



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

**FOR THE YEAR ENDED 31 MARCH 2002
(CIVIL)**

GOVERNMENT OF MADHYA PRADESH



THE SECRETARY OF THE
TREASURY AND FINANCE
WASHINGTON

FOR THE YEAR ENDING MARCH 31, 1911
PART I

GOVERNMENT OF CANADA

TABLE OF CONTENTS

Description	Paragraph	Page No.
Preface		vii
Overview		ix
CHAPTER I		
An overview of the finances of the State Government		
Introduction	1.1	1
Financial position of the State	1.2	1
Financial operations of the State Government	1.3	11
Sources and application of funds	1.4	11
Revenue receipts	1.5	12
Incorrect budgeting and classification of expenditure	1.6	13
Revenue expenditure	1.7	13
Capital expenditure	1.8	15
Quality of expenditure	1.9	15
Financial management	1.10	17
Public debt	1.11	21
Indicators of the financial performance	1.12	23
CHAPTER II		
Appropriation Audit and Control over Expenditure		
Introduction	2.1	29
Summary of Appropriation Accounts	2.2	30
Results of appropriation audit	2.3	31
Review of expenditure and budgetary control mechanisms	2.4	34
CHAPTER III: Civil Departments		
SECTION-'A' – AUDIT REVIEWS		
Rural Development Department		
Swarna Jayanti Gram Swarojgar Yojana	3.1	39
School Education Department		
Vocationalisation of Secondary Education	3.2	52

Scheduled Tribes and Scheduled Castes Welfare and Urban Administration and Development Department		
National Scheme of Liberation and Rehabilitation of Scavengers	3.3	62
SECTION-'B' – AUDIT PARAGRAPHS		
Forest Department		
Unfruitful expenditure on overseas training under Madhya Pradesh Forestry Project	3.4	74
Infructuous expenditure on raising and maintenance of plants in nurseries in excess of requirement	3.5	75
Housing and Environment Department		
Undue financial assistance to Special Area Development Authority, Gwalior	3.6	76
Medical Education Department		
Unfruitful expenditure on dispensaries functioning without doctors	3.7	77
Public Health and Family Welfare Department		
Unauthorised expenditure on pay and allowances of staff in excess of sanctioned strength	3.8	78
Panchayat and Rural Development Department		
Rural Housing Scheme - Indira Awas Yojana	3.9	79
Revenue Department		
Infructuous expenditure on pay and allowances of surplus staff	3.10	84
Avoidable expenditure due to award of work at higher rate	3.11	85

Description	Paragraph	Page No.
CHAPTER IV		
SECTION-'A' –AUDIT REVIEWS		
Narmada Valley Development Department		
Indira Sagar Project (canals)	4.1	87
Public Works Department		
Integrated Audit of Public Works Department	4.2	98
SECTION-'B' – AUDIT PARAGRAPHS		
Narmada Valley Development Department		
Non-recovery of advances and extra cost	4.3	112
Public Health Engineering Department		
Blocking of capital on water pipes purchased much before the commencement of the project	4.4	112
Unfruitful investment on unviable water supply scheme	4.5	113
Extra cost due to drilling of tube-wells of larger dia than specification	4.6	114
Water Resources Department		
Execution of Rajghat Canal Project	4.7	114
Misutilisation of World Bank funds for Hydrology Project	4.8	121
Extra expenditure due to failure in planning	4.9	122
General		
Failure of senior officials to enforce accountability and protect the interest of Government	4.10	122
CHAPTER V		
Financial assistance to authorities and bodies		
Co-operation Department		
Loss due to non-recovery of interest on delayed deposit of sale proceeds of fertilisers by District Co-operative Banks	5.1	125
Idle investment on construction of cold storage	5.2	126
Panchayat and Rural Development Department		
Diversion of DRDA (Administration) scheme funds	5.3	127

APPENDICES

Sl. No.	Particulars	Page No.
I	Definitions of terms used in Chapter-I	131
IA	Statement showing apportionment of assets and liabilities of the erstwhile composite State of Madhya Pradesh as of 31 March 2002 between successor States of Madhya Pradesh and Chhattisgarh	133
II	Cases where supplementary provision proved unnecessary	134
III	Cases where supplementary provision obtained proved excessive	137
IV	Cases where expenditure fell short by more than rupees one crore and also by more than 10 per cent of the total provision	139
V	Cases where entire budget provision under Central schemes remained unutilised	144
VI	Cases of persistent savings	146
VII	Cases involving substantial excesses under the schemes	147
VIII	Cases involving substantial savings under the schemes	148
IX	Injudicious/ irregular/ incorrect re-appropriation/ surrenders	152
X	Non-surrender of significant savings (Rs.5 crore and above)	156
XI	Cases of injudicious surrender	159
XII	Non-reconciliation of expenditure figures	160
XIII	Defective sanctions for re-appropriations/ surrenders	160
XIV	Rush of expenditure during March 2002	161
XV	Expenditure incurred without budget provision	162
XVI	Substantial savings under schemes of selected grants	163
XVII	Substantial excesses under schemes of selected grants	164
XVIII	(a) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants	165
	(b) Cases where supplementary provision proved excessive under schemes of selected grants	165
XIX	(a) Cases where no letters of credit were found issued for resulting in lapse of allotment under Grant number 24	166

Sl. No.	Particulars	Page No.
	(b) Cases where LOCs were in excess of allotment under Grant number 24	166
	(c) Mismatch between district-wise original budgetary provisions, final allotment, LOCs and expenditure	166
XX	Expenditure on infrastructure in excess of prescribed ceiling	167
XXI	Payment of loan and subsidy to Swarojgaris without training	168
XXII	Enrolment of students in vocational courses during 1997-98 to 2001-02	169
XXIII	Number of scavengers targeted for training, that actually trained and shortfalls in training	170
XXIV	Number of scavengers targeted for rehabilitation, actually rehabilitated and shortfall in rehabilitation	171
XXV	Statement showing extra cost due to wide variation of strata	172
XXVI	Statement showing payment for work not done	173

Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2002.
3. The remaining chapters deal with the observations selected from the findings of the test audit of transactions of Government and performance audit of the three schemes and one Project, viz. (a) Swarna Jayanti Gram Swarajgar Yojana, (b) Vocationalisation of Secondary Education, (c) National Scheme of Liberation and Rehabilitation of Scavengers and (d) Indira Sagar Project (canals), as also the results of (e) Integrated Audit of Public Works Department.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001-02 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2001-02 have also been included wherever necessary.

OVERVIEW

Overview

This Report includes two Chapters containing the observations on the Finance Accounts and Appropriation Accounts of the Government of Madhya Pradesh for the year 2001-02 and three Chapters comprising reviews and paragraphs, based on the audit of certain selected schemes, programmes and the financial transactions of the State Government.

1. Finances of the State Government

The Revenue expenditure during the year (Rs.14369 crore) was much higher than the Revenue receipts (Rs.11211 crore), resulting in Revenue deficit of Rs.3158 crore. The Revenue receipts comprised tax revenue (Rs.4679 crore), non-tax revenue (Rs.1602 crore), State's share of Union taxes and duties (Rs.3439 crore) and grants-in-aid from the Government of India (Rs.1491 crore). The main source of tax revenue were taxes on sales (50 per cent), State excise (15 per cent), Stamps and registration fees (10 per cent) and Taxes on vehicles (8 per cent). Non-tax revenue came mainly from Forestry and Wild Life (20 per cent), Non-Ferrous Mining and Metallurgical Industries (33 per cent) and interest receipts (15 per cent).

The capital receipts comprised Rs.1588 crore from recoveries of loans and advances and Rs.3281 crore from public debt. Against this, the expenditure was Rs.1471 crore on capital outlay, Rs.599 crore on disbursement of loans and advances and Rs.522 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.15013 crore, against which disbursements of Rs.13569 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase of Rs.558 crore in the cash balance at the end of the year.

The funds were mainly applied for revenue expenditure, whose share in overall expenditure of the State Government decreased from 90.38 per cent to 84.52 per cent, but remained significantly higher than the share of the revenue receipts (65.94 per cent) in the total receipts of the Government. The percentage of capital expenditure increased from 6.70 to 8.65 and lending for development purposes from 1.78 per cent to 3.52 per cent.

In violation of Government Accounting Rules the State Government booked an expenditure of Rs.33.61 crore representing grants-in-aid to local bodies/ institutions under Capital section instead of Revenue section of the Accounts. This led to understatement of Revenue deficit.

The financial operation of the State Government led to a 17.73 per cent growth in its financial liabilities as against the assets, which grew by only 4.78 per cent showing an overall deterioration in the

fiscal management of the Government. The total liabilities of the Government increased to Rs.26486.87 crore, from Rs.22548.42 crore in 2000-01.

The quality of expenditure deteriorated over the past five years as was evident from the declining percentage of plan and capital expenditure as compared to 1997-98 and rising percentage of expenditure on General Services except for a marginal decrease in 2001-02. Huge funds (Rs.5589 crore) were blocked in incomplete projects and substantial funds (Rs.684.28 crore) were parked in Personal Deposit accounts, after booking as final expenditure.

The year witnessed a marked deterioration in State finances. While repayment liabilities increased, very little was left of the fresh borrowings for capital investment despite better recovery of past loans and advances. Increasing fiscal deficit led to increased borrowings with enhanced interest burden and greater dependence on RBI for funding its day to day expenditure.

(Paragraphs 1.1 to 1.12)

2. Appropriation Audit and Control over Expenditure

As against the revised appropriation of Rs.28771.51 crore, the actual expenditure during 2001-02 was Rs.23439.63 crore resulting in saving of Rs.5331.88 crore. The expenditure of the Government exceeded the budget provision during the year in 3 appropriations, by Rs.6.26 crore. Such excesses aggregating to Rs.5137.99 crore pertaining to the years 1990-91 to 2000-01 had not been regularised (November 2002). The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.719.85 crore obtained in 81 cases during the year proved unnecessary.

In 32 cases, the entire budget provision of rupees one crore and above in each case aggregating to Rs.163.06 crore provided under various Central schemes remained unutilised. In 63 schemes, there were substantial savings of Rs.5 crore or more and also over 80 per cent of the provision in each case, totalling Rs.2385.45 crore.

In 5 schemes, expenditure was in excess by Rs.5 crore or more and also by more than 100 per cent of the provision in each case.

In 160 cases of grants/appropriations, savings of Rs.2922.72 crore were not surrendered and were allowed to lapse. This included Rs.2840.30 crore in 56 cases where saving exceeded Rs.5 crore in each case.

Of Rs.2444.17 crore surrendered during the year in 126 cases, Rs.2252.64 crore (92.2 per cent) were surrendered on the last day of the financial year.

In 13 cases, the surrendered amount of Rs.676.11 crore was in excess of the available savings of Rs.647.37 crore resulting in excess surrender of Rs.28.74 crore which indicated inefficient budgetary control.

While the recoveries/credits to be adjusted in accounts as reduction of expenditure were estimated at Rs.716.81 crore, the actual recoveries during 2001-02 were only Rs.259.98 crore.

Reconciliation of expenditure figure was not carried out by the DDOs under 16 Major Heads of Account involving Rs.2343.02 crore, representing 10 per cent of the total expenditure.

During 2001-02, Rs.892.58 crore were drawn and transferred to Civil Deposits after booking as final expenditure.

(Paragraphs 2.1 to 2.4)

3 Swarna Jayanti Gram Swarojgar Yojana

Swarna Jayanti Gram Swarojgar Yojana (SGSY) was launched in the State from April 1999, with the objective that rural poor living below the poverty line would be able to have a net monthly income of at least Rs.2000 within three years with the help of income generating assets to be provided with loan and subsidy. Audit scrutiny revealed that-

- ◆ Central and State funds were released short to the extent of Rs.58.50 crore.
- ◆ In 7 test-checked districts alone, Rs.2.44 crore were misutilised. Further, temporary work advances of Rs.7.50 crore were shown as final expenditure.
- ◆ In 50 Gram Panchayats, out of 2860 families assisted, only 769 (27 per cent) were able to generate the targeted monthly income of Rs.2000 and above.
- ◆ In violation of the scheme guidelines, minor irrigation works costing Rs.2.02 crore were got executed in Shahdol through a contractor, depriving the rural poor of wage employment.
- ◆ Though the scheme stressed on adoption of group approach, Swarojgaris assisted through self-help groups constituted only 14 per cent of Swarojgaris assisted individually.
- ◆ Subsidy of Rs.47.92 crore was provided to 49760 Swarojgaris, without skill upgradation training.

- ◆ Loans of Rs.79.65 lakh shown to have been paid to 176 Swarojgaris, were not actually disbursed by banks but subsidy of Rs.27.55 lakh thereagainst was paid to the banks.
- ◆ The implementation suffered from considerable delays in sanction and disbursement of loans by banks. Monitoring was poor.

(Paragraph 3.1)

4 Vocationalisation of Secondary Education

The Centrally sponsored scheme of Vocationalisation of Secondary Education was introduced in 1987-88 to provide diversified educational opportunities to the students of secondary and higher secondary classes, to enhance individual employability, to reduce mismatch between demand and supply of skilled manpower and to provide an alternative to pursuing higher education.

- ◆ 174 vocational courses in 68 schools were not commenced despite availability of funds.
- ◆ Only 445 posts of teachers were sanctioned against the requirement of 754 teachers, which led to running of 309 courses without any teachers.
- ◆ District vocational surveys were not conducted nor were awareness programmes organised resulting in low enrolment of students in vocational courses, which averaged 7 students per course against a minimum of 20 to 25. Training to in-service teachers was also not imparted.
- ◆ Rupees 2.50 crore provided to PWD for construction of worksheds remained blocked. Besides, PWD incurred unfruitful expenditure of Rs.30.75 lakh on construction of 46 worksheds not required.

(Paragraph 3.2)

5. National Scheme of Liberation and Rehabilitation of Scavengers

This Centrally sponsored scheme was launched by Government of India in 1991-92 with the objective of liberating scavengers from the obnoxious profession of manual scavenging and engaging them in dignified alternative occupations after imparting training. The efforts under the scheme were supplemented by another Centrally sponsored scheme of Urban Low Cost Sanitation for liberation of scavengers by conversion of dry latrines into flush latrines.

- ◆ Due to fixation of unrealistic targets and tardy implementation, Central assistance of Rs.17.99 crore and National Safai Karamchhari Finance and Development Corporation loan amounting to Rs.77.35 lakh remained unutilised. Interest of Rs.1.60 crore earned on Central assistance was diverted for payment of pay and allowances.
- ◆ Training was not provided to 88 per cent scavengers and was not imparted in 16 districts.
- ◆ The pace of rehabilitation was tardy during 1997-2002 when only 19693 scavengers (including 12996 untrained) were rehabilitated as against the rehabilitation of 60308 scavengers during 1992-97. In test-checked districts, 2857 unidentified/ineligible persons were rehabilitated rendering the expenditure of Rs.3.13 crore unfruitful.
- ◆ Rehabilitation of 3974 scavengers in 30 towns with assistance of Rs.4.58 crore was of doubtful efficacy as dry latrines continued to exist in these towns.
- ◆ A scheme for conversion of 18420 dry latrines could not be implemented in Indore due to State Government not guaranteeing the loan of Rs.2.05 crore extended by HUDCO.
- ◆ Surveys in 3 districts revealed closure of the alternative occupations/ establishments opened under the scheme in as many as 85 per cent cases.

(Paragraph 3.3)

6. Indira Sagar Project (Canals)

Indira Sagar Project, approved in November 1990 with its updated cost of Rs.2167.67 crore (1988 price level) envisaged an annual irrigation of 1.69 lakh hectares (ha) and generation of 1000 Mega Watt of power. The construction of the project lagged far behind schedule due to non-release of funds, lack of planning and coordination, delay in acquisition of land, rehabilitation and resettlement of project affected families and finalization of designs and fixing of agencies. After incurring an expenditure of Rs.1110 crore, dam and power house (Units I and III) were transferred (September 2000) to Narmada Hydroelectric Development Corporation (NHDC) Ltd. a joint venture of National Hydro Power Corporation Ltd., a Government of India undertaking and Government of Madhya Pradesh. Following points also emerged.

- ◆ Even after incurring Rs.283.41 crore, the construction of canal upto 81.59 km and irrigation of 36100 ha to be achieved by June 1999, was in progress as of July 2002.
- ◆ Rupees 57.29 crore incurred on maintenance and establishment of Units I and III after their transfer to NHDC Ltd. was unwarranted.
- ◆ Award of works on unrealistic estimates based on inadequate data resulted in extra cost of Rs.5.89 crore. Delays of 1 to 5 years resulted in avoidable escalation charges of Rs.70.91 lakh.
- ◆ Design of cross-section of Punasa Tunnel was based on incorrect data and resulted in extra cost of Rs.2.18 crore and its abnormal delay in completion led to avoidable payment of Rs.15.77 crore.
- ◆ Unwarranted excavation of exit channel and canal with catch water drain profile led to wasteful expenditure of Rs.88.94 lakh. Rectification of over excavation of exit channel also resulted in extra cost of Rs.31.69 lakh.
- ◆ Separate provision for line drilling, pre-splitting and perimeter blasting in excavation of hard rock resulted in extra payment of Rs.47.26 lakh. Payment of Rs.23.38 lakh on doubtful work of chiselling and chipping for slope protection required investigation.
- ◆ Incorrect adoption of escalation conditions resulted in excess payment of Rs.20.53 lakh to contractors.
- ◆ Expenditure of Rs.7.89 crore was incurred on salary and allowances of idle staff.

(Paragraph 4.1)

7. Integrated Audit of Public Works Department

The Department had constructed 68105.6 km roads up to March 2002 and residential and non-residential buildings in a built up area of 117.54 lakh sq. m area upto March 1999. Only 28.02 per cent of the villages were connected with roads. The achievement in construction of State Highways (SH) and Major District Roads (MDR) upto March 2002 was only 54.88 and 38.37 per cent of the target. Inadequate survey and investigation, unrealistic estimation, delay in floating and acceptance of tenders, land acquisition, inadequate issue of letters of credit (LOC) and slow progress of works by contractors etc contributed to the poor achievement. Following points further emerged during the Review.

Targets for construction of buildings were not fixed. However, only 829 of the 1811 buildings were completed and 611 were in progress involving cost overrun of Rs.126.45 crore.

Rupees 17.19 crore were drawn in excess of LOC in 7 divisions and Rs.38.86 crore were kept in Civil Deposits to avoid lapse of allotment.

Rupees 10.77 crore and Rs.49.15 crore per annum were being incurred on 2423 surplus staff and 20479 gang men since August 2000. Rs.26.86 crore were paid to labourers employed after December 1988 in violation of Government order.

Inadequate survey and investigation led to extra cost of Rs.2.05 crore and cost overrun of Rs.6.17 crore under 12 roads.

Delay in taking penal action against defaulting contractor resulted in undue benefit of Rs.1.93 crore under Build, Operate and Transfer (BOT) Scheme.

Extra cost of Rs.6.56 crore was not recovered from defaulting contractors in 15 divisions.

Acceptance of tenders at higher rates resulted in extra cost of Rs.7.04 crore under Dewas, Indore-I and Katni divisions.

(Paragraph 4.2)

8. Defective implementation of other schemes/projects

(i) The **Rajghat Canal Project** was approved for Rs.46.15 crore in March 1981 to create irrigation potential of 121450 hectares. After incurring an expenditure of Rs.88.99 crore upto March 1997, the project was financed through loan assistance of Rs.421.08 crore from Japan Bank for International Cooperation (JBIC). The Department, however, failed to complete the project upto March 2002 even after incurring Rs.428.42 crore. Following points emerged on scrutiny.

JBIC disallowed expenditure of Rs.7.16 crore. The reasons for disallowance were not on record.

Estimates were inflated for price escalation resulting in saving of Rs.83.09 crore.

Out of 106 work packages, agencies for 4 works were not fixed while only 37 works were completed. Non-completion of the works in scheduled period resulted in avoidable payment of Rs.5.04 crore on account of price escalation.

None of the officers trained abroad at a cost of Rs.21.47 lakh, was working in the project, rendering the expenditure unfruitful.

Additional work for Rs.2.24 crore was awarded to consultant without inviting tenders and assessing the capability.

Excess expenditure of Rs.4.84 crore, avoidable expenditure of Rs.55.24 lakh and undue financial benefit of Rs.98 lakh to contractors were also noticed.

(Paragraph 4.7)

(ii) **Indira Awas Yojana (IAY)** was launched in 1985-86, as a component of the Rural Landless Employment Guarantee Programme (RLEGP), a Centrally sponsored wage employment programme fully funded by the Government of India (GOI), to provide houses to Scheduled Castes (SC), Scheduled Tribes (ST) and freed bonded labourers living below poverty line (BPL). It became an independent scheme with effect from 1st January 1996. The implementation of IAY was flawed as no survey was conducted for identification of beneficiaries. Sanitary latrines and smokeless chulhas were not provided in 50 and 62 per cent respectively of the 3.69 lakh houses claimed to have been completed. Forty-one (41) per cent houses were allotted in the names of male members alone. Funds for infrastructure development were not properly utilised and Rs.3.64 crore were diverted towards other items of expenditure. Utilisation certificates for Rs.41.03 crore were wanting in respect of 11 test-checked districts alone.

(Paragraph 3.9)

9. Unfruitful, avoidable and extra expenditure/ cost

(i) In Mandla, Chhindwara and Khandwa districts, 35 ayurvedic and 7 homeopathic dispensaries were functioning without doctors leading to an unfruitful expenditure of Rs.1.32 crore on pay and allowances of other staff, and rent of buildings.

(Paragraph 3.7)

(ii) Government Press, Gwalior, incurred an infructuous expenditure of at least Rs.3.61 crore on pay and allowances of its surplus staff and also paid Rs.2.26 crore as overtime allowance, in spite of the availability of surplus staff. Government Press, Rewa, too incurred similar infructuous expenditure of Rs.42 lakh.

(Paragraph 3.10)

(iii) Injudicious award of work of aerial survey at higher rate by Commissioner, Land Records and Settlement, Gwalior, resulted in avoidable extra liability of Rs.1.92 crore.

(Paragraph 3.11)

(iv) Delayed action of Executive Engineer led to non-recovery of extra cost, mobilisation and machinery advances of Rs.8.79 crore from a contractor in construction of Main Dam of Man Project.

(Paragraph 4.3)

(v) Execution of unviable water supply scheme for 34 villages in Jhabua district without the approval of the Government of India resulted in unfruitful expenditure of Rs.30.92 crore.

(Paragraph 4.5)

(vi) Injudicious drilling of tube wells of larger diameter in Bhopal and Sehore districts resulted in extra cost of Rs.30.31 lakh.

(Paragraph 4.6)

(vii) Failure in planning the work of Bagla Tank properly resulted in extra expenditure of Rs.75.35 lakh in completion of the balance work

(Paragraph 4.9)

10. Other points of interest

(i) Non-recovery of interest from District Co-operative Banks by District Marketing Officers, Bhind, Sagar and Shahdol, on delayed deposit by them of sale proceeds of fertilisers resulted in loss of Rs.3.78 crore to M.P. State Cooperative Marketing Federation.

(Paragraph 5.1)

(ii) Rupees 29.81 crore of Centrally sponsored scheme funds for strengthening of DRDA (Administration) were misutilised towards payment of salaries of State Government's own employees.

(Paragraph 5.3)

(iii) Rupees 5.10 crore provided by Government of India as additional Central assistance under Pradhan Mantri's Gramodaya Yojana for primary health care in rural areas were kept unutilised in Civil Deposits at the instance of the State Government itself, depriving the rural population of the intended benefits.

(Paragraph 1.9.3.1(b))

(iv) Centrally sponsored scheme of workshed-cum-housing for handloom weavers in earthquake-affected area of Jabalpur district was not implemented and a grant of Rs.1.98 crore provided by Government of India in 1997-98 remained unutilised.

(Paragraph 1.9.3.1(a))

(v) Allotment of Project vehicles earmarked for World Bank aided Hydrology Project to others resulted in misutilisation of Rs.44.48 lakh.

(Paragraph 4.8)

(vi) Injudicious procurement of material much in advance resulted in blocking of capital of Rs.44.05 lakh for the Multai Water Supply Scheme.

(Paragraph 4.4)

CHAPTER I

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

CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

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

In terms of the Madhya Pradesh Re-organisation Act 2000 (No.28 of 2000), 16^{*} districts of the erstwhile State of Madhya Pradesh were transferred to form the new State of Chhattisgarh on 1 November 2000, the 'appointed day'. The apportionment of assets and liabilities of the composite State of MP immediately prior to the 'appointed day' as also the other financial adjustments are being done in each case in accordance with the provisions of the Act, *ibid*. The actual progress achieved in this direction is indicated in **Appendix IA**.

1.2 Financial position of the State

In the government accounting system, comprehensive accounting of the fixed assets like land and buildings etc., owned by Government is not done. However, the government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. *Exhibit I* gives an abstract of such liabilities and the assets as on 31 March 2002, compared with the corresponding position on 31 March 2001 as well as that on 31 October 2000, of the erstwhile composite State of Madhya Pradesh. While the liabilities consist mainly of internal borrowings, loans and advances from the Government of India (GOI), receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. The financial operation of the State Government led to a 17.73 per cent growth in its financial liabilities as against the assets which grew by only 4.78 per cent showing on overall deterioration in the fiscal management of the Government.

Note: As the State in its present form came into existence on 01 November 2000, in terms of Madhya Pradesh Re-organisation Act 2000 (No. 28 of 2000), all data and figures quoted in this Chapter and elsewhere, for and up to the period ended 31 October 2000, pertain to the erstwhile composite State of M.P., unless the context provides otherwise.

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

During the year, the State Government incorrectly classified expenditure of Rs.33.61 crore being grants-in-aid to local bodies/institutions under capital outlay instead of Revenue (see paragraph 1.6). This had the effect of overstatement of capital outlay and understatement of revenue deficit to that extent.

EXHIBIT I

**SUMMARISED FINANCIAL POSITION OF THE
GOVERNMENT OF MADHYA PRADESH AS ON 31 MARCH 2002**

(Rupees in crore)

As on 31.10.2000 [⊗]	As on 31.03.2001	Liabilities	As on 31.03.2002
7628.95	5967.51	Internal Debt-	7648.43
4709.69	3794.21	Market Loans bearing interest	4473.38
5.39	3.70	Market Loans not bearing interest	2.98
775.61	645.95	Loans from other Institutions	845.84
256.87	--	Ways and Means Advances	-
145.53	--	Overdraft from Reserve Bank of India	-
1735.86	1523.65	Special Security issued to NSS fund of Central Government	2326.23
10606.50	7964.77	Loans and Advances from Central Government-	9043.18
526.47	365.27	Pre 1984-85 Loans	328.15
3441.82	2516.89	Non-Plan Loans	2468.10
6440.06	4932.36	Loans for State Plan Schemes	6090.57
61.30	43.91	Loans for Central Plan Schemes	42.14
136.85	106.34	Loans for Centrally Sponsored Plan Schemes	114.22
26.61	40.00	Contingency Fund	40.00
7371.50	6534.82	Small Savings, Provident Funds, etc.	6942.42
1872.19	1806.12	Deposits	2484.16
663.77	275.20	Reserve Funds	368.67
80.60	196.14	Suspense and Miscellaneous Balances	296.97
28250.12	22784.56		26823.83

Note: Apportionment of assets and liabilities except Public debt of the composite state of Madhya Pradesh immediately prior to the appointed day i.e. 1 November 2000, is yet to be finalized.

[⊗] Of the erstwhile composite State of Madhya Pradesh.

As on 31.10.2000 [⊗]	As on 31.03.2001	Assets	As on 31.03.2002
15760.57	14862.15	Gross Capital Outlay on Fixed Assets -	16332.79[§]
1642.14	1679.08	Investments in shares of Companies, Corporations, etc.	1687.07
14118.43	13183.07	Other Capital Outlay	14645.72 [§]
2883.18	2990.98	Loans and Advances -	2001.91
1819.17	2010.84	Loans for Power Projects	677.76
995.85	914.27	Other Development Loans	1263.66
68.16	65.87	Loans to Government servants and Miscellaneous loans	60.49
--	--	Reserve Fund Investments	--
13.88	10.32	Advances	7.04
665.60	631.59	Remittance Balances	471.59
17.11	(-)223.57	Cash -	331.03
(-)68.26	(-)28.22	Cash in Treasuries and Local Remittances	(-)3.22
38.51	(-)546.29	Deposits with Reserve Bank	303.55
21.86	12.19	Departmental Cash Balance including permanent cash imprest	12.50
25.00	338.75	Cash Balance Investments and investment of earmarked funds	18.20
8909.78	4513.09	Deficit on Government account -	7679.47
7108.32	4167.53	(i) Accumulated deficit brought forward	4513.09
1801.46	344.46	(ii) Revenue Deficit of the current year	3157.69
--	--	(iii) Inter-State Settlement	5.56
--	1.10	(iv) Amount closed to Government account	3.13 [Ⓟ]
28250.12	22784.56		26823.83

⊗ Of the erstwhile composite State of M.P.

§ Grants-in-aid of Rs.33.61 crore to local bodies/ institutions was misclassified under capital (Plan) expenditure instead of non plan Revenue expenditure (see paragraph 1.6).

Ⓟ Includes Rs.3.08 crore proforma transfer of balances relating to Revenue Reserve Funds, Investment Account to State of Chhattisgarh.

EXHIBIT II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2001-02

(Rupees in crore)

Receipts						Disbursements											
April-October 2000 [⊗]	November 2000 to March 2001	Total		2001-02	April-October 2000 [⊗]			November 2000- March 2001			Grand total		2001-02				
					Non-plan	Plan	Total	Non-plan	Plan	Total			Non-plan	Plan	Total		
				Section-A: Revenue													
7136.48	5702.82	12839.30	I.	Revenue receipts	11211.08								I. Revenue expenditure				
3224.57	2415.01	5639.58		- Tax Revenue	4678.98	3355.84	7.74	3363.58	1922.08	36.99	1959.07	5322.65	General Services	4874.90	174.59	5049.49	
						2795.95	843.51	3639.46	1425.39	771.61	2197.00	5836.46	Social Services	3265.83	1317.06	4582.89	
1020.20	704.13	1724.33		- Non tax revenue	1601.68	1582.72	228.31	1811.03	751.33	187.51	938.84	2749.87	-Education, Sports, Arts and Culture	1829.30	280.74	2110.04	
						353.17	158.22	511.39	209.75	110.85	320.60	831.99	-Health and Family Welfare	417.74	249.15	666.89	
2317.94	1637.57	3955.51		-State's share of Union Taxes	3439.30	201.35	148.65	350.00	98.63	234.68	333.31	683.31	-Water Supply, Sanitation Housing and Urban Development	224.28	311.44	535.72	
34.82	154.58	189.40		-Non Plan grants	322.35	10.76	--	10.76	10.46	0.07	10.53	21.29	- Information and Broadcasting	15.55	1.08	16.63	
						453.94	195.59	649.53	148.44	134.79	283.23	932.76	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward classes	421.92	269.78	691.70	
244.47	458.72	703.19		-Grants for State Plan Schemes	649.08	31.80	8.00	39.80	16.71	5.58	22.29	62.09	-Labour and Labour Welfare	35.65	17.29	52.94	
						157.15	104.73	261.88	186.92	97.99	284.91	546.79	-Social Welfare and Nutrition	313.55	187.41	500.96	
294.48	332.81	627.29		-Grants for Central and Centrally Sponsored Plan Schemes	519.69	5.07	--	5.07	3.14	0.14	3.28	8.35	-Others	7.84	0.17	8.01	

[⊗] Pertains to erstwhile composite State of M.P.

						1219.09	365.83	1584.92	1055.61	657.07	1712.68	3297.60	Economic Services	3339.06	1024.43	4363.49
						542.58	153.89	696.47	311.20	206.92	518.12	1214.59	-Agriculture and Allied Activities	703.14	404.48	1107.62
						250.05	116.71	366.76	158.02	378.23	536.25	903.01	-Rural Development	145.71	473.29	619.00
						--	--	--	--	--	--	--	-Special Areas Programme	-	-	-
						165.83	67.14	232.97	73.07	29.96	103.03	336.00	-Irrigation and Flood control	191.33	69.78	261.11
						--	1.68	1.68	393.58	15.23	408.81	410.49	-Energy	1999.06	37.95	2037.01
						28.95	23.91	52.86	12.76	22.57	35.33	88.19	-Industries and Minerals	29.96	24.17	54.13
						206.75	1.09	207.84	86.56	0.31	86.87	294.71	-Transport	244.86	1.48	246.34
						0.82	0.40	1.22	0.50	0.93	1.43	2.65	-Science, Technology and Environment	00.96	1.13	2.09
						24.11	1.01	25.12	19.92	2.92	22.84	47.96	-General Economic Services	24.04	12.15	36.19
						349.97	--	349.97	178.53	--	178.53	528.50	Grants-in-aid and contributions	372.90	--	372.90
1801.45	344.46	2145.91	II.	Revenue deficit carried over to Section B	3157.69	--	--	--	--	--	--	--	II- Revenue surplus carried over to Section B			
8937.93	6047.28	14985.21		Total	14368.77	7720.85	1217.08	8937.93	4581.61	1465.67	6047.28	14985.21	Total	11852.69*	2516.08	14368.77*
				Section-B												
296.72	61.68	358.40	III	Opening cash balance including Permanent Advances and Cash Balance investment	(-)226.65 [⊕]			--			--	--	III. Opening overdraft from RBI			
								--			--	--	IV. Capital outlay	4.55	1466.09	1470.64*

* Grants-in-aid of Rs.33.61 crore to local bodies/ institutions was misclassified under plan capital expenditure instead of non-plan Revenue expenditure.

⊕ Differs from last years closing balance by Rs.3.08 crore (Rs.30797066) due to proforma transfer to Chhattisgarh State as per Finance Account.

Audit Report (Civil) for the year ended 31 March 2002

			IV	Miscellaneous Capital receipts		0.37	4.91	5.28	--	10.58	10.58	15.86	General Services	0.89	20.90	21.79
						0.19	37.56	37.75	1.40	96.63	98.03	135.78	Social services	0.60	170.98	171.58
						--	1.16	1.16	--	11.50	11.50	12.66	-Education, Sports, Arts and Culture	-	15.82	15.82
						0.19	13.64	13.83	1.40	14.36	15.76	29.59	-Health and Family Welfare	0.52	20.75	21.27
						--	5.70	5.70	--	12.42	12.42	18.12	-Water Supply, Sanitation Housing and Urban Development	-	72.26	72.26
						--	--	--	--	0.13	0.13	0.13	- Information and Broadcasting	-	-	-
						--	16.04	16.04	--	57.72	57.72	73.76	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	-	61.10	61.10
						--	0.23	0.23	--	0.37	0.37	0.60	-Social Welfare and Nutrition	0.08	0.17	0.25
						--	0.79	0.79	--	0.13	0.13	0.92	-Other Social Services	-	0.88	0.88
						5.62	475.69	481.31	(-)2.57	480.12	477.55	958.86	Economic Services	3.06	1274.21	1277.27
						5.22	(-)0.25	4.97	(-)2.92	41.00	38.08	43.05	-Agriculture and Allied Activities	2.16	21.30	23.46
						--	24.57	24.57	--	42.24	42.24	66.81	-Rural Development	-	148.54	148.54
						0.33	263.37	263.70	0.12	223.42	223.54	487.24	-Irrigation and Flood control	0.38	685.11	685.49
						--	126.34	126.34	--	112.37	112.37	238.71	-Energy	-	172.78	172.78
						0.05	3.11	3.16	0.05	1.31	1.36	4.52	-Industries and Minerals	0.11	6.69	6.80
						--	57.67	57.67	0.17	58.20	58.37	116.04	-Transport	0.38	236.95	237.33
						0.02	0.88	0.90	0.01	1.58	1.59	2.49	-General Economic Services	0.03	2.84	2.87
						6.18	518.16	524.34	(-)1.17	587.33	586.16	1110.50	Total	4.55	1466.09	1470.64

(Rupees in crore)

2000-01			Receipts				Disbursements			
01.04.2000 to 31.10.2000	01.11.2000 to 31.03.2001	Total		2001-01	2000-01			2001-01		
					April- October 2000	November 2000- March 2001	Total			
(-)5.79	19.24	13.45	V	Recoveries of Loans and Advances	1587.65	32.76	262.95	295.71	V. Loans and Advances disbursed	598.58
--	--	--		-From Power Projects	1557.55	--	191.67	191.67	-For Power Projects	224.47
9.72	4.42	14.14		-From Government Servants	12.96	14.40	2.13	16.53	-To Government Servants	7.62
(-)15.51	14.82	(-)0.69		-From others	17.14	18.36	69.15	87.51	-To others	366.49
--	--	--	VI	Inter-State Settlement	--	--	--	--	VI. Inter State Settlement	5.56
--	--	--	VII	Revenue Surplus brought down	-	1801.46	344.46	2145.92	VII. Revenue deficit brought down	3157.69
2170.59	929.94	3100.53	VIII	Public debt receipt	3281.00	271.44	546.92	818.36	VIII. Repayment of Public debt	521.67
1308.30	567.84	1876.14		-Internal debt other than ways and means advances and overdraft	1830.30	51.37	72.46	123.83	-Internal debt other than ways and means advances and overdraft	149.38
631.52	362.10	993.62		-Loans and advances from Central Government	1450.70	220.07	180.58	400.65	-Repayment of loans and advances to Central Government	372.29
230.77	--	230.77		-Net transactions under Ways and means advances including overdraft	-	--	293.88	293.88	-Net transactions under Ways and means advances including overdraft	--
--	--	--	IX	Appropriation to Contingency Fund	-	--	--	--	IX. Appropriation to Contingency Fund	--
6.93	--	6.93	X	Amount transferred to Contingency Fund	-	13.39	(-)13.39	--	X. Expenditure from Contingency Fund	--
9881.84	6638.57	16520.41	XI	Public Account receipts	15012.67	9689.79	6145.90	15835.69	XI. Public Account disbursements	13569.50
1221.95	530.25	1752.20		-Small Savings and Provident Funds	1238.13	603.42	392.42	995.84	-Small Savings and Provident Funds	830.53
1.77	125.17	126.94		-Reserve funds	130.97	0.50	2.26	2.76	-Reserve Funds	37.50
5131.11	3606.20	8737.31		-Suspense and Miscellaneous	7433.57	5206.92	3479.85	8686.77	-Suspense and Miscellaneous	7332.81
2286.88	1499.60	3786.48		-Remittances	3394.46	2314.39	1618.48	3932.87	-Remittances	3234.45
1240.13	877.35	2117.48		-Deposits and Advances	2815.54	1564.56	652.89	2217.45	-Deposits and Advances	2134.21
--	--	--	XII	Closing Overdraft from Reserve Bank of India		17.11	(-)223.57	(-)206.46	XII. Cash Balance at end of the year	331.03
						(-)68.26	(-)28.22	(-)96.48	-Cash in Treasuries and Local Remittances	(-)3.22
						38.51	(-)546.29	(-)507.78	-Deposits with Reserve Bank	303.55
						21.86	12.19	34.05	-Departmental Cash Balance including permanent cash imprest	12.50
						25.00	338.75	363.75	-Cash Balance Investment and Investment of Barmarked Funds	18.20
12350.29	7649.43	19999.72		Total	19654.67	12350.29	7649.43	19999.72	Total	19654.67

**EXHIBIT III
SOURCES AND APPLICATION OF FUNDS**

(Rupees in crore)

2000-01					Source	2001-02	
April- 2000 [⊗]	October	November 2000- March 2001	Total	Per cent		Amount	Per cent
7136.48		5702.82	12839.30	77.44	Revenue receipts	11211.08	65.94
(-) 5.79		19.24	13.45	0.08	Recoveries of Loans and Advances	1587.65	9.34
1899.15		383.02	2282.17	13.76	Increase in Public debt	2759.33	16.23
619.80		260.74	880.54	5.31	Receipts from Public account	1443.18 [Ⓟ]	8.49
618.53		137.83	756.36		a. Increase in Small Savings	407.60	
--		--	--		b. Increase in Deposits and Advances	681.33	
1.27		122.91	124.18		c. Increase in Reserve Funds and Reserve Fund Investment	93.47	
--		--	--		d. Effect of Remittances transactions	160.01	
					e. Increase in suspense and miscellaneous	100.77	
279.60		285.25	564.85	3.41	Decrease in closing cash balance	--	--
9929.24		6651.07	16580.31	100	Total	17001.24	100
					Application		
8937.93		6047.28	14985.21	90.38	Revenue expenditure	14368.77	84.52
32.76		262.95	295.71	1.78	Lending for development and other purposes	598.58	3.52
524.34		586.16	1110.50	6.70	Capital expenditure	1470.64	8.65
6.46		(-)13.39	(-)6.93	(-)0.04	Net effect of Contingency Fund transactions	--	--
					Net effect of Inter State settlement	5.56	0.03
427.75		(-)231.93	195.82	1.18	Application from Public Account-	--	--
75.81		(-) 126.35	(-) 50.54		a. Net effect of Suspense and Miscellaneous	--	--
--		---	---		b. Miscellaneous Government Account	--	--
324.43		(-) 224.46	99.97		c. Decrease in Deposits and Advances	--	--
27.51		118.88	146.39		d. Effect of Remittances transactions	--	--
--		---	--	--	Increase in closing cash balance	557.69 [*]	3.28
9929.24		6651.07	16580.31	100	Total	17001.24	100

Explanatory Notes to Exhibits I, II and III:

- The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts
- Government accounts being mainly on cash basis, the deficit on government account, as shown in Exhibit I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
- Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and inter-departmental and inter-Government payments and others awaiting settlement.
- Grants-in-aid of Rs.33.61 crore to local bodies/institutions was mis-classified under capital (Plan) expenditure instead of non plan Revenue expenditure
- There was a difference of Rs.389.55 lakh (credit) between the figures- Rs.30355.36 lakh (debit)-reflected in the Accounts and that intimated by Reserve Bank of India - Rs.30744.91 lakh (credit)- Under "Deposits with Reserve Bank". After close of December 2002 accounts, the net difference to be reconciled was Rs.3.59 lakh (debit)

⊗ Pertains to erstwhile composite State of M.P.

Ⓟ Difference of Rs.0.01 crore is due to rounding off.

* Including proforma correction of Rs.3.08 crore.

EXHIBIT IV
TIME-SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1997-98 [⊗]	1998-99 [⊗]	1999-2000 [⊗]	2000-01			2001-02
				April- October 2000 [⊗]	November 2000- March 2001	Total	
Part A. Receipts							
1. Revenue Receipts	11257	11346	13204	7136	5703	12839	11211
(i) Tax Revenue	4564 (40)	5108 (45)	5795 (44)	3225	2415	5640 (44)	4679(42)
Taxes on Sales, Trade, etc.	2056 (45)	2297 (45)	2555 (44)	1568	1198	2766 (49)	2361(50)
State Excise	845 (19)	965 (19)	1073 (19)	674	301	975 (17)	705(15)
Stamps and Registration fees	361 (8)	400 (8)	470 (8)	298	179	477 (8)	445(10)
Taxes on Vehicles	371(8)	382 (7)	402 (7)	257	149	406 (7)	393(8)
Other Taxes	931(20)	1064(21)	1295(22)	428	588	1016(19)	775(17)
(ii) Non Tax Revenue	2019 (18)	1782 (16)	2469 (18)	1020	704	1724 (13)	1602(14)
(iii) State's share in Union taxes and duties	3327 (30)	2932 (26)	3262 (25)	2318	1637	3955 (31)	3439(31)
(iv) Grants-in-aid from GOI	1348 (12)	1523 (13)	1678 (13)	574	946	1520 (12)	1491(13)
2. Misc. Capital Receipts	--	--	--	--	--	--	--
3. Total revenue and Non debt capital receipts (1+2)	11257	11346	13204	7136	5703	12839	11211
4. Recovery of Loans and Advances	794	56	314	(-) ⁶	19	13	1588
4A Inter-State Settlement							
5. Public Debt Receipts	2093	2796	3462	2171	930	3101	3281
Internal Debt (Excluding Ways & Means Advances and Overdraft)	651(31)	742(28)	2104(61)	1308	568	1876(61)	1830(56)
Loans and Advances from Government of India ^s	1442(69)	1862(72)	1358(39)	632	362	994(32)	1451(44)
Net Transactions under Ways and means advances and overdraft	--	192	--	231	--	231(7)	--
6. Total receipts in the Consolidated fund (3+4+5)	14144	14198	16980	9301	6652	15953	16080
7. Contingency Fund receipts	3	--	--	7	--	7	--
8. Public Account receipts	13961	15717	17170	9882	6638	16520	15013
9. Total receipts of the Government (6+7+8)	28108	29915	34150	19190	13290	32480	31093
Part B. Expenditure / Disbursements							
10. Revenue expenditure	11726(85)	14218(92)	16136(93)	8938	6047	14985 (91)	14369(87)
Plan	2283(19)	2476(17)	2727(17)	1217	1466	2683 (18)	2516(18)
Non-Plan	9443(81)	11742(83)	13409(83)	7721	4581	12302 (82)	11853(82)
General Services (including interest, payments)	3857(33)	4766(34)	5244(33)	3364	1959	5323 (36)	5049(35)
Social Services	4482(38)	5574(39)	6210(38)	3639	2197	5836 (39)	4583(32)
Economic Services	3052(26)	3462(24)	4033(25)	1585	1713	3298 (22)	4364(30)
Grants-in-aid and contributions	335(3)	416(3)	648(4)	350	178	528 (3)	373(3)
11. Capital Expenditure	1678(12)	1010(6)	950(5)	524	586	1110 (7)	1471(9)
Plan	1672 (100)	999 (99)	946 (100)	518	587	1105(100)	1466(100)
Non-Plan	6	11 (1)	4	06	(-)	05	05
General Services	22 (1)	20 (2)	16 (2)	05	11	16(2)	22(1)
Social Services	170 (10)	219 (22)	195 (20)	38	98	136(12)	172(12)
Economic Services	1486 (89)	771 (76)	739 (78)	481	477	958(86)	1277(87)

-contd.

⊗ Pertains to erstwhile composite State of M.P.

^s Includes ways and means advances from GOI.

EXHIBIT IV (continued)

(Rupees in crore)

	1997-98*	1998-99*	1999-2000*	2000-01			2001-02
				April-October 2000*	November 2000-March 2001	Total	
12. Disbursement of Loans and Advances	468 (3)	302 (2)	343 (2)	33	263	296(2)	599(4)
12A Inter-State settlement							5
13. Total expenditure (10+11+12)	13872	15530	17429	9495	6896	16391	16444
14. Repayment of Public Debt	353	439	549	271	547	818	522
Internal Debt (excluding Ways & Means Advances and Overdraft)	43	90	135	51	72	123	150
Net transactions under Ways and Means Advances and Overdraft	--	--	21	--	294	294	--
Loans and Advances from Government of India	310	349	393	220	181	401	372
15. Appropriation to Contingency Fund	--	--	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	14225	15969	17978	9766	7443	17209	16966
17. Contingency Fund disbursements	--	--	7	13	(-13)	--	--
18. Public Account disbursements	13729	14131	16040	9690	6146	15836	13569
19. Total disbursements by the Government (16+17+18)	27954	30100	34025	19469	13576	33045	30535
Part C. Deficits							
20. Revenue Deficit (1-10)	469	2872	2932	1802	344	2146	3158
21. Fiscal Deficit (3+4-13)	1821	4127	3911	2365	1174	3539	3645
22. Primary Deficit (21-23)	161	2292	1772	858	270	1128	1391
Part D. Other data							
23. Interest payments (included in revenue expenditure)	1660	1835	2139	1507	904	2411	2254
24. Arrears of Revenue (percentage of Tax & non-Tax Revenue receipts)	264 (4)	248 (4)	465 (6)	--	--	347 (5)	204(3)
25. Financial assistance to local bodies etc.	677	759	1505	224	589	813	2304
26. Ways and Means Advances/Overdraft availed (days)	142/48	129/144	165/100	70/9	95/38	165/47	117/172
27. Interest on WMA/Overdraft	4/1	5/3	10/3	6/2	2/1	8/3	11/5
28. Gross State Domestic Product (GSDP)	81042	90737	98768(P)	--	--	88445(@)	81286(Q)
29. Outstanding debt (year-end)	17972	21959	25948		22548	22548	26487
30. Outstanding guarantees (year-end)	3890	1413	142		--	467	472
31. Maximum amount guaranteed (year-end)	9092	8599	9671		--	9673	9701
32. Number of incomplete projects	55	59	237	--	--	185	180
33. Capital blocked in incomplete projects	3498	3725	5957	--	--	4983	5589

(Q) Quick estimates for the successor State of Madhya Pradesh.

(P)- Provisional

(@) Provisional figures of GSDP for the full year (Rs.73165 crore) for the successor State of Madhya Pradesh plus pro-rata figures of that for Chhattisgarh (Rs.15280 crore) for April-October 2000.

(*) In respect of composite state of Madhya Pradesh.

1.3 Financial operations of the State Government

1.3.1 *Exhibit II* gives the details of the receipts of and disbursements made by the State Government. The Revenue expenditure (Rs.14369 crore) during the year exceeded the revenue receipts (Rs.11211 crore) resulting in a revenue deficit of Rs.3158 crore. The Revenue receipts comprised tax revenue (Rs.4679 crore), non-tax revenue (Rs.1602 crore), State's share of Union taxes and duties (Rs.3439 crore) and grants-in-aid from the Government of India (Rs.1491 crore). The main sources of tax revenue were taxes on sales (50 per cent), State excise (15 per cent) stamps and registration fees (10 per cent) and taxes on vehicles (8 per cent). Non-tax revenue came mainly from Forestry and Wild Life (Rs.306 crore, 20 per cent), Non-Ferrous Mining and Metallurgical Industries (Rs.528 crore, 33 per cent), interest receipts (Rs.247 crore, 15 per cent) and others Rs.521 crore (32 per cent).

1.3.2 Capital receipts comprised of Rs.1588 crore from recoveries of loans and advances and Rs.3281 crore from public debt. Against this, the expenditure was Rs.1471 crore on capital outlay, Rs.599 crore on disbursement of loans and advances and Rs.522 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.15013 crore, against which disbursements of Rs.13569 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was increase of Rs.558 crore in the cash balance at the end of the year.

1.3.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in *Exhibit II* and the time-series data for the five-year period from 1997-2002 presented in *Exhibit IV*.

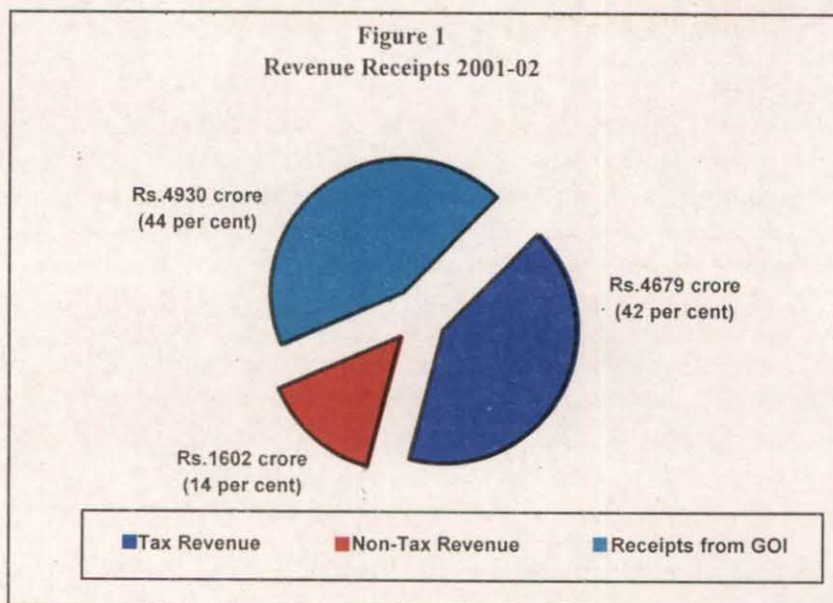
1.4 Sources and application of funds

1.4.1 *Exhibit III* gives the position of sources and application of funds during the current and the preceding years. The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and receipts in the Public Account. These are applied mainly on revenue and capital expenditure and lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of funds. While the relative share of revenue receipts decreased from 77.44 per cent in 2000-01 to 65.94 per cent during 2001-02, the shares of net receipts from Public Account, recoveries of loans and advances and receipts from the Public Debt, however, increased from 5.31 per cent, 0.08 per cent and 13.76 per cent in 2000-01 to 8.49 per cent, 9.34 per cent and 16.23 per cent respectively in 2001-02, the most significant increase being in recoveries of loans and advances.

1.4.2 The funds were mainly applied for revenue expenditure, whose share decreased from 90.38 per cent to 84.52 per cent but remained significantly higher than the share of the revenue receipts (65.94 per cent) in the total receipts of the State Government. This led to revenue deficit. The share of capital expenditure and lending for development purposes marginally improved from 6.70 per cent and 1.78 per cent to 8.65 per cent and 3.52 per cent respectively.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. The revenue receipts declined by 2.76 and 12.68 per cent during 2000-01 and 2001-02, largely as a natural consequence of the re-organisation of the erstwhile composite State of Madhya Pradesh into the present States of MP and Chhattisgarh with effect from November 2000.



1.5.2 Tax revenue

These constitute the major share (42 per cent) of revenue receipts. While the tax revenue decreased in absolute terms from Rs. 5640 crore in 2000-01 to Rs. 4679 crore during the current year, its share in revenue receipts too decreased by two per cent points during the year. *Exhibit IV* shows that the relative contributions of sales tax, stamps and registration fees and taxes on vehicles increased from 49 per cent, 8 per cent and 7 per cent in 2000-01 to 50, 10 and 8 per cent respectively in 2001-02 but that of State excise came down from 17 to 15 per cent.

1.5.3 Non-tax revenue

The share of non-tax revenue in the revenue receipts after registering a continuous decline from 18 per cent in 1997-98 to 13 per cent in 2000-01, picked up somewhat, to 14 per cent in 2001-02.

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

The State's share of Union taxes (Central excise duties, Income tax and Corporation taxes) and grants-in-aid from the Central Government decreased by 13 and 2 per cent during the year. However, as a percentage of revenue receipts (both taken together), it rose from 43 per cent in 2000-01 to 44 per cent during 2001-02.

1.6 Incorrect budgeting and classification of expenditure

As per the Rules* expenditure on grants-in-aid to local bodies/ institutions even for the purpose of creating assets cannot be classified as capital expenditure. During 2001-02, however, the State Government booked expenditure of Rs.33.61 crore as grants-in-aid to local bodies/ institutions under Capital section of Accounts under Capital Outlay on Urban Development, as follows:

Grants-in-aid to/for	<i>(Rupees in crore)</i>	
	Budget provision	Expenditure
Disaster Management Institute, Bhopal, for construction of hostels	0.17	Nil
Bhoj Wetland Project	93.00	16.74
For basic amenities to urban local bodies under Recommendation of 11th Finance Commission	34.27	12.74
Fire Brigade Services	4.13	4.13
Total	131.57	33.61

The incorrect classification not only increased the Capital outlay but also reduced revenue deficit by Rs.33.61 crore.

1.7 Revenue expenditure

1.7.1 Revenue expenditure accounted for 91 per cent of the total expenditure of the State Government in 2000-01 and decreased during the current year to 87 per cent. In absolute terms, it decreased from Rs.14985 crore to Rs.14369 crore (4 per cent) during the year. The decrease was both on the Plan and non-Plan sides. A comparison, however, shows that over the period 1997-98

* Rules 30 and 31 of Government Accounting Rules, 1990.

(Rs.9443 crore) to 2001-02 (Rs.11853 crore) the rate of growth in non-Plan component (26 per cent) of revenue expenditure far surpassed that in Plan expenditure (10 per cent), as can be seen from *Exhibit IV*. Trend analysis also shows that though during the year the Government was able to reduce the share of the revenue expenditure to total expenditure from 91 per cent in 2000-01 to 87 per cent in 2001-02, still it was higher than the 85 per cent achieved in 1997-98.

1.7.2 Sector-wise analysis shows that while the expenditure on General Services increased by 31 per cent, from Rs.3857 crore in 1997-98 to Rs.5049 crore in 2001-02, the corresponding increase in expenditure on Social Services was only 2 per cent and on Economic Services 43 per cent. As a proportion of the revenue expenditure, the shares of General Services and Economic Services increased from 33 and 26 per cent in 1997-98 to 35 and 30 per cent respectively in 2001-02, whereas the share of Social Services declined from 38 per cent in 1997-98 to 32 per cent in 2001-02 during the same period.

1.7.3 Interest payments

Interest payments increased by 36 per cent during the period 1997-2002. These however, declined by 7 per cent during the year. The decline in interest payments can partly be attributable to apportionment of Internal Debt and Loans and Advances from Central Government between the successor state of Madhya Pradesh and Chhattisgarh. This is further discussed in paragraph 1.12.3(ii) in the section on financial indicators.

1.7.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided to different local bodies etc., during the five-year period ending 2001-02 was as follows:

	1997-98	1998-99	1999-2000	2000-01		Total	2001-02
				As on 31.10.2000	As on 31.3.2001		
Education	206	292	312	193	160	353	276
Water Supply, Sanitation, Housing and Urban Development	55	36	45	26	39	65	27
Cooperatives	44	25	2	1	2	3	1
Madhya Pradesh State Electricity Board	365	402	1140	--	385	385	1992
Public Undertakings	7	4	6	4	3	7	7
Total	677	759	1505	224	589	813	1303
Percentage of growth over the previous year	-49	12	98	--	--	(-)46	183
Assistance as a percentage of revenue expenditure	6	5	9	--	--	5	16

A major portion of the assistance has been accounted for by the State Electricity Board and educational institutions.

1.8 Capital expenditure

1.8.1 Capital expenditure normally leads to asset creation. In addition, financial assets arise from money invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations etc. and loans and advances. *Exhibit IV* shows that most of the capital expenditure has been on Economic Services on the Plan side.

1.8.2 Loans and Advances by the State Government

The Government gives loans and advances to government companies, corporations, local bodies, autonomous bodies, co-operatives, non-government institutions, etc., for developmental and non-developmental activities. The position for the last five years from 1997-2002 was as follows:

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01		Total	2001-02
				April-October 2000	November 2000-March 2001		
Opening balance	2897	2570	2816	2845	2747 [∅]	2845	2991
Amount advanced during the year	467	302	343	32	263	295	599
Repayments received during the year	794	56	314	(-)6	19	13	1588
Closing balance	2570	2816	2845	2883	2991 [@]	2991	2002
Net addition	-327	245	29	38	244	282	(-)989
Interest received	223	147	247	33	124	157	237

It would be seen that except for 1997-98 and 2001-02, the repayments have constituted only a small percentage of loans advanced indicating that the recovery of loans was very poor. The recoveries during the current year 2001-02 were, however, Rs.1588 crore, an increase of Rs.1575 crore over the preceding year. Out of loans the detailed accounts of which are maintained by the Accountant General (Accounts and Entitlements), recovery of Rs.188.82 crore (principal) and Rs.12.83 crore (interest) was in arrears as on 31 March 2002. Details in respect of loans, the detailed accounts of which were maintained by the departmental officers, had not been furnished to the Accountant General (Accounts and Entitlements).

1.9 Quality of expenditure

1.9.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and non-Plan and Revenue and Capital. While the Plan expenditure is usually associated with asset creation, the non-Plan expenditure is identified with expenditure on establishment, maintenance and services. By definition,

[∅] Differs from the closing balance for the period April- October 2000 by Rs.136 crore allocated to State of Chhattisgarh

[@] Includes Rs.2191 crore retained in Madhya Pradesh pending further apportionment between the successor States.

therefore, in general, the Plan expenditure can be viewed as contributing to the quality of expenditure.

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

1.9.3 The following table lists out the trend in these indicators:

	1997-98	1998-99	1999-2000	2000-01			2001-02
				April-October 2000	November 2000 to March 2001	Average	
1. Share in total expenditure (Revenue + Capital) of							
(a) Plan expenditure (per cent)	30	23	22	18	31	24	25
(b) Capital expenditure (per cent)	13	7	6	6	9	7	9
2 Expenditure on General Services as a percentage of total expenditure (Revenue + Capital)	29	31	31	36	--	33	32
3 Amount of wastages and diversion of funds etc. reported in Audit Reports (Rupees in crore)	25	24	232			399	95
4 Non-remunerative expenditure on incomplete projects (Rupees in crore)	456	404	5957			4983	5589
5 Unspent balances under Deposit heads, booked as expenditure (Rupees in crore)	505	1101	1089			880	1510

It would be seen that the shares of both the Plan expenditure and Capital expenditure have been declining, except in 2000-02 when both went up but were still significantly lower than the highs achieved in 1997-98. The expenditure on General Services, at the same time, has been consistently on the increase except for a marginal decrease in 2001-02. Substantial funds (Rs.5589 crore) remained blocked in 180 incomplete projects as on 31 March 2002. Apart from large amounts of wastages and diversions of funds reported in the Audit Reports from year to year, substantial amounts (Rs.684.28 crore) were parked under Civil Deposits (Personal Deposits), without the expenditure having been actually incurred. All these reflect adversely on the quality of expenditure.

Few important instances in which funds were parked in Civil Deposits instead of being utilised on specified schemes are explained below:

1.9.3.1 Non-utilisation of Central Funds

Madhya Pradesh Treasury Code provides that no money should be drawn from the treasury unless required for immediate disbursement. It also provides that any amount kept under Civil Deposits shall lapse to government account if not withdrawn within 3 years. It is obligatory for the State Government not only to utilise the funds received from Government of India (GOI) on the programmes for which received but also within the specified periods and refund the unspent balances to GOI, unless permitted to utilise them during subsequent period (s). Audit observed that the state Government was either not releasing the GOI funds provided for implementation of centrally sponsored schemes to implementation agencies or was releasing with the directions to deposit it under Civil deposits only to maintain their ways and means position. A few instances are as follows:

(a) GOI sanctioned (1997-98) a grant of Rs. 1.98 crore to State Commissioner of Handlooms and Handicrafts (Commissioner) for construction of 1981 urban work sheds under the Centrally sponsored Work shed-cum-Housing Scheme for Handloom Weavers in the earthquake-affected area of Jabalpur district. The State Government released the amount to the Commissioner in March 1999 for being kept under Civil Deposits and to be utilised only after revalidation of the sanction by GOI. The amount was accordingly credited (March 1999) to Civil Deposits. On this being pointed out, the Commissioner intimated (June 2003) that the amount had since been refunded to GOI in April 2003. Thus, not only the amount remained blocked for four years, the handloom weavers of earthquake-affected area were also deprived of the benefits envisaged for them under the Centrally Sponsored Scheme.

(b) GOI provided (2000-01) Rs.5.10 crore to Indian System of Medicine and Homoeopathy, Madhya Pradesh, for supply of medicines to 9 Ayurved / Unani/ Homoeopathy hospitals attached to various Colleges*, 30 hospitals and 1622 dispensaries. State Government, however, issued sanction in March 2001 with directions to draw the amount and to deposit it under Civil Deposits. The Department accordingly deposited the amount in March 2001. This was still (September 2002) lying unutilised under Civil Deposits.

Thus, Rs.5.10 crore provided by GOI for augmenting primary health care in rural areas were lying unutilised for more than two years depriving the rural population at large of the intended benefits.

1.10 Financial management

The issue of financial management in Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent Chapters of this Report deal extensively with these issues,

* Ayurved Colleges, Bhopal, Burhanpur, Gwalior, Indore, Jabalpur, Rewa and Ujjain; Unani College, Bhopal, and Homoeopathy College, Bhopal

especially as these relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

1.10.1 Investments and returns

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

(Rupees in crore)

Sector	Number of concerns	Amount invested	
		During 2001-02	As on 31.03.2002
Statutory Corporations	13	--	947.82
Government Companies	25	1.50	201.04
Joint Stock Companies	24	--	1.65
Co-operative Institutions	124	6.49	536.57
Total	186	7.99	1687.08(*)

(*) Includes Rs.1628 crore yet to be apportioned between the two successor States of M.P. and Chhattisgarh.

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowings (per cent)
	<i>(Rupees in crore)</i>			
1997-98	1531.36	1.55	0.10	12.30
1998-99	1598.36	1.00	0.06	12.50
1999-2000	1637.94	1.81	0.11	11.70
2000-01	1679.09	0.31	0.02	10.95
2001-02	1687.08	1.64	0.10	9.03

While the Government was raising high cost borrowings from the market, its investment in Government companies etc., fetched insignificant returns, indicating very poor performance by public sector undertakings, Government companies and statutory corporations and co-operative institutions.

1.10.2 Financial results of irrigation works

The financial results of 11 major and medium irrigation projects with revenue expenditure of Rs.261.10 crore during the year showed that revenue realised (Rs.39.15 crore) from these projects during 2001-02 was 14.99 per cent of revenue expenditure, far from being sufficient to meet even the expenditure on maintenance.

1.10.3 Incomplete projects

As on 31 March 2002, there were 180 incomplete projects with a cumulative investment of Rs.5589.43 crore. This showed that the Government was spreading its resources thinly, which failed to yield any return.

1.10.4 Arrears of revenue

The following were the arrears of revenue pending collection as intimated by some of the departments:

(Rupees in crore)

Sl. No.	Nature of revenue/ name of the Department	Amount of arrears as on 31.3.2001	Amount of arrears as on 31.3.2002	Amount of arrears outstanding for more than five years as on 31.3.2002
1.	Commercial Tax	225.79	872.80	242.17
2.	Taxes on Vehicles	11.09	18.39	NA
3.	State Excise	37.17	NA	NA
4.	Taxes and duties on electricity	16.18	15.97	0.76
5.	Stamp duty and registration fees	11.37	17.78	NA
6.	Mining and Metallurgical Industries	37.81	NA	NA
7.	Co-operation	7.78	8.72	2.24
8.	Forest	--	44.67	15.50
9.	Water Resources	--	98.69	NA
TOTAL		347.19	1077.02	260.67

NA- Not made available by the departments concerned.

Since some of the major tax and non-tax revenue earning departments did not make available, the data on arrears of revenue, a comprehensive assessment of revenue collection performance has not been possible. However, as can be seen, arrears relating to commercial tax, taxes on vehicles and stamp duty and registration fees have gone up by 210 per cent, not depicting a healthy state of affairs.

1.10.5 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.1.96 crore. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA) /special ways and means advances from the Bank. Besides, overdraft (OD) is also made available by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management in Government.

During the year 2001-02, the Government remained heavily dependent on ways and means advances and overdraft for bridging the gap in its resources and obtained ways and means advances for 117 days amounting to Rs.2492 crore (as against Rs.2246 crore for 165 days during 2000-01) and OD for 172 days amounting to Rs.3723 crore (Rs.1220 crore for 47 days in 2000-01). The

interest paid on WMA and OD was Rs.11 crore and Rs.5 crore respectively indicated the Government's increasing dependence on over draft from RBI for financing its day to day expenditure.

1.10.6 Deficit

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

1.10.6.2 Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary Deficit is fiscal deficit less interest payments. The following *Exhibit* gives a break-up of the deficit in government account:

(Rupees in crore)

CONSOLIDATED FUND				
Receipts	Total 2001-02		Disbursements	Total 2001-02
Revenue	11211	Revenue deficit: 3158	Revenue	14369
Misc. capital receipts	--		Capital	1471
Recovery of loans & advances	1588		Disbursement of loans & advances	599
Inter-State Settlement	--		Inter-State Settlement	5
Sub Total	12799	Gross fiscal deficit: 3645	Sub Total	16444
Public debt	3281		Public debt repayment	522
Total	16080	A: Deficit in Consolidated Fund: 886	Total	16966
CONTINGENCY FUND				
Amount transferred to Contingency Fund	--		Expenditure from Contingency Fund	--
		B. Surplus in Contingency Fund : Nil		
PUBLIC ACCOUNT				
Small savings, PF etc.	1238	C: Deficit in Consolidated Fund and Contingency Fund financed by Public Account: Rs.1444	Small savings, PF etc.	831
Deposits & advances	2816		Deposits & advances	2134
Reserve funds	131		Reserve funds	37
Suspense & misc.	7434		Suspense & misc.	7333
Remittances	3394		Remittances	3234
Total Public Account	15013		Total	13569
* Increase in cash balance C-(A+B) = 1444-886 = 558				

Gross Fiscal Deficit of Rs.3645 crore was financed from net proceeds of Public Debt (Rs.2759 crore) and surplus from Public Account (Rs.1444 crore).

1.10.6.3 Application of the borrowed funds (Fiscal Deficit)

The Fiscal Deficit (FD) represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for making the Capital Expenditure (CE) and for giving loans to various bodies for development and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowings for revenue expenditure would not be sustainable in the long run. The following table shows the position for the last five years:

Ratio	1997-98	1998-99	1999-2000	2000-01	2001-02
RD/FD	0.26	0.70	0.75	0.61	0.87
CE/FD	0.92	0.24	0.24	0.31	0.40
Net loans/FD	-0.18	0.06	0.01	0.08	-0.27
Total	1.00	1.00	1.00	1.00	1.00

The pre-dominance of the borrowed funds in meeting the revenue expenditure in the last five years is evident from the high RD/FD ratio which reached a new high of 0.87 during 2001-02. Resultantly, the capital expenditure has suffered as can be seen from the low CE/FD ratio, though during the year 2001-02, this ratio improved significantly due to substantially improved performance in recoveries of past loans and advances. The high CE/FD ratio in 1997-98 too was possible due to good performance in recovery of past loans, but coupled with simultaneous decline in revenue expenditure. There is an urgent need to control revenue expenditure or else capital formation will continue to suffer.

1.10.7 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital etc. raised by the statutory corporations, Government companies and co-operative institutions etc. and payment of interest and dividend by them. These constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. *Exhibit IV* lists the amounts of guarantees given by the State government and the amounts outstanding at the end of the each year during 1997-2002. Guarantees given by the State government have shown an increasing trend except in the year 1998-99.

1.11 Public debt

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

end of the last five years are given in the following table. During the five-year period, the total liabilities of the Government had grown by 47 per cent. A more realistic picture would, however, be available only after the assets and liabilities of the composite State of Madhya Pradesh are fully apportioned between the successor States of Madhya Pradesh and Chhattisgarh. It is however, seen that total public debt (already apportioned between the successor state of Madhya Pradesh and Chhattisgarh) increased by 51 per cent over a period of five years and in absolute terms was more than even the internal debt of the composite state of Madhya Pradesh.

(Rupees in crore)

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities ^a	Total liabilities	Ratio of debt to GSDP
1997-98	3349.02	7717.61	11066.63	6905.73	17972.36	0.22
1998-99	4193.19	9230.35	13423.54	8535.09	21958.63	0.24
1999-2000	6141.25	10195.05	16336.30	9611.46	25947.76	0.26
2000-01	5967.51	7964.77	13932.28	8616.14	22548.42	0.25
2001-02	7648.43	9043.18	16691.61	9795.26	26486.87	0.33 ^a

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

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01			2001-02
				April-October 2000	November 2000-March 2001	Total	
Internal Debt							
-Receipt	3222	4738	7304	2758	2585	5343	8045
-Repayment (principal+interest)	2992	4346	5913	1737	2636	4373	7120
-Net funds available (per cent)	230(7)	392(8)	1391(19)	1021	(-51)	970 (18)	925(11)
Loans and advances from GOI							
-Receipt during the year	1442	1862	1358	632	362	994	1451
-Repayment (principal+interest)	1058	1268	1527	836	658	1494	1368
-Net funds available (per cent)	384 (27)	594 (32)	(-169 (-12)	(-204)	(-296)	(-500 (-50)	83 (6)
Other liabilities							
-Receipt during the year	2940	4229	4381	2242	1396	3638	3863
-Repayment	3106	3062	3758	2371	1086	3457	3186
-Net funds available (per cent)	(-166 --	1167 (28)	623 (14)	(-129)	310	181 (5)	677 (18)

Other liabilities include small savings, provident funds, reserve funds and deposits, etc. These have not yet been apportioned between the two successor state of Madhya Pradesh and Chhattisgarh.

GSDP (quick estimates) for the successor state of Madhya Pradesh adopted.

Considering that the outstanding debt has been increasing year after year the net availability of funds through borrowings is going to reduce considerably. This is evident from the fact that while fresh borrowings under internal debt during the year were of the order of Rs.8045 crore, the net yield was only Rs.925 crore (11 per cent). Overall, as much as 89 per cent of the fresh liabilities had to be applied towards discharge of past liabilities.

1.12 Indicators of the financial performance

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

(i) Sustainability

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

(ii) Flexibility

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

(iii) Vulnerability

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

(iv) Transparency

There is also the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As

** There are exceptions to this, notably transfer of Plan to non-Plan at the end of Plan period.

regards accounts, timeliness in submission, for which milestones exist and completeness of accounts, would be the principal criteria.

1.12.2 Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in **Appendix I. Exhibit V** indicates the behaviour of these indices/ratios over the period 1997-2002.

EXHIBIT V

Financial indicators for Government of Madhya Pradesh

	1997-98	1998-99	1999-2000	2000-01	2001-02
Sustainability					
BCR (Rupees in crore)	662	(-1725)	(-1556)	(-) 793	(-)1811
Primary Deficit (PD) (Rupees in crore)	161	2292	1772	1128	1391
Interest Ratio	0.13	0.15	0.15	0.18	0.18
Capital outlay/Capital receipts	0.61	0.31	0.22	0.28	0.31
Total Tax receipts/GSDP	0.10	0.09	0.09	0.11	0.10
State Tax receipts/GSDP	0.06	0.06	0.06	0.06	0.06
Return on Investment (per cent)	0.10	0.06	0.11	0.02	0.10
Flexibility					
BCR (Rupees in crore)	662	(-1725)	(-1556)	(-)793	(-)1811
Capital repayments/Capital borrowings	0.17	0.17	0.15	0.18	0.16
State tax receipts/GSDP	0.06	0.06	0.06	0.06	0.06
Debt/GSDP	0.22	0.24	0.26	0.25	0.33
Vulnerability					
Revenue Deficit(RD) (Rupees in crore)	469	2872	2932	2146	3158
Fiscal Deficit(FD) (Rupees in crore)	1821	4127	3911	3539	3645
Primary Deficit(PD) (Rupees in crore)	161	2292	1772	1128	1391
PD/FD	0.09	0.55	0.45	0.32	0.38
RD/FD	0.26	0.70	0.75	0.61	0.87
Outstanding Guarantees/ Revenue receipts	0.35	0.12	0.01	0.04	0.04
Assets/Liabilities	0.93	0.81	0.73	0.80	0.71

Notes

1. Fiscal deficit has been calculated as: Revenue expenditure + Capital expenditure + net loans and advances – Revenue receipts – non-loan capital receipts.
2. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as internal loans + Loans and Advances from Government of India + net receipts from small savings, PF etc. and recoveries of loans advanced by the State Government – Loans advanced by State Government.

1.12.3 The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus Plan assistance grants minus non-Plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting Plan expenditure. The table shows that the State Government had positive BCR only four years back in 1997-98, suggesting that the State finances thereafter were greatly stressed and Government had to depend on borrowings for not only meeting its Plan expenditure, but increasingly to bridge the substantial gap in current revenues also, and the gap has been the widest (Rs.1811 crore) during the year 2001-02.

(ii) Interest ratio

Higher the ratio, lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Madhya Pradesh, the ratio has risen from 0.13 in 1997-98 to 0.18 in 2001-02 mainly due to the sharp increase in interest payments compared to the growth of revenue receipts.

(iii) Capital outlay/Capital receipts

This ratio indicates the extent to which the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long run inasmuch as it indicates that a part of the capital receipts are being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Madhya Pradesh, the ratio has all along been less than one and has been steadily declining from 0.61 in 1997-98 to 0.31 in 2001-02 indicating that a substantial part of capital receipts were not available for investment.

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

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. *Exhibit V* shows that in case of Madhya Pradesh, this ratio has, after being practically static during 1997-2000 at 0.10/0.09 and slightly improved (to 0.11) in 2000-01 but again decreased (to 0.10) in 2001-02. The ratio of State tax receipts compared to GSDP has on the other hand, all along been stagnating at 0.06 during 1997-2002. Analysis of the composition of tax revenue in paragraph 1.5.2 shows that State Government depended heavily on Sales tax with no significant improvement in yield from other taxes.

(v) Return on Investment (ROI)

The ROI is the ratio of earnings to the capital employed. A high ROI suggests sustainability. Exhibit V shows that the ROI in case of Government of Madhya Pradesh has been negligible ranging from 0.02 to 0.10 per cent, while the cost of government borrowings to fund these investments was very high as discussed in paragraph 1.10.1. Obviously, the situation is unsustainable.

(vi) Capital repayments Vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings (internal debt and loans and advances from GOI) are available for investment after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Madhya Pradesh this ratio has declined from a low of 0.17 during 1997-98 to still lower 0.16 during the current year, indicating lower availability of capital for investment. As the total borrowings of the Government are increasing from year to year, liability of repayments against these loans in future will put further pressure on the Government revenues to meet the higher levels of repayments.

(vii) Debt Vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resources base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Madhya Pradesh, this ratio has sharply deteriorated to 0.33 in 2001-02 compared to 0.22 in 1997-98. However, this should be seen with this fact in view that the apportionment of assets and liabilities of the composite state of Madhya Pradesh immediately prior to the appointed day and also other financial adjustments are yet to be finalised/completed and the GSDP figures refer to only the successor state of Madhya Pradesh.

(viii) Revenue deficit Vs Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the part of revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, the higher the ratio, the worse-off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. As discussed in paragraph 1.10.6.3, this ratio has been rising, from a low of 0.26 in 1997-98 to a high of 0.87 in 2001-02. This indicates that as much as 87 per cent of the borrowings were applied for revenue expenditure as compared to 26 per cent in 1997-98 underlining a marked deterioration in the quality of application of borrowed funds. This is mainly due to the increase in revenue expenditure (23 per cent) and slight decrease in revenue receipts in the intervening period.

(ix) Primary deficit Vs Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. Primary deficit represents the net borrowings available after discharging interest liability for current activities of the Government (considering that interest payments are the results of past actions of the Government). Primary deficit is sustainable only when the economy grows at a rate higher than the interest rate on borrowings. As would be seen from Exhibit V, the Primary deficit after touching a high of Rs.2292 crore in 1998-99 has been coming down, but still consumed 38 per cent of the fiscal deficit. This evidently has serious implications for sustainability.

(x) Guarantees Vs Revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure and should therefore be compared with the ability of the Government to pay *viz.* its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Madhya Pradesh, this ratio has sharply decreased to the range of 0.1 and 0.04 during 1999-2002, after having risen to 0.35 in 1997-98. However, the figures of total guarantees outstanding are not reliable, as information was not furnished by most of the departments of the State Government. Hence the extent of liability and risk exposure of State revenue to guarantees is not known.

(xi) Assets Vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra-indicator. As explained in paragraph 1.2, the Government accounts capture mainly the financial assets and liabilities. However, the trend of even this ratio would be an important indicator of the quality of financial management. Exhibit V shows that in case of Madhya Pradesh Government this ratio has registered a steady decline from 0.93 in 1997-98 to 0.71 in 2001-02, indicating that the financial liabilities have been committed without creating corresponding assets. A more realistic picture would, however, be available only after the assets and other liabilities of the composite State of Madhya Pradesh are fully apportioned between the successor States of Madhya Pradesh and Chhattisgarh.

(xii) Budget

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

Preparation	Month of submission	Month of approval
Vote on account	February 2001	March 2001
Budget	February 2001	March 2001
Supplementary I	September 2001	September 2001
Supplementary II	November 2001	December 2001
Supplementary III	March 2002	March 2002

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedures and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders) of significant amounts every year *vis-a-vis* the final modified grants. Significant variations (excess/saving) between the final modified grants and actual expenditure were also persistent.

(xiii) Accounts

(a) There was serious distortion in the budgeting and accounting data due to misclassification of grants-in-aid to local bodies/institutions as capital expenditure. As a result, there was overstatement of capital expenditure and understatement of plan expenditure (Revenue). This affected the transparency of budgeting procedure as well as the Accounts.

(b) There were also significant delays in submission of accounts by the treasuries/departments and 82 monthly accounts from 34 Public Works Divisions (61 accounts), 7 Forest Divisions (17 accounts), 2 Rural Engineering Services Divisions (2 accounts) and 1 Treasury (2 accounts) were received late by 12 days or more resulting in their exclusion from the monthly accounts. As a result of, large scale exclusions, the monthly accounts failed to reflect reliable picture of appropriations against grants and progress of expenditure. All the excluded accounts were, however, adjusted subsequently.

1.12.4 Conclusion

The year witnessed a marked deterioration in State finances. While repayment liabilities increased, very little was left of the fresh borrowings for capital investment despite better recovery of past loans and advances. Increasing fiscal deficit led to increased borrowings with enhanced interest burden and greater dependence on RBI for funding its day to day expenditure.

CHAPTER II

**APPROPRIATION AUDIT AND
CONTROL OVER EXPENDITURE**

CHAPTER II

THEORY OF THE CONTROL OF EXPENSES

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APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

APPROPRIATION ACCOUNTS, 2001-02, AT A GLANCE

Total number of grants/appropriations : 99

Total provision and actual expenditure

(Rupees in crore)

Provision		Expenditure	
Original	20011.40		
Supplementary	8760.11		
Total gross provision	28771.51	Total gross expenditure	23439.63
Deduct- Estimated recoveries in reduction of expenditure	716.81	Deduct- Actual recoveries in reduction of expenditure	259.98
Total net provision	28054.70	Total net expenditure	23179.65

Voted and Charged provisions and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	15708.49	2574.67	12242.40	2352.09
Capital	3461.32	7027.03	2102.20	6742.94
Total Gross	19169.81	9601.70	14344.60	9095.03
Deduct- Recoveries in reduction of expenditure .	716.44	0.37	259.98	----
Total Net	18453.37	9601.33	14084.62	9095.03

2.1 Introduction

The Appropriation Accounts prepared every year provide details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act(s) in respect of both Charged as well as Voted items of budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants/appropriations is 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 incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

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

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Variation Saving (-)/ Excess (+)
Voted	I- Revenue	12626.09	3082.40	15708.49	12242.40	(-)3466.09
	II- Capital	1582.43	1189.57	2772.00*	1503.62*	(-)1268.38
	III- Loans and Advances	237.07	452.25	689.32	598.58	(-)90.74
Total Voted		14445.59	4724.22	19169.81	14344.60	(-)4825.21
Charged	IV- Revenue	2549.34	25.33	2574.67	2352.09	(-)222.58
	V- Capital	2.03	0.01	2.04	1.28	(-)0.76
	VI- Public Debt	3014.44	4010.55	7024.99	6736.10	(-)288.89
	VII- Inter State Settlement	Nil	Nil	Nil	5.56 ^o	(+)5.56
Total Charged		5565.81	4035.89	9601.70	9095.03	(-)506.67
Appropriation to Contingency Fund	Nil	Nil	Nil	Nil	Nil	Nil
Grand total		20011.40	8760.11	28771.51	23439.63	(-)5331.88

* Includes provision of Rs.131.57 crore and expenditure of Rs.33.61 crore being grants-in-aid to local bodies/institutions incorrectly classified and accounted for under Capital instead of Revenue section.

The table presents a picture of defective preparation of budget estimates of the State Government, evidenced by significant savings under Voted section of Revenue budget (22.1 per cent) and Capital budget including Loans and Advances (39.3 per cent). As the actual expenditure under Voted section was less than even the original provision, supplementary grants of Rs. 4724.22 crore proved unnecessary. Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in paragraph 2.4.

The following further points emerge:

(a) **The expenditure was overstated as follows:**

- By transfer of unspent amount of Rs.458.55 crore (Revenue section: Rs.370.54 crore and Capital section: Rs.88.01 crore) to Major Head 8443-Civil Deposits, 800-other deposits, through Nil payment vouchers.
- By transfer of amount Rs.434.03 crore (Deposits: Rs.664.48 crore less Disbursements therefrom: Rs.230.45 crore) to Major Head 8443-Civil

^o Represents settlement of balances as on 31 October 2000 of composite State of Madhya Pradesh between successor States of Madhya Pradesh and Chhattisgarh.

Deposits, 106-Personal Deposits Accounts, in respect of government and semi-government institutions. Out of Rs.664.48 crore deposited during the year, Rs 139.80 crore were credited through Nil payment vouchers.

- Genuineness of expenditure of Rs 1.64 crore drawn on Abstract Contingent bills could not be vouchsafed as Detailed Contingent bills were not submitted.

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

The expenditure was understated to the extent of Rs.1.76 crore spent under various heads for which vouchers were not received from the Treasuries during the year; the amount accordingly remained unaccounted for and was kept under objection in the books of the Accountant General (A&E).

2.3 Results of appropriation audit

2.3.1 Regularisation of excess expenditure

- (a) **Excess expenditure relating to previous years**

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess expenditure over a grant or appropriation regularised by the State Legislature. However, excess expenditure of Rs.5137.99 crore for the years 1990-91 to 2000-01 was yet to be regularised (November 2002). The details are as follows:

(Rupees in crore)

Year	Number of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1990-91	22	119.51	Furnished
1991-92	16	258.58	Furnished
1992-93	21	189.32	Furnished
1993-94	21	258.11	2.05
1994-95	15	407.46	0.39
1995-96	21	251.59	Furnished
1996-97	18	224.17	0.91
1997-98	13	302.79	9.80
1998-99	17	1276.45	1.84
1999-2000	17	1584.94	1.42
2000-01	07	265.07	265.07
Total		5137.99	281.48

Possibility of financial irregularities remaining unexamined/undetected due to inordinate delay in furnishing explanations for unregularised excess expenditure cannot be ruled out.

(b) Excess expenditure during 2001-02

The excess of Rs.6,25,60,594 under 3 appropriations during the year 2001-02 also requires regularisation under Article 205 of the Constitution, as follows:

Numbers and name of appropriation	Total appropriation (Rs.)	Actual expenditure (Rs.)	Amount of excess (percentage of excess) (Rs.)
<i>A-Revenue- Charged</i>			
20-Public Health Engineering	20,00,000	83,79,955	63,79,955 (319)
<i>B-Capital- Charged</i>			
23- Water Resources Department	20,00,000	25,73,333	5,73,333 (28.7)
06- Expenditure pertaining to Finance Department (Inter State Settlement)	Nil	5,56,07,306	5,56,07,306
Total	40,00,000	6,65,60,594	6,25,60,594

Reasons for excess in respect of appropriations no. 20 and 23 were not furnished by Government as of November 2002.

2.3.2 Supplementary provision of Rs.8760.11 crore obtained during the year constituted 43.8 per cent of the original provision as against 13 per cent in the previous year.

2.3.3 The overall saving of Rs.5331.88 crore was the result of saving of Rs.5338.14 crore in 199 cases of grants and appropriations marginally offset by excess of Rs.6.26 crore in 3 cases of appropriations. Out of a total of 1062 sub-heads commented upon in Appropriation Accounts, explanations for savings/excesses in respect of 850 sub-heads (80 per cent) were either not received or were not to the point.

2.3.4 Supplementary provision of Rs.719.85 crore made in 81 cases during the year proved unnecessary as saving in each case was either equal to or exceeded the supplementary provision as detailed in **Appendix II**.

2.3.5 In 33 cases, against additional requirement of only Rs.6346.13 crore, supplementary grants of Rs.7911.85 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating to Rs.1565.72 crore. Details of these cases are given in **Appendix III**.

2.3.6 In 120 cases, expenditure fell short by more than rupees one crore in each case and also by more than 10 per cent of the total provision as indicated in **Appendix IV**. In 6 of these cases (serial numbers 51,61,70,71,76 and 110), the entire provision totalling Rs.194.28 crore remained unutilised.

2.3.7 In 32 cases, the entire budget provision of rupees one crore and more in each case totalling Rs.163.06 crore, provided under various Central schemes remained unutilised, as detailed in **Appendix V**.

2.3.8 In 29 cases, there were persistent savings of rupees one crore or more and also 20 per cent or more of the provision in each case. Details are given in **Appendix VI**.

2.3.9(a) In 5 schemes, expenditure in each case exceeded the approved provisions by Rs.5 crore or more and also by more than 100 per cent of the total provision, aggregating to Rs.128.69 crore. Details are given in **Appendix VII**.

2.3.9(b) In 63 schemes, substantial saving of Rs.5 crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs.2385.45 crore was noticed. In 34 of these schemes, the entire provision remained unutilised. The details are given in **Appendix VIII**.

2.3.10 Excessive/ unnecessary re-appropriation/surrender of funds

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

2.3.11 Non-surrender of savings and surrender on last day of financial year

2.3.11(a) According to rules, the spending departments are required to surrender the grants/ appropriations or portions thereof to the Finance Department as and when any savings are anticipated. However, at the close of the financial year 2001-02 there were 160 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.2922.72 crore. In 56 cases, significant amounts of available savings (of Rs.5 crore and above in each case), aggregating to Rs.2840.30 crore, were not surrendered as per details given in **Appendix X**.

2.3.11(b) In 126 cases, Rs.2252.64 crore (92.2 per cent) were surrendered on the last day of March 2002 out of total surrender of Rs.2444.17 crore, indicating inadequate lack of control over expenditure.

2.3.12 Injudicious surrender of funds

In 13 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. As against the total available savings of Rs.647.37 crore, the amount surrendered was Rs.676.11 crore, resulting in excess surrender of Rs.28.74 crore. Details are given in **Appendix XI**.

Though similar instances of budgetary irregularities are reported year after year in Chapters II of the successive Audit Reports, no remedial measures are taken by the Government/departments for minimising these irregularities.

2.3.13 Unreconciled expenditure

Financial rules require the Departmental Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). In respect of 16 major heads, expenditure of Rs.2343.02 crore, representing 10 per cent of the total expenditure during the year, remained unreconciled by various controlling officers. Details are given in **Appendix XII**.

2.3.14 Defective sanctions for re-appropriation/surrenders

As per instructions (August 1996) of State Government and financial rules, (i) all sanctions for re-appropriations/surrenders should be issued before the end of the financial year; (ii) budget provision under the head "office expenses" should not be increased by re-appropriation in any circumstances; (iii) no amount can be reappropriated from one grant to another grant; (iv) reappropriation beyond Rs.10 lakh is not permissible without prior approval of Finance Department; (v) budget provision should be available under the heads from which reappropriations/surrenders are sanctioned; and (vi) proper details of schemes should be furnished from which surrenders/ reappropriations are sanctioned. An aggregate amount of Rs.257.62 crore was re-appropriated/surrendered during the year in violation of these instructions as per details given in **Appendix XIII**.

2.3.15 Rush of expenditure

Uniform flow of expenditure in the year is a primary requirement of budgetary control. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. It was, however, noticed that in 10 cases, the expenditure incurred during March 2002 ranged between 52 per cent and 100 per cent of the total expenditure during the year. The departments failed to maintain uniform flow of expenditure, though the position of expenditure in each case for the quarter ending December 2001, was brought to the notice of Finance Department through monthly appropriation accounts by the Accountant General (A&E), Madhya Pradesh. The tendency to utilise the budget provision by controlling officers at the fag end of the financial year raises questions about the genuineness of and justification for the expenditure. The details are given in **Appendix XIV**.

2.3.16 Expenditure without budget provision

Expenditure should not be incurred on any scheme/service without provision of funds by budget. It was however, noticed that expenditure of Rs.10.08 lakh was incurred in 3 cases without the provision having been made in the original estimates/supplementary demands as per details given in **Appendix XV**.

2.4 Review of expenditure and budgetary control mechanisms

2.4.1 Budgetary procedure and practices

The budget estimates are required to be prepared by each of the subordinate units on the basis of actual requirement and sent to the controlling officers for preparation and sanction of consolidated budget estimates. Immediately after the

approval of the budget by the Legislature, Finance Department intimates the final allotments to the controlling authority of the department, who in turn allocates them to the Directing Offices (Commissioners/Directors/Chief Engineers, etc.) for further distribution among the field units through the respective Divisional/Circle level officers. The expenditure at every stage is required to be restricted to these allocations.

Each department of the Government on whose behalf a grant or appropriation is authorised by the Legislature is responsible for control over expenditure against the sanctioned grant or appropriation placed at its disposal through the Head of the Department, other controlling officers and disbursing officers subordinate to them and also control mechanisms such as submission of periodical reports on expenditure and maintenance of various registers at each level to control the expenditure. The departmental figures of the expenditure are required to be reconciled periodically with those booked in the office of the Principal Accountant General (A&E), Madhya Pradesh, before close of accounts for the year. Further, no money should be drawn from the treasury unless required for immediate disbursement, nor shall it be drawn for credit to Civil Deposits in order to avoid lapse of budget grant. Regular flow of expenditure is another primary requirement of budgetary control.

Contrary to above requirements/provisions, test-check of the records pertaining to grants number 21-Expenditure pertaining to Housing and Environment Department, 24-Public Works-Roads and Bridges, 25- Expenditure pertaining to Mineral Resources Department, 28-State Legislature, 40- Expenditure pertaining to Command Area Development Department, 51-Religious Trusts and Endowments, and 80- Financial Assistance to Three Tier Panchayati Raj Institutions, for the year 2001-02, revealed the following :

(a) Monthly statements of expenditure were not received regularly by the Controlling Officers of Grants number 24, 25, 40 and 80 from their subordinate units. Expenditure control registers were also not maintained in any of these offices. Thus the controlling officers could not work out the upto-date progressive totals of monthly expenditure. This was indicative of absence of proper control and monitoring of expenditure which led to (a) heavy excesses/large savings over the provisions under certain sub-heads, (b) inadequate/unnecessary/ excessive supplementary provisions, and (c) irregular re-appropriations and non-surrender of funds thereof, as discussed earlier.

(b) The procedure followed in test-checked grants number 21,24,25,28,40,51 and 80 and the Appropriation Accounts, 2001-02, revealed that demands for budget estimates instead of being prepared on realistic basis, were prepared on adhoc basis. The poor quality of budget preparation and budgetary operations led to:

- (i) Excess provision to the extent of Rs.10.25 crore, Rs.34.02 crore, Rs.1.82 crore, Rs.4.66 crore, Rs.3.90 crore, Rs.2.13 crore and Rs.120.21 crore under Revenue (Voted) section of Grants number 21, 24, 25,28, 40, 51 and 80 respectively and Rs.14.84 crore, Rs.178.20 crore, Rs.3.11 crore and Rs.1.38 crore under Capital (Voted) section of Grant number 21, 24, 40 and 80.

- (ii) Substantial savings of Rs.2 crore or more and also more than 50 per cent of the provision in each case aggregating to Rs.351.64 crore under 29 schemes of test-checked grants as per details given in **Appendix XVI**. In 8 of these schemes (serial numbers 1, 2, 3, 4, 21, 23, 24 and 26), the entire provisions totalling Rs. 40.10 crore remained unutilised, while under 11 schemes, substantial excesses of more than Rs.1 crore in each case totalling Rs.113.74 crore, were noticed as per details given in **Appendix XVII**.
- (c) In nine schemes of test-checked Grants, supplementary provisions totalling Rs.39.52 crore remained unutilised and proved unnecessary, while in another nine schemes, the supplementary provision were excessive by Rs.60.57 crore as per details given in **Appendix XVIII**.
- (d) Surrender of Rs.38.58 crore, Rs.3.95 crore and Rs.3.12 crore respectively under Grants number 24, 40 (Revenue-Voted) and 40 (Capital-Voted) was in excess of the available savings of Rs.34.02 crore, Rs.3.90 crore and Rs.3.11 crore respectively. This indicated that surrenders were made without properly assessing the available savings.
- (e) Rupees 18 crore drawn under Gwalior Counter Magnet Development Project in Grant number 21 and Rs.170.24 crore under Residual Balance of Grant to Gram Panchayats (Rs.47.16 crore), Lump sum Grant to Gram Panchayats for Basic Services (Rs.120 crore) and Prime Minister's Gramodaya Yojana (Rs.3.08 crore) in Grant number 80 were credited to Major Head 8443-Civil Deposits -800-Other Deposits on 30 March 2002. Thus a total amount of Rs.188.24 crore was drawn on 30 March 2002 and shown as expenditure in accounts to avoid lapse of budgetary provisions. This also resulted in undue inflation of expenditure to that extent.
- (f) The expenditure during March 2002 under the schemes, Construction and Extension of Air Strips in Grant no.24 constituted 62.7 per cent of the total expenditure under the Grant, while in Grant number 40, the expenditure during February/March 2002, under 6 Minor Heads of Major Heads 2705 and 4705 ranged between 39.6 per cent and 93.7 per cent. This indicated absence of planning and proper utilisation of available funds.
- (g) Reconciliation of expenditure figures were not carried out by the Controlling Officers of Grants number 21, 24, 40 and 51 resulting in ineffective control over expenditure.
- (h) As against the total budgetary allotment of Rs.100 crore under the scheme 5054-03-337-0801-8716- Central Road Fund in Grant number 24, the expenditure incurred was only Rs.43.25 crore which resulted in lapse of as much as 57 per cent of the total provision.

Test-check of records of Chief Engineer, Rajdhani Project, Bhopal, revealed mismatch between allotments and letters of credit (LOCs) as under:

- No LOCs were issued in favour of 4 (out of 6) divisions for this work, which contributed to lapsing of allotment of Rs.19.08 crore,

- In two cases, LOCs were issued in excess of the allotment (Rs.19.32 lakh), and
- The nature of wide and uncontrolled variations among original district-wise budget provision, final allotments, LOCs and expenditure indicated total mismatch and slack expenditure control resulting in lapse of large budgetary provisions, as detailed in **Appendix XIX**.

Test-check further revealed that instead of proportionate monthly LOCs (1/12th of the allotment) the Chief Engineers had been issuing piecemeal LOCs on adhoc basis for a number of heads like, CRF, NABARD, OTHERS etc., at a time, rendering the maintenance of the monthly detailed head-wise expenditure control against budgetary provisions difficult, if not impossible.

CHAPTER III

CIVIL DEPARTMENTS

SECTION A – AUDIT REVIEWS

SECTION B – AUDIT PARAGRAPHS

CHAPTER-III : Civil Departments

SECTION A – AUDIT REVIEWS

Rural Development Department

3.1 Swarna Jayanti Gram Swarajgar Yojana

Highlights

Swarna Jayanti Gram Swarajgar Yojana (SGSY) was launched in Madhya Pradesh from April 1999, with the objective that the rural poor families living below the poverty line (BPL) would be able to earn a net monthly income of at least Rs.2000 within three years with the help of income generating assets to be provided with loan and subsidy. The scheme was taken up without preparing 5-year perspective plans, as required. After incurring an expenditure of Rs.268.33 crore only 38 per cent of targeted beneficiaries could be covered and only 27 per cent could cross the poverty line as seen in the test-checked districts. The implementation suffered from considerable delays in sanction and disbursement of loans by banks. Monitoring was poor.

Central and State funds amounting to Rs.58.50 crore were released short.

(Paragraph 3.1.5.2)

In 7 test-checked districts alone, Rs.2.44 crore were misutilised. Temporary work advances of Rs.7.50 crore were shown as final expenditure.

(Paragraphs 3.1.5.3(i) and (ii))

Achievement of physical targets to the extent of 38 per cent as against the financial outlay of only 22 per cent indicated that either the physical achievements were not reliable or full financial assistance was not provided to the beneficiaries. The percentage of women and disabled beneficiaries covered was only 27 and 0.89 per cent against the targets of 40 and 3 per cent respectively.

(Paragraphs 3.1.6.1 and 3.1.6.2)

In violation of scheme guidelines, minor irrigation works costing Rs 2.02 crore were got executed in Shahdol through a contractor depriving the rural poor of wage employment.

(Paragraph 3.1.6.3)

There were delays of 2 to 14 months in sanction of loans by banks with further delays of one to 24 months in disbursement thereof.

(Paragraph 3.1.6.4)

In 50 Gram Panchayats, out of 2860 families assisted, only 769 (27 per cent) were able to generate the targeted monthly income of Rs 2000 and above.

(Paragraph 3.1.6.6)

Though the scheme stressed on adoption of group approach, swarojgaris assisted through self help groups (SHGs) constituted only 14 per cent of Swarojgaris assisted individually.

(Paragraph 3.1.6.7(a))

Expenditure of Rs 5.89 crore incurred on creation of programme infrastructure was in excess of the prescribed limits. Rupees 6.02 crore out of Infrastructure Fund were misutilised on administrative expenses, etc.

(Paragraph 3.1.6.9)

Subsidy of Rs 47.92 crore was provided to 49760 swarojgaris, without skill upgradation training.

(Paragraph 3.1.6.10(a))

Loans of Rs 79.65 lakh shown to have been paid to 176 swarojgaris were not actually disbursed by banks but subsidy of Rs 27.55 lakh there against was paid to the banks.

(Paragraph 3.1.7.5)

3.1.1 Introduction

Integrated Rural Development Programme (IRDP), a rural poverty alleviation programme, was launched by Government of India (GOI) in January 1979. Subsequently, other schemes like Training for Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY) Million Wells Scheme (MWS) etc. were added over the years. To avoid multiplicity of the programmes, GOI restructured these into "Swarnajayanti Gram Swarojgar Yojana" (SGSY) from April 1999. SGSY seeks to ensure that all rural families have a net monthly income of at least Rs.2000 by providing them with income generating assets with the help of subsidy and loan. The efforts were aimed to cover 30 per cent of the poor

families in each block in a period of five years. Emphasis was to be laid on group approach, covering all aspects of self-employment i.e. organisation of the rural poor into Self-help Groups (SHGs), capacity building, planning of activity clusters, infrastructure build-up, training credit, marketing, etc.

3.1.2 Organisational set-up

At the State level, the Principal Secretary, Department of Rural Development, assisted by the Development Commissioner, is responsible for planning, co-ordination, monitoring and evaluation of the programme. At district level, the District Rural Development Agencies (DRDAs), now known as Zila Panchayats, and at block level, the Chief Executive Officers (CEOs) of the Janpad Panchayats are responsible for implementation of the programme through Gram Panchayats.

3.1.3 Coverage and sample size

Eleven* out of the 45 districts of the State, and 25 per cent of the blocks (25) coming under their jurisdiction were selected for test-check in audit. The districts selected represented 27 per cent of the total expenditure during 1999-2002. The test-checked districts covered 10.45 lakh BPL families who constituted 28.37 per cent of the total 36.83 lakh BPL families of the State, as per the BPL census conducted in 1997-98. The results of the test-check are mentioned in the paragraphs that follow.

3.1.4 Planning

Effective implementation depends upon proper planning. The scheme provided for preparation of five-year perspective plan as well as annual plans. The Development Commissioner did not have the information regarding preparation of these plans. Though the formats for the 5-year perspective plan were stated to have been devised and sent, with necessary instructions to district and blocks, the compliance thereof was never watched.

3.1.4.1 Improper planning: In the 11 test-checked districts, though 6 Zila Panchayats (Dhar, Gwalior, Mandsaur, Morena, Sehore and Tikamgarh) claimed (January-May 2002) that 5-year perspective plans were duly prepared, they were not produced to Audit for scrutiny/verification. Zila Panchayat, Mandla, stated that the scheme was being implemented on the basis of Bank Credit Plan, which indicates that 5-year perspective plan was not prepared. Zila Panchayats, Bhopal and Khargone, did not even respond to the audit observation. Annual block plans were however, prepared but not acted upon.

3.1.4.2 Identification of BPL families: As per instructions issued by GOI, the rural poor families incurring monthly per capita expenditure not exceeding Rs.245.70 were to be considered as BPL. The survey conducted by GOI in 1997-98 identified 36.83 lakh BPL families. Audit observed that the lists of

* Bhopal, Chhindwara, Dhar, Gwalior, Khargone, Mandla, Mandsaur, Morena, Sehore, Shahdol and Tikamgarh

BPL families did not specifically contain the monthly per capita expenditure of each family. The correctness of the selection of swarojgaris could not thus be vouchsafed.

3.1.4.3 Preparation of project reports: Scrutiny of project reports in 11 test-checked districts revealed that although a project report for each key activity was prepared, the essential details like number of people that could be viably covered in a block, the number possessing minimum skill requirement, infrastructure available and additionally required, technology required, total cost of the project and net income accruable to a swarojgari and availability of the market for the goods to be produced etc. were not found incorporated in the project reports. As such the reports did not serve much useful purpose.

On this being pointed out in audit, the Development Commissioner stated (May 2002) that project reports were prepared as per the instructions contained in guidelines. The reply was not tenable as project reports without relevant details were unlikely to be of much use.

Selection of beneficiaries lacked transparency

3.1.4.4 Identification of Swarojgaris: The lists of Swarojgaris selected and approved by Gram Sabha for the year were required to be printed and publicised by the Janpad Panchayats to bring about transparency in the selection process. This was however, not done.

The main weak areas were failure to select activities in clusters, focus on individuals instead of groups and incomplete preparation of project reports. Further the identification of Swarojgaris was not transparent. Therefore, the planning process was not in tune with the overall aim of raising the income of the Swarojgaris to the desired level.

3.1.5 Financial outlay and expenditure

3.1.5.1 Pattern of financial assistance: Expenditure on the Scheme is shared by Central and State Government in the ratio of 75:25. Central Government releases funds in two instalments directly to Zila Panchayats, based on Annual Action Plans. The Governing Body of the Zila Panchayat decides devolution of funds to blocks. State share is also released to Zila Panchayats. The assistance is to be utilised on subsidy (59 per cent), infrastructure (20 per cent), training (10 per cent), revolving fund (10 per cent) and risk fund (1 per cent). The pattern of financial assistance to Swarojgaris is in the form of subsidy (back-ended) at 30 per cent of the project cost subject to a maximum of Rs.7,500. For SC/STs, subsidy however is 50 per cent, not exceeding Rs.10,000. For groups of swarojgaris (SHGs) also, the subsidy would be 50 per cent of the project cost subject to a ceiling of Rs.1.25 lakh. The balance cost of the project was to be met by loan assistance from banks, to be arranged by Zila Panchayats.

Short release of Central/State shares - Rs.58.50 crore

3.1.5.2 Allocation and expenditure: The details of assistance released by GOI and State Government and the expenditure incurred were as follows:-

(Rupees in crore)

Year	Total allocation	Opening balance	Assistance released			Other receipts	Expenditure incurred	Closing balance	Shortfall in assistance against total allocation		Shortfall of expenditure against assistance released	
			Central	State	Total				Amount	Percentage	Amount	Percentage
			4	5	6				7	8	9	10
1999-2000	137.70	41.82	81.16 79%	29.80 87%	110.96	8.99	99.18	62.59	26.74	19.42	11.78	10.61
2000-01	80.06	62.59	43.24 72%	14.41 72%	57.65	7.18	93.31	34.11	22.41	28.00	--	--
2001-02	46.32	34.11	27.92 80%	9.05 78%	36.97	12.04	75.84	7.28	9.35	20.19	--	--
Total	264.08	41.82	152.32	53.26	205.58	28.21	268.33	7.28	58.50	22.15	--	--

Shortfall in release of assistance against the allocations was 20 to 28 per cent in the case of GOI and 13 to 28 per cent in respect of the State share.

Reasons for shortfall in release of funds were not supplied by the Development Commissioner. Excess expenditure against the allocations during 2000-02 was met out of the unspent balance of previous years with Zila Panchayats.

3.1.5.3 Financial irregularities

Misutilisation of Rs. 2.44 crore for other purposes

(i) **Misutilisation of funds:** In 7* of the 11 test-checked districts, Rs. 2.44 crore were utilised towards administrative expenses, such as, pay and allowances of staff, loans and advances to employees, foreign travel to Stockholm by 2** IAS officers of Dhar district, purchase of vehicles, printing of books and audit fees etc.

Temporary advances of Rs. 7.50 crore were outstanding against executing agencies

(ii) **Non-adjustment/recovery of temporary advances:** During 1999-2000 in Zila Panchayats, Chhindwara, Dhar, Mandla, Mandsaur, Sehore and Shahdol, made 254 advance payments aggregating Rs. 7.95 crore to various executing agencies for infrastructure development works and imparting training to Swarojgaris. No time limit for completion of the works was specified in the sanctions and 229 of the works for which advances of Rs. 7.50 crore were released, were still incomplete. These advance payments have been treated as final expenditure which is incorrect.

The CEOs replied (February/May 2002) that action was being taken to obtain the completion/utilisation certificates. CEO, Zila Panchayat, Shahdol, stated that out of Rs. 1.18 crore advanced, completion certificates for Rs. 44 lakh had since been received and those for the balance amount were being called for.

* 1999-2000 - Chhindwara (53.39 lakh), Dhar (8.70 lakh), Khargone (2.83 lakh), Morena (140.81 lakh), Sehore (8.69 lakh), Shahdol (5.07 lakh)

2000-01 - Dhar (2.00 lakh), Mandla (21.10 lakh), Shahdol (1.10 lakh)

** Collector, Dhar and CEO, DRDA, Dhar.

3.1.6 Physical performance

Large imbalances between physical achievements and financial expenditure casting doubts about accuracy of the former.

3.1.6.1 With a view to covering 6 per cent of BPL families every year, physical and financial targets fixed by the Development Commissioner and the achievements made thereagainst during 1999-2002 as intimated (May 2002) by him were as follows:

Year	Physical		Financial	
	Target	Achievement	Target	Actuals
	(Numbers in lakh)		(Rupees in crore)	
1999-2000	2.20	1.12 (50.91 per cent)	275.00	66.89 (24.32 per cent)
2000-01	2.20	0.72 (32.73 per cent)	275.00	56.84 (20.67 per cent)
2001-02	2.20	0.64 (29.09 per cent)	275.00	55.48 (20.17 per cent)
Total	6.60	2.48	825.00	179.21

Thus, only 2.48 lakh (37.58 per cent) out of the targeted 6.60 lakh families could be assisted during 1999-2002; the financial assistance rendered to them was still lower, being 21.72 per cent of the normative amount. This large imbalance between the physical achievements and the expenditure incurred indicated that either the physical progress as reported was not reliable or full project finance was not made available to the beneficiaries. The financial targets were un-realistic with reference to achievements as the average unit cost worked out to Rs.7226 (Rs.17921 lakh ÷ 2.48 lakh) only as against Rs.12,500 (Rs.27500 lakh ÷ 2.20 lakh) provided in the financial targets.

Shortfall in achievement of the targets was attributed by the Development Commissioner to shortage of funds released by GOI and delay in formation of SHGs. The reply was not tenable as even the funds released were not fully utilised.

3.1.6.2 Inadequate coverage of women and disabled persons:

Coverage of women and disabled was less

SGSY provided that at least 50 per cent SC/ST, 40 per cent women and 3 per cent disabled persons should be covered among the swarojgaris to be assisted. According to Development Commissioner, the achievements were as under:-

Year	Total No. of Swarojgaris assisted (in lakh no.)	Number and percentage of swarojgaris pertaining to					
		SC/ST (in lakh No.)		Women		Disabled	
		No.	per cent	No.	per cent	No.	per cent
1999-2000	1.12	0.54	48.21	0.29	25.89	0.01	0.89
2000-01	0.72	0.38	52.78	0.19	26.39	0.0	--
2001-02	0.64	0.32	50.00	0.19	29.69	0.0	--

The percentage of women individual swarojgaris assisted was thus only 27 per cent during the period 1999-2002 against the target of 40 and the disabled constituted only 0.89 per cent during 1999-2000, while none was assisted during the other two years.

Minor irrigation works costing Rs. 2.02 crore were got executed through a contractor

3.1.6.3 Execution of works through contractors: Guidelines prohibit execution of any SGSY work through contractors. The Chief Executive Officer, Zila Panchayat, Shahdol, in contravention got minor irrigation works executed through a contractor against payments of Rs.2.02 crore depriving the rural poor of direct wage employment.

Delays of 2 to 14 months in sanction of loans and further delays in disbursement

3.1.6.4 Delay in sanction and disbursement of loans by banks

Under the guidelines, banks were required to sanction loans within 15 days of receipt of applications. It was, however, noticed in 8 of the test-checked districts (Gwalior, Morena, Shahdol, Sehore, Khargone, Mandsaur, Chhindwara and Dhar) and 2 blocks of Khargone and Dhar (Maheshwar and Nalchha) that loans of Rs.3.43 crore were sanctioned to 932 swarojgaris after delays of two to fourteen months. There were delays in disbursement also as loans of Rs.1.24 crore were disbursed to 309 Swarojgaris with delays of one to 24 months.

3.1.6.5 Position of loan repayment: According to the information supplied by the Development Commissioner, loans amounting to Rs.350.85 crore and subsidy of Rs.179.21 crore were paid to 2.48 lakh swarojgaris during the period 1999-2002.

But the Development Commissioner did not have information about recovery of bank loans due and effected. It was stated to be available only with the Zila Panchayats, which in turn laid the blame on the banks for not furnishing the lists of defaulters.

Only 27 per cent of the (769 of 2860) families identified in 50 Panchayats, were able to generate monthly income of Rs.2000

3.1.6.6 Position of income generation: State level data of families crossing the poverty line was not available with Development Commissioner. As per information supplied by 50 Panchayats of the test-checked blocks, 2860 out of the total 9994 BPL families were aided for bringing above the poverty line within 3 years. However, only 769 families (27 per cent) could achieve the target of generating income of Rs.2000 or more per month.

3.1.6.7 Formation and financing of Self-help groups

Of the 2.48 lakh swarojgaris assisted only 0.35 lakh (14 per cent) were from SHGs

3.1.6.7(a) Group formation: The Swarojgaris can be either individuals or groups. SGSY primarily stressed on adoption of group approach. Audit observed that the percentage of beneficiaries covered under SHGs constituted only 14 per cent of the individual Swarojgaris, as detailed below:

Year	Total number of Swarozgaris assisted	Swarozgaris assisted in SHGs (assuming 10 persons per SHG)	Percentage of swarozgaris assisted through SHGs
1999-2000	112118	4210	3.8
2000-2001	71823	10600	14.8
2001-2002	63910	19950	31.2
Total	2,47,851	34,760	14.0

On this being pointed out in audit, the Development Commissioner stated (May 2002) that the process of organisation and development of BPL families into SHGs, their grading and training by line departments etc. took two years and that was what resulted in financing of fewer groups.

Only 4802 SHGs out of 121643 formed could qualify for assistance

3.1.6.7(b) Revolving Fund: Revolving Fund was payable to self help groups which had been in existence for at least 6 months and had demonstrated potential of a viable group, capable of entering the grade II stage of evolution. Revolving Fund was meant to strengthen the economic status of the group to enable it to exhibit the capability of taking up an economic activity involving higher levels of investment, through further assistance in the form of loan and subsidy. As per information supplied (May 2002) by the Development Commissioner, the position of total number of groups formed, gradings cleared by them, revolving fund and assistance paid etc. were as under:-

Year	No. of SHGs formed	Cleared grade I	Revolving fund paid to	Grade II cleared by	Assistance paid to SHG Group
1999-2000	11368	1969	1812	910	421
2000-2001	23120	5927	5693	1642	1060
2001-2002	87155	9726	6721	2250	1995
TOTAL	121643	17622	14226	4802	3476

Thus, out of the total 121643 groups formed, only 17622 (14 per cent) and 4802 (4 per cent) could clear Grade I and Grade II and only 3476 were able to get assistance of loan and subsidy to take up economic activities at higher levels. Thus, though 10 per cent of the allocation (Rs.26.41 crore) was available for disbursement as revolving fund, only Rs.14.23 crore (54 per cent) could be utilised due to fewer groups becoming capable of deriving its full benefits.

3.1.6.8 Payment of subsidy to ineligible SHGs

Zila Panchayats, Shahdol, Morena, Bhopal, Mandasaur and Khargone, paid subsidy to 26 SHGs consisting of less than the prescribed ten persons. This resulted in irregular payment of subsidy of Rs.27.88 lakh. The Development Commissioner accepted (May 2002) the observation.

3.1.6.9 Infrastructure creation

Expenditure on infrastructure development exceeded the prescribed ceiling by Rs.5.89 crore

3.1.6.9(a) Irregularities in creation of programme infrastructure fund and the expenditure incurred therefrom: Development of infrastructural facilities was essentially the responsibility of the State Government. However, in order to bridge the small critical gaps in infrastructure, as indicated in the project report of each activity, which could make the programme implementation more effective, SGSY provided for creation of "SGSY Infrastructure Fund" not exceeding 20 per cent of the allocation for each district in the year. The GOI further clarified that the expenditure on infrastructure for the years 1999-2000 and 2000-01 put together would not exceed 40 per cent of the allocation for 1999-2000. As per the progress reports furnished by the Development Commissioner, the prescribed ceiling was exceeded by Rs.5.89 crore in 16 districts as per details in **Appendix XX**.

The CEOs stated that excess expenditure was incurred due to incorrect application of the prescribed percentage of 20/40 on total available funds during the year instead of the allocation for the year 1999-2000, and some other calculation mistakes.

Infrastructure funds of Rs.6.02 crore misutilised for administrative and other purposes

3.1.6.9(b) Expenditure from infrastructure fund on administrative and other ineligible items:

Scrutiny of expenditure incurred out of infrastructure fund in the 11 test-checked districts revealed (May 2002) that Rs.6.02 crore were diverted towards administrative expenses (Rs.2.26 crore), creation of assets of general nature such as construction of tanks (Rs.2.18 crore), purchase of equipment and medicines for cattle (Rs.1.04 crore) and maintenance of nurseries (Rs.0.54 crore), which were neither for the exclusive benefit of swarojgaris nor were these identified in the project reports. These items of expenditure pertain to other schemes and should have been debited there.

The CEOs stated (May 2002) that the expenditure was incurred on the recommendations of the District Level Co-ordination Committees (DLCC). CEO, Morena, further stated (January 2002) that recovery (amount not specified) had already been effected from 2 agencies and would be effected from the others.

3.1.6.10 Training

In order to run the enterprises successfully, DLCC was required to assess the minimum skill requirement (MSR) for each key activity with reference to technical and managerial skills and to record it in the project profile. Two types of training were prescribed, and those who had already completed the mandatory MSR, were to be imparted the basic orientation training of not more than 2 days' duration after the loan was sanctioned but before it was disbursed. For upgradation of skill development, training was arranged by Government institutions like engineering colleges, ITIs, polytechnics, universities and by NGOs etc. For this purpose, a Training Fund of upto 10 per cent of SGSY allocations was to be created under a separate head of account.

Despite availability of funds, training of swarojgaris was not given due attention.

3.1.6.10(a) Payment of loan and subsidy to Swarojgaris without training : In the 11 test-checked districts, 49760 Swarojgaris were paid subsidy amounting to Rs.47.92 crore without having been imparted any skill development training. District-wise and year-wise details are given in **Appendix XXI.**

In the absence of MSR training, payment made was not only unauthorised but its utilizations was also doubtful.

It was further seen (May 2002) in Zila Panchayats, Chhindwara, Mandla and Sehore, that out of 3860 Swarojgaris to whom the subsidy of Rs.3.50 crore was paid during the year 1999-2000, basic orientation training was imparted to 714 Swarojgaris alone in Chhindwara district before disbursement of assistance. Therefore, the payment of subsidy amounting to Rs.2.66 crore made to 3146 Swarojgaris without orientation training would not help the Swarojgaris to derive the maximum benefits envisaged. The department also did not verify how the untrained swarojgaris were using their assets and whether they were able to generate income as envisaged in the Project Reports.

The CEOs stated (March-May 2002) that the identified Swarojgaris already possessed knowledge of the identified activities and therefore, no further training was needed, but records did not support the contention. CEO, Zila Panchayat, Chhindwara, stated that the Swarojgaris were imparted training but due to a mistake, their number was not recorded in progress report.

3.1.6.10(b) Infertuous expenditure on training: In Zila Panchayats, Chhindwara, Khargone, Mandla, Shahdol and Sehore, out of 22335 Swarojgaris trained during 2000-02 at an expenditure of Rs.60.50 lakh, only 10932 swarojgaris were provided assistance. Therefore, the expenditure of Rs.25.41 lakh incurred on the training of 11403 Swarojgaris not financially assisted, proved infertuous.

CEOs, Shahdol and Sehore, replied that the trained persons had been provided financial assistance in subsequent financial year, 2001-02. Reply was not tenable as training was to be imparted to only those Swarojgaris who were selected for assistance during the year.

3.1.6.11 Market support

The State Government issued instructions in December 2000 for arranging marketing facilities at State level for the goods to be produced by swarojgaris. Rs.50,000 were to be collected from each Zila Panchayat from infrastructure funds. Thus, Rs.22.50 lakh were expected to be collected from the 45 districts of the State. But the Development Commissioner was not aware of the collection and utilisation of the said amount.

Audit further observed (May 2002) that the project profiles did not contain the details of existing and contemplated facilities for marketing the goods produced by swarojgaries.

3.1.7 Other points of interest

3.1.7.1 Excess payment of subsidy: Scrutiny of payments of subsidy for irrigation projects revealed that the prescribed percentage limits were not applied correctly. Individual Swarojgaris of non SC/ST category were paid subsidy at the rate of 50 per cent of the project cost against the prescribed rate of only 30 per cent. In ten cases of other activities subsidy at Rs.7500 was paid against Rs.6000 actually due in Shahdol district. The incorrect application of subsidy rates resulted in excess payment of Rs.10.47 lakh to 253 Swarojgaris of 8 test-checked districts (Khargone-0.09 lakh (7), Mandsaur-0.28 lakh (5), Gwalior-1.03 lakh (15), Mandla-0.62 lakh (11), Morena-3.12 lakh (71), Bhopal-0.80 lakh (24), Shahdol-4.32 lakh (110) and Tikamgarh-0.21 lakh (10)) during 1999-2002.

The Development Commissioner agreed (May 2002) to recover the subsidy paid in excess.

3.1.7.2 Excess payment of subsidy for irrigation projects: Scrutiny of subsidy payments for irrigation projects in Zila Panchayats, Shahdol, Mandla and Chhindwara, revealed (April/May 2002) that subsidy was paid for one or two components of project only such as installation of electric/diesel pumps or sprinkler or diesel pumps and pipe, for which no project report was prepared. The payment too was made at the higher rate applicable to only complete irrigation projects without applying the ceilings applicable. This resulted in excess payment of subsidy of Rs.14.73 lakh in 245 cases during 1999-2002.

While the CEOs, Zila Panchayat, Shahdol and Mandla, stated (April-May 2002) that due action would be taken after obtaining directions from higher authorities, the CEO, Zila Panchayat, Chhindwara, stated (April 2002) that necessary clarifications were being issued to Janpad Panchayats.

3.1.7.3 Double payment of subsidy: Subsidy at prescribed norms was to be paid to banks to be kept in a reserve fund till its back-end adjustment at the time of repayment of loan by beneficiary.

Scrutiny of payment of subsidy in Zila Panchayats, Chhindwara and Gwalior, with reference to the returns submitted by banks and the bank records revealed (April 2002) that in 10 cases, the subsidy of Rs.1.80 lakh was paid to the banks twice against the same loans.

While the CEO, Chhindwara, stated (April 2002) that action to recover the excess payment would be taken after reconciliation, the CEO, Gwalior, admitted (April 2002) the mistake with the assurance of recovering the amount paid in excess.

3.1.7.4 Misutilisation of Risk Fund: Risk Fund was intended to enable commercial, cooperative and Regional Rural Banks to provide consumption loans not exceeding Rs.2000 per Swarojgari, for which risk fund assistance

was to be provided to the banks to the extent of 10 per cent of the total such loans disbursed by them during a year.

However, CEOs, Zila Panchayat, Mandla and Chhindwara, paid Rs.4.70 lakh during 1999-2001 as risk fund assistance to banks without payment of any consumption loans by the latter to the Swarojgaris. The amount was still lying unutilised with the banks.

3.1.7.5 Fictitious payment of loans and subsidy

Though loans of Rs.79.65 lakh were not actually paid yet subsidy of Rs.27.55 lakh thereagainst was paid to banks

In Shahdol, Chhindwara and Gwalior, it was observed that loans of Rs.79.65 lakh were stated to be released with simultaneous adjustment of subsidy amounting to Rs.27.55 lakh in respect of 176 Swarojgaris. On actual verification of records of Zila/Janpad Panchayats, it was however, observed (April 2002) that the amounts were not actually disbursed to Swarojgaris till date of audit, although the amount of subsidy was paid to the banks.

The CEOs concerned admitted the fact and stated that the banks were repeatedly requested to disburse the loans. The respective Janpad Panchayats too were being directed to reconcile the balances.

3.1.8 Monitoring and evaluation

After providing income generating assets to Swarojgaris, progress of the management of the assets required continuous follow-up and, monitoring to ensure that sufficient income is generated for crossing of poverty line by them.

3.1.8.1 Non-maintenance of Vikas Patrika: A Vikas Patrika for better follow-up action was required to be maintained at block level in duplicate. The information regarding preparation and maintenance of Vikas Patrika was not available either with the Development Commissioner or the implementing agencies, and as such progress of the scheme could not be monitored, as envisaged.

Reasons for non-preparation of Vikas Patrika were not supplied.

3.1.8.2 Meetings of Coordination Committees

(i) State Level Coordination Committee (SLCC) : A State Level Coordination Committee constituted under the Chairmanship of the Chief Secretary was to meet once in a quarter. As against the 12 meetings to be held during 1999-2002, the committee had met only 4 times (twice in 2001-02 and once each in 2000-01 and 1999-2000) during the 3-year period.

(ii) District/ Block Level Coordination Committees (DLCC/BLCC): DLCC and BLCC were to meet once every month. In 20 of the 25 blocks test-checked, the number of meetings of BLCC held during 1999-2002 ranged between 38 and 50 per cent of the number actually envisaged. Information/records relating to DLCC meetings actually held were not made available.

3.1.8.3 Physical verification of assets: In order to ascertain whether the Swarojgaris were continuing to maintain the assets provided to them physical verification of such assets on a drive basis was to be conducted at the end of every year. This was not however, done in any of test-checked districts except Khargone.

Development Commissioner did not have any information on physical verification at his level.

3.1.8.4 Field visits by officers: For effective implementation of the scheme, officers dealing with implementation of SGSY at State and districts headquarters were required to ascertain through field visits that the programme was being implemented satisfactorily and in accordance with the prescribed procedures. For this purpose, District Magistrates/Chairmen, DRDAs, Project Directors, DRDAs, Project Officers and Project Economists, SDMs, BDOs and ADOS were required to conduct 10-40 inspections per month.

CEO's Zila Panchayats/Janpad Panchayats selected for test-check claimed to have carried out the field visits but reports thereof were not prepared. In respect of field visits by the officers at State level, the Development Commissioner stated that only one or two casual inspections were done. None of the CEOs of test-checked districts produced the reports if any submitted by the officers of the line departments.

3.1.8.5 Evaluation : No action was found to have been taken to get the scheme evaluated at any time during 1999-2002. Therefore, the results of operation of the scheme and fulfilment of its objectives could not be known.

The matter was reported to Government in October 2002. Reply was awaited (February 2003).

SCHOOL EDUCATION DEPARTMENT

3.2 Vocationalisation of Secondary Education

Highlights

The Centrally sponsored scheme of Vocationalisation of Secondary Education was introduced in 1987-88 to provide diversified educational opportunities to the students of secondary and higher secondary classes, to enhance individual employability, to reduce the mis-match between demand and supply of skilled manpower and to provide an alternative to pursuing higher education. But the scheme was not able to make much impact in the State due to poor implementation. The Commissioner, Public Instruction failed to monitor the implementation and send proposals for release of GOI share of Rs.89.61 crore during 1997-2002. SCERT failed to develop the curricula in time as only 5 out of 26 curricula were developed by October 2002. Similarly, out of 156 text books each for theory and practicals, only 93 (theory) and 63 (practicals) books could be developed. District vocational surveys were not conducted and awareness programmes not organised. In-service training was also not provided to vocational teachers and the courses were run by untrained teachers.

174 vocational courses in 68 schools were not commenced despite availability of funds.

(Paragraph 3.2.5.1 (b))

Only 445 posts of teachers were sanctioned against the requirement of 754 teachers which led to running of 309 courses without any teachers.

(Paragraph 3.2.6.1 (c))

Against 36 posts in SCERT, 16 were created and only two were in operation. SCERT claimed to have developed 5 out of 26 curricula in October 2002 and it failed in developing instructional material.

(Paragraphs 3.2.8 and 3.2.8 (i))

District vocational surveys were not conducted, nor were awareness programmes organised resulting in low enrolment of students in vocational courses, which averaged 7 students per course against a minimum of 20 to 25. Training to in-service teachers was also not imparted.

(Paragraphs 3.2.8(iii), (iv), (v) and 3.2.9.1 (b))

Rupees 2.50 crore provided to PWD for construction of worksheds remained blocked. Besides, PWD incurred unfruitful expenditure of Rs.30.75 lakh on construction of 46 worksheds not required.

(Paragraph 3.2.9.3 (a))

3.2.1 Introduction

The working group on secondary education for the VII Plan set up by the Planning Commission had emphasised the need for promoting a programme of vocationalisation of education. Accordingly, a Centrally sponsored scheme of Vocationalisation of Secondary Education was introduced in 1987-88. The vocational courses were to be provided in selected general educational institutions after the secondary education stage, with flexible duration of one to three years, with each school introducing 3 to 4 vocational courses in conformity with local needs assessed after a survey by the Commissioner of Public Instruction (CPI).

3.2.2 Objectives

The main objectives of the scheme were to (i) provide diversified educational opportunities to students so as to enhance individual employability, (ii) reduce the mismatch between demand and supply of skilled manpower, and (iii) provide an alternative to the pursuit of higher education.

3.2.3 Organisational set-up

The scheme at the State level was monitored by the State Council for Educational Research and Training (SCERT) for curriculum development and teacher training. The CPI was in overall charge of the scheme under the Department of School Education, assisted by District Education Officers (DEOs) and at unit level by Principals of 10+2 government higher secondary schools.

3.2.4 Audit coverage

A test-check of records was conducted during November 2001 to May 2002 in the offices of the CPI, SCERT, DEOs and in 97 (10+2) government higher secondary schools of 11* districts, out of the 281 schools in the State as a whole.

Results of the test-check are mentioned in the paragraphs that follow.

* Betul, Bhopal, Chhindwara, Guna, Indore, Jabalpur, Mandasaur, Rewa, Sagar, Satna and Ujjain

3.2.5 Finance

3.2.5.1 Financial arrangement

The scheme is a Centrally sponsored one, with cent per cent Government of India (GOI) assistance for expenditure on apprentice training, evaluation and monitoring, district vocational surveys, curriculum development, instructional material and the text book development workshops, resource persons and teachers' training courses, laboratory, workshop buildings and equipments. Fifty (50) per cent expenditure on vocational wings at Directorate, district and SCERT levels, raw materials, contingencies, field visits by students and 25 per cent expenditure on vocational school staff was to be borne by State Government. Entire expenditure on vocational guidance, examination and certification was to be borne by the State Government.

The budget provisions and expenditure were as under:-

(Rupees in crore)

Year	Budget provision		Expenditure		Central assistance actually received	Saving(-) Excess(+)
	Central share	State share	Central share	State share		
1997-98	10.80	16.18	5.82	20.13	--	(-)1.03
1998-99	10.76	17.28	9.37	26.24	--	(+)7.57
1999-2000	18.11	19.76	10.38	27.52	--	(+)0.03
2000-01	25.46	20.24	14.30	26.66	4.60	(+)4.74
2001-02	24.48	14.27	12.56	29.09	--	(+)2.90
Total	89.61	87.73	52.43	129.64	4.60	(+)4.73

(a) Non-submission of proposals for release of Central assistance:- Under the scheme, the State Government was required to prepare a project report in respect of the programmes to be taken up during each year for release of Central assistance.

Additional financial burden of Rs.47.83 crore on State Government

Test-check of records of CPI revealed that though Rs.89.61 crore were shown as Central share in the budget provisions no proposal was sent to GOI. Further, Central assistance was received only for opening of new courses (Rs.4.60 crore in 2000-01). The negligence on the part of CPI in not sending project report to GOI for release of Central share resulted in additional financial burden on the State exchequer for Rs.47.83 crore (Rs.52.43 crore-Rs.4.60 crore). Besides, the implementation of programme suffered to a great extent as the expenditure incurred was mainly on pay and allowances of the staff.

Rs.4.60 crore kept unutilised in Civil Deposits

(b) Non-utilisation of grants:- GOI sanctioned (July 2000) assistance of Rs.4.60 crore for opening 174 new vocational courses in 68 schools. The CPI drew the amount and kept it in Civil Deposits. The CPI stated that the new vocational courses could not be started due to non-receipt of sanction for drawal of funds from Civil Deposits from State Government which was apparently utilising the Central assistance to improve its ways and means position.

Irregular diversion of Rs.62.41 lakh from scheme funds

(c) **Diversion of funds:** - As per scheme guidelines, posts of lecturer were to be provided at school level (one post for each course). The CPI had issued instructions in November 1995 that pay and allowances of lecturers for general education should not be drawn against vacant posts of lecturers for vocational education.

Test-check of records of 16 higher secondary schools of 8 districts* revealed that pay and allowances of 23 lecturers not related to the scheme were drawn and paid out of scheme funds. This resulted in irregular diversion of funds of Rs.62.41 lakh. This was inclusive of pay and allowances of 8 lecturers amounting to Rs.15.75 lakh drawn against only 4 posts sanctioned and 6 lecturers against courses which were not even sanctioned for the respective schools resulting in irregular expenditure of Rs. 16.18 lakh on the one hand and depriving the students of the facility of training in the sanctioned courses on the other.

3.2.6 Programme performance

3.2.6.1 Physical targets and achievements:- The intake of students in the vocational courses in 281 schools as per the scheme guidelines (at a minimum of 3 courses per school and 20 students per course), the number actually admitted, the number of courses opened and the shortfalls there against were as under:

Particulars	Target (as per guidelines)	Achievement	Shortfall	Shortfall (per cent)
Opening of vocational courses	843 (281x3)	754	89	11
Intake of students	75400 (754x20x5)	61072	14328	19

Thus, in addition to 11 per cent shortfall in introduction of the courses, there was additional shortfall of 19 per cent in the intake of students in the courses actually introduced.

(a) The CPI was to select institutions for vocational courses keeping in view the number of prospective students available for admission. The wing failed to correctly identify the institutions. As a result, 33 vocational courses sanctioned to 28 institutions had to be subsequently (July 1998) transferred to other institutions, delaying the accrual of benefits envisaged under the scheme.

In-service training of teachers not arranged

(b) In-service training of teachers was not arranged nor was any calendar of training, duration of course or curriculum etc. decided. As a result, all the 445 in-service teachers remained untrained.

* Betul (1) Chhindwara (1) Guna (2) Jabalpur (2) Rewa (4) Sagar (3) Satna (2) and Ujjain (1)

Vocational guidance and placement of students not coordinated

(c) 754 teachers were to be appointed against 754 courses in 281 schools. But only 445 teachers were appointed on regular basis and at least 309 courses (754-445) were run with the help of part time/contractual teachers.

(d) No steps were taken to organise vocational guidance programmes and coordinate the placement of students.

3.2.6.2 In 11 test-checked districts, against 283 sanctioned posts of full time teachers, 169 were in position. Similarly as against 163 part time teachers sanctioned only 26 were deployed and paid salary from the Shala Vikas (non-government) Fund instead of the Government budget.

3.2.7 Irregular deployment of staff

As per the scheme guidelines, different staffing patterns and their main functions were prescribed for different vocational wings at CPI, SCERT, district and school levels.

(i) Test check of records of CPI revealed that the deployment of non teaching staff was in excess of the sanctioned strength resulting in irregular drawal of pay and allowances to the extent of Rs.22.99 lakh from June 1996 to February 2003. The extra staff was still in position (February 2003).

Name of post	Sanctioned strength	Working strength	Excess
Assistant	2	4	2
Stenographer Grade (D)	Nil	1	1
LDCs	1	3	2
Peon	1	2	1
Total	4	10	6

Salaries of 10 lecturers attached to CPI were paid out of schemes funds.

(ii) Ten lecturers of the scheme were attached to the CPI's office since April 1997 and their pay and allowances amounting to Rs.62.42 lakh (up to February 2003) were irregularly charged to the scheme. These lecturers were reportedly deployed to work on computers but this unduly deprived the schools of their services. In all, the irregular pay and allowance drawn in CPI, up to February 2003, amounted to Rs.85.41 lakh.

3.2.8 State Council for Educational Research and Training (SCERT)

Test-check of records of SCERT revealed that development of curricula, vocational surveys, awareness of vocational programme, in-service teachers' training vocational guidance etc. were neglected and State Government had not sanctioned 20 out of required 36 posts, and only two incumbents were in position.

Development of curriculum was slow which effected implementation of programme.

(i) **Development of curriculum:-** Of the 26 curricula, 21 in four areas of Commerce (7), Home Science (5), Technical (6) and Miscellaneous (3) were in operation in 281 higher secondary schools; 5 curricula for agriculture were not even developed and 42 schools were teaching these subjects without

approved curricula. On this being pointed out in audit, SCERT stated (October 2002) that development of remaining curricula had been completed and circulated after May 2002. Thus, students were deprived of approved curriculum for at least five academic sessions.

Even the textbooks developed were not got printed

(ii) **Shortfall in development of instructional materials:-** Out of 156 text books each for theory and practical, SCERT had developed 93 text books for theory and 63 books for practical. However out of the 93 books for theory, only 52 were printed so far (May 2002).

SCERT had not initiated any action for the development of other instructional materials such as teachers' guide, practical manuals, charts and software for audio-visual support to instructions, as provided in the guidelines, due to shortage of technical staff. No action was initiated for the printing of the remaining books.

It was further observed that in 46 higher secondary schools (of 10[#] districts) even the textbooks received were cyclostyled copies, with faint prints, which were useful neither to the students nor to the teachers.

District vocational surveys not conducted contributing to low enrolment of students

(iii) **District vocational surveys:-** District vocational surveys were to be conducted to assess manpower requirements of the area, range of available occupations, trends of emerging vocations, level of competence required, etc. No action was, however, initiated by SCERT to conduct district vocational surveys, for want of staff.

In the absence of the district vocational surveys, the enrolment of students in vocational schools of test-checked districts was far below the required strength (between 19 and 47 per cent, except at Betul and Sagar where it touched 72 and 64 per cent). District-wise position of enrolment is detailed in **Appendix XXII.**

Awareness programmes were not organised

(iv) **Non-organisation of awareness programmes:-** As per the scheme, each course should have a minimum strength of 20 to 25 students. However, in 70 schools in the 9 districts test-checked, the strength was found to be only 19 to 47 per cent of the minimum. SCERT stated that the awareness programmes could not be conducted for want of manpower. Failure to organise awareness programmes contributed to poor enrolment of students.

Training for in-service teachers was not organised

(v) **In-service teachers' training programmes:-** Test-check revealed that no in-service teachers' training was organised since the inception of the scheme. On this being pointed out, SCERT stated (May 2002) that the training was not imparted due to shortage of staff and non-appointment of teachers. Consequently the vocational courses were run by untrained teachers.

(vi) **Training for vocational guidance and placement activities:-** One of the main components of the scheme was to organise training for vocational

[#] Betul, Bhopal, Chhindwara, Guna, Indore, Mandsaur, Rewa, Sagar, Satna and Ujjain

guidance teachers and placement activities but no action was initiated by SCERT (May 2002).

SCERT stated (May 2002) that this was due to non-receipt of list of teachers and instructions from CPI. The reply is not tenable as 10 lecturers were recruited (para 3.2.7 (ii)) ibid deployed in CPI.

(vii) District Vocational Education Committee (DVEC)

DVECs not constituted leaving the programme unsupervised

The DVECs were to comprise all the concerned district level officers and representatives of employers' organisations, professional institutions, voluntary organisations and parents-teacher associations along with heads of educational institutions, and were required

- (a) to promote vocational education programmes suited to local needs in the district;
- (b) to facilitate on-the-job training and apprenticeship of vocational students and subsequent placement;
- (c) to supervise institution-industry linkage;
- (d) to review the vocational education courses run in the schools to ensure quality and continued relevance.

Scrutiny of records of CPI and DEOs revealed that Government had not created any posts and the wing remained defunct.

(viii) Non-utilisation of available resources:- Though Rs.2.40 crore were provided to SCERT for establishing vocational wing, only Rs.1.04 crore (43 per cent) were utilised. SCERT attributed (December 2001) non utilization of funds to (i) non-posting of staff in vocational wing (ii) non-organisation of training programmes due to shortage of lecturers and (iii) slow progress of curriculum development for want of subject experts. Inaction of CPI had handicapped SCERT.

3.2.9 Vocational education institutions

3.2.9.1 Selection of institutes and courses

(a) Scrutiny of records of 86 schools in 11 districts revealed that enrolment of students in vocational courses was only 19 to 47 per cent of the desired strength. Low percentage of enrolment indicates that the selection of schools was not done properly. Audit observed that the element of proximity between schools and collaborating institutions and requirement of the particular area were not kept in view while selecting the schools and courses. This resulted in negligible enrolment of students in vocational stream (12 per cent) with reference to total number of students in the schools including general education.

(b) As per guidelines, every selected school was to offer 3 to 4 vocational courses in selected fields so that the vocational wing was a viable unit, with flexibility of choice of courses to students in keeping with their aptitude and abilities.

Scrutiny of records of 86 schools in 11 districts revealed that only 3 schools were running the maximum of 4 courses, 44 were running 3 courses each, 26 schools 2 courses each and 13 with single course each with average total intake of 1491 students (36 per cent) each year i.e. 7 students per course against the minimum of 20 to 25 students. This indicated that the scheme was not running to its optimum potential.

Test-check also revealed that in the selection of the vocational courses too, the prescribed norms were not followed with the result that in 97 schools, 101 out of 213 courses had become non-functional (in 63 schools).

3.2.9.2 Staffing pattern

Test-check of records of 97 schools in 11 districts indicated the staff position as under:

Category	No. of posts sanctioned	Persons-in-position	Number of posts vacant
1. Vice Principal	97	64	33
2. Full-time teachers	283	169	114
3. Part-time teachers	163	26*	137
4. Laboratory Assistant	97	--	97
5. Accountant	97	76	21
6. LDC	97	90	7
7. Peon	97	82	15

* Salary of these contractual teachers was paid from Shala Vikas Fund only to bear out recruitment of teachers by CPI.

Thus 48 and 100 per cent posts of full and part-time teachers and Laboratory Assistants respectively were lying vacant. Resultantly, 101 courses though opened were not in operation in 63 schools.

3.2.9.3 Equipment and raw materials

(a) **Construction of worksheds:** As per guidelines, one workshed with construction cost of Rs.0.75 lakh for each course was to be provided in the schools selected.

It was seen that construction of 1199 worksheds was sanctioned and Rs.8.34 crore were paid to Public Works Department (PWD) for construction of 1112 worksheds. Of these, only 949(85 per cent) sheds were completed (May 2002) of which only 779 were handed over to schools. Further, in 7 schools, 68

Rs.2.50 crore blocked with PWD besides unfruitful expenditure of Rs.30.75 lakh

worksheds were constructed against the requirement of 22 sheds*. Neither, the SCERT nor CPI could offer any tenable response.

In 97 schools of 11 districts test-checked, against the requirement of 272 worksheds only 220 worksheds were constructed at a cost of Rs.1.65 crore though 101 courses were not in operation in these districts.

Thus government funds of Rs.2.50 crore were lying blocked with PWD, in addition to excess/ unfruitful expenditure of Rs.30.75 lakh on 46 worksheds.

CPI's failure to provide the raw material deprived students of practical training.

(b) Non-provision of budget for purchase of raw materials: As per the scheme guidelines, the norms for raw material ranged from Rs.250 for a home science course to Rs.500 for a para-medical course per student per annum. GOI had agreed to bear 50 per cent of the expenditure subject to a maximum of Rs.6000 per course per annum. The State Government was to specify the arrangements made in this regard while submitting proposals for Central assistance.

It was seen that CPI had neither provided any funds to schools for purchase of raw material nor sent any proposals for obtaining Central assistance. The CPI merely attributed the state of affairs to non-receipt of funds from GOI. The reply was not tenable, as the GOI was not even moved for sanction of funds. Thus even the low number of students in low number of vocational courses was deprived of benefits of practical training for want of raw materials.

3.2.9.4 Non-involvement of voluntary organisations: According to scheme guidelines, the role of voluntary agencies/ expert groups was crucial to its successful implementation. Voluntary organisations qualified to take up innovative programmes in the field of vocationalisation of education were eligible for financial assistance on project basis.

Test-check of records of CPI revealed that no voluntary organisations/ expert groups were involved in the implementation of the scheme. The CPI attributed (April 2002) this to non-receipt of applications from NGOs, without however, indicating the step taken to induce them to come forward to lend a helping hand in the implementation of the scheme.

Evaluation and certification of students performance not done

3.2.9.5 Evaluation and certification: Test-check of records of vocational schools revealed that none of the 75 out of 97 test-checked schools had evaluated the students' performance and maintained any record of such evaluation. The principals of vocational schools admitted that the work of evaluation and certification was not done. No reasons for this omission were furnished.

* Bhopal 9 sheds against required 4; Gwalior 9 against 3; Hoshangabad 9 against 3; Indore 12 against 3; Sagar 9 against 3; Seoni 12 against 3 and Ujjain 8 against 3.

3.2.10 Monitoring and evaluation

**Monitoring and
evaluation not done**

Monitoring of programme implementation was to be done at various levels viz. State, district and institutional levels. State Council for Vocational Education (SCVE) and a Separate Vocational Education Wing (VEW) in the CPI, District Vocational Education Committees (DVEC) and Vocational education wings at institute level were responsible.

Test-check of records revealed that SCVE had not arranged even a single meeting for periodical review of the programme. The VEW too had not maintained any record about supervision and monitoring. DVEC was not constituted in any of the 11 test-checked districts. None of the test-checked institutions had initiated any action for monitoring and evaluation.

3.2.11 Conclusion

The main objectives of the scheme of preparing skilled manpower and providing diversification of educational opportunities to enhance individual employability remained un-achieved and the implementation of the scheme suffered heavily from all-round apathy.

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

**SCHEDULED TRIBES AND SCHEDULED CASTES WELFARE
DEPARTMENT AND URBAN ADMINISTRATION AND
DEVELOPMENT DEPARTMENT**

**3.3 National Scheme of Liberation and Rehabilitation of
Scavengers**

Highlights

Government of India (GOI) launched the Centrally sponsored National Scheme of Liberation and Rehabilitation of Scavengers in 1991-92 with the objective of liberating scavengers from the obnoxious profession of manual scavenging and engaging them in dignified alternative occupations after imparting training. The scheme was implemented in a haphazard manner without proper planning. Training, an essential pre-requisite for proper rehabilitation was badly neglected. There was lack of co-ordination between the two Administrative Departments of UAD and ST-SC Welfare leading to rehabilitation being taken up in towns where dry latrines were yet to be converted in to wet ones. The number of sanitary marts set up was insignificant despite availability of funds. Women-oriented schemes were not formulated and there was no follow-up action after rehabilitation. The surveys in three towns found that as many as 85 per cent of the alternative occupations/establishments in which the scavengers were reported to have been rehabilitated were closed. This, coupled with, repeated assertions by SCDC and other implementing agencies in the field that scavengers were not interested in being rehabilitated, would tend to cast serious doubts about other claims of achievement in rehabilitation of scavengers.

A survey conducted by Scheduled Castes Development Directorate in 1992-94, identified 93394 scavengers in the State, of which 60308 were rehabilitated up to 1996-97 but only 19693 (60 per cent of the balance) during 1997-2002.

Due to fixation of unrealistic targets and tardy implementation Central assistance of Rs 17.99 crore and National Safai Karamchhari Finance and Development Corporation loan amounting to Rs.77.35 lakh remained unutilised.

(Paragraphs 3.3.4(c) and (d))

Interest of Rs 1.60 crore earned on Central assistance was diverted to pay and allowances.

(Paragraph 3.3.4(e))

Five-year perspective plan in respect of total number of scavengers, their needs for training and assistance, was not prepared.

(Paragraph 3.3.5.1)

Training was not provided to 88 per cent scavengers and was not at all imparted in 16 districts.

(Paragraph 3.3.6.1)

The pace of rehabilitation was particularly tardy during 1997-2002 when only 19693 scavengers (including 12996 untrained ones) were rehabilitated as against the rehabilitation of 60308 scavengers during 1992-97.

(Paragraphs 3.3.6.2 (a) and (b))

2857 unidentified/ ineligible persons were rehabilitated rendering the expenditure of Rs.3.13 crore unfruitful.

(Paragraph 3.3.6.2(c))

Rehabilitation of 3974 scavengers in 30 towns with assistance of Rs.4.58 crore was of doubtful efficacy as dry latrines continued to exist in these towns.

(Paragraph 3.3.6.2(g))

A scheme for conversion of 18420 dry latrines could not be implemented in Indore due to State Government not guaranteeing the loan of Rs.2.05 crore extended by HUDCO.

(Paragraph 3.3.7(a))

Surveys in 3 districts revealed closure of alternative occupations/ establishments opened under the scheme in as many as 85 per cent cases.

(Paragraph 3.3.6.2(b))

3.3.1 Introduction

The National Scheme of Liberation and Rehabilitation of Scavengers and their Dependents was launched by Government of India (GOI) in 1991-92 as a Centrally sponsored scheme with the objective of liberating scavengers from manually removing night soil and filth and to provide for and engage them in alternative and dignified occupations within a period of five years. Thrust was on cluster approach, training and rehabilitation of all the scavengers in a basti simultaneously.

The efforts under the scheme were supplemented by another Centrally sponsored scheme of Urban Low Cost Sanitation (ULCS) with the main objective of conversion/construction of flush latrines. Coordination with municipal corporations (MC)/local bodies (LB) to ensure conversion of dry

latrines, adoption of TRYSEM norms for training, formation of group projects, prioritisation of women-oriented schemes etc. was, therefore, of utmost importance for effective implementation of the scheme. The concept of setting up sanitary marts (SMs) was introduced in January 2000 to erase the need for scavenging and scavengers.

3.3.2 Organizational set-up

At State level, the Scheduled Tribes and Scheduled Castes Welfare (ST-SC Welfare) Department, headed by a Principal Secretary was responsible for the rehabilitation of scavengers. Similarly, Urban Administration and Development (UAD) Department was responsible for conversion of dry latrines. The Director, Scheduled Castes Development (Director/Directorate) was responsible for conducting survey for identification of scavengers, their dependents and their aptitude for alternative trades. The Madhya Pradesh State Co-operative Scheduled Castes Finance and Development Corporation Limited (SCDC) was the chief implementing agency for implementation of the scheme in the State. The District Collector as ex-officio chairman of District Antyavasayee Sahkari Vikas Samiti Maryadit (ASVS) was responsible for overall implementation of the scheme at district level. At the level of local bodies, mohalla committees were to be set up to help identification of scavengers and providing a forum for discussion on or initiating corrective action in the implementation of the scheme.

3.3.3 Scope of Audit

The review covering the period 1997-2002 was conducted during November 2001 to May 2002, based on the information collected from two Administrative Departments and test-check of the records of the SCDC at the State level and other implementing agencies in 11* out of 45 districts. The findings are mentioned in the paragraphs below.

3.3.4 Financial management

Financial assistance for training of scavengers was to be met wholly by the Central Government. However, expenditure on rehabilitation of scavengers (including establishment of Sanitary Marts) was to be shared by the Central Government, State Government/SCDC and nationalised banks based on project cost up to Rs.50000 per beneficiary. The subsidy @ 50 per cent of the project cost subject to a maximum of Rs.10000 was to be borne by the Central Government, the margin money loan (MML) @ 15 per cent of the project cost up to a maximum of Rs.7500 was shareable between the Central Government and State Government in the ratio of 49 and 51 respectively and the remaining project cost was to be financed by the nationalised banks. For setting up of SMs, loans were to be provided by SCDC.

*
1. Bhopal, 2. Chhatarpur, 3. Gwalior, 4. Indore, 5. Jabalpur, 6. Khargone, 7. Morena, 8. Rewa, 9. Satna, 10. Shahdol, 11. Ujjain.

The details of assistance released by GOI, funds provided by State Government (SG), and expenditure incurred, were as follows.

(Rupees in lakh)

Year	Funds released by		Expenditure during the year	Share in expenditure of		Short(-)/ Excess(+) contribution by SG	Unspent balance of Central assistance	Savings(-) / Excess (+)	Interest (@ 4 per cent) earned on unspent Central assistance	
	GOI	SG		GOI	SG					
1	2	3	4	5	6	7	8	9	10	
Opening balance	463.13					(-)100.97	463.13	(-) 463.13	--	
1997-98	2450.63	--	443.82	418.46	25.36	(-)25.36	2495.30		Amount kept in Civil Deposits/ PD Account	
1998-99	--	150.00	547.91	505.39	42.52	(+)107.48	1989.91	(-) 1608.90		
1999-2000	883.38	--	400.81	362.55	38.26	(-)38.26	2510.74			
2000-01	--	--	364.82	314.12	50.70	(-)50.70	2196.62			87.87
2001-02	--	--	431.38	397.80	33.58	(-)33.58	1798.82	313.63		71.95
Total	3797.14	150.00	2188.74	1998.32	190.42	(-)141.39	1798.82	(-) 1758.40	159.82	

The following points were noticed

Funds were released to district units at the fag end of financial year

(a) Despite repeated pleas for funds from the district units, funds were released late by SCDC: the entire assistance of Rs.10.05 crore for the year 1997-98 was sanctioned in 1998-99 and out of Rs.17.12 crore sanctioned for 1998-99, Rs.13.08 crore (76 per cent) were sanctioned at the fag end of the year, in March 1999. Similarly, during 1999-2000 out of Rs.4.86 crore, Rs.4.34 crore (89 per cent) were sanctioned in March 2000 and April-June 2000 (2000-01). The delayed sanction and disbursement of funds could not but have adversely affected the implementation of the scheme.

SCDC stated (December 2001) that the disbursement was delayed due to delays in receipt of the utilisation certificates from the district units.

The reply was not tenable as it was observed in the test-checked districts that the monthly progress reports of physical and financial targets and achievements there against as also the utilisation certificates were sent regularly and in time.

Short release of matching share of Rs.1.41 crore by State Government

(b) The total amount of MML paid during 1997-2002 was Rs.3.73 crore of which Rs.1.90 crore (51 per cent) was State Government share. No reasons were furnished for the short release of State Government's matching share of Rs.1.41 crore.

The SCDC stated (July 2002) that the State Government had sanctioned Rs.1.50 crore on 27 March 2002 but due to ban on drawals of funds, the amount could not be drawn. It was noticed that the State Government sanctioned release of Rs.25 lakh in November 2002 but this too was not drawn by SCDC as of February 2003.

Central assistance of Rs.17.99 crore remained unutilised

(c) Central assistance was released by GOI on the basis of annual targets fixed by SCDC. The SCDC intimated rehabilitation of 15000 scavengers each year as the targets for the years 1997-98 and 1999-2000 as against the actual rehabilitation of only 2940 to 5166 scavengers in other years. Based on these inflated targets, GOI released assistance of Rs.24.51 crore and Rs.8.83 crore during the two years. Since the actual achievements constituted only 29 and 22 per cent respectively of the targets as detailed in **Appendix XXIV**, the Central assistance to the extent of Rs.17.99 crore remained unutilised as of March 2002.

The SCDC attributed (December 2001) the non-utilisation of funds to (i) the project cost being limited to Rs.50000, (ii) sanction of loans by banks for amounts less than the project cost, (iii) non-sanction of loan by banks, (iv) delayed permission by State Government for drawal of Central assistance kept in Personal Deposit Account and (v) scavengers not being interested in cooperative pattern for setting up of Sanitary Marts (SM).

18 Sanitary Marts not set up despite availability of loan funds

(d) National Safai Karamchari Finance and Development Corporation (NSKFDC), New Delhi, released a loan of Rs.1.05 crore (Rs.17.50 lakh in August 2000 and Rs.87.50 lakh in February 2001) to SCDC for setting up 60 SMs. The SCDC utilised Rs.27.65 lakh on 42 SMs, retaining Rs.77.35 lakh (March 2002) by not setting up 18 other Sanitary Marts.

Misutilisation of funds of Rs.1.60 crore on pay and allowances

(e) The scheme fund was not maintained separately and, therefore, the actual amount of interest earned on the un-utilised Central assistance could not be ascertained. The Central assistance was kept in Civil Deposits and PD Account of SCDC till March 2000 and SCDC had unutilised Central assistance balances of Rs.21.97 crore and Rs.17.99 crore at the end of 2000-01 and 2001-02 respectively. Even at savings bank rate of 4 per cent per annum, it would have earned interest of Rs.1.60 crore. The SCDC stated (December 2001) that due to shortage of funds to meet establishment costs, interest earnings were diverted towards pay and allowances. No permission from GOI for this diversion was obtained.

3.3.5 Programme planning

Required 5-year perspective plan was not prepared

3.3.5.1 Survey and identification: A survey was conducted during 1992-94 for identification of individual scavengers and their dependents and their aptitude for specific trades/occupations. In all, 93,394 scavengers were identified.

In 9 of the 11 test-checked districts (except Khargone and Rewa), suitability for alternative occupation was not identified and details of training imparted and rehabilitation done were not found recorded in the macro register with the

result that proper watch over the implementation of the scheme was not exercised. The SCDC failed to prepare 5-year perspective plan for effective implementation of the scheme as macro information was not compiled by it.

The SCDC stated (December 2001) that compilation of macro information was not possible which was not in keeping with the provisions of the scheme. The district units, however, assured compliance in future.

3.3.6 *Programme implementation*

3.3.6.1 **Training**

For acquisition/upgradation of skills of beneficiaries training was an essential pre-requisite. The training was to be imparted on TRYSEM norms to all eligible identified beneficiaries by the end of 1995-96. The targets and achievements are given in **Appendix XXIII**.

A highly inflated target of 45721 scavengers for imparting training was fixed while only 33086 (93394-60308) remained to be rehabilitated on 1 April 1997.

It will be seen from **Appendix XXIII**, that only 12 and 18 per cent of the scavengers were imparted training in the State and in the test-checked districts respectively and shortfalls were as high as 74 (2001-02) to 95 (1999-2000) per cent in the State and 80 to 100 per cent in 7 out of 11 test-checked districts. Tool kits too were not provided to the trainees though required as per norms of TRYSEM. It was further observed that in 16** districts, training was not imparted. Thus the training programme was nowhere near completion even six years after the target year inspite of availability of funds. This indicated an utterly lackadaisical attitude on the part of the implementing agencies.

The SCDC and district units replied that the scavengers were not interested in training and no training was required for some of the trades.

The reply was not tenable as the beneficiaries were to be provided training in the trades of their choice for successful rehabilitation. The reply was also in contravention of the fact that 46 per cent of total scavengers were imparted training during 1992-97 but the percentage dropped to an insignificant 6 per cent during 1997-2002.

3.3.6.2 *Rehabilitation*

Under the scheme, all scavengers were to be rehabilitated by 1996-97 for which the five-year plan was to be prepared by the SCDC. But this plan was never prepared. Reasons for this significant failure were not intimated. The

Short falls in training ranged between 74 to 95 per cent.

Tool kits were not provided to trainees.

Training not imparted in 16 districts.

** 1. Barwani 2. Betul 3. Damoh 4. Dindori 5. Harda 6. Jhabua 7. Katni 8. Mandasaur 9. Morena 10. Neemuch 11. Panna 12. Raisen 13. Satna 14. Sehore 15. Shajapur and 16. Vidisha.

target could not be achieved even in the subsequent block of another five years, from 1997-98 to 2001-02.

The comparative position of scavengers rehabilitated up to 1996-97 and targets and achievements during 1997-2002 is given in **Appendix XXIV**.

39 per cent short fall in rehabilitation of scavengers during 1997-2002.

(a) **Shortfall in rehabilitation:** It would be seen from **Appendix XXIV**, that only 39 and 49 per cent of the targeted scavengers were rehabilitated in the State and the test-checked districts respectively and the annual shortfalls ranged from 28(2001-02) to 78 (1999-2000) per cent in the State and 25 (Jabalpur) to 87 (Chhatarpur) per cent in the test-checked districts. The shortfalls were indicative of lack of adequate planning as the scheme did not suffer from any shortage of funds. Weakness of the efforts is also evident from the fact that rehabilitation during 1992-97 was 60308 while it was only 19693 during 1997-2002. The targets fixed for rehabilitation during 1997-2002 were also un-realistic. As against 33086 scavengers available for rehabilitation a target of 49906 was fixed. If the scavengers above the age of 50 years are excluded, the actual number available for rehabilitation will come down further.

The shortfall was attributed to the scavengers being not interested in rehabilitation and non-cooperation of banks in sanctioning loans. It was however, incumbent on the implementing agencies to motivate the scavengers for rehabilitation in the trades of their choice and also to pursue the sanction of loans with the banks.

Survey indicate 85 per cent of scavengers were not found engaged in the occupation for which assistance was provided.

(b) **Rehabilitation without training and non-rehabilitation of trained persons:** The scheme laid down training as an essential pre-requisite for the rehabilitation programme. In disregard of these provisions, 12996 scavengers were claimed to have been rehabilitated without any training. A socio-economic survey conducted by Statistical Department, Morena, teaching staff and students of colleges, Shahdol and ASVS, Khandwa, in three districts indicated that 515 out of 608 scavengers (85 per cent) were not found engaged in the occupations for which assistance was provided to them due to lack of training as per the following details:

District and year of survey	Surveying agency	No. of rehabilitated scavengers surveyed	No. of scavengers with occupations established	No. of scavengers with closed/ un-established occupations	Percentage of scavengers with closed/ unestablished occupations
Morena 1994-95	Statistical Department	20	Nil	20	100
Shahdol 2000-01	Teaching staff and students of colleges	265	55	210	79
Khandawa 2000-01	ASVS Khandawa	323	38	285	88
	Total	608	93	515	85

3647 persons trained at a cost of Rs.1.34 crore not rehabilitated

In the test-checked districts, on the other hand, it was observed that 3647 trained persons were not rehabilitated. An expenditure of Rs.1.34 crore (average cost Rs.3671 per trainee) incurred on the training of these persons proved infructuous. The rehabilitation status of trained persons in the State was not available with SCDC.

Wasteful expenditure of Rs.3.13 crore on rehabilitation of 2857 ineligible persons.

The SCDC replied (December 2001) that training was not required in the trades in which scavengers were rehabilitated. If this is correct, the high average cost of training at Rs.3671 per head requires explanation. On the other hand the district units stated that the scavengers were not interested in rehabilitation. If this is correct, the implementation of the rehabilitation scheme has failed and does not enjoy the approval of the targeted beneficiary group and the Government of India funds should be returned forthwith.

(c) Rehabilitation of ineligible persons : In 6 of the test-checked districts, 2726[†] persons in whose cases macro number was not recorded either on their loan applications, affidavits or verification reports of the field officers, were rehabilitated without their identification as scavengers. Similarly, 115[§] persons in 4 districts employed in municipal corporations/local bodies and 16 persons in Rewa engaged on work other than scavenging were rehabilitated. The assistance of Rs.3.13 crore (subsidy-Rs.286.50 lakh and MML-Rs.26.78 lakh) provided to the 2857 unidentified/ineligible persons was thus wasteful.

The district units replied that the beneficiaries were rehabilitated on the basis of certificates of being scavengers produced by them. The reply was not tenable as only those identified during the survey were entitled to assistance under the scheme.

(d) Non-formulation of women-oriented schemes: The scheme provided that first priority be given to rehabilitation of women scavengers by formulating women-specific schemes as also by organising awareness camps regularly in the scavengers' colonies. No such scheme was formulated by SCDC. Audit, however, observed that in one test-checked district (Bhopal) only 2 awareness camps were organised during 2000-01.

Insignificant role of women beneficiaries in cluster approach

(e) Inadequacies in cluster approach for rehabilitation: The scheme envisaged formation of group projects to inculcate a feeling of self-help among the scavengers. Information about rehabilitation in groups was not available with SCDC. It was, however, observed in five test-checked districts (Chhatarpur, Morena, Rewa, Satna and Shahdol) that cluster/group approach in rehabilitation was not adopted during 1997-2002; in the remaining six districts, cluster approach was adopted only in the transport trade (vehicles-Tata Sumo, Jeep, Tempo Trax, Mini Truck/Bus, Maruti Van, etc.) by forming groups of male and female members of a single family. In all, 88 groups with 336 male and 303 female members were provided with assistance comprising subsidy of Rs.63.90 lakh and MML of Rs.46.22 lakh.

[†] Chhatarpur-170, Gwalior-639, Jabalpur-100, Morena-1609, Shahdol-5 and Ujjain-203

[§] Chhatarpur-3, Rewa-20, Satna-32 and Ujjain-60

Absence of follow-up action after rehabilitation

(f) Establishment and continuance in the alternative trades not ensured: As per the terms and conditions of agreements the beneficiaries were to commence the trade/occupation within two months of disbursement of loan/subsidy to them and to continue with it, failing which, they were liable to refund the assistance with interest. The implementing agency at district level was required to verify, inspect and guide in the matter to ensure that all the rehabilitated scavengers actually took up and continued with their respective trades/occupations and did not revert to scavenging. The implementing agencies both at State and district levels, however, failed to monitor this.

The SCDC stated (December 2001) that follow-up action was taken up from time to time. The district units (excepting Satna) however, while agreeing with the audit observation assured compliance in future. The ASVS, Satna, claimed (May 2002) that it had physically verified 10 per cent of the cases, but relevant record/reports in support thereof were not made available to Audit.

Existence of 1.04 lakh dry latrines indicate rehabilitation of 3974 scavengers doubtful and rendered expenditure of Rs.4.58 crore unfruitful.

(g) Rehabilitation without conversion of dry latrines: Rehabilitation of scavengers could become a reality only if the dry latrines numbering 1.04 lakh in the State as of March 2002 are either converted into water borne latrines or closed. The SCDC and test-checked district units did not collect information on dry latrines in the district/state and the year-wise conversion of dry latrines into wet ones from UAD Department and MCs/LBs prior to rehabilitation of scavengers. It was observed that 3974 ** scavengers were rehabilitated with a total assistance of Rs.4.58 crore (subsidy-Rs.363.65 lakh and MML-Rs.94.49 lakh) in 30 towns where none of the dry latrines were converted into water-borne ones. As such, the rehabilitation cannot be said to be effective as the possibility of the beneficiaries reverting back to previous occupation cannot be ruled out as also that of new scavengers joining the profession of scavenging. The survey conducted (2000-01) in Shahdol district by teaching staff and students of colleges also proved this since 210 out of 265 scavengers (79 per cent) had closed their establishments opened with government assistance. In these circumstances the entire assistance of Rs.4.58 crore spent on rehabilitation of 3974 scavengers was of doubtful validity.

Only 42 SMs were set up against sanction of 800 by GOI

(h) Establishment of sanitary marts : The main objectives of sanitary marts (SMs) was to erase the need for scavenging and scavengers by improving sanitary conditions and facilitate the rehabilitation of scavengers. The SCDC sent a proposal for establishment of 600 SMs involving 15000 scavengers to GOI in March 2000 but without identifying the beneficiaries. GOI sanctioned the proposal and another 200 SMs for 2000-01. However, only 42 (4 in 2000-01 and 38 in 2001-02) SMs (5 per cent) involving rehabilitation of 659 scavengers were reported to have been established. Out of 38 SMs said to have been established during 2001-02, assistance in respect of 35 was released by SCDC to district units in the last quarter of the year. Thus, the claim of setting up of these 38 SMs during 2001-02 was doubtful. The balance GOI funds (Rs.27.54 crore) released for 558 (of the first lot of

** Bhopal-622, Chhatarpur-4, Gwalior-234, Indore-1026, Jabalpur-934, Khargone-61, Morena-222, Rewa-337, Satna-258, Shahdol-26 and Ujjain-250

600) SMs require to be refunded; the extent of GOI assistance for the other 200 SMs was not forthcoming though that too is refundable to GOI.

SMs not provided with requisite support

The SCDC was required to liaise with the UAD Department /MCs for securing orders for the construction of wet latrines by SMs and issuing notices under by-laws for immediate conversion of existing dry latrines, establishing pay-and-use latrines that would be run by the marts and also to arrange the purchase of sanitary materials at concessional rates for sale through SMs. This was not done by the SCDC and was left to district units. It was observed in one test-checked district (Ujjain) that 5 SMs (during 2000-01: 2 and 2001-02 : 3) were set up but supportive action for proper working of SMs was not initiated by the district unit. The relevant record of SMs was not made available to Audit. However, as reported by the district unit, the conversion of dry latrines was not done by SMs and sufficient stock of sanitary materials too was not available with SMs as full project cost was not released by SCDC.

The SCDC replied (December 2001) that scavengers were not interested in working on co-operative society pattern. This indicated that the scavengers were not properly motivated by means of public contact and/or mass media communication for changing their occupation. The district unit, however, assured (February 2002) fulfilment of the requirement in future.

3.3.7 *Urban Low Cost Sanitation Scheme*

Tardy conversion of dry latrines into water borne during 1983-2002

The conversion of dry latrines into flush latrines under the scheme of Urban Low Cost Sanitation (ULCS) on "whole town basis " with the objective of totally eliminating manual scavenging was implemented by the Commissioner, Urban Administration and Development (UAD Directorate) at State level and MCs/LBs at district/town level. The Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act 1993 (Act) was adopted by the State from November 1997. The survey of dry latrines conducted by UAD Directorate in 1982-83 revealed the existence of 3.76 lakh dry latrines in the State. No fresh survey was conducted thereafter. There was reported addition of 1.31 lakh dry latrines during April 1983 to March 2002 and conversion of 4.03 lakh dry latrines into flush latrines leaving a balance of 1.04 lakh dry latrines as of 31 March 2002. The State Government decided in February 2001 to convert all dry latrines in the State by 14 April 2002. However, no action plan was prepared nor were annual targets fixed. As a result, the target date (April 2002) had to be further extended to 14 April 2003.

In the State 128 out of 334 towns were reported as free from dry latrines. The State Government, however, issued notification in November 2002 under sub-section 2 of section 3 of the Act prohibiting employment of manual scavengers or constructing or maintaining dry latrines in respect of all the towns in the State.

The expenditure on conversion of dry latrines was borne by GOI (subsidy), State Government or Housing and Urban Development Corporation (HUDCO) (loan) and the beneficiaries (contribution) based on the income of the beneficiaries. The Central subsidy is routed through HUDCO.

The funding of the scheme is as detailed below:

(Rupees in lakh)

Year	Budget provision	Funds provided during the year				Expenditure incurred during the year			
		From State Budget	Subsidy	Loan (HUDCO)	Total	State Budget	Subsidy	Loan	Total
1997-98	45.19	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1998-99	45.19	30.60	Nil	100.54	131.14	30.60	Nil	100.54	131.14
1999-2000	40.69	40.38	95.51	44.34	180.23	40.38	95.51	44.34	180.23
2000-01	101.90	101.90	Nil	14.86	116.76	101.90	Nil	14.86	116.76
2001-02	75.00	75.00	Nil	Nil	75.00	75.00	Nil	Nil	75.00
Total	307.97	247.88	95.51	159.74	503.13	247.88	95.51	159.74	503.13

The following points were noticed.

Non-availment of HUDCO assistance for conversion of 18420 dry latrines.

(a) **Non-utilisation of HUDCO assistance:** The Municipal Corporation, Indore, submitted (November 1994) a scheme for conversion of 18420 (12000 EWS and 6420 LIG) dry latrines at a cost of Rs.3.96 crore to HUDCO which sanctioned (March 1995) Rs.2.05 crore as loan and Rs.1.45 crore as subsidy. The sanction was valid for one year subject to the condition that the scheme was approved and loan guaranteed by State Government. The guarantee was not given by State Government and hence the entire subsidy of Rs.36.30 lakh which was released, had to be refunded (March 2001) to HUDCO. Reasons for the State Government not guaranteeing the HUDCO loan were not intimated by UAD Directorate.

Non-recovery of Rs.13.24 lakh from Police Department

(b) **Non-recovery of unspent amount from Police Department:** The ULCS scheme covers conversion of dry latrines of individuals. The UAD Directorate, however, released Rs.15.50 lakh to Superintendent of Police, Bhopal, through MC, Bhopal, for conversion of dry latrines in Police Lines at Shahjahanabad, Bhopal. The information about total number of dry latrines in the Police Lines converted and scavengers liberated and rehabilitated was not available with the UAD Directorate. It was, however, observed that the Police Lines, had 96 dry latrines, the conversion cost of which @ Rs.2350 per unit applicable worked out to only Rs.2.26 lakh. The balance amount of Rs.13.24 lakh was not recovered from the Police Department.

Un-authorized payment of supervision charges of Rs.81.62 lakh to NGOs

(c) **Undue aid to Non-Government Organisations:** The conversion of dry latrines into flush latrines was being executed through Non-Government Organisations (NGOs). Scrutiny of estimates prepared by UAD Directorate revealed that the conversion cost of Rs.2350 as worked out included 20 per cent supervision charges (Rs.391.55 per unit) which was irregular. The undue financial aid to NGOs on account of supervision charges during 1998-02 amounted to Rs.81.62 lakh.

UAD Directorate stated (April 2002) that pre-qualification tenders were invited and after negotiations with selected NGOs, the conversion cost of

Rs.2350 per unit was fixed by State Government and the estimate prepared was inclusive of supervision charges.

Thus estimates were prepared to match the negotiated rates, which was highly irregular.

3.3.8 *Coordination, monitoring and evaluation*

The State Level Monitoring Committee was required to meet once in three months. The Committee did not meet at all during 1997-98 and 2000-01 and met only once a year during 1998-99, 1999-2000 and 2001-02. The monthly progress reports were not sent to GOI by SCDC and the yearly reports were sent after delays of 2 to 7 months.

Though the monitoring committees were found constituted in the test-checked districts, they either did not meet at all or met only once in a year during 1997-2002. Town and Mohalla Committees, meant to help implementation of the scheme were not, however, formed in these districts.

3.3.9 The above findings were referred to Government in Scheduled Tribes and Scheduled Castes Welfare Department (August 2002) and Urban Administration and Development Department (December 2002); replies had not been received.

CHAPTER-III : Civil Departments

SECTION B- AUDIT PARAGRAPHS

Forest Department

3.4 Unfruitful expenditure on overseas training under Madhya Pradesh Forestry Project

Overseas training to ineligible candidate/training during last year of the Project resulted in unfruitful/irregular expenditure

An overseas Training Plan for study of forest economics and management, geographical information system, fodder development, nursery management, tree improvement etc. was provided under the Madhya Pradesh Forestry World Bank aided project. As per training plan 135* officers were required to be trained up to March 1999. The selection of the officers for study tour was to be made out of the (i) officers working in the field of project; (ii) officers having at least 1 year service left after their return from study tour; (iii) officers on deputation whose services were to be utilised by the forest department after training abroad and (iv) by matching the responsibilities expected from the trainee after return with his previous experience, aptitude and capability.

A test-check of the records (July 2001 and February 2002) of Director of Madhya Pradesh Forestry Project revealed:

(i) The overseas trainees included, 2 Ministers, 3 IAS Officers and one Scientist, who were not eligible as per approved training plan under the project. Their services were also being utilised elsewhere. The expenditure of Rs.24.72 lakh incurred on their training was irregular.

(ii) An officer who was to retire within 10 months after return from training was not eligible as per condition of overseas Training Plan. The expenditure of Rs.6.22 lakh incurred on his training was irregular.

On this being pointed out (February 2002), the Project Director stated (February 2002) that the overseas training during 1999-2000 was pre-decided and overseas training programme (31 December 1999 to 18 January 2000) of 2 officers was approved (December 1999) by the Food and Agriculture Organisation New Delhi. The services of the retired officer who was given training were being utilised as consultant of the department. No reply was given regarding training to Ministers and IAS officers under the project.

* CCF: 14, CF:29, DFO:66, ACF:22 and RO:04

The matter was reported to the Government/Principal Chief Conservator of Forests (May 2002); their reply has not been received so far (February 2003).

3.5 Infructuous expenditure on raising and maintenance of plants in nurseries in excess of requirement

Infructuous expenditure of Rs.38.79 lakh incurred on raising/maintenance of plants remained unutilised in nurseries

Seedlings raised in polythene bags remain in good condition for an optimum period of 5 to 7 months. Thereafter the roots begin to circle around the bags resulting in stunted growth of plantation. Similarly, seedlings raised in beds and transplanted after an optimum period have a low survival rate due to damage to the roots, which go deeper into the soil.

Test-check of records of the Divisional Forest Officer, Capital Project Forest Division, Bhopal (January 2002) and further information collected (April 2003) revealed that-

(i) At Rajendra Nagar Nursery, 2.72 lakh plants were awaiting plantation in the beginning of 1997-98 and 2 lakh plants raised during the year. Out of these only 1.26 lakh plants could be utilised during the year leaving a balance of 3.46 lakh plants. No plants were utilised during the period 1998-2001. Thus there was no necessity for raising the plants during 1997-98. As a result Rs.29.75 lakh incurred on raising (2 lakh plants) and maintenance of (3.46 lakh) plants was infructuous.

(ii) Similarly in by-pass nursery 1.73 lakh plants were available in the beginning of 1998-99 and one lakh plants were raised during the year. Out of this only 1.11 lakh plants were utilised leaving a balance of 1.62 lakh plants at the end of the year. 7954 plants were shown as dead during 1999-2000. 1.73 lakh plants in stock were thus sufficient for the period 1998-2001 and there was no necessity for raising one-lakh new plants in 1998-99. Rs.9.04 lakh incurred on raising (one lakh) and maintenance of (1.54 lakh) plants was not justified.

The entire stock of 5 lakh seedlings lying un-utilised in nurseries for the last 3 to 4 years became unfit for plantation and expenditure of Rs.38.79 lakh incurred on its raising/maintenance became infructuous.

On this being pointed out in Audit, the Divisional Forest Officer stated (January 2002) that un-utilised plants would be used in future on receipt of scheme from the Government. The reply is not tenable, as the seedlings of 3 to 4 years old may not be fit for plantation.

The matter was reported to the Government/PCCF (March 2002); their reply had not been received (February 2003).

Housing and Environment Department

3.6 Undue financial assistance to Special Area Development Authority, Gwalior

Due to lack of monitoring by Director, Town and Country Planning, a loan of Rs. 1 crore advanced by State Government in May 1992 and interest/penal interest of Rs.1.36 crore were irregularly retained by SADA, Gwalior, for the last 10 years.

Government of India (GOI) sanctioned (March 1992) a loan of Rs. 1 crore for National Capital Region Counter-magnet Gwalior Town Development Fund. State Government also contributed its matching share and an advance of Rs. 2 crore was drawn (May 1992) from Contingency Fund of the State and was provided to Special Area Development Authority (SADA), Gwalior. The term of GOI loan was 10 years, repayable in 8 annual equal instalments commencing from 3rd year of the drawal. Interest at 10.75 per cent per annum on outstanding balance was payable from the first anniversary date of the drawal of the loan with penal interest of 2.75 per cent, in case of any default in repayment of the instalments of loan. Terms for repayment of State share of the loan and interest/penal interest thereon, were, however, prescribed by the State Government only in January 1994 and not at the time of sanction of the loan.

Test-check (August 2001) of the record of Director, Town and Country Planning (Director) and further information collected in July 2002 revealed that while recoveries towards the GOI loan were being effected, repayment of State share of loan of Rs.1 crore and payment of interest/penal interest thereon was not made by SADA.

Thus, while SADA had not repaid the instalments of State loan and interest thereon and unauthorisedly retained Rs.2.36 crore (principal: Rs.1 crore and interest/penal interest: Rs.1.36 crore) as of July 2002 even after completion of the entire term of the 10-year loan in May 2002, effective measures were not taken by the Director to recover the amount from SADA.

On this being pointed out in audit, the Director replied (July 2002) that recoveries were not effected from SADA due to non-receipt of the directions from State Government about repayment of State loan. The reply was not tenable as directions had already been issued by State Government to the Director eight years earlier.

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

Medical Education Department

3.7 Unfruitful expenditure on dispensaries functioning without doctors

In Mandla, Chhindwara and Khandwa, 35 Ayurvedic and 7 Homeopathic dispensaries were functioning without doctors leading to an unfruitful expenditure of Rs.1.32 crore on pay and allowances of other staff and rent of buildings

Ayurvedic and Homeopathic dispensaries were established between 1954 and 1991 to provide medical treatment to people living in rural and remote areas. According to the staffing pattern, one doctor with supporting staff of one compounder, one dawasaj and one part-time sweeper under the Minimum Needs Programme was to be provided in each of the dispensaries. A Dai was also sanctioned for each of the Ayurvedic dispensaries.

Test-check (September 2001, February 2002 and April 2002) of the records of the Superintendent-cum-District Ayurvedic Officers (DAOs), Mandla, Khandwa and Chhindwara, revealed that 35 Ayurvedic and 7 Homeopathic dispensaries^{L*} were functioning without doctors during the period July 1988 to April 2002 and treatment to patients was being provided by the compounder and Dai.

Not only the treatment given to patients by Compounders and Dais was unauthorised but expenditure of Rs.1.32 crore on pay and allowances, and rent of buildings during the period from April 1996 to June 2002 was also unfruitful.

The DAO's Mandla, Khandwa and Chhindwara confirmed (September 2001) the absence of doctors due to Government ban on appointments. The Director, Indian System of Medicines and Homeopathy, intimated in September 2002 that 146 posts of doctors (124 Ayurvedic and 22 Homeopathic) were vacant due to non-availability of eligible candidates under SC/ST categories. Director also added that due to financial crises in the State, Government had imposed a ban (January 2000) on fresh recruitment.

The matter was referred to Government in December 2001 and March 2002; reply had not been received (February 2003).

^{L*} Mandla:11 Ayurvedic and 3 Homeopathic; Khandwa:2 Ayurvedic and 1 Homeopathic and Chhindwara:22 Ayurvedic and 3 Homeopathic

Public Health and Family Welfare Department

3.8 Unauthorised expenditure on pay and allowances of staff in excess of sanctioned strength

Expenditure of Rs.82.58 lakh incurred on pay and allowances of staff in excess of sanctioned strength was unauthorised

Test-check (July 2000 and February 2002) of the records of Chief Medical and Health Officer (CMHO) Panna, and Civil Surgeons, Jabalpur and Shahdol, and further information collected (June-July 2002 and March 2003) revealed that the pay and allowances amounting to Rs.82.58 lakh were drawn (Panna:Rs.12.64 lakh, Jabalpur: Rs.48.34 lakh and Shahdol: Rs.21.60 lakh) and paid to 11 employees deployed in excess of the sanctioned strength during varying periods from April 1992 to March 2003, as detailed below.

Sl. No.	Post	Sanctioned strength	Persons-in-position	Excess staff	Pay and allowances		
					Period	Amount (Rs.)	
1.	2.	3.	4.	5.	6.	7.	8.
1.	C.M.H.O., Panna	District Leprosy Officer	0	1	1	April 1998 to January 2003	12,64,073
2.	Civil Surgeon, Jabalpur	Asstt. Surgeon	34	39	5	March 1999 to February 2003	37,13,844
		Sister Tutor	4	7	3	April 1999 to September 2002	11,20,570
4.	Civil Surgeon, Shahdol	Gynecologist	1	2	1	January 1995 to February 2003	14,56,671
		Surgeon	1	2	1	May 2000 to February 2003	7,03,083
	Total				11		82,58,241

Attributing the deployment of excess staff to the higher authorities/ Government, the CMHO/Civil Surgeons stated that the matter was taken up with the higher authorities to adjust/transfer the excess staff. It was further stated that salaries of the excess staff were drawn against the vacant posts in equivalent or higher cadres.

The deployment of excess staff over and above the sanctioned strength was in contravention of the rules and showed lack of monitoring and control at the level of cadre controlling officers and led to unauthorised expenditure of Rs.82.58 lakh.

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

Panchayat and Rural Development Department

3.9 Rural Housing Scheme -Indira Awas Yojana

3.9.1 Introduction

Indira Awas Yojana (IAY) was launched in 1985-86, as a component of the Rural Landless Employment Guarantee Programme (RLEGP), a Centrally sponsored wage employment programme fully funded by the Government of India (GOI), for providing houses to Scheduled Castes (SC) Scheduled Tribes (ST) and freed bonded labourers living below poverty line (BPL). It became an independent scheme with effect from 1st January 1996. The IAY, which was implemented, by DRDAs and Gram Panchayats in the State was ab-initio flawed as no survey was conducted for identification of beneficiaries. Sanitary latrines and smokeless chulhas were not provided in 50 and 62 per cent respectively of the 3.69 lakh houses claimed to have been completed. Forty-one (41) per cent houses were allotted in the names of male members alone. Funds for infrastructure development were not properly utilised and Rs.3.64 crore were diverted towards other items of expenditure. Utilisation certificates for Rs.41.03 crore were wanting in respect of 11 test-checked districts alone.

3.9.2 Financing pattern

The IAY cost was to be shared between the GOI and State Government in the ratio of 80:20 up to March 1999 and 75:25 thereafter. The Central assistance and also the share of State Government were released directly to Zilla Panchayats (ZP) in two equal instalments. The State Government was to release its share within one month of the release of Central assistance. The funds were to be kept by ZP in a scheduled bank in a separate savings bank account and were required to remit the funds to Gram Panchayats (GP) for further distribution to selected beneficiaries in three instalments as per norms fixed by GOI. The permissible assistance for construction of a new houses was Rs.20,000 per unit. From April 1999, 80 per cent of funds under IAY were to be utilised on construction of new houses and 20 per cent for upgradation of kutchha houses into semi-pucca/pucca houses at Rs.10,000 per unit.

During the period 1997-2002, Rs.637.26 crore were spent on new houses and Rs.59.93 crore on upgradation of old houses.

Diversion of funds to other schemes: Audit observed that ZPs, Jhabua and Ujjain, un-authorisedly diverted Rs.3.14 crore and Rs.20.70 lakh respectively to other schemes for periods ranging from one month to 35 months. This resulted in loss of interest for this scheme.

3.9.3 Programme implementation

Data on rural houseless not collected

3.9.3.1 Rural houseless not identified: The State Government did not conduct any survey to identify the houseless BPL persons living in the rural areas. Only survey in respect of BPL families was stated to have been conducted by the Department in 1997 and the number of houseless families was obtained from the 1991 Census. In absence of the survey, the targets were fixed by the ZP on the basis of the funds received.

3.9.3.2 Physical performance

Targets and achievements: The physical performance as intimated by Development Commissioner, was as under:

Year	Target	<i>(Number of houses)</i>	
		Achievement (Houses completed)	Houses in progress
1997-98	74154	101549	66498
1998-99	103652	102901	56431
<u>1999-2000</u> New houses	48976	77886	29707
Up gradation of old houses	24488	13698	10498
<u>2000-2001</u> New houses	38064	42328	16783
Up gradation of old houses	19034	19445	8263
<u>2001-2002</u> New houses	37537	44449	10777
Up gradation of old houses	18768	20513	5682
Total New houses	302383	369113	10777
Total Up gradation of old houses	62290	53656	5682

3,69,113 houses were constructed during 1997-2002. The total expenditure incurred on construction of one unit worked out to Rs.16990 assuming that Rs.10,000 were spent on each incomplete house. This was less than the norm of Rs.20,000 per new construction.

The following further points were noticed:

Sanitary latrines not provided in 50 per cent dwelling units

(a) Non-construction of sanitary latrines: The amount set apart for construction of latrines was Rs. 2300 per unit during 1997-99 and Rs. 2500 per unit thereafter. However, in the State as a whole, in 50 per cent cases, sanitary latrine were not constructed. Apparently in 1,84,553 houses sanitary

latrines were not constructed and perhaps this was the reason for the average cost per new construction being Rs 16,990.

Test-check in 11 districts too revealed that in 41752 out of 88756 houses (47 per cent) sanitary latrines were not constructed.

(b) Irregular payment of assistance meant for infrastructural development:- Rupees 2500 out of Rs.20000 per dwelling unit was meant for development of infrastructure like roads, water, sanitation etc. where houses were constructed in clusters. In other cases, the amount was to be paid to beneficiaries but only on completion of houses including construction of sanitary latrines and installation of smokeless chullah. However, the amount was paid in cash despite the failure of beneficiaries to construct sanitary latrines in their houses. For 184553 houses, the amount paid was Rs.45.89 crore.

The Development Commissioner / CEOs Zilla Panchayats, replied that the beneficiaries were not taking interest in construction of sanitary latrines. The reply was not acceptable as in that case there was no justification for release of such assistance.

(c) Diversion of infrastructure development funds:- Where the houses under IAY were not constructed in clusters, the amount allocated for development of infrastructure during 1996-98 was lying unutilised. The Government in Panchayat and Rural Development Department issued instructions in May 1998 that the amount could be utilised in the vicinity of Indira Awas on digging of tubewells and open wells and laying of pipelines for supply of drinking water, electrification in the Majras/Tolas and Paras, construction of Kharanja/drains in the Majras, Tolas and Paras of SCs/STs and construction of link roads from the central point of a village to the Majras/Tolas /Paras if not already linked.

Test-check revealed that Rs.3.64 crore set apart for development of infrastructure was diverted as detailed below :-

Sl. No.	Name of CEO	Items of irregular expenditure	Amount (Rupees in lakh)
1.	CEO, Zilla Panchayat, Guna	Construction of additional houses	131.54
2	CEO, Zilla Panchayat, Khandwa	Amount paid in cash to beneficiaries in June 1999*	101.15
3	CEO, Zilla Panchayat, Khandwa	Construction of chabutara	12.83
4	CEO, Zilla Panchayat, Jhabua	Supply of cattle kits, mosquito nets and water containers to beneficiaries	118.50
Total			364.02

* Instead of utilising the amount earmarked for infrastructure development on specified items of work upto 1997-98 CEO, Zilla Panchayat, Khandwa paid it to beneficiaries in cash.

Irregular payment of Rs.45.89 crore to beneficiaries

Infrastructure funds of Rs.3.64 crore diverted towards inadmissible items

This deprived the beneficiaries of the intended benefits of infrastructure development to that extent in their areas.

Outside agencies were involved in construction activities

(d) Involvement of contractors:- The beneficiaries were to be involved in the construction of the houses and were required to make their own arrangements for procurement of construction material. Contractors or middle-men were not to be involved. CEOs, Zilla Panchayat, Hoshangabad and Jabalpur, released Rs.1.70 crore during June-October 1999 respectively to an NGO, and PHE Division, Jabalpur. PHE in turn awarded the work to 5 private contractors during June to October 1999 for construction of sanitary latrines. As of March 2002, the PHE Division was yet to construct 3570 (out of 8228) latrines and was retaining an unspent balance of Rs.0.56 crore. On this being pointed out, the CEO, Zilla Panchayat, Jabalpur, replied that beneficiaries were not taking interest in construction of latrines.

Smokeless chulhas not provided in 62 per cent houses

(e) Non-installation of smokeless chulhas : Though as per the guidelines the dwelling units were also to be provided with smokeless chulhas, audit observed that in 2,29,305 out of 3,69,113 houses (62 per cent) smokeless chulhas were not installed. This omission too was attributed to lack of interest on the part of beneficiaries.

3.9.4 Programme performance

3.9.4.1 Irregular selection of beneficiaries for allotment of houses :- Sixty (60) per cent of the total allocation during a year was to be utilised for construction of houses for SC / ST and the balance 40 per cent was to be set apart for non-SC / ST beneficiaries.

In Janpad Panchayat, Ujjain, the entire assistance of Rs.20.40 lakh for the targetted construction of 102 houses was released to SC / ST beneficiaries, depriving 41 potential non-SC/ST beneficiaries of the benefits.

41 per cent houses allotted in the names of male members alone

3.9.4.2 Allotment of houses in the name of male members:- Test-check of the records of the Development Commissioner revealed that 1,09,331 out of 2,67,564 houses (41 per cent) were allotted in the names of male members alone, and not in the names of female members of the family or in the joint names of husband and wife, as required.

Development Commissioner stated (December 2001) that instructions in this regard were being re-iterated.

Wanting utilisation certificates for Rs.41.03 crore in 11 districts

3.9.4.3 Non-receipt of utilisation certificates: In the 11 test-checked ZP, utilisation certificates for Rs.41.03 crore representing 25 to 100 per cent of the funds released had not been received from the Gram Panchayats.

3.9.5 Other points of interest

3.9.5.1 Non-electrification of IAY areas: The ZPs of Jhabua and Jabalpur, sanctioned and paid during 1998-2000 Rs.1.53 crore and Rs.11.30 lakh respectively to Madhya Pradesh Electricity Board (MPEB) for electrification

in the streets where IAY houses were located. No reports on programme of work had been received or called for from MPEB as of February 2002.

**Inventory of
houses
constructed
not maintained**

3.9.5.2 Non-maintenance of inventory/ record of IAY houses: Test-check of the records of Janpad Panchayats revealed that complete inventory of houses indicating name of beneficiary, date of start of construction, completion of house, etc. had not been maintained in most of the blocks. Only a register was maintained which was also not found complete in most of the Janpad Panchayats. Further the month-wise records of financial and physical performance were not maintained by Janpad Panchayats. In the absence of this information, monthly progress reports furnished by the Janpad Panchayats to the ZP could not be said to be fully reliable.

The CEOs, Janpad Panchayats stated that such information was not furnished by the Gram Panchayats. The reply was not acceptable as the CEOs had themselves failed to call for or collect the data from the Gram Panchayats.

3.9.6 Monitoring and evaluation

No evaluation studies of the scheme were got conducted by State Government for any mid-course corrective measures. Even physical verification of houses was not conducted at the State, district or block levels. A schedule of inspections prescribing a minimum number of field visits per month by District Collectors (5), CEOs, Zilla Panchayats (5), CEOs Janpad Panchayats (10), BDOs/Development Extension Officers (15), and ADEOs (all incomplete houses under their jurisdiction) had been prescribed by State Government in August 2000. However, the quarterly reports about the inspections actually carried out were not furnished to the higher authorities though required, nor was any record maintained thereof.

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

Revenue Department

3.10 - Infructuous expenditure on pay and allowances of surplus staff

Government Press, Gwalior, incurred an infructuous expenditure of Rs.3.61 crore on pay and allowances of its surplus staff and also paid Rs.2.26 crore as overtime allowance, in spite of the availability of surplus staff. Government Press, Rewa, too incurred similar infructuous expenditure of Rs.42 lakh.

Consequent upon replacement of the manual (hand printing) system in Government Press by off set printing in 1995-96, the existing man power had largely become surplus.

(a) Test-check (January 2001 and March 2002), of the records of Deputy Controller (DC) Government Regional Press, Gwalior and further information collected from the Controller, Printing and Stationery (Controller), in September 2002 revealed that only 32 posts were justified after modernization against which 135 persons were working. The infructuous pay and allowance for the period April 1995 to February 2003 amounted to Rs.4.48 crore.

The Press also paid Rs.2.26 crore as overtime allowance during the period despite the availability of surplus staff.

The DC, Gwalior, stated (March 2002) that surplus staff was deployed on binding work. Reply was not tenable as 29 employees were working in binding section against 49 sanctioned posts, and the vacancy of 20 posts in binding section did not justify deployment of as many as 103 surplus employees.

Even assuming the contention of the DC to be correct, the infructuous expenditure would still work out to Rs.3.61 crore (on pro-rata basis for 83 employees). Further there was no justification for payment of overtime allowance to surplus employees.

(b) Government Press, Rewa, too had incurred similar infructuous expenditure of Rs.42 lakh as of February 2003 on 12 surplus staff with it.

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

3.11 Avoidable expenditure due to award of work at higher rate**Injudicious award of work at higher rate resulted in avoidable extra liability of Rs.1.92 crore.**

Tenders were invited (December 1999) by Commissioner, Land Records and Settlement (Commissioner) for aerial survey of 39866 sq. km. area in six districts. Out of four offers received, the lowest offer was rejected due to ambiguity in rates quoted. The second lowest tenderer, firm 'A' of Hyderabad, quoted a rate of Rs.692.08 per sq. km., with stage payments -25 per cent at the beginning, 25 per cent on completion of 25 per cent work, another 25 per cent on completion of 50 per cent work and balance on completion of whole work. The highest rate of Rs.1160 per sq. km. was quoted by firm 'B' of Calcutta.

The purchase committee rejected (March 2000) the offer of firm 'A' on the plea that the terms of payment were not suitable and the firm was not having its own resources for execution of the work. But in the case of firm B the committee without assessing the present capability of firm 'B' approved (March 2000) the highest rate quoted by it on the grounds of its past experience and deemed capability to execute the work on its own without engaging other agencies like National Remote Sensing Agency (NRSA), a Government of India enterprise.

The agreement entered into (April 2000) with firm 'B' provided, inter alia, that 75 per cent of the cost of the aerial photography would be paid as advance and the balance was payable on delivery of photographs. This in itself was not favourable as compared to the quotation of firm 'A'.

The work was to be completed in the ensuing flying season of October 2000 to May 2001. The agreement, however, did not provide for levy of any penalty for delay in completion of the work.

In accordance with the terms of the agreement, the Commissioner released an advance of Rs.1 crore to firm 'B' in April 2000. The firm however, failed to complete the work within the stipulated period, engaged NRSA contrary to its deemed capability, and sought a further advance of Rs.2 crore with the request for release of Rs.1 crore direct to NRSA. This was also complied with (April 2001) by the Commissioner.

The firm thereafter completed the survey of 39365.8 sq. km. in May 2002 as full and final execution of work.

Thus, award of the work to firm 'B' ignoring the lower rate of firm 'A' with payment terms conforming to progress of work, and without assessing the capability of firm 'B', not only resulted in an avoidable extra liability of Rs.1.92 crore (Rs.1160 per sq. km. - Rs.692 per sq. km. = Rs.468 X 39365.8 plus CST of Rs.0.08 crore) but was flawed *ab-initio*. Firm 'B' merely acted as a middleman as it engaged NRSA a Government of India agency to execute the work, and made profit. The failure to include a provision for levy of penalty amounted to further undue benefit to the firm.

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

CHAPTER IV

WORKS EXPENDITURE

SECTION A – AUDIT REVIEWS

SECTION B – AUDIT PARAGRAPHS

CHAPTER IV
SECTION A : AUDIT REVIEWS

Narmada Valley Development Department

4.1 Indira Sagar Project (canals)

4.1.1 Highlights

Indira Sagar Project (ISP) administratively approved in November 1990 with its updated cost of Rs.2167.67 crore (1988 price level) envisaged an annual irrigation of 1.69 lakh hectares (ha) and generation of 1000 Mega Watt (MW) of power. The construction of the project lagged far behind schedule due to non-release of funds; lack of planning and coordination, delay in acquisition of land, rehabilitation and resettlement (R&R) of project affected families (PAFs); and finalization of designs and fixing of agencies. After incurring an expenditure of Rs.1110 crore, dam and power house (Unit-I and III) were transferred (September 2000) to Narmada Hydroelectric Development Corporation (NHDC) Ltd. a Joint Venture of National Hydro Power Corporation (NHPC), an undertaking of Government of India and Government of Madhya Pradesh (GOMP).

Even after incurring Rs.283.41 crore, the construction of canal upto 81.59 km and irrigation of 36100 ha to be achieved by June 1999, was in progress as of July 2002.

(Paragraph 4.1.6.2)

Rs. 57.29 crore incurred by the Department on maintenance and establishment of Unit-I and III after their transfer to NHDC Ltd. was unwarranted.

(Paragraph 4.1.5.3)

Award of works on unrealistic estimates based on inadequate data resulted in extra cost of Rs.5.89 crore. Delays of 1 to 5 years resulted in avoidable escalation charges of Rs.70.91 lakh.

(Paragraph 4.1.6.2 (iii))

Design of cross-section of Punasa Tunnel was based on incorrect data and resulted in extra cost of Rs.2.18 crore and abnormal delay in completion led to avoidable payment of Rs.15.77 crore.

(Paragraph 4.1.7.1)

Unwarranted excavation of exit channel and canal with catch water drain profile led to wasteful expenditure of Rs.88.94 lakh. Rectification of over excavation of exit channel also resulted in extra cost of Rs.31.69 lakh.

(Paragraph 4.1.7.2 (ii) and (iii))

Separate provision for line drilling and pre-splitting & perimeter blasting in excavation of hard rock resulted in extra payment of Rs.47.26 lakh. Payment of Rs.23.38 lakh on doubtful work of chiselling and chipping for slope protection required investigation.

(Paragraph 4.1.7.2 (i) and (iv))

Incorrect adoption of escalation conditions resulted in excess payment of Rs.20.53 lakh to contractors. Rs.1.03 crore was paid to contractors for hard rock not stacked.

(Paragraph 4.1.7.3 (i) and 4.1.9.(ii))

Rs.7.89 crore was incurred on salary and allowances of idle staff.

(Paragraph 4.1.8)

4.1.2 Introduction

Indira Sagar Project (ISP) on Narmada River is the most important major multipurpose project, located near Punasa village in Khandwa district of Madhya Pradesh. It envisages construction of a concrete dam of 92 m high and 653 m long with live storage capacity of 9750 million cubic metres (7.9 MAF) of water, a power house with an installed capacity of 1000 MW (8 units of 125 MW each) and canal system (433 km including Punasa facility) to irrigate 1.23 lakh ha of Culturable Command Area (CCA) with a total annual irrigation of 1.69 lakh ha. The project also provides regulated release of 8.12 MAF water to Sardar Sarovar Project (SSP) in Gujarat after power generation at Omkareshwar and Maheshwar projects down stream.

The Project was cleared for investment by the Planning Commission in September 1989. The Administrative Approval for Rs.2167.67 crore (1988 price level) was accorded by GOMP in November 1990. The revised estimate for Rs.3496.79 crore (1994 price level) was not approved till the date of transfer of Unit-I and III to NHDC (August 2000).

The project was scheduled for completion in three phases by 2008-09. Although the project was accorded priority in VIII (1992-97) and IX (1997-2002) Five Year Plans, it was lagging far behind schedule and even the Phase-I (irrigation of 36,100 ha and generation of 250 MW power), scheduled for completion by June 1999, was not achieved as of July 2002.

The GOMP, after having incurred an expenditure of Rs.1110 crore on Unit-I and III transferred their construction from September 2000 to NHDC Ltd., a Joint Venture of NHPC and GOMP under a Memorandum of Understanding

(MOU) signed in May 2000. The Unit-II i.e. the canal system, which remained with the GOMP and its Phase-I up to 81.59 km of ISP main canal was in progress as of July 2002.

4.1.3 Organizational set up

Narmada Valley Development Authority (NVDA) has a Chairman, a Vice Chairman and four full time members (Engineering, Finance, Environment & Forest and Rehabilitation). The Authority is assisted by 5 Chief Engineers (CE), 8 Superintending Engineers (SE) and 25 divisions each headed by an Executive Engineer (EE).

4.1.4 Scope and extent of review

A review of ISP covering the period from 1997-2002 was conducted. As the works along with all relevant records of Unit-I and III were transferred to NHDC Ltd. from September 2000, the records of only 7 divisions executing the work of Unit-II were test checked and information/documents collected from NVDA and 4 CEs during February 2002 to July 2002.

The important points noticed during test check are discussed in the succeeding paragraphs.

4.1.5 Cost estimates and financial management

4.1.5.1 Cost estimates

The project report prepared in 1969 was modified in conformity with Narmada Water Dispute Tribunal (NWDT) Award (1979), in July 1982 with an estimated cost of Rs.920.90 crore. The project with revised cost of Rs.1392.85 crore at 1983 price level was administratively approved (September 1984) by GOMP. The revised estimates of Rs.2167.67 crore (December 1988 price level) were accorded administrative approval by the GOMP in November 1990. The project cost was further updated to Rs.3496.79 crore at 1994 prices, which has not been approved yet. Revisions were mainly due to increase in prices, inadequate provisions and new items of work.

4.1.5.2 Under utilization of funds

The budget provision, allotment and expenditure in the last five years was as under.

(Rupees in crore)				
Year	Budget provision	Allotment	Expenditure	Saving
1997-98	153.08	125.75	126.10	26.98
1998-99	154.66	154.66	134.80	19.86
1999-2000	156.30	153.21	148.13	8.17
2000-01	204.67	185.27	174.97	29.70
2001-02	137.66	135.79	109.81	27.85
Total	806.37	754.68	693.81	

(Figures are based on the information furnished by the NVDA).

Estimates went up by 280 per cent

Expenditure lagged behind due to slow progress of R&R work.

Though the actual allotment fell short of budget provisions, the expenditure lagged behind in all years due to slow progress of R&R work and ban imposed by the Government on payments.

The Budget provision and expenditure during last five years as per appropriation accounts was as under:

(Rupees in crore)

Year	Budget		Expenditure		Excess(+) Saving(-)		Percentage of Estt. Expr. w.r.t Works Expr.
	Estt.	Works	Estt.	Works	Estt.	Works	
1997-98	19.34	108.15	37.05	94.25	(+) 17.71	(-) 17.90	39.31
1998-99	24.74	120.81	37.16	96.52	(+) 12.42	(-) 24.29	38.50
1999-00	24.20	123.52	58.08	84.82	(+) 33.88	(-) 38.70	68.47
2000-01	26.08	152.70	27.39	134.54	(+) 1.31	(-) 18.16	20.36
2001-02	24.26	102.50	23.94	84.04	(-) 0.32	(-) 18.46	28.37
Total	118.62	607.68	183.62	494.17	(+) 65.00	(-) 113.51	
	726.30		677.79		(-) 48.51		

Rs.65 crore were unauthorisedly diverted to establishment from works

There were differences between the departmental and AG's figures, which indicate that the department did not reconcile the figures. The appropriation accounts also indicate that the funds of Rs.65 crore were unauthorisedly diverted to establishment from works.

The Government of India (GOI) sanctioned (1996-97) loan assistance under Accelerated Irrigation Benefits Programme (AIBP) as under.

(Rupees in crore)

Year	CLA sanctioned	Actual amount received
1996-97	50.00	37.50
1997-98	52.00	51.00
1998-99	75.00	37.50
1999-2000	40.00	40.00
2000-01	80.00	80.00
2001-02 (up to 9/2001)	23.00	23.00
Total	320.00	269.00

State Government's failure to contribute matching share led to non-release of Rs.51 crore by GOI

Shortfall of Rs.51 crore was due to failure of GOMP to provide matching contribution as per AIBP norms.

4.1.5.3 Unwarranted expenditure on maintenance of assets and establishment related to Unit-I and III

As per MOU, the Government/NVDA issued instructions (August 2000) to transfer entire assets, equipment and machinery to NHDC Ltd., by 31 August 2000, to avoid further expenditure on their maintenance.

Expenditure of Rs.57.29 crore on maintenance of transferred assets and establishment was unwarranted.

It was, however, seen in audit that an expenditure of Rs.36.06 crore was incurred on the maintenance of assets viz- hospital, schools, water supply system, buildings, roads, machinery, equipment etc and charged to Unit-I and III during September 2000 to March 2002. Besides, an expenditure of Rs.21.23 crore was also incurred on establishment under Unit-I and III upto March 2002.

This resulted in an unwarranted expenditure of Rs.57.29 crore which had not been transferred to NHDC Ltd. towards Equity as of July 2002.

In reply, the EEs stated that, despite repeated requests these assets had not been taken over by NHDC Ltd. The refusal on the part of NHDC Ltd. to take over these assets is apparently to escape the liability of incurring expenditure on social obligation and tantamount to violation of MOU.

4.1.6 Planning and Implementation

4.1.6.1 Dam and Power House

The work of construction of main dam and powerhouse was awarded to a contractor under two separate agreements at a cost of Rs.357.63 crore in May 1992 for completion by 2001. The work was badly delayed due to the failure of the Department to acquire land and R&R works (only 10026.44 ha was acquired against 44345 ha and only 430 out of 29967 project affected families were settled as of August 2000) and delay in tapping of financial resources. As a result the works of dam and powerhouse were transferred (September 2000) to NHDC Ltd after spending Rs.1110 crore.

4.1.6.2 Canal system

The Canal system comprises of "Punasa Facility", a 9.36 km long water conveyor system (Approach Channel-3.23 km, Tunnel-3.68 km and Exit Channel-2.45 km to carry water to the main canal), the Main Canal (248.65 km) and the Distribution System (175 km).

According to revised construction schedule, the canal system was planned to be completed in three phases as under.

Phase	Main canal Reach in km	Construction year	Cumulative area of irrigation in ha
I	Head to 81.59 km	1991-92 to June 1999	36100
II	81.59 to 206.28 km	1995-96 to 2004-05	82900
III	206.28 to 248.65 km and 0 to 83 km of Khargone Lift Canal	1999-2000 to 2008-09	123000

The Phase-I was still in progress as of July 2002 even after incurring an expenditure of Rs.283.41 crore. NHDC Ltd. has now planned to complete the dam by year 2005. Hence, the canal system should also be completed by that time. It was, therefore, proposed in 10th Five Year Plan (2002-07) to provide Rs.1740 crore for Unit-II canal. However, the State Planning Board proposed to provide an amount of Rs.1088.32 crore only and the present position indicates that even Phase-I would not be completed by 2005.

After spending Rs.1110 crore, the work of dam and powerhouse was transferred due to failure in tapping of financial resources.

Even after incurring Rs.283.41 crore construction of canal in phase-I was behind schedule.

No priority was given for construction of canal system

(i) Low priority

No priority was given to the canal system to synchronise its construction with dam and appurtenances. Most of the agencies for canal works were fixed during 1998-2002 and the progress of work of structures was negligible. The agencies for construction of main canal from RD 58.85 km to RD 79.52 km were fixed in April/May 2002 without acquisition of (private/forest) land¹. The agencies for distributaries except one were yet to be finalised (July 2002).

(ii) Extra cost on survey

As per the orders of the Government (August 1996), no work of survey was to be awarded on contract, and was to be done departmentally.

Contrary to the Government orders, survey work was outsourced at an extra cost of Rs.91.04 lakh.

Despite the Government orders, the Notice Inviting Tenders (NIT) with probable amount of contract Rs.1.47 crore for survey work of main canal and its distributaries beyond 80 km were floated in 6 groups by the CE, ISP (Canals), Sanawad during May to September 2002. 4 groups were awarded to two contractors at a cost of Rs.91.04 lakh and remaining were still (September 2002) under consideration despite 5 surplus divisions, which became available after transfer of Unit-I & III to NHDC.

(iii) Extra cost due to wide variation of strata and unauthorised payment

Awarding of work on unrealistic estimates based on inadequate data led to extra cost of Rs.5.89 crore.

(a) The scrutiny of records of three divisions (ND Division 10, 25 and 27) revealed that the works were awarded on unrealistic estimates of quantities based on inadequate data. As a result wide variation of strata and change of designs occurred which led to extra cost of Rs.5.89 crore (**Appendix XXV**).

Delays of 1 to 5 years resulted in avoidable payment of Rs.70.91 lakh.

(b) Moreover, due to delays attributable to Department, ranging between 1 year and 5 years, Rs.70.91 lakh was paid as escalation.

4.1.7 Financial Irregularities

4.1.7.1 Construction of Punasa Tunnel

Design of cross-section of Punasa Tunnel on incorrect data resulted in extra cost of Rs.1.26 crore.

(i) X-section of Tunnel (Clear way of 7.75m dia) was designed and approved (December 1994) by the Chief Engineer, ISP (Canals), Sanawad with 600 mm thick Reinforcement Cement Concrete (RCC) lining. Accordingly, the excavation of tunnel with 9.25m dia was done. But after the completion of excavation, the RCC lining of 600 mm was replaced (July 1999) by 350 mm plain cement concrete of same grade due to hard stable strata. This resulted in excess excavation and hence avoidable extra cost of Rs.1.26 crore².

¹ This has been further elaborated in para 4.1.7.3 (iii) *ibid*.

² Quantity of excess excavated strip of Tunnel

$$\begin{aligned} &= 0.8293 \{ (9.25)^2 - (7.75)^2 \} \times 3676 = 27437 \text{ cum.} \\ \text{Extra cost} &= 27437 \times 460.96 = \text{Rs. } 1,26,47,457 \end{aligned}$$

On this being pointed out, the EE stated (July 2002) that the revised lining of Tunnel was approved by the Chief Engineer after completion of excavation. The reply is not tenable, as the thickness of lining should have been decided only after proper validation of the survey data.

Sanction of higher rates for replaced plain cement concrete lining resulted in extra cost of Rs.91.67 lakh.

It was further seen that the contractor quoted the rate of Rs.1690.81 per cu m for M₂₀ MSA_{20 mm} grade RCC lining. But due to replacement of substantial (above 30 per cent) quantity of RCC into plain cement concrete lining of the same grade, the item of RCC and plain cement concrete became extra item in terms of agreement for which much higher rates of Rs.1941.13 and Rs.2046.76 per cu m respectively were sanctioned (June 2002) resulting in further extra cost of Rs.91.67 lakh excluding escalation.

(ii) As per agreement (5/1993-94), the work was to be completed by November 1997. But the contractor completed only 18.64 per cent work costing Rs.11.62 crore (excluding escalation of Rs.2.18 crore) against tendered cost of Rs.62.32 crore. The contractor did not accelerate the progress of work despite being served several notices by the EE. He was, however, granted five extensions of 67 months almost on the same grounds i.e. delays in handing over site, delay in supply of drawings and payments, unprecedented rains and monsoon, restriction of working area and change of RCC lining. Most of these were refuted by the EE while submitting the case for extension of time to the SE. The third extension (2 November 1999 to 1 November 2001) was granted (December 1999) by the SE by reserving the right to impose penalty but the fourth and fifth extensions (2 November 2001 to 30 June 2003) were granted (November 2001 and October 2002) under clause GC 50³ without regularizing the previous extensions. Although the scope of work was reduced from Rs.62.32 crore to Rs.42.32 crore, the contractor could execute work costing Rs.38.14 crore (excluding escalation Rs.17.46 crore) in 111 months (as of February 2003) against the target period of 48 months. The work was still in progress (March 2003).

Abnormal delay in completion of Punasa Tunnel led to avoidable payment of Rs.15.77 crore towards escalation and dewatering.

Thus, by camouflaging the delays attributable to the contractor and shifting the burden on to the Department, avoidable payment of Rs.15.28 crore was made as escalation charges.

The delay also resulted in an extra payment of Rs 49.46 lakh (excluding escalation) on account of dewatering for 856714 KWH during the extended period up to February 2003.

In reply the EE stated (July 2002) that the extension of time was granted under GC 50 by the SE after examination of delays, which were attributable to the Department. The reply is not tenable in view of duration of time extensions and reduction of quantum of work from the scope of agreement.

³ *Clause GC-50 of agreement provides for grant of extension of time to contractor on delays attributable to Government.*

4.1.7.2 Construction of Exit Channel

(i) Incorrect payment due to separate provision for line drilling and pre-splitting and perimeter blasting

The work of excavation of Exit Channel (7160m to 9360m) was awarded (July 1991) to two contractors at a cost of Rs.6.80 crore. Line drilling and pre-splitting and perimeter blasting are the most essential item of work for excavation and are essential in hard rock to maintain line, grade and level as per design. As such these items are not provided in Unified Schedule of Rates (USR) separately.

Separate provision for line drilling and pre-splitting & perimeter blasting for the hard rock excavation resulted in an extra payment of Rs 47.26 lakh.

It was, however, seen in audit that line drilling and pre-splitting and perimeter blasting with 50 mm dia hole in rock at specified interval were also provided for separately in G-Schedule of both the agreements. This resulted in extra payment of Rs.34.41 lakh to the contractors.

Similarly, Rs 12.85 lakh were also paid extra for the items of line drilling and pre-splitting and perimeter blasting in excavation of Approach Channel from RD 1760m to 2330 m.

On this being pointed out, the EE stated that line drilling and pre-splitting & perimeter blasting are normal items of work for achieving the required slope in hard rock and are beyond the scope of main item of excavation. The reply is not acceptable as these items are part of the process of blasting for excavation of hard rock to achieve the line, grade and levels, and should not have been paid as extra items.

(ii) Wasteful expenditure due to unwarranted excavation in excess of required profile of Exit Channel and Canal

Unwarranted excavation of exit channel and canal with catch water drain profile led to wasteful expenditure of Rs.88.94 lakh.

As the Exit Channel involved heavy cutting, the X-section of channel was designed with two berms of 2.5m each with catch water drain. However, after the excavations of channel with catch water drain profile, it was found that the catch water drains were not required. This resulted in wasteful expenditure of Rs.41.05 lakh excluding escalation.

Similarly, the excavation of main canal of ISP from RD 29.419 km to 31.019 km (Group-ME-8) with the profile of catch water drain at first berm (2.5 m) resulted in wasteful expenditure of Rs 47.89 lakh.

On this being pointed out, the EEs, ND Division No-25 and 10 stated that the excavation of channel/canal had been got done as per approved drawings. Later on it was decided to remove the drain being not suitable. The reply is not acceptable, as the decision of deletion of drains should have been taken at the initial stage, as the stratification of the site was known.

(iii) Extra cost due to over excavation of Exit Channel

As per the agreement, any over excavation beyond 150mm were to be back filled with approved materials from excavation or concrete as directed by the Engineer-in-charge at the expense of the contractor.

Rectification of over excavation resulted in extra cost of Rs.31.69 lakh.

Even after incurring the extra expenditure of Rs. 34.41 lakh on line drilling and pre-splitting & perimeter blasting in the excavation of exit channel, the berms and slopes of the channel were damaged to a large extent and the bed width increased by 0.5 m to 5.30 m beyond the designed width of 13m. This over excavation/breakage of rocks was rectified through another agency engaged (December 1998) for the work of shotcreting, which resulted in extra cost of Rs.31.69 lakh.

On this being pointed out, the EE stated that the work of shotcreting in these reaches was taken up after a lapse of 4-5 years after completion of excavation work during which side slopes and bed of channel deteriorated which ultimately converted into over excavation beyond designed section.

The reply is not acceptable, as the deterioration of hard rock strata to that extent is not possible but for careless blasting.

(iv) Inadmissible payment on account of chiselling and chipping of hard rock

As per USR (April 1998) the special item of chiselling and chipping is applicable only for foundation of dams and canal structures.

Payment of Rs.23.38 lakh on doubtful work of chiselling and chipping for slope protection

The work of slope protection (shot Crete) of Exit Channel (7160m to 9360m) was awarded (December 1998) with an item for removal of hard rock by chiselling and chipping etc upto a thickness not exceeding 150mm before shot Crete work. It was specially mentioned in the agreements that the silt and deposits would be removed by the contractor free of cost.

The work of excavation of exit channel (7160 M to 9360 M) was completed (1992-93 to 1994-95) through other agencies by adopting line drilling and pre-splitting & perimeter blasting to obtain smooth surface. Despite this, over breakage occurred. The entire area of over breakage was rectified (December 1998) by slope protection work. This work did not require chiselling and chipping.

It was however seen in Audit that chiselling and chipping was paid for. Neither any specific sanction as directed by the NVDA was found on record nor were the hard bushes actually removed as confirmed from the surface obtained after shot Crete, making the entire exercise doubtful. This resulted in an inadmissible payment of Rs.23.38 lakh (excluding escalation).

In reply the EE stated (July 2002) that the rock surface of channel deteriorated due to weather action and flooding of water as the excavation had been done 4-5 years earlier. The reply is not tenable in view of the reasons mentioned above besides the item was not applicable for old deposits.

4.1.7.3 Construction of main canal

(i) Excess payment on account of escalation

Incorrect adoption of escalation conditions resulted in excess payment of Rs.20.53 lakh to contractors.

The scrutiny of escalation bills of various contractors revealed that: (i) the value of work done was reckoned with reference to date of payment of bill instead of actual date of work done; (ii) amount of secured advance (75 per cent) was considered instead of cost of material (100 per cent) on which it was granted/recovered; (iii) cost of material issued to contractor was not deducted from the value of work done; (iv) amount of extra items was added to the value of work done; (v) indices for labour component of Bhopal city were considered instead of nearest Indore city; and (vi) base indices were taken incorrectly.

These irregularities resulted in an excess payment of Rs 20.53 lakh⁴ to various contractors under ND division No 10 & 27.

On being pointed out, the EEs agreed to recover the amounts after verification.

(ii) Advance payment lying undisbursed with Land Acquisition Officers (LAO)

Undisbursed payment of Rs.11.43 crore lying with the LAO.

Rs.11.70 crore had been advanced to LAO Khargone, Barwaha and Bhikangaon for acquisition of 383.284 ha private land. Out of this only Rs.26.62 lakh was paid to the landowners and remaining Rs.11.43 crore was (July 2002) lying undisbursed with the LAOs.

4.1.8 Personnel Management

Expenditure of Rs.7.89 crore on salary and allowances for the staff deployed without any work was unfruitful.

The MOU between GOMP and NHPC envisaged deployment of 30 per cent of the executive staff and 70 per cent of non-executive staff from NVDA, MPEB and other Departments of GOMP in the Joint Venture on deputation basis. Further the entire staff engaged in R&R work was to be taken over by NHDC Ltd. However, only a negligible number of executive staff was sent on deputation to NHDC Ltd. 2 CEs, 7 Circles, 22 Divisions and 70 Sub-Divisions, work charged establishment and daily wages working for Unit-I and III were deployed on Unit-II without any plan or work. Thus the entire establishment expenditure (salary and allowances), which was Rs.7.89 crore per annum proved nugatory as the manpower largely remained idle. Illustratively the ND Division No.9, Bir was redeployed with headquarters at Sanawad without assigning any work of main canal for more than a year (January 2001 to February 2002) resulting in an unfruitful expenditure of Rs.64.08 lakh.

⁴ ND Div No.10:- Agt. 5DL/2000-01-Rs.0.98 lakh, 2DL/2001-02-Rs.0.12, 2DL/1999-00-Rs.6.64 lakh
ND Div No.27:- Agt.5DL/2000-01-Rs.0.39 lakh, 31DL/2000-01-Rs.0.37, 1DL/2001-02-Rs.4.00,
21DL/98-99-Rs.8.03 lakh.

4.1.9 Other interesting points

(i) Laying of 150 mm dia GI pipe line for water supply from Narmada River to ISP Colonies

Execution of substandard work resulted in an avoidable recurring expenditure of Rs.1.18 lakh per annum.

Due to insufficient water supply to the ISP Colonies and Office complex of ISP at Sanawad, it was decided to lay 150 mm dia GI Pipe line from Narmada river to open well at ISP colony, Sanawad.

Accordingly the pipe line was designed by the EE, ND E&M Division, Sanawad, to lift 834 litre of water per minute (l/min) from Narmada river to departmental well, which was approved (February 2001) by the NVDA at a cost of Rs.28 lakh. After procurement of pipes at a cost of Rs. 24.15 lakh the work of laying of pipe line was awarded (July 2001) at a cost of Rs.3.65 lakh on item rate contract for completion within a month. The work was completed in November 2001 at a cost of Rs 3.57 lakh.

However, it was noticed that the actual yield of water at departmental well was only 200 l/min against designed output of 834 l/min. Even after repairing the pipe line, the adequate discharge of water could not be obtained. Hence the pipe line was cut to drop the water in a private well near Namokar Dham to be lifted up to departmental well by incurring additional monthly expenditure of Rs.9,800 (Rent of well Rs.4,800 and electricity charges Rs.5,000) from the date of completion of pipe line.

Thus the execution of substandard work resulted in an avoidable recurring expenditure of Rs. 1,17,600 per annum.

On this being pointed out, the EE admitted (May 2002) the facts and stated that action would be taken for rectification of pipe line.

(ii) Payment for work not done

Payment of Rs.1.03 crore was made to contractors for stacking, which was not done.

The work of excavation for construction of Punasa tunnel, Exit Channel, Approach Channel and different reaches of main canal of ISP were entrusted to various contractors during 1991-2002. The element of stacking of excavated hard rock was included in the item of excavation. Accordingly the contractors quoted their rates. However, it was seen in audit of ND division No. 10, 25 and 27 (May/July 2002) that the contractors dumped the excavated hard rock and there was no measurement etc. to show that these were stacked. This resulted in an excess payment of Rs.1.03 crore as detailed in **Appendix XXVI**.

Further scrutiny revealed that there was no action plan either for utilizing excavated hard rock or for disposing off by way of auction.

In reply, the EEs stated that the account of hard rock had been corrected in terms of USR and correspondence for its utilisation was in progress. The reply is not tenable, as the quantity of hard rock cannot be assessed in the absence of stack measurement.

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

PUBLIC WORKS DEPARTMENT

4.2 Integrated Audit of Public Works Department

4.2.1 Highlights

The Department had constructed 68105.6 km roads up to March 2002 and residential and non-residential buildings in a built up area of 117.54 lakh sq. m area upto March 1999. Only 28.02 per cent of the villages were connected with roads. The construction of State Highways (SH) and Major District Roads (MDR) upto March 2002 was only 54.88 and 38.37 per cent of the target. Inadequate survey and investigation, unrealistic estimation, delay in floating and acceptance of tenders, delay in land acquisition, inadequate issue of letter of credits (LOC) slow progress of work etc. contributed to the poor achievement.

Targets for construction of buildings were not fixed. However, only 829 of the 1811 buildings were completed and 611 were in progress involving cost overrun of Rs.126.45 crore.

(Paragraph 4.2.9.2)

Rs.17.19 crore was drawn in excess of LOC in 7 divisions and Rs.38.86 crore were kept in Civil Deposits to avoid lapse of allotment.

(Paragraph 4.2.7.2)

Rs.10.77 crore and Rs.49.15 crore per annum were being incurred on 2423 surplus staff and 20479 gangmen since August 2000. Rs.26.86 crore were paid to labourers employed after December 1988 in violation of Government order.

(Paragraph 4.2.8)

Inadequate survey and investigation led to extra cost of Rs.2.05 crore and cost overrun of Rs.6.17 crore on 12 roads.

(Paragraph 4.2.9.1 (iii))

Delay in taking penal action against defaulting contractor resulted in undue benefit of Rs.1.93 crore under Build, Operate and Transfer (BOT) Scheme.

(Paragraph 4.2.9.1 (iv))

Extra cost of Rs.6.56 crore were not recovered from defaulting contractors in 15 divisions.

(Paragraph 4.2.10 (i))

Acceptance of tenders at higher rates resulted in extra cost of Rs.7.04 crore under Dewas, Indore-I and Katni divisions.

(Paragraph 4.2.10 (ii) (b))

4.2.2 Introduction

The Public Works Department (PWD) is the principal agency of the Government of Madhya Pradesh (GOMP) for survey, design, construction, improvement, repair and maintenance of roads, bridges and government buildings.

The state had a total of 68105.60 km (57667.40 km metalled and 10438.20 km unmetalled) of road as of March 2002. The road density was only 18.7 km (metalled) and 3.4 km (unmetalled) per 100 sq. km against the all India average of 42.4 km and 32.5 km, respectively. The road length per 1 lakh population in the State was 117.7 km (metalled) and 21.7 km (unmetalled) as against the all India averages of 146 km and 112.2 km respectively.

PWD was responsible for maintenance of residential and non-residential buildings in a built up area of 117.54 lakh sq.m area as of March 1999.

4.2.3 Organizational set up

The Public Works Department (PWD) is headed by a Principal Secretary and a Secretary at Government level for policy and planning activities. The Engineer-in-Chief (E-in-C) is the professional advisor. He is assisted by Chief Engineer (CE) Planning and Budget, Chief Architect cum CE, Research, Design & Development (RDD), 5 Zonal CEs, CE National Highway (NH) and CE Bridges. There were 9 circle offices headed by Superintending Engineers (SE), 92 Divisions (82 Civil and 10 Electrical & Mechanical (E/M)) headed by Executive Engineers (EE) and 312 sub-divisions (264 Civil and 48 E/M) headed by Sub-Divisional Officers (SDO).

4.2.4 Scope and audit coverage

A test check of the records for the period from 1997-2002⁵ of the offices of the E-in-C, CE West Zone, Indore and 7 Divisions (Raisen, Guna, Rajgarh, Dewas, Ujjain, Ratlam and Katni) was conducted during December 2001 to May 2002. Information was also collected from other Departments/sources. The major findings of the review are given below.

⁵ *Wherever the word 'period' is referred to in the review, it indicates period from 1997-98 to 2001-02.*

71.98 per cent of the villages were not connected with road

4.2.5 Inadequate Planning

(i) The main objective of the IX Five Year Plan (1997-2002) was growth with social justice and equity and the major thrust was to link the villages for socio-economic upliftment. 51277 villages out of 70883 were not connected with road as of March 1997. Out of these only 385 villages were planned for connectivity and 258 were actually connected, raising the village connectivity marginally to 28.02 per cent i.e. a mere 0.36 per cent in five years.

(ii) According to Road Development Plan (RDP) for India (1981 to 2001) 14642 km SH and 28970 km MDR were to be constructed in the State by 2001. Further, it was necessary to have two lane pavement in at least 25 per cent of the SH, 5.5 m width pavement in 50 per cent and 100 per cent black topped with pavement structure suitably strengthened.

Inadequate planning led to poor achievement (54.88 and 38.37 per cent) in construction of the State Highways and Major District Roads

It was, however, seen that there was no proper plan to achieve these goals and only 8035.5 km (54.88 per cent) SH and 11114.5 km MDR (38.37 per cent) were available upto March 2002. Further, there was no change at all in the status of roads at the end of the plan period and it remained as it was in the beginning of IX Plan (April 1997) i.e. 8731.7 km of SH (8013.8 km black topped, 636.6 km water bound macadam (WBM) and 81.3 km unmetalled). Though 12 MDRs (1536.22 km) were declared (July 2001) as SH, neither their standard was raised nor were these removed from the list of MDRs.

4.2.6 Targets and achievements

Audit analysis of target and achievement for roads and bridges revealed the following.

Mismatch of physical and financial achievements in SC/ST predominant area

(i) Against the target of 53 major, 125 medium bridges, 3800 culverts and 1271 km roads under SC/ST predominant area, only 15 major (28.3 per cent), 56 medium bridges (44.8 per cent), 1000 culverts (26.32 per cent) and 527 km road (41.46 per cent) were constructed as of March 2002 at an expenditure of Rs.157.47 crore (72.43 per cent). The physical progress was not commensurate with the expenditure incurred.

Under NABARD the achievement was only 38.81 per cent (roads), 68.42 per cent (bridges).

(ii) 514 ongoing works (397 roads and 117 bridges) were taken up for completion out of interest bearing loan from National Bank for Agriculture and Rural Development (NABARD) under Rural Infrastructure Development Fund (RIDF) Schemes III to VII at an outlay of Rs.508.38 crore during 1997-2002 and targeted to be completed between March 2002 and March 2004. Out of 514 works, 344 works (268 roads and 76 bridges) approved at a cost of Rs.300.10 crore under RIDF Schemes III, IV and V and targeted to be completed by March 2002, only 156 works (45.33 per cent) (104 roads and 52 bridges) could be completed despite spending Rs.227.57 crore (75.81 per cent of Rs.300.10 crore) (March 2002). The physical progress of remaining 358 works (293 roads and 65 bridges) was between 50 to 80 per cent. The delay in completion of works was attributed to delay in finalisation of tenders, delay in land acquisition, inadequate issue of LOC and slow progress of works by contractors.

The mismatch between the physical progress and financial spending was mainly due to upward revision of estimates and higher tender rates.

4.2.7 Inadequate Financial Management

4.2.7.1 Budgeting and expenditure analysis

Allotment and expenditure during 1997-2002 intimated by the E-in-C⁶ was as under.

(Rupees in crore)

Year	Plan/Non-Plan (NP)	Provision	Allotment	Expenditure	Percentage	Excess	Saving	Percentage
1997-98	Non-plan	475.50	474.24	560.58	82	86.34	-	18
	Plan	176.68	159.26	126.42	18	-	32.84	21
	Total	652.18	633.50	687.00		86.34	32.84	
1998-99	Non-plan	459.26	458.95	498.44	80	39.49	-	9
	Plan	211.85	180.80	126.00	20	-	54.80	30
	Total	671.11	639.75	624.44		39.49	54.80	
1999-2000	Non-plan	467.34	308.04	330.29	74	22.25		7
	Plan	793.60	174.42	118.25	26	-	56.17	33
	Total	1260.94	482.46	448.54		22.25	56.17	
2000-01	Non-plan	389.70	323.96	312.43	67	-	11.53	35
	Plan	342.49	309.67	150.74	33	-	158.93	51
	Total	732.19	633.63	463.17		-	170.46	
2001-02	Non-plan	318.82	260.94	218.94	47		42.00	16
	Plan	498.64	450.93	244.81	53	-	206.12	46
	Total	817.46	711.87	463.75		-	248.12	

Decline in expenditure under non-plan was mainly due to reduction in work charged and daily wages staff.

The savings increased to 46 per cent in 2001-02 from 21 in 1997-98.

The decline in expenditure during 1998-2000 under Non Plan was mainly due to reduction in work charged and daily wages staff and less provision for asphaltting, renewal, widening and strengthening of roads. During 2001-02, it was due to bifurcation of staff strength on re-organisation of MP on 1 November 2000.

Though, allotment under plan was substantially increased to Rs.450.93 crore (2001-02) from Rs.159.26 crore in 1997-98, the department could utilise only Rs.244.81 crore in 2001-02 and the savings increased to 46 per cent in 2001-02 compared to 21 per cent in 1997-98 due to delay in land acquisition, delay in fixing of contract agencies, delay in finalising drawings and design as well as slow progress of works by contractor.

4.2.7.2 Financial control in the Department

(i) Government introduced Letter of Credit (LOC) system for cheque drawing officers in the State in 1976 to ensure control over expenditure.

⁶ Under Grant numbers 24, 42, 64, 67, 68, 76 and 58

Rs.17.19 crore was drawn in excess of LOC in 7 divisions.

It was, however, seen that Rs.17.19 crore was drawn in excess over LOC in seven divisions during 1999-2002 as the CEs failed to control the excess drawal of funds.

Security deposit of Rs.79.08 lakh was refunded out of LOC for NABARD works.

(ii) Although CEs were required to issue LOC work-wise, they issued it Head/Grant-wise resulting in unauthorized diversion of funds. For example the EE, Dewas refunded the security deposit of Rs.79.08 lakh to the contractors out of LOC of NABARD works during October 2001 to March 2002.

Rs.91.81 lakh was wrongly allocated and booked under maintenance and repair of roads.

(iii) E/M Division, Jabalpur spent Rs.91.81 lakh on other items during April 2001 to May 2002 from LOC wrongly allocated for and booked under maintenance and repair of roads.

Rs.38.86 crore were kept in Civil Deposit to avoid lapse of allotment.

(iv) Rs.26.76 crore unspent budget allotment were transferred to Civil Deposits during 1996-2001 to avoid lapse of Central assistance. Similarly, Rs.12.10 crore were also kept under the Civil Deposits by five divisions test-checked on the grounds of ban on payments after 15 March bypassing the LOC system.

4.2.7.3 Improper maintenance of registers

Rs.45.85 crore were outstanding for adjustment under MWA.

(i) Miscellaneous works advances (MWA)

Rs.45.85 crore were awaiting adjustments for 15 years or more under MWA as of March 2002.

Rs.103.88 crore remained unadjusted under MPSA, including Rs.66 crore outstanding AG's adjustment memos.

(ii) Material Purchase Suspense Accounts (MPSA)

Rs.103.88 crore remained unadjusted under MPSA as of March 2002 including Rs.66 crore outstanding AG's adjustment memos. The amount of outstanding AG's adjusting memos (Rs.4.72 crore) was more than the amount of MPSA (Rs.2.38 crore) in Raisen Division indicating incorrect position of the MPSA.

Rs.1.38 crore were incurred in excess of Deposit for works.

(iii) Deposit Register and Register of Deposit Works

Deposit Registers and Register of deposit works were not maintained properly. The register was also not being reviewed periodically by EEs and items lying unaffected for more than 3 years were not allowed to lapse to Government. It was seen during test check of 3 divisions that Rs.1.38 crore was incurred in excess of deposits received by un-authorisedly diverting the LOC of other works.

4.2.8 Manpower management

(i) Surplus staff

Government notified 614 surplus staff in June 1999.

With the introduction of 'District Government' from 1 April 1999, the Department was restructured and Government notified (June 1999) 614 persons as surplus and sanctioned 614 supernumerary posts.

Rs.10.77 crore per annum were being incurred on 2423 surplus staff since August 2000.

The GOMP further decided (February 2000) to down size the staff strength by 30 per cent and 1636 vacant posts were abolished. 3851 posts were declared supernumerary to be abolished on retirement of staff or promotion to next higher posts. 1428 posts would only be abolished by the year 2005 and 2423 post still remain surplus after 2005. Rs.10.77 crore per annum was being paid on this surplus staff.

The actual men-in-position and cadre wise details of surplus staff was not available with E-in-C. Further the deployment of staff was not proportionate to workload. The surplus staff was not transferred to the surplus cell from where they could be redeployed.

Rs.26.86 crore were paid to labourers employed after December 1988 in violation of Government order.

(ii) Incorrect deployment of daily wage staff

The Department informed that 4833 daily wage labourers were incorrectly employed after 31 December 1988 in violation of Government order to whom wages of Rs.26.86 crore were paid. The services of 4426 labourers were terminated as of June 2000 and 258 labourers were still being paid wages due to court injunctions. The Department did not furnish the particulars regarding action taken against the concerned officers and to recover the amount from them as directed (February 2000) by the Government in General Administration Department.

20479 gang men were being paid Rs.49.15 crore annually.

(iii) Ambiguous posts

22354 gang men were not borne on the regular establishment of the department, 1744 were retired after completion of 30 years of service or attaining 60 years of age and 131 were removed after being found medically unfit. 20479 gangmen were still on pay roll (December 1999) and they had filed writ petitions in different courts seeking various remedies admissible to persons in Government service. They were being paid Rs.49.15 crore annually.

4.2.9 Irregularities in execution

4.2.9.1 Roads and bridges

Incomplete construction of road resulted in unfruitful expenditure of Rs.58.89 lakh.

(i) Goras to Padon road (11.20 km) SH-23 in Guna district was sanctioned (November 1971) at an outlay of Rs.6.52 lakh. Scrutiny of records revealed that even after incurring expenditure of Rs.58.89 lakh as of January 2002 and lapse of 31 years, the road was incomplete due to heavy rock cutting of 300 metre in initial reaches. Further the expenditure of Rs.52.37 lakh incurred in excess over AA and TS was not regularized.

On this being pointed out, EE, PWD Division, Guna stated (January 2002) that due to non-availability of funds and high tender rates, work of rock cutting was not executed. Reply was not tenable, as road had no connectivity due to incomplete rock cutting in initial reaches and the expenditure of Rs.58.89 lakh remained unfruitful.

Abandoning of work due to non-availability of land led to infructuous expenditure of Rs.8.47 lakh.

Inadequate survey and investigation led to extra cost of Rs.2.05 crore and cost overrun of Rs.6.17 crore.

Delay in taking penal action against the defaulting contractor resulted in undue benefit of Rs.1.93 crore.

Only Rs.37.93 crore were spent against allotment of Rs.102.88 crore.

Non-submission of utilization certificates led to short release of Rs.84.44 crore.

(ii) Completion of Aron Raghogarh via Budhoria road (3 km) was sanctioned (July 1997) under NABARD assistance (RIDF-III scheme) at a cost of Rs.27.30 lakh. The work was abandoned (October 2001) after incurring Rs.8.47 lakh due to non-availability of land.

(iii) Test check of records regarding 12 roads under construction with NABARD assistance (RIDF III to VII) revealed that in 4 cases provision (Rs.0.98 crore) for land acquisition was inadequate; in 12 roads, the quantity of sub-grade 165761 cum costing Rs.0.42 crore was increased; in 7 roads quantity of sub-base was increased by 23988 cum costing Rs.0.37 crore and in 8 roads the quantity of WBM consolidation was increased by 8453 cum involving Rs.0.28 crore. Thus inadequate survey and investigations led to extra cost of Rs.2.05 crore besides inordinate delay and cost over run of Rs.6.17 crore in three roads (Bada Barkheda Rs.0.62 crore, Mangrol Bagalwada Rs.3.08 crore and Kanta Phod-Punjabpura Rs.2.47 crore).

(iv) The reconstruction of 2 medium bridges, 10 culverts, renewal and maintenance of Jaora-Ratlam-Badnagar Lebad roads and Ratlam bypass road (130.4 km) was awarded to a contractor under BOT scheme by EE PWD, Division Ratlam in April 1999 to be completed in five years. The cost of the work estimated at Rs.18.99 crore was to be borne by the contractor, against which he was given the right to collect toll tax at specified rates for a period of 3147 days starting from the date of completion of the initial work.

Against the anticipated investment of Rs.5.57 crore the contractor executed work costing Rs.4.82 crore only as of January 2002 and collected toll tax of Rs.6.75 crore. The work too was grossly sub-standard as pointed out by CTE(V) and Collectors Ratlam and Dhar. However, no action was taken by EE and CE before 1 January 2002 when the right to toll collection was cancelled by the EE without rescinding the contract. The work stood suspended since January 2002.

This resulted in undue benefit of Rs.1.93 crore to the contractor (1 January 2002) in toll tax collection over and above the contractor's investment in road construction.

(v) *State sector Road Development programme from the Central Road Fund*

The GOI, Ministry of Road Transport and Highway (MORT&H) under Central Road Fund (CRF) approved 52 works (1196.7 km) at an outlay of Rs.181 crore between May 1999 and December 2001. Only Rs.37.93 crore were spent against the allotment of Rs.102.88 crore as of March 2002 on 52 works (2 completed) due to delay in fixing the agencies and slow progress by them.

As the GOMP failed to furnish utilization certificates, only Rs.29.98 crore against Rs.114.42 crore was released to the State by GOI during 2000-02.

9 village roads costing Rs.12.93 crore were incorrectly approved under CRF.

Ongoing work of a village road with an expenditure of Rs.2.59 crore was incorrectly included under CRF in 3 parts at a cost of Rs.20.82 crore.

Bandhi-Jhiri village road was incorrectly taken up at a cost of Rs.3.76 crore under CRF without forest clearance.

(a) Incorrect selection of village roads under CRF

The guidelines for selection of roads to be financed from CRF stipulated that rural roads were not to be included in the programme as the funds for these roads were being provided under the "Pradhan Mantri Gramin Sadak Yojna" (PMGSY). However, 9 village roads (141.26 km) estimated to cost Rs.12.93 crore were identified and got approved under CRF.

Similarly, another village road i.e. Batera-Bamhori-Silwani-Sultanganj road (66.50 km) in Raisen district already in progress under another scheme (MNP) from 1979-80 on which Rs.2.59 crore were spent (November 2001) was incorrectly got approved (January 2001) under CRF at an outlay of Rs.20.82 crore. The progress was very slow and also left a gap of 7 km, which was constructed, only in earthwork.

On this being pointed out in audit, EE, PWD Division, Raisen stated (January 2002) that earlier work in MNP was totally stopped when the new work was sanctioned under CRF. He further stated that the missing link was due to non-approval of patch by Government and assured that it would be got included in supplementary estimates.

The reply was not tenable as the road should not have been taken up for construction under any other scheme when selected for CRF fund in accordance with the guidelines for selection of road under CRF.

(b) Construction of roads without Forest clearance

(i) Forest conservation Act 1980, lays down that no work in the forestland was to be carried out without prior forest clearance of GOI. It was, however seen that the administrative approval was accorded (January 2001) for construction of Bandhi Jhiri road (25 km), by the GOI, MORT&H at an outlay of Rs.3.76 crore under CRF to be completed by March 2003. The GOMP, Forest Department (June 1988) and Chief Forest Conservator permitted (June 2001) construction of road subject to certain conditions including retention of right over the road.

Further, though the sanctioned estimate was for metalled road in a width of 5.50 metres in the existing trekking road, it was restricted to a width of 3.5 metres only. The work was completed in February 2003 at a cost of Rs.3.85 crore. Not only its selection under CRF was wrong but unauthorised construction without forest clearance from GOI was not correct.

(ii) Another village road, Kantaphod-Punjabura road (21 km) was approved at a cost of Rs.2.08 crore by NABARD under RIDF-V scheme to be completed by March 2002 remained incomplete even after spending Rs.2.49 crore as of January 2003. It also passes through dense reserved forest area (km 7 to 22).

On this being pointed out, the EE stated (May 2002) that work was sanctioned by GOI and tenders were accepted by GOMP, as such selection of road cannot be challenged at this stage.

The reply was not tenable as the road connects two villages in the rural area through dense forest and was constructed without forest clearance. Further, GOI sanction was contrary to their own guidelines.

(vi) Sluggish progress under State roads/bridges of Inter State or Economic Importance

GOI, MORT&H provided cent per cent financial assistance upto the approved cost for roads selected under Inter State scheme and 50 per cent for roads/bridges under schemes of economic importance. The State Government was to send 2 or 3 proposals in order of priority under the above said programme in accordance with the guidelines within the stipulated time for consideration.

None of the 17 proposals for Rs.238.79 crore was approved due to late submission of proposals

(a) 17 proposals of roads (1189.30 km) at an outlay of Rs.238.79 crore were submitted to GOI for sanction between November 1997 and November 2001 after the due dates (30 April) without following the guidelines, which were not approved.

Detailed estimated and designs were awaited for the work agreed for Rs.10.40 crore

(b) GOI agreed (September 2001) for widening and strengthening of Satna Chitrakoot road at a cost of Rs.10.40 crore under cent percent finance scheme. However, detailed estimate and designs were still awaited (June 2002) from CE, PWD, Rewa (E-in-C May 2002). Resultantly only Rs.11.63 crore (42.37 per cent) out of Rs.27.45 crore allotted by GOI were spent as the Department failed to mobilize all available resources.

4.2.9.2 Buildings

Targets were not fixed for completion of buildings.

Targets were not fixed for completion of buildings while according administrative approval (AA) by the Government. Out of 1811 buildings approved during 1994-2001 to be constructed on behalf of different departments at a cost of Rs.264.80 crore, only 829 were completed at a cost of Rs.245.34 crore as of March 2002. 611 buildings were in progress and construction of 371 was not even started. Department assessed a real cost of Rs.391.25 crore for completion of all the buildings resulting in a cost overrun of Rs.126.45 crore.

Further analysis revealed the following:

64 buildings of Education Department were not started for want of site selection.

(i)(a) Construction of 64 buildings of Education Department sanctioned upto August 1998 was not started for want of land, revised sanction and shortage of funds. 197 buildings were incomplete due to poor progress of work by contractors, delay in handing over work sites, layout, drawing and design and delayed payments.

(b) Un-authorized expenditure of Rs.11 lakh was incurred on construction of Girls Degree College and Hostel building at Dhar without Administrative Approval (AA) on a private land.

(c) Construction of hostel building for SC students, Ujjain sanctioned (5 June 1995) for Rs.54.90 lakh was yet to start (May 2002) for want of site.

Work of the College was suspended for want of funds after incurring Rs.43.94 lakh

(d) Construction of Degree College building, Narsinghgarh was sanctioned (May 1995) for Rs.76.80 lakh and the work was awarded (1996-97) for completion within 24 months. The work on which Rs.43.94 lakh were spent till March 2002 remained incomplete for want of funds.

56 buildings of Health Department were not started due to non-availability of land and drawings.

Sanction of Rs.85.47 lakh for 3 existing buildings and 2 under submergence area was irregular.

Work was awarded against lapsed sanctioned of Rs.16.66 lakh.

28 sub-jails were not functional since 1990 due to non-completion of allied works.

Only 40 per cent of the funds allotted were spent, due to delay in supply of drawings and slow progress of work by contractor.

The building costing Rs.1.39 crore was not functional for want of approach road and water supply.

(ii)(a) Construction of 56 buildings of Health Department sanctioned upto August 1998 at a cost of Rs.14.75 crore were not started due to non-availability of land and drawings. Instead of upgradation of existing Public Health Center (PHC) buildings to 30 bedded community centre buildings, process of fresh construction was initiated at 20 new sites without revised sanction leading to revision in cost to Rs.7.04 crore from Rs.2.87 crore.

(b) Sanctions for construction of PHC buildings at Bijawar (Chhatarpur), Sonkatch (Dewas) and Aron (Guna) at cost of Rs.26.28 lakh, Rs.14.54 lakh and Rs.14.54 lakh were granted though the buildings already existed.

Similarly, construction of PHC buildings at Harsood (Khandwa) and Nisarpur (Dhar) was sanctioned in March 1995 and April 1998 respectively though the buildings came under areas of submergence of Indira Sagar Project. However, construction has not yet started.

(c) As per rules sanction stands lapsed after 3 years. However, the work of PHC building at Piploda (Ratlam), though sanctioned on 17 July 1994 at a cost of Rs.16.66 lakh, was awarded on 17 August 1998.

(iii) With an objective to provide a jail building for every court at Tehsil level and to reduce the crowd in existing jails, 70 sub jail buildings were constructed. Out of these 70 completed sub-jails, 28 (40 per cent) constructed at a cost of Rs.10.87 crore were not functional since 1990 due to non-completion of allied works viz. water supply arrangements, electrical fittings, approach road etc. As per the latest estimates (1999-2000) Rs.3.22 crore was further required to make them functional.

(iv) Construction of Collectorate building at Rajgarh was approved in September 1997 at a cost of Rs.1.92 crore. Technical sanction of Rs.2.11 crore was accorded (July 1999) without drawing and design. The work was entrusted (January 2000) to contractor 'A' by the EE, PWD Division, Rajgarh for completion within 24 months. Only Rs.84.49 lakh (40 per cent) were spent till February 2003 out of the allotment of Rs.2.12 crore.

(v) *Building works under 11th Finance Commission*

(a) The Collectorate building at Katni was to be constructed (February 2000) on a plinth area of 3050 sq. m at a cost of Rs.1.25 crore. Subsequently, the plinth area was restricted to 2500 sq. m to keep the expenditure within the sanctioned cost. Though the building has been completed and the expenditure had already exceeded by Rs.14 lakh, the building was not functional (April 2002) for want of approach road and water supply.

Rs.6.64 crore was kept under Civil Deposits as drawings and designs were not prepared.

(b) The allotment of Rs.6.64 crore provided in 2000-2001 for up gradation of 11 Diagnostic Centres under 11th Finance Commission, was drawn and credited to Civil Deposits and remained unutilized as the drawings and designs were not prepared by EEs in consultation with the Chief Medical Officer.

Extra cost of Rs.6.56 crore were not recovered from defaulting contractors.

4.2.10 Contract Management

(i) Non-recovery of extra cost from defaulting contractors

In 15 divisions Rs.5.85 crore remained unrecovered from defaulting contractors as of March 2002 though revenue recovery certificates (RRCs) were issued. In 41 other cases, no steps were taken to realize Rs.70.91 lakh. Also no action to cancel the registration of defaulting contractors was taken.

(ii) Extra cost due to delayed acceptance of tender and at higher rates

Acceptance of tender after validity resulted in extra cost of Rs.14 lakh.

(a) Tenders received for construction of high level bridge across Anas river in km 10/4 of Jhabua Meghnagar road were valid till 16 August 2000. Government accepted the lowest offer for Rs.1.14 crore only on 17 August 2000; the contractor refused the acceptance of tender.

Fresh tenders were invited (November 2000) and the offer of contractor 'A' was accepted (June 2001) at Rs.1.28 crore, resulting in extra cost of Rs.14 lakh.

Acceptance of tenders at higher rates resulted in extra cost of Rs.7.04 crore.

(b) Test check of records disclosed that in five cases in Dewas, Indore-I and Katni divisions tenders were accepted at much higher rate of 1.70 per cent to 33.31 per cent above the then prevailing trend (of 1.71 per cent below to 7.77 per cent above) resulting in extra cost of Rs.7.04 crore.

(iii) Excess payment to contractor

Excess payment of Rs.26.10 lakh to contractor in violation of quality parameters.

While black topping Gopalpur-Gorakhpur Chada village roads from km 1 to 41 in Dindori (Mandla) contractors were paid for open graded premix carpet (OGPC) for an average thickness of 25 mm against 20 mm thick as per MORT&H specifications. Thus excess execution of 529.73 cum of OGPC was unwarranted and resulted in excess payment of Rs.14.51 lakh.

Similarly tack coat over the WBM road surface @ 10 kg bitumen per 10 sqm was laid against the specification of 3.5 to 4 kg bitumen. This resulted in excess payment of Rs.11.59 lakh.

The EE PWD Division, Dindori stated in reply that the items executed were as per site condition of the road. The reply was not tenable as the items of work were in violation of quality parameters.

Loss due to inadmissible payment of Rs.13.53 lakh on repair of substandard work of Rs.1.39 crore.

(iv) Execution of sub-standard work in renewal of road

The work of black topping (BT) National Highway⁷ 7 (NH-7) was awarded between April 1998 and May 1999 under 5 agreements to a contractor for Rs.1.11 crore for completion within 1 to 4 months. As per the contract, if any damage or imperfection was noticed during execution within six months of the completion of work, the contractor had to make good the same at his own expense. The contractor completed the work between December 1998 and December 1999 and was paid Rs.1.39 crore between January 1999 and January 2001.

It was seen in audit that though some instances of sub-standard work had come to notice in June 1998 and October 1999, the department got a part of the road⁸ repaired through the same contractor under 3 separate agreements and paid (June, July 2000 and February 2001) Rs.13.53 lakh. Besides, a sum of Rs.0.33 lakh was also spent in collecting different sizes of metal for repair of road.

On being pointed out, EE stated (September 2000) that due to heavy rain in 1999; some potholes had developed as the reaches were in water-logged areas. Thus patch repair work had to be taken up.

The reply was not acceptable, as substandard work had come to the notice of Department in the very first year of the work against the expected life of five years.

(v) Fraudulent award of work and avoidable extra cost

Extra cost of Rs.7.51 lakh and fraudulent payment to contractor.

The work of supply and fixing of 310 metres mild steel (MS) railing girders on the bridge across Sher river was awarded (25 September 1998) to contractor 'A' and completed in October 1998.

Tenders for similar works for 408 metres on Shakkar river bridge from km 133/4 to 133/6 Kareli side and km 133/8 to 133/10 Gadarwara side were floated (23 September 1998) without technical sanction to be opened on 15 October 1998. Work orders were issued to contractor 'A' on 14 October 1998 i.e. one day before opening of tenders at the same rate.

Again, an insertion regarding these works was included in the minutes of the purchase committee meeting held on 21 September 1998 for the work of Sher river i.e. even before the floating of tenders. The payments were received (May - June 2000) by another tenderer 'B' whose offers were rejected. Thus award of work was fraudulent.

It was further revealed that payment for 718 metres M.S. railing girders was made at the rate of Rs.1728 per metre as against the rate of Rs.682 per metre as per schedule of rate of road works (May 2000). Thus Rs.7.51 lakh was paid extra.

⁷ km 581/4,6, 584, 585, 587/8-10, 588/2,4,8, 589/8,10, 590, 591, 594, 595, 601 to 607 and 625 to 630

⁸ km 587/8,10; 588 to 591 and 627 to 630

The Government intimated (June 2002) that the case was under investigation with State Economic Offence Wing. Further developments were awaited.

Acceptance of tender without evaluating component-wise trend of prevailing rates resulted in extra cost of Rs.29.38 lakh

(vi) Extra cost due to award of work at higher rates

Three works of widening and strengthening by water bound macadam (WBM) and renewal by bituminous topping (BT) of two roads viz. Rehli - Gourjhamer and Sagar - Damoh were awarded by Executive Engineer (EE), Public Works Division-I, Sagar to three contractors on percentage rate tenders.

The work on these roads involved execution of two distinct components viz. (i) WBM consolidation works, for which the prevailing trend of rates in the same Division during the same period (1999-2000) ranged only from 19.95 per cent to 38 per cent above SOR-1992 and (ii) BT renewal, for which it ranged from 87 percent to 89.90 percent above SOR.

Audit scrutiny, however, revealed (August 2001) that tenders were invited for both items of work viz. WBM and BT and awarded to three contractors at tender percentages ranging from 88.50 percent to 94.51 percent above SOR applicable for BT renewal. Thus acceptance of tenders at rates prevailing for BT works, and ignoring the tender rates prevailing for WBM resulted in extra cost of Rs.29.38 lakh.

On being pointed out in audit (August 2001), the Executive Engineer stated that tender rates depended not only on prevailing trends but also on site conditions and availability of construction material.

The reply was not tenable, as the trend in rates in the same division where site conditions would be comparable was not applied. Also the department itself had projected the anticipated tender percentage of WBM and BT component as 40 and 80 per cent respectively above SOR in the estimate.

Escalation of Rs. 32.02 lakh was paid to the contractors in violation of the agreements.

(vii) Inadmissible payment of escalation charges to contractors

The construction of Jabalpur by-pass on National Highway (NH)-7 from 7768 to 16600 m was awarded (April 1994) by Executive Engineer (EE) NH Division, Jabalpur to a contractor for Rs.5.75 crore for completion within 36 months. The contractor was paid (February 2001) Rs.7.29 crore including Rs.1.44 crore on account of price variation (escalation). Though the work was completed in December 2001, the final bill was pending because of non-submission of bill by the contractor.

According to special conditions of contract, escalation charges were payable if extension of time is granted without imposition of any penalty under clause 2 (penal clause).

It was, however, seen in audit that extension of time from 16th May 1999 to 31st December 2001 was granted with imposition of penalty of Rs.0.25 lakh under clause 2 of contract, hence escalation payment of Rs.32.02 lakh was inadmissible.

On this being pointed out, EE stated that the escalation was paid because the time extension was granted by competent authority (SE). The reply was not tenable in view of the penalty levied under clause 2 of contract.

4.2.11 Store Management

(a) Avoidable extra cost in purchase of modified bitumen-55

Purchase of costlier bitumen resulted in extra cost of Rs.63.30 lakh.

1570 MT Crumb rubber modified bitumen (CRMB) was purchased (2001-2002) which was techno-economically less suitable. It was costlier by Rs.4032 per MT than the 80/100 grade bitumen. This resulted in extra cost of Rs.63.30 lakh.

Stores worth Rs.4.24 crore were transferred to other divisions/departments without recovering the cost.

(b) Irregular transfer of stores without recovering cost of material in advance

Test check of records of 8 divisions revealed that store articles worth Rs.4.24 crore were transferred to other divisions/departments without recovering the cost of material in advance and the amounts were lying un-adjusted under MWA and no action was taken either to stop the practice or to recover the cost of store/cash transferred. There is scope for fraud in such transaction due to delay in settlements.

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

SECTION-B AUDIT PARAGRAPHS

NARMADA VALLEY DEVELOPMENT DEPARTMENT

4.3 Non-recovery of advances and extra cost

Delayed action of EE led to non-recovery of Government dues of Rs.8.79 crore.

The balance work of overflow masonry dam from RD 535 to 696 meters of Man Project, left by M/s "A" was awarded to M/s "B" (December 1996) at a cost of Rs.13.05 crore. M/s "B" executed work of only Rs.68.41 lakh and remaining work was withdrawn (May 1998) at his risk and cost. Balance work for Rs.12.36 crore was awarded to M/s "C" for Rs.18.36 crore in January 1999 and was paid Rs.20.75 crore upto January 2003.

Machinery and mobilisation advances with interest of Rs.2.16 crore and extra cost of Rs.5.99 crore were recoverable from M/s "B". Recoveries of Rs.1.22 crore on three other contracts were also outstanding against M/s 'B'. Against these, plant and machinery valued at Rs.1.21 crore were seized (May 1998) and were auctioned for Rs.58.21 lakh in August 2000.

Though EE belatedly requested (January 2002) the Collector, Dhar to issue revised revenue recovery certificate (RRC) for Rs.8.79 crore against M/s 'B', the Collector Dhar forwarded the revised RRC to the Collector Agra only in January 2003. As a result no recovery had been effected (April 2003). Thus delayed action of the EE resulted in non-recovery of Rs.8.79 crore.

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

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.4 Blocking of capital on water pipes purchased much before the commencement of the project

Injudicious procurement of material much in advance resulted in blocking of capital of Rs.44.05 lakh

The Government of India technically approved (August 1996) the Multai Water Supply (augmentation) Scheme for Rs.6.59 crore, subject to availability of water to the extent of 95 per cent of projected requirement. The scheme aimed at providing 7 MLD safe drinking water to an anticipated population of 47,000 by the year 2030. The water for the scheme was proposed to be drawn from an earthen dam to be constructed across Thawariya nullah. This nullah,

however, is a non-perennial one and the flow of water ceases completely during January to June every year. Yet the Government accorded Administrative Approval for Rs.5.75 crore in July 1998. The techno-feasibility studies of the dam site and drawing/design for the dam were completed in August 2002.

The department procured (February 1999 to June 2000) AC and CI pipes costing Rs.44.05 lakh for implementation of the the scheme even before the design of the dam was approved. The material was issued to work and was still lying unused at site.

On being pointed out, the EE replied (January 2002) that the material was purchased to ensure utilisation of available funds and also to ensure completion of the scheme within the stipulated period.

The reply is not tenable as the procurement of material 2-3 years before commencement of project was unnecessary.

The matter was reported to Government in December 2001; reply was awaited (April 2003).

4.5 Unfruitful investment on unviable water supply scheme

Execution of unviable water supply scheme without the approval of the Government of India resulted in unfruitful expenditure of Rs.30.92 crore.

The Government of Madhya Pradesh (GOMP) accorded administrative approval for Rs.49.03 crore for water supply scheme for 34 villages, sanitary dug wells for 37 villages and hand pumps for 150 villages in April 1998. The expenditure was to be shared between GOI and GOMP in the ratio of 75:25.

As the project was being implemented, the E-in-C approved Hathni River as an alternative source in June 2000. This was not considered earlier as a dependable source, being non-perennial. Further, the water supply project on river Hathni was designed only for 10 years against the prescribed period of 30 years. The capacity of intake structure was also reduced to 2 MLD as against 4.5 MLD provided in original scheme and the work of alternative source was taken up without obtaining approval of GOI.

The project is still under construction (December 2002) and even if commissioned is likely to serve for a maximum period of 3 years only as stated (February 2001) by the Chief Engineer, PHE, Indore Zone. Further, in pursuance of the review by the Chief Minister, the Government directed in August 2001 that no expenditure should be incurred on this scheme. However, the matter was reviewed by the Chief Minister in March 2002 and it was decided to complete the project within the time frame specified.

Though Rs.30.92 crore had been incurred on the water supply scheme as of December 2002, Audit observed that the villages Kakrana and Bahadwa where the intake well, raw water pumping main, clear water pumping main etc. were

situated, were coming under areas of submergence in the ongoing work of the Sardar Sarovar Dam. The expenditure has thus been rendered unfruitful.

The matter was referred to Government (December 2001 and April 2002), reply had not been received (April 2003).

4.6 Extra cost due to drilling of tube-wells of larger dia than specification

Injudicious drilling of tube wells of larger than the prescribed dia resulted in extra cost of Rs.30.31 lakh.

According to departmental instructions (1994) tube wells of 150 mm dia for installation of power pumps and 125/115 mm dia for installation of hand pumps should be drilled.

Contrary to this, Executive Engineer, PHE Division Sehore and Bhopal invited item rate tenders (March 2000) for drilling of 200/150 mm dia tube wells intended for installation of hand pumps. The work was awarded (2000-01) to 4 contractors under 8 agreements and payment of Rs.1.43 crore (Sehore Rs.92 lakh and Bhopal Rs.51 lakh) was made at the rate of Rs.560 per meter as against Rs.407 per meter prescribed by E-in-C PHE for 150/125/115 mm dia tube wells. Thus drilling of tube wells larger than prescribed dia resulted in avoidable extra cost of Rs.30.31 lakh (Sehore Rs.18.66 lakh and Bhopal Rs.11.65 lakh).

On this being pointed out, the EEs stated (January 2002) that these tube wells were intended for installation of power pumps and to accommodate submersible pumps upto 143 mm dia.

The reply was not tenable as the agreements categorically stipulated installation of hand pumps only and no power pumps were installed.

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

WATER RESOURCES DEPARTMENT

4.7 Execution of Rajghat Canal Project

4.7.1 Project in brief

Government of Madhya Pradesh (GOMP) approved construction of the Rajghat Canal Project in March 1981 for Rs.46.15 crore to develop a composite canal system to irrigate 1,21,450 hectares (ha) of land in five districts of Bhind, Datia, Guna, Shivpuri and Tikamgarh. It was an inter-state project of Madhya Pradesh (MP) and Uttar Pradesh (UP) on Betwa river. The

project comprised of construction of (i) Left Bank Canal (LBC) to take water from Rajghat Dam to irrigate 24,291 ha; (ii) Datia Carrier Canal (DCC) to take water from Dhukwa weir to irrigate 3,383 ha and supplement water to Anguri barrage; (iii) Datia Irrigation Canal (DIC) to take water from the Anguri barrage to irrigate 57,683 ha and release water to the existing Bhandar Canal (BC), and, (iv) remodelling of BC to irrigate additional 36,093 ha.

The project was taken up in 1979 and after survey the construction started in 1983 for completion in seven years but could not be completed due to non-availability of adequate funds. A sum of Rs.88.99 crore was incurred till March 1997. The project was rescheduled to be completed by March 2002, with loan of Rs.421.08⁹ crore (13222 million Japanese Yen¹⁰) from Japan Bank for International Co-operation (JBIC). The Department, however, failed to complete the project even by March 2002 and rescheduled it for completion by March 2004.

4.7.2 Inadequate Financial Management

(i) The funds were initially allotted by GOMP to E-in-C, who in turn provided allotment to the project Chief Engineer. Expenditure incurred by the project authorities is claimed as reimbursement by E-in-C from JBIC through the Department of Economic Affairs, Government of India (GOI), New Delhi.

The JBIC loan was admissible from April 1997 for pending canal works not awarded till the commencement of the loan agreement; and the cost of ongoing contract works, Land acquisition and establishment expenditure was to be borne by the GOMP. A foreign consultant was engaged at a cost of Rs.7.52 crore for implementation of the project.

JBIC disallowed claim of Rs.7.16 crore

It was seen that an overall expenditure of Rs.339.43 crore was incurred on the project during April 1997 to March 2002 but claims of only Rs.179.20 crore were submitted to JBIC and only Rs.172.04 crore was reimbursed and the balance of Rs.7.16 crore was disallowed. No reasons for claims disallowed were available in the records of WRD.

4.7.3 Delay in Contracts

Out of 102 works, 37 only were reportedly completed.

The civil works (Rs.347.64 crore) to be executed from JBIC loan were divided into 106 work packages but only 22 contracts were awarded in the year 1997-98, 19 in 1998-99, 13 in 1999-2000, 34 in 2000-01 and 14 in 2001-02. For 4 packages, agencies had not been fixed as of March 2002. The award of work was thus badly delayed. Out of 102 contract works awarded, only 20 were

⁹ Civil works: Rs.347.64 crore, Consultancy services: Rs.11.78 crore, Interest during construction: Rs.26.87 crore and Contingencies: Rs.34.79 crore.

¹⁰ Exchange rate Rs.1 equal to 3.14 Japanese Yen.

actually completed while it was claimed that in 17 others too, the work was physically completed.

Non-completion of works within scheduled period resulted in avoidable payment of Rs.5.04 crore.

As the works were not completed within the period of contract, the GOMP had to pay the avoidable price escalation of Rs.5.04 crore.

As against requirement of 4662.649-hectare land for canal network, 3983.019 ha (85.4 per cent) were actually acquired and remaining 679.63 ha land was yet to be acquired.

Against 82.02 per cent financial progress, physical achievement was only 50.54 per cent.

Though the land for canal, funds from loan amount and consultant employed for implementation were available, the project could not be commissioned. Despite a total expenditure of Rs.428.42 crore (82.02 per cent) on the project, the average physical progress achieved was only 50.54 per cent as of March 2002.

The objective of employing the consultant at a cost of Rs.7.52 crore was defeated.

The major component lagging behind was structures. Unless the structures are completed, the completion of earthwork and canal lining would be of no use. The improper planning thus defeated the object of employing the consultant at a cost of Rs.7.52 crore for implementation of the project.

4.7.4 The Project Estimates

(a) Improper and unrealistic estimation

The revised estimates (at 1996 price level) of the project were prepared for Rs.522.34 crore which included cost of civil works (Rs.328 crore), administrative cost (Rs.21 crore), consultancy services (Rs.5.55 crore), price escalation (Rs.122.73 crore) and contingencies (Rs.45.06 crore). In the loan proposal of Rs.421.08 crore submitted in 1996, the base cost of (not awarded pending) civil works (Rs.347.64 crore) was Rs.257.04 crore with price escalation Rs.90.60 crore (35 per cent).

Estimates were inflated for price escalation resulting in saving of Rs.83.09 crore.

The execution of pending canal civil works was divided into 106 work packages. It was seen that the estimated cost of the canal network covered in 106 work packages (contract agreements) was only Rs.243.32 crore, against which the tendered cost of contract agencies was Rs.254.16 crore (average 4.46 per cent). Besides, the WRD had to pay the price escalation in labour, material and POL to the contract agencies, where the period of contract was for more than 12 months. A sum of Rs.10.39 crore (4.09 per cent) was paid as price adjustment till March 2002 on JBIC works. Thus the overall price escalation was only 8.55 per cent, whereas the WRD had included 35 per cent on 1996 price level in the loan proposal. This inflated estimation resulted in a higher loan and saving of Rs.83.09 (254.16 + 10.39 - 347.64) crore in the loan.

(b) Wrong prioritization of work

Without construction of the watercourses and field channels, realisation of the benefits of the projects is not possible. However, instead of taking up these works in the entire command area, the project authorities in order to utilise the

savings in loan amount submitted a proposal of 10 additional packages of new works at a cost of Rs.88.80 crore covering construction of water courses and field channels only in 30 per cent area (36435 ha out of 121450ha) at a cost of Rs.48 crore and other non-priority items as discussed below. This was also approved by the GOMP in June 2001.

Stone pitching after lining of canals result in excess expenditure of Rs.29.48 lakh.

(i) The stone pitching work in outer portion of lined canals of LBC, DCC and DIC was not provided initially. However, after the earthwork and lining of canals, a sum of Rs.11 crore was approved for the stone pitching work. This will result in extra expenditure of Rs.29.48 lakh on account of re-excavation of canal banks as well as housing for pitching work in DIC alone.

Unwarranted black topping of canal service roads would result in unnecessary expenditure of Rs.10 crore.

(ii) The service roads on canal banks are meant for inspection vehicles of WRD. Hence WBM roads were constructed. Subsequently, a sum of Rs.10 crore was approved for black topping the WBM roads, which would be an unnecessary expenditure.

(iii) As per the loan agreement, plantation did not come under the purview of the civil works. However, a sum of Rs.2 crore was approved as additional package for plantation along main canals and distributaries from the loan.

Consultancy cost increased unnecessarily by Rs.2.24 crore.

(iv) Due to sanction of new and additional works as described above, the cost of additional consultancy also increased by Rs.2.24 crore.

4.7.5 The Consultant

(a) Injudicious Payments

Rs.53.88 lakh were paid to consultant without invoices.

A foreign consultant was employed at a cost of Rs.7.52 crore for implementation of the project. Agreement provided for reimbursement of direct cost of capital items on production of actual invoices. However, payment of Rs.53.88 lakh was made at maximum unit rates without obtaining paid vouchers/invoices.

(b) Unfruitful expenditure on training abroad

None of the trained officers was working in the project rendering the expenditure of Rs.21.47 lakh unfruitful.

Rs.21.47 lakh¹¹ was incurred on training of five officers abroad. However, none of the officers was working (March 2002) on the project. Three have retired, one is working outside the project and one, a non-technical officer did not belong to WRD at all. Thus the expenditure was unfruitful.

(c) Irregular award of additional work to the consultant

Award of additional work for Rs. 2.24 crore without inviting tenders and assessing their capability was irregular.

A Consultant was employed for implementation of the project. But the work of topographical surveys, detailed designs for CAD works, lay out plans etc. in 12,500 ha, assistance for CAD works and WUA etc. were further awarded to same consultant at an additional cost of Rs.2.24 crore without inviting tenders. Further facilities such as office equipments and vehicles were also provided, at a cost of Rs.58.07 lakh. The consultant sublet (June 2001) the work of

¹¹ (30678 Pound. exchange rate Rs 70 per Pound.)

topographical survey of pilot areas of CAD for irrigation to a third agency at a cost of Rs. 14.70 lakh.

Interestingly the WRD is well equipped with highly qualified and experienced Engineers who have successfully surveyed, designed and executed the CAD works in addition to the construction of number of multipurpose major and medium irrigation projects without the assistance of any outside agency. Further, the WRD has surplus and idle staff in all its cadres. Despite all this, survey work was awarded to an outside agency. The consultant, on the other hand, is utilising the services of retired officers as specialists to carry out the survey, design and preparation of specifications work only in 12500 ha, while there was no proposal for balance CAD works in 1,08,950 ha, which is likely to be executed by the Project Engineers themselves.

On being pointed out in audit, the CE stated that the conventional methods of surveying was neither sufficient nor suitable for topographical survey of such a huge magnitude. There was no other option but to employ a surveyor firm with modern technology and equipment to complete the work within the scheduled period.

The reply was not tenable as the equipments procured by the consultant with the funds of WRD, could have instead been procured by the Department and its work force exposed to latest equipments.

4.7.6 Execution of work - Financial Irregularities

(a) Excess expenditure of Rs. 1.18 crore

Incorrect adoption of co-efficient factor in 60 agreements resulted in excess expenditure of Rs.1.18 crore.

The Works Department Manual - 1983 (the manual), provides that if the construction period as per Notice Inviting Tender (NITs) is more than 12 months, the payment for work shall be adjusted quarterly for any increase or decrease in the rates of labour, material and POL to be calculated in accordance with the prescribed formula, which contains the co-efficient factor as 0.75.

The Chief Engineer of the project, however, adopted (April 1997) the co-efficient factor as 0.85 in 60 tender documents of the Project work, without assigning any reason and without prior approval of the Finance Department. 60 tenders were accepted by GOMP based on the recommendation of the Control Board for Major Project without questioning the deviation. The GOMP, however, reiterated (26 April 2000) that the provisions of manual in regard to price adjustment be adopted in all contract works including the externally aided projects and the correct co-efficient factor was 0.75. This was adopted in the tender documents issued after 26 April 2000.

Thus, providing of increased percentage in 60 agreements resulted in excess expenditure of Rs.1.18 crore upto March 2002, which will further increase by the time the work is completed.

Non-adoption of correct average indices resulted in excess payment of Rs.0.72 crore.

Adoption of weaker but costlier specification of precast cement concrete lining resulted in excess expenditure of Rs.2.14 crore.

Further in 13 cases, the work divisions did not adopt the correct average price indices, which resulted in excess payment of Rs. 0.72 crore.

(b) Excess expenditure of Rs 2.14 crore due to weaker but costlier specifications

Technical circular (No.1/84) issued by the Engineer in Chief WRD provides that where the discharge of canal is more than 3 cumecs, canal lining work both in bed and side slopes be executed by cast - in -situ concrete M-10 strength and thickness be adopted based on canal discharge and full supply depth. Technical authorities also highlighted from time to time the importance of cast-in-situ lining considering its durability and cost.

It was, however, seen that the project authorities adopted the weaker but costlier specifications of precast cement concrete blocks on side slopes of Datia Irrigation Canal and Lahar Branch Canal system having discharge of 62.31 cumecs and 25.476 cumecs, respectively. This resulted in excess expenditure of Rs.2.14 crore.

On being pointed out in audit, EEs stated that the lining work was executed in accordance with the approved estimates and the agreements.

The reply was not tenable as the estimates and agreements were not as per instructions of E-in-C. The approval of the E-in-C was also not obtained to deviate from the instructions.

(c) Excess expenditure on service roads

Adoption of richer specification of service roads resulted in excess expenditure of Rs.79.58 lakh.

The IRC specifications prescribed for WBM service roads provides for the maximum thickness of 100 mm in grading-I and 75mm thickness of WBM layer.

It was, however, seen that the provision of 150 mm thick grading-I and 80 mm thick WBM layer were made in 13 contract agreements, which resulted in avoidable expenditure of Rs.79.58 lakh.

The EEs stated that the work was executed according to the provisions in approved estimates and the contract agreements. The reply was not tenable as the richer specifications were provided without any justification and were not based on traffic intensity.

(d) Avoidable expenditure due to improper allotment of funds to the project Divisions

Delay in finalisation of drawings resulted in avoidable expenditure of Rs.22.42 lakh.

Construction of 3 structures of left bank canal was awarded (August 1993) to an agency at the tendered cost of Rs.65.65 lakh with completion period of 21 months. The work was completed (1998) at a cost of Rs.90.92 lakh including a sum of Rs.22.42 lakh as price adjustment as three extensions were allowed by the department on the ground of delay in finalisation of drawings (July 1997) by the Chief Engineer and shortage of funds. The extra expenditure of Rs.22.42 lakh was thus, due to the delay on the part of department.

The EE stated that the delay was due to shortage of funds with the Division. This was not tenable as there was overall savings in the project allotments.

(e) Avoidable expenditure of Rs.32.82 lakh in moorum layer

Unwarranted provision of moorum below lining led to avoidable expenditure of Rs.32.82 lakh.

Irrigation Specifications (December 1995) provide for backing of Cohesive Non-Swelling (CNS) soil with a minimum thickness of 75 cm, below the canal lining if in the canal, the swelling pressure of available black cotton soil or other swelling type soil (available strata in the canal) is more than 50 KN/sq m., other wise no CNS soil is to be provided.

It was, however, seen in 6 contracts that the provision of moorum in thickness of 10 to 15 cm layer was provided below the canal lining. No soil testing report was found to justify the provision and execution of CNS (moorum) layer. The provision of moorum as CNS material below canal lining thus resulted in avoidable expenditure of Rs. 32.82 lakh.

On being pointed out in audit, the EEs stated that the work was executed as per the provisions of agreements. The reply was not acceptable, as it did not justify the provision of moorum layer.

(f) Unauthorised financial aid of Rs. 98 lakh to the contractors

Violation of Government orders resulted in undue financial aid of Rs.98 lakh under seven agreements.

The GOMP while accepting the tenders of successful bidders specifically instructed that a total amount of Rs.98 lakh be got deposited from the seven contractors as their biddings were seriously unbalanced in relation to the departmental estimates.

The divisional authorities, however, did not comply with the instructions and allowed the agencies to execute the agreements and issued work orders to commence the work without any deposits. This amounted to providing unauthorised financial aid of Rs.98 lakh to the contractors.

On being pointed out in audit, one EE stated (in the division involving Rs.57.82 lakh) that the contractors had agreed to deposit the amount within 30 days but in the mean time they obtained stay order from the court. The reply was not tenable as the Divisional officer had to obtain the amount before executing the agreement. In other cases (Rs.40.17 lakh) the divisional officer stated that the representations made by the contractors were forwarded to the higher authorities. Based on the instructions of the Superintending Engineer, the difference of 5 per cent security deposit submitted with tender and

additional deposits for performance of work was obtained (Rs.4.55 lakh) from the contractors. The reply was not acceptable as no corrigendum was issued by the tender accepting authority to modify the amount of deposits.

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

4.8 Misutilisation of World Bank fund for Hydrology Project

Allotment of Project vehicles to others resulted in misutilisation of Rs.44.48 lakh.

The World Bank aided Hydrology Project administratively approved for Rs.44.29 crore by the Government of Madhya Pradesh (GOMP) in December 1995 was revised to Rs.56.74 crore in February 2000. The main objective of the project was to scale, collect and analyse the statistical data of surface and ground water hydrology of the State and to improve the technical capabilities and physical facilities for the data management. To achieve these objectives, vehicles were to be provided to the field staff such as State Water Data Centre, Chief Engineer, Circle Offices, Field Divisions and Sub Divisional Offices responsible for ground water monitoring.

Administrative approval for Rs.1.65 crore was accorded (June 2000) for purchase of 47 vehicles and accordingly, 46 vehicles costing Rs.1.43 crore were purchased (July 2000) through Director General Supplies and Disposal (DGS&D) rate contract.

Scrutiny of the records in Audit, however, revealed that 11 vehicles costing Rs.38.14 lakh were allotted to others¹² who were not associated with the Project. An expenditure of Rs.6.34 lakh was also incurred (March 2002) on POL, and maintenance and repair.

On this being pointed out, the Deputy Director, Hydrometeorology Division No. I, Bhopal stated (June 2002) that these vehicles were allotted as per orders of the Engineer-in-Chief/Principal Secretary.

The reply was not tenable as the allotment was in violation of objectives of the Project.

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

¹² Chief Minister (1), Deputy Chief Minister (3), State Minister, WRD (1), Governor House (1), NKG Cell, New Delhi (1), Under Secretary, WRD (1), Superintending Engineer (CTE) (1) and WR Divisions, Sehore and Shajapur (2).

4.9 Extra expenditure due to failure in planning

Failure in planning the work properly resulted in extra expenditure of Rs.75.35 lakh in completion of the balance work

Under the Bagla Tank Project in District Ujjain a contract was awarded in October 1991 to contractor 'A' at a cost of Rs.1.17 crore for the execution of Head Works. The work was stipulated for completion in 18 months excluding rainy season, but the contractor could not complete it within the stipulated period and the Department acceded to his request for extension of time upto June 1995. The Department, however, as per clause 4.3.2 of the agreement, reserved the right to recover liquidated damages and made the contractor liable to pay penalty at the specified rates for delayed execution of work. The contractor stopped the work in June 1994 due to delay in land acquisition and non-payment of running bills.

Though the Government ordered for (June 1995) fixing of responsibility for delay in acquisition of land, the Executive Engineer foreclosed the contract (August 1995) due to shortage of funds and non-finalisation of the issue of rehabilitation of the project affected people. The value of work executed at that stage was Rs.76.37 lakh only and the Department, due to foreclosure of the agreement, failed to invoke clause 4.3.3 regarding the extra cost recoverable from the contractor.

The balance works costing Rs.66.67 lakh were got executed between November 1996 and March 2002 through the same and two other agencies at the cost of Rs.1.42 crore.

Thus, due to failure in planning the work properly, the Department had to incur an extra expenditure of Rs.75.35 lakh for execution of balance work at higher rates by subsequent contractors.

On this being pointed out in audit, the Government stated (September 2002) that contract was foreclosed by competent authority in terms of Government orders of June 1995. Further, it was stated that the rehabilitation issue cropped up during construction and no one was responsible for the delays. This indicated failure of the Department in planning the work properly.

GENERAL

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

Accountant General* arranges to conduct periodical inspection of the Government departments to test check, inter alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities etc. detected during

* *Accountant General (Audit II), Madhya Pradesh.*

inspection are not settled on the spot, Inspection Reports (IRs) are issued by the Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. The Accountant General also brings serious irregularities to the notice of Heads of the Departments. A half-yearly report of pending IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2001 pertaining to 599 divisions/offices of Forest, Water Resources, Public Works, Public Health Engineering and other Works^s Departments under Government of Madhya Pradesh disclosed that 11395 paragraphs relating to 2879 IRs remained outstanding since 1990-91 to the end of June 2002. Department wise position of the outstanding IRs and paragraphs were as follows:

Sl. No.	Department	Number of Inspection Reports	Number of Paragraph	Number of Auditee Units	Amount (Rupees in crore)
1.	Forest	638	1976	178	341
2.	Water Resources	858	3256	154	2422
3.	Public Works	534	2872	105	893
4.	Public Health Engineering	520	2335	82	1558
5.	Narmada Valley Development				
	(i) Irrigation	228	621	62	372
	(ii) Building /roads	47	108	12	45
6.	Housing and Environment (Capital Project Construction units)	44	181	5	69
7.	Bhopal Gas Rahat (Works units)	10	46	1	10
	Total	2879	11395	599	5710

Of these, 189 IRs containing 806 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of the Offices within six weeks from the date of issue were not

^s Other Works Departments include Narmada Valley Development, Housing and Environment and Bhopal Gas Rahat (Relief and Rehabilitation) Departments.

received in respect of 417 divisions/offices for 417 IRs and 2532 paragraphs issued between July 1999 and December 2002.

A review of the IRs which were pending due to non-receipt of replies, revealed that the Heads of the Offices (whose records were inspected by the Accountant General) and the Heads of the Departments did not send any reply to large number of IRs / paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Accountant General in the IRs. The Principal Secretaries/ Secretaries of the Departments, who were informed of the position through half yearly reports, also did not ensure that the concerned offices of the Department take prompt and timely action.

Inaction against the defaulting officers facilitated the continuance of serious financial irregularities and loss to the Government, though these were pointed out in Audit. It is recommended that Government should re-look into the procedure for action against the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule and action to recover loss/outstanding advances/over payments in a time bound manner and revamp the system to ensure proper response to the audit observations in the Department.

CHAPTER V

**FINANCIAL ASSISTANCE TO
AUTHORITIS AND BODIES**

CHAPTER V

Financial assistance to authorities and bodies

Co-operation Department

5.1 Loss due to non-recovery of interest on delayed deposit of sale proceeds of fertilisers by District Co-operative Banks

Non-recovery of interest from District Co-operative Banks on delayed deposit by them of sale proceeds of fertilisers resulted in loss of Rs.3.78 crore to M.P. State Cooperative Marketing Federation.

Government introduced in March 1975 (with certain subsequent modifications made in April 1985) sale and distribution of fertilisers and pesticides through District Central Co-operative Banks (District Banks). The sale proceeds were to be deposited in the 'Sale Collection Account' of the M.P. State Cooperative Marketing Federation (Federation), within 7 days from the date of sale. For belated deposits, the banks were liable to pay interest at 16.5 per cent per annum.

Test-check of records of District Marketing Officers, Bhind, Sagar and Shahdol, during March and September 2001, revealed that the District Banks of all the three districts had failed to deposit the sale proceeds in time. Consequently these banks were liable to pay interest of Rs.3.78 crore (Bhind: Rs.0.67 crore; Sagar:Rs.1.96 crore and Shahdol: Rs.1.15 crore) on such belated deposits during the period 1992 to 2002.

While the District Marketing Officer, Bhind, confirmed (September 2001) the non-receipt of interest and stated that claims for Rs.0.67 crore for the period June 1996 to May 2002 had since been prepared and preferred on the banks, the District Marketing Officer, Sagar, stated (September 2001) that the matter has been reported to the Managing Director of the Federation at Bhopal. The District Marketing Officer, Shahdol, intimated (September 2001) that the claim was pending with Deputy Registrar, Co-operative Societies.

Thus non-pursuance of timely deposit of sale proceeds by the District Banks resulted in delay in credit of sale proceeds with consequential loss of interest of Rs.3.78 crore and undue favour to the banks. This was despite the fact that the President, State Board of Revenue, had upheld (February 1976) the right of the Federation to claim interest and the liability of the banks to pay it.

The matter was referred to Government in October 2001; reply had not been received (February 2003).

5.2 Idle investment on construction of cold storage

Construction of a cold storage and ice plant without completion of prerequisite conditions resulted in idle investment of Rs.1.13 crore

For providing cold storage facility to farmers for storing their agricultural produce, construction of a 6000 MT capacity cold storage (CS) and 15 MT capacity ice plant (IP) by the Shiv Shankar Patel Co-operative Cold Storage Society Limited, Mahugaon, Indore (Society) at an estimated cost of Rs.1.90 crore was sanctioned (October 1996) by the National Co-operative Development Corporation, New Delhi (NCDC). The State Government was required to pay to the Society 50 per cent of cost as share capital and 40 per cent as loan; the remaining 10 per cent was to be met by the Society from its own sources. Ninety per cent of the cost was to be reimbursed by NCDC as loan to the State Government.

As per conditions prescribed in NCDC sanction and also as per guidelines issued (August 1997) by the Commissioner, Co-operative Societies, Madhya Pradesh (Commissioner) for investment of government funds in co-operative societies, it was to be ensured that the land had been acquired and an assurance was obtained for regular and uninterrupted supply of electricity from the State Electricity Board. Besides, before establishment of any industry, it was mandatory to obtain consent of the State Pollution Control Board (SPCB).

Test-check (April 2002) of the records of the Joint Registrar, Co-operative Societies, Indore (JRCS) revealed that without proper land acquisition and NOC from PCB as well as an assurance for regular and un-interrupted electricity supply and despite a direction from the SPCB (February 1998) not to commence the work at the proposed site, JRCS released Rs.85 lakh (Rs.47 lakh as share capital and Rs.38 lakh as loan) to the society in March 1998 and further Rs.27.77 lakh as share capital during 1998-99.

The Commissioner further drew and deposited (March 1999) Rs.58.23 lakh in Civil Deposits in treasury. The amount was, however, not paid to Society and lapsed to Government in March 2002. Though the Society completed the construction of the building and installed the machinery, the CS and IP could not be commissioned for want of electric connection and consent from SPCB (April 2002).

Non-commissioning of CS and IP not only deprived the farmers of the cold storage facility for their agricultural produce but also blocked government funds of Rs.1.13 crore, besides a bridge loan of Rs.75 lakh obtained by the Society from

Indore Premier Co-operative Bank (IPC). The chances of recovery of government money were remote as the Society was running a loss of Rs.64 lakh besides carrying the liability of a bridge loan of Rs.75 lakh from the bank which had become overdue to the extent of Rs.1.20 crore, inclusive of interest thereon.

JRCS accepted (April 2002) that construction of the building was completed without ensuring land acquisition and a dispute over land was pending in a revenue court. Consent was not issued by PCB as the CS was established in a residential area and the ammonia gas used in the plant was hazardous to the surrounding population. He also stated that the Society had not even applied for electric connection adding that action would be taken to safeguard the government's investments, without however specifying the type of action proposed to be taken.

Government stated (February 2003) that though change in land use was obtained by the society in May 2000, yet the electricity connection was not obtained by it. The CS was therefore run by means of a generator, which was lying closed since February 2001. The reply was however, silent about failure to obtain consent of SPCB.

Thus, lapse on the part of JRCS to release government funds to the Society without first ensuring compliance of pre-requisite conditions like acquisition of land, consent from PCB and availability of electricity resulted in investment of government funds of Rs.1.13 crore proving to be idle at least for the last 2 years.

Panchayat and Rural Development Department

5.3 Diversion of DRDA (Administration) Scheme funds

Rupees 29.81 crore of Centrally sponsored scheme funds for strengthening of DRDA (Administration) were misutilised towards payment of salaries of State Government's own employees.

As per the DRDA (Administration) Scheme, the administrative costs of DRDAs were to be met with effect from April 1999, from out of a separate provision. The Scheme was funded on 75:25 basis by Central and State Governments. To improve the effectiveness of DRDAs, the following staffing pattern was also sanctioned for their various wings:

(Number of personnel)

		Category-A DRDA	Category-B DRDA	Category-C DRDA	Category-D DRDA
1	Self-employment wing	7	7	10	10
2	Women's Wing	3	3	3	3
3	Wage employment Wing	3	4	5	5
4	Water shed Wing	3	3	3	3
5	Engineering Wing	3	5	5	5
6	Accounts Wing	6	8	9	10
7	Monitoring and Evaluation Wing	3	4	4	4
8	General Administration Wing	8	12	14	16
Total		36	46	53	56

The qualifications, age, period of appointment, terms and conditions of service etc. of the persons to be posted were also prescribed by Government of India (GOI). The ceiling on administrative costs was fixed as Rs.46 lakh, Rs.57 lakh, Rs.65 lakh and Rs.67 lakh per year for A,B,C and D categories of DRDAs respectively, based on number of blocks in each DRDA.

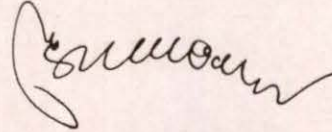
The State Government, instead of posting the staff according to the staffing pattern approved by GOI, issued orders (September 1999) for payment of salaries to State Government employees working in the Rural Engineering Services (RES) Divisions and in block level offices from DRDA funds. The salaries so charged to DRDA funds during April 1999 to February 2003 in respect of 963 State Government employees (over and above the DRDA employees) amounted to Rs.29.81 crore (computed on the minimum of respective scales of pay) as detailed below:

		No. of posts	Amount (Rupees in lakhs)
1	Accountant working in Blocks	359	1032.36
2	Upper Division Clerk	38	
3	Lower Division Clerk	38	75.35
4	Development Extension Officer	321	834.73
5	Executive Engineer, RES	39	253.54
6	Assistant Engineer, RES	78	405.66
7	Sub-Engineer, RES	90	380.31
Total		963	2981.95

The action of State Government to charge the salaries of its own staff not covered under the approved staffing pattern and not even posted in DRDAs was not only

irregular and defeated the very purpose of introducing the DRDA (Administration) Scheme by GOI.

The matter was referred to the Government in October 2001; reply had not been received (February 2003).

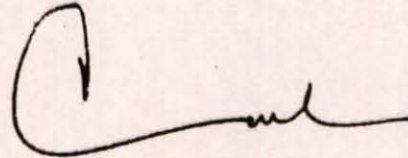


(SURINDER PAL)
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Gwalior
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24 OCT 2003

Countersigned



(VIJAYENDRA N. KAUL)
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New Delhi
The

19 NOV 2003

APPENDICES

Appendix I

(Reference: paragraph 1.1, page 1)

Definitions of terms used in Chapter I

Part A : Government Accounts

I. **Structure** : The accounts of the State Government are kept in three Parts, (i) Consolidated Fund, (ii) Contingency Fund, and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This Part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.40 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the government accounts. The Appropriation Accounts present the details of expenditure by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Appendix I (continued)

Part B. List of indices/ratios and basis for their calculation

Indices/ratios		Basis for calculation
<i>Sustainability</i>		
-Balance from the current revenues (BCR)		Revenue Receipts minus all Plan grants (under Major Head 1601- 02,03,04)and Non-Plan revenue expenditure and MH 2048- Appropriation for reduction or avoidance of debt Fiscal Deficit minus Interest Payment.
-Primary Deficit		Interest payments-Interest receipts Total revenue receipts-Interest receipts
-Interest Ratio	Capital Outlay	Capital expenditure as per Statement No.2 of the Finance Accounts
Capital Outlay Vs Capital receipts	Capital receipts	Internal Loans (net of ways and means advances) + Net receipts from small savings, PF etc. + Repayments received of loans advanced by the State Government – Loans advanced by the State Government.
		Exhibit V
-Total tax receipts Vs GSDP		Exhibit V
-State tax receipts Vs GSDP		
<i>Flexibility</i>		As above
-Balance from current revenues		
-Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major Heads 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
	Capital Borrowings	Addition under Major Heads 6003 & 6004 minus addition on account of Ways & Means Advances/Overdraft under both the major heads
	State Tax Receipts	Exhibit V
-Total Tax Receipts Vs GSDP	Total Tax Receipts	Statement No.1 of Finance Accounts
		Borrowings and other obligations at the end of the year (Statement No.4 of the Finance Accounts)
-Debt Vs GSDP	Debt	Exhibit V
<i>Vulnerability</i>		
-Revenue Deficit		Revenue expenditure minus Revenue receipts.
-Fiscal Deficit		Total expenditure minus revenue receipts and non-debt public receipts. Paragraph No 1.9.6 of the Audit Report
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
	Outstanding guarantees	Exhibit IV
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Revenue Receipts	Exhibit II
Assets Vs Liabilities	Assets and Liabilities	Exhibit I

Appendix IA
(Reference: paragraph 1.1, page 1)

Statement showing apportionment of assets and liabilities of the erstwhile composite State of Madhya Pradesh as of 31 March 2002 between successor States of Madhya Pradesh and Chhattisgarh

(Rupees in crore)

Items	Balance as on 31 October 2000	Apportioned to		Balance retained in MP accounts pending apportionment	Reference to Finance Accounts Statements No.
		Madhya Pradesh	Chhattisgarh		
(1)	(2)	(3)	(4)	(5)	(6)
I- Liabilities-					
1. Internal Debt	7628.95	5766.01 ^(a)	1862.94 ^(a)	--	4 and 17
2. Loans and Advances from Central Government	10606.50	7783.25 ^(a)	2823.25 ^(a)	--	4 and 17
3. Contingency Fund	26.61	26.61	--	--	16
4. Small savings, provident funds, etc.	7371.51	4840.27 ^(b)	974.52 ^(b)	1556.72 ^(b)	4, 16 and 17
5. Deposits	1872.19	1325.09	288.60	258.50 ^(b)	4 and 16
6. Reserve Funds	657.94 ^(c)	45.49	11.55	102.46 ^(d)	4 and 16
7. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19 ^(e)	16
II- Assets-					
1. Gross Capital Outlay	15760.57	4941.77	1484.59	9334.21 ^(e)	2 and 13
2. Loans and Advances	2883.18	555.95	135.91	2191.32 ^(f)	5 and 18
3. Advances	13.88	12.25	1.63	--	16
4. Remittance balance	665.60	512.72	152.88	--	16
5. Cash balance	-29.75	22.29	-52.04	--	7
III- Contingent Liabilities-					
Guarantees	9709.60	--	--	9657.38 ^(g)	6

N.B.: For further details, see Finance Accounts.

- (a) Apportioned vide Government of India, Ministry of Finance, Department of Economic Affairs (Budget Division) order F. No. 9(2)B(S)/2002 dated 25 June 2002; includes Ways and Means Advances and Overdraft apportioned by Reserve Bank of India.
- (b) To be reviewed after receipt of details of final allocation of employees to the two successor States.
- (c) Dropped Rs.498.44 crore out of total of Rs.657.94 crore, in terms of second proviso to Section 42(1) of MP Re-organisation Act, 2000.
- (d) Retained in MP pending decision of GOI.
- (e) Retained in MP for want of details.
- (f) Retained in MP due to non-receipt of decisions/details from successor States.
- (g) Differs from the figures in column (2) by Rs.52.22 crore due to cancellation of guarantees to that extent during 2001-02.

Appendix II

(Reference: paragraph 2.3.4, page 32)

Cases where supplementary provision proved unnecessary

(Rupees in crore)

Sl. No.	Number and description of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	A- Revenue- Voted				
1.	01- General Administration	70.05	7.02	60.47	16.60
2.	02 - Other expenditure pertaining to General Administration Department	10.01	0.91	9.35	1.57
3.	03- Police	928.39	0.64	794.29	134.74
4.	04 - Other expenditure pertaining to Home Department	7.59	0.06	5.06	2.59
5.	05- Jail	62.07	0.83	54.61	8.29
6.	06- Expenditure pertaining to Finance Department	1768.43	3.23	1040.21	731.45
7..	08- Land Revenue and District Administration	303.37	4.75	255.10	53.02
8.	10- Forest	428.18	37.29	408.42	57.05
9.	11- Expenditure pertaining to Commerce and Industry Department	27.98	5.78	24.60	9.16
10.	13- Agriculture	277.51	18.00	233.43	62.08
11.	14 - Expenditure pertaining to Animal Husbandry Department	149.98	0.74	120.30	30.42
12.	15- Financial Assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes	130.47	13.78	101.99	42.26
13.	16- Fisheries	11.50	0.22	9.31	2.41
14.	17- Co-operation	37.06	0.68	29.92	7.82
15.	18- Labour	41.01	2.41	30.69	12.73
16.	19- Public Health and Family Welfare	527.67	23.35	433.54	117.48
17.	20 - Public Health Engineering	438.11	0.26	369.82	68.55
18.	22 - Urban Administration and Development - Urban Bodies	2.63	0.02	2.01	0.64
19.	25 - Expenditure pertaining to Mineral Resources Department	7.74	0.23	6.15	1.82
20.	26 - Expenditure pertaining to Culture Department	15.40	2.29	13.73	3.96
21.	28 - State Legislature	17.81	1.99	15.14	4.66
22.	29 - Administration of Justice and Elections	111.28	0.53	83.57	28.24
23.	31- Expenditure pertaining to Planning, Economics and Statistics Department	24.48	0.24	14.31	10.41
24.	32- Expenditure pertaining to Public Relations Department	34.22	3.30	24.43	-13.09
25.	34- Social Welfare	23.42	0.15	18.48	5.09
26.	36- Transport	16.85	7.25	14.50	9.60
27.	39 - Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	157.52	26.41	141.21	42.72
28.	41- Tribal Areas Sub Plan	353.38	8.56	257.63	104.31
29.	43- Sports and Youth Welfare	5.16	1.09	2.65	3.60
30.	44 - Higher Education	280.34	22.08	257.55	44.87

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)
31.	47- Technical Education and Man Power Planning Department	150.02	0.02	105.49	44.55
32.	50- Expenditure pertaining to 20 Point implementation Department	3.00	0.17	2.49	0.68
33.	55 - Expenditure pertaining to Women and Child Welfare	209.24	33.17	166.03	76.38
34.	56- Rural Industries	20.19	1.72	17.20	4.71
35.	58 - Expenditure on relief on account of Natural Calamities and Scarcity	202.17	49.23	157.15	94.25
36.	61- Externally Aided Projects pertaining to Public Health and Family Welfare	5.67	1.71	2.77	4.61
37.	63- Expenditure pertaining to Minority Welfare Department	2.45	0.25	1.52	1.18
38.	64- Special Component Plan for Scheduled Castes	249.01	12.94	176.44	85.51
39.	65 - Aviation Department	5.12	0.77	4.96	0.93
40.	67- Public Works-Buildings	207.60	0.35	206.61	1.34
41.	69 - Expenditure pertaining to Urban Administration and Development Department - Urban Welfare	12.26	0.62	8.92	3.96
42.	70 - Special Problems recommended by the Eleventh Finance Commission - Tourism	9.00	9.00	9.00	9.00
43.	77 - Special Problems under recommendation of the Eleventh Finance Commission - Sports and Youth Welfare	1.00	1.00	Nil	2.00
44.	79- Expenditure pertaining to Medical Education Department	159.58	3.64	135.42	27.80
45.	81- Financial Assistance to Urban Bodies	638.46	17.74	455.35	200.85
46.	82- Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub Plan	204.04	13.85	172.37	45.52
47.	84 - Upgradation of Standards of Administration under recommendation of the Eleventh Finance Commission - Revenue	8.23	8.22	2.10	14.35
48.	85 - Upgradation of Standards of Administration under recommendation of the Eleventh Finance Commission - Police	3.05	3.05	3.05	3.05
49.	86- Upgradation of Standards of Administration under recommendation of 11 th Finance Commission- Jail	1.18	1.18	0.25	2.11
50.	88- Upgradation of Standards of Administration under recommendation of 11 th Finance Commission- Administration of Justice	4.76	4.76	Nil	9.52
51.	90- Upgradation of Standards of Administration under recommendation of 11 th Finance Commission- Public Health and Family Welfare	6.60	6.60	6.60	6.60
52.	91- Upgradation of Standards of Administration under recommendation of 11 th Finance Commission- School Education	14.03	14.03	14.03	14.03
53.	92- Upgradation of Standards of Administration under recommendation of 11 th Finance Commission- Culture	3.48	3.48	3.48	3.48
54.	95- Upgradation of Standards of Administration under recommendation of 11 th Finance Commission- Panchayat and Rural Development	Nil	101.09	Nil	101.09
	Total (A)	8389.75	482.68	6483.70	2388.73
	B- Revenue- Charged				
1.	01- General Administration	6.28	0.01	4.41	1.88
2.	08 - Land Revenue and District Administration	0.46	0.84	0.27	1.03
3.	19 - Public Health and Family Welfare	0.26	0.17	Nil	0.43
4.	58 - Expenditure on Relief on account of Natural Calamities and Scarcity	0.37	0.13	Nil	0.50
5.	81 - Financial Assistance to Urban Bodies	10.03	5.23	10.03	5.23
	Total (B)	17.40	6.38	14.71	9.07

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)
	C- Capital- Voted				
1.	03 - Police	8.89	0.24	6.09	3.04
2.	06 - Expenditure pertaining to Finance Department	20.08	0.04	7.62	12.50
3.	08- Land Revenue and District Administration	7.55	0.32	2.11	5.76
4.	10 - Forest	1.59	0.76	1.22	1.13
5.	13 - Agriculture	1.40	1.15	0.55	2.00
6.	17 - Co-operation	24.80	53.54	11.76	66.58
7.	23- Water Resources Department	198.44	56.67	193.84	61.27
8.	24- Public Works-Roads and Bridges	250.44	91.84	164.08	178.20
9.	32 - Expenditure pertaining to Public Relations Department	Nil	0.64	Nil	0.64
10.	36 - Transport	Nil	0.35	Nil	0.35
11.	37 - Tourism	8.50	0.41	2.84	6.07
12.	39- Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	23.67	1.55	19.18	6.04
13.	42 - Public Works relating to Tribal Areas Sub- Plan - Roads and Bridges	64.74	4.36	43.88	25.22
14.	45- Minor Irrigation-Works	50.78	0.83	21.61	30.00
15.	55 - Expenditure pertaining to Women and Child Welfare	0.49	0.21	Nil	0.70
16.	56- Rural Industries	0.59	0.05	0.39	0.25
17.	62 - Externally Aided Projects, pertaining to Medical Education	3.00	2.00	2.67	2.33
18.	64- Special Component Plan for Scheduled Castes	144.65	8.72	66.37	87.00
19.	67- Public Works-Buildings	61.96	6.71	33.37	35.30
20.	68- Public Works Relating to Tribal Areas Sub Plan - Buildings	7.11	0.11	2.99	4.23
21.	72 - Expenditure pertaining to Gas Tragedy Relief works	1.02	0.09	0.60	0.51
22.	80 - Financial Assistance to Three Tier Panchayati Raj Institutions	2.57	0.20	1.39	1.38
	Total (C)	882.27	230.79	582.56	530.50
	Grand Total (A+B+C)	9289.42	719.85	7080.97	2928.30

Appendix III

(Reference: paragraph 2.3.5, page 32)

Cases where supplementary provision obtained proved excessive

(Rupees in crore)

Sl. No.	Number and description of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
A- Revenue- Voted					
1.	07-Expenditure pertaining to Commercial Tax Department	145.61	55.63	155.43	45.81
2.	12-Expenditure pertaining to Energy Department	336.39	1690.91	2013.29	14.01
3.	27- School Education	1267.26	494.65	1584.43	177.48
4.	54- Expenditure pertaining to Agricultural Research and Education	36.12	6.00	37.60	4.52
5.	66-Welfare of Backward Classes	40.23	5.38	40.40	5.21
6.	74-Externally Aided Projects pertaining to Finance Department	150.00	100.00	166.32	83.68
7.	80-Financial Assistance to Three Tier Panchayati Raj Institutions	522.75	212.79	615.33	120.21
8.	89-Upgradation of standard of Administration under recommendation of 11th Finance Commission- Finance Department	1.77	14.15	7.97	7.95
Total (A)		2500.13	2579.51	4620.77	458.87
B-Revenue- Charged					
1.	10-Forest	8.22	15.00	21.15	2.07
Total (B)		8.22	15.00	21.15	2.07
C-Capital- Voted					
1.	01- General Administration	0.15	13.24	7.24	6.15
2.	11-Expenditure pertaining to Commerce and Industry Department	11.43	9.46	14.43	6.46
3.	14-Expenditure pertaining to Animal Husbandary Department	5.85	1.88	6.95	0.78
4.	16-Fisheries	0.09	0.16	0.10	0.15
5.	19-Public Health and Family Welfare	NIL	13.30	0.27	13.03
6.	20-Public Health Engineering	9.21	90.55	33.78	65.98
7.	21- Expenditure pertaining to Housing and Environment Department	13.31	27.97	26.44	14.84
8.	30-Expenditure pertaining to Panchayat and Rural Development Department	0.17	266.31	13.71	252.77
9.	34- Social Welfare	0.07	0.17	0.08	0.16
10.	41- Tribal Areas Sub Plan	163.23	42.20	164.14	41.29
11.	44-Higher Education	NIL	2.00	0.50	1.50
12.	48-Narmada Valley Development	356.32	170.00	361.92	164.40
13.	57- Externally Aided Projects pertaining to Water Resources Department	108.60	38.00	114.66	31.94
14.	59-Externally Aided Project pertaining to Rural Development Department	NIL	76.00	17.02	58.98
15.	60- Expenditure pertaining to District Plan Schemes	31.20	49.48	68.07	12.61
16.	65- Aviation Department	NIL	7.25	7.00	0.25
17.	73-Externally Aided Project pertaining to Housing and Environment Department	NIL	93.00	16.74	76.26

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)
18.	75- NABARD Aided Project pertaining to Water Resources Department	44.04	45.00	65.40	23.64
19.	76-Externally Aided Projects pertaining to Public Works Department	6.34	5.98	10.25	2.07
20.	81- Financial Assistance to Urban Bodies	3.09	334.27	313.54	23.82
21.	84- Upgradation of Standard of Administration under recommendation of 11th Finance Commission- Revenue	NIL	12.60	0.16	12.44
22.	86- Upgradation of Standard of Administration under recommendation of 11th Finance Commission-Jail	NIL	2.12	0.35	1.77
23.	94-Expenditure pertaining to Sinhastha Mela-2004	NIL	5.85	1.25	4.60
	Total (C)	753.10	1306.79	1244.00	815.89
	<i>D-Capital- Charged</i>				
1.	<i>-Public Debt</i>	<i>3014.43</i>	<i>4010.55</i>	<i>6736.09</i>	<i>288.89</i>
	Total (D)	3014.43	4010.55	6736.09	288.89
	Grand Total (A+B+C+D)	6275.88	7911.85	12622.01	1565.72

Additional requirement: Rs.12622.01 crore- Rs.6275.88 crore= Rs.6346.13 crore

Appendix IV

(Reference: paragraph 2.3.6, page 32)

Cases where expenditure fell short by more than rupees one crore and also by more than 10 per cent of the total provision

(Rupees in crore)

Sl. No.	Number and description of grant/appropriation	Amount of saving (percentage of provision)
(1)	(2)	(3)
<i>A</i>	<i>Revenue- Voted</i>	
1	01- General Administration	16.60 (21.5)
2	02- Other expenditure pertaining to General Administration Department	1.57 (14.4)
3	03- Police	134.74 (14.5)
4	04- Other expenditure pertaining to Home Department	2.59 (33.9)
5	05- Jails	8.29 (13.2)
6	06- Expenditure pertaining to Finance Department	731.45 (41.3)
7.	07- Expenditure pertaining to Commercial Tax Department	45.81 (22.8)
8	08- Land Revenue and District Administration	53.02 (17.2)
9	09- Expenditure pertaining to Revenue Department	5.64 (23.7)
10	10- Forest	57.05 (12.3)
11	11- Expenditure pertaining to Commerce and Industry Department	9.16 (27.1)
12	13- Agriculture	62.08 (21)
13	14- Expenditure pertaining to Animal Husbandry Department	30.42 (20.2)
14	15- Financial Assistance to Three Tier Panchayati Raj Institutions under special component plan for scheduled castes	42.26 (29.3)
15	16- Fisheries	2.41 (20.6)
16	17- Co-operation	7.82 (20.7)
17	18- Labour	12.73 (29.3)
18	19- Public Health and Family Welfare	117.48 (21.3)
19	20- Public Health Engineering	68.55 (15.6)
20	21- Expenditure pertaining to Housing and Environment Department	10.25 (41.5)
21.	23- Water Resources Department	28.38 (10.9)
22	24- Public Works-Roads and Bridges	34.02 (12.3)

(Rupees in crore)

(1)	(2)	(3)
23	25- Expenditure pertaining to Mineral Resources Department	1.82 (22.8)
24	26- Expenditure pertaining to Culture Department	3.96 (22.4)
25	27- School Education	177.48 (10.1)
26	28- State Legislature	4.66 (23.5)
27	29- Administration of Justice and Elections	28.24 (25.3)
28	30- Expenditure pertaining to Panchayat and Rural Development Department	262.69 (70.5)
29	31- Expenditure pertaining to Planning, Economics and Statistics Department	10.41 (42.1)
30	32- Expenditure pertaining to Public Relations Department	13.09 (34.9)
31	33- Tribal Welfare	95.38 (20.2)
32	34- Social Welfare	5.09 (21.6)
33	36- Transport	9.60 (39.8)
34	37- Tourism	1.79 (38.1)
35	39- Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	42.73 (23.2)
36	40- Expenditure pertaining to Command Area Development Department	3.90 (45.3)
37	41- Tribal Areas Sub Plan	104.31 (28.8)
38	43- Sports and Youth Welfare	3.60 (57.6)
39	44- Higher Education	44.87 (14.8)
40	45- Minor Irrigation-Works	9.05 (21.8)
41	47- Technical Education and Man Power Planning Department	44.55 (29.7)
42	48- Narmada Valley Development	8.17 (90.8)
43	49- Scheduled Castes Welfare	7.94 (19.1)
44	51- Religious Trusts and Endowments	2.13 (40.7)
45	52- Externally Aided Projects pertaining to Agriculture Department	1.86 (32.5)
46	53- Financial Assistance to Urban bodies under special component plan for scheduled castes	5.46 (88.6)
47	54- Expenditure pertaining to Agricultural Research and Education	4.52 (10.7)
48	55- Expenditure pertaining to Women and Child Welfare	76.38 (31.5)
49	56- Rural Industries	4.71 (21.5)
50	58- Expenditure on relief on account of Natural Calamities and Scarcity	94.25 (37.5)

(Rupees in crore)

(1)	(2)	(3)
51	59- Externally Aided Projects pertaining to Rural Development Department	76.00 (100)
52	61- Externally Aided Projects pertaining to Public Health and Family Welfare	4.61 (62.5)
53	63- Expenditure pertaining to Minority Welfare Department	1.18 (43.7)
54	64- Special component Plan for Scheduled Castes	85.51 (32.6)
55	66- Welfare of Backward Classes	5.21 (11.4)
56.	69- Urban Administration and Development Department-Urban Welfare	3.96 (30.7)
57.	70- Special problems under recommendations of the Eleventh Finance Commission - Tourism	9.00 (50)
58	72- Expenditure pertaining to Gas Tragedy Relief Works	13.05 (40)
59	73- Externally Aided Projects pertaining to Housing and Environment Department	40.15 (79.2)
60	74- Externally Aided Projects pertaining to Finance Department	83.68 (33.5)
61	77- Special Problems under recommendations of the Eleventh Finance Commission - Sports and Youth Welfare	2.00 (100)
62	79- Expenditure pertaining to Medical Education Department	27.80 (17)
63.	80- Financial Assistance to Three Tier Panchayati Raj Institutions	120.21 (16.3)
64	81- Financial Assistance to Urban Bodies	200.85 (30.6)
65	82- Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Areas Sub Plan	45.52 (20.9)
66	83- Financial Assistance to Urban Bodies under Tribal Areas Sub Plan	7.33 (98.8)
67	84- Upgradation of Standards of Administration under recommendation of 11th Finance Commission-Revenue	14.35 (87.2)
68	85- Upgradation of Standards of Administration under recommendation of 11th Finance Commission-Police	3.05 (50)
69	86- Upgradation of Standards of Administration under recommendation of 11th Finance Commission- Jail	2.11 (89)
70	87- Upgradation of Standards of Administration under recommendation of 11th Finance Commission--Urban Administration and Development	4.13 (100)
71	88- Upgradation of Standards of Administration under recommendation of 11th Finance Commission--Administration of Justice	9.52 (100)
72	89- Upgradation of Standards of Administration under recommendation of 11th Finance Commission-Finance Department	7.95 (50)
73	90- Upgradation of Standards of Administration under recommendation of 11th Finance Commission--Public Health and Family Welfare	6.60 (50)
74	91- Upgradation of Standards of Administration under recommendation of 11th Finance Commission-School Education	14.03 (50)
75	92- Upgradation of Standards of Administration under recommendation of 11th Finance Commission-Culture	3.48 (50.1)
76	95- Upgradation of Standards of Administration under recommendation of 11th Finance Commission- Panchayat and Rural Development	101.09 (100)

(Rupees in crore)

(1)	(2)	(3)
B	Revenue- charged	
77.	01-General Administration	1.88 (29.9)
78.	08- Land Revenue and District Administration	1.03 (79.2)
79	24- Public Works - Roads and Bridges	2.18 (62.3)
80.	29- Administration of Justice and Elections	1.58 (11.3)
81	81- Financial Assistance to Urban Bodies	5.23 (34.3)
C.	Capital- Voted	
82.	01- General Administration	6.15 (45.9)
83	03- Police	3.04 (33.3)
84	06- Expenditure pertaining to Finance Department	12.50 (62.1)
85	08- Land Revenue and District Administration	5.76 (73.2)
86	10- Forest	1.13 (48.1)
87	11- Expenditure pertaining to Commerce and Industry Department	6.46 (30.9)
88.	13- Agriculture	2.01 (78.5)
89	17- Co-operation	66.58 (85)
90	19- Public Health and Family Welfare	13.04 (98)
91	20- Public Health Engineering	65.98 (66.1)
92	21- Expenditure pertaining to Housing and Environment Department	14.84 (35.9)
93	23- Water Resources Department	61.27 (24)
94	24- Public Works-Roads and Bridges	178.20 (52.1)
95	30- Expenditure pertaining to Panchayat and Rural Development Department	252.78 (94.9)
96	37- Tourism	6.07 (68.1)
97	39- Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department.	6.04 (23.9)
98	40- Expenditure pertaining to Command Area Development Department	3.11 (50.9)
99	41- Tribal Areas Sub-plan	41.29 (20.1)
100	42- Public Works relating to Tribal Areas Sub-plan-Roads and Bridges	25.22 (36.5)
101	44- Higher Education	1.50 (75)
102	45- Minor Irrigation-Works	30.00 (58.1)
103	48- Narmada Valley Development-	164.40 (31.2)
104	57- Externally Aided Project pertaining to Water Resources Department.	31.94 (21.8)

Appendices

(Rupees in crore)

(1)	(2)	(3)
105	58- Expenditure on relief on account of Natural Calamities and Scarcity	3.86 (83.5)
106	59- Externally Aided Projects pertaining to Rural Development Department	58.98 (77.6)
107	60- Expenditure pertaining to District Plan Schemes	12.61 (15.6)
108	62- Externally Aided Projects pertaining to Medical Education Department	2.33 (46.6)
109	64- Special Component Plan for Scheduled Castes	87.00 (56.7)
110	66- Welfare of Backward Classes	1.54 (100)
111	67- Public Works-Buildings	35.30 (51.4)
112	68- Public Works relating to Tribal Areas Sub-plan -Buildings	4.23 (58.6)
113	73- Externally Aided Projects pertaining to Housing and Environment Department	76.26 (82)
114	75- NABARD Aided Projects pertaining to Water Resources Department	23.64 (26.5)
115	76-Externally Aided Projects pertaining to Public Works Department	2.07 (16.8)
116	80- Financial Assistance to Three Tier Panchayati Raj Institutions	1.38 (49.8)
117	84 Upgradation of Standard of Administration under recommendation of 11th Finance Commission-Revenue	12.44 (98.7)
118	86- Upgradation of Standard of Administration under recommendation of 11th Finance Commission-Jail	1.77 (83.4)
119	88- Upgradation of Standard of Administration under recommendation of 11th Finance Commission-Administration of Justice	1.31 (74.4)
120	94- Expenditure pertaining to Simhastha Mela 2004	4.60 (78.6)

Appendix V

(Reference : paragraph 2.3.7, page 33)

Cases where entire budget provision under Central schemes remained unutilised

(Rupees in crore)

Sl. No.	Description of grant	Head of account	Budget provision not utilised
(1)	(2)	(3)	(4)
A.	Centrally Sponsored Schemes		
1.	11-Expenditure pertaining to Commerce and Industry Department	2852-80-800-0701-7604-Establishment of Export Promotion Industrial Park in Pithampur, District-Dhar	1.00
2	11-Expenditure pertaining to Commerce and Industry Department	2852-80-800-0701-8850-Establishment of Gold Jewellery Park in Indore	1.00
3	21-Expenditure pertaining to Housing and Environment Department	2217-05-191-0701-1409-Integrated Development Scheme of small, and Medium Towns	3.04
4	21-Expenditure pertaining to Housing and Environment Department	4217-05-191-0701-1409 Integrated Development Scheme of small and Medium towns	6.01
5	27-School Education	2202-01-101-0701-5307-Colour television in primary schools for basic minimum services	1.33
6	37-Tourism	5452-01-101-0701-7630 Central share in centrally sponsored schemes	5.00
7	41-Tribal Areas sub-plan (20-School Education Department)	2202-01-796-101-0702-5215-Grant in Aid to Rajiv Gandhi Mission for Education Guarantee scheme	7.00
8	64-Special Component Plan for Scheduled Castes (21-Law and Legislative affairs Department)	2225-01-789-800-0703-5171- Establishment of special Courts.	4.24
9	64-Special Component Plan for Scheduled Castes (02-Home Department)	4059-60-789-800-0703-5172- Establishment of New Police Stations	1.14
10	64-Special Component Plan for Scheduled Castes (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	6225-01-789-800-0703-7602 Sanitary Mart scheme for Sanitary workers	1.50
11	80-Financial Assistance to Three Tier Panchayati Raj Institutions	2501-01-800-0701-8686- Special Abhinav Yojna	1.55
12	82-Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Areas Sub-plan	2501-03-796-800-0702-9467 Integrated Waste land Development Programme	2.06
	Total - A		34.87

(Rupees in crore)

(1)	(2)	(3)	(4)
B.	Central Sector Schemes		
13.	08-Land Revenue and District Administration	2029-103-0801-5045- Digitisation of cadastral Survey Maps.	10.00
14	11-Expenditure pertaining to Commerce and Industry Department	2852-80-800-0801-705- Development and Construction work in Industrial Area Institutes	3.00
15	13-Agriculture	2402-102-0801-2197-Central Sector Co-ordinated Scheme for soil conservation measures in River valley projects	1.87
16	13-Agriculture	2705-800-0801-3744-National Watershed Project	1.44
17	14-Expenditure pertaining to Animal Husbandary Department	2403-102-0801-6548-Extension of Frozan Semen Technique for development of cow and buffalo	7.03
18	18-Labour	2230-01-101-0801-5019 Housing Schemes for Hammal working in Mandies	1.05
19	19-Public Health and Family Welfare	2211-800-0801-2498 Supply of Conventional Contraceptives	9.00
20	19-Public Health and Family Welfare	2211-800-0801-6106-Universal Immunization	11.40
21	19-Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives	13.34
22	19-Public Health and Family Welfare	3606-237-0801-4244-Malaria	11.18
23	19-Public Health and Family Welfare	3606-237-0801-8282-Child Life and Safe Maternity Programme	25.30
24	21-Expenditure Pertaining to Housing and Environment Department	2215-02-106-0801-8872 National River Conservation Scheme	3.49
25	24-Public Works-Roads and Bridges	5054-05-337-0801-6331-Construction of Roads of Inter state economic importance (Jhansi-Satna)	6.98
26	24-Public Works-Roads and Bridges	5054-05-337-0801-9457-Construction of Roads of Inter state economic importance (Jhansi-Satna)	6.88
27	41-Tribal Areas sub-plan (14-Agriculture Department)	2402-796-101-0802-2198- Integrated scheme for Soil Conservation in River Valley Project.	4.03
28	55-Expenditure pertaining to Women and Child Welfare	2235-02-102-0801-7543-Communication Strategy	3.12
29	64-Special Component Plan for Scheduled Castes (17-Public Health and Family Welfare Department)	2210-03-789-103-0803-7561-Prime Minister Gramodaya Yojna	3.08
30	66-Welfare of Backward Classes	2225-03-277-0801-9026-Post Metric Scholarship	1.00
	Total - B		123.19
C-	0602-Scheme Financed out of Additive Funds of Government of India for Tribal Area Sub-plan		
31	41-Tribal Areas sub-plan (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	2225-02-794-190-0602-4675- Self Employment Scheme	4.00
32	41-Tribal Areas sub-plan (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	4225-02-794-190-0602-5156- Tribal Development and Finance Corporation	1.00
		Total- C	5.00
		Grand Total (A+B+C)	163.06

Appendix VI

(Reference : paragraph 2.3.8, page 33)

Cases of persistent savings

(Rupees in crore)

Sl. No.	Description of grant	Amount of saving (percentage of saving in brackets)		
		1999-2000	2000-01	2001-02
(1)	(2)	(3)	(4)	(5)
A Revenue- Voted				
1.	06-Expenditure Pertaining to Finance Department	864.64 (41.2)	1344.25 (57.3)	731.45 (41.3)
2	25-Expenditure pertaining to Mineral Resources Department	5.93 (30.4)	7.34 (41.8)	1.82 (22.8)
3	31-Expenditure pertaining to Planning, Economics and Statistics Department	5.80 (24.2)	10.24 (37)	10.41 (42.1)
4	40-Expenditure pertaining to Gommand Area Development Department	1.10 (24.9)	2.90 (51.3)	3.90 (45.3)
5	41-Tribal Areas Sub-Plan	129.93 (20.8)	173.40 (29.3)	104.31 (28.8)
6	47-Technical Education and Man Power Planning Department	34.47 (20)	42.65 (22.9)	44.55 (29.7)
7	48-Narmada Valley Development	3.73 (46)	5.71 (63.4)	8.17 (90.8)
8	51-Religious Trusts and Endowments	1.62 (28.6)	1.90 (33.9)	2.13 (40.7)
9	55-Expenditure pertaining to Women and Child Welfare	50.99 (23.1)	103.84 (38.5)	76.38 (31.5)
10	61-Externally Aided Projects pertaining to Public Health and Family Welfare	10.18 (64.3)	11.79 (90.6)	4.61 (62.5)
11	64-Special Component Plan for Scheduled Castes	112.65 (32.8)	99.24 (29.9)	85.51 (32.6)
12	72-Expenditure pertaining to Gas Tragedy Relief Works	9.83 (37.3)	6.99 (26.8)	13.05 (40)
13	73-Externally Aided Projects Pertaining to Housing and Environment Department	31.62 (62)	18.24 (35.1)	40.15 (79.2)
14	74-Externally Aided Projects Pertaining to Finance Department	650.00 (100)	129.91 (86.6)	83.68 (33.5)
B- Capital- Voted				
15	06-Expenditure pertaining to Finance Department	12.02 (49)	10.34 (37.4)	12.50 (62.1)
16	08-Land Revenue and District Administration	6.43 (52.5)	7.67 (69.8)	5.76 (73.2)
17	11-Expenditure pertaining to Commerce and Industry Department	8.56 (62.5)	8.63 (64.3)	6.46 (30.9)
18	13-Agriculture	1.97 (23.8)	2.28 (80)	2.01 (78.5)
19	17-Co-operation	33.63 (41)	28.71 (31.4)	66.58 (85)
20	24-Public Works-Roads and Bridges	17.88 (32)	76.64 (49.6)	178.20 (52.1)
21	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	7.46 (41.4)	17.83 (77.5)	6.04 (23.9)
22	40-Expenditure pertaining to Command Area Development Department	2.12 (43.5)	2.76 (48)	3.11 (50.9)
23	42-Public Works relating to Tribal Areas Sub-Plan-Roads and Bridges	16.51 (33.8)	45.69 (62.9)	25.22 (36.5)
24	45-Minor Irrigation-Works	29.89 (49.7)	40.68 (64.7)	30.00 (58.1)
25	48-Narmada Valley Development	108.50 (26.7)	137.36 (27.6)	164.40 (31.2)
26	58-Expenditure on relief on account of Natural Calamities and Scarcity	2.17 (77.5)	5.67 (90)	3.86 (83.5)
27	64-Special Component Plan for Scheduled Castes	26.37 (39.6)	41.52 (42.2)	87.00 (56.7)
28	67-Public Works-Buildings	17.91 (45.8)	61.61 (68.4)	35.30 (51.4)
29	68-Public Works relating to Tribal Areas Sub-Plan-Buildings	2.25 (63.7)	28.20 (91.2)	4.23 (58.6)

Appendix VII

(Reference : paragraph 2.3.9(a), page 33)

Cases involving substantial excesses under the schemes

(Rupees in crore)

Sl. No.	Number and name of grant	Name of scheme	Amount of excess	Percentage of excess
A- Revenue- Voted				
1.	06- Expenditure pertaining to Finance Department	2071-01-105-2514-Family pensions	52.73	105.4
2.	24-Public Works - Roads and Bridges	3054-80-001-2301- Direction and Administration (Prorata share of Establishment transferred from Grant No.67-M.H.2059)	39.85	144.1
3.	58-Expenditure on relief on account of Natural Calamities and Scarcity	2245-80-800-8030-Grant for re-establishment and other work	24.31	301.2
Total-A			116.89	
B- Capital- Voted				
4.	23-Water Resources Department	4701-01-210-0101-2884- Canal and Appurtenant work	6.11	101.8
5.	24-Public Works- Roads and Bridges	5054-03-337-0101-4336- Construction of roads in States - State Highways	5.69	2276
Total-B			11.80	
Grand Total (A+B)			128.69	

Appendix VIII

(Reference: paragraph 2.3.9(b), page 33)

Cases involving substantial savings under the schemes

(Rupees in crore)

Sl. No.	Number and name of grant	Name of scheme	Amount of saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)
A- Revenue- Voted				
1.	03- Police	2055-109-1816-Anti dacoity operations	9.03	89.1
2.	03- Police	2055-109-194-Other police	9.57	100
3.	03-Police	2055-111-9258 Supervisory staff (Rail Police Indore Section)	5.06	95.1
4.	06- Expenditure pertaining to Finance Department	2070-800-224-Other Expenditure	567.94	100
5.	07- Expenditure pertaining to Commercial Tax Department	2040-001-3569-Head quarter establishment expenditure	31.37	92.3
6.	08- Land Revenue and District Administration	2029-103-0801-5045-Digitisation of Cadastral Survey maps	10.00	100
7.	12- Expenditure pertaining to Energy Department	2801-80-101-0801-7656-Grant to MPEB under Prime Minister Gramodaya Yojana for Rural Electrifications	12.42	85
8.	14-Expenditure pertaining to Animal Husbandry Department	2403-102-0801-6548-Extention of Frozen Semen Technique for development of cow and buffallo	7.03	100
9.	19- Public Health and Family Welfare	2211-800-0801-2498-Supply of conventional contraceptives	9.00	100
10.	19-Public Health and Family Welfare	2211-800-0801-6106-Universal immunisation	11.40	100
11.	19-Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives	13.34	100
12.	19-Public Health and Family Welfare	3606-237-0801-4244-Malaria	11.18	100
13.	19-Public Health and Family Welfare	3606-237-0801-8282-Child life and safe maternity programme	25.30	100
14.	24-Public works - Roads and Bridges	3054-03-337-2227-Renewal	21.33	82.4
15.	24-Public works - Roads and Bridges	3054-04-337-1366-Widening	5.30	96.4
16.	24-Public works - Roads and Bridges	3054-04-337-1826 - Asphaltting	6.87	90.6
17.	24-Public works - Roads and Bridges	3054-04-337-2227 - Renewal	65.45	84.3
18.	29-Administration of Justice and Elections	2015-108-9503-Issue of photo identity cards to voters	11.49	95.8
19.	30-Expenditure pertaining to Panchayat and Rural Development Department	2515-800-0101-6655-Grant in Aid to M.P. Rural Road Development Authority	256.68	100
20.	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	2408-01-102-3248-Recoupment of losses to M.P. State Co-operative Marketing Federation for procurement of Food Grain	6.67	100

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
21	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	2408-01-102-0101-570-To bring Fair Price Shops, under co-operatives and recoupment to meet losses in the sale of Joar.	20.05	100
22	41-Tribal Areas Sub Plan (10-Forest Department)	2406-01-796-800-0802-5231-Grant to small forest produce Federation for small Forest produce work.	10.69	92.6
23	41-Tribal Areas Sub Plan (20-School Education Department)	2202-01-796-101-0102-5087-Grant to Rajiv Gandhi Primary Education Mission	5.30	100
24	41-Tribal Areas Sub Plan (20-School Education Department)	2202-01-796-101-0702-5215-Grant in Aid to Rajiv Gandhi Mission for Education Guarantee Scheme	7.00	100
25	48-Narmada Valley development	2402-102-0801-9451-Aid for treatment of catchment area of Sardar Sarowar Project	8.17	90.8
26	58-Expenditure on relief on account of Natural Calamities and scarcity	2245-01-101-8874-Additional Provision for drought relief and Employment	68.09	90.8
27	59-Externally Aided Project pertaining to Rural Development Department	2501-01-800-1201-5853-DPIP Scheme	76.00	100
28	79-Expenditure pertaining to medical Education Department	2210-01-110-3506-Mental Hospital, Gwalior	5.40	100
29	80-Financial Assistance to Three Tier Panchayati Raj Institutions	2202-01-103-0101-5846-Education Guarantee Scheme for Basic minimum services	7.06	100
30	80-Financial Assistance to Three Tier Panchayati Raj Institutions	2202-02-191-8403-Grant for salary to Education Employees for Basic minimum services	8.50	93.9
31	81-Financial Assistance to Urban Bodies	3604-108-8860-Payment of Surcharge to local bodies charged on Commercial Tax	89.47	82.1
32	83- Financial Assistance to urban Bodies under Tribal Areas Sub Plan	2217-05-796-191-1302-5185 Lumpsum Grant for basic services	5.10	100
33	84- Upgradation of standard of Administration under recommendation of 11th Finance Commission - Revenue	2053-093-5052-District Administration	8.23	100
34	89-Upgradation of Standard of Administration under recommendation of the Eleventh Finance Commission-Finance Department	2054-095-2274-Direction Administration	7.96	100
35	90-Upgradation of Standard of Administration under recommendation of Eleventh Finance Commission-Public Health and Family Welfare	2210-01-800-5049-Health Services	6.60	100

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
36	91-Upgradation of Standard of Administration under recommendation of Eleventh Finance Commission - School Education	2202-01-001-5056-Elementary Education (Class 1 to 8)	8.26	100
37	95-Upgradation of Standard of Administration under recommendation of Eleventh Finance Commission-Panchayat and Rural Development	2515-101-1301-6656-Grant to Village Panchayats for basic services as per recommendation of 11th Finance Commission	101.09	100
TOTAL - A			1539.40	
B- Capital- Voted				
38	01-General Administration	4059-01-051-0101-6443-Purchase of plot for construction of extra building in M.P. Bhawan Delhi	6.00	100
39	17- Co-operation	<i>4425-107-0101-2754-Investment in share capital of Primary Agriculture credit Societies/Farmers Service/ Large sized multipurpose Co-operative Societies</i>	6.90	100
40	17-Co-operation	4425-107-0101-2759-Investment in the share capital of Primary Land Development Banks	6.00	100
41	17-Co-operation	6408-02-190-0910-8725-Margin money loan for working capital to M.P. State Co-operative Marketing Federation Ltd. Bhopal	15.00	100
42	17-Co-operation	6425-107-0101-8707-Co-operation of State Government for conversion of Short Term Loans into Mid Term Loans	9.00	90
43	17-Co-operation	6425-108-0101-8747-Adjustment of instalments for repayment of Loans taken by M.P. State Co-operative oil seed Production Federation Ltd. Bhopal, from N.C.D.C	20.05	100
44	19-Public Health and Family Welfare	4210-01-110-0101-7648-Construction of Hospitals and Dispensaries	12.32	97.9
45	21-Expenditure pertaining to Housing and Environment Department	4217-05-191-0701-1409-Integrated Development Scheme of Small and medium Towns	6.01	100
46	23-Water Resources Department	4701-03-800-0101-2339-Direction and Administration	18.71	98.4
47	24-Public Works-Roads and Bridges	5054-03-337-0101-9456-Construction and improvement of BHOPAL/SEHORE By pass Road	33.83	84.6
48	24-Public Works-Roads and Bridges	5054-04-337-0101-1366-Widening	5.04	91.6
49	24-Public works-Roads and Bridges	5054-04-337-0101-1826 Asphaltting	7.34	96.9
50	24-Public works-Roads and Bridges	5054-04-800-0101-6657-Bitumen laying on District WBM Road under NABARD Loan Assistance	61.66	97.9

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
51	24-Public Works-Roads and Bridges	5054-05-337-0801-6331-Construction of Roads of Inter State economic importance (Jhansi-Satna)	6.98	100
52	24-Public Works-Roads and Bridges	5054-05-337-0801-9457-Construction of Roads of Inter State economic importance (Jhansi-Satna)	6.88	100
53	30-Expenditure pertaining to Panchayat and Rural Development Department	4515-800-0701-6655-MP Rural Road Development Authority	248.27	95.9
54	37-Tourism	5452-01-101-0701-7630-Central share in Centrally sponsored scheme	5.00	100
55	42-Public Works relating to Tribal Areas Sub Plan-Roads and Bridges	5054-03-796-101-0102-4149-Construction of major Bridges	5.47	91.2
56	42-Public Works relating to Tribal Areas sub plan-Roads and Bridges	5054-04-796-800-0102-7563-Bitumenisation of WBM Roads (NABARD)	22.42	97.5
57	45-Minor Irrigation-Works	4702-102-0101-2339-Direction and Administration	22.53	93.9
58	48-Narmada Valley Development	4801-01-205-0101-9133-Sardar Sarovar Project	138.18	98.7
59	57-Externally Aided Projects pertaining to Water Resources Department	4701-01-211-1201-2884-Canal and Appurtenant construction work	35.00	100
60	64-Special component Plan for scheduled castes (17-Public Health and Family Welfare department)	5054-04-789-800-0103-7563-Bitument of WBM Roads (NABARD)	14.00	100
61	64-Special Component Plan for Scheduled Castes 25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department	4225-01-789-800-0103-7560-Lump sum provision for special component plan	45.70	91.2
62	73-Externally Aided Projects pertaining to Housing and Environment Department	4217-60-051-1201-8748-For Bhoj Wet Land Project	76.26	82
63	84-Upgradation of Standard of Administration under recommendation of the Eleventh Finance Commission- Revenue	4059-01-051-1301-5052-District Administration	11.50	98.6
Total-B			846.05	
Grant total (A) + (B)			2385.45	

Appendix IX

(Reference: paragraph 2.3.10, page 33)

Injudicious/irregular/incorrect re-appropriation/surrenders

- (a) Some of the cases in which funds were injudiciously withdrawn by re-appropriation/surrender, although accounts already showed excess over provision

(Rupees in crore)

Sl. No.	Grant No. and Head of Account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation/surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	07-Expenditure pertaining to Commercial Tax Department-2039-104-4173-Purchase of Spirits	36.00	36.49	0.49	(-4.03)	4.52
2.	07-Expenditure pertaining to Commercial Tax Department-2040-101-1509-District Establishment	30.36	34.73	4.37	(-1.27)	5.64
3.	13 - Agriculture 2401-001-119-Subordinate and Expert Staff (district and Subordinate level Staff)	48.03	48.98	0.95	(-1.00)	1.95
4.	23-Water Resources Department-2701-03-800-2250 - Canal and Tanks	27.00	35.83	8.83	(-4.19)	13.02
5.	30-Expenditure pertaining to Panchayat and Rural Development Department-2515-001-0101-1033-Block Development Office	31.64	34.33	2.69	(-2.30)	4.99
6.	80-Financial Assistance to Three Tier Panchayati Raj Institutions-2515-101-0101-8214-Secretariate arrangement	20.72	21.48	0.76	(-1.15)	1.91
7.	82-Financial Assistance to Three Tier Panchayati Raj Institutions under Tribal Area Sub-Plan-(22-Panchayat and Rural Development)-2505-01-796-0702-9376-National Programme-Rural Jawahar Gram Samridhi Yojna	11.63	12.10	0.47	(-1.02)	1.49

- (b) Some of the cases, in which funds were withdrawn by re-appropriation/surrender, in excess of available savings resulting in final excess of more than Rs.5 lakh

(Rupees in crore)

Sl. No.	Grant number and Head of Account	Original plus supplementary provision	Actual expenditure	Available saving	Re-appropriation/surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	03-Police-2070-107-2710-Office of the Chief Commandant and other Subordinate Officers	16.73	12.95	3.78	(-4.32)	0.54
2.	03-Police-2070-108-2633-Police Fire Brigade Indore	2.50	1.33	1.17	(-1.31)	0.14
3.	05-Jails-2056-101-938-Central and District Jails	58.60	51.51	7.09	(-7.36)	0.27
4.	07-Expenditure pertaining to Commercial Tax Department-2030-03-001-1480-District Charges	8.56	6.54	2.02	(-2.16)	0.14
5.	08-Land Revenue and District Administration-2029-102-1058-Consolidation of Holdings (Chakbandi)	5.47	3.86	1.61	(-1.71)	0.10

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
6.	08-Land Revenue and District Administration-2029-102-2833-Office of Forecast Officer and Settlement Officer	26.37	17.61	8.76	(-)8.84	0.08
7.	08-Land Revenue and District Administration-2029-103-0801-5917-Extension of Computerisation Scheme of Land Records	13.00	5.77	7.23	(-)7.51	0.28
8.	10-Forest-2406-01-102-0101-646-Expenditure from optional Plant sowing fund	2.00	1.14	0.86	(-)2.00	1.14
9.	15-Financial Assistance to Three Tier Panchayati Raj Institutions, under special component plan for Scheduled Castes-(22-Panchayat and Rural Development)-2501-01-789-101-0703-8376-Construction of mini I.T.I.	2.00	0.32	1.68	(-)2.00	0.32
10.	20-Public Health Engineering-2215-01-102-0801-1095-Accelerated Rural Water Supply Scheme	126.81	70.01	56.80	(-)82.42	25.62
11.	23-Water Resources Department 2701-01-203-2894-Barrage and Canal	8.75	7.28	1.47	(-)2.22	0.75
12.	23-Water Resources Department 4701-01-212-0101-2884-Canal and Appurtenant Work	6.00	4.08	1.92	(-)2.00	0.08
13.	23-Water Resources Department 4701-03-800-0101-3368-Construction work of medium irrigation scheme	5.59	2.41	3.18	(-)3.76	0.58
14.	24-Public Works-Roads and Bridges-3054-03-337-1366-Widening	2.81	0.22	2.59	(-)2.81	0.22
15.	24-Public Works-Roads and Bridges-3054-03-337-1826-Asphalting	4.01	0.73	3.28	(-)4.01	0.73
16.	24-Public Works-Roads and Bridges-3054-03-337-4558-Strengthening	3.57	0.15	3.42	(-)3.57	0.15
17.	24-Public Works-Roads and Bridges-3054-04-337-1366-Widening	5.51	0.21	5.30	(-)5.51	0.21
18.	24-Public Works-Roads and Bridges-3054-04-337-1826-Asphalting	7.58	0.70	6.88	(-)7.58	0.70
19.	24-Public Works-Roads and Bridges-3054-04-337-4557-Strengthening	4.20	0.18	4.02	(-)4.20	0.18
20.	27-School Education-2202-01-102-0101-9948-Primary Schools for Basic minimum Services	17.17	9.65	7.52	(-)7.76	0.24
21.	29-Administration of Justice and Elections-2015-103-3307-Preparation and Printing of Electoral Rolls	4.00	2.96	1.04	(-)1.30	0.26
22.	30-Expenditure pertaining to Panchayat and Rural Development Department-2501-01-001-0701-8774-State Level Staff	2.63	2.02	0.61	(-)1.13	0.52
23.	30-Expenditure pertaining to Panchayat and Rural Development Department-4515-800-0701-6655-M.P. Rural Road Development Authority	258.98	10.71	248.27	(-)251.01	2.74
24.	32-Expenditure pertaining to Public Relations Department-2220-01-001-0101-2320-Direction and Administration	14.06	10.73	3.33	(-)3.48	0.15
25.	40-Expenditure pertaining to Command Area Development Department-2705-202-0701-6301-Grant to Barna Co-operative Co-management Societies	4.62	2.11	2.51	(-)2.72	0.21
26.	48-Narmada Valley Development-4801-01-205-0101-9133-Sardar Sarowar Project	140.00	1.82	138.18	140.00	1.82
27.	48-Narmada Valley Development-4801-01-206-0101-2428-Executive Establishment Unit I and II	6.90	2.81	4.09	(-)6.90	2.81
28.	48-Narmada Valley Development-4801-01-206-0101-3274-Circle Establishment	1.13	0.43	0.70	(-)1.13	0.43
29.	54-Expenditure pertaining to Agricultural Research and Education-2415-01-120-0101-9181-Grant-in-aid to Jawahar Lal Nehru Agriculture University, Jabalpur, Agriculture University Khandwa and Mandsaur	40.62	36.74	3.88	(-)6.00	2.12
30.	55-Expenditure pertaining to Women and Child Welfare-2235-02-102-0801-5354-Integrated Service Scheme	83.31	59.23	24.08	(-)25.29	1.21

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
31.	64-Special Component Plan for Scheduled Castes-(02-Home Department)-2055-789-109-0703-5172-Establishment of new police stations	9.51	5.96	3.55	(-)3.62	0.07
32.	68-Public Works relating to Tribal Areas Sub-Plan-Buildings-4210-02-796-103-0102-1209-Construction of Primary Health Centres under Rural Plan.	2.32	1.07	1.25	(-)1.50	0.25
33.	80-Financial Assistance to Three Tier Panchayati Raj Institutions-2405-101-0701-3319-Fisheries Extension	2.91	1.73	1.18	(-)1.24	0.06
34.	80-Financial Assistance to Three Tier Panchayati Raj Institutions-2501-01-001-0701-8775-District Level Administration Scheme	5.20	3.97	1.23	(-)1.42	0.19
35.	80-Financial Assistance to Three Tier Panchayati Raj Institutions 2501-01-101-0701-8376-Construction of mini I.T.I.	1.46	0.14	1.32	(-)1.46	0.14
36.	80-Financial Assistance to Three Tier Panchayati Raj Institutions-2505-01-702-0701-6503-Rojgar Aashwasan Yojna.	26.69	20.07	6.62	(-)7.32	0.70
37.	81-Financial Assistance to Urban Bodies-3604-106-8017-Grant-in-Aid to Urban Local Bodies for maintenance of Road from Taxes on Vehicles	34.66	27.80	6.86	(-)7.01	0.15
38.	81-Financial Assistance to Urban Bodies-3604-107-8018-Grant-in-Aid to Local Bodies equal to Income received from Entry Tax	328.13	274.03	54.10	(-)54.44	0.34
39.	82-Financial Assistance to Three Tier Panchayati Raj Institutions, under Tribal Area Sub-Plan-(22-Panchayat and Rural Development)-2501-01-796-101-0702-9375-Grant to District Rural Development Agency under Millenium Rural Self Employment Scheme	5.81	3.22	2.59	(-)2.80	0.21
40.	82-Financial Assistance to Three Tier Panchayati Raj Institutions, under Tribal Area Sub-Plan-(22-Panchayat and Rural Development)-2505-01-796-702-0702-7664-Jawahar Gram Samridhhi Yojna	1.20	0.23	0.97	(-)1.03	0.06
41.	82-Financial Assistance to Three Tier Panchayati Raj Institutions, under Tribal Area Sub-Plan-22-Panchayat and Rural Development-2505-01-796-702-0702-7665-Employment Assurance Scheme	1.20	0.28	0.92	(-)1.05	0.13

(c) Some of the cases of un-necessary augmentation of funds by re-appropriation despite available savings

Sl. No.	Grant number and Head of account	Original plus supplementary provision	Actual expenditure	Available saving	Re-appropriation/surrender	Final saving
1.	17-Co-operation-4425-107-0101-2754-Investment of Share Capital of Primary Agriculture Credit Societies/Farmers Service/Large Sized multipurpose Co-operative Societies	6.90	Nil	6.90	+2.53	9.43
2.	23-Water Resources Department-2701-01-201-6135-Canal	17.00	6.64	10.36	+1.46	11.82
3.	24-Public Works-Roads and Bridges-5054-03-337-0101-9456-Construction and improvement of Bhopal Schore By Pass Road	40.00	6.17	33.83	+ 5.00	38.83
4.	48-Narmada Valley Development-4701-01-231-0101-2872-Bargi Canal Diversion Project	5.75	5.15	0.60	+ 5.79	6.39

(d) Cases in which funds were injudiciously augmented by re-appropriation more than the amount required to cover the excess of expenditure over the provision

(Rupees in crore)

Sl. No.	Grant No. and Head of Account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation/surrender	Final saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	10-Forest 2406-01-101-0101-2965-Rehabilitation of Degraded Forest alongwith Bamboo Forest	14.11	17.51	3.40	+ 3.82	0.42
2.	23-Water Resources Department-2701-01-001-2894-Dam and Canal-Arrangement of money for elected Agricultural Instructors	Token	0.16	0.16	+ 6.07	5.91
3.	23-Water Resources Department-2701-80-001-275-Abhiyana Establishment	6.50	7.00	0.50	+ 3.92	3.42
4.	23-Water Resources Department-4701-01-216-0101-2884-Canal and Appurtenant Work	43.00	65.45	22.45	+ 27.00	4.55
5.	27-School Education-2202-04-001-0801-1219-Rural Functional Literacy Project and Establishment of Nilayam Centres (Central Sector Scheme)	0.16	1.54	1.38	+ 1.59	0.21
6.	45-Minor Irrigation Works-2702-80-800-9453-Arrangement of funds for elected Agricultural Institutions	Token	0.36	0.36	+ 2.70	2.34
7.	48-Narmada Valley Development-4701-01-233-0101-2433-Executive Establishment	5.82	9.74	3.92	+ 5.33	1.41
8.	48-Narmada Valley Development-4801-01-204-0101-2344-Construction work	0.40	2.66	2.26	+ 2.40	0.14
9.	48-Narmada Valley Development-4801-01-206-0101-4654-Establishment (Forest Cell)	5.06	5.47	0.41	+ 1.09	0.68
10.	48-Narmada Valley Development-4801-80-800-0101-4406-Expenditure for Land Acquisition and other work in sub-merged area of Sardar Sarowar	124.59	138.31	13.72	+ 19.49	5.77
11.	64-Special Component Plan for Scheduled Casts-(25-SC, ST and Backward Class Welfare Department)-2225-01-789-001-0103-7562-Establishment of Excellent Education Centres	0.45	2.36	1.91	+ 1.93	0.02
12.	75-NABARD Aided Project pertaining to Water Resources Department-4701-03-800-0101-8696-Kolar Project	2.00	2.36	0.36	+ 1.75	1.39

Appendix X

(Reference: paragraph 2.3.11(a), page 33)

Non-surrender of significant savings (Rs. 5 crore and above)

(Rupees in crore)

Sl. No.	Number and name of grant/appropriation	Total available saving	Amount not surrendered (percentage to total saving in brackets)
(1)	(2)	(3)	(4)
A	Revenue- Voted		
1.	03- Police	134.74	121.10 (89.9)
2.	06- Expenditure pertaining to Finance Department	731.45	729.80 (99.8)
3.	07-Expenditure Pertaining to Commercial Tax Department	45.81	23.26 (50.8)
4.	08- Land Revenue and District Administration	53.02	16.06 (30.3)
5.	10- Forest	57.05	52.28 (91.6)
6.	11- Expenditure pertaining to Commerce and Industry Department	9.16	9.16 (100)
7.	13-Agriculture	62.08	5.49 (8.8)
8.	14- Expenditure pertaining to Animal Husbandry Department	30.42	12.66 (41.6)
9.	15- Financial Assistance to Three Tier Panchayati Raj Institutions under special component plan for Scheduled Castes	42.26	20.92 (49.5)
10	17-Co-operation	7.82	7.82 (100)
11	18- Labour	12.73	12.27 (96.4)
12.	19- Public Health and Family Welfare	117.48	117.03 (99.6)
13.	21-Expenditure pertaining to Housing and Environment Department	10.25	10.21 (99.6)
14.	23-Water Resources Department	28.38	28.38 (100)
15	27-School Education	177.48	148.58 (83.7)
16.	31- Expenditure pertaining to Planning, Economics and Statistics Department	10.41	10.41 (100)
17	33- Tribal Welfare	95.38	95.23 (99.8)
18	41- Tribal Areas Sub-Plan	104.31	25.76 (24.7)
19	44-Higher Education	44.87	44.87 (100)
20	47- Technical Education and Man Power Planning Department	44.55	16.24 (36.5)
21.	48-Narmada Valley Development	8.17	8.17 (100)
22.	58- Expenditure on Relief on account of Natural Calamities and Scarcity	94.25	94.25 (100)

(Rupees in crore)

(1)	(2)	(3)	(4)
23	64- Special Component Plan for Scheduled Castes	85.51	38.51 (45)
24	70-Special Problems under recommendations of the Eleventh Finance Commission - Tourism	9.00	9.00 (100)
25.	72- Expenditure pertaining to Gas Tragedy Relief Works	13.05	13.05 (100)
26.	73-Externally Aided Projects Pertaining to Housing and Environment Department	40.15	40.15 (100)
27	79- Expenditure pertaining to Medical Education Department	27.80	27.80 (100)
28	80- Financial Assistance to Three Tier Panchayati Raj Institutions	120.21	60.46 (50.3)
29	81- Financial Assistance to Urban Bodies	200.85	10.25 (5.1)
30	82- Financial Assistance to Tribal Area Sub Plan Three Tier Panchayati Raj Institutions	45.52	10.07 (22.1)
31	84-Upgradation of Standards of Administration under recommendation of 11th Finance Commission- Revenue	14.35	6.12 (42.6)
32	88-Upgradation of Standards of Administration under recommendation of 11th Finance Commission-Administration of Justice	9.52	5.21 (54.7)
33.	89-Upgradation of Standards of Administration under recommendation of 11th Finance Commission- Finance	7.95	7.95 (100)
34	90- Upgradation of Standards of Administration under recommendation of 11th Finance Commission- Public Health and Family Welfare	6.60	6.60 (100)
35	95- Upgradation of Standards of Administration under recommendation of 11th Finance Commission- Panchayat and Rural Development	101.09	101.09 (100)
	Total (A)	2603.67	1946.21 (74.7)
B	Revenue- Charged		
1.	-- Interest Payment and Servicing of Debt.	206.17	206.06 (99.9)
	Total (B)	206.17	206.06 (99.9)
C	Capital- Voted		
1.	06- Expenditure pertaining to Finance Department	12.50	11.72 (93.8)
2.	08- Land Revenue and District Administration	5.76	5.61 (97.4)
3.	11- Expenditure pertaining to Commerce and Industry Department	6.46	6.05 (93.7)
4.	17- Co-operation	66.58	66.58 (100)
5.	19-Public Health and Family Welfare	13.04	13.04 (100)
6.	20-Public Health Engineering	65.98	26.86 (40.7)
7.	21-Expenditure pertaining to Housing and Environment Department	14.84	14.74 (99.3)
8.	23- Water Resources Department	61.27	61.27 (100)
9.	24- Public Works -Roads and Bridges	178.20	178.20 (100)
10.	41- Tribal Areas Sub-Plan	41.29	29.03 (70.3)
11.	42- Public Works relating to Tribal Areas Sub-Plan-Roads and Bridges	25.22	25.22 (100)
12.	45- Minor Irrigation-Works	30.00	28.88 (96.3)

(Rupees in crore)

(1)	(2)	(3)	(4)
13.	48- Narmada Valley Development	164.40	18.03 (11)
14.	57- Externally Aided Projects pertaining to Water Resources Department	31.94	31.94 (100)
15.	60-Expenditure pertaining to District Plan Scheme	12.61	12.61 (100)
16.	64- Special Component Plan for Scheduled Castes	87.00	30.81 (35.4)
17.	67- Public Works-Buildings	35.30	22.30 (63.2)
18.	73-Externally Aided Project pertaining to Housing and Environment Department	76.26	76.26 (100)
19.	75- NABARD Aided Projects pertaining to Water Resources Department	23.64	23.64 (100)
20.	84-Upgradation of standard of Administration under recommendation of the Eleventh Finance Commission -Revenue	12.44	5.24 (42.1)
Total (C)		964.73	688.03 (71.3)
Grand Total (A+B+C)		3774.57	2840.30 (75.2)

Appendix XI

(Reference: paragraph 2.3.12, page 33)

Cases of injudicious surrender

(Rupees in crore)

Sl. No.	Description of grant	Available saving	Amount surrendered
A-	Revenue- Voted		
1	02 - Other Expenditure pertaining to General Administration Department	1.57	1.63
2	05 - Jail	8.29	8.57
3	20-Public Health Engineering	68.55	85.47
4	24 - Public Works - Roads and Bridges	34.02	38.58
5	30-Expenditure pertaining to Panchayat and Rural Development Department	262.69	266.41
6	40-Expenditure Pertaining to Command Area Development Department	3.90	3.95
7	52 - Externally Aided Projects pertaining to Agriculture Department	1.86	1.89
8	54-Expenditure Pertaining to Agricultural Research and Education	4.52	6.00
9	56 - Rural Industries	4.71	5.09
10	63 - Expenditure pertaining to Minority Welfare Department	1.18	1.19
	Total (A)	391.29	418.78
B-	Capital- Voted		
1	30-Expenditure Pertaining to Panchayat and Rural Development Department	252.78	254.01
2	40 - Expenditure pertaining to Command Area Development Department	3.11	3.12
3	82-Financial Assistance to Tribal Areas Sub- Plan Three Tier Panchayati Raj Institutions	0.19	0.20
	TOTAL-(B)	256.08	257.33
	Grand Total (A+B)	647.37	676.11

Appendix XII
(Reference: paragraph 2.3.13, page 34)

Non-reconciliation of expenditure figures

Sl. No.	Head of Account	Grant numbers	Amount of expenditure not reconciled during the year (Rupees in crore)
1.	2030	07	19.68
2.	2053	08,50	27.41
3.	2054	06,32,89	33.57
4.	2055	01,03	7.79
5.	2059	01,67	129.62
6.	2202	27,32,64,80,82	1695.48
7.	2204	27	13.78
8.	2205	26	15.67
9.	2210	72,79	151.49
10.	2215	15,20,21,32,41,58,64,80, 81, 82	99.98
11.	2217	53,81,83,87	20.57
12.	2235	01,04,29,32	5.80
13.	2250	02,51	1.15
14.	2406	10	63.36
15.	4217	81,87	16.87
16.	6217	81	40.80
Total	16-Major Heads	30- Grants	2343.02

Appendix XIII

(Reference: paragraph 2.3.14, page 34)

Defective sanctions for re-appropriations/surrenders

Sl. No.	Number of sanctions	Grants numbers	Amount (Rupees in crore)	Particulars of irregularities
1	7	1,4,6,21,23,26,41, 45,51, 57,64,73,75	124.84	Sanctions were issued after close of financial year 2001-2002
2	16	1,7,11,15,27,30, 35, 41,58,64,67,68	112.19	Non-availability of provision under the Heads from which re-appropriations/ surrenders were sanctioned and non-furnishing of details of schemes from which surrenders/ re-appropriations were sanctioned.
3	1	22	0.66	Delayed receipt of sanction in Accountant General (A&E) office, i.e. after close and finalisation of Accounts.
4	1	72	1.15	Re-appropriations of more than Rs.10 lakh were issued without prior approval of Finance Department.
5	1	26	0.02	Funds to the Head "Office expenses" increased by re-appropriation
6	1	41	18.76	Re-appropriation from one Grant to another Grant.
Total			257.62	

Appendix XIV

(Reference: paragraph 2.3.15, page 34)

Rush of expenditure during March 2002

(Rupees in crore)

Sl No.	Description of grants	Total provision	Expenditure up to ^(*)		Expenditure in March 2002	Percentage of expenditure in March to total expenditure
			December 2001	March 2002		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	21-Expenditure pertaining to Housing and Environment Department	65.99	14.74	40.91	21.49	52.5
2	60-Expenditure pertaining to District Plan Scheme	80.69	17.26	68.07	35.41	52.0
3	65 - Aviation Department	13.14	3.72	11.96	7.17	59.9
4	70-Special problems, under recommendation of the Eleventh Finance Commission - Tourism	18.00	Nil	9.00	9.00	100
5	73-Externally Aided Projects pertaining to Housing and Environment Department	143.70	13.00	27.28	16.74	61.4
6	76-Externally Aided Projects pertaining to Public Works Department	12.32	2.05	10.25	8.22	80.2
7	85-Upgradation of Standards of Administration under recommendation of 11 th Finance-Commission -Police-	8.69	Nil	4.83	4.83	100
8	87-Upgradation of Standards of Administration under recommendation of 11 th Finance Commission- Urban Administration and Development	8.26	Nil	4.13	4.13	100
9	90-Upgradation of Standards of Administration under recommendation of 11 th Finance Commission -Public Health and Family Welfare	13.20	Nil	6.60	6.60	100
10	91- Upgradation of Standards of Administration under recommendation of 11 th Finance Commission -School Education-	28.06	Nil	14.03	14.03	100

Note: The expenditure shown in column (6) of grants no. 21, 60, 70, 85, 87 and 91 includes amounts of Rs.18.00 crore, Rs.7.65 crore, Rs.9.00 crore, Rs.4.83 crore, Rs.4.13 crore and Rs.14.03 crore respectively aggregating to Rs.57.64 crore, which were credited to the Major Head 8443 - Civil Deposits, 800-Other Deposits.

(*) Figures of 6/2001 and 9/2001 not available.

Appendix XV

(Reference: paragraph 2.3.16, page 34)

Expenditure incurred without budget provision

(Rupees in lakh)

Sl. No.	Description of grant/appropriation	Head of Account	Amount of expenditure
1	Public Debt	6003-106-5044 Compensation and other bonds (5% Urban Land Ceiling 1976)	3.50
2	06-Expenditure pertaining to Finance Department	2071-01-115-6429 Leave Encashment Benefit	3.19
3	12-Expenditure pertaining to Energy Department	2801-80-800-Other Expenditure	3.39
Total			10.08

Appendix XVI

(Reference: paragraph 2.4.1(b) (ii), page 36)

Substantial savings under schemes of selected grants

(Rupees in crore)

Sl. No.	Grant No. and Name of Scheme	Savings (percentage)
(1)	(2)	(3)
(A)	21-Expenditure pertaining to Housing and Environment Department	
1.	2215-02-106-0801-8872-National River Conservation Scheme	3.49(100)
2.	2217-05-191-0701-1409-Integrated Development Schemes of Small and Medium Towns	3.04(100)
3.	4217-05-191-0701-1409-Integrated Development Schemes of Small and Medium Towns	6.01(100)
4.	6216-02-201-0101-8260-Market Borrowing	3.16(100)
(B)	24- Public Works- Roads and Bridges	
5.	3054-03-337-1366-Widening	2.58(92.1)
6.	3054-03-337-1826-Asphalting	3.28(81.8)
7.	3054-03-337-2227-Renewal	21.32(82.4)
8.	3054-03-337-4090-Special Repairs	7.33(79.5)
9.	3054-03-337-4558-Strengthening	3.42(95.8)
10.	3054-04-337-1366-Widening	5.30(96.2)
11.	3054-04-337-1826-Asphalting	6.87(90.8)
12.	3054-04-337-2227-Renewal	65.45(84.4)
13.	3054-04-337-4557-Strengthening	4.02(95.7)
14.	5054-03-337-0801-8716-Central Road Fund	56.75(56.8)
15.	5054-03-337-0101-1366-Widening	2.12(75.4)
16.	5054-03-337-0101-4558-Strengthening	3.50(98)
17.	5054-03-337-0101-9456-Construction and Improvement of Bhopal-Sehore By Pass Road	33.83(84.6)
18.	5054-04-337-0101-1366-Widening	5.05(91.7)
19.	5054-04-337-0101-1826-Asphalting	7.34(96.8)
20.	5054-04-337-0101-4558-Strengthening	4.19(99.8)
21.	5054-04-800-0801-8803-Construction of Saras Khedi Dhakoni Road from Ashok Nagar to Isagarh	3.48(100)
22.	5054-04-800-0101-6657-Bitumen laying on district W.B.M. Road under Nabard loan assistance	61.66(97.9)
23.	5054-05-337-0801-6331-Construction of Roads of Inter-State Economic Importance	6.98(100)
24.	5054-05-337-0801-9457-Construction of Roads of Inter State Economic Importance (Jhansi-Satna)	6.88(100)
(C)	40-Expenditure pertaining to Command Area Development Department	
25.	2705-202-0701-6301-Grant to Bayna Co-operative Co-Management Societies	2.51(54.3)
(D)	80-Financial Assistance to Three Tier Panchayat Raj Institutions	
26.	2202-01-103-0101-5846-Education Guarantee Scheme for basic minimum services	7.06(100)
27.	2202-02-191-8403-Grant for salary to Education Employees for basic minimum services	8.50(93.9)
28.	2401-102-0701-921-Pulse Crops Production	2.32(74.6)
29.	2401-108-0701-927- Centrally Sponsored National Oil Seed Development Project	4.20(60.4)
Total		351.64

Appendix XVII

(Reference: paragraph 2.4.1(b) (ii), page 36)

Substantial excesses under schemes of selected grants

(Rupees in crore)

Sl. No.	Grant No. and Name of Scheme	Excess expenditure (Percentage)
(1)	(2)	(3)
(A) 21-Expenditure pertaining to Housing and Environment Department		
1.	4217-01-052-0101-1021-Beautification of the Areas etc.	1.27 (53.4)
(B) 24-Public Works -Roads and Bridges		
2.	3054-03-337-134-Maintenance and Repairs-Ordinary	3.76 (10.7)
3.	3054-04-337-134-Maintenance and Repairs-Ordinary Repairs	45.09 (91.4)
4.	3054-80-001-2301-Direction and Administration	39.85 (144.1)
5.	5054-03-337-0101-4336-Construction of roads in States-State Highways	5.69 (2276)
6.	5054-04-800-0701-1924-Construction of Roads and Bridges in Dacoity affected area	1.08 (93.1)
7.	5054-04-800-0101-1222-Construction of Rural Roads Under Basic Minimum Services	4.32 (864)
8.	5054-04-800-0101-1513-Construction of Major District Roads	1.89 (203.2)
9.	5054-04-800-0101-2457-Minimum Needs programme	1.67 (138)
10.	5054-04-800-0101-6590-Construction of Rural Roads under NABARD Loan Assistance	7.57 (13)
(C) 80-Financial Assistance to Three Tier Panchayati Raj Institutions		
11.	2501-01-101-0701-7573-Special Abhinav Scheme	1.55 (2583)
Total		113.74

Appendix XVIII

(Reference: Paragraph 2.4.1(c), page 36)

(a) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants

(Rupees in crore)

Sl. No.	Description of grant and scheme	Amount of unutilised supplementary provision
(1)	(2)	(3)
(a) 21-Expenditure pertaining to Housing and Environment Department		
1.	4217-05-191-0701-1409-Integrated Development schemes of small and medium towns	6.01
2.	6217-60-191-0101-6514-Integrated Development Scheme for small and medium towns	0.81
(b) 24-Public Works -Roads and Bridges		
3.	5054-05-337-0801-6331-Construction of Roads of inter State Economic Importance	6.98
4.	5054-05-337-0801-9457-Construction of roads of Inter State Economic Importance (Jhansi-Satna)	6.88
(c) 28-State Legislature		
5.	2011-02-101-4007-Legislative Assembly	1.98
(d) 80-Financial Assistance to Three Tier Panchayati Raj Institutions		
6.	2501-01-800-0701-8686-Special Abhinav Yojna	1.55
7.	2505-01-702-0701-6503-Rojgar Aashwasan Yojna	4.79
8.	2505-01-702-0701-8712-Jawahar Village Development Scheme	5.75
9.	2515-101-4610-Against collection of stamp duty	4.77
Total		39.52

(b) Cases where supplementary provision proved excessive under schemes of selected grants

Sl. No.	Description of grants and scheme	Original	Supplementary	Expenditure	Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)
(a) 21-Expenditure pertaining to Housing and Environment Department					
1.	4217-60-001-0801-9432-Pachmari Biosphere Management Scheme	Nil	1.72	0.23	1.49
(b) 24-Public Works-Roads and Bridges					
2.	5054-03-337-0101-1366-Widening	Nil	2.81	0.69	2.12
3.	5054-03-337-0101-1826-Asphalting	Nil	4.01	2.52	1.49
4.	5054-03-337-0101-4558-Strengthening	Nil	3.57	0.07	3.50
5.	5054-03-337-0101-9456-Construction and improvement of Bhopal Shore By Pass-Road	Nil	40.00	6.17	33.83
6.	5054-04-337-0101-1366-Widening	Nil	5.51	0.46	5.05
7.	5054-04-337-0101-1826-Asphalting	Nil	7.58	0.24	7.34
8.	5054-04-337-0101-4558-Strengthening	Nil	4.20	0.01	4.19
(c) 80-Financial Assistance to Three Tier Panchayati Raj Institutions					
9.	2501-03-800-0701-7666-Integrated Waste Land Development Programme	Nil	2.14	0.58	1.56
Total		Nil	71.54	10.97	60.57

Appendix XIX

(Reference: paragraph 2.4.1(h), page 37)

- (a) Cases where no letters of credit were found issued for resulting in lapse of allotment under Grant number 24

(Rupees in Lakh)

Division	Allotment under 5054/CRF	LOC issued	Expenditure	Lapsed allotment
Schore	100.00	--	--	100.00
Raisen	500.00	330.00	87.49	412.51
Vidisha	500.00	--	--	500.00
Rajgarh	462.63	--	4.87	457.76
Betul	400.00	--	--	400.00
Bhopal-II	37.37	33.00	--	37.37
Total	2000.00	363.00	92.36	1907.64

- (b) Cases where LOCs were in excess of allotment under Grant number 24

(Rupees in Lakh)

Division	Head of Account	Allotment	LOCs
Vidisha	5054-(Others)	11.56	24.59
Bhopal-II	5054-(NABARD)	77.81	84.10
		89.37	108.69

- (c) Mismatch between district-wise original budgetary provisions, final allotment, LOCs and expenditure

(Rupees in Lakh)

Grant No. and head of account	Name of district	Original budget provision	Final allotment	LOC	Expenditure
24-Public Works - Roads and Bridges					
3054 (Revenue)	Betul	510.00	421.90	239.00	239.76
	Bhopal	668.23	1055.00	980.14	1189.23
	Hoshangabad	328.00	346.90	251.68	185.17
	Raisen	260.00	416.90	304.87	419.59
	Rajgarh	195.00	321.90	216.42	191.83
	Schore	295.00	279.25	219.22	256.74
	Vidisha	429.00	341.90	251.56	312.48
	Harda	100.00	116.25	87.21	117.41
5054 (Capital section)	Betul	466.68	464.33	51.65	26.26
	Bhopal	57.82	1220.59	1137.10	2122.61
	Hoshangabad	316.60	485.86	314.95	263.93
	Raisen	429.33	979.82	418.97	523.25
	Rajgarh	748.91	836.34	331.15	337.15
	Schore	230.66	324.42	197.24	197.34
	Vidisha	800.45	876.80	352.59	415.08
	Harda	116.46	166.46	107.35	100.01

Appendix XX

(Reference: paragraph 3.1.6.9(a), page 47)

Expenditure on infrastructure in excess of prescribed ceiling

(Rupees in crore)

Sl. No	District	Total allocation for 1999-2000	Expenditure incurred during 1999-2001	Permissible expenditure	Excess expenditure
1	2	3	4	5	6
1	Morena	3.00	1.35	1.20	0.15
2	Chhindwara	3.30	1.88	1.32	0.56
3	Bhopal	0.60	0.34	0.24	0.10
4	Dhar	3.90	2.22	1.56	0.66
5	Khargone	4.80	2.66	1.92	0.74
6	Schore	1.50	0.83	0.60	0.23
7	Betul	3.00	1.38	1.20	0.18
8	Guna	2.70	1.65	1.08	0.57
9	Indore	1.20	0.72	0.48	0.24
10	Khandwa	2.70	1.46	1.08	0.38
11	Rewa	2.70	1.42	1.08	0.34
12	Rajgarh	1.80	0.90	0.72	0.18
13	Sagar	3.30	1.70	1.32	0.38
14	Seoni	2.40	1.27	0.96	0.31
15	Sidhi	2.40	1.66	0.96	0.70
16	Vidisha	2.10	1.01	0.84	0.17
	Total	41.40	22.45	16.56	5.89

Appendix XXI

(Reference: paragraph 3.1.6.10(a), page 48)

Payment of loan and subsidy to Swarojgaris without training

(Rupees in lakh)

Sl. No.	District	1999-2000		2000-01		2001-02	
		Subsidy paid	No. of Swarojgaris	Subsidy paid	No. of Swarojgaris	Subsidy paid	No. of swarojgaris
1.	2.	3.	4.	5.	6.	7.	8.
1.	Bhopal	50.53	436	58.31	469	46.59	390
2.	Chhindwara	167.62	1424	185.06	1772	228.00	2116
3	Dhar	271.87	1297	267.30	1897	200.00	1634
4	Gwalior	108.95	1050	116.18	1059	85.94	1580
5	Khargone	161.12	1518	221.80	1758	155.00	2417
6	Mandla	148.63	2034	173.83	1631	163.67	3668
7	Morena	164.42	890	114.01	1218	125.33	1322
8	Sehore	33.54	402	107.10	1042	96.78	757
9	Shahdol	236.91	2953	209.66	2671	200.20	1747
10	Mandsaur	139.74	2084	144.06	1638	112.38	1453
11	Tikamgarh	75.68	813	132.16	1588	90.00	1032
	Total	1559.01	14901	1729.47	16743	1503.89	18116

Appendix XXII

(Reference: paragraph 3.2.8 (iii), page 57)

Enrolment of students in vocational courses during 1997-98 to 2001-02

Sl. No.	Name of district test-checked	No. of schools	Enrolment as per guidelines* (Class XI)			Actual enrolment (Class XI)	Shortfall enrolment (percentage within brackets)
			No. of courses	Working years	Required enrolment		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Betul	7	16	5	1600	1158 (72)	442 (28)
2.	Bhopal	8	15 1	5 4	1500 80	657 (42)	923 (58)
3	Chhindwara	9	13 6 3	5 4 3	1300 480 180	928 (47)	1032 (53)
4	Guna	6	15	5	1500	322 (21)	1178 (79)
5	Indore	11	26	5	2600	811 (31)	1789 (69)
6	Jabalpur	6	19	5	1900	517 (27)	1383 (73)
7	Mandsour	7	10 1 3	5 4 3	1000 80 180	438 (35)	822 (65)
8	Rewa	8	23	5	2300	443 (19)	1857 (81)
9	Sagar	9	18	5	1800	1157 (64)	643 (36)
10	Satna	8	23	5	2300	587 (26)	1713 (74)
11	Ujjain	7	17	5	1700	441 (26)	1259 (74)
	Total	86	209		20500	7459 (36)	13041 (64)

* At 20 students per course

Appendix XXIII

(Reference: paragraph 3.3.6.1, page 67)

Number of scavengers targeted for training, that actually trained and shortfalls in training

A- Up to 2001-02

State as a whole

No. of scavengers identified for training as per survey	Number trained during 1992-97		Number trained during 1997-2002			Shortfall training in	Percentage of shortfall period
	Year	No.	Year	Targets	Achievements		
1	2	3	4	5	6	7	8
1992-94 -- 93394	1992-93	11395	1997-98	15000	2632	12368	82
	1993-94	10892	1998-99	8900	1482	7418	83
	1994-95	8712	1999-2000	15000	810	14190	95
	1995-96	7274	2000-01	5296	315	4981	94
	1996-97	4566	2001-02	1525	393	1132	74
93394	Total	42839	Total:-	45721	5632	40089	88

B- During 1997-2002

11 test-checked districts

Districts	Bhopal	Chhatarpur	Gwalior	Indore	Jabalpur	Khargone	Morena (Sheopur)	Rewa	Satna	Shahdol	Ujjain	Total
No. of scavengers during 1997-2002												
(i) To be trained	1190	920	1350	3440	1400	670	2045	885	730	360	2170	15160
(ii) Actually trained	55	457	23	447	611	43	11	165	Nil	226	655	2693
(iii) Shortfall	1135	463	1327	2993	789	627	2034	720	730	134	1515	12467
(iv) Percentage of shortfall	95	50	98	87	56	94	99	81	100	37	70	82

Appendix XXIV

(Reference: paragraph 3.3.6.2, page 68)

Number of scavengers targeted for rehabilitation, actually rehabilitated and shortfall in rehabilitation

A-1992-2002

State as a whole

No. of scavengers identified for rehabilitation as per survey	Number rehabilitated during 1992-97		Targets and achievements of rehabilitation during 1997-02		Shortfall in rehabilitation	Percentage of shortfall	
	Year	No. of scavengers	Targets				Actual no. rehabilitated
			Year	No. of scavengers			
1	2	3	4	5	6	7	8
1992-94-93394	1992-93	10194	1997-98	15000	4277	10723	71
	1993-94	12383	1998-99	9085	5166	3919	43
	1994-95	15661	1999-2000	15000	3347	11653	78
	1995-96	14854	2000-01	5296	2940	2356	44
	1996-97	7216	2001-02	5525	3963	1562	28
93394	Total	60308	Total	49906	19693	30213	61

B-1997-2002

11 test-checked districts

Districts	Bho-pal	Chhat-tarpur	Gwa-lior	Indore	Jaba-lpur	Khar-gone	Mor-ena	Rewa	Satna	Shahdol	Ujjain	Total
No. of scavengers during 1997-2002												
(i) To be rehabilitated	1240	936	1350	3650	1940	669	2268	999	779	296	2360	16487
(ii) Actually rehabilitated	641	125	640	1431	1452	207	1609	393	316	147	1079	8040
(iii) Shortfall	599	811	710	2219	488	462	659	606	463	149	1281	8447
(iv) Percentage of shortfall	48	87	53	61	25	69	29	61	59	50	54	51

Appendix XXV
(Reference: paragraph 4.1.6.2 (iii)(a), page 92)
Statement showing extra cost due to wide variation of strata

Sr. No.	Name of work	Agt. No. & Year	Item	Qty. as per G-Schedule in M ³	Qty. as per actual execution in M ³	Excess qty. of Hard Rock due to variation in strata in M ³	Difference in rates Rs. per M ³	Amount in Rs.
1.	E/W of ISP main canal from RD 29.419 km to 31.019 (Group ME-8)	2/1999-2000	Excavation of					
			(i) Hard soil & hard moorum	202383	57550.199	144832.80	(112-30)=82	11876290
			(ii) Disintegrated rock & soft rock	396837	217706.736	179130.264	(112-62)=50	8956513
			(iii)Hard rock	297620	689928.077	68345.012 (overall excess)	112	7654641
2	E/W of ISP main canal from RD 20 km to 23 km i/c 4 Nos. inline structures (Group ME-6)	21/1998-99	Excavation of					
			(i) Hard soil & hard moorum	93418.60	61978.73	31439.87	(123-30)=93	2923908
			(ii) Disintegrated rock & soft rock	71591.97	70078.33	1513.64	(123-37)=86	130173
			(iii)Hard rock	301063.79	366987.37	32970.07 (overall excess)	123	4055319
3	E/W of ISP main canal from RD 31.284 km to 32.269 km i/c 1 No. inline structure (Group ME-9 (A))	30/2000-2001	Excavation of					
			(i) Hard soil & hard moorum	72560.58	71251.89	1308.69	(120-20)=100	130869
			(ii) Disintegrated rock & soft rock	139555.82	114181.82	25374	(120-55)=65	1649310
			(iii)Hard rock	162722.70	219374.51	29969.12 (overall excess)	120	3596294
4	E/W of ISP main canal from RD 32.269 to 33.168 i/c 1 No. inline structure (Group ME-9 (B))	31/2000-2001	Excavation of					
			(i) Hard soil & hard moorum	68444.28	54095.12	14349.16	(120-25)=95	1363170
			(ii) Disintegrated rock & soft rock	165952.28	76581.71	89370.57	(120-52)=68	6077199
			(iii)Hard rock	56131.64	174532.32	14680.95 (overall excess)	120	1761714
5	E/W of ISP main canal from RD 35.980 km to 38.033 km. (Group ME-9 (D))	1/2001-2002	Excavation of					
			(i) Hard soil & hard moorum	97260.82	48940	48320.82	(120-20)=100	4832082
			(ii) Disintegrated rock & soft rock	92164.10	61234	30930.01	(120-57)=63	1948591
			(iii)Hard rock	60972.91	156172.11	15948.37 (overall excess)	120	1913804
Total								58869877 Say Rs.5.89 crore

Appendix XXVI

(Reference: paragraph 4.1.9 (ii), page 97)

Statement showing payment for work not done

Name of Division	Year	Agreement No.	per cent Rate	Quantity of Hard Rock (in cum)	Rate per cum		Excess payment (Rs in lakh)
					Calculation	Rate	
N.D division No 10 Sanawad	1999-00	2	38.57 per cent below	689928	6.3-(6.3X 38.57/100)	3.87	26.70
N.D division No. 27 Sanawad	1998-99	21	21.22 per cent below	366987.37	6.3-(6.3X 21.22/100)	4.96	18.20
	2000-01	30	38.80 per cent	219374.51	6.3-(6.3X	3.86	8.47
	2000-01	31	42.11 per cent below	174532.32	6.3-(6.3X 42.11/100)	3.65	6.37
	2001-02	01	33.17 per cent below	156172.11	6.3-(6.3X 33.17/100)	4.21	6.58
N.D division No.25 Narmada Nagar	1991-92	2	0.95 per cent below	312199	4.2-(4.2X 0.95/100)	4.16	12.99
	1993-94	5	15.49 per cent below	275639	4.2-(4.2X 15.49/100)	4.85	13.37
	1994-95	1	26.39 per cent below	86258	4.2-(4.2X 26.39/100)	3.09	2.67
	1998-99	1	0.82 per cent above	134968	4.2+(4.2X 0.82/100)	4.23	5.71
	1998-99	2	8.06 per cent below	4998	4.2-(4.2X 8.06/100)	5.79	0.28
	1998-99	3	8.24 per cent below	3292	4.2-(4.2X 8.24/100)	5.78	0.19
	2001-02	1	--	392	--	6.30	0.02
	2001-02	2	--	15805	--	6.30	1.00
	Total						

