provide 'Stone column in whole dam seat between ch. 975 and ch. 1511 in foundation' of main ogee spillway. The work of 'Foundation treatment' was awarded to contractor in January 1989. As per the terms and conditions of specification, the contractor constructed 'Diversion including cofferdam' on the site of work. The tenders of main ogee were invited in January 1990 (prequalification) and finalised in January 1992. The work of main ogee was to be carried out on foundation treatment between ch. 975 and ch. 1511. Though the diversion including cofferdam was available on the site, a fresh work of construction of diversion including cofferdam was got executed by the Executive Engineer, Salinity Control Division, Junagadh from another contractor and Rs.14 lakh were paid during March 1992 to February 1994. Since the structure was already available, there was no necessity to include this work in plan and estimate and duplication of work resulted in irregular and avoidable payment of Rs.14 lakh.

The Executive Engineer stated (May 1997) that there was gap of two years between the starting of work by the second contractor in 1992 and completion of foundation treatment in July 1990. During two monsoons, flood of five rivers which was to be discharged in this creek, washed away cofferdam by overtops and hence it was necessary to execute work of cofferdam afresh. The contention of the division was not tenable as the rainfall in the catchment area in

Porbandar Taluka (3 rivers) was 218 milli metres (mm) and 338 mm and in Jamkalyanpur Taluka (2 rivers) was 225 mm and 397 mm during the entire monsoon seasons of 1990 and 1991 respectively. Due to poor rainfall during 1990 and 1991, Government of Gujarat declared (February 1991, April 1992 and September 1991) Porbandar Taluka of Junagadh District and Jamkalyanpur Taluka of Jamnagar District as scarcity (draught) area during those years.

4.19.8.3 Unviable project

Adri Bandhara was one of the 10 Bandharas to be constructed in 'Madhavpur-Una' reach and was included in overall administrative approval accorded in April 1980 for various salinity works. The project envisaged to cover 35 ha. of land with water storage capacity of 6.17 mcft. However, the project was dropped in July 1990 by Government from 'Salinity Ingress Prevention Programme' as it was not economically viable having poor cost benefit ratio of 0.36.

The project was revived in June 1991 just within less than 12 months period without making any addition and alteration in the water storage capacity, alignment or design at the instance of the Minister of Irrigation. The revised administrative approval and Overall Technical Sanction (OTS) amounting to Rs.1.60 crore and Rs.1.52 crore were accorded in September 1991 and November 1991 respectively. The work was awarded at tendered cost of Rs.2.47 crore (estimated cost: Rs.1.18 crore) in August 1993 and was completed in July 1995 at a cost of Rs.2.42 crore. The per ha. cost worked out to Rs.6.91 lakh and the cost benefit ratio was reduced from 0.36 to 0.24 as against approved norms of 1.5 of Central Water Commission.

Division stated that the project was revived as it was in salinity zone and the Irrigation Minister recommended (May 1991) construction of the Bandhara ignoring cost benefit ratio.

4.19.8.4 Irregular expenditure on Somnath causeway

To store 6.05 mcft sweet water (rain water) and to provide lift irrigation to 135 ha. of land, the existing causeway was raised to 2.00 mt. at an expenditure of Rs.5.36 lakh during 1991-92. The expenditure per ha. worked out to Rs.3970.

In September 1993, it was proposed by the Executive Engineer Salinity Control Division, Veraval to raise the height further by 0.60 mt. (i.e. from 2.00 mt. to 2.60 mt.) with a view to raise storage capacity by 4.29 mcft (total 10.34 mcft) and to provide lift irrigation to additional 35 ha. of land at an estimated cost of

Rs.29.67 lakh. The proposal was turned down by Government (September 1993) being economically unviable as per hectare cost worked out to Rs.0.85 lakh. However, for increasing height from 2.00 mt. to 2.60 mt., revised plan and estimate for Rs.18.75 lakh were submitted by the Executive Engineer in December 1993 bringing down the cost to Rs.0.54 lakh per hectare. It was seen that the height of Mithapur approach road, which was coming under submergence, was reduced and the construction of protection wall was excluded in the revised plan and estimate with a view to make the project economical. Government accorded administrative approval in January 1994 for Rs.18.75 lakh. Against this, Rs.28.08 lakh were spent during 1995-97. The expenditure per ha. thus, worked out to Rs.0.80 lakh. The Executive Engineer attributed (May 1997) the increase in expenditure to raising the height of Mithapur approach road which was coming under submergence and the work of apron which were not included in the revised plan and estimate. The contention of the Executive Engineer was not tenable as the construction of apron was already included in the revised plan and estimate and the expenditure was incurred on the items of work (Mithapur road for raising the height etc.) which was excluded from the revised plan and estimate to make the project more economical. Against the target for coverage of 170 ha. by lift irrigation per year, the actual coverage was 43 ha. per year during 1995-96 and 1996-97.

Thus, execution of items of work which were excluded from the revised plan and estimate resulted in irregular expenditure of Rs.9.33 lakh besides making the project economically unviable.

4.19.8.5 Excess expenditure due to delay in deciding design of gates

The civil works of Rukmavati TR were completed at a cost of Rs.2.37 crore in July 1986. The remaining work of providing automatic tilting steel gates was completed in June 1991 at a cost of Rs.74.40 lakh. It was seen that due to delay in fixing design of gates original estimate of Rs.37.00 lakh (November 1983) was revised to Rs.52.09 lakh (October 1988) resulting in cost overrun of Rs.15.09 lakh and the expenditure of Rs.2.37 crore on civil work remained unproductive for 5 years.

The delay was attributed by the Executive Engineer (April 1997) to time taken in deciding detailed design of gates and about the payment of royalty charges. He also stated that the foundation of upstream cut off wall of the ogee created spillway was up to the impervious strata which could check the ingress of saline water through sea side in the river portion. The reply was not tenable as the result of test reports of observation wells did not indicate much decline of Total Dissolved Salt (TDS) even after June 1991. TDS ranged between 1216 and 19840

in October 1992 (post-monsoon) and 2587 and 16544 in May 1995 (pre-monsoon) and 2832 and 16282 in May 1996 (pre-monsoon). Post-monsoon data for 1995-96 and 1996-97 were not available with the division.

4.19.9 Recharge techniques

4.19.9.1 Checkdams

The main objective of constructing checkdams was to obstruct runoff of water, develop the surface water storage, recharge ground water and increase irrigation potential. During the Eighth Plan period, construction of 352 checkdams was targeted. Against this target, administrative approval was accorded for 178 checkdams. Of this, 95 checkdams were completed at a cost of Rs.4.78 crore. Out of the remaining 83 checkdams, construction in respect of 45 checkdams was in progress and the remaining 38 checkdams were not taken up as of June 1997.

(a) Unproductive expenditure

Government decided (September 1984) to install automatic tilting steel gates of Godbole type on the checkdams instead of conventional method of providing wooden needles as gates. The design of the gates was provided by Godbole Gates (P) Limited Nagpur. However, before adopting Godbole gates, the department did not analyse the suitability of these gates.

The work of fabrication, installation and erection of 245 gates on 94 checkdams in Saurashtra and Kachchh coastal region was entrusted (May 1991) to Irrigation Mechanical Division No.7, Ahmedabad (Mechanical wing of Irrigation Department). Rupees 2.82 crore were deposited with Irrigation Mechanical Division No.7, Ahmedabad (by Salinity Control Divisions Bhuj, Jamnagar, Junagadh and Veraval Rs.2.27 crore and Government Rs.0.55 crore) during 1992-95 to carry out the gate works. Out of these, 151 gates on 64 checkdams were installed by the Mechanical wing at a cost of Rs.2.62 crore during 1992-97. Whereas it was decided by Government in March 1996, not to instal 94 gates on remaining 30 checkdams as these were not functioning.

During the monsoons of 1993, 1994 and 1995, it was observed by all the Salinity Control Divisions and Mechanical Division, Ahmedabad that the performance of gates was not satisfactory.

It was noticed in audit that sill level of Godbole automatic gates was parallel to river basin. As a result, when gates were opened, debris of vegetation, stones, wastes etc. coming with rain water were entangled in the gap and consequently gates remained open allowing the water to run off. Similar defects

were also noticed in the States of Madhya Pradesh, Maharashtra and Punjab as reported by Godbole in October 1994.

However, based on the suggestion of Godbole (September 1994), the work of strengthening and rectification of defects due to damage during monsoon of 1994-95 was carried out at a cost of Rs.18.23 lakh for 96 gates of 41 checkdams through Mechanical wing. Despite carrying out the rectifications and strengthening work, the functioning of the gates did not improve.

Non-functioning of Godbole gates, however, was reported to Government by the Superintending Engineer, Salinity Ingress Prevention Circle, Rajkot in April 1996 and October 1996 but action to rectify the defects of Godbole gates was not taken at any level.

Government stated (June 1997) that the re-revised design (with two hydraulic cylinders) as suggested by Mr. Godbole was under scrutiny of the Mechanical Division, Ahmedabad and Central Design Organisation (CDO). Further, it was decided not to install Godbole type gates in the remaining checkdams (30 checkdams; 94 gates).

The adoption of Godbole gates without assessing and evaluating the performance of gates and proper survey and investigation of site condition (remote place and coastal area) resulted in wasteful expenditure of Rs.7.93 crore (installation and strengthening and rectification of gates Rs.2.80 crore and Rs.5.13 crore on civil works).

4.19.9.2 Spreading channels

Spreading channels form useful recharge device. To feed fresh water, the channels were to be connected to the tail-distributory of the existing reservoir or to the new reservoir so as to raise water table of the surrounding area and to control salinity.

Against the target of 60 kms. length of spreading channel in Madhavpur-Una area only 15.5 kms. length of spreading channel interlinking two rivers were constructed at a cost of Rs.2.88 crore during 1992-97.

The following points were noticed:

(a) Unfruitful expenditure

The spreading channel (Sabli-Netravati) was not connected with the reservoirs to feed fresh water. Water in channel was available only for 61 days.

Recharge was only 18.70 mcft. (each year) during 1995-96 and 1996-97 as against the target of 65 mcft. per year. Sixty new wells were dug near the surrounding area of the spreading channel by private parties and water was allowed to be lifted by the Executive Engineer from spreading channel to fill in those wells for lift irrigation purpose in contravention of HLC recommendation. This resulted in excessive drawal of ground water and the salinity level went up by 40 *per cent* to 50 *per cent* in Mangrol Taluka. Thus, the main object of controlling the salinity was not achieved even after spending Rs.1.05 crore. Rather salinity level increased by 40 *per cent* to 50 *per cent*.

The shortfall in achievement in recharge was attributed by the Executive Engineer, Salinity Control Division, Junagadh (March 1997) to rainfall being about 20 *per cent* less than average during the monsoon season. This was not tenable as available water in the spreading channel was allowed to be drawn for lift irrigation in contravention of HLC recommendation.

(b) Excess expenditure due to late fixing of contract

Technical sanction for Rs.88.35 lakh was accorded in June 1991 for construction of 7.5 kms. spreading channel between river Sabli and Netravati under HLC-I area with the condition that there should not be excess over technical sanction and the work should be executed in phased manner. To speed-up the work, department permitted the Executive Engineer, Salinity Control Division, Junagadh to split-up the work in 37 parts. However, the work of 7.5 kms. channel was completed by the Division in 3 years and 4 months (work commenced in December 1991 and completed in March 1995) at a cost of Rs.1.05 crore. It was seen that the excess expenditure of Rs.16.65 lakh incurred by the Executive Engineer was due to delay in (during 1993-94 and 1994-95) engaging contractor for execution of work and the same was not yet regularised (April 1997). Delay in completion of work was attributed by the Executive Engineer (May 1997) to late acquisition of required land. The contention of Executive Engineer was not tenable as the land was already acquired between October 1992 and November 1993

4.19.9.3 Recharge wells

As against, the targeted recharge of 4.00 mcm water per year through construction of 200 wells in the river basin of HLC - I area, there was recharge of 0.9 mcm per year through construction of 45 wells (20 old and 25 new wells during 1992-97) in Una - Madhavpur areas. The shortfall in achievement was attributed by the division (June 1997) to budgetary constraints and non-inclusion of the item of recharge wells in the World Bank assistance.

4.19.9.4 Afforestation

Vegetation was necessary to improve the rate of infiltration and thereby improve the recharge rate. The programme, therefore, envisaged the provision of afforestation in salinity ingress affected zone.

Against the revised target of 6500 ha. (original target 10,000 ha.) afforestation works were carried out in 5867 ha. of land (90 *per cent*) in Madhavpur-Una reach. Of this, only 550 ha. of land (9 *per cent* of total work) were covered in afforestation work during the Eighth Plan period (1992-97) at a cost of Rs.2.01 crore (Rs.0.56 crore on works and Rs.1.45 crore on establishment). The expenditure per ha. thus, was Rs.0.36 lakh. The survival rate of plantation, as reported, ranged between 30 *per cent* and 70 *per cent*. No afforestation works were carried out in HLC - II area (Bhavnagar - Una, Madhavpur - Malia and Malia - Lakhpat reaches) as no fund was provided.

Unjustified expenditure towards establishment charges

Salinity Advance Prevention Division, Keshod (Junagadh District) dealing with afforestation work did not carry out any afforestation work during 1993-95 but incurred expenditure of Rs.49.85 lakh on establishment. The division was closed from August 1995 and afforestation work was allotted to other forest divisions. These divisions carried out afforestation work of Rs.9.97 lakh in 250 ha. of land during 1995-96. No work was executed during 1996-97 by these divisions. However, Rs.15.88 lakh (1996-97) spent towards salary were debited to 'Salinity Ingress Prevention Programme'.

The division stated (May 1997) that the target could not be achieved as sufficient funds were not provided by the department.

In the absence of any afforestation work, the expenditure of Rs.65.73 lakh incurred during 1993-1995 and 1996-97 towards establishment charges was unjustified.

4.19.9.5 Nala plugs

The construction of Nala plugs was done by the Gujarat State Land Development Corporation (GSLDC) on behalf of the Department. As against the target of 2160 Nala plugs to be constructed during 1992-97, 1350 Nala plugs were constructed at a cost of Rs.58.14 lakh during 1991-92 to 1994-95. No Nala plugs were constructed during 1995-97. No monitoring was done by the department regarding location/site, number of Nala plugs or its maintenance though the entire cost of construction was borne by it.

(a) Unproductive expenses of Rs.66.83 lakh towards establishment charges

As per norms of the programme the administrative (Establishment) expenditure should be restricted to 33.33 *per cent* of expenditure on construction of Nala plugs. The total expenditure on the construction of Nala plugs was Rs.50.71 lakh during 1992-95. Thus, the admissible administrative expenses worked out to Rs.16.90 lakh against which Rs.38.42 lakh were debited to project expenses.

Establishment expenses of Rs.45.31 lakh during 1995-97 (Rs.22.00 lakh 1995-96 and Rs.23.31 lakh for 1996-97) were debited as project expenses when practically no work of Nala plugs was executed requiring any supervision and administration.

Thus, Rs.66.83 lakh were debited as administrative expenses.

GSLDC stated (April 1997) that since sufficient fund was not made available for carrying out the work of Nala plug, the target could not be achieved.

The disproportionate heavy establishment expenditure of Rs.66.83 lakh incurred during 1992-97 proved unproductive.

(b) Unfruitful expenditure

444 Nala plugs (cost: Rs.28.10 lakh) which were damaged due to heavy rain, were not repaired and put to use as no grant for maintenance was given by the department. Non-provision of maintenance grant resulted in unfruitful expenditure of Rs.28.10 lakh.

4.19.10 Other Interesting Points

4.19.10.1 Extra expenditure for excess quantities

According to general conditions of contract (B1 and B2 form) the tendered rate for individual item should be applied for quantities of work upto 30 *per cent* of each item in excess of the estimated quantities. When the quantities of any item exceeded by more than 30 *per cent* of the tendered quantity, the contractor should be paid at new rate as per the Schedule Of Rate (SOR) of the year during which the excess quantities were executed.

Non-observance of the above provisions was noticed in the following cases :

(a) Bhogat Bandhara

In the Geologist Report of Bhogat Bandhara (November 1989) a mention was made of overburden* ranging from 2.90 to 3 mt. The Central Design Organisation (CDO) in its report (November 1989) opined the same. Contrary to this, quantity of 3500 cum. was put-up in respect of item-I for excavation (stripping all sorts of soil including hard muhurrum) in the plan and estimate considering an average depth of stripping (overburden) of 0.20 mt. to 0.30 mt. During actual execution, the materials of overburden met with was of chickle black and slushy soil for considerable depth between 1 mt. and 5 mt. Thus, against the estimated quantities of 3500 cum. under excavation in overburden (item 1) 52020 cum. were actually executed by the contractor. Due to excess in excavation (item 1), as against 35100 cum. and 6905 cum. in respect of item such as 'filling the excavation quarrying transporting and spreading of suitable selected materials', the actual quantities executed were 87070 cum. and 17990 cum. Failure on the part of the Executive Engineer to incorporate correct strata of soil in plan and estimate (as suggested by Geologist and CDO) and payment made towards quantities exceeding 30 *per cent* of the tendered quantity at new rate (clause 14 of agreement) resulted in extra expenditure of Rs.8.31 lakh.

The division stated (June 1997) that at the time of preparation of estimate, stripping depth was taken as 0.20m. to 0.30m. to make the project more economical. The reply of the division was not tenable as it did not use the available valid data with it. This resulted in additional expenditure of Rs.8.31 lakh.

(b) Khada Bandhara

The work of construction of Khada Bandhara was completed at a cost of Rs.7.42 crore (March 1997) against the estimated cost of Rs.6.38 crore.

Net excess amount of Rs.1.37 crore was sanctioned (March 1997) for excess quantities executed by the contractor. It was noticed in audit that due to mistake in calculation and non-consideration of high hill with higher ground and hard rock while preparing the estimate, the quantity in respect of 'providing and laying cement concrete' and 'excavation in tail channel and approach channel' exceeded 30 *per cent* of tendered quantity for which payment of Rs.25.94 lakh was made as per clause 14 of tender agreement. Failure to conduct pre-work investigation of soil and site condition resulted in additional expenditure of Rs.25.94 lakh.

* Loose strata of soil

The division stated (May 1997) that at the time of survey and investigation there was a dense jungle on alignment and nearby area, hence it was difficult to take exact measurement. This indicated that no proper survey and investigation was done. Further, out of total excess expenditure of Rs.25.94 lakh, Rs.23.39 lakh (90 *per cent*) were spent for removal of earth of 'high hill' (one lakh cum quantities) which could not be covered by 'dense jungle' of that area and was easily identifiable if proper survey was conducted.

4.19.10.2 Avoidable expenditure of Rs.2.91 lakh

The tender for the work 'Khada Bandhara' was accepted by Government in April 1995. The work order was, however, issued by the Executive Engineer only in October 1995 on account of delay in payment of security deposit by the contractor. The delay was condoned by Government. The agreement provided for payment of 'star rate'* of cement and steel. The quantum of difference to be paid was linked with Reserve Bank of India Index. Due to delay of 6 months in issue of work order, there was increase of 7.1 points (October 1995- 266.9 and April 1995-259.8) in cement and 2.6 points (October 1995-290.2 and April 1995-287.6) in steel according to RBI Index. The department while condoning the delay in payment of security deposit failed to examine impact thereof on the 'star rate' clause which resulted in extra expenditure of Rs.2.91 lakh on differential rates of steel and cement.

4.19.10.3 Avoidable extra expenditure

The general condition of local competitive bidding tender provided for payment of price adjustment. The increase/decrease in price of components viz., labour, material and Petrol Oil and Lubricants (POL) etc. was linked with RBI Index and RBI Index on the date of opening of tender was to be taken as basic Index.

The tender for the work of construction of residential and non-residential building at Porbandar was opened in February 1993. As per general provision, the tender was required to be accepted within 120 days. However, the tender for this work was accepted only in March 1994 by Government. Belated acceptance of tender resulted in increase in the Index of labour (26 points), material (22.53 points) and POL (1 point). Consequently, avoidable payment of price escalation due to increase in Index worked out to Rs.2.59 lakh. The division stated that due to prolonged correspondence, there was delay in accepting the

*The price variation on cement and steel brought by the contractor, linked with RBI index is payable as per formula laid down.

tender. The reply was not tenable as such delay could have been avoided had the tender been finalised within the stipulated date.

4.19.11 Monitoring and evaluation

Periodical evaluation of Salinity Ingress Prevention Programme was done by Geologist-I, Rajkot and Gujarat Water Resources Development Corporation by regular monitoring of the key observation wells. Report on ground water status and efficacy of Salinity Ingress Prevention Programme in HLC-I area was prepared upto May 1996 whereas in HLC - II area report was prepared upto May 1994. Preparation of the report for the remaining period was under progress.

No separate evaluation on benefits accrued due to implementation of Salinity Ingress Prevention Programme was undertaken by Government.

4.19.12 The matter was reported to Government in July 1997; reply had not been received (November 1997).

4.20 Audit of functioning of Irrigation Department

4.20.1 Introduction

Integrated Audit of Irrigation Department was taken up to examine various control mechanism (or absence of those), adequacy and sufficiency of various systems present in the department in addition to other aspects. The system as was in operation for preparation of budget estimates, allocation of grant and expenditure there against upto the level of drawing and disbursing officers was test-checked.

Narmada, Water Resources and Water Supply Department (Department) deals with surface water resources and ground water resources which are used for drinking, agriculture, industry, hydro-electricity, fishery, irrigation and various other purposes. Eighty *per cent* of water is used for agriculture and irrigation.

Gujarat is having a total geographical area of 196 lakh hectares out of which cultivable area is about 125 lakh hectares. Area under irrigation increased from 51 thousand hectares at the time of independence to 35 lakh hectares at the end of 1993-94 contributed by major and medium irrigation schemes (13 lakh hectares), checkdams and bandharas (two lakh hectares), government and private ground water wells (20 lakh hectares).

4.20.2 Organisational set up

The department is headed by Secretary to the Government of Gujarat. There are 40 controlling officers and 117 divisions carrying out multifarious activities such as investigation of water resources, preparation and approval of design for various irrigation projects for construction, irrigation management, salinity ingress control, flood control and drainage works.

4.20.3 Audit coverage

Integrated audit of the department was conducted through test-check of records for 1993-94 to 1995-96 at Gandhinagar, six^s circle offices, one Area Development Commissioner at Rajkot and nine^{ss} implementing divisions during March to September 1997. Important points noticed are discussed in succeeding paragraphs.

4.20.4 Highlights

Budget provisions were made for 10 schemes which were not ready for commencement within the year resulting in surrender of saving of Rs.5.98 crore at the fag end of financial year by controlling officers during 1993-96.

(Paragraph 4.20.5.1(a))

23 circles delayed submission of budget/revised estimates by 3 to 62 days during 1993-95.

(Paragraph 4.20.5.2)

^s(1) Water Resources Investigation Circle-1, Ahmedabad.

(2) Irrigation Mechanical Circle-2, Ahmedabad.

(3) Ahmedabad Irrigation Project Circle, Ahmedabad.

(4) Mahi Irrigation Circle, Nadiad.

(5) Rajkot Irrigation Project Circle, Rajkot.

(6) Irrigation Mechanical Circle-IV, Vadodara.

^{ss}(1) Water Resources Investigation Division, Ahmedabad.

(2) Irrigation Mechanical Division - 7, Ahmedabad.

(3) Irrigation Modernisation Division - 2, Ahmedabad.

(4) Anand Irrigation Division, Anand.

(5) Irrigation Mechanical Division - 3, Gandhinagar.

(6) Nadiad Irrigation Division, Nadiad.

(7) Drainage Division, Nadiad.

(8) Petlad Irrigation Division, Petlad.

(9) Field Channel Construction Division, Rajkot.

Department delayed allotment of grants to controlling officers by 14 days to 24 days and released additional grant amounting to Rs.0.37 crore to three circles in excess of their demand.

(Paragraphs 4.20.5.3 and 4.20.5.4(b))

Und Irrigation Division, Jamnagar drew additional grant amounting to Rs.52.26 lakh released by Circle on 31 March 1993 and kept in deposit account to avoid lapse of grant.

(Paragraph 4.20.5.6)

Four circles surrendered grant amounting to Rs.5.53 crore in March 1995 as against the due date of 15 February 1995.

(Paragraph 4.20.5.7)

Savings of Rs. 2.22 crore under grant 'Irrigation and Soil conservation' and Rs. 3.76 crore on capital account during 1994-95 and 1995-96 respectively were not surrendered and hence lapsed.

(Paragraph 4.20.5.9)

Department delayed submission of report relating to State Plan Schemes to General Administration Department by 37 days to 133 days.

(Paragraph 4.20.6.1)

Defective maintenance of expenditure register by the department resulted in ineffective control over expenditure.

(Paragraph 4.20.6.2)

Department incurred expenditure of Rs.8.85 crore under six heads of account without any budget provision.

(Paragraph 4.20.6.3)

Department incurred excess expenditure under 66 heads of account ranging between 103 *per cent* and 3426 *per cent*.

(Paragraph 4.20.6.5)

Expenditure on 18 schemes in the month of March ranged between 41 *per cent* and 93 *per cent* of total expenditure of the schemes at the departmental level and between 20 *per cent* and 70 *per cent* at the divisional level.

(Paragraph 4.20.6.6(a))

Expenditure in nine divisions in the month of March ranged between 20 *per cent* and 70 *per cent* of the total expenditure of the division.

Though rush of expenditure was to be avoided at the end of financial year, as per Financial Rules, department released additional grant of Rs.2.99 crore to 12 circles on last two days of the financial year.

(Paragraph 4.20.6.6(b))

Savings ranged between 51 *per cent* and 100 *per cent* of budget provision under 21 heads of account.

(Paragraph 4.20.6.7)

Department did not transfer sixteen class-I officers (other than All India Service Officers) from same place even after completion of five years in violation of Government orders.

(Paragraph 4.20.7.1)

Two circles and four divisions engaged daily wages labourers on nominal muster rolls in total disregard of Government instructions and incurred expenditure of Rs.15.43 crore and Rs.0.82 crore respectively during 1993-96.

(Paragraph 4.20.7.3)

Irrigation Mechanical Store Division-I, Vadodara procured spare parts worth Rs.73.53 lakh between 1987 and 1991 which were lying with it due to non-lifting of items by the indenting division.

(Paragraph 4.20.8.1)

Reserve Stock Limit for 1988 to 1993 in respect of three divisions was fixed only in December 1995.

(Paragraph 4.20.8.3)

Underutilisation of heavy machinery valued at Rs.10.59 crore in two circles ranged between 81 *per cent* and 91 *per cent* respectively. Expenditure of Rs.16.05 crore incurred on repairs of machinery by one circle worked out to 16 *per cent* of the total cost of machinery.

(Paragraph 4.20.9)

Department took 3 years to 9 years in according administrative approval to 7 schemes of one circle.

(Paragraph 4.20.10.1)

Delay in completion of three irrigation schemes resulted in blocking of funds of Rs.42.03 crore.

(Paragraph 4.20.10.2)

Baldeva Irrigation Scheme, taken up in 1973 and scheduled to be completed in 1975, was incomplete as of September 1997. Expenditure of Rs.4.42 crore had been incurred in the scheme as against original estimated cost of Rs.0.54 crore.

(Paragraph 4.20.11)

Five circles did not recover water charges amounting to Rs.45.87 crore as of March 1996 for irrigation purpose. Department did not recover water charges for non-irrigation purpose amounting to Rs.42.77 crore, as of March 1996.

(Paragraph 4.20.12.1)

Irrigation Mechanical Circle-2, Ahmedabad did not recover hire charges amounting to Rs.72.16 lakh for machinery let out on hire during 1976-77 to 1995-96.

(Paragraph 4.20.12.2)

Department did not recover expenditure of Rs.21.46 lakh on field drains from beneficiaries.

(Paragraph 4.20.12.3)

Irrigation Project Division-12, Pavi-Jetpur did not finalise final bills of 51 works which were completed between April 1982 and July 1993 (including 16 works with minus balance) in contravention of codal provisions.

(Paragraph 4.20.14.3)

4.20.5 Budgetary control

According to the provision of Gujarat Budget Manual (Manual), submission of budget estimates to the Administrative Department is the responsibility of the controlling officer. The Administrative Department is to submit budget estimates to the Finance Department. Superintending Engineer is the controlling officer for the circle and there are 40 controlling officers in the department.

4.20.5.1 Preparation of estimates in violation of codal provisions

(a) While examining Appropriation Accounts for 1972-73 to 1975-76, the Public Accounts Committee (PAC) had observed that savings in the budget grant were mainly due to non-implementation of schemes for want of administrative approval, technical sanction etc. The Manual stipulated that only such provisions as were reasonably expected to be spent during the year should be made. However, in the following cases, provisions were made in contravention of the provisions of the Manual which resulted in surrender of saving at the end of the financial year by the controlling officers.

Serial number	Scheme	Year	Budget Provi- sion (Rupees in lakh)	Amount of savings	Reasons for savings
1	Chopadvav	1993-94	15.00	10.00	Non-finalisation of tender for Narwadi Distributory
2	Kakadi-amaba	1993-94	15.00	10.00	Non-clearance of design, non-approval of estimates of roads and non-finalisation of tender for earth work
3	Zankhari	1993-94 1995-96	15.00 80.00	12.70 70.00	Non-clearance of scheme by Government due to forest land
4	Lambora	1994-95	100.00	40.00	Non-finalisation of tender in time
5	Khedva	1994-95 1995-96	2.00 20.00	2.00 18.00	Non-receipt of administrative approval from Government
6	Hatiya-van	1995-96	80.65	68.65	Non-commencement of scheme
7	Singor	1995-96	32.88	26.38	Non-commencement of scheme
8	Hathi-pagla	1995-96	150.00	124.33	Non-completion of survey and investigation work
9	Kali-II Irrigation Scheme	1993-94 1994-95 1995-96	30.00 38.00 50.00	20.00 15.00 32.00	Non-receipt of clearance for forest land
10	Dholi-Irriga- tion Scheme	1993-94 1994-95 1995-96	100.00 105.00 100.00	40.00 45.00 64.00	Non-finalisation of tender for multiple pitching and overall technical sanction for canal works.
Total			933.53	598.06	

The above table shows that even though huge funds were provided, the schemes were not ready for commencement within the relevant financial year and as a result large amounts of provisions were not utilised.

(b) Provision of Rs.24.44 crore was made during 1994-95 for the scheme 'construction and deepening of wells and tanks (Plan)'. As against allotment of Rs.18.86 crore by the Finance Department, actual expenditure was Rs.13.71 crore and Rs.5.67 crore were re-appropriated during the year. Thus, actual expenditure was 56 *per cent* of the original provision, which indicated that estimate was not realistic.

4.20.5.2 Non-observance of budget calendar

Instructions for submission of revised estimates for the current year and budget estimates for the next year were issued by the department every year to all the controlling officers. The instructions *inter alia* prescribed time-schedule to be observed by the controlling officers. According to the provision of the Manual, time limit for submission of revised estimates and budget estimates by the controlling officers to the department were 10 December and 30 September respectively and by the department to the Finance Department by 20 December and 15 October respectively. However, no record/register was maintained by the department to monitor timely receipt of budget proposals from the controlling officers.

It was noticed that there was delay in submission of budget estimates and revised estimates as under:

(i) Five circles delayed submission of budget estimates by 8 days to 37 days and three circles delayed revised estimates by 3 days to 34 days during 1993-96.

(ii) Delay in sending revised estimates for the year 1995-96 in respect of 36 irrigation schemes by eight other circles ranged between 6 days and 37 days.

(iii) Out of these eight circles, proposals for budget estimates for 1995-96 in respect of Grant No.67-'Irrigation and Soil Conservation' was received up to 1 December 1994 from seven circles as against the due date of 30 September 1994. There was delay ranging from 4 days to 62 days in submitting proposals by these circles. Submission of budget estimates by the department to the Finance Department was delayed by 66 days.

The department, agreed to maintain a register in future to monitor receipt of budget estimates and revised estimates.

4.20.5.3 Delay in allotment of budget grant

As per the provision of the Manual, after the assent to the Appropriation Bill by Legislature, allotment of grant for the year should be communicated immediately with the least possible delay by the Finance Department to the administrative department and that by the later to the controlling officers and efforts should be made to complete the same by the end of first week of April each year. It was, noticed that the grant for 1993-94 to 1996-97 was released to the controlling officers with delays ranging from 14 days to 24 days. The allotment of budget grant for 1994-95 was communicated by the Finance Department on 16 April 1994. The department stated (September 1997) that delay was due to administrative reasons and agreed to adhere to the due dates in future.

4.20.5.4 Disproportionate release of grant/injudicious re-appropriation

(a) Grant released should be proportionate to the requirement so that occurrence of excess/saving could be avoided. However, in the following cases release of grants were disproportionate to the actual expenditure:

(Rupees in lakh)					
Serial number	Circle office	Grant released upto January 1995	Additional grant demanded	Additional grant sanctioned	Expenditure incurred upto date of re-appropriation (February 1995)
1	Bhavnagar Irrigation Circle, Bhavnagar	9.75	17.30	10.30	6.16
2	Surat Irrigation Circle, Surat	18.25	58.75	57.10	27.45
3	Ahmedabad Irrigation Project Circle, Ahmedabad	17.00	7.42	5.92	7.32
4	Panam Project Circle, Godhra	5.00	25.16	25.16	2.60
5	Kachchh Irrigation Circle, Bhuj	7.90	9.65	9.25	5.70
6	Water Resources Investigation Circle-3, Rajkot	14.40	10.85	10.85	19.45

It was noticed that:

(i) In four cases (Serial number 1, 2, 4 and 5) additional grant sanctioned in March 1995 was more than the grant released upto January 1995. The

department stated that due to plan ceiling, funds though demanded by the controlling officers could not be provided in the original grant.

(ii) In two cases (Serial number 2 and 6) expenditure incurred upto February 1995 exceeded the grant sanctioned upto that date.

The department while accepting the observation stated that expenditure being inevitable the grants were provided through re-appropriation. The contention of the department was not tenable as provision on account of inevitable and known expenditure should have been made in the original grant.

(b) In the following cases, it was noticed that funds were provided through re-appropriation in excess of the demand of circle office:

(Rupees in crore)					
Serial number	Circle office	Grant released upto January 1995	Additional grant demanded	Additional grant sanctioned	Expenditure incurred upto date of reappropriation (February 1995)
1	Gujarat Engineering Research Institute, Vadodara	1.33	0.33	0.61	1.24
2	Water Resources Investigation Circle-1, Ahmedabad	0.28	0.52	0.58	0.25
3	Mahi Irrigation Circle, Nadiad	0.19	0.49	0.52	0.20

The department stated (August 1997) that justification for sanction of additional grant would be furnished later on. Further information was awaited (October 1997).

4.20.5.5 Insufficient release of grant for inevitable expenditure

It is essential that sufficient grant is released to meet inevitable expenditure. However, Panam Project Circle, Godhra was sanctioned grant of Rs.1.65 lakh per month for April 1993 and May 1993, though there were 330 labourers. Additional grant of Rs.30 lakh was released by the department on 25 May 1993 when demanded by the circle office.

4.20.5.6 Transfer of amount to deposit account

Proposal for re-appropriation of additional grant of Rs.55 lakh for Vartu-II Irrigation Scheme, executed by Und Irrigation Division, Jamnagar, was made by Rajkot Irrigation Project Circle, Rajkot to the department for approval in February 1993. The department issued re-appropriation order on 28 March 1993. Based on this, necessary order authorising the division concerned by circle was issued on 31 March 1993 (the said order was received in the division office on 26 April 1993). In order to avoid lapse of additional grant, amount of Rs.52.26 lakh was drawn on 31 March 1993 by the division and kept under deposit head of account. Thus, drawal of amount without receiving the sanction was irregular. Amount was drawn by the division in piece-meal from the deposit account in subsequent months.

4.20.5.7 Delay in surrender of savings

According to the provision of the Manual, the controlling officers were required to surrender savings likely to result from late starting or non-starting of scheme or work, to the administrative department latest by 10 January every year, so that amounts surrendered could be fruitfully utilised elsewhere. Amounts available for surrender due to any other reason were to be intimated before 15 February every year to the administrative department. Contrary to this, huge savings from the grants for 1994-95 were surrendered by the controlling officers in March 1995 though the reasons thereof were known earlier as detailed below:

(a) Bhavnagar Irrigation Project Circle, Bhavnagar surrendered on 9 March 1995 saving of Rs.3.33 crore relating to the following five schemes:

(Rupees in crore)			
Serial number	Scheme	Savings	Reasons
1	Dhatarwadi-II Irrigation scheme	1.00	Non-payment of land acquisition dues due to non-receipt of administrative approval and overall technical sanction from Government.
2	Jaspara-Mandva Irrigation scheme	0.49	Non-receipt of administrative approval and consequential non-payment of land acquisition dues.
3	Hanol Irrigation scheme	0.44	Non-receipt of administrative approval and consequential non-payment of land acquisition dues.
4	Bantva Irrigation scheme	0.96	Late receipt of administrative approval.
5	Adwana Irrigation scheme	0.44	Non-payment of land acquisition dues.
Total		3.33	

(b) Salinity Ingress Prevention Circle, Rajkot surrendered on 14 March 1995, Rs.40 lakh due to non-finalisation of tender by the department for civil works of Lambora Irrigation Scheme.

(c) Karjan Canal Circle, Rajpipla surrendered on 10 March 1995 Rs.1.26 crore due to release of grant in January-February 1995 by Government (Rs.1.00 crore) and non-finalisation of tender for some works.

(d) Ukai Circle, Ukai surrendered Rs.54.10 lakh on 4 March 1995 due mainly to non-receipt of overall technical sanction for canal works and non-approval of tender for rubble-pitching.

Thus, schedule of surrender prescribed in the Manual was not adhered to by the controlling officers. Reasons for non-adherence, were not furnished.

4.20.5.8 Non-intimation of reasons for saving/excess

According to codal provision, reasons for savings/excesses were required to be communicated by the administrative departments to the Accountant General (Accounts and Entitlement) Gujarat, for inclusion in Appropriation Accounts. The department did not furnish reasons for excesses/savings in 39 cases, as mentioned in Appendix-XIV.

4.20.5.9 Lapse of grant

Scrutiny of grant 'Irrigation and Soil Conservation' revealed that savings of Rs.2.22 crore and Rs.3.76 crore under capital voted account were not surrendered during 1994-95 and 1995-96 respectively resulting in lapse of budget grant which could have been fruitfully utilised by other needy departments, if surrendered.

4.20.6 Expenditure control

4.20.6.1 Non-observance of time-schedule

No record/register was prescribed/maintained by the department in order to watch timely submission of expenditure statements by the controlling officers. However, from the statements of some months produced to Audit, it was noticed that time-schedule was not adhered to by the controlling officers as detailed below:

(i) As against due date of 3 February 1994, expenditure statements for January 1994 were received from all the controlling officers between 5 and 25 February 1994.

(ii) The statements for February 1994 due to be received by 3 March 1994 were not received from 21 controlling officers till 8 March 1994.

(iii) The report for March 1994 due on 3 April 1994 was not received till 11 April 1994 from 32 controlling officers.

(iv) The report for March 1996 due on 10 April 1996 was not received till 15 April 1996 from 26 controlling officers.

Information regarding actual dates of receipt of statements, though called for, was not furnished.

It was noticed that submission of report relating to State Plan Schemes by the department to the General Administration Department was delayed by 37 days to 133 days as under:

Month of report	Due date of submission	Actual date of submission	Period of delay
April 1995	10-05-1995	20-09-1995	133 days
May 1995	10-06-1995	20-09-1995	102 days
June 1995	10-07-1995	20-09-1995	72 days
July 1995	10-08-1995	19-10-1995	70 days
August 1995	10-09-1995	05-12-1995	86 days
September 1995	10-10-1995	05-12-1995	56 days
November 1995	10-12-1995	01-02-1996	53 days
March 1996	10-04-1996	17-05-1996	37 days

Reasons for abnormal delay in submission of reports, though called for, were not furnished.

4.20.6.2 Incomplete details in expenditure register

Test-check of registers for 1994-95 and 1995-96 maintained by the department revealed that annual plan outlays for the scheme and the expenditure there against were recorded in the register. However, the register did not contain

details of grant sanctioned for the year and its monthly release, in the absence of which it was not possible to exercise control over expenditure effectively.

The department stated that they were only compiling the figures sent by the controlling officers and the register was maintained as per the proforma prescribed by the General Administration Department. This was not tenable, as according to provisions of the Manual, the controlling officers and the administrative departments should ensure that expenditure was kept strictly within authorised appropriation and under no circumstances, expenditure exceeded the grants placed at their disposal. In the absence of required information, effective monitoring was not done which resulted in abnormal excess, huge saving and rush of expenditure in various cases which are discussed subsequently.

4.20.6.3 Incurring expenditure without budget provision

The Manual provides that no expenditure should be incurred without provision. However, it was noticed that expenditure of Rs.8.85 crore was incurred without any budget provision as detailed below:

(Rupees in crore)

Grant description	Year	Major Head of Account	Expenditure
Narmada Development Scheme	1995-96	6701-60-190-Loans to Sardar Sarovar Narmada Nigam Limited (Plan)	5.00
Irrigation and Soil Conservation	1995-96	2702-01-103-11 Other Minor Irrigation Works (Plan)	0.44
Irrigation and Soil Conservation	1995-96	2705-705-12 Establishment of Water and Land Management (Plan)	1.97
Irrigation and Soil Conservation	1993-94	4701-03-556-46 Distributories and Water Courses (Plan)	0.66
Irrigation and Soil Conservation	1993-94	4701-03-511-46 Distributories and Water Courses (Plan)	0.48
Irrigation and Soil Conservation	1993-94	4701-03-517-80 Other expenditure	0.30
Total			8.85

No reasons were furnished for incurring expenditure without provision, though called for.

4.20.6.4 Excess drawal over budget allotment

Funds amounting to Rs.633.99 crore were drawn in excess of budget provisions under grants 'Narmada and Water Resources', 'Irrigation and Soil Conservation' and 'Other Expenditure pertaining to Narmada and Water Resources Department'. The details are given in Appendix-XV.

4.20.6.5 Abnormal excess expenditure

Expenditure during the year should be kept within the limit of annual plan outlays and should be further restricted to grant sanctioned and released during the year. Further, according to codal provision it was the duty of the controlling officer/disbursing officer to ensure that expenditure was kept within the sanctioned grant. During test-check, it was noticed that excess expenditure in respect of 66 heads of account (Appendix-XVI), ranged between 103 *per cent* and 3426 *per cent* of original and supplementary grants.

4.20.6.6 Rush of expenditure**(a) Rush of expenditure at Government level**

According to para 109 of the Manual and recommendations of PAC, expenditure is to be incurred evenly during the year and rush of expenditure during last quarter and particularly in the month of March is to be avoided. However, it was noticed that expenditure exceeding 40 *per cent* of total expenditure for the year was incurred during March 1994 and March 1996 as detailed below:

Serial number	Scheme	Expenditure for the year 1993-94 (Rupees in crore)	Expenditure during March 1994	Percentage of expenditure of March to total expenditure
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(i) March 1994

1	Panam	5.48	2.30	42
2	Demi-II	0.11	0.06	56
3	Uben	0.07	0.04	55
4	Hiran(I)	0.45	0.27	59
5	Extension of channels	0.78	0.44	56
6	Extension and improvement	1.15	0.51	44
7	Dam safety	0.70	0.42	60

(ii) March 1996

1	Shetrunji	0.92	0.85	93
2	Flood Control Programme	1.88	0.79	42
3	Hiren(I)	0.15	0.11	74
4	Und-II	15.06	10.98	73
5	Goma	0.40	0.18	46
6	Ozat-II	12.00	7.59	63
7	Koliyari	1.00	0.57	57
8	Drainage	4.22	1.72	41
9	Extension of channels	1.62	1.25	77
10	Rehabilitation of old canal system	5.90	3.57	61
11	Modernisation of irrigation schedule for old canal	2.82	1.85	66

(b) Rush of expenditure in March at Drawing and Disbursing Officer level

Instances of heavy expenditure in March, were noticed in two circle offices as detailed below:

Name of the division	Year	Total expenditure during the year (Rupees in crore)	Expenditure during the month of March	Percentage with reference to Total expenditure
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Under Mahi Irrigation Circle, Nadiad (MIC Nadiad)

1) Nadiad Irrigation Division, Nadiad	1993-94	3.37	1.20	36
	1994-95	6.17	2.32	38
2) Anand Irrigation Division, Anand	1993-94	2.43	0.57	23
	1994-95	3.39	1.16	34
	1995-96	5.35	1.39	26
3) Petlad Irrigation Division, Petlad	1993-94	2.32	0.46	20
	1994-95	3.27	1.07	37
	1995-96	2.89	1.06	37
4) Drainage Division, Nadiad	1993-94	2.28	0.51	22
	1994-95	2.86	0.63	22
	1995-96	4.31	1.75	41

Under Rajkot Irrigation Project Circle, Rajkot (RIPC Rajkot)

5) Project Construction Division-1, Rajkot	1994-95	8.52	2.52	30
	1995-96	16.23	11.36	70
6) Project Construction Division-3, Rajkot	1994-95	1.94	0.89	46
7) Project Construction Division-4, Rajkot	1993-94	0.78	0.24	31
	1994-95	2.07	0.79	38
	1995-96	12.14	3.69	30
8) Und Irrigation Division, Jamnagar	1994-95	5.85	1.26	22
	1995-96	6.35	2.69	42
9) Und Canal Division, Jamnagar	1993-94	1.89	0.52	28
	1994-95	5.08	1.90	37
	1995-96	14.37	6.19	43

Expenditure in March in respect of four divisions under MIC, Nadiad ranged between 20 per cent and 41 per cent and in respect of five divisions under RIPC, Rajkot, the expenditure ranged between 22 per cent and 70 per cent of the total expenditure during the year.

It was also noticed, that additional grant of Rs.2.99 crore was sanctioned by the department to 12 circles through re-appropriation order issued on 30 March 1995 under Grant No.67 - 'Irrigation and Soil Conservation'. Based on this allotment, Surat Irrigation Circle, Surat and Water Resources Investigation Circle No.1, Ahmedabad sanctioned additional grants of Rs.0.59 crore to five divisions and Rs.0.52 crore to seven divisions respectively on 30 March 1995. Excess expenditure incurred by Surat Irrigation Circle, Surat during the year by unauthorisedly diverting amount from other heads was adjusted against the re-appropriated amount. Information relating to utilisation/adjustment of re-appropriated amount by Water Resources Investigation Circle-1, Ahmedabad, though called for, was not furnished.

4.20.6.7 Huge savings in grants

As per para 125 of the Manual, one of the major irregularities to be avoided is, huge savings in grant. However, it was noticed that in respect of 21 heads of account (Appendix-XVII), savings ranged between 51 *per cent* and 100 *per cent* of original and supplementary grants. Abnormal savings indicated improper framing of estimates and failure in monitoring expenditure.

4.20.7 Personnel management

Staff position of department

Details of sanctioned strength, men-in-position and vacancy as of December 1997 were as under:

Category of post	Sanctioned strength	Men-in-position	Vacancy
Class-I	225	173	52
Class-II	2270	1828	442
Class-III	10819	9134	1685
Class-IV	3722	3265	457
Total	17036	14400	2636

The department stated (December 1997) that vacancy was due to non-recruitment in the last 4 to 5 years on account of economy measures adopted by the Government.

4.20.7.1 Deviation from transfer policy

According to guidelines issued by the General Administration Department in June 1978, officers other than All India Service Officers, should not be transferred to another place unless they complete three years at one place and should not be continued at one place for more than five years. Deviation from above policy relating to Class-I Officers (other than All India Service Officers) was noticed as detailed below:

Year	Transferred before completion of 3 years	Not transferred even after completion of 5 years posted at same place
1993-94	27	3
1994-95	27	1
1995-96	41	12

According to guidelines, reasons for any deviation were required to be recorded by the competent authority and approval of next higher authority obtained. Reasons for deviation were not furnished.

During test-check of 3 circles (Irrigation Mechanical Circle-2, Ahmedabad, Ahmedabad Irrigation Project Circle, Ahmedabad and Rajkot Irrigation Project Circle, Rajkot), it was noticed that 13 Class-II officers were transferred before completion of 3 years. It was also noticed that 21 class-II officers were not transferred even after completion of 5 years. Rajkot Irrigation Project Circle, Rajkot stated (December 1997) that the officers were not transferred as they were well conversant with the project. No reason was assigned by other two circles for transfer of officers before 3 years and for non-transfer even after completion of 5 years.

4.20.7.2 No control on disposal of complaints against officials of the department

Details regarding complaints relating to serious irregularities and frauds against officials of the department, though called for, were not made available as no such record was maintained at the department level.

4.20.7.3 Total violation of order of Government regarding payment on nominal muster rolls

Employment of new labourers on daily wages was completely banned from October 1988. It was clarified by the Government in October 1988 that for any new appointment of labourers, appointing officer would be held responsible and

wages paid to labourers were to be recovered from his salary. These orders of Government were totally violated as discussed below :

Test-check of records of two circles revealed that 48374, 54770 and 59721 labourers were engaged on nominal muster rolls by four divisional officers under Mahi Irrigation Circle, Nadiad during 1993-94, 1994-95 and 1995-96 and wages amounting to Rs.4.39 crore, Rs.4.99 crore and Rs.5.40 crore respectively were paid. Three divisional officers under Rajkot Irrigation Project Circle, Rajkot engaged labourers on nominal muster rolls and wages amounting to Rs.9.57 lakh, Rs.18.24 lakh and Rs.36.77 lakh were paid during 1993-94, 1994-95 and 1995-96 respectively.

Thus, in two circles daily wages labourers were engaged in total disregard of Government instructions and expenditure of Rs.15.43 crore was incurred during 1993-94 to 1995-96. It was also noticed that department had 881 surplus labourers on whom Rs.4.47 crore were spent during 1993-94 to 1995-96. Audit wanted to know if before engaging the daily wages labourers, possibility of deployment of these surplus labourers by concerned circles was considered. No clarification was given to Audit on this point. It was noticed that four Executive Engineers employed 14228 labourers during August 1994 to December 1996 through 480 nominal muster rolls (NMR) and Rs.81.95 lakh were paid to them as detailed below:

Serial number	Name of division	Number of sub-divisions where the labourers were employed	Number of NMRs	Number of labourers	Period form which payment was made	Amount (Rupees in lakh)
1	Irrigation Project Division No.12, Pavi-Jetpur	1	40	939	March 1996 to December 1996	4.66
2	Irrigation Earthen Dam Division, Ahmedabad	8	410	12743	August 1994 to January 1996	72.60
3	Project construction Division No.1, Himatnagar	3	15	152	September 1995 to February 1996	1.05
4	Project construction Division-III, Himatnagar	1	15	394	October 1994 to January 1995	3.64
Total		13	480	14228		81.95

The matter was reported to Government in February 1997 and May 1997; reply in respect of Pavi-Jetpur and Ahmedabad was not received (August 1997). In respect of Project Construction Division No.1, Himatnagar, Government stated (August 1997) that daily wages labourers were engaged in view of urgent nature of work and were retrenched within a short period. Reply was not tenable in view of complete ban on engagement of labourers on NMR imposed by Government in October 1988 and strict adherence to these instructions was reiterated in November 1994 and July 1997. Moreover, the nature of urgency was not specified by the Government in their reply. In respect of Project Construction Division-III, Himatnagar Government stated (August 1997) that daily wages labourers were engaged, as the work of pipeline in forest land between ch.0 to 1800 mtr. was to be completed before monsoon and it was not possible to complete the work in time with available strength of regular labourers (3 nos.). Further, the work could also not be assigned to contractor as offers received in response to tenders invited in February 1994 and March 1994 were very high (60 per cent and 35 per cent above estimates) and forest authorities might not allow contractors to work/move vehicles in forest land.

The reply was not tenable as the works were actually executed much after monsoon (October 1994 and January 1995) and the contention of the Government that forest authorities would not allow the contractor to work was hypothetical and not supported by any documentary evidence.

4.20.8 Inventory control

4.20.8.1 Idle investment on purchase of spareparts

Executive Engineer, Irrigation Mechanical Store Division 1, Vadodara under the control of Superintending Engineer, Mechanical Circle No.1, Vadodara, is the nominated division for procuring spare parts for machinery of the irrigation mechanical divisions under the circle.

As per instructions issued by the department, advance payment for indented items was required to be made by the concerned divisions. However, it was noticed (October 1996) that the division procured spare parts worth Rs.73.53 lakh between 1987 and 1991 against indents of the Executive Engineer, Irrigation Mechanical Division-1, Vadodara (under the same circle) without receiving any advance payment. Neither spare parts were lifted nor any reasons for non-lifting furnished by the indenting division as of October 1996 despite reminders by the procuring division. Thus, non-lifting of indented items not only resulted in idle investment of Rs.73.53 lakh for more than six years but also cast doubt about the genuineness of indented requirement.

The division while confirming the facts stated that since the user indenting division was also under the same circle, advance payment for indented materials, though required, was not insisted upon. The contention was not tenable as, if advance payment was insisted upon, idle investment of Rs.73.53 lakh could have been avoided.

4.20.8.2 Non-reconciliation of accounts for purchase of cement and steel

Irrigation Mechanical Division-3, Gandhinagar was entrusted with procurement and supply of cement and steel etc., to irrigation divisions of the State from May 1980. Rupees 5.30 crore deposited upto March 1997, consisting of 97 items by 116 divisions were lying with the division, due to non-reconciliation of records with reference to actual quantity of cement/steel received by indenting divisions as against the advance deposits made by those divisions. Year-wise break-up of the balance and reasons for non-reconciliation, though called for, were not furnished.

4.20.8.3 Delay in declaration of Reserve Stock Limit

According to Gujarat Public Works Manual, Reserve Stock Limit of materials required for works is to be fixed in advance for each calendar year. However, during test-check, it was noticed that *expost facto* approval to Reserve Stock Limit for Rajkot Irrigation Project Division and Project Construction Division-3, Rajkot for 1988 to 1994 and Project Construction Division-2, Rajkot for 1988 to 1993 was accorded by the department in December 1995. Fixing Reserve Stock Limit many years after the relevant year, defeated the very purpose of fixing such limit. The department stated (September 1997) that based on actual reserve stock maintained by divisions approval was accorded in December 1995 by the department with retrospective effect.

4.20.9 Management of machinery and equipment

During test-check, underutilisation of machinery and equipment were noticed in two circles as detailed below:

Name of circle	Year	Total number of machinery	Cost (Rupees in crore)	Percentage of underutilisation
Irrigation Mechanical Circle-2, Ahmedabad	1993-94	269	32	84
	1994-95	274	33	71
	1995-96	269	33	59
Irrigation Mechanical Circle-1, Vadodara	1993-94	169	15	48
	1994-95	185	15	41
	1995-96	182	15	44

It was also noticed that utilisation of the following machinery was very low:

Category of machinery	Number	Name of circle	Value (Rupees in crore)	Percentage of under-utilisation	Reason for low utilisation
Wabco Scraper	7	Irrigation Mechanical Circle-1, Vadodara	1.78	91	Machines under repair
Cranes	3	-do-	0.19	91	Used as and when required
Dumpers	99	Irrigation Mechanical Circle-2, Ahmedabad	8.62	81	For want of work and want of spares

It was further noticed that expenditure of Rs.3.77 crore, Rs.6.85 crore and Rs.5.43 crore was incurred on repairs of machinery by Irrigation Mechanical Circle-2, Ahmedabad during 1993-94, 1994-95 and 1995-96 respectively, which worked out to 16 *per cent* of the cost of machinery. The circle stated that as per Government Resolution of October 1980 repair provision was to be calculated by giving notional increase at the rate of seven *per cent* per year from the date of purchase of machinery and accordingly after notional increase, capital cost of machinery worked out to Rs.67.35 crore in 1995-96. Considering capital cost after notional increase, expenditure on repair of machinery was reasonable.

The reply was not tenable as Government Resolution was applicable only to determine the value of machinery to work out rate of rent to be charged from contractors, workers etc. and not for incurring repair expenditure.

Details of expenditure incurred on salary of these machine operators during the period under review and the workload projected at the time of purchase, were not furnished.

4.20.10 Scheme management

4.20.10.1 Inordinate delay in carrying out survey and investigation

(a) During test-check, it was noticed that there was abnormal delay in completion of survey and investigation and delay ranging from three years to nine years in according administrative approval in respect of seven irrigation schemes under Rajkot Irrigation Project Circle, Rajkot as detailed below:

Serial number	Name of Scheme	Name of division	Time taken for survey & investigation work (Number of years)	Time taken for issue of admn. approval by Government	Remarks
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1	2	3	4	5	6
1	Motisar	Project Construction Division No.1, Rajkot	7	8	Head works started in December 1986. Project was due to be completed at initial stage in October 1989. Revised administrative approval was issued in September 1994. Now rescheduled to be completed by March 1998.
2	Phad-dang-Beti	--do--	20 months	4	Survey work for dam started in June 1983 and was completed in January 1985. Project report was submitted to Government in March 1985. Administrative approval issued in October 1989. Project (head works) commenced in October 1990 and completed in March 1993. Project was scheduled to be completed by October 1994, now rescheduled to be completed by June 1998 due to inclusion of canal works of right bank command area.

1	2	3	4	5	6
3	Falku	Project Const- ruction Division No.4, Rajkot	10 months	3	Survey work was started in January 1979 and completed in October 1979. Project report was sent to Government in June 1983. Administrative approval was issued by Government in November 1986 and scheduled to be completed in 5 years. Head works commenced in December 1986. Dam work completed in October 1993.
4	Morsal	--do--	5	4	Survey work was started in 1979-80 and was completed in 1985-86. Project report was submitted to Government in 1985. Government issued administrative approval in September 1989. Execution of head works was started in October 1991 i.e. after 2 years and completed in 1993. Remaining work is expected to be completed by December 1997.
5	Vartu-II	Und Irri- gation Division, Jamn- agar	3	7	Survey and Investiga- tion was started in June 1979 and comple- ted in May 1982. Administrative appro- val was issued by Government in August 1989. Head works of project was started in June 1991. Project was scheduled to be completed by 1994-95 but due to rehabili- tation problem construction of head works was held up. Project is rescheduled to be completed by December 1999.

1	2	3	4	5	6
6	Sindhani	--do--	5	4	Survey and investigation work was started in 1980 and completed in February 1985. Administrative approval was accorded in November 1989. Head works of project started in July 1991. Project which was scheduled to be completed by 1994-95 was held up due to rehabilitation problem and is rescheduled to be completed by December 1999.
7	Shedha-bhadthari	--do--	-----	9	Survey and investigation was completed in January 1982. Administrative approval was accorded by Government in September 1991. Headworks by Civil wing was started in May 1995 and by Mechanical wing in October 1995 and both works were completed in June 1996. Scheme is due to be completed in 1997-98.

(b) Due to change/diversion of flow of river, estimate of Rs.19.81 lakh for pilot channel under flood control project at Golan village was submitted by the Executive Engineer, Drainage Division, Nadiad (under Mahi Irrigation Circle, Nadiad) to the Executive Engineer, Flood Control Division, Ahmedabad in September 1989 for further process. However, no action was taken by the Executive Engineer, Flood Control Division, Ahmedabad as of July 1997 despite reminders from the circle in September 1992 and June 1995. Reasons for inordinate delay in processing the case by the Flood Control Division, Ahmedabad and casual pursuance by the circle, though called for, were not furnished.

4.20.10.2 Blocking of funds on three incomplete ongoing projects

Three schemes taken up between June 1991 and October 1995 were incomplete as of September 1997 as detailed below:

Serial number	Name of scheme	Date of commencement	Scheduled date of completion	Estimated cost ----- Tender cost (Rupees in crore)	Expenditure incurred (Rupees in crore)
1	Und-II Irrigation Scheme (Project Construction Division No.1, Rajkot)	June 1991	June 1994 (Headworks)	10.87 ----- 8.32	40.38 upto March 1997
2	Dhatarwadi Irrigation Scheme-II (Una Irrigation Project Division, Una)	(i)1992-93 (ii)1996-97	Within 2½ years 2003	1.60 ----- 25.93 (Revised)	1.12 (1992-93 to 1996-97)
3	Modernisation of Fatehwadi Canal System (Irrigation Modernisation Division No.2, Ahmedabad)	October 1995	August 1996	1.12 ----- 1.12	0.53 upto March 1996 ----- Total 42.03 -----

(a) Und-II Irrigation Scheme

Administrative approval of Rs.9.24 crore was accorded initially in September 1984 by the Government for construction of gated masonry dam in gorge of river Und and earthen dam on both flanks of the river. Two head regulators were also to be provided on both banks of the river. The scheme envisaged irrigation of 4250 hectares of land of eight villages of Dhrol and Jodia talukas of Jamnagar district.

Construction work of spillway, two head regulators and spillway bridge was awarded to a contractor in June 1991 at his tendered cost of Rs.8.32 crore against the estimated cost of Rs.10.87 crore with stipulated date of completion by June 1994. Except two head regulators (estimated cost- Rs.29.42 lakh and tender cost- Rs.28.46 lakh) works of spillway and spillway bridge were completed by the contractor in March 1993 at a cost of Rs.14.43 crore.

Meanwhile, Government decided in July 1991 to reserve 10 million litres per day water for villages of Dhrol and Jodia talukas for drinking purpose.

Central Design Organisation observed in November 1991 either to use water for irrigation purpose or for drinking purpose as water stored in the dam was not sufficient enough to cater both the need. Hence the contractor was verbally asked to stop the work by the Divisional Officer and proposal to delete two head regulators was submitted by the circle in April 1993 to the Government. However, Government decided only in March 1996 to complete the scheme as irrigation scheme as planned originally. Consequently, the contractor was relieved from remaining work by the department in April 1996 and draft tender papers for remaining work (construction of two head regulators on left and right banks) were approved at a cost of Rs.54.33 lakh by the Government in May 1997.

Thus, delay on the part of Government for 3 years (1993 to 1996) to decide finally whether irrigation scheme was to be converted into a water supply scheme or not, held up the work after incurring expenditure of Rs.19 crore upto March 1994 (civil works Rs.16.10 crore and mechanical works Rs.2.90 crore) besides time over run of three years and cost over run of Rs.7.78 crore on civil works.

(b) Dhatarwadi Irrigation Scheme-II

The scheme was taken up in 1992-93 to provide irrigation facilities to 1510 hectares in seven villages of Amreli district. Meanwhile after taking up the project, Government decided in October 1993 to earmark water of reservoir for 'Pipavav Industrial Complex'. However, it was decided by Government in May 1995 to use water for drinking purpose and irrigation. Hence revised administrative approval of Rs.25.93 crore was accorded by the Government in January 1997 with stipulated period of completion by 2003. Expenditure of Rs.1.12 crore was incurred as of March 1997. Construction work of the scheme was yet to be taken up (August 1997).

(c) Modernisation of Fatehwadi Canal System

Various works relating to modernisation of Fatehwadi Canal System were carried out between 1982 and 1994.

In order to achieve easy communication for irrigation management and maintenance during monsoon season, work of 'constructing asphalt coating on Water Bound Macadam service roads of various Canals of Fatehwadi Canal System' was approved by the Government in October 1994. The work was awarded to a contractor in October 1995 with stipulated date of completion by August 1996 at his tendered cost of Rs.1.12 crore (estimated cost of Rs.1.12 crore). However, work was

not completed even after lapse of about one year beyond the scheduled date of completion of August 1996. After executing work valued at Rs.0.53 crore (47 per cent) upto March 1996, the contractor abandoned the work without assigning any reason. The matter was under correspondence with the contractor (June 1997).

Non-completion of the work even after more than a year from the stipulated date of completion, resulted in non-achievement of envisaged benefits besides blocking of funds of Rs.0.53 crore.

4.20.10.3 Underutilisation of irrigation potential

Details of irrigation potential created through various irrigation schemes and utilised during the review period were as under:

Year	Irrigation potential created during the year (In lakh hectares)	Potential utilised during the year	Shortfall in percentage
1993-94	12.93	10.14	22
1994-95	13.20	10.49	21
1995-96	13.34	10.71	20

Shortfall in utilisation ranged between 20 per cent and 22 per cent.

The department stated (September 1997) that main reason for failure was insufficient quantity of stored water available for the schemes. However, scheme-wise details were not furnished.

4.20.11 Baldeva Irrigation Scheme

Baldeva Irrigation Scheme envisaged construction of earthdam, waste-weir, head regulators and canal system on the right and left banks of a tributary of Kim river in Bharuch district with culturable command area (CCA) of 2240 hectares. The entire population of command area lived in adivasi area and most of the farmers were small and marginal farmers having no source for using ground water for irrigation barring a few. The scheme was executed by the Executive Engineer, Medium Irrigation Project Division, Ankleshwar under Superintending Engineer, Karjan Canal Circle, Rajpipla (Bharuch district).

4.20.11.1 Estimate and expenditure

The original estimate of the scheme was sanctioned in 1972 for Rs.53.52 lakh which was revised to Rs.540.12 lakh in 1993. The details of estimate and expenditure were as under:

Item	Estimate		Expenditure upto March 1997
	Original	Revised	
	1972	1993	
	(Rupees in lakh)		
(i) Land acquisition	10.77	47.82	33.79
(ii) Dam	32.95	135.44	129.97
(iii) Canals	9.80	204.40	238.61
(iv) Minor and Sub Minor	---	152.46	---
(v) Miscellaneous	---	---	26.79
Total	53.52	540.12	429.16

There was further expenditure of Rs.12.43 lakh on the scheme during April to September 1997.

Cost overrun was attributed by the division to change in alignment and design and land acquisition. However, it was seen that the original project report was prepared without detailed survey of canal and estimate was prepared on *ad hoc* basis. On actual execution, there was abnormal difference in the ground level which resulted in considerable excess. Reasons for approving the scheme without survey and investigation and for abnormal increase in expenditure under other components were not furnished, though called for.

4.20.11.2 Construction schedule

(a) Headworks

According to the original project report construction of headworks and canal was proposed to be spread over a period of two years and benefits were to accrue thereafter. The headworks and allied works were started in 1973 and completed in 1979. Reasons for delay in completion of head works, though called for, were not furnished.

(b) Left bank main canal

The work of left bank main canal (LBMC) was started belatedly in 1978 and most of the work was completed in 1982. One canal siphon taken up in March 1981 and constructed at a cost of Rs.0.52 lakh collapsed during monsoon of 1981. The work of reconstruction of the same was awarded in 1987-88 to the same contractor at his tendered cost of Rs.7.35 lakh and completed in May 1992. Reasons for delay in taking up and completing the canal work, collapsing of siphon within a very short period of its construction and delay in awarding and completing reconstruction of the siphon, though called for, were not furnished.

As per original project report LBMC was unlined canal having delivery system upto 40 hectares but in revised project of 1993, it was changed to brick lined canal having 8 hectares Rotational Water Supply (RWS) system. Work was reported to be in progress (March 1997).

Reasons for revision of unlined canal to brick lined canal and for adopting 8 hectares RWS were not furnished.

(c) Right bank main canal

(i) The work of right bank main canal (RBMC) and its distributory was awarded to a contractor in December 1983 at a tendered cost of Rs.21.59 lakh and was stipulated to be completed by November 1984. Thus, work of one of the components of the scheme, which was supposed to be completed in 1976, was awarded nearly 8 years after the scheduled date of completion of the scheme. No reason for such abnormal delay in awarding the work was furnished. As the work was awarded without any detailed survey and investigation, there was abnormal difference in ground level and working level resulting in abnormal increase in expenditure under canal works from Rs.0.10 crore (estimated in 1972) to Rs.2.04 crore (estimated in 1993). Actual expenditure under this component was Rs.1.33 crore (March 1997). As approval of excess quantities executed was delayed by Government, the contractor stopped work from August 1988 and finally, Government relieved the contractor in April 1991 from further execution of work. Balance work of Rs.0.09 crore was reawarded in 1995 to another contractor at his tendered cost of Rs.1.10 crore and was stated to be in progress. No reason for delay of 4 years in reawarding the work was furnished.

(ii) When the work of canal lining was in progress, Chief Engineer, Gujarat Vigilance Commission, inspected the site in May 1988 and noticed the following defects:

(a) Contractor was allowed to cast about 2500 square metres (sq.mts.) excess lining blocks than requirement.

(b) About 30 *per cent* of the blocks lying at factory site were broken/damaged.

(c) As per specification, one specimen for every 100 blocks was required to be tested for transverse (flexural) strength and permeability. Permeability test was not carried out. Flexural tests were conducted on 70 blocks as against required 3000 specimen. Results indicated that all the specimen tested failed to give the strength specified in Indian Standard. The blocks therefore were not acceptable for use in the works. In spite of that, these were permitted for use on site. Reasons for doing so were required to be furnished. Account for the manufacture of blocks was not maintained. The only account made available was of the cement used for casting of blocks. The numbers and sizes of block were not recorded. The present account was based on the measurements recorded for fabrication and use of blocks from time to time. Figures in 'm² of tiles' once only were available. Tiles were stacked haphazardly. There were no identification marks and lots.

Reasons for accepting such blocks for payment were also called for. Officers and staff members responsible for allowing such substandard blocks to be manufactured, accepted and paid were to be reported to the Commission and action taken against them.

(d) Broken and damaged blocks were used in the lining work in the main canal.

(e) In spite of the fact that the blocks were damaged to a great extent, these were manufactured in excess of the requirement and despite inadequate testing and poor test results full payment for the blocks was made to contractor in 1984-85.

The circumstances which led to inquiry by Gujarat Vigilance Commission, final outcome of the inquiry and action initiated against the contractor and other departmental officials responsible for above irregularities were not intimated, though called for.

(iii) As per agreement, the contractor was required to manufacture 37296 sq. mts. of block against which he manufactured 39242 sq. mts. between March 1984 and June 1985 out of which 15198 sq. mts. were used in the work and 8500 sq.mts only were available at site. Thus, there was shortage of 15544 sq. mts. of block valuing Rs.4.36 lakh which was yet to be recovered from the contractor.

Reasons for relieving the contractor, without taking possession of 15544 sq. mt. blocks and action initiated for recovery of the above amount, though called for, were not furnished. Divisional officer stated (October 1997) that recovery in question would be adjusted from the amount of final bill and security deposit of Rs.0.53 lakh lying with the division, on finalisation of the case by the Vigilance Commission.

(iv) Total length of RBMC was 5.54 km. of which for initial reach of 2 km, (6.017 hectares) forest land and the same was required to be acquired after clearance by Government of India. Though, work in subsequent reach of canal was started as early as in December 1983, forest land in initial reach was acquired only in February 1995, work started in March 1997 and was in progress as of September 1997. The date on which proposal was sent to Government of India for clearance and reason for abnormal delay in obtaining clearance, were not furnished, though called for. Thus, non-completion of work in initial reach resulted in non-utilisation of RBMC and expenditure of Rs.1.33 crore (up to March 1997) remained unfruitful.

4.20.11.3 Irrigation potential

According to project report, the whole project was to be completed within two years and benefits to accrue from the third year. As against this, headworks were completed in March 1979 and though potential was created by impounding water in June 1979, no irrigation could be done as canal works were not synchronised with the headworks.

(i) Though work of LBMC having CCA of 1155 hectares was completed in 1981, no irrigation could be done upto 1992, as there was delay in reconstruction of one canal siphon which collapsed in 1981. Actual potential utilised from LBMC was as under:

Year	Area irrigated in hectares	Percentage of potential utilised
1993	211	18
1994	289	25
1995	392	34
1996	589	51
1997	350	30
Total	1831	

Reasons for steep decline in the area covered in 1997 compared to 1996 and utilisation of only 30 *per cent* of the potential created, though called for, were not furnished.

(ii) As against target of 1085 hectares per year from 1976, no irrigation was done in RBMC area as of September 1997.

4.20.11.4 Benefit cost ratio

The benefit cost ratio (BCR) is an indicator of the economic viability of the scheme. According to the norms approved by the Central Water Commission, irrigation scheme having BCR greater than 1.50 calculated at 10 *per cent* discounted value was considered economically viable. BCR was worked out at 2.26 while approving the scheme (1972).

However, the scheme was more than 21 years behind the scheduled date of completion (1975) and still incomplete. Expenditure incurred as of September 1997 (Rs.4.42 crore) was more than 8 times the original estimate (Rs.0.54 crore). Total area irrigated only was 1831 hectares during 1993-97 as against the target of 2240 hectares per year from 1976 (47040 hectares). Thus, BCR projected originally lost all its relevance.

Though, the estimate of the scheme was revised in 1993, no BCR was worked out. As such, it was not possible to examine the economic viability of the scheme.

4.20.12 Collection of revenue

4.20.12.1 Fixing and collecting water charges

The department collects revenue by levying water charges for irrigation and non-agricultural purposes. Water charges for irrigation purpose were last revised in 1981 and for non-agricultural purpose in 1990.

Water charges for irrigation purpose due to be collected from beneficiaries, as of March 1996 were Rs. 49.11 crore. It was noticed that out of Rs.49.11 crore, Rs.45.87 crore (93 *per cent*) were recoverable by five circles[¶].

Details of water charges (alongwith interest) due to be collected for non-irrigation purpose, as of March 1996, were as under:

[¶] Surat Irrigation Circle, (Kakrapar), Surat, Surat Irrigation Circle, Surat, Mahi Irrigation Circle, Nadiad, Panam Project Circle, Godhra, Ahmedabad Irrigation Project Circle, Ahmedabad.

(Rupees in crore)		
Party from whom due	Amount to be recovered	Amount of interest on balance
Municipal corporations	18.76	28.30
Municipalities	6.73	6.19
Nagar panchayats	0.69	0.57
Public Health and Water Supply Schemes	0.37	0.13
Gujarat Electricity Board	6.90	0.02
Railways	0.13	0.09
Industries/Government Undertakings	9.19	8.17
Total	42.77	43.47

The department did not furnish any reason for non-recovery of water charges amounting to Rs.42.77 crore and interest of Rs.43.47 crore there on (as worked out by the department).

However scrutiny of records revealed the following:

Out of Rs.9.17 crore recoverable from Industries/Government Undertakings as of March 1997, Rs.7.14 crore were recoverable from Gujarat Narmada Valley Fertilizers Company (Rs.6.43 crore) and Gujarat Industrial Development Corporation (Rs.0.71 crore). For the balance amount, the following private industries were major defaulters.

(Rupees in crore)			
Serial number	Name of the party	Amount to be recovered	Amount of interest recoverable
1	Rohit Pulp and Paper Mills	0.53	0.65
2	The Mafatlal Fire Mill	0.47	0.50
3	Baroda Rayon Corporation	0.11	--
4	Wood Paper Mills	0.10	0.10
5	Atul Product Ltd.	0.20	--
6	Essar Steel Company	0.15	--
Total		1.56	1.25

Thus, of the total amount recoverable 78 *per cent* of amount was recoverable from two Government undertakings and 17 *per cent* amount was recoverable from six private industries.

Year-wise break-up of the outstanding amount, action taken for recovery of the dues and reasons for non-levy of interest in respect of serial numbers 3, 5 and 6 were not furnished to Audit, though called for.

4.20.12.2 Non-recovery of hire charges for machinery

Rupees 72.16 lakh were outstanding to be recovered in various divisions under Superintending Engineer, Irrigation Mechanical Circle-2, Ahmedabad for machinery let out on hire, during 1976-77 to 1995-96. The amount was recoverable from six Government departments (Rs.2.37 lakh), eight municipal corporation/nagarपालikas (Rs.37.31 lakh), three panchayats (Rs.4.82 lakh), three other autonomous bodies (Rs.11.59 lakh), western railway (Rs.0.67 lakh) and Rs.15.16 lakh from Maradia Chemicals Ltd. and Rs.0.24 lakh from another private party.

Superintending Engineer stated (September 1997) that despite repeated reminders, no payment was received and Government took up the matter with various departments and the Finance department. No legal action for recovery was initiated as most of the departments were Government departments, panchayat bodies and municipal corporations.

As regards recovery of Rs.15.16 lakh from Maradia Chemicals Ltd., the Superintending Engineer stated (September 1997) that the matter was taken up with revenue authorities to recover the amount as arrears of land revenue. Further developments were awaited (October 1997).

4.20.12.3 Non-recovery of expenditure incurred on field drains from beneficiaries

As per administrative report of the department for 1993-94, expenditure incurred on field drains was to be recovered from the beneficiaries. However, Rs.21.46 lakh were outstanding as detailed below:

Year	Amount (Rupees in lakh)
Upto 1992-93	16.63
1993-94	2.25
1994-95	0.88
1995-96	0.76
1996-97	0.94
Total	21.46

The department stated (September 1997) that recovery statements were sent to panchayat authorities and recovery was under progress.

4.20.13 Non-receipt of documents for loans advanced

Details of wanting documents relating to House Building and Motor cycle/Motor car advances, sanctioned to the staff working in the Sachivalaya during the review period were as under:

Nature of advance	Year	Payment (Rupees in lakh)	Total number of loanees	Number of wanting documents	Percentage
House building	1993-94	6.50	6	5	83
	1994-95	41.95	29	16	55
	1995-96	17.95	12	9	75
Motor cycle/ Motor car	1993-94	7.63	37	18	49
	1994-95	9.27	29	15	52
	1995-96	5.10	15	8	53

In large number of cases as shown above, necessary documents were not received and no reasons were furnished for the same by the department.

4.20.13.1 Delay in finalisation of pension papers

Delay in finalisation of pension papers in four cases ranged between two months and 10 months during the period of review.

In one case of death and one case of retirement, the pension approving authority (Director of Pension and Provident funds, Ahmedabad) took more than 7 months and 8 months respectively. The department stated that due to administrative reasons there was delay in finalisation of pension papers. However, details of 'administrative reasons' though called for, were not furnished.

4.20.13.2 Splitting-up of purchase of stationery/sanitary items

As per notification of May 1994 of the Finance Department, it was mandatory to invite tenders where amount of purchase was Rs.20,000 and above. Contrary to the above notification, it was noticed that the department purchased items costing Rs.1.58 lakh in August 1994 (from three suppliers by splitting in 12 parts), Rs.0.34 lakh in October 1994 (from two suppliers by splitting in two parts), Rs.1.75 lakh in April 1995 (from 3 suppliers by splitting in 11 parts) and Rs.0.48 lakh in December 1995 (from 3 suppliers by splitting in 3 parts) without inviting tenders. The department stated that due to urgency, purchase was made in piecemeal. This was

not tenable as the purchases were made over a period of 2 years from the same three suppliers and there was ample scope to assess the requirement and plan the purchases.

4.20.14 Other points

4.20.14.1 Non-settlement of inspection reports

(a) Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot, are communicated to the Head of offices and to the next higher authorities through Audit Inspection Reports for prompt action and also reported to the Heads of Department and Government for initiating immediate corrective action. The department is required to settle the outstanding paragraphs expeditiously. However, it was observed that inspection reports issued 10 years before, still remained unsettled and action was pending (May 1997) on 746 inspection reports comprising 1896 paragraphs issued upto 1996-97.

The details of outstanding inspection reports and outstanding paragraphs were as under:

Year	Inspection reports	Paragraph
Upto 1991-92	451	1109
1992-93	85	204
1993-94	76	209
1994-95	52	118
1995-96	55	179
1996-97	27	77
Total	746	1896

(b) Position of paragraphs which appeared in Civil Audit Reports during 1993-94 to 1995-96 was as under:

Year	Number of paragraphs	Remarks
1993-94	11	*Action taken notes on these paragraphs were yet to be submitted by the department to the Legislative Assembly
1994-95	*5	
1995-96	*5	

4.20.14.2 Non-convening of Audit Committee meetings

The Public Accounts Committee recommended (November 1977) constitution of Audit Committee in each department to discuss periodically the audit objections in order to expedite settlement thereof. The Committee was constituted in February 1985 in the department and was to meet quarterly. However, during 1993-94 to 1995-96 only one meeting was held in November 1995.

4.20.14.3 Inordinate delay in finalising final bills

As per Government directives issued in June 1982, if contractor does not prepare and submit bill as per tender conditions, division should arrange to make payment of final bill within three months from the date of completion of work.

During audit of Irrigation Project Division No.12, Pavi-Jetpur, it was noticed in March 1995 and from the subsequent information furnished in September 1997 that 51 final bills (including 16 bills ending with minus figures) relating to works completed between April 1982 and July 1993 were yet to be finalised. The division attributed non-finalisation of bills to non-grant of extension and non-approval of extra item/excess (12), court cases (13), final bills under scrutiny (10) and minus final bills not indicating recoverable amount (16). However, fact remained that bills were not finalised for period ranging between four to 15 years and out of 10 bills under scrutiny in nine bills works were completed between 1982 and 1986.

4.20.14.4 Theft case

There was a theft case of 116 steel gates costing Rs.0.97 lakh from compound of the office of Deputy Executive Engineer, Tarapur Irrigation Sub-division, Tarapur (Petlad Irrigation Division, Petlad - Mahi Irrigation circle, Nadiad) on 31 May 1994 though three chowkidars (1 temporary and 2 work-charged) were on duty on that day. Complaint was lodged with the police on 4 June 1994.

Departmental enquiry was held and it was decided to recover the amount from five officials (three Chowkidars, Additional Assistant Engineer and Work Assistant). Rupees 0.10 lakh was recovered from two officials (August 1997). Reasons for non-recovery of amount of Rs.0.87 lakh from other 3 officials, were not furnished. It was also seen that Executive Engineer, Petlad Irrigation Division, Petlad intimated (October 1995) that the Sub-divisional officer entrusted the responsibility of stores to two work-charged chowkidars in contravention of the provision of Gujarat Public Works Manual and amount recoverable from work-charged chowkidars should be recovered from him. Further developments were awaited (November 1997).

4.20.15 The matter was reported to Government in December 1997; reply had not been received (November 1997).

4.21 Unwarranted provision of crest stoplog gates and gantry crane

While approving the original plans and estimates of the Spillway of the World Bank aided Sipu Project on river Sipu in May 1983, the proposal for provision of stoplog gates and gantry crane to carry out possible repairs to the radial gates of the project was deleted by Government. However, the matter was referred to the Central Designs Organisation (CDO), Gandhinagar in July 1992 for their technical opinion. CDO opined (November 1992) that stoplog gates and gantry crane for the project were not necessary as water would be below crest level in the Sipu Reservoir in March/April of the year and maintenance and repair works could easily be carried out without stoplog gates and gantry crane.

However, Government instructed (December 1992) Superintending Engineer, Palanpur Irrigation Circle to prepare and submit draft tender papers for 12 stoplog gates and gantry crane pending approval of estimates by Government in order to avail the benefit of reimbursement from the World Bank before expiry of the period of assistance (March 1994).

The division took up the work of manufacturing 12 stoplog gates with embedded parts departmentally in June 1993 as required steel was readily available with the division and incurred expenditure of Rs.62.59 lakh upto September 1995.

Further, the division procured overhead gantry crane of 50 MT at a cost of Rs.43.41 lakh in June 1996 (estimated cost: Rs.32.82 lakh). These stoplog gates and gantry crane were to be erected over spillway crests. Expenditure to the extent of Rs.46.22 lakh (90 *per cent* of total expenditure of Rs.51.36 lakh) incurred upto March 1994 was reported to have been reimbursed by the World Bank.

Decision of Government (December 1992) to manufacture stoplog gates and procure gantry crane against technical opinion of CDO, only to avail credit facility extended by the World Bank, was unwarranted with resultant avoidable expenditure of Rs.1.06 crore.

The division stated (January 1996) that the decision to provide crest stoplog gates and gantry crane was taken on the basis of recommendations of Dam Safety Review Panel (DSRP) in June 1992. The contention of the division was not tenable because if Government had to accept recommendations of DSRP of June 1992, they would not have sought for technical opinion from CDO in July 1992, which happened to be an organisation of technically qualified personnel.

The matter was reported to Government in January 1997; reply had not been received (November 1997).

4.22 Extra expenditure due to delay in finalisation of tender

According to provisions of Gujarat Public Works Manual, cases pertaining to acceptance of tenders should invariably be treated as immediate so that the issue of final order should not under any circumstances take more than ninety days in case of works estimated to cost upto Rs.10 lakh and 120 days in case of works estimated to cost above Rs.10 lakh.

Tenders for the work of 'construction of underground pipeline for Left Bank Canal Distributory system above and below 5 cusecs for water course of Rundh Distributory' were invited in August 1993 by Executive Engineer, Irrigation Project Division No.6, Rajpardi. The lowest offer of Rs.25.43 lakh of contractor 'A' was submitted to Government (October 1993) by Superintending Engineer. The validity period of the tender was 90 days and was to expire in January 1994. Though validity period was extended twice (upto February 1994 and again upto May 1994) by the contractor at the instance of Government, the tender could not be finalised even within extended validity period. The tenders were rejected by Government without assigning any reason in November 1994 with a direction to reinvite the tenders.

On re-invitation, the lowest offer of a labour co-operative society for Rs.28.40 lakh (2.10 *per cent* below) with validity period upto September 1995 was forwarded to Government in July 1995. Division requested in September 1995 for extension of validity period upto November 1995 and the society accepted the extension of validity subject to increase in rates by 2 *per cent*. Government failed to decide the case and finally rejected the tender in December 1995 without assigning any reason and directed to split up the work. Accordingly, proposal to split up the work estimated to cost Rs.15.03 lakh and Rs.13.58 lakh were submitted in December 1995 to Government. Tenders were invited in December 1995 and offers of two contractors for Rs.15.03 lakh and Rs.16.16 lakh respectively were accepted by Circle Office in March 1996.

Thus, repeated failures of Government to accept the tenders within the validity period and retendering resulted in avoidable additional liability of Rs.5.76 lakh.

The matter was reported to Government in February 1997; reply had not been received (November 1997).

4.23 Extra expenditure due to non-acceptance of lowest tender

The work 'Construction of earthen dam, spillway, masonry dam, head regulator and spillway bridge on river Nimbhani in Sayla taluka

(Surendranagar District)' was administratively approved in June 1994 for Rs.9.69 crore and technically sanctioned for Rs.8.84 crore in August 1994 by Government. The work was awarded to contractor 'K' at his tendered cost of Rs.4.66 crore (estimated cost: Rs.6.36 crore) by Project Construction Division No. 4, Rajkot in May 1995 to be completed in May 1997 (36 months). The work was, however, completed in March 1996 at a total cost of Rs.5.20 crore.

In response to tender notice (August 1994), 10 offers were received (18 October 1994). All the 10 tenderers were prequalified. The validity period of 120 days was to expire on 14 February 1995. At the instance of the division, 7 tenderers extended their validity period upto 31 March 1995 and at the instance of circle office 3 tenderers out of these 7 again extended their validity period upto 31 May 1995. Of the 3 bidders, the tendered cost of Rs.4.33 crore i.e. 32 *per cent* below the estimated cost of Rs.6.36 crore of contractor 'P' was the lowest one. The lowest tenderer 'P' furnished (February and March 1995) justification of his rates together with rate analysis. After examining the financial and technical capability of the first lowest tenderer 'P', the division and circle office recommended (February 1995) the lowest offer of 'P' for acceptance. Government, however, conveyed (May 1995) the acceptance of the second lowest offer of 'K' for Rs.4.66 crore (27 *per cent* below the estimated cost of Rs. 6.36 crore). Reasons for non-acceptance of first lowest offer of 'P' were not on record with the division. Acceptance of 2nd lowest tender without any recorded reason resulted in avoidable extra expenditure of Rs.0.33 crore.

Government stated (February 1997) that rates for earthen dam offered by the first lowest contractor were very low and unworkable. Government further stated that the second lowest contractor completed the work early and thereby payment of price escalation and star rate was avoided apart from benefits accruing from charging reservoir one year early.

The reply was not tenable as the first lowest offer of 'P' was recommended by the circle office after examining the financial and technical capability of the contractor. The rates offered by the contractor were also found workable and reasonable by the circle office. There was nominal difference of 5 *per cent* between the rates of two contractors. The other reason advanced by Government that first lowest contractor would not have completed the work within time schedule was presumptive. Accrual of benefits from charging the reservoir was also not correct as the erection of gates to prevent water flow from the reservoir was not yet started. Thus, favouring the second lowest tenderer without recording any reason resulted in extra expenditure of Rs.0.33 crore to Government.

4.24 Unfruitful expenditure on retention of staff in excess of requirement

Mention was made in paragraph 4.1.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1991 (Civil)- Government of Gujarat regarding excess expenditure on establishment against prescribed norms relating to expenditure on works.

Government had taken action to reduce the establishment expenditure by closing offices as informed in detailed explanation (January 1995) to Public Accounts Committee.

Field Channel Construction Division, Rajkot having 4 sub-divisions with 56 technical and 73 non-technical personnel, was entrusted with the work of construction of field channel of various medium and minor Irrigation Projects in Saurashtra region.

It was noticed (June 1996) in audit that as against the target of 13458 hectares for the years 1994-97, work of 1699 hectares was done during the years 1994-95 and 1996-97 and no work was done during 1995-96. While the value of work done was Rs.0.64 crore, the establishment expenditure was Rs.2.37 crore as detailed below:

(Rupees in crore)

Year	Target		Establishment expenditure	Works expenditure	Total expenditure	Percentage of establishment expenditure to total expenditure
	Fixed (hectares)	Achieved (hectares)				
1994-95	4800	845	0.72	0.31	1.02	71
1995-96	4800	Nil	0.80	0.09	0.89	90
1996-97	3858	854	0.85	0.24	1.08	79
Total	13458	1699	2.37	0.64	2.99	

Retention of excess staff on construction of field channel against actual requirement resulted in unfruitful expenditure of Rs.2.24 crore. Assurance given to the Public Accounts Committee by Government for closure of such offices was, thus not adhered to.

The division pointed out categorically to Area Development Commissioner in February/June 1996 either to provide sufficient work load or to

transfer the excess staff to other divisions/sub-divisions. However, no decision was taken so far (May 1997) and thus, retention of excess staff continued for 4 years injudiciously.

While accepting the facts, division stated that the facts about less work load and excess staff were reported to Area Development Commissioner, Rajkot but reply was not received (May 1997).

The matter was reported to Government in January 1997; reply had not been received (November 1997).

4.25 Infructuous expenditure and avoidable loss

The work of 'Providing and fixing precast cement concrete blocks' measuring 31,723 square metres in Kurelia distributory (Chainage 0 to 8880 metres) under the World Bank aided 'Jhuj Medium Irrigation Scheme' was awarded to a contractor (September 1984) at a tendered cost of Rs.11.90 lakh (estimated to Rs.9.54 lakh) with the stipulated date of completion in August 1985. Corresponding earth work was assigned to another contractor by two agreements, to be completed in April 1984. Execution of earth work lagged far behind. As a result, lining work could not be provided to contractor for fixing the blocks in the canal till January 1985. The contractor was paid (January 1985) Rs.7.52 lakh being value of 31,000 square metre of blocks manufactured in his factory. The contractor declined to carry out work of fixing of blocks offered for 2 km. length (May 1985) since earth work was not completed in the entire stretch and little period was available before the onset of monsoon. The contractor, therefore, demanded relief (September 1985) from contractual obligations. The contractor was relieved (April 1987) by Government on recommendations of Superintending Engineer (December 1985) with instructions to take over the possession of blocks. Despite repeated requests by the division, the contractor did not hand over the possession of blocks. The Chief Engineer (CE) (Quality Control) during his visit (April 1986) at site, noticed that all the pieces of blocks were of inferior quality and ordered recovery of entire payment of Rs.7.52 lakh made to the contractor. The work was awarded to another contractor 'A' by the division in March 1988. Total amount of Rs.9.99 lakh was outstanding from the original contractor (cost of defective blocks: Rs.7.52 lakh, additional cost: Rs.2.38 lakh and cost of unused balance of cement Rs.0.09 lakh) to be recovered.

Audit scrutiny revealed that:

(i) The work order for casting and fixing the blocks was given in September 1984 when the fact was known to the department that earth work allotted to the contractor did not show progress.

(ii) As soon as the curing period of the blocks manufactured was over, the blocks were to be transported to the site of work as per contractual obligation, which was not done.

(iii) Payment for the work done by the contractor was to be based on the measurements taken on the completed area of the surface of block lining. The division, however, incorrectly made payment on blocks alone cast in his factory without taking safeguards against losses, deterioration etc., due to contractor postponing fixing work and securing ownership of the blocks cast.

(iv) Though CE (Quality Control) ordered for recovery of Rs.7.52 lakh in April 1986, the contractor was ordered to be relieved by Government in April 1987 without taking any safeguard for recovery of Government dues.

(v) Quality Control Sub-division, Vansda, conducted tests of blocks manufactured at various intervals between October 1984 and January 1985 and found the blocks of standard quality, based on which payment was made to the contractor. However, the Chief Engineer, Quality Control rejected the entire quantity of blocks (April 1986) being sub-standard which established that the tests conducted by the Quality Control Sub-division were faulty and were in favour of the contractor. No action was taken by Government (November 1997) to fix responsibilities on the various levels of divisional, sub-divisional (quality control) and officers responsible for irregular payment.

A civil suit for recovery of dues from the defaulting contractor filed in February 1989 was decided in favour of department (November 1994) for recovery of Rs.9.99 lakh and interest at 15 *per cent* from the defaulting contractor. However, the contractor had no property in his name as reported by the Collectors, Valsad and Surat and hence recovery could not be effected. Thus, Government suffered loss of Rs.8.80 lakh (payment towards defective blocks Rs.7.52 lakh, cost of cement issued remained unused Rs.0.09 lakh and additional cost of actual completion Rs.1.19 lakh) as the amount became irrecoverable from the defaulting contractor.

4.26 Non-recovery of water charges

Government of Gujarat permitted (January 1986) Gujarat Water Supply and Sewerage Board (Board) (a Government body), to draw 10.64 million litres per day (MLD) of water from Panam Irrigation Reservoir to supply water to Godhra City. Government instruction stipulated that, agreement was to be executed, reservation charges amounting to Rs.19.68 lakh deposited before release of water with Executive Engineer, Panam Project Division, Godhra and payment of water charges fixed by Government from time to time be made on actual drawal of water.

Though, drawal of water commenced from 1986, the draft agreement was forwarded by the division to the Board only in January 1987. The Board neither executed agreement nor deposited Rs.19.68 lakh. From May 1993, Godhra Municipality (Municipality) took over the water supply scheme. The Municipality to whom draft agreement was sent by the division in July 1996, also neither executed the agreement nor deposited the amount (April 1997).

Thus, even after 10 years from the commencement of water supply, division failed to get the agreement executed either by the Board or by the Municipality and Rs.19.68 lakh remained un-realised. Besides accumulated outstanding water charges of Rs.29.52 lakh from 1988-89 to April 1997 were also not recovered from the Board/Municipality. Loss of interest on the deposit amount at the borrowing rate of 12 *per cent* upto April 1997 worked out to Rs.24.40 lakh.

Government stated (May 1997) that they were very keen to finalise the issue as early as possible. Further, progress was awaited (November 1997).

4.27 Failure to execute the work of distributory for eight years and avoidable extra liability

The earth work and lining work of 'Ex-Udwada distributory' was awarded to a contractor at the tendered cost of Rs.21.09 lakh (estimated cost : Rs.23.77 lakh) by the Executive Engineer, Damanganga Canal Distributory Division No. II, Valsad in July 1987. The work was scheduled for completion by January 1989.

The work of the value of Rs.11.53 lakh only could be executed by the contractor within the stipulated time due to failure on the part of the division in making the entire land available, supplying the material as stipulated in the agreement, carrying out rolling and watering, finalising rates for work to be executed beyond 130 *per cent* etc. The contractor sought extension of time limit upto March 1993 between December 1988 and March 1992 and upto June 1993 in

January 1993 on the above grounds. Proposal for extension submitted by Superintending Engineer in February 1993 was not decided by Government as of March 1997. However, the contractor was paid Rs.16.17 lakh for work done upto June 1992.

The contractor submitted a claim of Rs.22.27 lakh on account of loss due to delay in execution of work in October 1990 but agreed to withdraw the claim on the condition that for work executed beyond stipulated date, payment would be made at schedule of rates (SOR) of concerned years. The contractor also asked for Government order in this regard by 15 May 1991. The Superintending Engineer submitted proposal in April 1991 for the extra cost amounting to Rs.4.97 lakh due to adoption of SOR for the work done beyond stipulated date and the works which were yet to be carried out. However, though Government decided to adopt revised SOR then failed to issue orders by 15 May 1991. The request of the contractor for appointment of Arbitrator in June 1991 for settlement of claim was also not accepted. An Arbitrator selected and appointed by the contractor as per clause 52 of the contract agreement in August 1991 declared *ex parte* award of Rs.9.31 lakh in April 1992 in favour of the contractor and amount was paid by the divisions in May 1994.

Due to non-settlement of contractor's claim of October 1990 and non-sanction of SOR of the appropriate year for the work done beyond stipulated date, the contractor refused (April 1993) to execute the balance work. Therefore, he was relieved (September 1993) from the work. The remaining work of Rs.4.97 lakh, estimated to cost Rs.19.76 lakh was awarded at tendered cost of Rs.24.54 lakh by splitting the work into 21 parts (4 on B-1 and 17 on A-2 agreements) between November 1996 and February 1997. The expenditure of Rs.12.60 lakh was incurred and works were in progress (November 1997).

Failure to decide settlement of claims of the contractor even after reaching an agreement resulted in avoidable extra liability of Rs.19.57 lakh for completion of balance work besides avoidable payment of Rs.9.31 lakh towards arbitration award. The intended benefits of the distributory could not reach the beneficiaries even after eight years though Rs.25.48 lakh (Rs.16.17 lakh upto June 1992 and Rs.9.31 lakh towards arbitration awards) were spent.

The matter was reported to Government in August 1996; reply had not been received (November 1997).

4.28 Loss due to failure to enforce conditions of contract

Earth work between ch.15 and 1370 metres of Right Bank Main Canal of Watrak Reservoir Project was awarded (March 1990) by the Executive Engineer, Irrigation Project Division, Modasa to contractor 'A' at his tendered cost of Rs.35.64 lakh for completion in June 1991. The work comprised single item of excavation of 1.09 lakh cubic metre (cum) at a flat rate of Rs.32.75/cum based on average cost of excavation in all types of strata and depth.

As per conditions of the contract, the contractor was also liable to carry out work 30 *per cent* in excess of tender specifications (i.e. 32650 cum) at his tendered rates. Thus total quantity to be excavated at tendered rate was 1.41 lakh cum.

Further, to ensure completion of the work and also as a safeguard against possible abandonment of the work at later stage when difficult and costlier part of the work was to be executed, the contract provided for payment in respect of work executed by the contractor at part rate in stages as under:

Status of work	Amount to be paid
Upto 50 <i>per cent</i>	50 <i>per cent</i> of tender rate
Upto 75 <i>per cent</i>	75 <i>per cent</i> of tender rate
beyond 75 <i>per cent</i>	90 <i>per cent</i> of tender rate
on completion	100 <i>per cent</i> of tender rate

However, in January 1992, the contractor requested the division for release of amount withheld for work executed by him and also assured that quantity required to be executed in excess would be carried out at tendered rates only. Government granted permission (February 1992) for release of payment of Rs.2.92 lakh withheld in respect of 88400 cum work done till December 1991 and also allowed payment at full rate for subsequent execution of work upto March 1994.

It was noticed in audit that after excavation of 1.08 lakh cum the contractor requested for relief from the work, on the grounds that (i) he was not responsible for carrying out excess quantity arising due to revision of design, (ii) remaining work involved deep cutting and he was unable to carryout work at tendered rate and (iii) health of main partner was not good. Government issued orders (May 1995) for carrying out balance quantity of 401 cum (quantity as per tender specification 108836 less executed 108435) at the risk and cost of defaulting contractor but did not mention about 30 *per cent* of excess quantity required to be carried out by the defaulting contractor as per tender agreement.

Balance work was entrusted to contractor 'B' (February 1995) for excavation at the rate of Rs.85 per cum. Excavation of 34229 cum was completed and paid (June 1996). Further work was in progress (May 1997).

Failure to invoke risk and cost clause in respect of 30 *per cent* of work in excess of tender specification (32650 cum) against the defaulting contractor at the time of rescinding the contract resulted in non-recovery of additional expenditure of Rs.17.06 lakh (Rs.85 minus Rs.32.75 = Rs.52.25 x 32650 cum). In addition, decision of Government to allow payment to the contractor at full rate instead of part rate of 90 *per cent* was contrary to tender conditions and amounted to undue benefit of Rs.3.55 lakh (10 *per cent* of Rs.35.51 lakh) to the contractor.

Government stated (December 1996) that where the work of the canal was completed upto Canal Bed Level (CBL) and designed side slope maintained as per designed canal section, the work was considered as completed and the excess expenditure was due to change in the designed canal slope which fell under extra item. Further, in view of importance of the work, Government considered the request of the contractor.

Contention of Government was not tenable as the original tender agreement was for a single item and the contractor was required to carry out 30 *per cent* of excess quantity at his tendered rate. Further, completion of work upto CBL was part of the work and could not be considered as completed work. There was no change in design as specifically intimated by Superintending Engineer in April 1994 to Government. Government did not specify the exact nature of importance which compelled them to relax provision of the contract agreement after execution of 81 *per cent* of the work. Failure of Government to enforce the conditions of the contract resulted in loss of Rs.17.06 lakh. As regards payment at full rate instead of part rate, fact remained that such payment was contrary to the provisions of the contract.

4.29 Avoidable payment of compensation

Under the provisions of Gujarat Public Works Manual, all the Government vehicles are required to be insured/insurance policy renewed at third party risk in time to avoid loss to Government in case of accident and payment of compensation due to such accidents. Compensation of Rs.12.50 lakh paid in the following accident cases involving Government vehicles either due to non-renewal of insurance policy or for not making the insurance company a party during legal proceedings were avoidable.

(a) A truck belonging to Bhadar Head Works Division, Diwda Colony (since closed and merged with Kadana Division-I in March 1994) met with an accident with a motor cycle in November 1985. Accident caused death of one official and permanent incapacitation of another official who were on the motor cycle. Two cases for claims of compensation filed by the successors of deceased and incapacitated officials in the Motor Accident Claim Tribunal (MACT), Godhra in April 1986 were decided in favour of claimants on 18 April 1991 for payment of Rs.5 lakh and Rs.1.96 lakh respectively. In addition, 12 *per cent* interest was also payable from the date of application till the date of payment.

The validity period of insurance of the vehicle expired on 3 April 1985. The division failed to renew the insurance policy after that date and hence the insurance company could not be made responsible for payment of compensation claim. Government Pleader opined (August 1991) that since MACT established the negligence of the driver, the judgement in toto should be accepted. However, Government in Legal Department gave sanction to file an appeal (September 1991).

While admitting the appeal on 10 February 1992, the High Court directed (April/June 1992) Government to deposit the amount of award given by MACT as an ad-interim relief to the claimants. Accordingly, Government deposited Rs.11.37 lakh (April 1992: Rs.5.98 lakh and September 1992: Rs.5.39 lakh). The case did not come up for hearing as of March 1997. Superintending Engineer, Kadana Project Circle, recommended (July 1992) to Government to fix responsibility on the Executive Engineer (retired as Superintending Engineer) and two Deputy Executive Engineers (one since retired) of defunct Bhadar Head Works Division, Diwda Colony for non-renewal of insurance in time. However, no decision in the matter was taken by Government as of April 1997 even after nearly five years.

Thus, failure on the part of the division to adhere to rules and non-renewal of third party insurance policy of the vehicle in time resulted in avoidable payment of compensation of Rs. 11.37 lakh.

The matter was reported to Government in June 1993; reply had not been received (November 1997).

(b) A jeep of Water Resources Investigation Division, Jamnagar (Kalawad Sub-Division) met with an accident in July 1983 and one of the four unauthorised passengers travelling in the jeep expired. The successor of the deceased filed a claim for compensation before the Motor Accident Claim Tribunal (MACT), Jamnagar on 28 December 1983. MACT directed the division to pay

compensation of Rs.0.50 lakh with 12 *per cent* interest thereon from the date of application to the date of payment.

It was noticed in audit (June 1996) that though the vehicle was insured against third party risk, the insurance company was not made party during legal proceedings in MACT. Insurance policy was also not produced during proceedings of the case between 1983-88. Except informing the insurance company in July 1983 about the accident and filing the accident report in *proforma* in August 1983, no reference was made to the Insurance Company till June 1994. Insurance company, therefore, disowned the liability on this account. Appeal for making the insurance company party to the case was also dismissed by the High Court in June 1995 on the ground that insurance policy was not produced before MACT during trial and also during five years thereafter. The division ultimately deposited Rs.1.13 lakh in December 1994 and November 1995. Failure on the part of the division for not making the insurance company a party in the legal proceedings thus, resulted in avoidable payment of compensation by Government. Further, no officer was held responsible by the higher authorities for this lapse nor any action taken by the department against the driver for taking unauthorised passengers because of which department had to pay compensation.

The matter was reported to Government in October 1996; reply had not been received (November 1997).

4.30 Additional liability due to non-finalisation of tenders within validity period

Government of Gujarat vide resolution of March 1990 instructed Executive Engineers and Superintending Engineers to process tenders and submit the same within 15 days to the competent authority. Where the tenders were to be accepted by Government, these were to be submitted before 45 days prior to expiry of the validity period to Government. In case of delay, the concerned officers were to be held responsible for cancellation of tenders.

The work 'Restoration of Raski Acqueduct at ch.4200 mtr. in Left Bank Main Canal of Patadungri Tank Project' was administratively approved for Rs.21.31 lakh in June 1994 by Government. This work was divided in two parts- (a) Restoration of damaged piers and acqueduct (Rs.14.36 lakh) and (b) RCC Jacketing of 31 piers not affected (Rs.6.16 lakh).

Tenders for both these works were invited by Executive Engineer, Vadodara Irrigation Division, Vadodara and opened on 23 November 1994. The lowest negotiated offers for work 'a' and 'b' were Rs.21.23 lakh and Rs.7.77 lakh

respectively. These offers were valid for a period of 90 days i.e. upto 20 February 1995. The division submitted the proposal to Superintending Engineer, Panam Project Circle, Godhra on 11 January 1995 after lapse of 50 days from the date of opening of tenders. The Superintending Engineer in turn submitted the tenders to Government on 24 February 1995 by which time validity period of the offers expired. The lowest tenderer for work 'a' demanded (May 1995) refund of earnest money deposit (EMD) as his tender was not finalised within the validity period. The lowest tenderer for work 'b' extended the validity period upto 23 July 1995. Government accepted (June 1995) the lowest offer for work 'b'. This was communicated to the contractor three days after the extended validity period. The contractor demanded (August 1995) refund of EMD as the acceptance of offer was not within the extended validity period.

Tenders for both the works were reinvited in November 1995 and January 1996 respectively and lowest offers of a single contractor for both the works at Rs.25.82 lakh and Rs.9.54 lakh were accepted for completion in July and December 1997 respectively. Both the works were in progress (February 1997).

Inordinate delay and non-adherence to codal provisions and Government instructions on the part of Divisional and Circle Offices in finalising tenders resulted in additional liability of Rs.6.36 lakh to Government. No action was taken against the responsible officers for delay in finalisation as per instructions contained in Government Resolution of March 1990.

While accepting the facts, the Division attributed non-finalisation of tenders at first invitation within validity period to procedural delay. Superintending Engineer (SE) stated (August 1997) that certain technical aspects were required to be got clarified and hence delay occurred. It was, further stated that the regular SE had retired and SE in-charge was at Ahmedabad which also contributed in delayed submission of tenders to Government. The reply was not tenable as the tenders were required to be submitted to Government before 45 days of expiry of validity period in any case as per Government Resolution.

The matter was reported to Government in March 1997; reply had not been received (November 1997).

4.31 Overpayment due to inflated measurements

(a) The earthwork and lining to Right Bank Canal Distributory System (below 5 cusecs Block No.1, 3 to 9 Part-I) was awarded to a contractor in September 1983 by Executive Engineer, Irrigation Project Division No.V, Rajpipla at a tendered cost of Rs.19.77 lakh (estimated cost: Rs.16.49 lakh). The work order

was issued on 19 September 1983 for completion by 18 September 1984. Despite extension of time limit upto 18 December 1985 sanctioned (June 1986) by Government, work could not be completed. Subsequently, due to slow progress of work, contract was terminated (August 1989) for completion of work at the risk and cost of the original contractor. The contractor was paid (March 1989) Rs.21.10 lakh. The remaining work was completed (September 1990) departmentally at a cost of Rs.1.21 lakh.

It was noticed in audit (July 1995) that the division submitted (August 1988) a proposal through Circle Office to Government for approval of revised rates in respect of 4 items of work where excess over 30 *per cent* of the tendered quantities was noticed during execution. Observations made by Government (September 1988) on the proposal were yet to be complied with and approval of Government was still awaited (May 1997). In the meantime, final measurements were recorded (date not mentioned). As compared to the statement of excess/saving of items executed upto March 1989 submitted by the division (May 1996), the quantities and rates adopted in 23rd running account bill paid in March 1989 in respect of 6 items relating to excavation of minors, earthwork and in embankment, watering and compaction of earthwork and providing and laying precast reinforced cement concrete (RCC) troughs, it was seen that inflated measurements were recorded and revised rates were applied for payment even for the quantities upto 130 *per cent*. Very nominal quantities were paid at tendered rates. This resulted in overpayment of Rs.5.28 lakh.

The division stated (January and May 1997) that excess payment made to the contractor would be recovered treating it as outstanding revenue and for discrepancy in quantities, necessary explanation called for by Superintending Engineer in December 1988 from concerned Deputy Executive Engineer and Executive Engineer was awaited (August 1997).

The matter was reported to Government in December 1995; reply had not been received (November 1997).

(b) The work of construction of under-ground pipeline on Karjan Left Bank Distributory System, Karad minor (chainage 0 to 1820 metres-Ex Prasad distributory section-12 below 5 cusecs) was entrusted (November 1992) to a contractor at the tendered cost of Rs.21.87 lakh (estimated cost: Rs.22.63 lakh) by the then Executive Engineer of defunct Irrigation Project Division No.8, Jhagadia (now merged with Irrigation Project Division No.6, Rajpardi). The work order was issued on 17 November 1992 (actually commenced on 18 December 1992) with stipulated date of completion as 17 June 1994. The work was completed and final

measurements were recorded on 13 March 1995. Thirteenth and final running account bill for minus claim was under scrutiny (December 1996) at divisional office.

As per 12th running account bill paid (October 1994), the payment for item of providing in position NP2 class RCC pipes-900 mm dia, 1907.07 running metres (rmt). at part rate Rs.870/rmt. was made, where as according to final measurements, the actual quantity provided was 1804.55 rmt. Thus due to inflated measurements, overpayment of Rs.0.89 lakh was made for excess quantity of 102.52 rmt.

The contractor laid 9579.43 rmt. of pipeline but did not carry out any 'Hydraulic test' for leakage. As per condition of agreement, Rs.5/rmt. was to be deducted towards testing charges but neither deduction was made nor any recovery could be proposed from 13th and final running account bill (under scrutiny) as no amount was available. This resulted in non-recovery of testing charges of Rs.0.48 lakh. The contractor was asked (July 1995) to deposit the amount.

Despite the pending recoveries, the Executive Engineer irregularly refunded security deposit of Rs.0.64 lakh to the contractor on 1 March 1995 based on recommendation of the Deputy Executive Engineer that final bill was under preparation and no amount was recoverable.

The Executive Engineer agreed (December 1996) to recover Rs.1.37 lakh and interest on overpayment and initiate action against the concerned Deputy Executive Engineer.

The matter was reported to Government in February 1997; reply had not been received (November 1997).

4.32 Non-recovery of outstanding dues/liquidated damages from contractors

(a) Mention was made in paragraph 4.20(e) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1991 (Civil)-Government of Gujarat about the delay in termination of agreement with a defaulting contractor, who was awarded (December 1983) the work of providing and fixing precast reinforced cement concrete (RCC) on Left Bank Distributory system of Kelia Project. The contractor, after execution of value of work of Rs.14.56 lakh against tendered cost Rs.21.73 lakh (completion in August 1984) abandoned the work (February 1988). Government intimated the Public Accounts Committee (January 1995) that the matter of recovery of government dues was

discussed at length at high level and it was decided to revive the terminated contract by giving enhanced rate of SOR of the year in which work was executed. The contractor started work and ensured to complete the work by December 1993. It was further stated that government dues would be recovered from the payment to be made to the contractor towards the work done.

It was noticed (May 1996) in audit that as accepted by the contractor and recommended by Superintending Engineer, Ukai Circle, (October 1991), extra items were to be executed at enhanced rates. Extra expenditure on these items worked out to Rs.6.89 lakh (Rs.3.31 lakh and Rs.3.58 lakh). Other terms and conditions of old agreement remained as such. The contractor restarted (18 October 1991) the work and executed work of the value of Rs.17.78 lakh and abandoned the work again in June 1994. Though eight running account (RA) bills were paid between December 1991 and March 1995, recovery outstanding as of September 1991 towards outstanding machinery advance (Rs.1.14 lakh), interest thereon (Rs.1.71 lakh) and secured advance (Rs.0.48 lakh) were not effected by the division. Total dues to be recovered from the contractor were reassessed at Rs.5.85 lakh in September 1995. The division had scope for recovery of at least Rs.2.33 lakh from eight bills paid. Even as per agreement, recovery towards machinery advance and interest thereon should have been completed by the time 80 per cent of the value of the work (Rs.16.38 lakh) was done.

The division stated (May 1996) that if the recoveries were effected from the bills passed, the contractor would not have been induced to continue the work. The contention of the division was not tenable as the contractor abandoned the work again despite extending concessions. Under the contract, all the recoveries were to be made from RA bills and the necessary details being available in the office, recoveries should have been effected by the Divisional Accountant/Executive Engineer.

Though it was assured by the Government to the Public Accounts Committee that recovery would be effected from payment made to the contractor, recovery could not be made even after payment of eight RA Bills.

(b) Certain clauses of B1/B2 tenders were amended by Government (October 1991) as provided in the provision relating to liquidated damages in the Local Competitive Bidding tender to make these more effective. According to amended clause, the contractors were required to furnish initial security deposit including a performance bond, supported by Fixed Deposit Receipt (FDR) or unconditional and irrevocable bank guarantee of any scheduled bank. This provision was to be adopted where the estimated cost of the work exceeded

Rs.15.00 lakh. All liquidated damages were to be recovered by realisation of the security deposit or performance bond.

The work of providing and laying black trap 0.60 metre thick rip rap rubble pitching on upstream face of earthen dam of Dholi Irrigation Scheme was awarded to a contractor at a tendered cost of Rs.40.96 lakh (estimated cost: Rs.37.93 lakh) by the Executive Engineer, Ver-II Project Division, Vyara. This work was to be completed in February 1996 (11 months).

It was noticed (May 1996) in audit that the progress of work was poor from the beginning. The contractor could neither maintain progress of work as provided in the contract nor as per his revised (November 1995) schedule. Work valued at Rs.11.68 lakh (29 *per cent*) only was completed by March 1996 and work worth Rs.20.63 lakh (50 *per cent*) by February 1997. The reasons furnished by the contractor for delay were not accepted by the division. However, the division failed to invoke the amended contractual provision for recovery of liquidated damages amounting to Rs.3.79 lakh from the contractor.

The division stated (February 1997) that due to difficulties in fixing another contractor, the contractor was allowed to continue the work. It also stated that a decision on extension of time for completion of the project or for levying liquidated damages would be taken on completion of the work. The reply of the division was not tenable as according to terms of agreement, liquidated damages were to be charged for delayed completion of each part of the work. Hence there was no need to wait till the completion of work to levy liquidated damages. Also the contractor failed to adhere to his revised time schedule for completion of the work (November 1995), which would have been fixed after taking into account various constraints.

Thus, inaction on the part of the division to recover outstanding dues of advances and liquidated damages by invoking contractual provisions resulted in non-recovery of Rs.9.64 lakh.

The matter was reported to Government in July/October 1996; reply had not been received (November 1997).

4.33 Non-recovery of government dues

According to standard terms and conditions of agreement with the contractor, in case a contractor abandoned the work awarded to him without completion, the department could get it completed through new contractor at the risk and cost of the defaulting contractor. As per Government instructions of June

and December 1980, prompt legal action for recovery of additional expenditure from the defaulting contractor should be taken in such cases immediately after fixing of new contractor without waiting for completion of the abandoned work.

It was noticed that Damanganga Canal Distributory Division No.III, Vapi and Division No.II, Valsad, delayed action in fixing new contractors and recovering government dues from the defaulting contractors which resulted in non-recovery of government dues amounting to Rs.2.84 crore for periods ranging between 6 years and 12 years (September 1997) as given in Appendix -XVIII.

(i) It would be seen from the Appendix that delay in fixing new contractors ranged between 4 months and 34 months since termination of the contract. In one work, new contractor was not fixed even after lapse of over 12 $\frac{1}{2}$ years since abandonment, though the work had not yet been abandoned.

(ii) Delay in filing claims after fixing new contractors in civil court/Gujarat Public Works Disputes Tribunal (Tribunal) ranged between 56 months and 109 months (A-serial numbers.3 to 9 of Appendix). In two cases (serial numbers A-1 and 2 of Appendix) and all the six cases under 'B' of Appendix, claims were not filed (July 1997).

Government stated (April 1994 and November 1996) that action was being taken for filling the claims before the Tribunal. It was also stated that the defaulting contractors were directed to credit Government dues immediately. It was, however, noticed that only in 7 out of 15 cases pointed out in the paragraph, Government initiated action and in the remaining eight cases, no action was taken.

GENERAL

4.34 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to the heads of the offices and the next higher departmental authorities through Inspection Reports for prompt action. The serious and important irregularities are also reported to the heads of department and Government for initiating immediate corrective action. Government prescribed (July 1970) that the first replies to the Inspection Reports should be sent to the Accountant General within four weeks of receipt of Inspection Report.

However, of the 51 Inspection Reports issued during 1996-97 (upto December 1996) 31 Inspection Reports were pending till May 1997. Further, first reply was not received as of May 1997 in respect of 21 Inspection Reports.

Action was pending (May 1997) on 423 Inspection Reports issued upto May 1997; of these, 192 Inspection Reports related to the period 1979-80 to 1991-92. The details of outstanding Inspection Reports and paragraphs were as under:

Year	Roads and Buildings Divisions	
	Inspection Reports	Paragraphs
Upto		
1991-92	192	333
1992-93	46	178
1993-94	45	206
1994-95	37	125
1995-96	72	245
1996-97	31	81
	423	1168

A review of outstanding Inspection Reports in respect of Roads and Buildings Division, Surendranagar revealed the following:

(i) In spite of Government instructions that first reply to the Inspection Reports should be sent to Audit within four weeks of their receipt, there were delays ranging between 4 months and 72 months in respect of 7 Inspection Reports and in respect of one Inspection Report first reply was not received as of May 1997.

(ii) Outstanding paragraphs fell under the following categories:

Serial number	Category	Number of Inspection reports	Number of Paragraphs
1	Unfruitful expenditure	1	1
2	Adjustment memo not adjusted	1	1
3	Surplus materials/material debited to MAS accounts, excessive purchase etc.	3	3
4	Extra cost due to delay in acceptance of tender of unworkable rates etc.	1	1
5	Outstanding recoveries from contractor	5	7
6	Unauthorised payment	1	1
7	Blocking of funds	1	2
8	Cost overrun due to delay in construction	1	1
9	Avoidable expenditure	3	3
10	Others	1	1

The Public Accounts Committee recommended (November 1977) constitution of Audit Committee in each Department to discuss periodically the audit objections in order to expedite settlement thereof. Though the Committee was constituted in Roads and Buildings Department in February 1985, 4 meetings of Audit Committee were held upto 1994-95 and 91 paragraphs were settled out of 313 paragraphs discussed. No meeting was held during 1995-96 and 1996-97.

The matter was reported to Government in June 1997; reply had not been received (November 1997).

CHAPTER - V

STORES AND STOCK

AGRICULTURE, CO-OPERATION AND RURAL DEVELOPMENT DEPARTMENT

5.1 Stores Management in the Directorate of Agriculture

5.1.1 Introduction

Director of Agriculture, Ahmedabad (Director) is functioning as the controlling and coordinating agency for the stores accounts of offices under his control and Annual Consolidated Stores and Stock Accounts are finalised and submitted to Audit by the Director.

The Stores and Stock Accounts of Director and eight district level offices out of nineteen districts from 1991-92 to 1996-97 were test-checked between January and June 1997 supplemented by information from Gujarat Agro-Industries Corporation (GAIC), to assess the efficiency of stores and stock management. The points noticed in audit are mentioned in the succeeding paragraphs.

5.1.2 Consolidated Stores and Stock Accounts

The Annual Consolidated Accounts (Accounts) of Stores and Stock were required to be furnished to Audit by the Director by 31 May of the following year. However, the Accounts for 1995-96 and 1996-97 were not finalised (June 1997).

The reasons for non-finalisation of Accounts were not furnished by the Director, though called for.

The table below gives a summary of Stores and Stock Accounts from 1991-92 to 1994-95.

Year	Opening balance	Receipts	Total	Issues	Closing balance
(Rupees in crore)					
1991-92	0.54	0.88	1.42	0.95	0.47
1992-93	0.47	0.90	1.37	0.87	0.50
1993-94	0.50	0.89	1.39	0.82	0.57
1994-95	0.57	0.76	1.33	0.82	0.51
Total	2.08	3.43	5.51	3.46	2.05

The value of closing balance of stores in relation to issue was 49 *per cent* (1991-92) and 62 *per cent* (1994-95). No Reserve Stock Limit was fixed by the department as of June 1997.

5.1.3 Irregular purchase procedure to avoid lapse of budget grant

Government sanctioned Rs.1.16 crore for purchase of blasting machinery in 1995-96. The amount was drawn by the Director in March 1996 and placed at the disposal of GAIC to avoid lapse of budget grant. The orders for purchase of machinery were placed by the Director with the concerned firms and machinery valued at Rs.97.77 lakh was received between April and October 1996. The bills received in the name of the Director were sent to GAIC for making the payment from the funds placed at their disposal. Balance amount of Rs.18.39 lakh was lying unutilised with GAIC in their Personal Ledger Account (PLA) (May 1997). Thus, procedure adopted by the Director to avoid lapse of budget grant was not only irregular but resulted in retention of funds of Rs.18.39 lakh outside Government account for more than a year. As per provision of Financial Rules unspent balance of the grant was required to be refunded at the expiry of the financial year. However, the Director did not ask for refund of unutilised balance from GAIC as of October 1997.

5.1.4 Blocking of funds

Under the Eighth Five Year Plan, it was decided by Government of India to develop two Integrated Pest Management Stations, (renamed as Bio Control Stations) in the State under the centrally sponsored scheme. Government of India sanctioned grant of Rs.20 lakh in two instalments of Rs.10 lakh each in November 1994 and March 1995 for construction of buildings and purchase of equipment. State Government placed Rs.19 lakh for procurement of stores and equipment at the disposal of GAIC which was not utilised and was credited back to the State Government in April 1996.

The Director reported in May 1997 that the amount of Rs.20 lakh could not be utilised and was lying with the State Government as the site of the Bio Control Station was still to be decided. Thus, release of grant to GAIC by the Director for procurement of stores even before deciding the site of the building resulted in blocking of Rs.19 lakh for more than a year which violated the provisions of Financial Rules as mentioned in the paragraph 5.1.3 above.

5.1.5 Unutilised amount of grant lying with the nodal agency

Government sanctioned Rs.40 lakh for procurement of Israel Technology for Micro-Water Management under the plan scheme AGR 91-B and Rs.20 lakh each were released in 1995-96 and in 1996-97. The amount of Rs.40 lakh was placed at the disposal of the Gujarat State Rural Development Corporation, Gandhinagar as nodal agency for implementation of the Scheme. Out of Rs.40 lakh only Rs.0.05 lakh was utilised for the purpose by the agency. The unutilised amount of Rs.39.95 lakh was lying with the agency. The Director stated (November 1997) that funds remained unutilised due to delay in selection of site. Thus, due to improper planning Rs.39.95 lakh remained unutilised.

5.1.6 Vehicles and blasting machinery lying idle

Deputy Director of Agriculture Engineering, Vadodara purchased 9 TATA trucks costing Rs.34.70 lakh and 9 Air-Compressors at a cost of Rs.25.89 lakh between August and September 1996 for utilisation in blasting and boring works carried out by the department. These items could not be utilised as the necessary equipment like drills, drill rods, pneumatic hoses required for commissioning the machinery were not procured. Thus, the machinery purchased at a cost of Rs.60.59 lakh remained idle as of September 1997.

5.1.7 Injudicious procurement of off-set printing machine

The Director was having a printing press to meet departmental requirements. It was observed that one 'Super Off-Set Printing Machine' purchased in July 1989 at a cost of Rs.2.27 lakh was lying idle since August 1989 due to retirement of the machine operator. The post was still lying vacant. Department neither filled up the post nor shifted the machine to other departmental press at Baroda or Rajkot. Further, Rs.0.07 lakh were spent during 1990-91 for off-set printing work got done through private presses. Thereafter, no such work was done, which indicated that procurement of the machine was injudicious.

5.1.8 Purchases of stores in excess of requirements

Germination papers are required for testing of seeds by the seed testing laboratories. It was noticed during test-check that the quantity of germination papers purchased for the seed testing laboratories, Junagadh and Gandhinagar during 1994-95 and 1995-96 were in excess of requirements. Excess purchases of germination papers resulted in blocking of funds of Rs.2.83 lakh as detailed below:

Year	Opening balance	Purchases	Purchase cost (Rupees in lakh)	Utili- sation	Closing balance	Excess purchases	Cost of excess purchases (Rupees in lakh)
	(KGs)	(KGs)		(KGs)	(KGs)	(KGs)	
1993-94	1420	5150	2.21	2895	3675	2255	0.97
1994-95	3675	3800	2.05	1650	5825	2150	1.16
1995-96	5825	4000	2.34	2800	7025	1200	0.70
Total	10920	12950	6.60	7345	16525	5605	2.83

The Director stated (November 1997) that there was no system to assess the demand and procurement of germination papers and material was procured with reference to the year in which there was maximum utilisation. This was not tenable as the purchases made during 1994-95 and 1995-96 were far in excess of the maximum utilisation made in 1993-94.

5.1.9 Idle investment on borewell

Deputy Director of Agriculture Extension, Valsad spent Rs.3.25 lakh during 1993-94 on drilling etc. of 3 new borewells at seed farms situated in village Barolia, Taluka Dharampur, Nani Bhamati, Taluka Vansada and Vedchha, Taluka Navsari. The borewells could not be utilised for want of power connections which resulted in an idle investment of Rs.3.25 lakh for 3 years.

The reasons for not providing electric connections by the Gujarat Electricity Board were not furnished though, called for (July 1997).

5.1.10 Non-disposal of unserviceable/condemned vehicles, machinery and equipment

Large number of vehicles, machinery and equipment were lying with the department at various offices under the control of the Director. Major items of unserviceable/condemned articles costing Rs.15.46 lakh lying unsold were as shown in Appendix-XIX

5.1.11 Earning of interest by the Nodal Agency on unutilised grants

For implementation of various schemes of Agriculture Department, funds were provided to GAIC by Government through the Director. GAIC did not refund unutilised balances at the end of each financial year as shown below and kept it in the Personal Ledger Account on which interest of Rs.9.29 lakh was earned during 1994-96. Which was retained by GAIC as its own income.

Year ending on	Amount (Rupees in crore)
31-3-1995	16.50
31-3-1996	16.18

5.1.12 Irregular maintenance of the Stores and Stock Accounts

During test-check of the Stores and Stock Accounts of the Director from 1991-92 to 1996-97, the following irregularities/omissions were noticed:

(a) Control registers not maintained

The Central Dead Stock Register and the Register of Machinery and Vehicles were not maintained by the Director. Stores purchased and issued were stated to be accounted for in the Dead Stock Register of the branches/sections of the Directorate. Audit scrutiny revealed that equipment like xerox machine, colour television sets, video cassette recorders, printing press machinery and equipment, etc. were accounted for in the Dead Stock registers though separate registers of machinery and equipment were required to be maintained.

(b) Physical verification not conducted

Physical verification of stores and stock were required to be conducted by the Head of Office or the competent authority annually. These were not conducted by the concerned officers.

Annual physical verification and surprise physical verification of stores and stock required to be conducted at least once in a year were not conducted. In the absence of physical verification the correctness of the stores and stock accounts could not be verified. Failure to observe codal provisions might lead to misappropriation/defalcation.

(c) Irregular passing of bills

The Drawing and Disbursing Officer was required to ensure before passing the bills that the material shown in the bill was received in good condition, was properly accounted for and a certificate to that effect was recorded thereon. But these requirements were not fulfilled as the control registers like Central Dead Stock Register and the Register of Machinery and Equipment were not maintained by the department.

The Director stated (June 1997) that the requirements would be fulfilled in future.

5.1.13 The matter was reported to Government in July 1997; reply had not been received. (November 1997).

ROADS AND BUILDINGS DEPARTMENT

5.2 Stores and Stock Account

5.2.1 Introduction

Administration of all stores of Roads and Buildings divisions is vested in the Divisional Officer who is entrusted with the duty of arranging for (i) acquisition of stores (ii) their custody and distribution according to requirement of works and (iii) their disposal.

5.2.2 Audit coverage

Test-check of Stores and Stock Accounts of 13¹ out of 45 divisions (including Capital Project, Mechanical and Electrical Divisions) of Roads and Buildings Department was conducted between March and June 1997. The irregularities and deficiencies noticed are incorporated in the succeeding paragraphs.

5.2.3 Synopsis of Stores and Stock Accounts

The position of receipts, issues and closing balance of Stores and Stock Account for the years 1993-94 to 1996-97 of 13 divisions was as under:

(Rupees in crore)				
Year	Opening Balance	Receipts	Issues	Closing Balance
1993-94	(-)9.23	23.39	30.65	(-)16.49
1994-95	(-)16.49	27.83	31.16	(-)19.82
1995-96	(-)19.82	27.80	29.04	(-)21.06
1996-97	(-)21.06	27.67	48.44	(-)41.83
Total	66.60	106.69	139.29	99.20

The closing balance at the end of March 1997 included minus balance of Rs.48.51 crore in respect of 5² divisions. No reasons were furnished for minus balance by the divisions concerned. However, it was seen that these were

¹ Ahmedabad Stores (R&B) Division, Ahmedabad, Roads and Buildings Division, Bhuj Kachchh, Capital Project Division No.III, Gandhinagar, Capital Project (Electrical) Division, Gandhinagar, Roads and Buildings Division, Jamnagar, Junagadh, Kheda, Mehsana, Navsari, Palanpur, Rajkot Mechanical (R&B) Division, Rajkot, R&B Division II, Surat and District (R&B) Division, Vadodara.

² Roads and Buildings Divisions, Jamnagar, Mehsana, Navsari, Palanpur, District (R&B) Division, Vadodara.

due mainly to non-adjustment of storage charges and pending adjustment memos as discussed in succeeding paragraphs.

5.2.4 Storage charges

Storage charges were levied on all issues of stock after acquisition to cover the actual expenditure incurred on handling and keeping the stores.

At the end of each year, the amount of excess or shortfall representing the difference between the storage charges recovered and the expenditure incurred on maintenance of stores was to be worked out and credited to revenue account or charged off as losses of stock, as the case may be. As of March 1997, 7 divisions had unadjusted progressive debit balances of Rs.3.11 crore while 9 divisions had progressive credit balances of Rs.1.22 crore. Delay in adjustment of storage charges in the stock account indicated poor quality of maintenance of stores accounts.

The divisions stated (May 1997) that necessary adjustment would be carried out.

5.2.5 Pending adjustment memos

Public Works Divisions are direct demanding offices for the rate contracts fixed by Director General, Supplies and Disposals (DGS&D), New Delhi. When the indented stores were received, the Divisional Officer incorporated the transaction in his accounts by crediting the sub-head "Purchases" under the suspense head "Stock", and debiting stock account or the work account as the case might be. When the debits for the payments made for the purchases were received through the Pay and Accounts Officer (PAO), DGS&D and the Accountant General, the concerned division was to make responding entries in its accounts by debiting the sub-head "Purchases" and crediting the remittance head. This would clear the credit balances under the sub-head "Purchases" in divisional accounts and also the debit balances under the remittance head made in the books of the Accountant General.

It was seen in audit that adjustment of the debit memos issued by the Accountant General, Accounts and Entitlement, Gujarat was not carried out by 9 test-checked divisions. As a result, as of June 1997, debit advices amounting to

* Ahmedabad Stores (R&B) Division, Ahmedabad, Roads and Buildings Division, Bhuj Kachchh, Jamnagar, Junagadh, Kheda, (R&B) Division II, Surat, District (R&B) Division, Vadodara.

" Roads and Buildings Division Bhuj, Kachchh, Capital Project Division No.III, Gandhinagar, Roads and Buildings Division, Junagadh, Jamnagar, Mehsana, Palanpur, Rajkot Mechanical (R&B), Rajkot, R&B Division II, Surat.

Rs.23.24 crore relating to 1993-94 to 1996-97 were pending incorporation in the division's*** account as shown below:

Year	Number of memos	Rupees in crore
1993-94	36	2.38
1994-95	52	3.72
1995-96	15	3.57
1996-97	121	13.57
Total	224	23.24

No reasons were furnished by any of the test-checked divisions for non-adjustment of the amount, though called for.

5.2.6 Surplus stores

Rules provide that balances of stores should not be held in excess of requirement and stores remaining in stock for more than a year should be declared surplus unless there are sufficient reasons to hold the same beyond that period.

Steel worth Rs.55.31 lakh procured between 1979 and 1986 was declared surplus between July 1994 and October 1996 by six* divisions. However, no action was taken for utilisation of the material by other divisions. Similarly cast iron pipes valued at Rs.93.02 lakh and ancillary items for the same pipes valued at Rs.22.48 lakh procured by Capital Project Division No.III, Gandhinagar in 1981 were declared surplus in December 1994. However, the same were still lying unutilised with the division (May 1997).

The divisions attributed surplus stores to change in design and issue of instructions by Government for not supplying material in the works costing above Rs.5 lakh. This was not tenable as the time taken in declaring the material surplus was above 10 years in almost all the cases and Government orders did not prohibit supply of materials in the works costing above Rs.5 lakh if the same were available in the stock.

5.2.7 Fictitious stock adjustment

Materials valued at Rs.4.60 lakh were issued from stock and debited to the material at site account of one work by Roads and Buildings Division,

*** Ahmedabad Stores (R&B) Division, Ahmedabad, Roads and Buildings Division, Bhuj Kachchh, Capital Project Division No.III, Gandhinagar, R&B Division, Jamnagar, Kheda, Mehsana, Navsari, Palanpur, Rajkot Mechanical (R&B) Division, Rajkot.

* Roads and Buildings Division, Bhuj Kachchh, Junagadh, Navsari, Palanpur, (R&B) Division II, Surat, District (R&B) Division, Vadodara.

Junagadh in the month of March 1994. The division stated that the work was stopped for want of no objection certificate from Archeological Survey of India. However, the material debited to work was not utilised as of October 1997.

5.2.8 Stores management

The maximum limit of Reserve Stock is required to be fixed by Chief Engineer (CE) by the end of March of respective calendar year after which sanction to stock estimate will be accorded by Superintending Engineer (SE).

The quantum of delay in submission of proposals by divisions concerned and in approval of Reserve Stock Limit (RSL) in respect of 13 divisions test-checked were as under:

Year	Period of delay				
	In submission			In approval	
	1 to 4 months	5 to 10 months	More than 1 year	Between 6 to 9 months	More than 1 year
(Number of Divisions)					
1993	6	4	1	6	5
1994	6	3	--	10	2
1995	5	6	2	3	9
1996	6	7	--	13	--

During 1995 and 1996 submission of proposal was delayed by all the test-checked divisions. Reasons for belated submission by the divisions and delayed approval by Government, though called for, were not furnished (October 1997).

5.2.9 Non-verification of stores

Physical verification of stores was required to be carried out at least once in a year. The same was not carried out during 1993-96 in 6¹¹ divisions test-checked. It was also noticed that seven divisions which carried out physical verification did not prepare the stores verification report in the prescribed format. Further, information regarding furnishing of reports to SE/CE and inspection of the divisions by SE/CE, though called for, was not furnished.

¹¹ Ahmedabad Stores (R&B) Division, Ahmedabad, Roads and Buildings Division, Bhuj Kachchh, Junagadh, Kheda, Roads and Buildings Division II, Surat, District (R&B) Division, Vadodara.

Roads and Buildings divisions Junagadh, Kheda, Surat and District Roads and Buildings division, Vadodara stated that due to heavy work load, verification could not be done. No reasons were furnished by Ahmedabad and Bhuj divisions, though called for (October 1997).

Failure to conduct physical verification could facilitate misappropriation/defalcation in these divisions.

5.2.10 Shortage of stores

Shortage of stores noticed should be got regularised/recovered immediately by the competent authority.

(i) In Roads and Buildings division, Navsari shortage of spare parts worth Rs.1.50 lakh was noticed after March 1987 in stock account. In Roads and Buildings division, Jamnagar also shortage of steel worth Rs.0.21 lakh was noticed during verification. The divisions did not get the shortage regularised or take any action to fix responsibility (June 1997).

(ii) During 1989-90 and 1990-91 Capital Project Division No.III, Gandhinagar placed order with M/s Electro Steel Casting Ltd., (Company) Calcutta for supply of cast iron pipes of various sizes at DGS & D rates. The company dispatched the pipes by Railway duly insured with the United India Insurance Company, Calcutta freight to pay.

A claim for shortage of pipes valued at Rs.2.02 lakh lodged with the company, Railways and Insurance company in June 1991 was not finalised as of May 1997. Stores worth Rs.2.02 lakh remained unrealised even after more than six years due to indifferent pursuance of the matter.

5.2.11 Non-maintenance of Priced Stores Ledgers

According to Gujarat Public Works Manual, Divisional Officers are required to maintain Priced Stores Ledgers (PSL) for stores held by them indicating the quantity as well as value of each item of stores. PSL was required to be closed for both the quantities and the values at the end of each month and the balances reconciled with the balances in the bin cards.

During test-check of 13 divisions it was noticed that 6 divisions did not maintain PSL; 1 division maintained it up to 1995-96 and 2 divisions started maintaining it from April 1996. The monthly closing of PSL, preparation of abstract of value accounts and its reconciliation with summary of receipts and issues were not done in any of the 13 divisions.

Capital Project (Electrical) Division, Gandhinagar, Roads and Buildings division, Kheda, Mehsana and District Roads and Buildings Division, Vadodara stated that due to shortage of staff, PSL was not maintained. R&B Navsari and Mechanical (R&B) division, Rajkot stated that due to heavy work load same could not be maintained.

5.2.12 The matter was reported to Government in August 1997; reply had not been received (November 1997).

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

5.3 Idle machinery and equipment

Executive Engineer, Irrigation Project Division No.12, Pavi Jetpur declared between September 1986 and October 1994, 78 machinery and equipment as surplus. Most of the items, procured between 1981 and 1983, were received from other divisions of Sukhi Irrigation Project, either due to their closure or enblock transfer of the sub divisions to this division. The items mainly comprised of concrete mixture, vibrator, diesel engines, water pumps, air compressor, canal lining block makers, tower crane, road rollers, water tanker, truck, jeep, etc.

During test-check (March 1994) and the position as on 31 March 1996 furnished (February 1997) by the division, it was noticed that out of 72 items, 48 items were completely lying unused since their procurement (47 items valued Rs.14.18 lakh and value of 1 item was not furnished). The utilisation of remaining 24 items of machinery and equipment ranged between less than one *per cent* and 49 *per cent* (23 items valued Rs.17.53 lakh and value of 1 item was not furnished). Despite declaring the machinery and equipment as surplus for supply to needy divisions, there was no demand from any division.

The matter was reported by the division in September 1986 to Superintending Engineer (SE), Vadodara Irrigation Circle, Vadodara who was requested several times between February 1992 and April 1996 for obtaining Government permission to write off/auction the machinery so as to avoid further deterioration. However, matter was not taken up by SE with Government as a result, all the machinery and equipment were lying idle for more than 11 years.

The matter was reported to Government in May 1994; reply had not been received (November 1997).

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

GENERAL

6.1 Grants and Loans

6.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

6.1.2 During 1996-97, financial assistance of Rs.849.63 crore was paid to various autonomous bodies and others by 15 out of 21 departments from which information was received. Six departments did not furnish the required information in spite of repeated reminders and personal visits. The organisations to which assistance was paid, were as under:

Organisation	Amount of assistance (Rupees in crore)
District Panchayats	220.23
District Rural Development Agencies	360.91
Universities and other educational institutions	71.78
Municipal Corporations and Municipalities	92.42
Co-operative Societies	24.25
Statutory bodies, authorities and others	80.04
Total	849.63

6.1.3 Accounts of bodies or authorities which receive grants and/or loans of not less than Rs.25 lakh in a financial year from the Consolidated Fund and the amount of such grants and/or loans being not less than 75 *per cent* of the total expenditure of those bodies or authorities are to be audited by the Comptroller and Auditor General of India.

In order to identify the institutions which attract audit by Comptroller and Auditor General, all Government departments were required to furnish to Audit every year detailed information regarding grants and/or loans given to various bodies and authorities and the expenditure incurred by the recipient bodies and authorities in the preceding financial year by July every year. For 1996-97, information was received only from four departments as of July 1997. The years for which the information had not been furnished and the details of the defaulting departments were as under:

Name of department		Years for which information had not been furnished to Audit
1		2
1	Agriculture, Co-operation and Rural Development	1993-94 1994-95 1995-96 1996-97
2	Education	1993-94 1994-95 1995-96 1996-97
3	Energy and Petrochemicals	1993-94 1994-95 1995-96 1996-97
4	Finance	1993-94 1994-95 1995-96 1996-97
5	Food and Civil Supplies	1993-94 1994-95 1995-96 1996-97
6	General Administration	1996-97
7	Health and Family Welfare	1993-94 1994-95 1995-96 1996-97

1	2
8 Industries and Mines	1993-94 1994-95 1995-96 1996-97
9 Information, Broadcasting and Tourism	1994-95 1995-96 1996-97
10 Labour and Employment	1993-94 1994-95 1995-96 1996-97
11 Legal	1995-96 1996-97
12 Narmada and Water Resources	1994-95 1995-96 1996-97
13 Roads and Buildings	1994-95 1995-96 1996-97
14 Social Welfare and Tribal Development	1993-94 1994-95 1995-96 1996-97
15 Urban Development and Urban Housing	1994-95 1995-96 1996-97
16 Youth Services and Cultural Activities	1995-96 1996-97

The number of bodies/authorities, which received substantial grants and/or loans as intimated by the departments, but from which accounts had not been received by Audit were as under:

Serial number	Particulars	Numbers of bodies/authorities
(i)	Body or authority from which accounts had not been received but picked up for audit based on the accounts submitted by it for a later year	NIL
(ii)	Body or authority which had failed to submit accounts for a particular year but had not received grants since then or the amount of grant received by it after the year had been less than Rs.25 lakh	8
(iii)	Body or authority which had been receiving grants of more than Rs.25 lakh continuously and failed to submit the accounts consistently	6
Total		14

6.1.4 Statutory audit arrangements

The audit of District Panchayats, Universities and Municipalities are conducted by the Examiner, Local Fund Accounts. The audit of District Rural Development Agencies, Societies, other than Co-operative Societies, Trusts, Boards, etc. is conducted by Chartered Accountants. Audit of Co-operative Societies is conducted by the Registrar of Co-operative Societies. The accounts of Municipal Corporations are audited by the Chief Auditors appointed by the Corporations concerned.

Of the 19 District Panchayats, statutory audit was in arrears for 1995-96 in respect of nine Panchayats. Out of 86 Municipalities, nine Universities and 182 Taluka Panchayats, audit of eight Municipalities, one University and one Taluka Panchayat was in arrears for 1994-95 and audit of 65 Municipalities, five Universities and 62 Taluka Panchayats was in arrears for 1995-96.

In terms of Government order of March 1965, Examiner, Local Fund Accounts was required to submit his Audit Report on the accounts of District Panchayats and Taluka Panchayats annually to the State Legislature. The last such Audit Report tabled in March 1997 was for the year 1990-91.

6.1.5 Where any grant or loan is sanctioned for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General of India has to scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of

the conditions, subject to which such grant or loan is sanctioned. In the absence of requisite information from the department, the needful could not be done.

6.1.6 The Comptroller and Auditor General of India also conducts audit of accounts of certain corporations/bodies/authorities when such audit is entrusted to him. The audit of 12 Corporations/bodies/ authorities had been entrusted to the Comptroller and Auditor General of India. Of these, the Reports on the accounts of Gujarat Housing Board, Gujarat Slum Clearance Board, Gujarat Rural Housing Board, Gujarat Municipal Finance Board and Gujarat Maritime Board were required to be submitted to the State Government for laying these Reports before the Legislature. Government prescribed a schedule in December 1985, according to which the organisations were required to submit the accounts to Audit within three months after closure of the financial year (i.e. by 30 June). The status of submission of accounts by corporations/ bodies/authorities as of July 1997 was as under:

Serial number	Name of body/ authority	Year up to which				Remarks
		accounts were due	accounts were submitted	Audit Report had been issued	Audit Report had been laid before Legislature	
1	Gujarat Municipal Finance Board	1996-97	1995-96	1994-95	1994-95	Draft Audit Report for 1995-96 was under scrutiny
2	Gujarat Maritime Board	1996-97	1995-96	1994-95	1993-94	Reply to Draft Audit Report for 1995-96 awaited from the Department
3	Gujarat Housing Board	1996-97	1995-96	1995-96	1994-95	-----
4	Gujarat Slum Clearance Board	1996-97	1995-96	1994-95	1993-94	Audit Report for 1995-96 was under scrutiny
5	Gujarat Rural Housing Board	1996-97	1995-96	1994-95	1994-95	Audit Report for 1995-96 finalised and was under issue (September 1997)

6.1.7 The audit of accounts of the following bodies has been entrusted to the Comptroller and Auditor General of India as detailed below:

Serial number	Name of body	Period of entrustment of audit	Date of entrustment
1	Gujarat Maritime Board, Ahmedabad	Upto 1996-97	14 December 1992
2	Gujarat Municipal Finance Board, Ahmedabad	Upto 1998-99	06 December 1995
3	Gujarat Housing Board, Ahmedabad	Upto 1997-98	15 November 1994
✓ 4	Gujarat Rural Housing Board, Gandhinagar	Upto 1997-98	05 November 1993
5	Gujarat Slum Clearance Board, Ahmedabad	Upto 1997-98	03 August 1993

6.1.8 The matter was reported to Government in August 1997; reply had not been received (November 1997).

NARMADA, WATER RESOURCES AND WATER SUPPLY DEPARTMENT

6.2 Execution of minor irrigation schemes by District Panchayats

Minor irrigation schemes are executed by the District Panchayats for creating irrigation potentials in the areas under their jurisdiction.

Test-check of records relating to few minor irrigation schemes revealed the following :

(a) Mota Kotda minor irrigation scheme

The scheme was taken up by the District Panchayat, Himatnagar, to provide irrigation facilities in 719 hectares. Headwork taken up in March 1979 with stipulated date of completion as September 1979 at an estimated cost of Rs.7.53 lakh was completed in April 1980 at a cost of Rs.18.22 lakh. No detailed survey for canal was undertaken and construction and related works were not synchronized with

the headwork. Construction of branch canal was completed in June 1992 at a cost of Rs.8.73 lakh against the estimated cost of Rs.3.94 lakh. Construction of main canal was completed in March 1994 at a cost of Rs.13.88 lakh as against the estimated cost of Rs.8.80 lakh.

As against the created irrigation potential of 719 hectares, utilisation during 1990-91 to 1994-95 ranged between two hectares (1991-92) and 16 hectares (1993-94). Shortfall was attributed to late completion of canal work and farmers having irrigation facility through private wells.

Thus, non-synchronization of canal works with headwork resulted in unfruitful expenditure of Rs.40.83 lakh besides time overrun of 14 years, cost overrun of Rs.20.56 lakh and under utilisation of irrigation potential created.

(b) Minor irrigation tank at Panihari

The work was taken up in Vadgam Taluka of Banaskantha District by the Executive Engineer, Panchayat Irrigation Division (Division), Palanpur, to provide irrigation facilities in 556 acres. The work was completed in 1970-72 at a cost of Rs.6.59 lakh. However, holes in the basin of the tank and lack of hard strata to a considerable depth led to seepage of water and the tank got emptied. Additional expenditure of Rs.2.72 lakh was incurred during 1989-93 for improvement of the work but seepage could not be stopped.

To an audit query as to whether geological survey was conducted before taking up the work, the division stated that there was no practice of conducting such survey.

Thus, expenditure of Rs.9.31 lakh on the work proved infructuous besides depriving the public of the intended irrigation facilities for more than two decades.

(c) Minor irrigation tank at Gandhinagar.

The work was taken up in Dhanera Taluka of Banaskantha District in 1982 by the Executive Engineer, Panchayat Irrigation Division (Division), Palanpur, to provide irrigation in 182 acres of land. The work was awarded to a contractor at his tendered cost of Rs.8.32 lakh (estimated cost Rs.9.26 lakh) with the stipulated date of completion by October 1993. The contractor, after executing the work valued Rs.7.75 lakh abandoned the same. As the contractor did not complete the work despite several notices, the contract was terminated in November 1988. Due to pervious basin, rain water could not be stored in the tank even for a week and flow of water for

irrigation was not possible. Hence, the remaining work was not carried out as directed by the Executive Engineer in June 1993.

To an audit query as to whether geological survey was conducted before taking up the work, the division stated that there was no such practice and the site was selected on visual inspection.

Expenditure of Rs.8.34 lakh (Rs.7.75 lakh and Rs.0.59 lakh for land acquisition and contingency expenditure) proved wasteful besides denial of intended benefit of irrigation to the farmers of the area.

Thus, due to improper planning (non-synchronization of canal works with head work) and non-conduction of geological survey at the time of planning the schemes ((a) to (c) above) expenditure of Rs.58.48 lakh proved infructuous besides non-achievement of intended benefits of the schemes for 14 years to 27 years.

The matter was reported to Government in April 1996, November 1995 and October 1995 respectively; reply had not been received (November 1997).

6.3 Injudicious rejection of tender

Irrigation Division, District Panchayat, Rajkot invited tenders in August 1994 for Patiyali Minor Irrigation Scheme estimated to cost Rs.44.62 lakh. The lowest tender of Rs.52.35 lakh was rejected (April 1995) by Government on the grounds of not acquiring 100 *per cent* land and inadequate budget provision. On reinvasion (August 1995) of tenders, the second lowest offer of Rs.68.74 lakh of second invitation was accepted (February 1996) by the Government.

The reasons for rejection of first lowest tender were not tenable as according to codal provisions, work could commence if 50 *per cent* land was acquired. As 100 *per cent* land was acquired for dam site as well as submergence area and 93 *per cent* land was acquired for canal work by July 1994, rejection of tender at first invitation (April 1995) on the ground of non-acquisition of land had no justification.

As regards the provision of funds, tenders were rejected at the first invitation against the provision of Rs.30 lakh whereas at the time of acceptance of tenders after reinvasion in 1995-96, the provision was only Rs.15 lakh.

Thus, injudicious rejection of tenders on first invitation resulted in additional liability of Rs.16.39 lakh.

The matter was reported to Government in May 1997; reply had not been received (November 1997).

6.4 Non-recovery of extra cost from the defaulting contractors due to abandoned works

According to standard terms and conditions of agreement, in case a contractor, abandoned the work awarded to him without completing the same, the department could get it completed through another contractor and extra cost involved on that account was to be recovered from the defaulting contractor. Prompt legal action was required to be initiated in such cases immediately after fixation of another contractor. Government reiterated (December 1980) that in such cases it was not necessary to wait till completion of the work by new contractor and suit could be filed immediately on fixing the rates with new contractor.

It was noticed that in Panchayat Irrigation Division, District Panchayat Bharuch and Minor Irrigation Division, District Panchayat Panchmahals, Godhra there were delays in initiating action in the cases as detailed below:

Name of work	Name of division	Estimated cost	Date of commencement of work	Recovery pending against the contractor (Rupees in lakh)	Action taken for recovery
		Tendered cost	Stipulated date of completion		
		Work done (Rupees in lakh)	Date on which work was abandoned		
1 Constructing a flood protection work at village Villayat	Panchayat Irrigation	2.85	30-04-1984	2.60	No action was aken except issuing notices
	Division,	-----	-----		
	District	2.99	29-10-1985		
	Panchayat, Bharuch	-----	-----		
		1.16	March 1986		
2 Construction of new M.I. Tank at Dhingalwada	Minor Irrigation	14.91	22-02-1983	9.92	No suit was filed by the department
	Division,	-----	-----		
	District	14.76	21-02-1985		
	Panchayat, Panchmahals, Godhra	-----	-----		
		5.21	13-03-1985		
Total				12.52	

Though, the works were abandoned by the contractors in March 1986 (District Panchayat, Bharuch) and in March 1985 (District Panchayat, Panchmahals, Godhra) and new contracts were fixed at the risk and cost of the defaulting

contractors, extra cost amounting to Rs.12.52 lakh was yet to be recovered from the defaulting contractors.

Government stated (June 1996) (in respect of District Panchayat, Bharuch) that procedure for taking legal action was under consideration. No action in the matter was taken as of September 1997.

GUJARAT WATER SUPPLY AND SEWERAGE BOARD

6.5 Rajiv Gandhi National Drinking Water Mission

6.5.1 Introduction

Accelerated Rural Water Supply Programme (ARWSP) was started in 1972-73 and was discontinued in 1974-75, on introduction of State's Minimum Needs Programme (MNP) during the Fifth Five Year Plan. The programme was however, re-introduced from 1977-78, when progress in supply of safe drinking water to the identified villages was not upto the expectation. The programme had been continuing since then.

To provide quality drinking water, Government of India (GOI), launched National Drinking Water Mission (Mission) in 1986. It was re-named in 1991 as Rajiv Gandhi National Drinking Water Mission with the main objective of providing supply of sustainable safe drinking water to entire uncovered/no-source villages/habitations within the Eighth Five Year Plan period and to create awareness among the rural people about the hazards of using unsafe water for drinking.

For close co-ordination and efficient performance an independent authority named Rajiv Gandhi National Drinking Water Mission Authority was formed in 1995.

6.5.1.1 Objectives

Under ARWSP priorities adopted for implementation were to cover:

- (i) no source habitations,
- (ii) habitations affected by contaminated water (both chemical and biological),
- (iii) fully all partially covered habitations with water supply of less than 10 litres per capita per day (lpcd) and

(iv) partially covered habitations with supply of water between 10-40 lpcd.

6.5.2 Organisational set up

The programme was implemented by Health and Family Welfare Department (HFWD) upto 20 March 1997 and by Narmada, Water Resources and Water Supply Department (NWRWS) from 21 March 1997 onwards and executed through Gujarat Water Supply and Sewerage Board (Board).

6.5.3 Audit coverage

The implementation of the programme for the period 1992-93 to 1996-97 was reviewed through test-check of records of HFWD, Board Office at Gandhinagar, 14 Divisional Offices^{*} and three Circle Offices^{ss}.

Results of test-check are discussed in succeeding paragraphs.

6.5.4 Highlights

Funds released by the State Government to the Board during March under Accelerated Rural Water Supply Programme ranged between 47 per cent (1994-95) and 62 per cent (1993-94) and under Minimum Needs Programme, it was 49 per cent (1996-97) of the total release of funds by Government of India.

(Paragraph 6.5.5(ii))

Coverage of 'not covered' and 'partially covered' villages was below the targets during 1992-97 except for 'partially covered' villages for 1995-96 and 1996-97. Survey of 'not covered' and 'partially covered' villages conducted by Government was unsatisfactory.

(Paragraph 6.5.6(i)(ii))

Seven water supply schemes were not completed in time which resulted in idle investment of Rs.22.59 crore on 4 schemes under Accelerated Rural Water Supply Programme and Rs.4.24 crore on 3 schemes under Minimum Needs Programme.

(Paragraphs 6.5.7(i) and 6.5.12)

^{*} Anjar(1), Bhuj(4), Himatnagar(2), Jamnagar(2), Mehsana(2), Nadiad(1), Siddhpur(1), and Valsad(1).

^{ss} Bhuj, Rajkot (for Jamnagar) and Valsad (for Dharampur)

Excess expenditure of Rs 6.29 crore beyond sanctioned cost on 8 schemes was debited to Accelerated Rural Water Supply Programme instead of Minimum Needs Programme in violation of scheme guidelines.

(Paragraph 6.5.7(iii))

Rupees 19.27 crore were over charged to Accelerated Rural Water Supply Programme during 1992-97 due to debiting Establishment, Tools and Plants charges at the rate of 17.85 *per cent* instead of 5 *per cent* as per scheme guideline .

(Paragraph 6.5.7(v))

Materials worth Rs.3.40 crore purchased for utilisation under various schemes were lying unutilised with 8 divisions for 6 months to 25 years.

(Paragraph 6.5.8)

Contribution towards water charges from villages amounting to Rs.24.11 crore in respect of 334 regional water supply schemes covering 3297 villages remained unrecovered as of March 1997.

(Paragraph 6.5.9(i))

One hundred and forty six individual village water supply schemes completed under different programmes during October 1974 to August 1996 were lying defunct for 3 months to more than 16 years.

(Paragraph 6.5.9(ii))

Out of 13726 bores drilled through private drillers during 1992-97, 2638 (19 *per cent*) bores involving expenditure of Rs.3.77 crore failed. Out of 12669 bores drilled through departmental rigs during 1992-97, 3209 bores (25 *per cent*) failed.

(Paragraph 6.5.10(iii))

Number of samples checked per annum varied from 298 to 2032 as against 6000 samples per annum envisaged in the scheme.

(Paragraph 6.5.11)

Ten out of 40 Defluoridation plants costing Rs.59.87 lakh were lying defunct from May 1994 onwards.

(Paragraph 6.5.14(I))

Twenty eight Reverse Osmosis plants costing Rs.3.02 crore stopped working within 1 month to 69 months of their installation and were lying defunct.

(Paragraph 6.5.14(II))

Water supplied between April 1992 and January 1997 through Sami-Harij Regional Water Supply Scheme, completed at a cost of Rs.19.70 crore, was non-potable on account of excess fluoride.

(Paragraph 6.5.15(i)(b))

Drinking water facility was not provided in 3600 primary schools as the action plan submitted to State Government in July 1996 was not approved as of July 1997.

(Paragraph 6.5.16)

6.5.5 Financial management

(i) Financial outlay and expenditure

The programmes under ARWSP were funded by GOI subject to matching provision by the State Government under State Sector (MNP) for rural water supply in the ratio of 50:50.

Year-wise details of funds allotted, funds released and expenditure incurred thereagainst were as under:

(Rupees in crore)

Year	Funds allotted		Funds released		Expenditure		Excess(+) Savings(-)	
	ARWSP	MNP	ARWSP	MNP	ARWSP	MNP	ARWSP	MNP
1990-91	30.00	22.24	14.11	22.24	13.65	43.83	(-)0.46	(+)21.59
1991-92	20.00	21.86	23.16	21.86	12.87	56.30	(-)10.29	(+)34.44
1992-93	25.00	29.68	16.53	29.68	17.97	45.99	(+)1.44	(+)16.31
1993-94	26.56	27.21	34.49	27.21	18.68	53.31	(-)15.81	(+)26.10
1994-95	26.00	36.81	28.91	37.21	41.05	45.35	(+)12.14	(+)8.14
1995-96	29.63	38.56	40.76	40.78	29.81	53.80	(-)10.95	(+)13.02
1996-97	36.00	66.80	45.07	102.44	42.66	42.89	(-)2.41	(-)59.55
	193.19	243.16	203.03	281.42	176.69	341.47	(-)26.34	(+)60.05

Funds received under MNP included funds received for bilateral aided schemes. Savings under ARWSP were attributed by the Board to late receipt of funds. Excesses under MNP were met from other funds available with the Board.

(ii) Expenditure figures furnished to Audit did not tally with GOI figures

Figures relating to funds allotted, released and expenditure under ARWSP as well as under MNP furnished to Audit by the Board differed from those furnished by GOI as indicated below:

ARWSP

Year	Funds allotted		Funds released		Expenditure	
	Figures as per Government of India	Figures as intimated by the Board to Audit	Figures as per Government of India	Figures as intimated by the Board to Audit	Figures as per Government of India	Figures as intimated by the Board to Audit
1990-91	14.64	30.00	14.01	14.11	14.80	13.65
1991-92	16.33	20.00	19.99	23.16	15.14	12.87
1992-93	16.33	25.00	16.33	16.53	17.97	17.97
1993-94	26.56	26.56	29.56	34.49	18.58	18.68
1994-95	30.39	26.00	30.39	28.91	41.05	41.05
1995-96	38.50	29.63	40.50	40.76	29.81	29.81
Total	142.75	157.19	150.78	157.96	137.35	134.03

MNP

Year	Provision	Funds released	Expenditure as intimated by Government of India	Expenditure as intimated by the board to Audit
1990-91	44.00	22.24	40.50	43.83
1991-92	47.00	21.86	44.53	56.30
1992-93	54.11	29.68	45.99	45.99
1993-94	56.21	27.21	53.31	53.31
1994-95	65.81	37.21	45.25	45.35
1995-96	54.05	40.78	38.56	53.80
Total	321.18	178.98	268.14	298.58

Difference in figures of funds released under ARWSP was attributed by the Board to the inclusion of funds received for monitoring and investigation unit (1990-91; Rs.10 lakh, 1991-92; Rs.17.50 lakh, 1992-93; Rs.20 lakh, 1993-94; Rs.10 lakh and 1995-96; Rs.25.50 lakh), Dr. Ambedkar Centenary Fund (1991-92; Rs.3.00 crore) and funds for fluoride and saline affected area (1993-94; Rs.4.83 crore).

The difference in figures of funds released (Rs.1.48 crore) during 1994-95 was attributed by the Board to receipt of lesser amount from GOI.

The funds released by State Government to the Board during the month of March ranged between 47 *per cent* (1994-95) and 62 *per cent* (1993-94) under ARWSP and 49 *per cent* (1996-97) under MNP of the total funds released.

(iii) Accounts of nodal agency

Annual accounts of the Board for the years 1992-93, 1993-94 and 1994-95 were finalised in February 1997, July 1997 and October 1997 respectively. Accounts of the Board and various divisions from 1995-96 onwards were not yet finalised. The Board stated that finalisation of accounts were delayed due to long time taken by the statutory auditors.

Guidelines issued by the Mission provided for minimum earmarking of funds at the rate of 25 *per cent* for Scheduled Castes (SC) and 10 *per cent* for Scheduled Tribes (ST) in the annual plans. However, no such earmarking of funds was made.

6.5.6 Physical target and achievement and identification of habitations

(i) Physical target and achievement

The physical target and achievement during 1992-93 to 1996-97 relating to coverage of 'not covered' (NC) and 'partially covered' (PC) villages and population were as under:

(Villages in number)

Year	Target			Achievement		
	NC	PC	Total	NC	PC	Total
1992-93	250	250	500	234	222	456
1993-94	124	376	500	86	372	458
1994-95	50	450	500	38	426	464
1995-96	700	400	1100	564	580	1144
1996-97	630	700	1330	429	779	1208
Total	1754	2176	3930	1351	2379	3730

(Population in lakh)

Year	Target				Achievement			
	General	SC	ST	Total	General	SC	ST	Total
1992-93	2.72	0.26	0.59	3.57	1.95	0.17	0.61	2.73
1993-94	1.25	0.10	0.15	1.50	0.73	0.07	0.11	0.91
1994-95	5.06	0.43	0.54	6.03	4.85	0.48	0.39	5.72
1995-96	6.80	0.58	0.79	8.17	4.01	0.32	1.77	6.10
1996-97	6.20	0.60	1.20	8.00	6.13	0.61	2.16	8.90
Total	22.03	1.97	3.27	27.27	17.67	1.65	5.04	24.36

Targets relating to coverage of NC and PC villages were not achieved, during 1992-97 except for PC villages for 1995-96 and 1996-97. Targets relating to coverage of population were achieved only during 1996-97. Non-achievement of target was attributed by the Board to obstacles at field level, restrictions on filling up of vacant posts, source problems and diversion of staff for urgent scarcity works during some period of the years. The Board also stated that some of the works were under progress, on completion of which the achievement of targets would be better.

(ii) Identification of habitations

Upto March 1980, 9038 villages were identified as villages having 'no source' or inadequate source of water. During 1980-90, further 5235 villages were identified as 'no source' villages bringing the total to 14273 villages. Out of this, 14087 villages were covered upto March 1992 leaving 186 villages uncovered.

From April 1994, instead of villages, habitation was adopted as unit, on the basis of survey conducted during 1991-1993 by State Government. However, GOI did not find the result of survey conducted by State Government satisfactory and ordered resurvey (1994) of these villages by two independent agencies (Sardar Patel Institute of Economic and Social Research, Ahmedabad and Gujarat Institute of Development Research, Ahmedabad). The result of survey and resurvey was as under:

(Number of habitations)

Habitations	As per survey conducted by State Government				As per resurvey conducted by independent agencies			
	NC	PC	FC ^s	Total	NC	PC	FC	Total
Main [*]	976	4220	11677	16873	230	4525	12118	16873
Others ^{**}	2597	3692	7107	13396	1088	4456	7852	13396
Total	3573	7912	18784	30269	1318	8981	19970	30269

The huge difference in NC habitations indicated that survey by State Government was not carried out properly. The Board attributed the difference to time gap between the survey and resurvey. However, the variation of 63 *per cent* within a period of one year made it difficult to accept the contention of the Board.

Population covered under NC, PC and FC habitations (as per validation survey) was as under:

Habitations	(Population in lakh)			
	NC	PC	FC	Total
Main	1.58	61.69	169.29	232.56
Other	2.10	19.54	28.68	50.32
Total	3.68	81.23	197.97	282.88

6.5.7 Implementation of the scheme under ARWSP

(i) Delay in completion of water supply schemes

Guidelines issued by the Mission stipulated that schemes for hand pumps should be completed within 3 months and schemes like piped water supply, gravity feed etc. should be completed within a period of 2 to 3 years. However, during test-check it was noticed that various Regional Water Supply schemes (RWSS) were incomplete as detailed below:

^s Fully covered

^{*} Main habitations: The habitations which go by the name of the census village.

^{**} Other habitations: Other habitations, attached to main habitations.

ARWSP

Serial number	Name of Regional Water Supply Scheme	Number of villages/ habitations to be covered	Date of administrative approval	Estimated cost (Rupees in crore)	Time limit for completion	Expenditure upto March 1997 (Rupees in crore)	Remarks
1	Jambuda (Jamnagar district)	13/3	March 1992	1.47	March 1995	1.70	Work was delayed due to delay in obtaining permission from the Forest Department for laying the pipe line in forest area and non-completion of work of reinforced cement concrete elevated service reservoir.
2	Hathmati (Sabarkantha district)	0/28	March 1992	5.03	March 1996	5.42	Work was delayed due to non-completion of work of intake well, footbridge, filter plant. The work of filter plant was abandoned by the contractor.
3	Nagrama (Kheda district)	35	January 1991	4.68	October 1995	5.06	Work was delayed as the work of laying pipe line was abandoned by the contractor.
4	Vanoda (Kheda district)	34/66	July 1992	8.19	December 1995	10.41	Work was delayed on account of non-completion of electrification work and non-providing of pumping machinery.
Total				19.37		22.59	

(ii) Avoidable extra expenditure on account of non-finalisation of tender within the validity period.

Tenders for the work of lowering, laying and joining pipes for gravity main work (estimated cost: Rs.25.87 lakh) of Davad-Lalpur RWSS, covering

30 villages/habitations were invited in August 1995. Only one tender was received and the rate quoted was 107 *per cent* above the estimated cost and hence the tender was not considered. Tenders were reinvited (October 1995) and three tenders were received. The lowest rate quoted was 49.30 *per cent* above the estimated cost. On the request of the Executive Engineer, the validity period of tender was extended upto 30 April 1996 by the lowest tenderer. However, tender was not finalised within the extended validity period and tenders were invited for the third time in July 1996. Tender at the rate of 74 *per cent* above the estimated cost was approved (December 1996) by the Board. The Public Health Works (PHW) Division stated that due to administrative reasons, tender could not be finalised within the validity period. No specific reason was furnished.

Thus, non-finalisation of tender even within the extended validity period not only resulted in avoidable additional expenditure of Rs.6.39 lakh, but also deprived the people of intended benefits.

(iii) Incorrect debit to ARWSP

As per the orders issued by GOI, expenditure in excess of sanctioned cost on schemes approved under ARWSP was to be debited to MNP.

It was noticed that the divisions were debiting the entire expenditure (even in excess of sanctioned cost) to ARWSP.

Details of excess expenditure debited to ARWSP instead of MNP, though called for, were not furnished by the Board.

During test-check of records of PHW divisions at Nadiad, Himatnagar and Jamnagar, it was noticed that excess expenditure amounting to Rs.6.29 crore on 8 schemes was debited to ARWSP in violation of the scheme guidelines. Reasons for such action, though called for, were not furnished.

(iv) Non-observance of norms for preparation of water supply schemes.

According to the guidelines, alternative cost of water supply schemes was required to be worked out and the scheme, with cheapest cost, was to be approved under ARWSP. However, it was observed that only one estimate was prepared on the basis of approved plans for each scheme.

During test-check of records of PHW division Valsad, it was noticed that the cost of a water supply scheme covering nine villages, was estimated at Rs.1.91 crore. While considering the scheme, State Government directed Gujarat

Industrial Development Corporation (GIDC) to make necessary arrangements for supply of potable water to those villages as water of those villages was contaminated on account of industrial pollution. GIDC prepared a scheme, covering seven villages (out of nine villages), at an estimate of Rs.22.08 lakh (less than 1/9th of the cost proposed by the division).

The division stated (May 1997) that scheme proposed by the division was on the basis of source of Daman-Ganga Canal water, with filter plant etc. whereas the scheme prepared by GIDC was based on a vier cum checkdam. Details regarding component-wise estimates called for from the division were awaited (December 1997).

However, it is evident that, the division prepared the scheme without exploring the possibility of economy in cost in violation of scheme guidelines.

(v) Over charging of expenditure under ARWSP

Guidelines issued by the Mission provided that provisions for contingencies/establishment, tools and plants (ETP) charges should be limited to 5 *per cent* of the estimated cost of schemes approved under ARWSP/Sub-Missions. It was, however, noticed that 17.85 *per cent* ETP charges were levied on actual cost of work. This resulted in overcharging of expenditure under ARWSP amounting to Rs.19.27 crore during 1992-97 in contravention of scheme guidelines.

The Board stated that ETP charges were levied in accordance with the existing practice of the Board. This was not tenable as the same contravened the guidelines of the scheme besides inflating the cost of schemes under ARWSP by Rs.19.27 crore.

(vi) Providing house connections

The Mission guidelines prohibited providing individual house connections under ARWSP. However, it was noticed from the report of the monitoring squad of the Board that individual house connections were provided in three RWSS in Kachchh, one RWSS in Mehsana and one RWSS in Kheda districts. Information regarding number of house connections provided under each scheme, though called for, was not furnished.

6.5.8 Materials purchased lying unutilised

During test-check of records of field offices, it was noticed that materials worth Rs.3.40 crore purchased for various schemes under different programmes were lying unutilised for six months to 25 years as detailed below:

Serial number	Name of Division	Value of materials (Rupees in lakh)	Period for which lying	Remarks
1	PHW Sub-Division, Bhiloda (Sabarkantha district)	11.75	More than 2 years	Required for M&R of Hath-Mati RWSS.
2	PHW Division, Himatnagar (Sabarkantha district)	4.18	More than 3 years	Jaliya-Umed-gadh RWSS.
3	-do-	91.59	More than 6 months	Davad-Lalpur RWSS. Agency not fixed.
4	-do-	137.31	More than 6 months	Hatharwa-Dobhada RWSS. Agency not fixed.
5	PHW Division, Mehsana (Mehsana district)	2.21	More than 2 to 24 years	
6	PHW Division, Sidhpur (Mehsana district)	2.71	More than 4 years	Required for operation and maintenance of Sami-Harij RWS Scheme.
7	PHW Division III, Bhuj (Kachchh district)	38.63	2 years to 6 years	Reason not furnished.
8	PHW Division, Anjar (Kachchh district)	33.06	More than two years	--do--
9	Public Health Mechanical (PHM) Division, Bhuj (Kachchh district)	1.07	4 years to 6 years	
10	PHW Division I, Jamnagar (Jamnagar district)	10.08	More than 25 years	
11	PHW Division, Valsad (Valsad district)	7.08	16 years to 19 years	
Total		339.67		

It was also observed that:

(i) Stores like reflex valves, strainer pipes, zigzag pipes were lying with PHW sub-division, Mehsana from 1972-73 onwards. Value of said stores was not known to the sub-division.

(ii) Surplus material under Padampur RWSS amounting to Rs.34.89 lakh (25 *per cent* of the estimated cost of the scheme) was transferred to other schemes/divisions. However, credit was not passed on to the Padampur RWSS which resulted in inflation of cost of the scheme by Rs.34.89 lakh.

Further details regarding adjustment/actual utilisation of surplus material transferred to other schemes/divisions, though called for, were not furnished by PHW Division I, Bhuj.

(iii) Materials such as pipes etc. purchased for Lakhpat RWSS were lying unutilised, from November 1994 to January 1997. Cost of excess materials was not furnished, though called for.

The PHW Division II, Bhuj stated (March 1997) that the material would be used for maintenance as and when required. However, material was lying unutilised and the cost of the scheme remained inflated, as the cost of excess material was not credited to the scheme.

(iv) Similarly, asbestos cement (AC) and RCC pipes of different diameters varying from 100 mm to 350 mm, total length measuring 2649 metres and other accessories purchased for various schemes were lying unutilised, for the period prior to April 1992. Details of value were not known to PHW Division III, Bhuj as the materials were transferred from other PHW divisions, alongwith work.

6.5.9 Operation and maintenance (O & M) of RWSS

(i) Non/short recovery of popular contribution

As per order of the State Government of May 1983, O&M of RWSS of 'no source' villages was entrusted to the Board subject to the following conditions:

Popular contribution towards water charges at Rs.5 per capita per annum as per 1981 Census (revised to Rs.6 in February 1992) should be levied from the villages where piped water supply schemes were implemented and was required to be deducted from the grants payable to panchayats and placed at the disposal of HFWD in April every year for release to the Board.

No contribution was to be levied from the beneficiaries getting water either from simple wells or through hand pumps.

The rate of annual contribution was further revised to Rs.14 per capita per annum as per 1991 Census, for supply of drinking water from stand posts and at the rate of Rs.200 per house per annum for supply of drinking water through house

connections in May/September 1993. The guidelines, issued by the Mission, however, prohibited providing of house connections under ARWSP.

According to Board's circular of September 1993, bills for popular contribution were to be raised for actual days for which water was supplied.

It was noticed that recovery was not effected regularly and Rs.24.11 crore were outstanding upto March 1997 in respect of 334 RWSS covering 3297 villages/habitations as per information available with the Board. The outstanding amount consisted of bills raised to Gram Panchayats of 10 districts upto June 1996, 7 districts upto September 1996 and two districts upto October 1996.

Year-wise information of outstanding amount was not available with the Board.

Test-check of records of selected divisions revealed as under:

(a) No details were obtained by the offices before raising the bills for popular contribution, about the number of house connections and the number of people getting water through stand posts, hand pumps, simple wells or private sources.

(b) Bills were not raised in time and in Kheda district, bills were raised with reference to 1981 Census instead of 1991 Census resulting in short levy of Rs.1.36 lakh in 44 cases. No reasons were furnished by the PHW Division, Nadiad for not revising the bills as per 1991 Census, though called for.

(c) No bills were issued by the PHW Division III, Bhuj after March 1994 and PHW Division, Nadiad after March 1995. No reason was assigned by PHW Division, Nadiad but PHW Division, Bhuj stated that the bills were not raised due to shortage of staff and additional work load.

(ii) Unfruitful expenditure on defunct schemes

Guidelines, issued by the Mission provided that water supply schemes for piped water supply/gravity feed were to be framed for a design period of 20 years.

One hundred and forty six schemes completed under various programmes at a cost of Rs.3.53 crore (130 schemes), during October 1974 to August 1996 were lying defunct for 3 months to 197 months. The cost of 16 schemes was not available with the Board.

Thirty two schemes became defunct within one year, 15 schemes within two to three years, 14 schemes within four to five years, 29 schemes within six

to 10 years and 32 schemes after 10 years of their commissioning. Details for remaining 24 schemes were not available with the Board.

Of these 146 schemes, 101 schemes were lying defunct due to failure of source, 17 schemes on account of poor financial condition of panchayats and rest of the schemes on account of either repairs to pumping machinery, pipelines or other reasons.

No alternate arrangements were made by the Board for providing drinking water to people covered under the above schemes. Expenditure of Rs.3.53 crore incurred on these schemes thus remained mostly unfruitful as the schemes prematurely became defunct.

6.5.10 Poor performance of departmental rigs

(i) Utilisation of rigs

The Board was having 59 rigs out of which on an average 33 to 43 rigs (56 *per cent* to 73 *per cent*) were put to use during 1992-93 to 1996-97. The overall performance of rigs, in terms of number of bores drilled during the above period varied from 65 *per cent* to 83 *per cent* (the performance in terms of depth in meterage drilled varied from 50 *per cent* to 75 *per cent*).

Test-check of records of PHM Divisions, Himatnagar, Mehsana and Bhuj and PHM sub-divisions at Jamnagar, Nadiad and Valsad revealed as under:

(a) Value of work done was determined as per Schedule of Rates (SOR) instead of with reference to actual performance of each rig.

(b) Two rigs of PHM Division, Bhuj remained under frequent repairs and worked for 560 days and 559 days against the available 1761 days and 1310 days respectively.

The poor performance of rigs was attributed by the division to rigs being old one and used in interior parts of the districts and also on account of use of old rock roller cutters (procured by PHM Division, Bhuj from Oil and Natural Gas Commission, which were condemned and disposed of by them). Reasons for procurement of condemned cutters, and details of cost though called for, were not furnished by the division.

(ii) Cost of drilling bores through private rigs and departmental rigs

The average cost of drilling by private drillers was lower than the cost of drilling by departmental rigs, as per SOR of the Board as detailed below:

Year	Cost of drilling by departmental rigs			Cost of drilling by private rigs		
	Size of bores in millimetre (mm)			Size of bores in millimetre		
	100/115	150/165	200	110/115	150/165	200
1992-93	175	285	285	115	190	225
1996-97	318	380	368	184	213	298

Similarly, average cost of reaming 400 to 600 mm bores carried out by private drillers was lower than SOR of the Board. Excess expenditure on account of drilling/reaming by departmental rigs was not worked out by the Board.

Despite uneconomical functioning of departmental rigs, the Board decided (June 1992) to purchase four new rigs, on emergency basis, to cope with the pressure of scarcity works during the year. The order was placed in June 1993 and rigs were received in December 1993, at a cost of Rs.1.55 crore.

(iii) Unfruitful expenditure on failed bores

(a) The Board reported that satellite imageries for all the 19 districts of the State were got prepared and remote sensing, geohydrological investigations, geophysical investigations and exploratory drilling were used for investigation of sources for all the water supply schemes. As a result, percentage of failure of bores reduced considerably. However, this could not be verified as actual reduction in percentage of failure of bores was not furnished, though called for. Even after undertaking geohydrological survey, high percentage of failure was noticed as mentioned below:

Ten bores of 100 mm dia for village Rental Kalavad and 8 bores (five bores of 150 mm dia and 3 bores of 100 mm dia) for village Dudhala, drilled at a cost of Rs.1.04 lakh after selection of site by geologist/geohydrologist, failed resulting in infructuous expenditure. Alternate arrangements for supply of potable water, were not made for those villages even after 10 years and 8 years respectively. No efforts were also made to salvage the materials used in the bores.

(b) There was no system of reporting of failed bores to geohydrological wing of the Board.

(c) Out of 13726 bores drilled through private drillers under various programmes during 1992-93 to 1996-97 (February 1997), 2638 bores failed (19 per cent) involving expenditure of Rs.3.77 crore.

Similarly, out of 12669 bores, drilled through departmental rigs during 1992-93 to 1996-97 (December 1996) 3209 bores (25 per cent) failed. Figures of expenditure on failed bores, though called for, were not furnished by the Board.

In reply to audit query as to whether the percentage of failure of bores, drilled through departmental rigs *vis-a-vis* bores drilled through private agencies was compared and watched, the Board stated that such comparison was not necessary, as the drilling process for private as well as departmental rigs remained the same. The Board's reply was not tenable as the percentage of failure of bores drilled through departmental rigs was much higher compared to bores drilled through private rigs.

(d) Casing pipes from failed bores were not removed as no instructions were issued in this regard by the Board till May 1994. The Board issued instructions only in May 1994 but even then no efforts were made by any of the test-checked PHM divisions to remove casing pipes from the failed bores. The Board also did not take any action to ensure compliance of instructions issued by it (August 1997).

6.5.11 Setting up of water quality testing laboratories

Against the requirement of 19 water quality testing laboratories (for 19 districts), 10 laboratories (including 1 mobile laboratory) were set up. Eight laboratories, though sanctioned by GOI (3 during February 1989 and 5 during February 1994), were not yet set up on account of ban on recruitment by State Government.

Scrutiny of records of laboratories at Mehsana, Bhuj, Jamnagar and Valsad and mobile laboratory at Gandhinagar revealed that in none of the laboratories, staff, as per sanctioned strength, was deployed. No target was fixed for checking water samples though guidelines envisaged checking of 6000 samples per annum by each district laboratory. The number of water samples received and checked during 1992-93 to 1996-97 ranged between 298 (1993-94) and 2032 (1995-96) per annum. Gujarat Jalseva Training Institute stated that 6000 samples could not be checked as maximum 800 to 900 samples could be checked per annum by two chemists. The reply was not correct as according to guidelines, 6000 samples should be checked with 4 chemists and even with the reduced strength of 2 chemists in each laboratory, the number of samples checked should have been much higher than those checked.

The number of water samples checked by mobile laboratory varied from 22 to 344 per annum. During 1994-95, the mobile laboratory ran about 3562 kilometres and checked only 11 samples, which was attributed to mechanical faults in the testing infrastructure. Poor performance in other years was attributed to non -

posting of regular driver and junior scientific assistant. Mobile laboratory was not functioning from April 1996 onwards on account of major repairs to van, air conditioning machine, solar panel and other instruments.

Testing fees, amounting to Rs.8.13 lakh pertaining to 1989-90 to 1996-97 were to be recovered by the laboratories from various offices under the Board.

As a result of non-setting up of water quality testing laboratory in each district and non-filling up of vacant posts due to reported ban on recruitment, the benefit of water testing could not be fully availed.

6.5.12 Implementation of the scheme under MNP

During test-check, it was noticed that various schemes were incomplete as detailed below:

Serial number	Name of regional water supply scheme	Number of villages/ habitations to be covered	Date of administrative approval	Estimated cost (Rupees in crore)	Time limit for completion	Expenditure upto March 1997 (Rupees in crore)	Remarks
1	Amodra (Sabarkantha district)	13/50	June 1991	3.69	October 1996	3.29	The scheme was incomplete due to abandonment of work of construction of wells and laying of pipe line of gravity main, part II.
2	Khaparwada-Wagrech (Valsad district)	2/3	December 1986	0.62	---	0.13	Revised scheme with reference to new source yet to be approved.
3	Augmentation to Bigri-Malvan (Valsad district)	3/-	June 1992	0.98	March 1996	0.82	The scheme delayed as the works of under ground sump, RCC ESR, pipeline (rising main) were not completed and work of filter plant was not taken up.
Total				5.29		4.24	

6.5.13 Technology Mission

Three districts (Bhuj, Jamnagar and Dangs) and one taluka (Dharampur) were selected for Mini-Mission under Technology Mission (TM). Test-check of records of Bhuj and Jamnagar districts and Dharampur taluka revealed as under:

District	Target	Achievement	Reasons for shortfall
Bhuj	116 water harvesting structures	74 water harvesting structures	42 works were not found feasible.
Jamnagar	179 villages	161 villages	17 works were under progress and one not taken up. Reasons for delay in completion of works/ for not taking up works were not furnished.
	13 Reverse Osmosis plants	10 Reverse Osmosis plants	2 RO plants dropped due to local problem. One shifted to another place.
Dharampur taluka, (Valsad district)	237 villages	189 villages	8 villages were submerged. Remaining 40 villages were to be covered by March 1998. Reasons for delay were not furnished.

The other points noticed during test-check were as under:

(a) Unspent balances of Rs.37.78 lakh and Rs.1.16 lakh were lying with circle offices at Bhuj and Jamnagar (June 1994) respectively on expiry of TM in March 1994. The details of unutilised amount lying with the executing divisions, though called for, were not furnished.

(b) An amount of Rs.4.39 lakh, being salary of TM staff from April 1994 to March 1996, was debited to TM Fund after the closure of TM in March 1994 in Bhuj, in contravention of the instructions of GOI.

(c) Surplus funds under TM, amounting to Rs.23.61 lakh and Rs.22.50 lakh were remitted by PHW Division, I Jamnagar (May 1992) and PHW Division, III Bhuj (July 1993) respectively to the Board, which were accounted for under General Funds of the Board, instead of TM Fund, in violation of TM guidelines.

(d) Out of 1165 bores and 155 wells carried out under TM in Dharampur taluka, 205 bores and 3 wells, involving expenditure of Rs.32.50 lakh (Rs.30.75 lakh on bores and Rs.1.75 lakh on wells) failed.

(e) No efforts were made to use poly vinyl chloride (PVC)/High Density Polyethylene (HDPE) pipes and disinfectants in bores as directed by GOI while according sanction.

Reasons for high percentage of failure and non-use of PVC/HDPE pipes and disinfectants, though called for, were not furnished by circle office.

(f) ETP charges were levied in Dharampur taluka at the rate of 17.85 *per cent* of cost against the maximum of 2.5 *per cent* permitted by GOI.

6.5.14 Sub-Missions

(I) Defluoridation plants

To overcome the problem of excess fluoride in drinking water, 40 Defluoridation (DF) plants were installed during 1988-89 to 1996-97 at a cost of Rs.2.50 crore and the work of installation of 33 more DF plants was in progress. Out of 40 DF plants, ten DF plants (Rs.59.87 lakh) were not working from May 1994 to February 1997 and onwards, on account of leakage in HDPE tanks (5 cases), fluoride within permissible limit (3 cases), failure of source (2 cases) and three DF plants (Rs.10.57 lakh) after erection, were not commissioned at all.

Test-check of records of Sabarkantha, Mehsana and Kachchh districts revealed as under:

Water quality testing was not carried out at regular intervals, in a number of cases, treated water was found non-potable and no standards were fixed for use of lime and alum. Materials were used on *ad hoc* basis.

Further, no recovery towards O&M / popular contribution was effected as envisaged in the Mission guidelines.

(i) Defluoridation plants - Sabarkantha district

Scrutiny revealed that no training was imparted to operators and treated as well as untreated water was supplied through the same pipelines.

Further, due to non-provision of chemicals and staff, four DF plants were not put to operation for 3 months to 9 months after trial run. Similarly, on account of delay in obtaining power connection, there was delay, in commissioning of four plants for 3 months to 7 months.

After regular commissioning, three plants remained inoperative for 2 months to 5 months on account of non-availability of alum.

DF plant at Bhuval (Rs.3.22 lakh) commissioned in December 1995, was lying defunct from February 1997 on account of failure of source.

(ii) Defluoridation plants - Mehsana district

(a) Out of 14 DF plants, commissioned between December 1988 and January 1995, six DF plants (Rs.33.72 lakh) were not working satisfactorily mainly on account of leakage in HDPE tanks. Two DF plants (Rs.15.32 lakh) commissioned in April 1994, were not operated as water from the new source was found potable. No proposal was made for transfer of these DF plants (based on HDPE tanks) to other needy places. One more DF plant at Khodamali, reported by the Board as working, was lying in non-working condition due to failure of source as intimated by PHW Division, Sidhpur. Thus, due to improper planning and poor maintenance, 9 plants costing Rs.55.10 lakh, were lying idle.

(b) Water samples required to be analysed at least once in six months were not analysed in respect of eight DF plants for 12 months to 18 months.

(iii) Defluoridation plants - Kachchh district

Three DF plants erected in Mundra taluka (Kachchh) during January 1995 to November 1995 at a cost of Rs.10.57 lakh were not commissioned (February 1997) as water of individual village water supply schemes of 2 villages (Siracha and Pavdiaro) was potable and third village (Manghra) was covered under another RWSS. As a result of improper survey and coverage of unaffected villages, expenditure of Rs.10.57 lakh incurred on these plants proved unfruitful.

(II) Establishment of desalination plants/Reverse Osmosis plants

Desalination plants/Reverse Osmosis (RO) plants were to be established in saline areas where no other source of potable water was available.

Twenty nine RO plants were sanctioned against which 28 RO plants were installed upto March 1997 (six under Research and Development (R & D) programme, 11 under Scarcity programme and 11 under TM), at a cost of Rs.3.02 crore, none of which was working (July 1997). Test-check of records of PHW divisions Jamnagar and Kachchh districts revealed as under:

(i) RO Plants - Jamnagar district

Six RO plants (Rs.29.45 lakh) sanctioned under R & D/Scarcity programme, were commissioned between July 1986 and December 1991. Five RO plants stopped working within one month to 69 months of their commissioning, on account of- failure of source (one), high total dissolved salts (TDS) (one), damage to membrane (two) and non-renewal of O & M contract (one). One plant (Kanakpara) was not at all used after commissioning.

Though, the results of working of six RO plants, installed under R & D programme as well as under Scarcity programme were not satisfactory, 12 more RO plants costing Rs.2.40 crore were sanctioned under TM. 11 RO plants installed between June 1990 and March 1992, were not working (July 1997) due to- dispute between labourers and executing agency (one), non-renewal of O&M contract (three), increase in TDS (two), residual chlorine (two), requiring repairs (two) and source found potable (one). One RO plant (Nageshwar) was not installed as the local body did not want it.

Thus, expenditure of Rs.2.40 crore on 12 additional RO plants, when the existing RO plants in the district were not working satisfactorily was unfruitful.

(ii) RO plants - Kachchh district

Two RO plants installed at village Kotaya (January 1987) and village Ratiya (April 1990) at a cost of Rs.3.90 lakh under R & D programme went out of order within 4 months (Kotaya) and 7 months (Ratiya), of their commissioning.

Source water of Kotaya plant was found potable and village Ratiya was included in a RWSS. As a result, both the RO plants were lying unutilised. Non-requirement of RO plants and their transfer to other needy places were reported by the division in 1993 to the circle office. No decision was taken so far (March 1997). The division admitted that due to operation of RO plants, for short period only, benefits of R & D were not gained from the above plants.

Installation of RO plants when alternative sources of water supply were available and non-transfer of the plants to needy places even after four years thus resulted in unfruitful expenditure of Rs.3.90 lakh.

(III) Establishment of Solar Photo Voltaic (SPV) pumps

Seven Solar Photo Voltaic (SPV) pumps were installed (one in Bharuch, one in Jamnagar and five in Surendranagar districts) between 1990 and 1994 at a cost of Rs.30.85 lakh. SPV pump installed in 1990 at Jamnagar stopped working from January 1993 on account of technical fault. The Board reported that remaining six SPV pumps were working satisfactorily. However, monthly progress reports to higher authorities, as required, were not sent by PHW Division, Surendranagar during 1994-97 except for the months of August, November and December 1995 and January and February 1997. In the absence of regular monthly progress report, the veracity of Board's claim could not be verified in audit.

(IV) Cases of excess iron

As per revalidation survey report, five villages/habitations with excess iron were noticed. Four villages/habitations were having permanent effect of excess iron in water and one habitation was having seasonal effect of excess iron. No arrangements were made so far to provide potable water to those villages/habitations. Reasons for not providing potable water, though called for, were not furnished by the Board.

6.5.15 Implementation of bilateral/World Bank aided schemes

(i) Sami-Harij RWSS

The Scheme was targeted to cover 111 villages and one town of Sami and Harij talukas of Mehsana district at an estimated cost of Rs.24.00 crore. The scheme was aided by the Government of Netherlands to the extent of 85 *per cent* of the cost (excluding the cost of land). Test-check of records revealed as under:

(a) Improper survey

As per quarterly progress report furnished by the PHW division, Sidhpur for the quarter ending December 1996, all the 111 villages and one town were reported covered under the scheme. However, as per monthly progress reports furnished by the division for January 1997 and February 1997, only 96 villages and one town were shown as drawing water from the scheme. The division stated that actually all the 111 villages were covered under the scheme but 15 villages were not drawing water from the scheme as they were drawing water from their own sources. Thus, inclusion of 15 villages which were already having their own water sources was irregular. The division stated that the villages were included as per their demands at the time of preliminary survey. The extra cost involved for inclusion of those villages was not furnished by the division, though called for.

Thus, inclusion of villages which had their own sources of water supply, was indicative of improper survey resulting in unnecessary increase of cost of the scheme.

(b) Supply of non-potable water

The main source of water was a number of tubewells, drilled at the site of head works. Water of all the tubewells was collected in a collection chamber and supplied through distributory lines.

As per water quality testing reports from April 1992 to January 1997, it was noticed that content of fluoride varied from 1.64 parts per million (ppm) to 3.75 ppm against the permissible limit of 1.5 ppm. Thus, non-potable water was supplied from April 1992 onwards to all the villages covered under the scheme.

The division stated that four new tubewells were proposed to be drilled by June 1997 and thereafter contents of fluoride would be brought within the permissible limit, by stopping water of tubewells containing high fluoride.

The contention of the division was questionable in view of the fact that four new tubewells were to be drilled in the same area where the content of fluoride in water was above the permissible limit and no documents were produced by the division to show that the four new tubewells would give water that would contain less fluoride.

Thus, supply of water containing excess content of fluoride defeated the very purpose of the scheme on which expenditure of Rs.19.70 crore was incurred.

(c) Wasteful purchase of water meters.

The division demanded 41 water meters, of different sizes, of 'Capstan Brand' (as suggested by the Mission). However, the Board purchased 41 meters of Rajkamal brand, in contravention of Mission's suggestions and division's requisition, without assigning any reason. Out of 41 water meters of Rajkamal brand, received in April 1995 (cost: Rs.1.96 lakh), seven meters installed upto February 1997, did not work satisfactorily and the division did not use the remaining 34 meters (cost: Rs.1.60 lakh). The division stated (March 1997) that the water meters of Rajkamal Brand went out of order soon after installation. Thus, purchase of water meters other than the brand suggested by the Mission and demanded by the division resulted in wasteful expenditure of Rs.1.60 lakh.

(d) Utilisation of vehicle for purpose not covered under the scheme

It was noticed that a Maruti Gypsy was purchased by the division as per order of Chief Engineer Zone II (December 1993) at a cost of Rs.2.54 lakh for monitoring O&M of the scheme. It was further noticed that the vehicle was transferred (October 1994) to circle office at Palanpur and from there to zonal office (January 1995) at Ahmedabad. The division stated that the vehicle was transferred to circle/zone, as per instructions from the circle office. The vehicle thus, was unauthorisedly diverted and not utilised for the purpose for which it was reportedly procured.

(ii) Additional expenditure on supply of water through tankers under Bunny RWSS

Bunny RWSS aided by World Bank, covering 80 villages was implemented in 3 phases and completed (Part I in 1982, Part II and III in June 1987) for supply of potable water in Bunny area. The cost of part I of the scheme was not known to the PHW division III, Bhuj. The cost of part II and III was Rs.6.93 crore. Thirty seven more villages/habitations were included in the scheme subsequently. As reported by the division, due to addition of those villages and inadequate power supply, the villages located at the tail end of the scheme were not getting adequate water. As a result, water to 25 villages/habitations was supplied through tankers by incurring additional expenditure of Rs.27.31 lakh during 1992-93 to 1996-97 (February 1997).

However, it was noticed that out of 37 villages/habitations included subsequently, only six were located at the tail end of the main line and 31 villages were located on the main line of the scheme which could have been incorporated in the initial stage of planning of the scheme. Further, out of 25 villages, 16 villages which were covered under the original scheme were also supplied water through tankers.

Thus, improper planning and subsequent addition of 37 more villages/habitations without proper assessment of availability of water, resulted in additional expenditure of Rs.27.31 lakh.

6.5.16 Non-provision of drinking water facility in primary schools

As per the directives given by the Prime Minister (July 1995) and decided in the first meeting of the Empowered Committee (February 1996), drinking water facility was to be provided in all primary schools.

As per details furnished by the Board, drinking water facility was to be provided in 13750 primary schools in rural areas. Action plan of Rs.12 crore which was prepared for 3600 schools and sent to Government by the Board for approval in July 1996 was not approved as of July 1997.

6.5.17 Information, education and communication (IEC) project

For providing information, education and communication (IEC) facilities to highlight the hazards of using non-potable water, IEC project at an estimated cost of Rs.1.76 crore was taken up in four identified districts (Baroda, Banaskantha, Kheda and Rajkot). The project was to be implemented on 50 : 50 sharing basis between the Centre and the State.

Though, State IEC Cell was formed in May 1994 (under United Nations International Children's Emergency Fund scheme), State Co-ordination Agency, District Co-ordination Agency and Water and Sanitation Committees etc, were not formed though required under the project (February 1997). Reasons for their non-formation, though called for, were not furnished.

Test-check of records of one of the selected districts (Kheda) revealed that no programme relating to IEC was taken up till April 1997.

Rupees 43.98 lakh (being 50 *per cent* of the Central share) received by the Board in March 1996 remained unutilised (February 1997).

6.5.18 Human Resources Development Cell

On the basis of suggestions made (September 1994) by GOI, Human Resources Development (HRD) Cell was sanctioned by State Government in October 1996 for imparting basic training relating to water and sanitation to people in rural areas. As per GOI norms entire non-recurring cost on establishment of HRD Cell and 50 *per cent* of recurring cost on salary of sanctioned staff was to be borne by GOI.

Though HRD Cell was reported established from January 1997, no expenditure was incurred (February 1997).

6.5.19 Non-maintenance of separate accounts for grants sanctioned for specified purpose

As per guidelines, component-wise grant released by the Mission was to be utilised only for the specified purpose and expenditure on such components was required to be shared by the Central and the State Governments in prescribed proportion.

It was noticed during test-check of records of the Board that no details were available in the accounts maintained by the Board and hence utilisation of grant for specified purpose and sharing of expenditure in the prescribed proportion could not be verified in Audit. Board stated (August 1997) that details were required to be ascertained from the divisions.

However, during test-check of records of three PHW divisions (Mehsana, Himatnagar and Bhuj-I) it was observed that no detailed accounts were maintained from 1992-93 to 1995-96. It was further seen that the Board issued instructions only in December 1996 for maintenance of detailed accounts from April 1996. Detailed accounts from April 1996 as required under Board's circular *ibid*, were still under preparation by the divisions. It was also noticed during test-check of records of three other PHW divisions (Siddhpur, Nadiad and Valsad) that circular *ibid*, was not received by them and as such no attempts were made by those divisions to prepare detailed accounts.

6.5.20 Monitoring

For monitoring water supply schemes, instructions were issued by the Board to the effect that Executive Engineer, Superintending Engineer and Chief Engineer, while visiting the site, should inspect the quality of work, submit inspection note to the next higher authority and review from time to time the quality of work etc.

During test-check of PHW divisional offices, it was noticed that no such inspection notes were issued in any of the test-checked PHW divisions (Sabarkantha, Mehsana, Bhuj, Kheda and Valsad). Reasons for non-submission of inspection notes, though called for, were not furnished.

6.5.21 Non-convening of meetings of State Level Advisory Board

As per GOI orders (1989), State Level Advisory Board was constituted and met only once during 1991-96 instead of once in two months as required. No reasons for non-convening the meeting once in two months during 1991-96 were furnished, though called for.

6.5.22 The matter was reported to Government in September 1997; reply had not been received (November 1997).

6.6 Blocking up of government funds

Border Area Development Programme (BADP) envisaged provision of adequate potable drinking water to border areas of Kachchh and Banaskantha districts of the State. The programme was implemented with cent *per cent* Central

assistance for Central schemes and also by the State Government from their funds for State schemes. Gujarat Water Supply and Sewerage Board (Board) was nominated as implementing agency.

During 1993-94 to 1996-97, Rs.3.42 crore and Rs.3.12 crore were released by the Central Government and State Government for Kachchh district of which Rs.1.66 crore and Rs.2 crore were spent from Central and State funds respectively on the works and the remaining amount was lying with the Board, as shown below:

BADP (Central)

(Rupees in lakh)

Year	Opening balance	Funds received	Total	Expenditure	Closing balance
1993-94	---	30.00	30.00	25.68	4.32
1994-95	4.32	6.19	10.51	0.96	9.55
1995-96	9.55	177.75	187.30	63.58	123.72
1996-97	123.72	128.00	251.72	75.78	175.94

Total 22 water supply schemes were sanctioned for Kachchh district during 1992-97. Of these, only 12 schemes were completed as of August 1997. Shortfall was attributed by the Board to delay in approval of schemes, completion of water sources, non-availability of material and remoteness of area.

Scrutiny further revealed that eight schemes were completed in time, one scheme was delayed by five months on account of non-procurement of materials due to non-finalisation of rate contract and non-issue of release order by the Board. One scheme was delayed by four months in execution and information was not furnished for two schemes by the Board, though called for (November 1997).

Out of seven schemes, which were in progress, one scheme was delayed by 15 months on account of non-receipt of tenders, one scheme was delayed due to source problem, two schemes were delayed due to delay in according administrative approval and one scheme was delayed due to delay in approving plans by the Board. Two schemes, sanctioned during 1996-97 were under process of preparation of estimates and development of source.

Three schemes, estimated to cost Rs.34.74 lakh were dropped. Details of refund of this amount, though called for, were not furnished by the Board.

BADP (State)

Year	(Rupees in lakh)				
	Opening balance	Funds received	Total	Expenditure	Closing balance
1993-94	---	44.00	44.00	12.35	31.65
1994-95	31.65	53.00	84.65	90.34	(-)5.69
1995-96	(-)5.69	125.00	119.31	70.50	48.81
1996-97	48.81	90.00	138.81	27.18	111.63

Out of 65 schemes sanctioned under BADP (State) during 1993-97, only 41 schemes were completed.

Test-check of records revealed that two schemes were delayed by three to four months on account of delay in acceptance of tenders by competent authority, four schemes were delayed by one to seven months on account of non-availability of materials, two schemes executed departmentally were delayed by four months to one year on account of excess work load.

Out of 13 schemes in progress, four schemes were delayed by contractors due to remoteness of sites, one scheme was delayed by more than one year on account of non-providing of feeder line by Gujarat Electricity Board.

Four schemes estimated to cost Rs. 2.79 lakh were dropped. Details of refund of this amount, though called for, were not furnished by the Board. Seven schemes sanctioned during 1996-97 were yet to be taken up as plans and estimates were under preparation.

Unspent balance of Rs.2.88 crore lying with the Board was due mainly to late approval of the scheme, non-availability of material in time and non-starting of works due to time consumed in the process of tender. These could have been foreseen while planning the schemes in the first year and in the subsequent years due care should have been taken before releasing the funds. It was evident that funds were released without assessing the requirement.

This resulted in blocking of government funds of Rs.2.88 crore remaining outside Government account as of November 1997. The intended benefits of the scheme to the people of the border areas were also denied.

The matter was reported to Government in June 1997; reply had not been received (November 1997).

6.7 Blocking of funds

On account of damage caused to Machhu-II dam in 1979, which was the only source of providing water to Morbi town, Government prepared an emergency water supply scheme (December 1979) to draw water from Machhu-I dam for supplying to Morbi town till Machhu-II dam was re-constructed. Rupees 2.29 crore were spent on the scheme. The pipes laid for drawing water were to be withdrawn on restoration of supply of water to Morbi town from Machhu-II dam.

During audit of Public Health Works Division, Morbi, it was noticed (November 1996) that supply of water from Machhu-II dam to Morbi town was restored in June 1986. As envisaged in the scheme, the pipes were required to be withdrawn immediately on restoration of water supply to Morbi town from Machhu-II dam. However, division explored the possibility for utilising the pipeline and could utilise only 20 kms. of pipeline for supply of water to Wankaner town. Remaining 22 kms. pipeline valued at Rs.40 lakh was not removed as of September 1997.

The division stated (April 1997) that the pipeline was decided to be utilised for supplying water to problem villages of Wankaner and Morbi talukas. The reply was not tenable as the proposal to supply water from Machhu-I dam to the problem villages of Wankaner and Morbi talukas was rejected by Narmada and Water Resources Department in December 1993. The pipeline was not removed even after rejection of the proposal in December 1993.

Thus, non-removal of pipeline resulted in blocking of funds of Rs.40 lakh for more than three years besides possible damage/deterioration of the material.

The matter was reported to Government in January 1997; reply had not been received (November 1997).

6.8 Injudicious purchase of stores

To mitigate acute shortage of water during the scarcity year 1987-88, Government sanctioned (April 1988) Rs.79.78 lakh for Ghogha Rural Water Supply Scheme (scheme). The scheme provided for drawal of water through existing pipeline owned by Bhavnagar Municipal Corporation (BMC).

It was seen in audit that though BMC informed Government/division (March/April 1988) that general body of BMC had not passed any resolution for supply of water from the existing pipeline, material worth Rs.42.37 lakh was procured by the division between May 1988 and December 1988. When BMC finally refused to provide water from the existing pipeline, even then further material worth Rs.9.73 lakh was procured by the division between December 1988 and January 1989. The

scheme was finally dropped in June 1989 for want of water supply. Material worth Rs.26.82 lakh was transferred to other divisions during 1990-95. Actual utilisation of the material was not intimated to Audit. Balance material worth Rs.25.28 lakh was lying unutilised as of June 1996.

Thus, injudicious procurement of material without prior approval of the scheme resulted in blocking of funds amounting to Rs.25.28 lakh for over seven years.

The matter was reported to Government in March 1997; reply had not been received (November 1997).

6.9 Infructuous expenditure on installation of bio-gas plants

To provide energy in clean unpolluted form, and to bring improvement in rural sanitation, Gujarat Water Supply and Sewerage Board (GWSSB) decided (December 1984) to construct with the financial aid from Government of India and Gujarat Energy Development Agency (GEDA), one community bio-gas plant (CBP) each at village Bedva and Dedarda of Kheda district. Bio-gas produced, was to be utilised for production of electrical energy for running water works, pumps, flour mills, street lights etc. Civil works of CBPs were completed in November 1985 and February 1986 at a cost of Rs.3.94 lakh and Rs.5.56 lakh respectively. However, the plants could not be commissioned as the local people refused to accept electric supply from bio-gas plant due to high cost of electricity and demanded supply of gas through pipeline for domestic use. GWSSB therefore, decided (October 1989) to hand over CBPs to GEDA for supply of bio-gas for household use through pipeline. However, CBPs were not handed over as of November 1997.

Thus, non-commissioning of CBPs resulted in infructuous expenditure of Rs.10.12 lakh including wages of watch and ward staff (Rs.0.62 lakh).

The matter was reported to Government in April 1996; reply had not been received (November 1997).

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

6.10 Non-recovery of loan and interest

Mention was made in paragraph 7.9.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1988 (Civil) - Government of Gujarat about recovery of loan and interest under Integrated Scheme on the Development of Small and Medium Towns. Government in their reply to the Public Accounts Committee in August 1994 stated that steps were taken to recover the amount from defaulting local bodies.

It was observed during audit of accounts of Additional Chief Town Planner, Gandhinagar (August 1996) that as against total State and Central loan of Rs.20.28 crore (State loan Rs.6.88 crore and Central loan Rs.13.40 crore) due for recovery from 43 municipalities, Rs.6.98 crore towards overdue instalments (Rs.5.25 crore) and interest (Rs.1.73 crore) were to be recovered as of March 1997. Even after Government's assurance in August 1994 to the Public Accounts Committee to take necessary steps for effecting recovery from the defaulting municipalities, further loan of Rs.1.37 crore was paid to such municipalities. Further, if the payment of instalments of principal and interest was not made on due date, penal interest at the rate of 2.75 *per cent* was recoverable/to be charged.

Thus, Rs.6.98 crore pertaining to period April 1980 to March 1996 were yet to be recovered. Further, details of penal interest recoverable from the defaulting municipalities, though called for, were not furnished by the department.

The matter was reported to Government in March 1997; reply had not been received (November 1997).

INDUSTRIES AND MINES DEPARTMENT

6.11 Non-recovery of loan/subsidy and unfruitful assistance

Financial assistance given by Gujarat Khadi Gramodyog Board (Board) for implementation of schemes is met out of loans and grants given by State Government and Khadi and Village Industries Commission (KVIC).

Under the scheme approved by KVIC, the Board sanctioned between September 1986 and July 1992, loan of Rs.9.07 lakh and subsidy of Rs.1.78 lakh to three units. The loan carried interest at four *per cent* repayable in four and nine yearly instalments after initial period of moratorium of one year. In the event of failure in repayment of loan, penal interest at five *per cent* was also leviable. Further, if the

assistance was not utilised for the purpose for which it was granted, the entire amount was to be recovered by the Board.

It was noticed during test-check of the records of the Board (April 1996) that in the following cases though the units did not carry out intended activities, no action was taken to recover the loan/assistance paid to them as detailed below:

(Rupees in lakh)

Unit	Year of payment	Loan	Repayment of loan	Net loan out-standing	Subsidy	Interest	Remarks
A	1990-91	2.00		2.00	0.60	0.75	Board declared loan assistance as unutilised.
	1991-92	1.20		1.20	0.80	0.94	
	1992-93	0.18	0.18	---	0.33	(penal)	
		---	---	---	---	---	
		3.38	0.18	3.20	1.73	1.69	
B	1986-87	0.92	0.23	0.69	0.05	0.77	Amount was not utilised for the purpose and did not carry out the activities for which it was sanctioned.
	1991-92	2.62	---	2.62	---	0.99	
		---	---	---	---	(penal)	
		3.54	0.23	3.31	0.05	1.76	
		---	---	---	---	---	
C	1989-90	1.55	---	1.55	---	0.47	Activities for which amount was sanctioned were not carried out.
	1991-92	0.60	---	0.60	---	0.59	
		---		---		(penal)	
		2.15		2.15		1.06	
Total		9.07	0.41	8.66	1.78	4.51	

The Board took no action for recovery of loan/ subsidy and interest except issuing formal notices. This resulted in non-recovery of Rs.14.95 lakh for over four years.

The matter was reported to Government in November 1996; reply had not been received (November 1997).

ROADS AND BUILDINGS DEPARTMENT

6.12 Delay in recovery of extra cost from defaulting contractors

According to general terms and conditions of a contract, if a contractor fails to complete the work satisfactorily within the stipulated/extended time limit, the same could be got executed at his risk and cost. Further, as per Government instruction (December 1980) which apply to panchayat works also, civil suit for recovery should be filed immediately on fixing another contractor.

It was noticed during audit (October/November 1994 and January 1996) of Roads and Buildings Divisions of District Panchayats, Gandhinagar, Himatnagar and Vadodara that in the cases mentioned below, contractors abandoned the works and it was decided to complete the works at the risk and cost of the defaulting contractors. Accordingly, in one case, work was got completed departmentally and in other cases, works were awarded to second contractors but no action to recover the extra cost from the defaulting contractors was taken. This resulted in non-recovery of extra cost amounting to Rs.10.68 lakh from the defaulting contractors.

District Panchayat	Work	Month of fixing contract		Net dues reco- verable (Rupees in lakh)	Month of comple- tion of work
		Stipulated month of completion			
		First	Second		
Gandhinagar	PHC staff quarters	January 1991 July 1992	August 1994 Febru- ary 1995	2.97	July 1995 Septem- ber 1995
Himatnagar	Dhansura road	March 1988 March 1989	Depart- menta- lly	5.23	May 1992
Vadodara	Akakheda road	May 1990 May 1991	March 1995 November 1995	2.48	January 1996
Total				10.68	

The matter was reported to Government in January 1995, April 1996 and June 1996; reply had not been received (November 1997).

FINANCE DEPARTMENT

6.13 Unauthorised retention of interest amount on grant

To promote people's interest in small savings, Government of Gujarat introduced (April 1978) a scheme for sanctioning *ad hoc* grant at the rate of 10 per cent of the targeted collection of small savings to district panchayats for better performances in small saving investment. The scheme provided that the grant sanctioned to the district panchayats in respective financial year should be utilised in the next year, failing which the unutilised grant would lapse. Interest earned on unutilised balance of grant was required to be credited to Government account. As per Government instructions, the district authority was to utilise the grant to carry out prescribed development works like road works, rural water supply scheme, schools, dispensaries, maternity homes, etc. Works other than those were to be carried out only after obtaining prior permission of Finance Department. The works like construction of meeting halls, shopping centers, PBX connection in collectorate, purchase of jeep, school furniture, purchase of coloured TV for schools, etc. were not considered as development works.

It was observed in audit (January 1994) of accounts of District Panchayat, Surat (Panchayat) and from the subsequent information furnished to Audit that Government extended (May 1997) the time limit for utilisation of balance amount of *ad hoc* grant upto March 1998. However, the amount of interest earned by the District Panchayat on the unutilised balance of the grant deposited in savings bank accounts in the post office, was to be credited to Government account within one month. Despite clear directives from Government, interest amounting to Rs.3.43 crore was not credited to Government account by the Panchayat.

Further, Rs.5.12 lakh were irregularly spent on the items/works which were not covered under the scheme.

Thus, apart from the irregularity of not crediting interest of Rs.3.43 crore to Government account and crediting unutilised balance of *ad hoc* grant in post office, there was unauthorised spending of Rs.5.12 lakh on items/works not covered under the Scheme.

The matter was reported to Government in April 1997; reply had not been received (November 1997).

EDUCATION DEPARTMENT

6.14 Total Literacy Campaign

6.14.1. Introduction

Total Literacy Campaign (TLC) was launched in May 1988 by National Literacy Mission (NLM) Authority as Central Plan Scheme with the objective of total eradication of illiteracy in age-group of 6-35 years. The objective of TLC was to achieve 80-85 *per cent* literacy in each of the target/focus groups separately among men and women, scheduled castes and scheduled tribes. TLC was launched in June 1992 in all the 19 districts of the State. Post Literacy Campaign (PLC) which is sequel to TLC is also to be implemented immediately on completion of TLC, to avoid problem of neo-literates relapsing into illiteracy as a result of break in learning process. These campaigns aim at taking neo-literates from dependent to self-guided learning stage and promoting development of skills among neo-literates.

6.14.2 Organisational set up

Ministry of Human Resources Development (Department of Education) (Ministry) was responsible for overall budgetary and administrative control of the scheme at the Central level. TLC/PLC was implemented through NLM in partnership with State Government (Education Department) and Zilla Saksharta Samitis (ZSSs) specially set up for the purpose. ZSSs were headed by the District Collector as Chairman and District Development Officer of each district as Head of the Executive Committee. Director of Adult Education (DAE), Gandhinagar was nominated as Secretary, State Literacy Mission (SLM) to administer the scheme in co-ordination with ZSS.

6.14.3 Audit coverage

Records relating to implementation of the programme for 1992-93 to 1996-97 were test-checked between January and June 1997 in the offices of Director of Adult Education, State Resource Centre, seven ZSSs out of 19 and Surat Municipal Corporation. Important points noticed are given in succeeding paragraphs.

6.14.4 Highlights

Out of the total grant of Rs.36.72 crore, for Total Literacy Campaign/Post Literacy Campaign, Rs.28.96 crore were spent during 1992-97. Out of the unutilised balance of Rs.7.76 crore lying in the nationalised banks, Rs.6.14 crore pertained to 1992-94.

(Paragraph 6.14.5(i))

Total number of illiterates identified were shown as enrolled instead of actual number of learners joining the campaign. Hence the gap in coverage against the target was not verifiable.

(Paragraph 6.14.7(ii))

Non-completion of Total Literacy Campaign by Surat Municipal Corporation resulted in extra expenditure of Rs.3.95 lakh and wasteful expenditure of Rs.6.00 lakh.

(Paragraph 6.14.9(i))

Delay in implementation of Total Literacy Campaign by Rajkot Municipal Corporation resulted in retention of funds of Rs.3.67 lakh since 1994-95 and loss of interest of Rs.1.06 lakh.

(Paragraph 6.14.9(ii))

Zilla Saksharta Samiti, Mehsana, extended Total Literacy Campaign beyond the scheduled date without approval of Government of India and spent Rs. 18.97 lakh during the extended period of campaign.

(Paragraph 6.14.9(iii))

Rupees 24.77 lakh were irregularly retained in Personal Ledger Account of District Development Officer by Zilla Saksharta Samitis, since August 1994 (Bharuch) and January 1993 (Kheda). This resulted in loss of interest of Rs.9.55 lakh.

(Paragraph 6.14.11(i))

In Panchmahals district, training was conducted for five days instead of prescribed duration of nine days. This resulted in excess expenditure of Rs.16.47 lakh.

(Paragraph 6.14.12(ii))

Though, Jan Shikshan Nilayam ceased functioning with effect from 1 April 1996, Rs.1.76 crore relating to Jan Shikshan Nilayam were lying un-utilised with 12 Zilla Saksharta Samitis in Personal Ledger Accounts.

(Paragraph 6.14.14(ii))

As against the targeted coverage of 30 lakh learners under Saksharta Abhiyan by State Resource Centre, only 15.35 lakh learners were enrolled. The percentage of successful learners was only 30, while there was excess expenditure of Rs. 2.25 crore.

(Paragraph 6.14.16)

As against the requirement of 2.48 lakh primers, 4 lakh primers were supplied to Zilla Saksharta Samiti, Bhavnagar resulting in avoidable expenditure of Rs.22.86 lakh for supply of excess primers.

(Paragraph 6.14.17)

Against the targeted coverage of 80 to 85 *per cent* under Post Literacy Campaign, actual coverage as of March 1997 ranged between 34 *per cent* and 66 *per cent* under each focus group.

(Paragraph 6.14.18.1)

There was delay of 10 months to 21 months in commencement of Post Literacy Campaign in five Zilla Saksharta Samitis. Post Literacy Campaign was not commenced in other five Zilla Saksharta Samitis though Total Literacy Campaign was completed 24 months to 30 months ago.

(Paragraph 6.14.19)

In Zilla Saksharta Samiti, Amreli, no cash book was maintained though Rs.82.00 lakh were spent on Total Literacy Campaign and Post Literacy Campaign between August 1993 and July 1996.

(Paragraph 6.14.23.1)

Vouchers amounting to Rs.10.06 lakh were entered in the cash book though the competent authority did not pass those for payment.

(Paragraph 6.14.23.5)

Of the 19 districts in which Total Literacy Campaign was completed, only five districts were covered for monitoring.

(Paragraph 6.14.24)

6.14.5 Funding of the scheme

(i) Central grant was released in two or three instalments direct to ZSS. State share was released in instalments to the District Collector of the concerned district out of the provision made in the budget for State Plan. No separate provision was made in the budget of the State Government for TLC and PLC. ZSS released funds to Taluka Development Officer (TDO) as per requirement. Cost of the approved project was borne by NLM and State Government in the ratio of 2:1. For districts under Tribal Area Sub-plan, cost of the project was borne in ratio of 4:1 between Central and State Governments.

Funds released by Government of India and State Government and expenditure during 1992-93 to 1996-97 in respect of TLC/PLC showed that against release of total funds of Rs.36.72 crore, Rs.28.96 crore were spent. Out of the unutilised balance of Rs. 7.76 crore lying in nationalised banks, Rs. 6.14 crore pertained to 1992-94.

(ii) In seven test-checked districts, funds released during the period of review and expenditure there against were as under;

(Rupees in crore)						
Name of district	Grant received		Total grant	Expenditure	Saving	Percentage of savings
	Central	State				
Sabarkantha	0.55	0.40	0.95	0.78	0.17	18
Vadodara	1.07	0.58	1.65	1.43	0.22	13
Kheda	1.05	0.60	1.65	1.64	0.01	Nil
Jamnagar	0.70	0.39	1.09	0.96	0.13	12
Dangs	0.13	0.15	0.28	0.18	0.10	36
Surat Municipal Corporation	0.26	1.17	0.43	0.24	0.19	44
Panchmahals	1.45	0.96	2.41	1.98	0.43	18
Total	5.21	3.25	8.46	7.21	1.25	

Savings ranged between 12 *per cent* in Jamnagar and 44 *per cent* in Surat Municipal Corporation (except for District Kheda, where there was no saving). No reasons for savings were furnished, though called for. Out of saving of Rs.43 lakh, Rs.40 lakh were irregularly kept in fixed deposit in Panchmahals district since April 1994.

6.14.6 Survey and identification

Survey was required to be carried out before commencement of TLC for identification of total illiterates in each age-group for their coverage. Details of survey conducted by each taluka were furnished to district for final compilation.

Test-check of records in Kheda district revealed that there was difference of 0.15 lakh learners in figures of three talukas (Kapadwanj, Mehmabad and Thasra). Figures at the district level were shown more than those furnished by these talukas. This resulted in excess claim of grant of Rs.9.75 lakh from NLM and State Government. Reasons for such variation, though called for, were not furnished (July 1997).

6.14.7 Target and achievement

(i) Under TLC, illiterates targeted to be covered and those actually covered during 1992-97 were as under:

(Numbers in lakh)

Details	Male	Female	Total	SC	ST	Total
Learners identified	14.74	24.54	39.28	3.77	10.63	14.40
Learners enrolled	14.74	24.54	39.28	3.77	10.63	14.40
Learners declared successful	10.98	18.19	29.17	2.98	8.95	11.93
Number of unsuccessful learners	3.76	6.35	10.11	0.79	1.68	2.47
Percentage in brackets	(26)	(26)	(26)	(21)	(16)	(17)

(ii) Total number of illiterates identified were shown as enrolled instead of illiterates who actually joined the campaign. As such, number of illiterates left out could not be verified.

Percentage of failure was 26, for Male and Female. High rate of failure was noticed in Kachchh (36), Jamnagar (36) and Junagadh (34).

Out of 15.39 lakh illiterates enrolled in seven test-checked districts and one corporation, 12.67 lakh were successful, 1.93 lakh dropped out and 1.79 lakh were unsuccessful. Percentage of dropouts ranged between 3 (Vadodara) and 100

(Surat Municipal Corporation). Reasons for 100 *per cent* dropout relating to Surat Municipal Corporation are discussed in subsequent paragraph 6.14.9(i).

6.14.8 Cost per learner

While TLC cost was assumed to be for one year at the rate of Rs.65 per learner, PLC cost was assumed to be for two years at the rate of Rs.40 per neo-literate per year. Normal cost of TLC/PLC for a single district was prescribed at Rs.145 per learner and the Ministry was approving total cost of the project accordingly.

However, it was noticed that per learner cost ranged between Rs.24 (Gandhinagar) and Rs.101 (Kachchh). In test-checked districts, per learner cost ranged between Rs.54 (Jamnagar) and Rs.78 (Vadodara). Excess cost per learner was due to large number of failures.

6.14.9 Implementation of projects

(i) Surat Municipal Corporation

NLM approved implementation of TLC in March 1995, at a total cost of Rs.51.50 lakh for coverage of 0.79 lakh illiterates between December 1994 and August 1996. Out of Central share of Rs.34.33 lakh, Government of India (GOI) released Rs.25.75 lakh in July 1995. State share of Rs.17.17 lakh was released between April 1995 and March 1996.

Against the target of 0.79 lakh learners, Corporation enrolled 0.39 lakh learners only. Purchase of primers was however, made, for 0.79 lakh learners at a total cost of Rs.11.85 lakh. The Corporation supplied two primers to 0.39 lakh learners only upto June 1997 at a cost of Rs.3.90 lakh. So there was wasteful expenditure of Rs.6.00 lakh on excess purchase of primers for learners not enrolled. The third primer could not be supplied to 0.39 lakh learners as certain changes required to suit it to the need of industrial workers of Surat city, were not carried out by State Resource Centre (SRC) as of June 1997. Unrevised third primer received in August 1994 at a cost of Rs.1.95 lakh was not used by the Corporation.

The Corporation stated (January 1997) that as most of the learners migrated due to out-break of plague epidemic and demolition drive undertaken by the Corporation, there was delay in completion of project. The reasons were not tenable as the effect of plague epidemic (September 1994 to November 1994) and demolition drive (August 1995) were known to the Corporation.

(ii) Rajkot Municipal Corporation

NLM approved combined TLC for Rajkot Municipal Corporation and Rajkot rural in February 1994 to cover 1.43 lakh learners (Corporation 0.25 lakh and Rajkot rural 1.18 lakh) at a cost of Rs.92.95 lakh. The proportionate share for the Corporation worked out to Rs.16.40 lakh. However, ZSS, Rajkot released Rs.4 lakh to the Corporation in May 1994 and provided learning material costing Rs.1.47 lakh in June 1994. Out of Rs.4 lakh, the Corporation spent only Rs.0.33 lakh on publicity, training etc. during 1994-95 and retained balance amount of Rs.3.67 lakh in current account with bank. The campaign was yet to commence (May 1997) and learning material costing Rs.1.47 lakh was lying with the Corporation.

Thus, non-commencement of campaign resulted in retention of funds of Rs.3.67 lakh by the corporation, besides loss of interest of Rs.1.06 lakh at the borrowing rate of 12 *per cent* and non-accrual of intended benefits of the scheme even after more than three years.

The Corporation stated (May 1997) that as more than three years passed after launching of the project, the campaign would be started only after re-survey.

(iii) Zilla Saksharta Samiti-Mehsana

While sanctioning TLC, GOI specified time limit within which the campaign was to be completed. In case of delay, prior permission of GOI was required to be obtained. It was noticed that ZSS, Mehsana extended the campaign beyond the scheduled date of September 1994 till December 1996 without obtaining prior permission of GOI and spent Rs.18.97 lakh.

Reasons for prolongation of campaign beyond the prescribed period were not furnished (July 1997).

6.14.10 Double coverage of illiterates

In ZSS, Gandhinagar 0.52 lakh illiterates covered under PLC included 0.23 lakh learners already covered under old scheme of Rural Functional Literacy and State Adult Education Programme. Coverage of such learners resulted in excess claim of grant of Rs.5.49 lakh from GOI.

ZSS stated (March 1997) that expenditure was incurred for learners of old scheme in view of approval of proposal by GOI.

The reply was not tenable as the inclusion of learners already covered under the earlier schemes was not separately indicated in the proposal sent to GOI.

6.14.11 Irregular retention of grant in personal ledger account/exhibition as expenditure

(i) ZSS, Bharuch credited grant of Rs.15.45 lakh received from State Government between August 1994 and February 1995 to personal ledger account (PLA) of District Development Officer (DDO) instead of account of the scheme. Similarly, ZSS, Kheda credited Rs.9.32 lakh in January 1993 to PLA of DDO. This resulted in loss of interest of Rs.9.55 lakh (Bharuch Rs.5.37 lakh and Kheda Rs.4.18 lakh) at the borrowing rate of 12 per cent.

ZSSs, Bharuch and Kheda stated that the amount lying in PLA of DDO would be recovered and credited to ZSS account.

(ii) In ZSS, Vadodara, out of Rs.34.16 lakh allotted to various Taluka Development Officers (TDOs) by ZSS during 1994-95 to 1996-97, only Rs.21.35 lakh were spent. Unutilised amount of Rs.12.81 lakh lying with various TDOs was also shown as expenditure under the scheme, while forwarding the monthly return to DAE.

6.14.12 Training

The scheme provided for training to volunteers, master trainers and resource persons involved in the programme of literacy.

Duration of nine days each for imparting training to trainers was envisaged for which expenditure of Rs.10 per learner was allowed under the scheme.

(i) In ZSSs, Vadodara, Mehsana and Sabarkantha, training was conducted for less number of days in all the categories of trainers as against nine days envisaged in the scheme as shown below.

	Master trainers	Resource persons	Volunteers (Number of days)
Mehsana	4	4	4
Sabarkantha	5	5	4
Vadodara	2	4	Nil

The district authorities stated that due to shortfall in duration of training, there was saving. This was not tenable as the shortfall in imparting training to key persons would adversely affect the success of the programme. Out of the savings of Rs.48.98 lakh, Rs.7.40 lakh and Rs.15.93 lakh were diverted for purchase

of books by ZSSs, Sabarkantha and Mehsana respectively in contravention of sanction of NLM.

(ii) In Panchmahals district, training was imparted for five days to 0.41 lakh volunteers/master trainers. Though, proportionate expenditure of Rs.20.60 lakh was admissible for five days, Rs.37.07 lakh were spent as would be admissible for full duration of nine days resulting in excess expenditure of Rs.16.47 lakh.

ZSS, Panchmahals stated (March 1997) that the matter required examination. No further information was furnished (July 1997).

(iii) The resource person was to be imparted 9 days training by SRC. However, it was noticed that in five districts (Ahmedabad, Kachchh, Kheda, Surat (Urban) and Surendranagar), training was conducted between one day and four days.

SRC stated that the remaining days of training were adjusted in monthly meetings of ZSSs.

The reply was not tenable as the monthly meetings could not be equated with imparting of training.

6.14.13 Expenditure on publicity

(i) Environment building and publicity play important role in creating public awareness of literacy campaign. Publicity included display of advertisement through Gujarat State Road Transport Corporation (GSRTC).

GOI sanctioned Rs.4.50 lakh for advertisement for a period of three months in GSRTC buses to ZSS, Sabarkantha. As against this, ZSS spent Rs.11.14 lakh for eight months involving excess expenditure of Rs.6.64 lakh.

ZSS, Sabarkantha stated that at the time of giving advertisement there was no practice of giving advertisement for three months. The reply was not tenable as the sanction order clearly indicated provision of Rs.4.50 lakh for advertisement for three months only.

(ii) In Kheda district, it was noticed that in the bills received for display of advertisement on buses in city and mofusil areas between August 1992 and May 1993, same bus numbers were mentioned by more than one depots. However, series of the bus numbers were not mentioned in the bills paid by the district authorities. In the absence of series numbers in the bills, the genuineness of payment of Rs.0.86 lakh could not be verified in audit.

District authorities stated that the matter required verification. Further developments were awaited (July 1997).

6.14.14 Jan Shikshan Nilayam

Under TLC, post-literacy and continuing education was to be carried out through Jan Shikshan Nilayam (JSN) set up for each cluster of 4 to 5 villages (population of about 5000).

(i) According to orders issued by DAE in December 1995, JSN was closed with effect from 1 April 1996. It was noticed that ZSS, Jamnagar purchased books and sports articles amounting to Rs.2.17 lakh on 30 March 1996. All the items were lying unutilised (June 1997). Since the order of closure of JSN was issued in December 1995, purchase on 30 March 1996 i.e. two days before the closure of the scheme was not only irregular but also resulted in blocking of government funds of Rs.2.17 lakh.

(ii) Though JSN ceased functioning with effect from 1 April 1996, Rs.1.76 crore relating to JSN activities were lying unutilised with 12* ZSSs in their personal ledger accounts.

6.14.15 State Resource Centre

State Resource Centre (SRC) was set up by GOI in October 1977 under Gujarat Vidyapeeth with the object of providing technical service and support by way of production and supply of learning and teaching materials, training of functionaries etc. for literacy programme.

Expenditure of SRC was borne by Central Government, State Government and SRC in the ratio of 80:15:5 upto 1993-94 and from 1994-95 entire expenditure limited to maximum of Rs.25 lakh was borne by GOI. Out of Rs.66.56 lakh received during 1990-91 to 1996-97 from GOI, Rs.53.75 lakh were spent and Rs.12.81 lakh were kept in current account.

As per provision of the scheme grant was to be kept in a separate bank account. SRC did not operate separate bank account in respect of grant received from GOI and kept the same in their current account which resulted in loss of interest of Rs.6.00 lakh at the borrowing rate of 12 *per cent*.

SRC stated (July 1997) that a separate bank account would be maintained in future.

*Ahmedabad, Amreli, Banaskantha, Dangs, Jamnagar, Kheda, Mehsana, Panchmahals, Sabarkantha, Surat, Surendranagar, Vadodara.

6.14.16 Excess expenditure of Rs.2.25 crore under Saksharta Abhiyan

GOI sanctioned Rs.4.62 crore during 1990-92 to SRC for implementing Saksharta Abhiyan programme in which 30 lakh illiterates in the age group of 15-35 of 100 talukas of the State were to be covered. According to the Status Report published by Directorate of Adult Education, GOI (July 1994), SRC could enroll only 15.35 lakh learners during 1990-93, out of which only 8.85 lakh (58 per cent) learners achieved level III. As against proportionate admissible expenditure of Rs.2.36 crore for 15.35 lakh learners, Rs.4.61 crore were spent. This resulted in excess expenditure of Rs.2.25 crore.

SRC stated that under the programme 25.15 lakh learners were enrolled. However, Taluka-wise information regarding identified illiterates, their coverage and success, though called for, was not furnished (July 1997). In their letter of July 1997, SRC clearly stated that only 15.35 lakh learners were covered. Therefore, the claim of SRC for enrollment of 25.15 lakh learners was not reliable.

Scrutiny revealed that out of Rs.4.61 crore spent on programme, Rs.4.28 crore were spent on printing of 28.50 lakh primers which were distributed to other agencies, districts etc. in addition to learners covered by SRC. However, SRC claimed to have distributed 31.50 lakh primers to other institutions etc. including learners enrolled by them. The claim was apparently incorrect as it was not possible to supply 31.50 lakh primers when only 28.50 lakh primers were available.

6.14.17 Excess supply of primers

SRC supplied 4 lakh primers to ZSS, Bhavnagar as against their requirement of 2.48 lakh. Thus, excess supply of 1.52 lakh primers resulted in avoidable expenditure of Rs.22.86 lakh.

6.14.18 Post Literacy Campaign

6.14.18.1 Target and achievement

Under post literacy campaign, target and achievement in respect of neo-literates were as under:

(Numbers in lakh)

	Male	Female	Total	Scheduled Castes	Scheduled Tribes
Number of Neo-literates who achieved primer III level	10.98	18.19	29.17	2.98	8.95
Number of learners under mopping up operation	0.23	0.33	0.56	0.04	0.35
Total target	11.21	18.52	29.73	3.02	9.30
Number of learners enrolled	9.38	15.98	25.36	2.01	6.25
Number of Neo-literates who completed PL (percentage of enrolled learners given in bracket)	3.92 (42)	5.70 (36)	9.62 (38)	1.32 (66)	2.11 (34)
Number of Neo-literates participating in PL centres	6.98	12.39	19.37	1.59	5.17

As against the targeted achievement of 80-85 *per cent* under each focus group, achievement upto March 1997 ranged between 34 *per cent* (Scheduled Tribes) and 66 *per cent* (Scheduled Castes).

6.14.18.2 Funding of the scheme

Funds released by GOI and State Government and expenditure during 1992-93 to 1996-97 in respect of PLC showed that against release of total funds of Rs.13.79 crore, Rs.9.04 crore were spent and there was saving of Rs.4.75 crore.

6.14.19 Delay in commencement of PLC

PLC was required to be implemented by ZSS for a period of two years immediately on completion of TLC so that neo-literates did not relapse into illiteracy as a result of break in learning process. However, it was noticed that in the following districts, PLC was started inordinately late/not started.

Serial number	Name of district	TLC completed	PLC started	Delay in months
1	Ahwa-Dangs	August 1993	July 1994	10
2	Amreli	July 1994	July 1995	11
3	Banaskantha	April 1995	Not yet started (May 1997)	25
4	Bharuch	November 1994	Not yet started (May 1997)	30
5	Jamnagar	August 1994	January 1996	16
6	Junagadh	December 1994	Not yet started (May 1997)	29
7	Panchmahals	March 1995	January 1997	21
8	Sabarkantha	October 1993	July 1995	20
9	Surat	June 1995	Not yet started (May 1997)	23
10	Valsad	May 1995	Not yet started (May 1997)	24

The delay in commencement of the campaign ranged from 10 months to 21 months in five ZSSs and in five ZSSs, PLC was yet to be started (May 1997) even after a lapse of more than two years from completion of TLC.

DAE stated that delay was mainly due to time taken for environment building, identification of learners/volunteers, training to volunteers and master trainers, purchase and distribution of learning materials and delay in approval of action plan by NLM. This was not tenable as planning for PLC was to be made well before completion of TLC. Due to gap of long duration after completion of TLC, the possibility of relapsing of neo-literates into illiteracy could not be ruled out.

6.14.20 Short supply of books for PLC

In ZSSs, Kheda and Sabarkantha PLC was started in September 1993 and July 1995 and first phase covering 3.14 lakh neo-literates (Kheda 1.75 lakh; Sabarkantha 1.39 lakh) was completed in May 1994 and June 1996 respectively. As

against requirement of 3.14 lakh books, only 2.30 lakh books were purchased resulting in shortage of 0.84 lakh books. Thus, non-supply of books to 0.84 lakh neo-literates even after completion of the first phase deprived them of the intended benefits of PLC.

The ZSSs stated (March and April 1997) that the balance of books would be purchased. Further developments were awaited (July 1997).

6.14.21 Irregular expenditure from PLC

GOI sanctioned Rs.20.58 lakh for purchase of items for the use of Gram Chetna Kendras in ZSS, Sabarkantha under PLC, against which expenditure of Rs.26.92 lakh was incurred. It was noticed that Rs.16.39 lakh were spent on purchase of items not specified in the sanction order of GOI.

ZSS stated that items purchased were also useful for Gram Chetna Kendras.

The reply was not tenable as purchase of items not included in the scheme was irregular and inflated the cost of the scheme unjustifiably.

6.14.22 Diversion of funds

GOI while sanctioning implementation of the programme in ZSS, Sabarkantha made provision of Rs.20.37 lakh for purchase of newspapers for the benefit of neo-literates. However, no amount was spent on purchase of newspapers and the amount was diverted for purchase of books.

ZSS stated that purchase of books was made as per the orders of Executive Committee.

The reply was not tenable as transfer of fund from one component of the scheme to another was not permissible as per terms and conditions of sanction of grant.

6.14.23 Other points of interest

6.14.23.1 Non-maintenance of cash book

According to terms and conditions of sanction of grant, account of scheme was required to be maintained properly and produced as and when required.

In ZSS, Amreli, TLC was commenced from August 1993 and completed in December 1994. Though expenditure of Rs.66.23 lakh was incurred

during the period, no cash book was maintained. Besides, cash book for the transaction of Rs.15.76 lakh in respect of PLC from April 1995 to July 1996 was also not maintained. Due to non-maintenance of cash book veracity of expenditure could not be checked in audit.

ZSS stated that the cash book would be prepared in due course.

The reply was not tenable as maintenance of cash book was mandatory under financial rules and its non-maintenance could facilitate misappropriation/ defalcation of Government funds.

6.14.23.2 Irregular purchase of learning materials

(I) ZSS, Kheda purchased slate and roll-up boards worth Rs.18.91 lakh and supplied to various Talukas for distribution amongst illiterates of TLC programme. According to reports received from Talukas, roll-up boards worth Rs.3.19 lakh and slate valuing Rs.6.02 lakh were of inferior quality. The payment was made at reduced rate instead of insisting for replacement of material of inferior quality.

ZSS stated that payment was made as per orders of Executive Committee. The reply was not tenable as the amount of Rs.0.25 lakh reduced from the payment was very meager *vis-a-vis* amount of value of material of inferior quality (Rs.9.21 lakh).

(ii)Tenders were invited for purchase of learning materials by ZSS, Kheda. Lowest rate offered by a small scale unit was not considered on the plea that party did not remit earnest money deposit (EMD) alongwith tender form. Rejection of the lowest offer resulted in avoidable extra expenditure of Rs.2.46 lakh. ZSS stated that the rates offered were not considered as EMD was not remitted by the party.

The reply was not tenable as all the small scale units were exempted from remitting EMD.

6.14.23.3 Double purchase of learning material

ZSS, Ahwa-Dangs received 0.26 lakh primers free of charge from SRC for distribution amongst 0.26 lakh illiterates. However, it was noticed that another batch of 0.28 lakh primers was purchased at a cost of Rs.4.20 lakh for distribution amongst the illiterates which resulted in duplication of supply of primers at an avoidable expenditure of Rs.4.20 lakh.

ZSS stated that another 0.28 lakh primers were purchased as the primers supplied by SRC were destroyed. However, details as to how the primers were destroyed were not furnished (July 1997).

6.14.23.4 Diversion of funds

According to general instructions of NLM, diversion of funds from one component of the scheme to another was to be avoided. However, an amount of Rs.3 lakh sanctioned by State Government in 1991-92 for purchase of a vehicle for TLC in Ahwa-Dangs was diverted for PLC programme. ZSS stated that since the vehicle belonging to District Primary Education Committee was utilised, purchase of a new vehicle was not considered. The reply was not tenable as the amount was not utilised for the purpose for which it was sanctioned.

6.14.23.5 Vouchers not passed for payment

Vouchers are required to be passed for payment by the competent authority before entering the transactions in cash book.

In ZSS, Ahwa-Dangs, transactions amounting to Rs.10.06 lakh for 1994-95 and 1995-96 were entered in cash book without getting the same passed for payment by competent authority. ZSS stated that the total amount spent each month was being approved by the Executive Committee for speedy implementation of the programme.

The reply was not tenable as according to financial provisions, each voucher was required to be passed by competent authority before making payment. Further, in monthly meeting *post-facto* approval for entire expenditure of a particular month was obtained without passing individual bill for payment.

6.14.23.6 Non-exhibition of grant amount in cash book

Grant of Rs.1.50 crore received by ZSS, Panchmahals from Government of India during November 1996 for implementation of PLC was not entered in the cash book (June 1997).

ZSS, Panchmahals stated that necessary rectification would be carried out.

Non-accounting of the transaction in cash book might facilitate misappropriation/defalcation.

6.14.23.7 Non-realisation of interest on deposit

Provisions of TLC/PLC envisaged operation of separate bank accounts for grants received from Government of India and State Government and interest realised formed part of the grant. ZSSs, Jamnagar and Dangs operated saving account with banks. No interest was earned on amount deposited with them.

When this was pointed out in audit, ZSSs, Ahwa-Dangs and Jamnagar took up the matter with banks. Interest amount of Rs.8.65 lakh was credited to the account of ZSS, Jamnagar by the bank in July 1997. Information regarding actual amount of interest received and credited to the accounts of ZSS, Dangs was awaited (December 1997).

6.14.24 Monitoring

Director of Adult Education was made responsible for monitoring of literacy campaigns and to issue necessary directions and guidance for improving the pace and quality of implementation of the programme.

A special monitoring team was formed in May 1994 for the purpose. However, it was seen that only 5 out of 19 districts were visited by the monitoring team (June 1997) for monitoring purpose. It was also observed that no periodicity of visit was prescribed by the State Government.

6.14.25 Evaluation

In Gujarat, TLC was completed in all the 19 districts and evaluation of the programme entrusted to an outside agency (out of three agencies approved by NLM) was completed. No norms were fixed by GOI for conducting evaluation. In two districts, out of 2.24 lakh and 1.21 lakh neo-literates, only 508 (0.23 *per cent*) and 505 (0.42 *per cent*) neo-literates respectively were covered for evaluation.

Some of the observations of Evaluating agency were as under:

- (i) plan for campaign of TLC was executed in haste instead of devoting more time and efforts, in a manner suitable to tribal way of life;
- (ii) volunteers were not given sufficient training;
- (iii) time and place for teachers were not convenient;
- (iv) in some villages teaching and learning material did not reach in time;
- (v) there was lack of supervision at taluka level;

- (vi) primers were sold as *pasti* to the vendors;
- (vii) primers used in TLC were very tough and required simplification;
- (viii) departmental co-ordinators at taluka level and some of the officers did not take responsibility with required seriousness and
- (ix) neo-literates/learners were not regular in attendance.

6.14.26 The matter was reported to Government in August 1997; reply had not been received (November 1997).

6.15 Irregular payment on account of revision of pay scales

Management of administrative affairs of Bhavnagar University (University) was entrusted to the Executive Council constituted under the Bhavnagar University Act, 1978 (Act). Approval of the State Government was required to be obtained by the University for laying down and regulating scales of pay and allowances of the officers, members of teaching, other academic and non-teaching staff of the University, affiliated colleges and recognised or approved institutions.

It was observed in audit (June 1995) that contrary to the specific provision in the Act, Executive Council of the University decided in May 1986 to revise pay scales of six categories of posts involving 217 employees without obtaining approval of the State Government and continued to pay salary at higher rates to its employees resulting in irregular payment of Rs.15.73 lakh from January 1986 to June 1996. However, reply to the proposal sent to Government by the University in September 1995 was awaited (February 1997).

The matter was reported to Government in July 1996; reply had not been received (November 1997).

GENERAL

6.16 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to the Heads of Offices and to the next higher authorities through Audit Inspection Reports for prompt action. The more important irregularities are also reported to the Heads of Departments and Government for initiating immediate corrective action. According to Government instructions (July 1970), first replies to the Inspection Reports should be sent to the Accountant General within four weeks of their receipt.

The position of outstanding paragraphs relating to all the District Panchayats and District Rural Development Agencies (DRDAs) as on 31 March 1997 was as indicated below:

Period	District Panchayats		DRDAs	
	Inspection reports	Paragraphs	Inspection reports	Paragraphs
Upto				
1990-91	250	756	45	268
1991-92	77	166	4	30
1992-93	107	319	13	87
1993-94	173	479	13	122
1994-95	99	302	11	92
1995-96	126	486	18	239
1996-97	92	315	11	118
Total	924	2823	115	956

Analysis of the outstanding inspection reports issued upto 31 December 1996 in respect of District Panchayat, Kheda (Nadiad) and DRDA, Surendranagar revealed that:

(i) Out of 74 inspection reports containing 390 paragraphs (Panchayat : 67 reports - 269 paragraphs and DRDA : 7 reports-121 paragraphs) issued upto December 1996, action was pending on 60 inspection reports containing 228 paragraphs (Panchayat: 53 reports-153 paragraphs and DRDA: 7 reports-75 paragraphs) as of May 1997.

(ii) In spite of the instructions of the Government for furnishing first reply within four weeks of receipt of the inspection reports by the department, delay in receipt of first reply ranged upto two years in respect of 73 paragraphs, two to five years in respect of 4 paragraphs, above 5 years in respect of 1 paragraph, and replies not received in respect of 75 paragraphs of District Panchayat, Kheda. Similar delays upto two years were also noticed in respect of 65 paragraphs, two to five years in respect of 1 paragraph and replies not received in respect of 9 paragraphs of DRDA, Surendranagar.

(iii) According to the directions issued (March 1992) by Government, Heads of Departments were required to depute their parties regularly for on the spot discussion/settlement of outstanding audit objections. However, no such parties were deputed by Heads of Panchayats and DRDAs during the year 1996-97.

The matter was reported to Government in June 1997; reply had not been received (November 1997).

URBAN DEVELOPMENT AND URBAN HOUSING DEPARTMENT

JAMNAGAR AREA DEVELOPMENT AUTHORITY

6.17 Idle outlay on laying of pipelines

To provide drinking water to the people of Navagam Ghed areas situated in the outskirts of Jamnagar Municipal Corporation (JMC), but falling under the jurisdiction of Jamnagar Area Development Authority (JADA), a scheme for laying of 200 mm pipelines estimated to cost Rs.3.16 lakh was proposed. The plans and estimates were approved by JMC (January 1994) with an assurance that water supply will be made available by connecting main lines leading to Bedi Port.

It was observed in audit (April 1996) that although the work of laying pipelines was completed (June 1994) by JADA at a cost of Rs.4.16 lakh, JMC did not take action to connect the new 200 mm pipelines to mains as was assured. The matter was pursued only once by a letter in December 1994 and thereafter it was not pursued at all.

Thus, lack of concentrated efforts in pursuing the matter with JMC resulted not only in blocking of funds of Rs.4.16 lakh but also in denial of intended benefits to public.

The matter was reported to Government in July 1996; reply had not been received (November 1997).

AHMEDABAD URBAN DEVELOPMENT AUTHORITY

6.18 Non-recovery of interest

According to the provisions of Government resolution of August 1984, when the tender or offer of a tenderer for purchase or grant of a lease on payment of purchase price or premium is accepted, he is required to pay full price of such purchase within a month. In case the time allowed for payment is extended beyond one month, interest for the extended period at the rate of 15 *per cent* per annum is chargeable.

Ahmedabad Urban Development Authority (AUDA) allotted 9197 square metres (sq. mts.) of land at Vastrapur to an institute on 16 June 1992 at the rate of Rs.600 per sq. mts. Accordingly, Rs.55.18 lakh were payable by the institute before 16 July 1992.

It was noticed in audit (July 1996) that actual payment was made in four instalments in August 1992 (Rs.5 lakh), February 1993 (Rs.20 lakh), March 1993 (Rs.15 lakh) and May 1993 (Rs.15.18 lakh). Though, the payment was made in instalments after due date, no interest was recovered from the institute.

AUDA stated (July 1996) that notices for recovery of Rs.8.27 lakh (interest Rs.5.88 lakh and penal interest Rs.2.39 lakh upto October 1995) were issued (March 1996). No recovery was, however, effected as of September 1997.

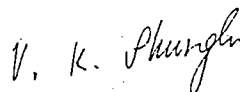
The matter was reported to Government in September 1996; reply had not been received (November 1997).



Rajkot
The

(S.K.ROY)
Accountant General (Audit)-II, Gujarat

Countersigned



New Delhi
The

(V.K.SHUNGLU)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I

Statement showing cases where supplementary provision proved unnecessary

(Reference : Paragraph 2.3.2(b) - Page 36)

(Rupees in crore)

Serial number	Grant number	Department	Original Grant	Supplementary Grant	Expenditure	Saving
1	2	3	4	5	6	7
Revenue Section						
(a) Grants						
1	3	Agriculture, Co-operation and Rural Development	37.86	5.13	30.89	12.10
2	9	Education	5.78	0.13	5.36	0.55
3	26	Forests and Environment	3.84	0.10	2.98	0.96
4	33	General Administration	5.43	0.32	5.24	0.51
5	34	General Administration	83.45	0.07	83.39	0.13
6	40	Health and Family Welfare	81.47	0.05	80.47	1.05
7	49	Industries and Mines	100.18	0.05	96.87	3.36
8	70	Panchayats and Rural Housing	23.52	0.28	17.56	6.24
Total			341.53	6.13	322.76	24.90
(b) Appropriations						
1	8	Education	57.61	1.25	57.43	1.43
2	46	Home	0.01	0.05	0.01	0.05
Total			57.62	1.30	57.44	1.48

1	2	3	4	5	6	7
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Capital Section
(a) Grants

1	34	General Administration	1.86	0.09	1.86	0.09
2	36	Gujarat Legislature Secretariat	0.28	0.04	0.27	0.05
3	40	Health and Family Welfare	95.30	30.00	93.64	31.66
4	46	Home	13.50	0.79	12.81	1.48
5	65	Narmada and Water Resources	1107.70	95.00	791.51	411.19
6	67	Narmada and Water Resources	5.00	1.13	4.88	1.25

Total			1223.64	127.05	904.97	445.72
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(b) Appropriations

1	19	Finance	649.42	7.58	353.18	303.82
2	86	Roads and Buildings	-	0.09	-	0.09

Total			649.42	7.67	353.18	303.91
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Grand Total			2272.21	142.15	1638.35	776.01
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APPENDIX - II

Statement showing cases where supplementary provision was made in excess of actual requirement

(Reference : Paragraph 2.3.2(c) - Page 36)

(Rupees in crore)

Sl. No.	Grant No.	Department	Original Provision	Expenditure	Additional requirement	Supplementary Provision
Revenue Section						
(a) Grants						
1	2	Agriculture, Co-operation and Rural Development	282.57	286.89	4.32	6.91
2	12	Energy and Petro-Chemicals	345.52	1002.48	656.96	667.81
3	15	Finance	34.27	37.08	2.81	3.16
4	16	Finance	23.03	24.06	1.03	1.53
5	21	Food and Civil Supplies	95.84	99.56	3.72	5.76
6	30	General Administration	19.91	34.08	14.17	15.06
7	39	Health and Family Welfare	75.29	75.89	0.60	1.51
8	57	Labour and Employment	59.26	62.52	3.26	4.17
9	69	Panchayats and Rural Housing	103.94	113.29	9.35	9.65
10	71	Panchayats and Rural Housing	23.07	26.42	3.35	3.55
11	72	Panchayats and Rural Housing	13.32	20.46	7.14	8.11
12	73	Ports and Fisheries	14.75	17.22	2.47	3.68
13	76	Revenue	34.05	34.25	0.20	0.73
14	77	Revenue	34.52	37.82	3.30	23.13
15	78	Revenue	139.36	158.43	19.07	25.00
16	96	Urban Development and Urban Housing	10.79	12.30	1.51	5.00
17	97	Urban Development and Urban Housing	69.40	78.60	9.20	9.75
18	101	Youth Services and Cultural Activities	11.60	11.84	0.24	0.83
Total			1390.49	2133.19	742.70	795.34
(b) Appropriations						
1	43	Home	NIL	NIL	NIL	1.70
2	66	Narmada and Water Resources	NIL	0.92	0.92	1.13
3	67	Narmada and Water Resources	NIL	5.70	5.70	6.57
Total			NIL	6.62	6.62	9.40
Capital Section						
(a) Grants						
1	2	Education	32.02	32.03	0.01	0.86
2	22	Food and civil Supplies	0.23	0.55	0.32	0.54
3	41	Health and Family Welfare	5.53	6.46	0.93	1.28
4	66	Narmada and Water Resources	242.77	280.76	37.99	80.30
5	73	Ports and Fisheries	8.90	9.03	0.13	2.02
6	93	Social Welfare and Tribal Development	8.62	9.19	0.57	1.56
Total			298.07	338.02	39.95	86.56
Grand Total			1688.56	2477.83	789.27	891.30

*Rs.0.21 Lakh only.

APPENDIX - III

Statement showing cases where supplementary provision was inadequate

(Reference : Paragraph 2.3.2(d) - Page 36)

(Rupees in crore)

Serial No.	Grant No.	Department	Original provision	Supplementary provision	Total Grant/ Appropriation	Expenditure	Excess
Revenue Section							
(a) Grants							
1	4	Agriculture, Co-operation and Rural Development	39.03	7.30	46.33	47.57	1.24
2	5	Agriculture, Co-operation and Rural Development	20.46	9.99	30.45	35.87	5.42
3	8	Education	1921.84	132.96	2054.80	2074.42	19.62
4	17	Finance	398.57	91.10	489.67	505.11	15.44
5	25	Forest and Environment	52.50	4.87	57.37	61.61	4.24
6	38	Health and Family Welfare	369.70	29.28	398.98	405.85	6.87
7	43	Home	378.88	46.27	425.15	443.61	18.46
8	46	Home	18.17	1.13	19.30	19.89	0.59
9	60	Legal	45.53	2.97	48.50	48.79	0.29
10	66	Narmada and Water Resources	585.04	9.15	594.19	947.72	353.53
11	79	Revenue	15.07	1.81	16.88	17.41	0.53
12	83	Roads and Buildings	112.54	7.68	120.22	133.43	13.21
13	84	Roads and Buildings	44.77	1.67	46.44	54.96	8.52
14	85	Roads and Buildings	272.38	32.52	304.90	354.76	49.86
15	86	Roads and Buildings	3.01	0.36	3.37	3.88	0.51
16	87	Roads and Buildings	7.71	1.86	9.57	10.20	0.63
17	90	Social Welfare and Tribal Development	106.19	15.86	122.05	122.83	0.78
18	94	Social Welfare and Tribal Development	328.53	26.61	355.14	357.45	2.31
Total			4719.92	423.39	5143.31	5645.36	502.05
(b) Appropriation							
1	19	Finance	1388.12	15.80	1403.92	1430.46	26.54
Total			1388.12	15.80	1403.92	1430.46	26.54
Capital Section							
(a) Grants							
1	85	Roads and Buildings	52.22	26.09	78.31	82.83	4.52
Total			52.22	26.09	78.31	82.83	4.52
Grand Total			6160.26	465.28	6625.54	7158.65	533.11

APPENDIX-IV

Statement showing the excess over grant/appropriation
requiring regularisation

(Reference : Paragraph 2.3.3 - Page 36)

Sl. No.	Grant No.	Name of Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess
1	2	3	4	5	6
			Rupees	Rupees	Rupees
(a) Grants					
Revenue Section					
1	4	Animal Husbandry and Dairy Development	46,32,89,000	47,57,32,850	1,24,43,850
2	5	Co-operation	30,45,02,000	35,87,05,600	5,42,03,600
3	8	Education	20,54,79,45,000	20,74,41,85,297	19,62,40,297
4	10	Energy and Petro -Chemicals Department	64,00,000	65,70,893	1,70,893
5	14	Finance Department	3,45,14,000	3,51,91,953	6,77,953
6	17	Pensions and Other Retirement Benefits	4,89,66,75,000	5,05,10,93,827	15,44,18,827
7	25	Forests	57,36,94,000	61,61,35,746	4,24,41,746
8	29	Council of Ministers	2,64,60,000	2,75,02,311	10,42,311
9	38	Medical and Public Health	3,98,98,38,000	4,05,85,11,168	6,86,73,168
10	42	Home Department	2,93,26,000	3,08,60,276	15,34,276
11	43	Police	4,25,15,14,000	4,43,60,78,117	18,45,64,117
12	44	Jails	16,59,65,000	16,73,12,180	13,47,180
13	46	Other Expenditure Pertaining to Home Department	19,30,50,000	19,88,61,401	58,11,401
14.	48	Stationery and Printing	29,30,38,000	29,35,38,989	5,00,989
15	55	Other Expenditure pertaining to Information, Broadcasting and Tourism Department	1,45,50,000	1,45,51,895	1,895

1	2	3	4	5	6
16	56	Labour and Employment Department	95,25,000	95,52,192	27,192
17	59	Legal Department	1,46,00,000	1,50,04,371	4,04,371
18	60	Administration of Justice	48,50,40,000	48,78,62,184	28,22,184
19	64	Narmada and Water Resources Department	2,48,00,000	2,53,06,882	5,06,882
20	66	Irrigation and Soil Conservation	5,94,19,16,000	9,47,71,86,074	3,53,52,70,074
21	68	Panchayats and Rural Housing Department	1,59,66,000	1,68,85,656	9,19,656
22	74	Other Expenditure pertaining to Ports and Fisheries Department	45,00,000	46,17,489	1,17,489
23	79	Dangs District	16,87,75,000	17,40,87,930	53,12,930
24	81	Other Expenditure pertaining to Revenue Department	62,65,000	69,08,656	6,43,656
25	83	Non-Residential Buildings	120,22,37,000	1,33,42,68,217	13,20,31,217
26	84	Residential Buildings	46,43,69,000	54,96,41,193	8,52,72,193
27	85	Roads and Bridges	304,90,34,000	354,76,28,772	49,85,94,772
28	86	Gujarat Capital Construction Scheme	337,20,000	388,29,123	51,09,123
29	87	Other Expenditure pertaining to Roads and Buildings Department	956,80,000	10,20,05,241	63,25,241
30	89	State Excise	303,45,000	320,03,301	16,58,301
31	90	Social Security and Welfare	122,04,87,000	122,82,69,600	77,82,600
32	94	Tribal Area Sub-Plan	355,14,22,000	357,44,66,130	230,44,130
33	95	Urban Development and Urban Housing Department	86,86,000	89,14,790	2,28,790
34	100	Youth Services and Cultural Activities Department	40,00,000	41,88,019	1,88,019
Total			52,12,21,27,000	57,15,24,58,323	503,03,31,323

	2	3	4	5	6
Capital Section					
1	6	Other Expenditure pertaining to Agriculture, co- operation and Rural Development Department	4,17,40,000	4,19,22,770	1,82,770
2	23	Other Expenditure pertaining to Food and Civil Supplies Department	66,30,000	67,40,828	1,10,828
3	72	Other Expenditure pertaining to Panchayats and Rural Housing Department	12,22,20,000	12,22,22,400	2,400
4	81	Other Expenditure pertaining to Revenue Department	3,81,30,000	3,90,53,245	9,23,245
5	85	Roads and Bridges	78,30,79,000	82,83,01,118	4,52,22,118
6	92	Other Expenditure pertaining to Social Welfare and Tribal Development Department	1,29,35,000	1,30,75,337	1,40,337
7	102	Other Expenditure pertaining to Youth Services and Cultural Activities Department	31,07,000	32,23,165	1,16,165
Total			100,78,41,000	105,45,38,863	466,97,863

(b) Appropriations
Revenue Section

1	19	Repayment of Debt pertaining to Finance Department and its servicing	14,03,92,46,000	14,30,45,94,604	26,53,48,604
2	87	Other Expenditure pertaining to Roads and Buildings Department	110,26,000	111,81,106	1,55,106
3	90	Social Security and Welfare	33,00,000	35,00,000	2,00,000
Total			140,53,57,2000	14,31,92,75,710	265,70,3710
Grand Total			67,18,35,40,000	72,52,62,72,896	534,27,32,896

APPENDIX - V

Statement showing cases where expenditure fell short by
Rs. 1 crore and also by 10 *per cent* of the provision

(Reference : Paragraph 2.3.4 - Page 36)

Serial number	Grant number	Department Name of Grant/ Appropriation	Amount of saving (Percentage of total provision)	Reasons for saving.
1	2	3	4	5

Revenue Section

(a) Grants

Agriculture, Co-operation and Rural Development

1	3	Minor Irrigation, Soil Conservation and Area Development	12.10 (28)	The saving was anticipated due mainly to less release of fund by Government of India.
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Finance

2	18	Other Expenditure pertaining to Finance Department	594.20 (71)	The saving was due mainly to non-finalisation of pay Commission and necessary expenditure on account of increase in Dearness Allowance being met from the sanctioned Grants under respective major heads.
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Health and Family Welfare

3	41	Other Expenditure pertaining to Health and Family Welfare	16.27 (26)	The saving was due mainly to less achievement to targets under "Integrated Child Development Scheme".
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Industries and Mines

4	50	Mines and Minerals	1.32 (13)	The saving was due mainly to non-filling of post and non-purchase of machinery and equipment.
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Panchayats and Rural Housing

5	70	Rural Housing	6.24 (26)	The saving was anticipated due mainly to reduction in targets.
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Revenue

6	77	District Administration	19.82 (52)	The saving was due mainly to non-completion of Administrative and Legal procedure for computerisation of Land Records.
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1	2	3	4	5
Urban Development and Urban Housing				
7	96	Urban Housing	3.49 (22)	The saving was due mainly to less release of grants-in-aid owing to short fall in achievement of targets etc.
(b) Appropriation				
Home Department				
1	43	Police	1.70 (100)	Reasons for the saving had not been intimated (November 1997).
Capital Section				
(a) Grants				
Forests and Environment				
1	25	Forests	10.90 (12)	The saving was due mainly to more allotment of Fund and Closure of certain Schemes.
Health and Family Welfare				
2	40	Water Supply	31.66 (25)	The saving was due mainly to release of grant directly to the Gujarat Water and Sewerage Board by Government of India and non-receipt of Administrative Approval from Government.
Home				
3	46	Other Expenditure pertaining to Home Department	1.48 (10)	The saving was due mainly to less release of loan to a Corporation by the Government.
Industries and Mines				
4	49	Industries	35.57 (30)	The saving was due mainly to less release of loan owing to winding up of a Corporation.
Narmada and Water Resources				
5	65	Narmada Development Scheme	411.19 (34)	Reasons for the saving had not been intimated (November 1997).
6	66	Irrigation and Soil Conservation	42.30 (13)	The saving was due mainly to slow progress of works, non-finalisation of shifting of village, non-payment of Land Acquisition Award and non-starting of work.

1	2	3	4	5
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7	67	Other Expenditure pertaining to Narmada and Water Resources Department	1.25 (20)	The saving was due mainly to less sanction of House Building Advance to employees
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Panchayats and Rural Housing

8	70	Rural Housing	2.55 (65)	The saving was due mainly to sanction of less loan owing to non-receipt of beneficiary's contribution, delay in Registration of Societies, non-receipt of approval for building plans from Local Bodies etc.
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Ports and Fisheries

9	73	Fisheries	1.88 (17)	The savings was anticipated due mainly to non-acceptance of revised estimates of some projects under Loan component of the Scheme by the Government.
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Roads and Buildings

10	83	Non-Residential Buildings	14.33 (22)	The saving was anticipated due mainly to non-finalisation of Land Acquisition, slow progress of works, non-fixation of Agencies, non-receipt of Administrative approval, non-strating of works etc.
11	84	Residential Buildings	2.32 (15)	The saving was due mainly to non-selection of site and Agency and non-receipt of Administrative approval.

Capital Section

(b) Appropriation

Finance

1	19	Repayment of Debt pertaining to Finance Department and its Servicing	303.82 (46)	The saving was due mainly to availing of less Ways and Means Advances from Reserve Bank of India, non-sanction, less sanction of Loan etc.
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APPENDIX - VI

Significant cases of savings under plan expenditure

(Reference : Paragraph 2.3.5 - Page 37)

Serial number	Name of Department Number and Name of Grant	Name of the Scheme	Saving (Rupees in crore)	Percentage of Saving
1	2	3	4	5

Revenue Section**Education**

1 8 Education Education facilities for Agaria families under Poverty Alleviation Programme 2.80 100

2 --- do --- Tarang Ullas Programme in Primary School 1.50 100

Home

3 43 Police State police Wireless 1.65 100

Revenue

4 77 District Administration Computerisation of Land Records in Kheda, Mehsana, Kutch, Rajkot and Baroda 20.05 100

Social Welfare and Tribal Development

5 94 Tribal Area Sub-plan Capital subsidies to Industries in Backward Areas and Growth Centres 1.28 98

6 --- do --- Special Employment Programme 0.54 91

7 --- do --- Financial Assistance to Tribal for Co-operative Activities 0.47 94

Urban Development and Urban Housing

8 96 Urban Housing Grant-in-aid to Gujarat Housing Board for Poverty Alleviation Programme 3.40 85

Capital Section**Health and Family Welfare**

1 40 Water Supply Construction of Rain Water Storage Tanks in Urban and Rural Areas 1.00 100

1	2	3	4	5
<u>Industries and Mines</u>				
2	49	Industries	Share Capital Contribution to GSTC for Compensation amount to be paid to owner of four closed Mills Nationalised in 1986	2.25 98
3	---	do ---	Acquisition of closed Textiles under taking- Share Capital or grant of working Capital to Gujarat State Textile Corporation	1.00 100
<u>Narmada and Water Resources</u>				
4	65	Narmada Development Scheme	Share Capital Contribution to Sardar Sarovar Narmada Nigam Limited	381.73 84
5	66	Irrigation and Soil Conservation	Vertu Irrigation Scheme-Other Expenditure	13.05 93
6	---	do ---	Gunatit Sagar(Und-II) Irrigation Scheme-Other Expenditure	12.10 96
7	---	do ---	Gunatit Sagar (Und-II) Irrigation Scheme-Dam and Appurtenant works	5.29 77
8	---	do ---	Scheme undertaken as National Water Management Programme with external aid-Other Expenditure	4.35 97
9	---	do ---	Restoration of Mitti Irrigation Scheme-Other Expenditure	3.96 100
10	---	do ---	Gunatit Sagar (Und-II) Irrigation Scheme-Canals and Branches	2.35 99
11	---	do ---	Bhadar-II Irrigation Scheme-Other Expenditure	1.38 91
<u>Ports and Fisheries</u>				
12	73	Fisheries	Scheme for strengthening of fisheries Co-operative. (NCDC sponsored)	1.79 79
<u>Roads and Buildings</u>				
13	83	Non-Residential Buildings	Building Crop Husbandry	1.66 99
14	84	Residential Buildings	Medical Education Buildings	1.52 86

APPENDIX - VII

Statement showing the cases of persistent savings

(Reference : Paragraph 2.3.7 - Page 38)

(Rupees in Crore)

Serial number	Name of Department Number and name of Grant/Appropriation	Amount of saving		
		1994-95	1995-96	1996-97
1	2	3	4	5

REVENUE SECTION**Grants****Agriculture, Co-operation and Rural Development**

1	2- Agriculture	12.51	84.09	2.59
2	3-Minor Irrigation, Soil Conservation and Area Development	4.45	14.42	12.10

Finance

3	15-Tax Collection Charges	1.70	0.40	0.35
4	16-Treasury and Accounts Administration	0.46	0.34	0.49
5	18-Other Expenditure pertaining to Finance Department	476.24	556.08	594.20
6	26-Environment	0.93	3.54	0.96

General Administration

7	30-Elections	3.39	5.90	0.89
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Gujarat Legislature Secretariat

8	35-State Legislature	0.35	0.65	0.70
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Industries and Mines

9	50-Mines and Minerals	1.18	1.43	1.32
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Information, Broadcasting and Tourism

10	53-Information and Publicity	3.68	2.08	0.44
11	54-Tourism	0.63	0.70	0.55

Labour and Employment

12	57-Labour and Employment	1.44	1.64	0.91
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1	2	3	4	5
Panchayats and Rural Housing				
13	69-Community Development	1.15	0.44	0.30
14	70-Rural Housing	1.61	0.93	6.24
Ports and Fisheries				
15	73-Fisheries	0.30	0.38	1.21
Revenue				
16	76-Tax collection charges	0.41	0.91	0.54
Social Welfare and Tribal Development				
17	93-Special Component Plan for Scheduled Castes	7.11	20.66	6.20
Urban Development and Urban Housing				
18	96-Urban Housing	2.06	2.08	3.49
19	97-Urban Development	1.21	2.47	0.55
CAPITAL SECTION				
Forests and Environment				
20	25-Forests	1.47	1.58	10.90
Narmada and Water Resources				
21	65-Narmada Development Scheme	342.53	490.39	411.19
22	66-Irrigation and Soil Conservation	3.01	3.76	42.30
Panchayats and Rural Housing				
23	70-Rural Housing	0.27	2.21	2.55
Roads and Buildings				
24	83-Non-Residential Buildings	1.76	16.56	14.33
25	84-Residential Buildings	3.16	9.43	2.32
Social Welfare and Tribal Development				
26	93-Special Component Plan for Scheduled Castes	1.61	2.94	1.00

APPENDIX - VIII

Statement showing instances of injudicious re-appropriation

(Reference : Paragraph 2.4 - Page 40)

(Rupees in crore)

Serial number	Grant number	Head of Account	Provision (Original plus supplementary)	Reappropriation	Final Grant/ Appropriation	Actual expenditure	Excess(+) Saving(-)
1	18	2047(103)(3) Incentive prizes for promotion of small savings	1.01	(+) 1.31	2.32	0.68	(-) 1.64
2	18	2047(103)(2) Small Savings District Offices	1.13	(-) 0.10	1.03	2.80	(+) 1.77
3	19	2049-03(104)(1) Interest on General Provident Fund (Other than Class IV servant)	101.66	(-) 0.54	101.12	105.88	(+) 4.76
4	19	2049-03 (104)(6) Interest on Provident Fund of work-Charged-employees	2.94	(+) 0.27	3.21	2.47	(-) 0.74
5	38	2210-06(101)(12) National Malaria eradication programme	12.73	(+) 2.38	15.11	13.89	(-) 1.22
6	38	2210-06(112)(3) Special Health check-up Scheme in Primary School (Plan)	-	(+) 2.35	2.35	0.72	(-) 1.63
7	38	2210-06(101)(02) HLT-31 National T.B. Control Programme	1.65	(-) 1.65	NIL	0.52	(+) 0.52
8	66	2701-80(799)(24) Work-shop Suspense	1.20	(-) 0.33	0.87	3.31	(+) 2.44
9	66	2701-80(001)(02) Administration	30.82	(+) 0.77	31.59	29.31	(-) 2.28
10	66	4701-03(683)(80) Other Expenditure(Plan)	8.28	(-) 6.92	1.36	3.35	(+) 1.99
11	66	4701-80(799)(01) Stock-Suspense(Plan)	0.55	(+) 1.14	1.69	1.13	(-) 0.56
12	83	2059-80(799)(1) Stock	3.50	(-) 0.50	3.00	4.31	(+) 1.31
13	83	4202-02(104)(42) Buildings(Plan)	1.43	(-) 0.57	0.86	2.03	(+) 1.17
14	85	3054-80(001)(2) Administration	19.95	(-) 0.54	19.41	21.08	(+) 1.67
15	94	2202-02(796)(13) EDN-30-Development of Government Higher Secondary Education	0.21	(-) 0.18	0.03	0.66	(+) 0.63
16	94	2029-(796)(1) LND-2 Revision Survey of the Village Tribal Area of the State(Plan)	2.20	(+) 0.32	2.52	1.42	(-) 1.10

APPENDIX - IX

Statement showing expenditure on "New Service/New Instrument of Service"

(Reference: Paragraph 2.5 - Page 40)

(Rupees in crore)

Serial number	Grant number	Department	Major head and sub-head	Amount of expenditure
Revenue Section				
1	38	Health and Family Welfare	2210 06(110)(16)HLT-18 Directorate of M&J Institute of Ophthalmology, Ahmedabad(DMER)	0.78
2	38	Health and Family Welfare	2210-06(112)(3) Special Health Check-up Scheme in Primary School	0.72
3	83	Roads and Buildings	2059 01(101)(13) Sanitation and Water Supply	0.25
4	85	Roads and Buildings	3054 80(001)(1) Direction (Plan)	0.32
5	94	Social Welfare and Tribal Development Department	2202-01(796)(2) Free and Universal Primary Education for all Children upto the Age of 14 years by 80-87	0.93
Capital Section				
1	40	Health and Family Welfare	4215 01(102)(5)WSS-7 Water Supply Scheme for Border Area	1.57
2	66	Narmada and Water Resources	4701-03(528)(80) Dam and Appurtenant works	1.09
3	66	Narmada and Water Resources	4701-03(528)(80) Other Expenditure (Plan)	0.51
4	85	Roads and Buildings Department	5054-04(800)(7) Machinery and Equipment for World Bank Aided-RRP (Plan)	0.28
Total				6.45

APPENDIX - X

Component-wise target and achievement under OPP and NPDP

(Reference: paragraph 3.1.8(e)(v) - Page 60)

Serial number	Component	Unit	Year	Target	Achievement	Assistance (Rs. in lakh)	Short-fall	Percentage of short-fall
1	2	3	4	5	6	7	8	9

(a) OPP

1	Breeder Seed	Qtls	1994-95	766	212	6.79	554	72
		"	1996-97	575	379	12.04	196	34
2	Foundation Seed	"	1992-93	16029	5531	21.69	10498	65
		"	1993-94	5156	2664	5.33	2492	48
		"	1995-96	11000	4098	7.97	6902	63
3	Seed Village Programme	"	1993-94	39810	17410	34.82	22400	56
		"	1995-96	55585	26098	50.21	29487	53
4	Distribution of Certified seed	"	1992-93	33400	17106	51.32	16294	49
		"	1993-94	45562	20012	60.04	25550	56
		"	1994-95	67000	11634	34.90	55366	83
		"	1995-96	35000	15000	45.00	20000	57
5	Retail Outlets	Nos.	1992-97	645	180	9.00	465	72
6	P.P. Chemicals	Ha.	1993-94	87900	58699	44.42	29201	33
7	Control of Root Grub	"	1994-95	10000	1551	4.70	8449	84
8	Seed Treatment	"	1992-93	100000	60774	11.34	39226	39
		"	1993-94	70000	49892	9.87	20108	29
		"	1994-95	290000	2090	0.51	287910	99
9	Pheromone Trap	Nos.	1993-94	3600	935	1.52	2665	74
10	IPM Demonstrations	Ha.	1994-95	3750	376	3.95	3374	90

1	2	3	4	5	6	7	8	9
11	Rhizo- bium Culture	Ha. " " " "	1992-93 1993-94 1994-95 1995-96 1996-97	67000 34100 40000 20440 16000	42125 2056 2147 3680 2797	0.72 0.29 0.41 0.99 0.46	24875 32044 37853 16760 13203	37 94 95 82 83
12	Supply of Gypsum	Ha. " "	1993-94 1994-95 1995-96	63950 45000 43950	33208 8059 ---	59.99 16.10 ---	30742 36941 43950	48 82 100
13	Micron- utrients	Ha. " " "	1993-94 1994-95 1995-96 1996-97	9500 10000 9500 7000	--- 1591 --- 2289	--- 1.59 --- 2.28	9500 8409 9500 4711	100 84 100 67
14	Block Demons- trations	Nos. "	1992-93 1993-94	1800 872	932 591	59.62 47.65	868 281	48 32
15	Sprin- kler Sets	Nos.	1993-94	2250	1511	143.45	739	33
(b) NPDP								
1	Distri- bution of Cer- tified Seed	Qtls. "	1994-95 1995-96	2333 2000	729 867	2.19 1.78	1604 1133	69 57
2	IPM Demons- trations	Ha. " "	1993-94 1994-95 1995-96	40 316 400	--- --- 100	--- --- 3.00	40 316 300	100 100 75
3	Rhizo- bium Culture	Nos. "	1992-93 1993-94	250000 125000	95000 47316	4.42 ---	155000 77684	62 62
4	Micron- utrients	Ha. " " " "	1993-94 1994-95 1995-96 1996-97	1200 500 1000 1000	--- 140 --- 200	--- 0.14 --- 1.00	1200 360 1000 800	100 72 100 80
5	Dal Proce- ssors	Nos.	1994-97	175	---	---	175	100
6	Storage bin	Nos.	1996-97	133	63	1.34	70	53

APPENDIX - XI

Statement showing units using common amenities

(Reference: Paragraph 3.7.8 (vi)(b) - Page 102)

Serial number	Name of Unit	Address	Telephone Telex No.	Subsidy amount (Rupees)
1	(a) Yashiki Textiles	Block No.68 Mota Borasara	620509 621518	707899
	(b) Boonker	Kim, Tal. Mangrol		1038162
		Off.Add. Krishna Market Basement Floor, Ring Road, Surat		
2	(a) Keyur Twister	Survey No.186-87 Block No.145 Plot No.4 at Mota Borasara, Tal. Mangrol	---- 476161	198587
	(b) Utkal Viral & Co			1162000
	(c) Rakesh Silk Mills	Survey No.145-47 Plot No.8-B Mota Borasara, Tal. Mangrol	----	500000 1388646
3	(a) Pradeep Texturisers	Plot No.4 Block No.112 Mota Borasara, Tal. Mangrol	Factory Ph. No. 34174 34175	347833
	(b) Jariwala Synthetics Pvt. Ltd	Plot No.7, Block No.112, Mota Borasara, Tal. Mangrol	633271 631320	1252922
		Office: Plot No.34, "Tapi Villa", Vijaynagar Society, Majuragate, Surat,		
4	(a) Shree Krishna Industries	Surve No.27, Block 26, Paiki D Pipodara, Tal. Mangrol	620637 620738	2297119
	(b) K.U. Textiles	Survey No.27, Block No.26, Paiki C Pipodara, Tal. Mangrol	621794 (Fax No.)	2302649

APPENDIX - XII

Status of works recommended, sanctioned, in progress, completed and not taken up for the period 1993-97

(Reference: Paragraph 3.8.6 - Page 107)

Serial number	Status of works	Year*				Total works
		1993-94	1994-95	1995-96	1996-97	
1	Number of works recommended by MPs*	689	7189	6310	4037	18225
2	Number of works for which administrative approval was accorded	660	6401	4755	2225	14041
3	Number of works taken up	660	6401	4755	2186	14002
4	Number of works completed	625	4646	2880	107	8258
5	Number of works in progress	20	1208	1106	239	2573
6	Number of incomplete works	---	52	---	---	52
7	Number of works not started	11	420	725	1840	2996
8	Number of works cancelled	4	75	44	---	123
9	Percentage of works completed	95	73	61	5	

* Year denotes the year for which funds were allotted and not the year in which works were recommended.

* Information relating to actual date of recommendation of works by MPs though called for was not furnished

APPENDIX-XIII

Year-wise cases of Misappropriation, losses, etc.

(Reference: Paragraph 3.23 - Page 128)

(Rupees in lakh)

Sl No.	Name of the Department	Upto		1988-89		1989-90		1990-91		1991-92		1992-93	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	Food and Civil Supplies	2	0.64	--	--	--	--	--	--	--	--	--	--
2	Agriculture, Co-operation and Rural Development	--	--	1	0.75	1	1.92	--	--	1	29.00	--	--
3	Fisheries	1	0.60	--	--	--	--	--	--	--	--	--	--
4	Forests and Environment	1	0.50	--	--	4	2.84	--	--	--	--	--	--
5	Home	3	0.70	1	0.06	1	(*)	6	8.46	--	--	--	--
6	Labour and Employment	--	--	--	--	--	--	--	--	1	0.04	--	--
7	Home (Transport)	1	2.18	--	--	--	--	--	--	--	--	--	--
8	Finance	2	2.62	--	--	1	3.00	--	--	--	--	--	--
9	Gujarat Legislature Secretariat	1	0.41	--	--	--	--	--	--	--	--	--	--
10	Health and Family Welfare	13	13.13	--	--	3	2.48	2	3.36	--	--	--	--
11	Roads and Buildings	1	0.19	1	0.89	2	3.86	1	1.11	1	0.90	--	--
12	Narmada and Water Resources(WR)	24	10.06	2	0.62	1	2.33	2	0.61	2	0.89	--	--
13	Industries and Mines	--	--	--	--	--	--	--	--	--	--	--	--
14	Narmada and Water Resources(Narmada)	2	1.37	--	--	--	--	--	--	--	--	--	--
15	Legal	1	0.16	--	--	--	--	1	0.86	--	--	--	--
16	Education	--	--	--	--	--	--	--	--	--	--	--	--
17	Panchayats and Rural Housing	--	--	--	--	--	--	--	--	--	--	--	--
18	Revenue	15	2.69	--	--	--	--	--	--	1	3.44	--	--
19	Revenue (Land Revenue)	39	4.89	3	0.20	2	0.07	--	--	--	--	--	--
Total		106	40.14	8	2.52	15	16.50	12	14.40	6	34.27	--	--

* The figures have been rounded in thousand, hence the amount of misappropriation of Rupees 394 being less than Rupees 500 not included in respect of Home Department for the year 1990-91.

One case of Ports and Fisheries Department amounting to Rupees 2146 reported by Asstt. Mechanical Engineer, Fisheries Department, Okha Port, Jamnagar was closed during the same year is not shown in the above table.

(Rupees in lakh)

Sl. No.	Name of the Department	1993-94		1994-95		1995-96		1996-97		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	Food and Civil Supplies	--	--	--	--	--	--	--	--	2	0.64
2	Agriculture, Co-operation and Rural Development	1	3.89	1	0.29	--	--	1	3.41	6	39.26
3	Fisheries	--	--	--	--	--	--	2	0.01	3	0.61
4	Forests and Environment	2	0.11	1	0.99	--	--	1	0.05	9	4.49
5	Home	2	0.51	--	--	--	--	1	3.88	14	13.61
6	Labour and Employment	--	--	--	--	--	--	--	--	1	0.04
7	Home (Transport)	--	--	--	--	--	--	--	--	1	2.18
8	Finance	--	--	--	--	--	--	--	--	3	5.62
9	Gujarat Legislature Secretariat--	--	--	--	--	--	--	--	--	1	0.41
10	Health and Family Welfare ¹	1	0.13	--	--	--	--	2	1.29	21	20.39
11	Roads and Buildings	--	--	1	0.20	1	1.43	--	--	8	8.58
12	Narmada and Water Resources(WR)	1	0.77	--	--	--	--	--	--	32	15.28
13	Industries and Mines	--	--	--	--	--	--	1	0.07	1	0.07
14	Narmada and Water Resources(Narmada)	--	--	--	--	--	--	--	--	2	1.37
15	Legal--	--	--	--	--	--	--	--	--	2	1.02
16	Education	1	1.13	--	--	--	--	2	8.65	3	9.78
17	Panchayats and Rural Housing	--	--	1	0.08	--	--	3	0.25	4	0.33
18	Revenue	1	5.86	--	--	--	--	--	--	17	11.99
19	Revenue (Land Revenue)	--	--	--	--	4	0.24	1	0.06	49	5.46
Total		9	12.40	4	1.56	5	1.67	14	17.67	179	141.13

APPENDIX - XIV

Statement showing non-intimation of reasons for saving/excess

(Reference: Paragraph 4.20.5.8 - Page 187)

(Rupees in lakh)

Grant Name	Year	Acct-Head	Description	Original	Supplement	Reapp.	Expense	(+)Excess (-)Savings	Comments
1	2	3	4	5	6	7	8	9	10
Narmada Development Scheme	1993-94	4701-80(9) 190-1	Share Capital Contri. to SSNNL (Plan)	21182.60	579.97	-12132.60	11093.70	(+)1463.73	Reasons for anticipated savings and final excess not intimated
--do--	1994-95	--do--	Share Capital Contri. to SSNNL	19081.60	0.00	-5501.16	13980.44	400.00	---do---
--do--	1995-96	4801-01- 190-1	Share Capital Contri. to SSNNL (Plan)	45198.20	0.00	-41598.20	3600.00	0.00	Reasons for anticipated savings not intimated
--do--	1995-96	--do--	---do---	31531.44	0.00	-27394.44	3734.00	-403.00	---do---
--do--	1995-96	4701-80- 190-1	Share Capital Contri. to SSNNL (Plan)	21915.63	0.00	-1303.50	20615.13	3.00	---do---
--do--	1995-96	--do--	Share Capital Contri. to SSNNL (Plan)	55.25	0.00	-55.25	0.00	0.00	---do---
--do--	1995-96	4701-80- (a)190-1	Share Capital Contri. to SSNNL (Plan)	17596.99	0.00	5695.92	11681.84	-219.23	Reasons for anticipated as well as final savings not intimated
Irrigation Soil Conservation	1995-96	2705-80- 003-II	Est. of Water and Hand Mat Insti. (Plan)	190.00	0.00	-190.00	0.00	0.00	Reasons for savings not intimated
--do--	1995-96	2711-01- 103-12	Works of Flood Control (Plan)	98.29	0.00	-2.42	10.56	-85.31	---do---

1	2	3	4	5	6	7	8	9	10
--do--	1995-96	2702-01-101-11	Construc- tion of Deepening of Wells and Tanks (Plan)	0.00	9.00	0.00	0.00	-9.00	---do---
--do--	1995-96	4702-101-02	Minor Irrigation (Plan)	0.00	19.52	0.00	0.00	-19.52	---do---
--do--	1994-95	2702-80-800-11	Survey and Investi- gation	278.51	0.01	-44.49	239.74	5.71	Reasons for anticipated savings and final excess not intimated
--do--	1994-95	2711-03-103-11	Drainage Works (Plan)	0.00	6.37	0.00	0.00	-6.37	Reasons for savings not intimated
--do--	1994-95	4402-01-529-41	Dam and Appur- tenant Works (Plan)	0.00	6.20	0.00	0.80	-5.40	---do---
--do--	1994-95	4402-01-529-80	Other Expen- diture (Plan)	0.00	18.14	0.00	0.00	-18.14	---do---
--do--	1993-94	4701-01-542-45	Reservoirs (Plan)	300.00	0.00	-194.10	106.04	0.14	---do---
--do--	1993-94	4701-01-527-45	---do---	30.00	0.00	0.00	60.93	+30.93	Reasons for excess not intimated
--do--	1993-94	4711-03-799-22	Stock (Plan)	5.00	0.00	0.00	34.28	+29.28	---do---
--do--	1993-94	4701-03-528-41	Dam and Appurte- nant Works (Plan)	3.50	0.00	0.00	31.17	27.67	Reasons for excess not intimated
--do--	1993-94	4701-03-528-80	Other Expendi- ture (Plan)	0.50	0.00	0.00	13.26	12.76	---do---
--do--	1993-94	4701-531-41	Dam and Appurte- nant Works (Plan)	3.00	0.00	0.30	13.38	10.08	---do---

1	2	3	4	5	6	7	8	9	10
--do--	1993-94	4701-01-542-42	Buildings (Plan)	0.95	0.00	-0.43	9.83	9.31	---do---
--do--	1993-94	6225-60-800-10	Loans for Rehabilitation of oustees due to Mahi Project (Plan)	2.00	0.00	0.00	7.00	5.00	---do---
--do--	1994-95	2701-80-799-24	Workshop Suspense	100.00	0.00	0.00	246.15	146.15	---do---
--do--	1995-96	2701-80-001-2	Adminis-tration	2557.03	573.64	-0.57	3566.47	(+)436.37	---do---
--do--	1995-96	2705-705-11	Radio Telephone, Wireless system in Command Areas (Plan)	15.00	0.00	135.66	150.66	0.00	---do---
--do--	1995-96	2705-701-2	Establish-ment of Adminis-trative set up for carrying out on Farm Develop-ment(P)	235.23	0.00	-5.17	338.55	(+)108.49	---do---
--do--	1995-96	2702-01-103-11	Other Minor Irrigation Works (Plan)	0.00	0.00	0.00	44.47	44.47	Reasons for incurring expenditure without provision have not been intimated
--do--	1995-96	2701-80-001	Direction	595.13	0.00	0.57	637.67	41.97	Reasons for excess not intimated
--do--	1995-96	2701-80-799-24	Workshop suspense	110.00	0.00	0.00	137.99	27.99	---do---
--do--	1995-96	2701-03-800-80	Other Expendi-ture	73.20	0.00	-0.70	92.03	19.53	---do---

1	2	3	4	5	6	7	8	9	10
--do--	1995-96	2705-704 -1	Establish- ment of Command Area Develop- ment Organisa- tion Field Level	24.21	0.00	4.30	40.35	11.84	---do---
--do--	1995-96	2701-80- 799-23	Miscella- neous Works Advance	25.00	8.25	0.00	40.14	6.89	---do---
--do--	1995-96	2701-01 -84	Project Maintenance and Repairs	30.90	10.00	0.00	46.89	5.99	---do---
--do--	1995-96	2705-701 -5	Education and Training Demons- tration of various Agri- cultural Practicals on Farmers' Field(Plan)	0.25	0.00	-0.25	6.10	6.10	Reasons for excess not intimated
--do--	1995-96	2705-701 -5	---do--- (Non-Plan)	20.57	0.00	-0.42	26.01	5.86	---do---
Other Expen- diture of Narmada & Water Resources Deptt.	1995-96	2049-60 -701	Miscella- neous Payment (Plan)	19.31	189.37	0.00	229.69	21.01	---do---
	1994-95	2049-60 -701	Miscella- neous Payment	0.00	152.27	0.00	238.36	86.09	---do---
	1993-94	2049-60 -701	Payment of Decretal Amount	0.00	1.51	0.00	12.05	10.54	---do---

APPENDIX - XV

Statement showing excess drawal over budget allotment

(Reference: Paragraph 4.20.6.4 - Page 190)

(Rupees in lakh)

	Grant	Expenditure	Excess
a) Narmada and Water Resources			
Revenue voted			
1994-95	190.40	199.68	9.28
1995-96	220.00	236.70	16.70
b) Irrigation and Soil Conservation			
Revenue voted			
1993-94	45128.11	61651.66	16523.55
1994-95	51796.80	70184.86	18388.06
1995-96	58244.93	85950.31	27705.38
Capital voted			
1993-94	12196.24	12837.38	641.14
c) Other expenditure pertaining to Narmada and Water Resources Department			
Revenue voted			
1993-94	15.00	16.65	1.56
1994-95	14.25	14.27	0.02
Revenue Charged			
1993-94	257.84	262.49	4.65
1994-95	155.50	242.93	87.43
1995-96	198.68	229.69	21.01
Capital voted			
1993-94	260.59	260.67	0.08

			63398.86

			i.e. Rs. 633.99 crore

APPENDIX - XVI

Statement showing abnormal excess expenditure

(Reference: Paragraph 4.20.6.5 - Page 190)

(Rupees in lakh)									Per-centage of Ex-cess
Year	Major Head	Sub Major Head	Minor Head	Sub Head	Description	Original	Supple-mentary	Ex-pendi-ture	
1	2	3	4	5	6	7	8	9	10
1993-94	2701	01	528	84	Maintenance and Repairs	77.00	0.00	189.91	147
--do--	2705		705	4	On farm	35.00	0.00	93.96	148
--do--	2701	01	526	84	Maintenance and Repairs	10.00	0.00	42.62	326
--do--	2701	80	799	23	Miscellaneous Works	11.00	0.00	24.96	127
--do--	4701	03	651	41	Dam and Appurtenant Works	20.00	0.00	180.64	803
--do--	4701	01	508	80	Other Expenditure(Plan)	7.00	0.00	140.20	1903
--do--	4701	01	523	80	--do--	20.00	0.00	149.53	648
--do--	4701	01	508	46	Distributories and Water courses	10.34	0.00	132.21	1179
--do--	4701	03	617	43	Canals and Branches	115.75	0.00	325.75	181
--do--	4701	03	565	41	Dam and Appurtenant	31.01	0.00	148.33	378
--do--	4701	03	513	43	Canals and Branches (Plan)	12.41	0.00	108.47	774
--do--	4701	03	555	80	Other Expenditure	13.50	0.00	103.36	666
--do--	4701	03	681	80	Other Expenditure(Plan)	0.00	0.01	84.01	---
--do--	4701	02	531	46	Distributories and WC(Plan)	20.00	0.00	99.95	400

1	2	3	4	5	6	7	8	9	10
--do--	4701	03	507	44	Spillway (Plan)	10.00	0.00	82.37	724
--do--	4711	03	103	01	Drainage Works(Plan)	27.97	10.46	109.54	185
--do--	4701	03	521	43	Canals and Branches (Plan)	11.00	0.00	74.42	577
--do--	4701	03	524	43	---do---	20.00	0.00	78.35	292
--do--	4701	03	519	43	---do---	5.50	0.00	62.78	1041
--do--	4701	03	522	43	---do---	10.65	0.00	60.56	487
--do--	4701	03	525	80	Other Expen- diture	13.00	0.00	56.01	331
--do--	4701	03	581	41	Dam and Appurtenant	4.65	0.00	47.32	918
1993-94	4701	03	510	46	Distribu- tories and Water Courses (Plan)	25.00	0.00	65.72	163
--do--	4701	03	523	46	---do---	3.00	0.00	40.98	1266
--do--	4701	01	527	80	Other Expen- diture	16.04	0.00	53.50	234
--do--	4701	03	516	46	Distribu- tories and Water Courses (Plan)	11.00	0.00	47.11	328
--do--	4701	03	557	80	Other Expen- diture(Plan)	25.00	0.00	60.47	142
--do--	4701	01	508	45	Reservoirs (Plan)	7.00	0.00	40.38	477
--do--	4701	03	519	80	Other Expen- diture(Plan)	2.00	9.75	44.89	282
--do--	4701	01	527	45	Reservoirs (Plan)	30.00	0.00	60.93	103
--do--	4701	03	557	46	Distribu- tories	20.00	0.00	50.50	153
--do--	4701	03	532	43	Canals and Branches (Plan)	20.00	0.00	49.99	150

1	2	3	4	5	6	7	8	9	10
--do--	4711	03	799	22	Stock(Plan)	5.00	0.00	34.28	586
--do--	4701	03	516	80	Other Expen- diture(Plan)	6.00	0.00	34.79	480
--do--	4701	03	528	41	Dam and Appurtenant	3.50	0.00	31.17	791
--do--	4701	03	522	80	Other Expen- diture(Plan)	1.00	0.00	28.51	2751
--do--	4701	01	508	41	Dam and Appurtenant	7.00	0.00	33.72	382
--do--	4701	03	507	80	Other Expen- diture	7.70	0.00	32.44	321
--do--	4701	01	529	80	---do--- (Plan)	20.00	0.00	42.28	114
--do--	4701	03	516	41	Dam and Appurtenant	2.55	0.00	23.80	833
--do--	4701	03	514	45	Reservoirs (Plan)	3.00	0.00	23.00	667
--do--	4701	03	524	80	Other Expen- diture(Plan)	5.00	0.00	24.70	394
--do--	4701	03	579	80	Other	9.00	0.00	27.24	203
--do--	4701	03	521	80	---do---	5.00	0.00	22.98	360
--do--	4701	03	576	43	Canals and Branches (Plan)	3.00	0.00	17.39	480
--do--	4701	03	576	80	Other Expen- diture(Plan)	5.00	0.00	18.30	266
--do--	4701	03	528	80	Other Expen- diture(Plan)	0.50	0.00	13.26	2252
--do--	4701	03	581	80	---do---	1.58	0.00	13.73	769
--do--	4701	03	555	46	Distribu- tories and WC(Plan)	5.00	0.00	16.45	229
1993-94	4701	03	519	49	Dam and Appurtenant Works(Plan)	2.00	0.00	13.07	554
--do--	4701	01	531	41	---do---	3.00	0.00	13.38	346
--do--	4701	03	507	43	Canals and Branches	3.70	0.00	13.19	256

1	2	3	4	5	6	7	8	9	10
--do--	4701	01	542	42	Buildings (Plan)	0.95	0.00	9.83	935
--do--	4701	03	581	43	Canals and Branches (Plan)	1.00	0.00	9.22	822
--do--	4701	03	516	45	Reservoirs (Plan)	3.00	0.00	11.04	268
--do--	4701	01	531	42	Buildings (Plan)	2.00	0.00	9.54	377
--do--	4701	03	521	41	Dam and Appurtenant	2.00	0.00	9.47	374
--do--	4701	01	531	80	Other Expen- diture(Plan)	2.00	0.00	9.28	364
--do--	4701	03	511	43	Canals and Branches (Plan)	0.19	0.00	6.70	3426
--do--	4701	01	509	80	Other Expen- diture(Plan)	1.00	0.00	7.06	606
--do--	6225	60	800	10	Loans for Rehabilitation of oustees due to Mahi stepes Project	2.00	0.00	7.00	250
1994-95	2711	01	103	12	Works for Flood control (Plan)	95.00	0.00	269.11	183
--do--	2701	80	799	24	Workshop Suspense	100.00	0.00	246.15	146
--do--	2705		705	04	On Farm per Works	40.00	0.00	104.08	160
--do--	2701	01	514	80	Other Expen- diture(Plan)	15.50	0.00	66.98	332
--do--	2701	80	5	11	Survey and Investigation	35.40	0.00	75.77	114

APPENDIX - XVII

Statement showing huge savings in grants

(Reference: Paragraph 4.20.6.7 - Page 193)

(Rupees in lakh)									
Year	Major Head	Sub Major Head	Minor Head	Sub Head	Description	Original	Supplementary	Expenditure	Percentage of savings
1	2	3	4	5	6	7	8	9	10
1993-94	4801	01	190	0	Share Capital to SSNNL(P)	44518.99	32.29	2500.00	94
--do--	4701	80	190	0	---do---	19967.49	120.23	6090.23	70
--do--	4702		102	1	Tube Wells	335.00	0.00	135.00	60
--do--	4701	01	542	45	Reservoirs (P)	300.00	0.00	106.04	65
--do--	4701	01	542	43	Canals and Branches	170.00	0.00	65.96	61
--do--	4701	80	799	1	Stocks(P)	83.13	0.00	20.51	76
--do--	4701	01	513	45	Reservoirs (P)	80.00	0.00	26.62	67
--do--	4701	01	512	44	Spillway (P)	80.00	0.00	32.01	60
--do--	4701	03	528	43	Canals and Branches	60.00	0.00	16.78	72
--do--	4701	03	557	41	Dam and Appurtenant	35.00	0.00	7.51	79
--do--	4701	01	529	41	Dam and Appurtenant	20.00	0.00	6.92	65
1994-95	4801	01	190	1	Share Capital	31531.44	0.00	3734.00	88
--do--	2705		705	11	Radio, Telephone, Wireless	60.00	0.00	5.00	92
--do--	2702	01	513	84	Project Maintenance and Repairs	30.00	35.70	31.98	51

1	2	3	4	5	6	7	8	9	10
1994-95	4402	01	529	41	Dam and Appurtenant	0.00	6.20	0.80	87
1995-96	4801	01	190	1	Share Capital to SSNNL(P)	45198.20	0.00	3600.00	92
--do--	2705	80	3	11	WALMI(P)	190.00	0.00	0.00	100
--do--	2701	80	799	22	Stock	150.00	0.00	0.00	100
--do--	2711	01	103	12	Works for CL Construction(Plan)	98.29	0.00	10.56	89
--do--	2702	01	101	11	Construction of Wells, Tanks	0.00	9.00	0.00	100
--do--	4702	101	2		Minor Irrigation	0.00	19.52	0.00	100

APPENDIX - XVIII

Statement showing the details of non-recovery of government dues

(Reference: Paragraph 4.33 - Page 232)

Sl No	Name of work	Estimated cost ----- Tendered cost ----- Work done (Rs. in lakh)	Date of commencement of work ----- stipulated date of completion ----- Date on which abandoned ----- Date of termination of contract	Date of fixing new contractor ----- Tendered cost (Rs. in lakh) ----- Date of submission of LOR to Government	Risk and cost and other dues recoverable from defaulting contractor (Rs. in lakh)	Date of filing civil suit ----- Delay in months
1	2	3	4	5	6	7

(A) Damanganga Canal Distributory Division No.III, Vapi

1	Providing and fixing pre-cast RCC Canal syphons DOCR fall VRBS on distribution system	28.00 ----- 23.35 ----- 2.25	20 January 1982 ----- 19 July 1983 ----- 30 September 1983 ----- 7 December 1983	18 April 1984 ----- 22.95 ----- 25 August 1993	7.85	Whereabouts of contractor not known
2	Supplying platform vibrated C C 1.3.6 pre-cast blocks of required size 5 cm. thick at Government store	26.33 ----- 22.05 ----- 1.00	20 January 1982 ----- 19 July 1983 ----- 30 September 1983 ----- 07 December 1983	25 May 1984 ----- 27.57 ----- 14 September 1993	11.89	--do--
3	Constructing earthwork and lining of Khatalwada distributory at ch. 5100 to 10200 mts.	22.12 ----- 23.15 ----- 5.94	08 August 1983 ----- 07 February 1985 ----- 14 January 1986 ----- 01 June 1987	21 December 1989 ----- 25.33 ----- 14 September 1993	14.16	15 February 1996 ----- 75 months
4	Constructing earthwork at Sanjan Distributory at ch. 0 to 2985 mts.	4.85 ----- 5.33 ----- 2.24	13 December 1982 ----- 12 September 1983 ----- 31 May 1984 ----- 22 April 1985	12 December 1985 ----- 3.49 ----- 28 September 1993	0.95	20 March 1995 ----- 109 months

1	2	3	4	5	6	7
5	Constructing earthwork and lining of Khatalwada distributory at ch. 10200 to 14700 mts.	14.74 ---- 15.92 ---- 8.63	04 January 1984 ----- 03 July 1985 ----- June 1989 ----- 16 May 1990	24 October 1991 ----- 19.40 ----- 26 August 1995	19.60	21 June 1996 ----- 56 months
6	Providing and fixing underground pipe-line on Sanjan Distributory at ch. 5505 to 8175 mts.	5.61 ---- 6.16 ---- 3.36	24 January 1983 ----- 23 July 1983 ----- 25 June 1985 ----- 18 February 1986	09 July 1987 ----- 3.96 ----- 26 June 1989	2.40	26 February 1996 ----- 103 months
7	Constructing earthwork and C C lining on 9 R to 17 R minor and sub-minor with its sub-minor ex Sardi Distributory	45.22 ---- 44.54 ---- 3.26	07 December 1988 ----- 06 December 1990 ----- 05 March 1990 ----- 07 May 1990	15 December 1991 ----- 70.99 ----- 24 July 1990	159.55	09 October 1996 ----- 58 months
8	Supplying hydro-lically pressed precast tiles of size 30 x 30 at Government store	29.03 ---- 27.53 ---- 14.94	10 August 1981 ----- 09 February 1983 ----- 06 February 1985 ----- Not given	Not fixed ----- 24 February 1986 -----	12.78	23 February 1996
9	Constructing canal structures on DLBMC at ch. 26520 to 33400 mts.	21.67 ---- 25.15 ---- 10.46	19 March 1983 ----- 18 March 1985 ----- 06 March 1989 ----- 26 June 1989	24 April 1990 ----- 18.94 ----- 04 January 1990	13.19	20 March 1995 ----- 60 months
Total					142.37	

* Though second contractor not fixed, recovery was worked out for remaining work based on Schedule of Rates (SOR) for the year for filing civil suit.

1	2	3	4	5	6	7
---	---	---	---	---	---	---

(B) Damanganga Distributory Division No.II, Valsad

1	Earthwork and lining on Pardi Distributory ch. 4054 to 7939 mts.	11.25 ----- 11.08 ----- 3.10	15 September 1982 ----- 14 March 1985 ----- March 1987 ----- 14 March 1988	October 1992 ----- 13.52 ----- 09 April 1990	19.52	The claims have not been submitted (Feb-1997) to the Gujarat Public Work Disputes Arbitration Tribunal so far.
2	--do-- ch. 9939 to 14610 mts.	15.45 ----- 15.17 ----- 4.10	14 September 1982 ----- 15 June 1987 ----- January 1985 ----- 14 March 1988	November 1989 ----- 17.92 ----- 20 April 1990	20.96	--do--
3	--do-- ch. 14610 to 20805 mts.	14.87 ----- 15.15 ----- 1.67	15 September 1982 ----- 15 June 1987 ----- February 1986 ----- 14 March 1988	May 1990 ----- 19.65 ----- 13 September 1990	31.24	--do--
4	Earthwork and lining on Udwada distributory ch. 0 to 8037 mts.	20.40 ----- 19.69 ----- 14.34	15 September 1982 ----- 15 June 1987 ----- February 1986 ----- 14 March 1988	January 1991 ----- 9.01 ----- 09 April 1990	11.84	--do--
5	--do-- ch. 8037 to 16218 mts.	14.10 ----- 14.30 ----- 6.98	15 September 1982 ----- 15 June 1987 ----- June 1984 ----- 14 March 1988	February 1990 ----- 19.47 ----- 14 February 1990	29.08	--do--
6	Earthwork and lining R 8 block and R 9 block	28.35 ----- 35.72 ----- 22.62	15 September 1982 ----- 17 February 1986 ----- June 1987 ----- 14 March 1988	November 1989 ----- 28.69 ----- 17 July 1991	28.60	--do--
				Total	141.24	
				Grand Total	283.61	
					i.e. Rs. 2.84 crore.	

Appendix - XIX

Statement showing the details of unserviceable/condemned vehicles,
machinery and equipment

(Reference: Paragraph 5.1.10 - Page 238)

Serial number	Name of the office	Total number equipment and machinery	Book value	Up set price	Date from which lying idle/un-serviceable
1	2	3	4	5	6
1	Directorate Office, Ahmedabad	5	165481	125000	April 1991
2	Dy. Director of Agriculture, FTC Surendranagar	1	81221	25000	June 1994
3	Dy. Director, Soil Survey, Bhavnagar	3	141559	14151	July 1995
4	Asstt. Agriculture Engineer, Dhrangadhra	4	166095	Not fixed	November 1972
5	Asstt. Director of Agriculture, STL Junagadh	1	58186	6400	March 1980
6	Dy. Director of Agriculture, FTC Junagadh	1	65000	27000	April 1993
7	Asstt. Director STL Talaja, Bhavnagar	1	34448	10000	March 1989
8	Asstt. Director Piyat Umarala, Bhavnagar	1	4595	460	April 1992
9	Dy. Director, FTC Jamnagar	1	18565	1857	October 1986
10	Asstt. Director, STL, Surendranagar	1	4349	478	April 1992
11	Dy. Director of Agriculture, Engg. Baroda	21	344941	202655	April 1996

1	2	3	4	5	6
12	Indo-Japanese Farm FTC, Vyara, Surat	3	36230	Not fixed	April 1969
13	Asstt. Director STL, Thasra, Kheda	4	42013	3362	April 1996
14	Asstt. Director STL, Rajpipla	2	10702	1070	March 1987
15	Asstt. Director STL, Vansda, Valsad	1	14711	1471	March 1987
16	Asstt. Director STL, Pardi, Valsad	1	132672	Not fixed	August 1988
17	Asstt. Director IADP, Bardoli	2	52510	20000	April 1979
18	Asstt. Director Quality Control, Ahmedabad	1	49683	Not fixed	December 1993
19	Asstt. Director Cotton, Bharuch	1	33468	-do-	December 1991
20	Asstt. Director Cotton, Viramgam	1	22308	-do-	Last 15 years
21	Jt. Director Extension, Surat	1	14900	-do-	April 1987
22	Dy. Director FTC, Vyara, Surat	1	43592	-do-	June 1990
23	Dy. Director Regional FTC, Navsari, Valsad	3	8750	-do-	June 1991
Total			1545939	438904	

APPENDIX - XX

Glossary of Abbreviations

A&E	Accounts and Entitlement
AA	Administrative Approval
AC	Asbestoss Cement
ADC	Area Development Commissioner
ARWSP	Accelerated Rural Water Supply Programme
AUDA	Ahmedabad Urban Development Authority
BADP	Border Area Development Programme
BARC	Bhabha Atomic Research Centre
BCR	Benefit Cost Ratio
BMC	Bhavnagar Municipal Corporation
BSG	Built up Spray Grout
CBL	Canal Bed Level
CBP	Community Bio-Gas Plant
CBR	California Bearing Ratio
CCA	Cultivable Command Area
CDO	Central Design Organisation
CE	Chief Engineer
CFR	Contingency Fund Rules
CLAA	Central Licence Approving Authority
CMSO	Central Medical Stores Organisation
CMs	Centimetres
CMt	Cubic Metre
CSA	Commulative Standard Axle
DAE	Director of Adult Education
DDO	District Development Officer
DEO	District Education Officer
DF	Defluoridation Plant
DGS&D	Director General of Supplies and Disposals
DI	Drug Inspector
DIC	District Industries Centre
DP	District Panchayat
DPOs	District Planning Officers
DRCS	District Registrar of Co-operative Societies
DRDA	District Rural Development Agency
DSRP	Dam Safety Review Panel
DTP	Draft Tender Papers
EE	Executive Engineer
EEC	European Economic Community
EMD	Earnest Money Deposit
ESR	Elevated Service Reservoir
ETP	Establishment, Tools and Plants
FASC	Farmers Agro Service Centre
FC	Fully Covered

FDR	Fixed Deposit Receipt
FRL	Full Reservoir Level
GAD	General Administration Department
GAIC	Gujarat Agro Industries Corporation
GAU	Gujarat Agricultural University
GEB	Gujarat Electricity Board
GEDA	Gujarat Energy Development Agency
GFCCA	Gujarat Fisheries Central Co-operative Association
GFDC	Gujarat Fisheries Development Corporation
GIDC	Gujarat Industrial Development Corporation
GMSD	Government Medical Store Depot
GOI	Government Of India
GROFED	Gujarat Co-operative Oilseeds Growers' Federation
GSFC	Gujarat State Fertilizers Corporation
GSFC	Gujarat State Financial Corporation
GSIC	Gujarat State Industries Corporation
GSLDC	Gujarat State Land Development Corporation
GSRTC	Gujarat State Road Transport Corporation
GSSC	Gujarat State Seeds Corporation
GSSCA	Gujarat State Seeds Certification Agency
GUJCOMASOL	Gujarat State Co-operative Marketing Federation
GWRDC	Gujarat Water Resources Development Corporation
GWSSB	Gujarat Water Supply and Sewerage Board
HDPE	High Density Poly Ethelene
HFWD	Health and Family Welfare Department
HLC	High Level Committee
HRA	House Rent Allowance
HRD	Human Resource Development
HT	High Tension
HYV	High yielding Varieties
ICDP	Integrated Cereals Development Programme
IEC	Information, Education and Communication
IPM	Integrated Pest Management
IPRD	Integrated Programme for Rice Development
IRC	Indian Road Congress
ISI	Institute of Indian Standard
ITIs	Industrial Training Institutes
JADA	Jamnagar Area Development Authority
JMC	Jamnagar Municipal Corporation
JMS	Joint Measurement Survey
JSN	Jan Shikshan Nilayam
KVIC	Khadi and Village Industries Commission
Kms	Kilometres
LAQ	Land Acquisition
LBM	Lean Bituminous Macadam
LBMC	Left Bank Main Canal
LOR	Law Officers' Report
LPCD	Litres Per Capita Per Day

M&R	Maintenance and Repairs
MACT	Motor Accident Claim Tribunal
MCFT	Million Cubic Feet
MCM	Million Cubic Metres
MIC	Mahi Irrigation Circle
MLD	Million Litres Per Day
MM	Milli Metre
MNP	Minimum Need Programme
MOST	Ministry of Surface Transport
MP	Member of Parliament
MPLADS	Member of Parliament Local Area Development Scheme
MSS	Mixed Seal Surfacing
NABARD	National Bank for Agriculture and Rural Development
NC	Not Covered
NCC	National Cadet Corps
NCDC	National Co-operative Development Corporation
NH	National Highway
NLM	National Literacy Mission
NOC	No Objection Certificate
NOPP	National Oilseeds Production Programme
NPDP	National Pulses Development Project
NSC	National Seed Corporation
NWRWS	Narmada, Water Resources and Water Supply Department
Nos	Numbers
O&M	Operation and Maintenance
ONGC	Oil and Natural Gas Commission
OPP	Oilseed Production Programme
OTS	Overall Technical Sanction
PAC	Public Accounts Committee
PAO	Pay and Accounts Officer
PC	Partially Covered
PHM	Public Health Mechanical
PHW	Public Health Works
PLA	Personal Ledger Account
PLC	Post Literacy Campaign
PPM	Parts Per Million
PSL	Priced Store Ledger
PSU	Public Sector Undertaking
PVC	Poly Vinyl Chloride
PWD	Public Works Department
Qtls.	Quintals
R&B	Roads and Buildings
R&D	Research and Development
RA	Running Account
RBI	Reserve Bank of India
RBMC	Right Bank Main Canal
RCC	Reinforced Cement Concrete
RIPC	Rajkot Irrigation Project Circle

RMC	Rajkot Municipal Corporation
Rmt	Running Metres
RO	Reverse Osmosis
ROB	Road Overbridge
RRP	Rural Road Project
RSL	Reserve Stock Limit
RWS	Rotational Water supply System
RWSS	Regional Water Supply Scheme
Rs.	Rupees
SBC	Soil Bearing Capacity
SC	Scheduled Castes
SE	Superintending Engineer
SFPP	Special Foodgrain Production Programme
SLC	State Level Committee
SLIC	State Level Inter Industrial Corporation
SEM	State Literacy Mission
SMR	Seed Multiplication Ratio
SOR	Schedule of Rates
SPV	Solar Photo Voltaic
SR	Special Repair
SRC	State Resource Centre
SSI	Small Scale Industries
ST	Scheduled Tribes
Sq. mts	Square metres
TCD	Trial Cum Demonstration
TDO	Taluka Development Officer
TDS	Total Dissolved Salt
TLC	Total Literacy Campaign
TM	Technology Mission
TMO	Technology Mission of Oilseeds
TPO	Town Planning Officer
UC	Utilisation Certificates
UNICEF	United Nations International Children's Emergency Fund
Viz.	Is for example
WBM	Water Bound Macadam
ZSS	Zilla Saksharta Samiti
ha.	Hectares
mt.	Metres

1. The Government of India, New Delhi	1000
2. The Government of Madras, Madras	1000
3. The Government of Bombay, Bombay	1000
4. The Government of the Punjab, Lahore	1000
5. The Government of the United Provinces, Lucknow	1000
6. The Government of Bihar, Patna	1000
7. The Government of Orissa, Bhubaneswar	1000
8. The Government of Assam, Dispur	1000
9. The Government of the North-West Frontier Province, Peshawar	1000
10. The Government of the Federated Malay States, Ipoh	1000
11. The Government of the Straits Settlements, Singapore	1000
12. The Government of the Netherland East Indies, Batavia	1000
13. The Government of the Portuguese East Indies, Lisbon	1000
14. The Government of the Spanish East Indies, Madrid	1000
15. The Government of the French East Indies, Paris	1000
16. The Government of the Dutch East Indies, The Hague	1000
17. The Government of the Belgian Congo, Brussels	1000
18. The Government of the German East Africa, Berlin	1000
19. The Government of the Italian East Africa, Rome	1000
20. The Government of the Austrian East Africa, Vienna	1000
21. The Government of the Hungarian East Africa, Budapest	1000
22. The Government of the Rumanian East Africa, Bucharest	1000
23. The Government of the Greek East Africa, Athens	1000
24. The Government of the Turkish East Africa, Constantinople	1000
25. The Government of the Persian East Africa, Teheran	1000
26. The Government of the Afghan East Africa, Kabul	1000
27. The Government of the Nepalese East Africa, Kathmandu	1000
28. The Government of the Sikkim East Africa, Gangtok	1000
29. The Government of the Bhutan East Africa, Thimphu	1000
30. The Government of the Tibet East Africa, Lhasa	1000