



**REPORT OF THE**

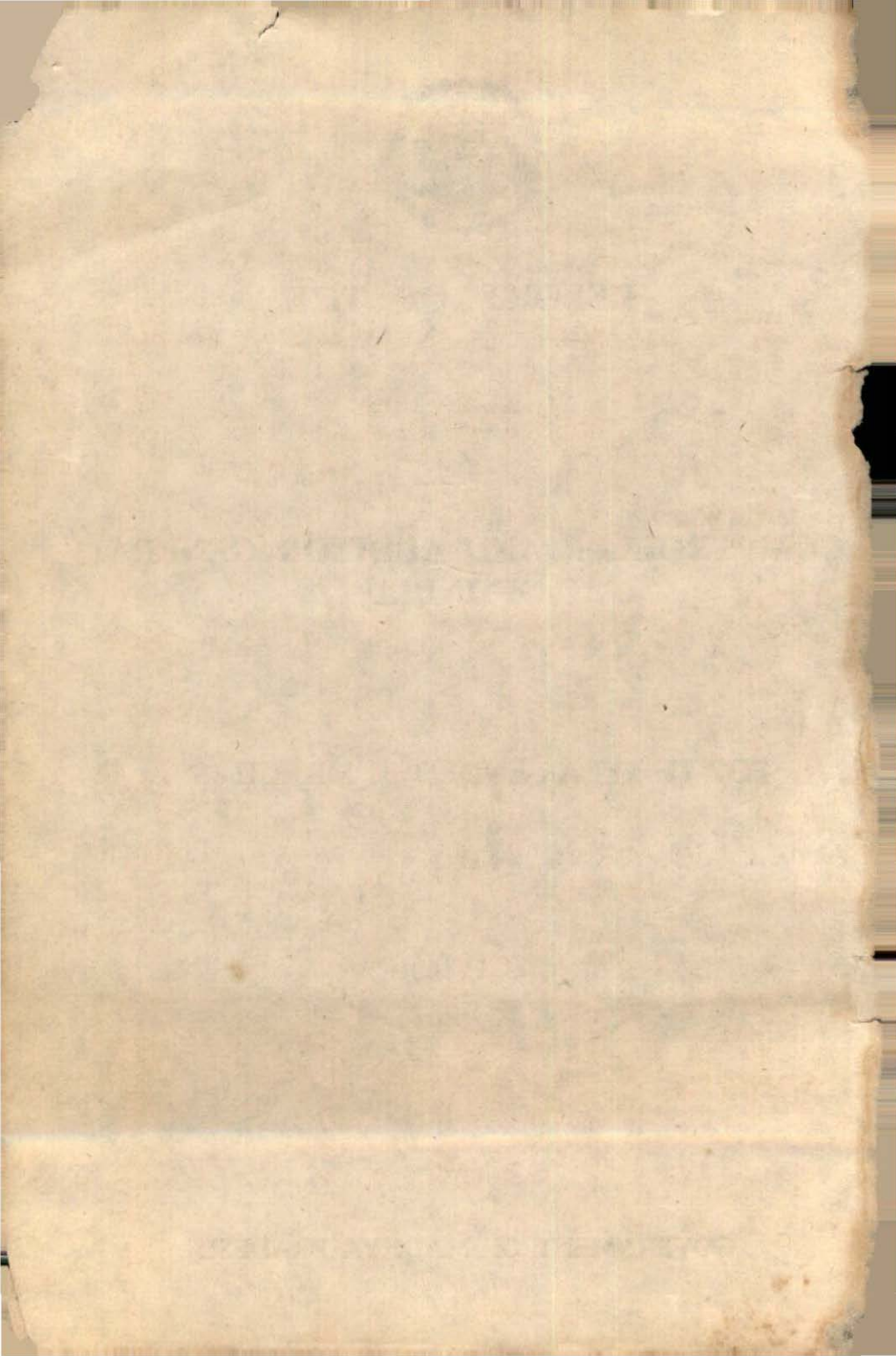
**COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1989**

**NO. 2**

**(CIVIL)**

**GOVERNMENT OF MADHYA PRADESH**



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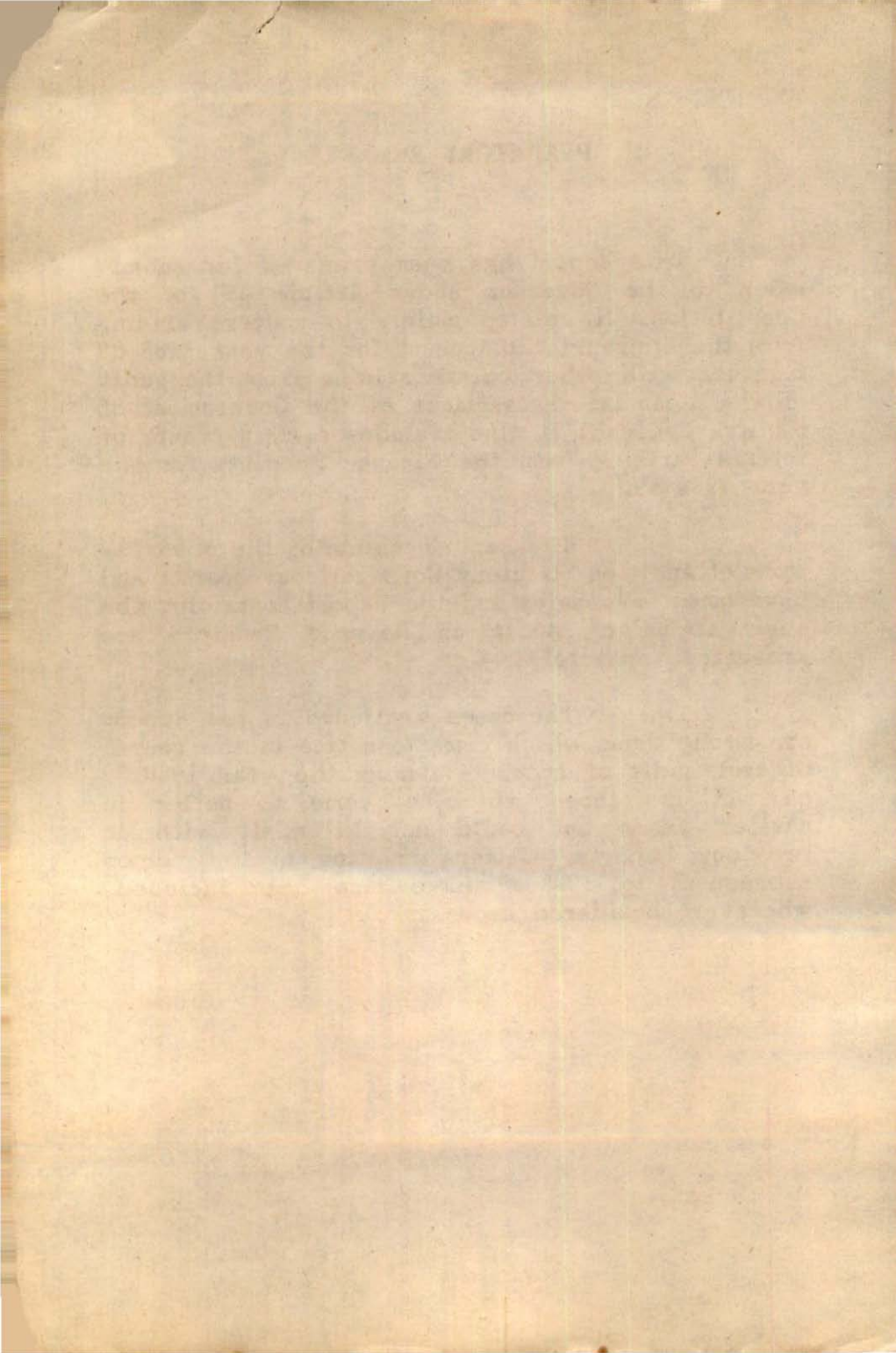


## PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Account for the year 1988-89 together with other points arising from the audit of the financial transactions of the Government of Madhya Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1988-89.

2. The Report containing the observations of Audit on Statutory Corporations, Boards and Government companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1988-89 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 1988-89 have also been included, wherever considered necessary.



## OVERVIEW

1. This volume of the Audit Report contains two chapters dealing with the financial position of Government of Madhya Pradesh for 1988-89 and Government's overall control over expenditure. The remaining three chapters include 8 performance reviews on the developmental/welfare programmes launched by the Government and 39 paragraphs on various financial irregularities. The more important Audit findings are summarised in the succeeding paragraphs.

### 2. **Financial position and control over expenditure**

2.1 The State Revenue receipts, Revenue expenditure and Capital expenditure during the year registered an increase of Rs.442.53 crores (14.59 per cent), Rs.573.54 crores (18.86 per cent) and Rs.27.66 crores (4.8 per cent) respectively over the previous year. No new taxes were levied during the year. However, certain changes in taxation mainly under 'Sales Tax', 'Taxes on Vehicles', 'Major and Medium Irrigation' and levy of surcharge at the rate of one paisa per unit on electricity for creating a fund 'Mahila Kalyan Kosh' for the uplift of women, were made during the year to raise an estimated additional revenue (net) of Rs.32.65 crores.

(Paragraphs 1.2.3, 1.2.5 and 1.2.6)

2.2 There was revenue deficit of Rs.139.68 crores during the year as against Rs.8.68 crores during the previous year.

(Paragraph 1.2.1)

2.3 The net addition to Public Debt as adjusted by the effect of remittance, suspense

balances and drawals from Reserve Funds, etc., during the year was Rs.694.07 crores which proved inadequate for meeting the capital expenditure (Rs.604.21 crores), net lending for development and other programmes (Rs.123.12 crores), revenue deficit (Rs.139.68 crores) and net transfer to Contingency Fund (Rs.7.60 crores). The gap (Rs.180.54 crores) resulted in decrease in the closing cash balance.

(Paragraph 1.2.1)

2.4 While Non-Plan revenue expenditure increased by 17.43 per cent over 1987-88, the growth in collection of tax revenue and State share of Union taxes was 19.90 per cent and 10.88 per cent respectively. Receipt of grants from the Central Government increased by 25.45 per cent. Net receipt under loans and advances from the Central Government (after repayment of loans and advances due) increased from Rs.299.60 crores in 1987-88 to Rs. 329.52 crores in 1988-89. The interest paid to the Central Government on loans and advances stood at Rs.207.83 crores limiting the net resource availability from this source to Rs.121.69 crores only. While the net market borrowings during the year increased by Rs.26.75 crores, loans and advances from other sources increased by Rs.2.58 crores over that of the previous year. The net collection from small savings, Provident Funds, etc., increased by Rs.70.55 crores as compared to those of the previous year.

(Paragraph 1.2.2)

2.5. Total amount paid by the Government and recoverable from the various institutions to the end of March 1989 on account of invoking of guarantees given by it was Rs.4.21 crores.

(Paragraph 1.2.13)

2.6 Total investment of the Government in the share capital of corporations, Government companies and co-operative banks and societies on 31 March 1989 was Rs.426.05 crores. The dividend received was Rs.0.57 crore during the year.

(Paragraph 1.2.12)

2.7 The overall saving was Rs.807.12 crores in 75 grants and 40 appropriations. The overall excess on the other hand was Rs.163.39 crores in 23 grants and 5 appropriations requiring regularisation under Article 205 of the Constitution. Besides, excess of Rs.154.39 crores relating to the years 1984-85, 1985-86 and 1986-87 is yet to be regularised by the Government. In 40 cases, supplementary provision of Rs.80.93 crores in November 1988 and March 1989 proved wholly unnecessary. In 18 cases, the total expenditure was only Rs.287.35 crores against supplementary grant of Rs.519.79 crores.

(Paragraphs 2.2.2 and 2.2.3)

2.8 Expenditure against 49 grants/appropriations fell short by more than Rs.1 crore and also by more than 10 per cent of the provision in each case, Saving in respect of 21 plan schemes exceeded 80 per cent of the provision as also by more than Rs.1 crore in each case. Savings against 24 grants/appropriations exceeded Rs.25 lakhs and also by more than 10 per cent of the provision persistently in each of the three years from 1986-87 to 1988-89. In 5 grants more than 50 per cent of the total expenditure of the year was incurred during March 1989 alone.

(Paragraphs 2.2.4, 2.2.5, 2.2.6 and 2.2.9)

2.9 The system of budgetary procedure and control over expenditure was not followed

in certain departments in as much as the budget estimates/supplementary estimates were not prepared on the basis of actual requirement. The surrenders generally made at the closing of the year were substantially less than the savings available and in 58 cases, savings to the extent of Rs.228.13 crores remained unsurrendered.

(Paragraph 2.2.15 and 2.2.16)

3. **Audit Reviews on Developmental/  
Welfare Programmes, etc.**

Audit scrutiny of 8 developmental/welfare programmes revealed non-fixation and non-achievement of targets, ineffective monitoring and evaluation of programmes at various levels of Government and under-achievement of desired objectives. In some cases funds were diverted for purposes other than those for which they were provided and consequently the benefit of welfare programmes undertaken by the Government did not reach the intended beneficiaries.

3.1 **Intensive Cattle Development  
Programme**

For the development of good quality cattle and milk production through breeding by high grade bulls and improved cattle management, 13 intensive cattle development projects were started during 1965 to 1979. Rupees 21.12 crores were spent on the scheme during 1984-89. No targets were fixed under this scheme. Population of cross breed cows and buffaloes and average milk yield per cow/buffalo decreased/increased marginally in the projects. The Baihar project was established in an area not conducive to good cattle raising, which led to failure of the programme. Artificial insemination centres and sub-centres were not fully equipped and 63 sub

centres were defunct. Coverage by breeding programme was poor and large number of scrub bulls remained uncastrated. Bulls of sub-standard pedigree were kept for breeding. 63 and 55 per cent of semen collected from bulls and buffa'o bulls respectively was discarded.

(Paragraph 3.4)

### 3.2 Goat Breeding Farms

Goat breeding farms were established at Jaitpura and Pakaria for producing good quality bucks under local climatic conditions for distribution to tribal goat keepers. Jaitpura farm maintained maximum animals of 10 per cent of its capacity during 1984-89 and the Pakaria farm maintained between 19 and 32 per cent animals during the same period. The mortality of animals on the farms exceeded the norms. 86 bucks were distributed by the farms during a period of over 10 years till March 1989 against the expected distribution of 480 bucks in a period of every 18 months. Sale proceeds of only Rs.0.47 lakh were received during the period of over 10 years till March 1989 after incurring expenditure of Rs.38.51 lakhs against expected annual profit of Rs.2.97 lakhs from these farms. The site of Jaitpura farm was not suitable for goat keeping and water facilities were inadequate whereas at Pakaria farm the facilities were not utilised fully and animals were not fed according to prescribed schedule.

(Paragraph 3.5)

### 3.3 Industrial Development of Backward Areas

To remove regional imbalances in industrial development in backward areas a Central Scheme of Central Investment Subsidy, Concessional

Finance and Central Infrastructural Assistance for the grant of financial assistance to small entrepreneurs was started from July 1971. The Central Investment subsidy of Rs.100.68 lakhs was not recovered from 142 units which closed within 5 years of the date of commencement of production. Subsidy of Rs.23.15 lakhs was paid to an ineligible industrial unit engaged in boring of tube wells. During 1986-89, 55 industrial units were paid excess subsidy of Rs.9.41 lakhs by taking into account inadmissible items of investment. Unfruitful expenditure of Rs.17.10 lakhs was incurred on 57 tube wells in two growth centres, as water was either not available or was not used.

(Paragraph 3.8)

### 3.4 Rural Landless Employment Guarantee Programme

With a view to maximising the direct and long term employment opportunities for the landless and to help in stabilising the market wage rates at the level of statutory minimum wage rates, Rural Landless Employment Guarantee Programme, a Central Sector programme fully financed by Government of India, was implemented from August 1983. Rupees 203.07 crores were spent during 1983-89 on the programme. Survey of areas having concentration of landless families and identification of landless families was not done. Expenditure fell short of budget provision by Rs.25.39 crores during 1983-86 and of Central assistance by Rs.24.74 lakhs during 1983-88. Funds for social forestry works and for works of exclusive benefits to SCs/STs were not provided to the prescribed extent. The Development Commissioner



and executing agencies diverted Rs.51.47 lakhs to non-RLEGP works. Development Commissioner reported to Government of India inflated figure of employment generated. A Block Development Officer misappropriated Rs.1.13 lakhs. Foodgrains were either not issued to the labourers or were issued in lesser quantity and foodgrains worth Rs.4.97 lakhs were irregularly issued to suppliers and transporters. Central assistance during 1983-89 on transportation of foodgrains was received in excess by Rs.80.05 lakhs. Less than 50 per cent works in 6 out of 15 categories were completed till March 1989 despite expiry of stipulated time limit. 131 works costing Rs.403.72 lakhs were taken up without preparing detailed estimates. Technical sanctions in respect of 27 works costing Rs.137.71 lakhs were split up to avoid obtaining sanction from higher authorities. Works costing Rs.52.56 lakhs were executed through contractors and Land Army despite a ban on engagement of contractor or middleman. Extra expenditure of Rs.8.02 lakhs on 3 roads was incurred by Executive Engineer, Public Works Department, Morena due to change of quarries and engagement of contractors at higher rates. Extra expenditure of Rs.1.49 lakhs was incurred by Divisional Forest Officer, Morena on getting a work done at job rate from the Land Army. Earth work costing Rs.17.99 lakhs done in Morena district was infructuous and earthen sides of stop dam costing Rs.9.22 lakhs constructed in Shivpuri district were washed away.

(Paragraph 3.22)

### 3.5 Development of backward areas- Sub-Plan for development of tribal areas

The tribal sub-plan concept was introduced with the specific aim of development of

the Scheduled Tribes and the areas they inhabited, through family oriented beneficiary schemes in the field of education, economic development and assistance including grants-in-aid to non-official organisations engaged in tribal welfare. Out of allotment of Rs.10,20.64 crores during 1985-89, Rs.607.73 crores were spent on items not directly connected with tribals. Unauthorised financial aid of Rs.3.10 crores was given to an automobile unit in private sector in Dhar. Out of 41,514 small and marginal farmers who were paid subsidy of Rs.14.26 crores for wells, 19,499 (47 per cent) were non-tribals. Failure to allot 27,846 hectares of plantation of bamboo, Arjun, Mulberry and Kaju trees, on which expenditure of Rs.10.91 crores was incurred, to 'Hitgrahies', as envisaged in the scheme, defeated the purpose of the scheme. Improper planning resulted in discontinuance of 106 schemes during 1985-89, after spending Rs.31.95 crores. In 11 sericulture pilot projects in Bastar and Jhabua districts only 28.85 lakh cocoons (4 per cent of target) were produced and 1,507 beneficiaries alone (5 per cent of target) got benefit.

(Paragraph 3.24)

### 3.6 Madhya Pradesh State Co-operative Union Limited, Bhopal

Madhya Pradesh State Co-operative Union was established with the object of promoting and developing co-operative education and publicising the achievements and progress of co-operative movement. 43,345 persons were trained against the target of 1,10,938 under education programme. The actual cost of training varied from Rs.22.55 to Rs.37.24 per manday as against estimated cost of Rs.12.91 to Rs.17.71. In 4 training centres for

employees, training was given to 6,520 against target of 7,785. Actual cost of training was Rs.794 per trainee as against the estimated cost of Rs.665 per trainee. Subscriptions and contributions from member co-operative societies aggregating Rs.11.90 lakhs were in arrears.

(Paragraph 5.4)

3.7            **Madhya Pradesh Co-operative  
Marketing Federation Limited,  
Bhopal**

The Federation was formed with a view to acting as an apex body of the co-operative marketing societies in the State of Madhya Pradesh for assisting these societies in promoting their activities.

The Federation's capital of Rs.2,253.92 lakhs was completely wiped out as its accumulated losses ending June 1988 were Rs.4,567.63 lakhs. Losses aggregating Rs.3,622.22 lakhs to the end of 1983-84 on business of purchase and sale of paddy and minor forest produce undertaken on the directive of State Government were yet to be reimbursed by the State Government. The federation was paying Rs.2.5 crores annually to staff rendered surplus consequent on transfer of business of minor forest produce to M.P. Laghu Vanopaj Sangh from 1984-85 onwards. Processing units owned by the Federation suffered huge loss of Rs.5,421.55 lakhs during 1983-88. Due to fraud, embezzlement, shortages, negligences and misuse of powers, etc., by its 607 officers/officials, the Federation suffered loss of Rs.302.90 lakhs but action initiated against them for recovery was not intimated by the Registrar, Co-operative Societies. There was no systematic monitoring of functioning and performance of the Federation by the Registrar.

(Paragraph 5.5)

### 3.8 Tribal Development Agencies

Separate Tribal Development Agencies were set up between 1978 and 1982 for each primitive tribe so as to pay special attention to their problems and accelerate their development.

The State Government released only Rs.153 lakhs out of special Central assistance of Rs.512.62 lakhs provided during 1975-85, to six Tribal Development Agencies established in the State for implementing the development schemes for the primitive tribes. The agencies utilised Rs. 104.08 lakhs only. The agencies utilised Rs.368.15 lakhs out of Rs. 533 lakhs released by State Government during 1985-89, leaving unutilised balance of Rs.164.85 lakhs with the agencies. This amount also includes Rs.45.11 lakhs outstanding against executing departments from one to nine years. In addition, the Government of India released grants of Rs.483.84 lakhs during 1984-85 and 1987-88 under article 275(1) of the Constitution for Abujhmad and Baiga tribes out of which Rs.88.11 lakhs only were utilised. Expenditure of Rs.179.73 lakhs was incurred by the agencies against financial target of Rs.336.41 lakhs. Percentage of achievement was Abujhmadia:45, Baiga:39 and Pahadi Korba:80, due to apathy of executing departments and tribals and shortage of staff. Annual accounts of Agencies were not prepared for one to eleven years.

Prescribed inspection by officers were not conducted and monitoring at Agencies and State level was not done. Evaluation of the impact of the schemes on uplift of primitive tribes was not conducted.

(Paragraph 5.9)

4. Other points of interest

4.1 Out of 4000 mango plants only 49 plants survived (1 per cent) at community horticulture garden at Hasda in Raipur district rendering the expenditure of Rs.3.28 lakhs infructuous.

(Paragraph 3.1)

4.2 Interest of Rs.26.97 lakhs on the unadjusted advances of Rs.462.47 lakhs lying with co-operative and Nationalised Banks was not recovered.

(Paragraph 3.3)

4.3 Entrustment of work of development of cattle, to Bharatiya Agro Industries Foundation, Poona, through cross breeding by artificial insemination of local cows resulted in extra cost of Rs.13.58 lakhs on 4950 conceptions.

(Paragraph 3.7)

4.4 Power subsidy of Rs.18.07 lakhs was irregularly granted by the General Manager, District Industries Centre, Shajapur, to an industrial unit due to revision of eligibility certificate and allowing subsidy on oils purchased from market during August 1983 to August 1986.

(Paragraph 3.9)

4.5 Shortage of Rs.2.52 lakhs was noticed in the office of the Commissioner Archeology and Museums, Bhopal at the time of physical verification of cash done on 21 December 1988, at the instance of Audit. Rupees 0.37 lakh realised by sale of publications were not credited into treasury since January 1987.

(Paragraph 3.10)

4.6 Non-completion of works by Public Health Engineering Department even after lapse of three years not only resulted in blocking of Rs.6.96 lakhs but also deprived visitors of drinking water facilities at Museums and protected monuments of Archaeological Department.

(Paragraph 3.11)

4.7 Rupees 1.44 lakhs were paid in excess to Dugdha Mahasangh by Milk Supply Scheme, Chhatarpur, on account of payment at rates higher than those prescribed by Milk Commissioner.

(Paragraph 3.14)

4.8 Equipments worth Rs.9.34 lakhs purchased during May 1982 to March 1986 for seriology branch of Forensic Laboratory, Sagar were not put to use.

(Paragraph 3.15)

4.9 Equipment and furniture costing Rs.10.73 lakhs provided to Industrial Hygiene Laboratory remained unutilised for over 14 to 42 months. Expenditure of Rs.2.21 lakhs on salaries of staff and rent of the laboratory proved infructuous because the laboratory failed to recommend suitable control measures after collecting and testing pollutants.

(Paragraph 3.16)

4.10 Equipment worth Rs.3.80 lakhs purchased for upgradation of ten Primary Health Centres and one 10 bedded maternity ward was lying idle and expenditure of Rs.40.80 lakhs on salary and wages of additional staff during June 1981 to April 1989 proved unfruitful.

(Paragraph 3.21)

4.11 Non-supply of material and retention of balance of Rs.4.26 lakhs from 1981-82 by Udyami Vikas Sansthan resulted not only in blocking of funds but also loss of interest of Rs.3.34 lakhs upto 1988-89 on the advance made by District Organiser, Khargone.

(Paragraph 3.26)

4.12 Placing order on unapproved firm at higher rate by Milk Commissioner, giving benefit of price escalation which was not quoted in the tender and non-placing of supply orders in time resulted in avoidable extra expenditure of Rs. 3.91 lakhs.

(Paragraph 4.3)

4.13 Extra expenditure of Rs.6.30 lakhs was incurred by Chief Medical and Health Officers, Chhatarpur, Gwalior, Hoshangabad, Rajgarh, Rajnandgaon and Director of Medical Services due to non-observance of store purchase rules and instructions issued by the Government and Directorate from time to time.

(Paragraph 4.5)

4.14 Payment of Rs.0.65 lakh on account of cost of medicine and stationery articles during December 1987 and July 1988 without verification resulted in defalcation of Rs.0.65 lakh in the office of Chief Medical and Health Officer, Gwalior.

(Paragraph 4.6)

4.15 Seven loans aggregating Rs.376.05 lakhs were sanctioned by State Government to Madhya Pradesh Housing Board in March 1985 against Central loans of Rs.334 lakhs allocated in October 1984 for increasing housing accommodation. Board neither formulated schemes

specified by Government of India nor furnished desired information with the result that benefits intended for rural population and economically weaker sections in rural areas in particular, did not reach them.

(Paragraph 5.6)

4.16 Non-revision of rent as per provisions of the manual resulted in loss of revenue of Rs.2.67 lakhs to the Madhya Pradesh Housing Board.

(Paragraph 5.7)



## CHAPTER I

### 1.1 Summary of Accounts

The summarised position of the accounts of the Government of Madhya Pradesh emerging from the Appropriation Accounts and Finance Accounts for the year ended 31 March 1989 is indicated in the statements following :

## I-Statement of financial position of the Government

Amount as on 31 March 1988 (Rupees in crores)	Liabilities	Amount as on 31 March 1989 (Rupees in crores)
4,20.16	Internal Debt including ways and means advances (Market loans, loans from the Life Insurance Corporation of India and others)	5,63.27
27,07.10	Loans and Advances from Central Government	30,36.62
12,47.91	Pre 1984-85 Loans	11,58.53
5,21.25	Non-Plan Loans	6,96.66
8,82.86	Loans for State Plan schemes	11,16.69
23.71	Loans for Central Plan Schemes	30.17
31.37	Loans for Centrally Sponsored Plan Schemes	34.57
12,67.69	Ways and Means Advances Small Savings, Provident Funds etc.	15,32.62
5,90.83	Deposits	5,06.37
	Overdrafts from the Reserve Bank of India	15.76
2,09.38	Reserve Funds	2,57.09
36.71	Contingency Fund	29.11
1,52.85	Suspense and Miscellaneous Balances	1,82.43
17,73.19	Surplus on Government Account	16,33.51
-8.68	Current year (Revenue Deficit	-1,39.68
	Amount closed to Miscella- neous Government Account	
17,81.87	Add surplus upto previous year	17,73.19
<b>71,57.91</b>		<b>77,56.78</b>

(A) Does not include investment of Rs. 0.01 crore financed from

(B) Reasons for minus balances are under investigation.

(C) Gross Balance including investment of Rs.3.48 crores.

of Madhya Pradesh as on 31 March 1989			
Amount as on		Assets	Amount as on
31 March 1988			31 March 1989
(Rupees in crores)			(Rupees in crores)
44,56.15		Gross Capital outlay on Fixed Assets	50,60.34
	3,73.02	Investment in shares of Companies, Corporations etc.	4,26.04 <sup>(A)</sup>
	40,83.11	Other Capital Outlay	46,34.30
21,75.16		Loans and Advances	22,98.28
	16,89.65	Loans for Power Projects	17,75.12
	4,46.49	Other Development Loans	4,80.58
	39.02	Loans to Government	42.58
		Servants and Miscellaneous Loans	
	40.00	Contingency Fund	40.00
	-3.31	Other Advances	(B)-2.53
	4,13.52	Remittance Balance	4,64.82
		Cash	-1,04.13
76.41	4.78	Cash in Treasuries and Local Remittances	-4.34
	6.88	Deposits with the Reserve Bank of India	-1,19.85
	3.62	Departmental Cash Balance including Permanent Advance	3.45
	58.41	Cash Balance Investment	13.13
			1,07.61 <sup>(C)</sup>
	2.72	Earmarked Fund Investment	3.48
71,57.91			77,56.78

funds of the former Gwalior State.

## II-Abstract of Receipts and

## Section-A

## Receipts

(Rupees in crores)

<b>I-</b>	<b>Revenue Receipts-</b>	<b>34,75.11</b>
(I)	Tax Revenue	13,37.04
(II)	Non-Tax Revenue	7,14.91
(III)	State's share of Union Taxes	8,24.69
(IV)	Non-Plan Grants	48.78
(V)	Grants for State Plan Schemes	1,68.04
(VI)	Grants for Central and Centrally Sponsored Plan Schemes	3,81.65
<b>II-</b>	<b>Revenue Deficit</b>	<b>1,39.68</b>
	(carried over to Section B)	

**36, 14.79**

Disbursements for the year ended 31 March 1989.

Revenue

Disbursements

(Rupees in crores)

I-	Revenue Expenditure				
	Sector	Non-Plan	Plan	Total	
(I)	General Services	9,78.77	7.00	9,85.77	
(II)	Social Services	9,34.42	5,11.70	14,46.12	
(III)	Agriculture and Allied Activities	3,02.31	1,53.07	4,55.38	
(IV)	Rural Development	35.83	2,18.04	2,53.87	
(V)	Irrigation and Flood Control	47.00	50.63	97.63	
(VI)	Energy	80.00	--	80.00	
(VII)	Industry and Minerals	39.26	37.71	76.97	
(VIII)	Transport	1,13.21	32.33	1,45.54	
(IX)	Science, Technology and Environment	0.03	1.53	1.56	
(X)	General Economic Services	7.57	1.82	9.39	
(XI)	Grant-in-aid and Contributions	62.56	--	62.56	
		26,00.96	10,13.83	36,14.79	

## SECTION-B

Receipts	(Rupees in crores)
(III) Opending Cash Balances including permanent Advance and Cash Balance Investment	73.69
(IV) Miscellaneous Capital Receipts	--
(V) Recoveries of Loans and Advances	35.08
(i) From Government Servants	5.60
(ii) From others	29.48
(VI) Revenue Surplus brought down	--
(VII) Public Debt Receipts	11,92.84
(i) Internal Debt Other than Ways and Means Advances	1,12.13
(ii) Ways and Means Advances	5,61.16
(iii) Loans and Advances from the Central Government	5,19.55
(VIII) Recoveries of Advances from the Contingency Fund	3.29
(IX) Public Account Receipts	3,41.71
(i) Small Savings and Provident Fund etc.	5,00.72
(ii) Reserve Funds	77.07
(iii) Suspense and Miscellaneous	21,94.65
(iv) Remittances	19,71.07
(v) Deposits and Advances	5,98.20

## OTHERS

Disbursements		(Rupees in crores)			
(III)	Opening overdrafts from the Reserve Bank of India				
(IV)	Capital outlay				6,04.21
		Sector	Non-Plan	Plan	Total
(i)	General Services		0.71	27.10	27.81
(ii)	Social Services		11.52	54.44	65.96
(iii)	Agriculture and Allied Activities		5.61	26.26	31.87
(iv)	Rural Development	--		0.18	0.18
(v)	Irrigation and Flood control	--		3,72.53	3,72.53
(vi)	Energy	--		27.33	27.33
(vii)	Industry and Minerals		0.30	23.96	24.26
(viii)	Transport		0.08	52.57	52.65
(ix)	General Economic Services	--		1.62	1.62
	<b>Total</b>		<b>18.22</b>	<b>5,85.99</b>	<b>6,04.21</b>
(V)	Loans and Advances Disbursed				1,58.20
(i)	For Power Projects				86.15
(ii)	To Government Servants				9.16
(iii)	To others				62.89
(VI)	Revenue Deficit brought down				1,39.68
(VII)	Repayment of Public Debt				7,20.22
(i)	Internal Debt other than Ways and Means Advances				28.99
(ii)	Ways and Means Advances				5,01.19
(iii)	Repayment of Loans and Advances to the Central Government				1,90.04
(VIII)	Advances from the Contingency Fund				10.89
(IX)	Public Account Disbursements				51,36.78
(i)	Small Savings and Provident Fund, etc.				2,35.78
(ii)	Reserve Funds etc.				30.11
(iii)	Suspense and Miscellaneous				21,65.08
(iv)	Remittances				20,22.37
(v)	Deposits and Advances				6,83.44

## Receipts

(Rupees in crores)

(X) Miscellaneous	--	(A) 15.76
(XI) Closing overdrafts from the Reserve Bank of India		

66,62.37

(A) Gross overdraft Receipt Rs.2,52.12 and Repayment Rs.2,36.36.



Disbursements		(Rupees in crores)	
(X)	Miscellaneous	--	
(XI)	Cash Balance at end		-1,07.61
(i)	Cash in Treasuries and Local Remittances	-4.34	
(ii)	Departmental Cash Balances including Permanent Advances	3.45	
(iii)	Cash Balance Investment	13.13	
(iv)	Deposit with the Reserve Bank of India	-1,19.85	
			<b>66,62.37</b>

III- Sources and application of funds for the year ended  
31 March 1989

(Rupees in crores)

I- Sources

1.	Revenue Receipt		34,75.11
2.	Increase in		
	(i) Public Debt	4,88.39	
	(ii) Small Savings, Provident Fund, etc.	2,64.94	7,53.33
3.	Decrease in closing Cash Balance		1,80.54

Adjustments-

Add-	Decrease in Suspense and Miscellaneous	+29.58	
Add-	Increase in Reserve Funds	+47.71	
Less-	Effect on Remittance Balance	-51.30	
Less-	Decrease in Deposits and Advances	-85.25	-59.26
	Net Funds available		43,49.72

II- Application

1.	Revenue Expenditure	36,14.79
2.	Capital Outlay	6,04.21
3.	Lending for development and other purposes (net)	1,23.12
4.	Net recoupment of advances taken from the Contingency Fund	7.60

**Total** **43,49.72**

## Explanatory Notes

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

1.02 Government Accounts being mainly on cash basis, the revenue surplus or deficit on Government Account has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.

1.03 Although a part of the revenue expenditure and the loans are used by the recipients for the capital formation, its classification in the accounts of the State Government remains unaffected by end use.

1.04 There was an unreconciled difference of Rs.9.17 crores (debit) between the figures of deposits with the Reserve Bank of India as reflected in the accounts (Rs.-1,19.85 crores) and that intimated by the Reserve Bank of India (Rs.-1,29.02 crores).

### 1.2 Analysis of the accounts of the Government of Madhya Pradesh for 1988-89

#### Debt position

1.2.01 The outstanding debt of the Government at the end of 1988-89 stood at Rs. 5148.28 crores while the corresponding figure at the end of the previous year was Rs.4394.95 crores. The net increase of Rs.753.33 crores in debt was mainly under market loans, (Rs.69.21 crores) ways and means advances from the

Reserve Bank of India (Rs.75.73 crores), loans and advances from the Central Government (Rs. 329.52 crores) and Small Savings and Provident Fund etc. (Rs.264.94 crores). Inclusive of other obligations like deposits of State Electricity Board, civil and local fund deposits etc., the aggregate liability of the State Government by way of Gross Debt and other obligations outstanding at the end of the year was Rs. 5908.25 crores.

The net addition to the total (Public) Debt (as adjusted by the effect of remittances, suspense balances, drawals from Reserve Funds and decrease in Deposits and Advances) during the year was Rs.694.07 crores which proved inadequate for meeting the capital expenditure (Rs.6,04.21 crores), net lending for development and other programmes (Rs.123.12 crores), revenue deficit (Rs.139.68 crores) and net transfer to Contingency Fund (Rs.7.60 crores). The gap ultimately resulted in corresponding decrease in the closing cash balance by Rs.1,80.54 crores. The decrease in cash balance mainly consisting of increase in minus deposits with Reserve Bank (Rs.-126.73 crores) and decrease in investment held in Cash Balance Investment Account (Rs. 45.27 crores).

1.2.02 While Non-Plan revenue expenditure increased by Rs.3,86.14 crores (17.43 per cent) over 1987-88, the growth in collection of tax revenue (Rs.2,21.91 crores) and State's share of Union Taxes (Rs.80.92 crores) was 19.90 per cent and 10.88 per cent respectively. Receipt of grants from Central Government increased by Rs.1,21.42 crores (25.45 per cent). The return from interest and dividend on investment in Companies, Corporations, Co-operative Societies, etc. was negligible Rs.0.57 crore

(0.13 per cent). Net receipt under loans and advances from the Central Government (after repayment of loans and advances due) increased from Rs.2,99.60 crores in 1987-88 to Rs.3,29.52 crores in 1988-99. The interest (Rs.2,07.83 crores) paid to the Central Government on loans and advances increased by Rs.35.55 crores limiting the net resources availability from this source to Rs. 1,21.69 crores only. While the net market borrowings during the year increased by Rs.26.75 crores, loans and advances from other sources increased by Rs.2.58 crores over that of the previous year. The net collection from small savings, Provident Funds, etc. increased by Rs.70.55 crores as compared to those of the previous year.

1.2.03 No new tax was levied during the year. However, certain changes in taxation, mainly under 'Sales Tax', 'Taxes on Vehicles', 'Major and Medium Irrigation' and levy of surcharge @ one paise per unit on Electricity for creating a Fund 'Mahila Kalyan Kosh' for the uplift of women, were made during the year to raise an estimated additional revenue (net) of Rs.32.65 crores (Tax Revenue: Rs.16 crores; Non-Tax Revenue: Rs.16.65 crores).

The actual collection of tax revenue of Rs.13,37.04 crores exceeded the anticipated tax revenue of Rs.13,08.97 crores (including additional resource mobilisation of Rs.16 crores) by Rs.28.07 crores. The additional collection of revenue was mainly under 'Taxes and Duties on Electricity' (Rs.50.95 crores) and 'State Excise' (Rs.27.50 crores). The collection of revenue fell short of the target mainly under 'Land Revenue' (Rs.46.52 crores). The non-tax revenue collection of Rs.7,14.91 crores (including additional resource mobilisation of Rs.16.65

crores) fell short of the estimates of Rs.7,22.08 crores by Rs.7.17 crores. The shortfall in collection was mainly under 'Non-ferrous Mining and Metallurgical Industries' (Rs.7.61 crores).

Receipts from the Government of India during the year on account of State's share of Union Taxes and grant-in-aid were Rs.14,23.16 crores against the estimates of Rs. 13,79.08 crores.

The revenue receipts (Rs.34,75.11 crores) during the year 1988.89 thus registered an increase of Rs.4,42.53 crores (14.59 per cent) as compared to those of 1987-88 (Rs.30.32.58 crores). The increase was mainly under Grant-in-aid from Central Government (Rs.1,21.42 crores), Sales Tax (Rs.1,00.38 crores), State's Share of Union Excise Duties (Rs.68.38 crores), Taxes and Duties on Electricity (Rs.59.30 crores) and State Excise (Rs.36.59 crores).

1.2.04 The Budget Estimates for Revenue and Capital expenditure including Public Debt and Loans and Advances were Rs.56,68.60 crores (gross) which were augmented to Rs.63,54.18 crores (gross) by obtaining supplementary grant of Rs.6,85.58 crores. After accounting for the estimates of recoveries (Rs.4,81.53 crores) which are adjusted in accounts in reduction of expenditure, the net budget estimates were Rs.58,72.65 crores (Original: Rs.51,87.07 crores; Supplementary: Rs.6,85.58 crores). The actual expenditure, however, was Rs.53,33.77 crores indicating overall saving of Rs.5,38.88 crores (9.18 per cent of the net provision).

Substantial savings with reference to approved appropriations occurred as under-

		Provision	Expenditure	Saving
		(Rupees in crores)		
Revenue	Non-plan	26,30.44	26,00.96	29.48
	Plan	11,29.89	10,13.83	1,16.06
Capital	Non-Plan	27.96	18.22	9.74
	Plan	7,32.87	5,85.99	1,46.88
Public Debt	Non-Plan	11,08.14	9,56.57	1,51.57
Loans and Advances	Non-Plan	49.10	24.41	24.69
	Plan	1,94.25	1,33.79	60.46
<b>Total</b>		<b>58,72.65</b>	<b>53,33.77</b>	<b>5,38.88</b>

(More details have been provided in Chapter II)

1.2.05 Against the aggregate net plan provision (Budget plus supplementary) of Rs. 20.57.01 crores during 1988-89, the actual expenditure was Rs.17,33.61 crores. Thus the total plan expenditure fell short of the net provision by Rs.3,23.40 crores (15.72 per cent). As compared to 1987-88, the plan expenditure during the year (excluding Loans and Advances) recorded a growth of Rs.2,02.67 crores (Revenue: Rs. 1,87.39 crores; Capital: Rs.15.28 crores).

1.2.06 As against the Non-Plan provision of Rs.38,15.64 crores (including Public Debt and Loans and Advances), the actual expenditure was Rs.36,00.16 crores resulting in shortfall of Rs.2,15.48 crores (5.65 per cent of the provision).

As compared to 1987-88, non-plan expenditure during the year (excluding Public Debt

and Loans and Advances) shared a net increase of Rs.3,98.53 crores (Revenue: Rs.3,86.15 crores; Capital: Rs.12.38 crores). The increase of Rs. 3,86.15 crores under non-plan revenue expenditure was mainly under General Services (Rs.1,95.90 crores), Social Services (Rs.1,06.60 crores) and Economic Services (Rs.78.09 crores).

**1.2.07 (i) Ways and Means Advances.-**

During the year, the balance of the State Government with the Reserve Bank of India fell short of the agreed minimum (Rs.80 lakhs) on 213 days. The deficiency was made good by taking Ways and Means Advances totalling Rs.5,61.16 crores on 160 days inclusive of 5 days on which the minimum balance fell short even after taking the above advances but no overdraft was taken on these days. Ways and Means Advances totalling Rs.5,01.19 crores were repaid leaving a balance of Rs.59.97 crores at the close of the year. A sum of Rs.1.87 crores was also paid during the year as interest on these advances.

(ii) **Overdrafts.-** During 1988-89, overdrafts aggregating Rs.2,52.12 crores were taken on 53 days and Rs.2,36.36 crores were repaid leaving a balance of Rs.15.76 crores at the close of the year.

1.2.08 At the end of 1987-88, the balance under Public Debt was Rs. 31,27.26 crores. During 1988-89, the receipts and repayments were Rs.14,44.96 crores and Rs.9,56.57 crores respectively leaving a balance of Rs. 36,15.65 crores. The outstanding debt of the Government thus registered an increase of Rs. 4,88.39 crores during the year. The increase was mainly under 'Loans and Advances from the Central Government' (Rs.3,29.52 crores), 'Market Loans' (Rs.69.21 crores), and outstand-



ing 'Ways and Means Advances' from the Reserve Bank of India (Rs.75.73 crores).

1.2.09 Loans from the Government of India formed 83.99 per cent of the total Public Debt as on 31 March 1989 as against 86.56 per cent on 31 March 1988. Loans of Rs.5,19.55 crores were received from the Government of India during the year and Rs.1,90.04 crores were repaid. Interest paid on these loans was Rs.2,07.83 crores.

1.2.10 In respect of loans and advances the detailed accounts of which are maintained by the Accountant General (Accounts and Entitlement), the amount over due for recovery at the end of 1988-89 was Rs.27.08 crores (principal: Rs.15.09 crores; interest: Rs.11.99 crores).

In respect of loans and advances the detailed accounts of which are maintained by the departmental officers, the amount over due for recovery at the end of 1988-89 (to the extent details have been received) was Rs.14.25 crores (principal); out of this, Rs.13.76 crores (principal) has been outstanding for more than three years. Information about the amount of interest under default on these loans has not been furnished by the departments concerned.

1.2.11 Interest paid on debt and other obligations during the year was Rs.3,96.62 crores as against Rs.2,91.88 crores during 1987-88. Interest received during the year was Rs.1,45.27 crores including that from departmental commercial undertakings and others as against Rs.1,35.90 crores during 1987-88. The net interest burden during the year was thus Rs.2,51.35 crores (7.23 per cent of the total revenue receipt and 18.80 per cent of the tax revenue of the State).

1.2.12 With the net investment of Rs. 50.86 crores in shares of Statutory Corporations, Government Companies and Co-operative institutions, the total investment of the Government in their shares on 31st March 1989 was Rs. 4,26.05 crores. The dividend received on such investments during 1988-89 was Rs.0.57 crores (0.13 per cent) as against Rs.1.08 crores (0.29 per cent) received during 1987-88.

1.2.13 The Contingent liability for guarantees given by the State Government for repayment of loans and payment of interest thereon by Statutory Corporations, Companies and Co-operatives, etc., as on 31 March 1989 was Rs.8,53.66 crores including interest of Rs.1.19 crores against the maximum guaranteed amount of Rs.35,83.39 crores. To the extent information has been received from the Government, no guarantee was invoked during the year. Total amount paid by the Government on account of invocation of guarantees which is to be recovered from the beneficiaries at the end of 1988-89 was Rs.4.21 crores (The New Bhopal Textile Limited, Bhopal: Rs.0.04 crore, 98 Municipal Councils/Corporations, etc: Rs.4.17 crores). A sum of Rs.0.36 crore was received as guarantee fee during 1988-89.

No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State.

## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1 General

The summarised position of actual expenditure during 1988-89 against grants/ appropriations is as under:

	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Variation Saving-/ Excess +
	(1)	(2)	(3)	(4)	(5)
( Rupees in crores )					
I. Revenue-					
Voted	31,31.05	3,74.31	35,05.36	33,57.29	-1,48.07
<u>Charged</u>	<u>5,54.77</u>	<u>24.80</u>	<u>5,79.57</u>	<u>5,26.04</u>	<u>-53.53</u>
II. Capital-					
Voted	8,32.28	74.34	9,06.62	7,00.51	-2,06.11
<u>Charged</u>	<u>1.09</u>	<u>0.82</u>	<u>1.91</u>	<u>0.03</u>	<u>-1.88</u>
III. Public Debt-					
<u>Charged</u>	<u>9,16.76</u>	<u>1,91.38</u>	<u>11,08.14</u>	<u>9,56.57</u>	<u>-1,51.57</u>
IV. Loans and advances-					
Voted	2,32.65	19.93	2,52.58	1,70.01	-82.57
<b>Grand Total</b>	<b>56,68.60</b>	<b>6,85.58</b>	<b>63,54.18</b>	<b>57,10.45</b>	<b>-6,43.73</b>

2.2 The following results emerge broadly from the Appropriation Audit:

2.2.1 **Supplementary provision.**- Supplementary provision obtained during the year

constituted 12.09 per cent of the original budget provision as against 7.81 per cent in the year preceding.

2.2.2                      **Unnecessary/  
inadequate  
provision**                      **excessive/  
Supplementary**

Supplementary provision of Rs.14.09 crores obtained in 12 cases during November 1988 and Rs.66.34 crores obtained in 28 cases during March 1989 proved unnecessary because of the ultimate saving of Rs.1,27.80 crores and Rs.2,98.38 crores respectively in each case. These could have been restricted to token provision for New Service items wherever necessary. In 18 cases, against supplementary grants aggregating Rs.5,19.79 crores, the actual requirement of funds was Rs.2,87.35 crores resulting in saving of huge amounts ranging between Rs. 26 lakhs and Rs. 1,51.57 crores.

In 10 cases, supplementary provision of Rs. 82.03 crores obtained during the year proved insufficient by more than Rs. 47 lakhs to Rs. 2524 lakhs in voted and from Rs. 16 lakhs to Rs. 75 lakhs in charged expenditure leaving an aggregate uncovered excess expenditure of Rs. 60.05 crores.

2.2.3                      **Saving/ excess over provision.-**  
The grantwise overall saving was Rs.8,07.12 crores in 75 grants and 40 appropriations. The grantwise overall excess (Appendix-I) on the other hand was Rs.1,63.39 crores in 23 grants and 5 appropriations requiring regularisation under Article 205 of the Constitution.

2.2.4                      **Unutilised provision.-** In the following grants/appropriations, the expenditure in each case fell short by more than Rs. One crore and also by more than 10 per cent of the total provision:

Grant num- ber	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
<b>REVENUE:</b>			
Voted-			
5.	Jails	<u>1.38</u> (10.49)	Mainly due to non-filling of vacant posts, non-purchase of materials and non-receipt of sanction under the 'Modernisation Scheme'.
6.	Expenditure pertaining to Finance Department	<u>1,08.59</u> (45.62)	Non-utilisation of the provision made for revised pay scales and dearness allowance to the staff.
11.	Expenditure pertaining to commerce and Industry Department	<u>5.17</u> (14.55)	Due to posts remaining vacant (Rs.26.31 lakhs) and economy measures (Rs.9.12 lakhs). Reasons for balance saving have not been intimated (June 1990).
15.	Dairy Development	<u>1.17</u> (14.92)	Mainly due to shortfall in the targets of collection of milk (Rs.1,15.30 lakhs) and economy in expenditure.
17.	Co-operation	<u>1.51</u> (12.12)	Due to non-receipt of sanctions of Government for incurring expenditure for construction of Grid godowns (Rs.68.58 lakhs) release of grant-in-aid to (i) Land Development Bank (Rs.15.03 lakhs) and (ii) Strengthening of Agriculture Credit (Stabilisation) Fund (Rs.78.56 lakhs).

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
34.	Social Welfare	<u>4.53</u> (16.21)	Mainly due to non-receipt of sanction for purchase of vehicles (Rs.2,07.50 lakhs), for other services (Rs.14.25 lakhs), posts remaining vacant (Rs.1,70.78 lakhs), less number of beneficiaries under Social Security Scheme (Rs.21.88 lakhs), economy measures (Rs.22.79 lakhs) and restrictions on purchases (Rs.15.88 lakhs).
38.	Additional Expenditure under Employment Programme	<u>1.08</u> (63.91)	Due to new procedure of payment for works being made from funds advanced by the departments concerned (Rs.95.29 lakhs).
39.	Expenditure pertaining to Food and Civil Supplies Department	<u>6.14</u> (45.52)	Due to economy in expenditure and vacant posts (Rs.16.78 lakhs). Reasons for bulk of the remaining saving (Rs.5,97.22 lakhs) have not been intimated (June 1990).
41.	Tribal Areas Sub-Plan	<u>26.79</u> (10.55)	Saving was mainly due to: (1) <u>Forest Department</u> Non-receipt of sanction for some schemes and economy measures (Rs.1,15.51 lakhs), closure of schemes of construction of animal camps and National Park (Rs.87.62

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			lakhs). For balance saving (Rs.2,81.79 lakhs) reasons have not been intimated (June 1990).
			(2) <u>Commerce and Industries Department</u>
			Reasons for saving in the scheme for Handicraft Industries have not been intimated (Rs.1,00.00 lakhs) (June 1990).
			(3) <u>Energy Department</u>
			Non-issue of sanction for grant-in-aid to Madhya Pradesh Energy Development Corporation (Rs.98.75 lakhs).
			(4) <u>Agriculture Department</u>
			Reasons for saving have not been intimated (Rs.6,77.85 lakhs) (June 1990).
			(5) <u>Animal Husbandry Department</u>
			Reasons for the saving of Rs.74.50 lakhs have not been intimated (June 1990).
			(6) <u>Public Health and Family Welfare Department</u>
			Reasons for saving (Rs.1,02.98 lakhs) have not been intimated (June 1990).

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			<p>(7) <u>Public Health Engineering Department</u> Reasons for saving (Rs.4,81.59 lakhs) have not been intimated (June 1990).</p>
			<p>(8) <u>Housing and Environment Department</u> Reasons for saving (Rs.63.97 lakhs) have not been intimated (June 1990).</p>
			<p>(9) <u>School Education Department</u> A part of the saving (Rs.19.05 lakhs) was due to posts remaining vacant. Reasons for balance saving (Rs.2,37.06 lakhs) have not been intimated (June 1990).</p>
			<p>(10) <u>Panchayat and Rural Development Department</u> Economy cut and non-receipt of sanctions for Sericulture Industries (Rs.2,51.33 lakhs), posts remaining vacant (Rs.29.41 lakhs), non-construction of godowns (Rs.15.25 lakhs) and for reasons not intimated (Rs.9,16.60 lakhs) (June 1990).</p>



Grant number	Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			(11) <u>Tribal, Harijan and Backward Classes Welfare Department</u>
			Economy cut and posts remaining vacant (Rs.2,58.21 lakhs), non-receipt of sanction for opening of ashrams (Rs.39.69 lakhs), non-receipt of demands under 'Pariwar Moolak Economic Programme' (Rs.65.00 lakhs) and reasons not intimated (Rs.67.32 lakhs).
			(12) <u>Food Department</u> Less supply of food grains (Rs.1,19.00 lakhs).
42.	Public Works relating to Tribal Areas Sub-Plan - Roads and Bridges	<u>1.10</u> (10.42)	Reasons for the saving have not been intimated (June 1990)
44.	Higher Education	<u>9.54</u> (11.23)	Non-finalisation of pay fixation cases of teachers in U.G.C. Scales and consequent non-payment of arrears.
58.	Expenditure on relief on account of Natural Calamities and Scarcity	<u>22.61</u> (14.49)	Reasons for saving have not been intimated (June 1990).

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
60.	Expenditure pertaining to District Plan Schemes	<u>12.00</u> (21.60)	Reasons for saving under other rural water supply programme (Rs.1,84.34 lakhs) and Employment Programmes (Rs.7,69.82 lakhs) have not been intimated (June 1990).
62.	Externally Aided Projects pertaining to Rural Development Department	<u>1.67</u> (66.59)	Reasons for saving under construction works (Rs.1,25.21 lakhs) and Area Development Programme (UNICEF) (Rs.35.04 lakhs) have not been intimated (June 1990).
64	Special component Plan for Scheduled Castes	22.49 (25.43)	<p>Saving was mainly due to-</p> <p>(1) <u>Forest Department</u> Economy in expenditure (Rs.46.87 lakhs) and reasons not intimated (Rs.1,38.79 lakhs) (June 1990).</p> <p>(2) <u>Agriculture Department</u> Reasons for the saving of Rs.2,66.77 lakhs have not been intimated (June 1990). A part of the saving (Rs.202.98) occurred in Special programme of Minor Irrigation to help Small and marginal farmers.</p> <p>(3) <u>Public Health Engineering Department</u> Reasons for the saving of Rs.86.76 lakhs under Grant-in-aid to Municipal Committee for water supply schemes (Rs.56.76 lakhs) and Tubewell drilling works (Rs.30.00 lakhs) have not been intimated (June 1990).</p>

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			(4) <u>Local Government Department</u>
			Reasons for saving (Rs.100 lakhs) from special central assistance for scheduled castes component plan 'Shops and Market' have not been intimated (June 1990).
			(5) <u>Irrigation Department</u>
			Transfer of funds for the 'Thrust Scheme' (Rs.22.00 lakhs). Reasons for balance saving (Rs.27.07 lakhs) have not been intimated (June 1990).
			(6) <u>Panchayat and Rural Development Department</u>
			Economy (Rs.27.16 lakhs). Reasons for balance saving (Rs.5,25.13 lakhs) which occurred under Intigrated Rural Development Programme and Natimal Rural Employment Programme have not been intimated (June 1990).
			(7) <u>Tribal and Harijan Welfare Department</u>
			Belated receipt of sanction for five new pre-examination training centres (Rs.37.77 lakhs) and posts remaining

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			vacant (Rs.24.95 lakhs). Reasons for balance saving (Rs.41.52 lakhs) have not been intimated (June 1990).
			(8) <u>Housing and Environment Department</u>
			Reasons for the saving (Rs.60.66 lakhs) have not been intimated (June 1990).
			(9) <u>School Education Department</u>
			Posts remaining vacant (Rs.97.50 lakhs). Reasons for balance saving (Rs.3,51.44 lakhs) which occurred mainly under 'Government Middle and Secondary Schools' have not been intimated (June 1990).
			(10) <u>Expenditure pertaining to Urban Welfare Department</u>
			Reasons for the saving (Rs.86.10 lakhs) have not been intimated (June 1990).
65	Aviation Department	2.13 (75.80)	Due to non-purchase of helicopter (Rs.2,09.81 lakhs).
66	Welfare of Backward Classes	9.27 (25.57)	Due to belated start of post-matric scholarship scheme and non-receipt of sanctions (Rs.8,62.70 lakhs).

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
71	Upgradation of Standards of Administration as recommended by Eighth Finance Commission- Education	4.56 (51.82)	Reasons for saving under Government Primary Schools have not been intimated (June 1990).
79	Expenditure pertaining to Gas Tragedy Relief Works	8.06 (32.19)	Non-implementation of various schemes due to non-approval of action plan and non-receipt of enough financial assistance from the Government of India.

Charged-

7	Expenditure pertaining to Separate Revenue Department	<u>2.18</u> (35.80)	Reasons for saving have not been intimated (June 1990).
25	Expenditure pertaining to Mineral Resources Department	<u>24.37</u> (45.13)	Reasons for saving under 'Transfer to Coal Bearing Area Development Fund' (Rs.30.79 lakhs) have not been intimated (June 1990).

## CAPITAL:

## Voted-

6	Expenditure pertaining to Finance Department	28.17 (70.06)	Mainly due to diversion of funds in other grants for meeting expenditure on development plans and payment of dearness allowance and bonus to staff at enhanced rates (Rs.20,90.00)
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Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			lakhs); less demand for food grain advances and economy cut (Rs.4,00.72 lakhs). Reasons for balance saving have not been intimated (June 1990).
7	Expenditure pertaining to Separate Revenue Department	2.18 (92.37)	Reasons for saving, which occurred under 'Government Residential Buildings - Departmental construction works' have not been intimated (June 1990).
8	Land Revenue and District Administration	1.51 (50.84)	Reasons for saving which mainly comprised savings (Rs.1,25.48 lakhs) under Agriculture loan Act have not been intimated (June 1990).
10	Forest	12.18 (52.82)	Due to economy measures and non-receipt of sanctions for new items (Rs.5,65.38 lakhs). Reasons for balance saving have not been intimated (June 1990).
11	Expenditure pertaining to Commerce and Industries Department	4.42 (16.02)	Mainly due to non-investment in the share capital of Co-operative Cotton Mill, Burhanpur (Rs.30.00 lakhs) and economy measures (Rs.6 lakhs). Reasons for balance saving have not been intimated (June 1990).

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
12	Expenditure pertaining to Energy Department	39.06 (39.95)	Less payment of loans to Madhya Pradesh Electricity Board.
13	Agriculture	8.18 (35.97)	Non-receipt of demand for loans under Co-ordinated scheme for soil conservation measures in river valley projects (Rs.23.98 lakhs). Reasons for balance saving have not been intimated (June 1990) which mainly included savings under purchase and distribution of general seeds (Rs.2,40.53 lakhs) and loans to credit Co-operative (Rs.6,10.00 lakhs),
17	Co-operation	2.15 (14.28)	Due to non-receipt of sanction of the Government of India/State Government/Corporations for investment in and payment of loan to co-operative societies, Co-operative Central Banks, processing units (Rs.2,07.28 lakhs) and non-eligibility of consumers store for loans due to default in repayment/accumulated losses (Rs.18.09 lakhs).
20	Public Health Engineering	2.30 (20.59)	Reasons for saving have not been intimated (June 1990).

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
21	Expenditure pertaining to Housing and Environment Department	4.91 (39.85)	Reasons for saving have not been intimated (June 1990).
23	Major and Medium Irrigation Works	23.41 (13.89)	Reasons for saving under various irrigation projects have not been intimated (June 1990).
24	Public Works-Roads and Bridges	5.24 (32.75)	Reasons for saving under various works have not been intimated (June 1990). A part of saving of (Rs.3,60.37 lakhs) was under construction of Roads and Bridges in decoity area.
33	Tribal Welfare	5.38 (94.55)	Due to non-receipt of Government sanction for construction works (Rs.4,92.83 lakhs). Reasons for balance saving have not been intimated (June 1990).
36	Transport	1.50 (15)	Due to less contribution towards capital of Madhya Pradesh State Road Transport Corporation.
39	Expenditure pertaining to Food and Civil Supplies Department	2.30 (79.86)	Mainly due to non-receipt of demand for loans from Madhya Pradesh Co-operative Marketing Federation and Nagrik Apoori Nigam for procurement of food grains (Rs.2,00.00 lakhs) and economy measures (Rs.25.35 lakhs).



Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
40	Expenditure pertaining to Command Area Development Department	3.20 (38.37)	Mainly due to non-receipt of approval for construction of field channels in Hasdeo Command Area (Rs.57.92 lakhs), non-completion/non-commencement of the work of field channels in the command Area Development Authority Wainganga (Rs.33.50 lakhs), Tawa (Rs.65.00 lakhs) and Chanbal Ayacut (Rs.32.75 lakhs). Reasons for balance saving have not been intimated (June 1990).
41	Tribal Areas Sub-Plan	29.78 (23.17)	Saving was mainly due to- (1) <u>Commerce and Industries Department</u> Economy cut (Rs.1,14.44 lakhs), non-receipt of sanction for investment in the share capital of Tribal Service Co-operative Societies (Rs.85.70 lakhs), non-establishment of 'Madhya Pradesh Fibres' in Meghnagar (Rs.65.72 lakhs) and closure of the scheme Vidhi Vidhayan Udyog Development (Rs.57.75 lakhs). Reasons for balance saving (Rs.2,13.25 lakhs) have not been intimated (June 1990).

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			(2) <u>Housing and Environment Department</u>
			Reasons for the saving of Rs.50.50 lakhs have not been intimated (June 1990)
			(3) <u>Irrigation Department</u>
			Saving occurred mainly under (i) construction of Medium Projects (Rs.1,33.89 lakhs) (ii) Prorata share on account of establishment and tools and plant transferred from major Head '2701' - Medium Project - Direction and Administration (Rs.2,67.30 lakhs), (iii) Narmada Valley Development Department - Maan Project (Rs.2,05.67 lakhs). Reasons for bulk of the saving have not been intimated (June 1990)
			(4) <u>Minor Irrigation Department</u>
			Saving occurred mainly under (i) Tribal Area Sub-plan -- Minor and Micro minor Irrigation Schemes - Agriculture (Rs.52.61 lakhs) (ii) Special Central assistance for Tribal Sub-Plan - minor and micro minor Irrigation Schemes (Rs.4,00,00 lakhs), (iii) Tribal Area Sub-Plan - Minor and Micro minor Irrigation Schemes - Irrigation Department

Grant number	Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			(Rs.3,40.80 lakhs) due to economy cut and slow progress of works and (iv) Direction and Administration (Rs.2,39.32 lakhs). Reasons for saving under S.No.(i), (ii) and (iv) above have not been intimated (June 1990).
			(5) <u>Tribal, Harijan and Backward classes Welfare Department</u> Reasons for the saving which occurred mainly under (i) Play Ground - Hostel Building (Rs.56.28 lakhs) and (ii) Departmental Agency (Rs.1,54.45 lakhs) have not been intimated (June 1990).
48	Narmada Valley Development	36.29 (37.79)	Saving was mainly due to posts remaining vacant (Rs.4,60.12 lakhs), slow progress of work of Indira Sagar Project Unit I and III and delay in fixing main agency for construction of dam (Rs.9,88.35 lakhs) and non-receipt of sanction from Gujrat Government for Sardar Sarowar Project (Rs.6,16.10 lakhs). Reasons for balance saving have not been intimated (June 1990).
53	Externally Aided Projects pertaining to	1.96 (11)	A small part of saving was due to slow progress of construction of roads under Madhya Pradesh

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
	Command Area Development Department		Composite Project, Raipur in Dhamtari Road Division (Rs.24.56 lakhs) and non-receipt of sanction for purchase of machinery and equipment for Chambal Project (Rs.8.35 lakhs). Reasons for balance saving have not been intimated (June 1990).
57	Externally Aided Projects pertaining to major and medium Irrigation Department	47.23 (27.97)	The bulk of savings relates to Mahanadi Reservoir Project Action Phase I, I(A) and II, the reasons for which have not been intimated (June 1990).
59	Externally Aided Projects pertaining to Co-operation Department	3.13 (16.36)	A part of the saving was due to economy in expenditure (Rs.47.79 lakhs) and non-receipt of sanction for construction of rural marketing/ large sized godowns (Rs.3.80 lakhs). Reasons for balance saving have not been intimated (June 1990).
64	Special component Plan for Scheduled Castes	4.18 (11.82)	Saving occurred in the departments of commerce and Industries (Rs.43.51 lakhs), Agriculture (Rs. 33.87 lakhs), Co-operation (Rs. 58 lakhs ), Public Health Engineering ( Rs.62.91 lakhs), Irrigation (Rs.66.87 lakhs), Panchayat and Rural Development (Rs.89.64 lakhs) of which saving of Rs.41.10 lakhs was due to

Grant number	Description of the grant	Amount of savings (Rupees <u>in crores</u> ) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)
			non-receipt of sanction for sericulture schemes, Housing and Environment Department (Rs.91.85 lakhs) and Finance (Rs.31.87 lakhs). Above saving was partly off set by excess under Public Works Department (Rs.68.42 lakhs). Reasons for bulk of saving have not been intimated (June 1990).
67	Public Works-Buildings	11.85 (42.69)	Reasons for saving in construction of office buildings of various departments have not been intimated (June 1990).
68	Public Works relating to Tribal Area Sub-Plan-Buildings	3.75 (38.90)	Reasons for saving in Capital outlay on office building, Education, Sports Art and Culture and on Medical and Public Health have not been intimated (June 1990).
77	Upgradation of standards of Administration as recommended by Eighth Finance Commission-Public Works-Buildings	18.76 (38.37)	Reasons for saving in capital outlay on Public Works- Office buildings, on Housing Government Residential Buildings have not been intimated (June 1990).
79	Expenditure relating to Gas Tragedy Relief Works	9.48 (45.27)	Saving was mainly due to non-implementation of the schemes of construction of hospital, urban water supply including constru-

Grant number	Description of the grant	Amount of savings (Rupees in crores) (Percentage of provision)	Main reasons for saving
(1)	(2)	(3)	(4)

ction of culverts, sewerage and trenching of drains (Rs.8,84.43 crores) due to non-approval of action plan and non-receipt of enough financial assistance from the Government of India. Reasons for balance saving have not been intimated (June 1990).

Charged-

Public Debt

1,51.57  
(13.68)

Saving was due to less amount of Ways and Means Advances (Rs.98,81.00 lakhs) and less advances to meet shortfalls (Rs.54,98.17 lakhs) due to improved cash balance position resulting in lesser repayments of these advances, less loans received from the Government of India for various plan schemes (Rs.9,42.49 lakhs) and consequent lesser repayments and less claims preferred by the bond holders (Rs.2,65.84 lakhs). Provision made for payment of decretal charges remained unutilised reasons for which have not been intimated (June 1990).

23 Major and Medium Irrigation Works

1.10  
(100)

### 2.2.5 Cases involving substantial savings under schemes

Substantial savings of Rupees One crore and above and also by more than 80 per cent of the provision arose in each case either due to non-implementation or slow implementation of the following plan schemes/projects/programmes:

Sl. No.	Number and name of grant/appropriation	Name of Scheme	Amount of saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)
			(Rupees in crores)	

#### REVENUE:

1.	19-Public Health and Family Welfare	(1) M.H.2210-Medical and Public Health-01- Urban Health Services-(800)-Other expenditure-Centrally Sponsored Scheme 001- Aid Material under T.C.A. Programme	1.03	100
		(2) M.H.3606-Aid Materials and Equipments-Centrally Sponsored Scheme-001- Medical	1.03	100
2.	23-Major and Medium Irrigation Works	2701- Major and Medium Irrigation-01- Major Irrigation-Commercial Tawa Project Maintenance	2.18	96.89

S1. No.	Number and name of grant/ appropriation	Name of Scheme	Amount of saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)

(Rupees in crores)

**REVENUE:**

3.	41-Tribal Areas Sub-Plan	<u>Public Health Engineering</u> <u>Department</u> M.H.2215-Water Supply and Sanitation- 01- Water Supply- (1)(794)- Special Central assistance for Tribal Sub-Plan- 004- Drinking Water Supply in Problem Villages (2)(191)-Assistance to Local Bodies, Muni- cipalities, etc.- 023- Drinking Water arrangement in micro project	2.00	100
		<u>Panchayat and Rural</u> <u>Development Department</u> M.H.2501-Special Progra- mme for Rural Development- 02- Drought prone Areas Development Programme- (796)-Tribal Areas Sub-Plan- Medium Irrigation Schemes- (3) 002- Agriculture related schemes (4) 005- Forest Schemes	1.40 1.49	100 100



Sl. No.	Number and name of grant/ appropriation	Name of Scheme	Amount of saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)

(Rupees in crores)

Tribal, Harijan and Backward Classes Welfare Department

M.H.2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

02- Welfare of Scheduled Castes-

(794)-Special Central assistance for Tribal Sub-Plan-

6- Other schemes-

(5) 023- Lump sum provision for miscellaneous schemes 1.56 100

4. 60-Expenditure pertaining to District Plan Schemes

(1) M.H.2215-Water Supply and Sanitation-

01- Water Supply-

(102)-Rural Water Supply Programmes-

Other Rural Water Supply Programmes- 1.85 93.43

(2) M.H.3054-Roads and Bridges-

04- District and other roads-

(337)-Road Works-

010- Minimum Needs Programmes-

001- Construction of Small rural roads 2.20 84.62

Sl. No.	Number and name of grant/appropriation	Name of Scheme	Amount of saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)
			(Rupees in crores)	
5.	64-Special Component Plan for Scheduled Castes	<u>Agriculture Department</u> M.H.2401-Crop Husbandry- (102)-Food grain crops- Centrally Sponsored Schemes 006- Special programme of minor irrigation to help small and marginal farmers	2.03	80.56

**CAPITAL:**

1.	13-Agriculture	M.H.4401-Capital outlay on Crop Husbandry (103)- Seeds (002) Scheme for the purchase and distribution of general seeds	2.41	96.4
2.	21-Expenditure pertaining to Housing and Environment Department	M.H.6217-Loans for Urban Development 60- Other Urban Deve- lopment Schemes- (191)-Loans to local bodies, corporations, etc.- (1) 004- Matching share for State Government for World Bank Scheme (2) Centrally sponsored Scheme- 001- Integrated deve- lopment scheme of small and medium towns	2.79	97.89
			2.00	100

Sl. No.	Number and name of grant/appropriation	Name of Scheme	Amount of saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)
			(Rupees in crores)	
3.	23-Major and Medium Irrigation Works	M.H.4701-Capital outlay on Major and Medium Irrigation 03- Medium Irrigation (Commercial)- Centrally Sponsored Scheme- 008- Rudiayi Tank Scheme	2.55	85
4.	24-Public Works-Roads and Bridges	M.H.5054-Capital Outlay on Roads and Bridges- 04- District and other roads- (800)-Other expenditure- 337- Construction of roads and bridges in dacoits areas	3.60	85.71
5.	45-Minor Irrigation Works	M.H.4702-Capital Outlay on Minor Irrigation- (101)-Surface Water-Central Assistance for Minor Irrigation Scheme under Special Nutrition Programme-	4.67	100
6.	48-Narmada Valley Development	M.H.4801-Capital Outlay on Power Projects- 01- Hydel Generation-Prevention and Control of Pollution-Narmada, Kshipra and Sone rivers	1.00	100

Sl. No.	Number and name of grant/appropriation	Name of Scheme	Amount of saving	Percentage of saving
(1)	(2)	(3)	(4)	(5)
			(Rupees in crores)	
7.	Externally Aided Projects pertaining to Major and Medium Irrigation Department	M.H.4701-Capital Outlay on Major and Medium Irrigation- 01- Major Irrigation (Commercial)- Mahanadi Reservoir Project Phase II- Action Plan I, I(A) and II	6.20	99.84
8.	67-Public Works-Buildings	M.H.4202-Capital Outlay on Education, Sports, Art and Culture- I- Central Sector Scheme- 051- Construction-Building construction for District Education and Training Institutes	3.29	100
9.	79-Expenditure pertaining to Gas Tragedy Relief Works-	M.H.4210-Capital outlay on Medical and Public Health- 01- Urban Health Services-(110)-Hospitals and Dispensaries- Construction of Hospital	5.72	95.33

## 2.2. 6 Persistent Savings

Savings exceeding Rs.25 lakhs and also by over 10 per cent of the provision were noticed persistently in all the three years from 1986-87 to 1988-89 in the following grants/appropriations:

Number and name of grant (1)	Amount of saving (Percentage in brackets)			
	1986-87	1987-88	1988-89	
	(2)	(3)	(4)	
	(Rupees in lakhs)			
REVENUE:				
Voted-				
2	Other expenditure pertaining to General Administration Department	57.96 (33.93)	49.73 (20.83)	31.48 (17.72)
6	Expenditure pertaining to Finance Department	2890.83 (28.82)	17167.43 (64.87)	10858.70 (45.62)
15	Dairy Development	178.02 (21.49)	254.87 (35.61)	117.32 (14.96)
31	Expenditure pertaining to Planning, Economics and Statistics Department	144.35 (30.18)	64.39 (14.09)	54.87 (10.75)
38	Additional expenditure under Employment Programme	222.12 (78.79)	101.71 (60.90)	107.65 (63.85)
39	Expenditure pertaining to Food and Civil Supplies Department	105.39 (14.02)	310.89 (27.03)	614.19 (45.53)
40	Expenditure pertaining to Command Area Development Department	90.60 (11.75)	128.22 (16.84)	89.50 (12.83)
53	Externally Aided Projects pertaining to Command Area Development Department	43.36 (14)	72.76 (15.17)	65.77 (14.83)
60	Expenditure pertaining to District Plan Schemes	165.12 (41.28)	159.95 (37.59)	1199.97 (21.60)

Number and name of grant (1)	Amount of saving (Percentage in brackets)		
	1986-87 (2)	1987-88 (3)	1988-89 (4)
	(Rupees in lakhs)		
61 Externally Aided Projects pertaining to Public Health and Family Welfare Department	111.98 (27.47)	29.33 (24.52)	42.00 (29.68)
62 Externally Aided projects pertaining to Rural Development Department	207.07 (98.60)	191.50 (90.93)	166.96 (66.60)
64 Special Component Plan for Scheduled Castes	1080.56 (15.36)	2436.14 (27.35)	2249.22 (25.43)
71 Upgradation of Standards of Administration as recommended by Eighth Finance Commission- Education	518.38 (62.25)	662.99 (81.85)	456.01 (51.82)
<u>Charged-</u>			
25 <u>Expenditure pertaining to Mineral Resources Department</u>	<u>1623.49 (40.60)</u>	<u>730.88 (20.88)</u>	<u>2436.67 (45.12)</u>
CAPITAL :			
Voted -			
11 Expenditure pertaining to Commerce and Industry Department	863.38 (28.75)	312.91 (12.81)	441.91 (16.01)
23 Major and Medium Irrigation Works	2066.69 (11.34)	2894.85 (16.93)	2340.51 (13.89)
40 Expenditure pertaining to Command Area Development Department	266.78 (31.88)	333.23 (36.18)	320.27 (38.42)
48 Narmada Valley Development	4697.47 (77.32)	997.47 (15.77)	3628.84 (37.79)
59 Externally Aided Projects pertaining to Co-operation Department	212.93 (11.98)	594.58 (37.10)	312.54 (16.34)

(1)	Amount of saving			
	(Percentage in brackets)			
	1986-87	1987-88	1988-89	
(2)	(3)	(4)		
	(Rupees in lakhs)			
67	Public Works- Buildings	807.65 (31.83)	812.74 (29.57)	1184.88 (42.69)
68	Public Works relating to Tribal Area Sub-Plan- Buildings	314.24 (32.59)	573.18 (50.77)	374.74 (38.87)
77	Upgradation of Standards of Administration as recommended by Eight Finance Commission- Public Works- Buildings	1932.65 (43.42)	1054.86 (29.64)	1876.34 (38.38)
	<u>Charged-</u>			
	<u>Public Debt</u>	<u>63328.29</u> (71.79)	<u>51670.86</u> (57.11)	<u>15157.11</u> (13.68)
23	<u>Major and Medium Irrigation Works</u>	<u>49.00</u> (100)	<u>29.91</u> (99.70)	<u>109.50</u> (99.55)

### 2.2. 7 Significant cases of excesses

In the following grants, the expenditure during the year exceeded the approved provision by more than Rs.1 crore and also by more than 10 per cent of the total provision in each case.

Grant No.	Description of the grant	Amount of excess (Rupees in crores)	Percentage of excess	Reasons for excess
(1)	(2)	(3)	(3)	(4)
	REVENUE :			
8	Land Revenue and District Administration	8.42 (11.82)		Excess was partly due to increase in the rates of dearness allowance (Rs. 132.04 lakhs). Reasons

Grant No.	Description of the grant	Amount of excess (Rupees in crores) Percentage of excess	Reasons for excess
(1)	(2)	(3)	(4)
			for balance excess have not been intimated (June 1990).
9	Expenditure pertaining to Revenue Department	1.89 (17)	Reasons for excess mainly under 'Stationery and Printing' have not been intimated (June 1990).
20	Public Health Engineering	41.21 (31.04)	Reasons for bulk of the excess mainly under Water Supply have not been intimated (June 1990).
24	Public Works-Roads and Bridges	35.06 (41.13)	Reasons for excess of expenditure which occurred mainly under 'Roads' have not been intimated (June 1990).
29	Administration of Justice and Elections	2.13 (11.37)	Reasons for bulk of the excess have not been intimated (June 1990).
52	Externally Aided Projects pertaining to Agriculture Department	1.95 (29.46)	Reasons for excess have not been intimated (June 1990).
67	Public Works-Buildings	23.86 (19.41)	Reasons for excess have not been intimated excess mainly occurred under stock Rs.16.34 crores Miscellaneous Public Works Advances Rs.4.40 crores and Repairs Building Rs.1.96 crores.



Grant No.	Description of the grant	Amount of excess (Rupees in crores) Percentage of excess	Reasons for excess
(1)	(2)	(3)	(4)
CAPITAL :			
58	Expenditure on Relief on account of Natural calamities and Scarcity	25.24 (70.74)	Reasons for excess, which mainly occurred under 1. Major and Medium Irrigation Rs.331.91 lakhs. 2. Minor Irrigation-Irrigation Rs.1368.99 lakhs Agriculture Rs. 54.77 lakhs 3. Minimum Roads Programme Rs.779.63 lakhs have not been intimated (June 1990).

### 2.2. 8 Persistant excesses

In the following grants, persistent excesses were noticed in all the three years from 1986-87 to 1988-89.

Grant No.	Description of the grant	Amount of excess (Percentage)		
		1986-87 (3)	1987-88 (4)	1988-89 (5)
(Rupees in lakhs)				
REVENUE :				
5	Voted-Police	658.01 (4.53)	649.68 (3.69)	461.15 (2.21)
10	Public Health Engineering	1676.37 (13.52)	1381.05 (9.55)	4120.78 (31.04)

Grant No.	Description of the grant	Amount of excess (Percentage)		
		1986-87 (3)	1987-88 (4)	1988-89 (5)
(1)	(2)			
		(Rupees in lakhs)		
24	Public Works- Roads and Bridges	1132.21 (14.61)	2271.69 (27.05)	3505.98 (41.13)
67	Public Works- Buildings	2000.28 (20.09)	2224.72 (19.09)	2385.98 (19.41)
	CAPITAL :			
	Voted-			
22	Expenditure pertaining to Local Government Department	89.43 (17.31)	11.45 (2.21)	40.50 (7.82)
58	Expenditure on relief on account of Natural Calamities and Scarcity	1835.03 (117.63)	4859.60 (269.92)	2523.95 (70.75)

### 2.2. 9 Rush of expenditure

Regular flow of expenditure in the year is primary requirement of budget control. During 1988-89, the expenditure in March 1989 in grants and appropriation exceeded more than 17 per cent of the expenditure during the year. Some cases where more than 50 per cent of the total expenditure was incurred during March 1989 are given below:

Sl. No.	Description of grant	Total provision	Total expenditure	Expenditure in March	Percentage of expenditure in March to	
					Total provision	Total expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakhs)						
1.	21- Expenditure pertaining to Housing and Environment Department	3073.82	2555.01	1584.33	51.54	62.01
2.	59- Externally Aided Projects pertaining to Co-operation Department	1993.91	1681.41	1363.37	68.38	81.08
3.	60- Expenditure pertaining to District Plan Schemes	5570.50	4355.53	2517.61	45.20	57.80
4.	72- Upgradation of Standards of Administration as recommended by Eighth Finance Commission-Tribal Administration	762.00	710.85	572.97	75.19	80.60
5.	76- Upgradation of Standards of Administration as recommended by Eighth Finance Commission-Training	17.28	15.00	12.58	72.80	83.87

### 2.2.10 Injudicious/irregular/incorrect re-appropriations

Re-appropriation is transfer of funds within a grant, from one unit of appropriation where savings are anticipated to another unit where additional funds are required. Financial rules enjoin that the controlling officers should review well in advance the position of savings/excesses in each unit of appropriation and transfer the funds within the financial year, from the units where savings are anticipated to the units where additional funds are required. Scrutiny of reappropriation orders revealed the non-observance of this requirement resulting in incorrect re-appropriations. Some such important cases involving re-appropriation of rupees one crore and above are given in Appendix-II.

### 2.2.11 Advances from the Contingency Fund

The Contingency Fund of the State is in the nature of an imprest placed at the disposal of the Governor, to enable him to make advances for meeting unforeseen expenditure, pending authorisation by the State Legislature. Advances from the Contingency Fund are to be made only to meet unforeseen expenditure not provided for in the budget and of such an emergent nature, that the postponement thereof till its authorisation by Legislature would be undesirable. The corpus of fund is Rs.40 crores.

One hundred and six sanctions were issued during 1988-89 advancing in all an aggregate Rs.68.45 crores from the Fund. Advances amounting to Rs.33.10 crores (48.36 per cent of the total amount sanctioned) only were drawn out of which Rs.10.89 crores were not recouped

to the Fund till the close of the year. Two sanctions amounting to Rs.7.20 crores were cancelled. Three sanctions totalling Rs.0.37 crore were not acted upon while another two sanctions totalling Rs.0.58 crore were partially acted upon, the actual drawal against these sanctions being Rs.0.36 crore only. This reveals that the sanctions were apparently issued without ensuring that the expenditure was of an emergent nature.

### 2.2.12 Trend of recoveries

Under the system of gross budgeting followed by Government, the demands for the grants presented to the Legislature are for gross expenditure and exclude all recoveries and credits which have been shown separately in the budget estimates below each grant. During the year 1983-89, recoveries/credits to be adjusted in accounts in reduction of expenditure were estimated at Rs.4,81.53 crores (Revenue: Rs.3,24.60 crores; capital: Rs.1,56.93 crores) against which the actual recoveries were Rs.3,76.67 crores (Revenue : Rs.2,68.54 crores; Capital:Rs.1,08.13 crores). In 41 cases, there were no recoveries against the estimates of Rs.46.21 crores. In 23 other cases, the actual recoveries fell short of the estimates by Rs.99.34 crores (33.80 per cent) while in 8 cases, the actuals exceeded the estimates by Rs.40.67 crores ( 28.76 per cent).

Grant wise details of estimates/actual recoveries, shortfall in or excess over estimated recoveries have been given in Appendix II to the Appropriation Accounts for the year 1988-89.

### 2.2.13 Reconciliation of expenditure figures

To enable the controlling officers to

exercise proper control over expenditure, standing instructions of the Government provide that the departmental figures of expenditure should be reconciled periodically with those recorded in the books of Accountant General (Accounts and Entitlement). It was, however, noticed that expenditure of Rs.5,69.66 crores incurred by fourteen controlling officer was not reconciled during the year as per details given below:

Sl. No.	Head of account	Grant No.	Amount
(1)	(2)	(3)	(4)
			(Rupees in lakhs)
1.	2202- General Education	26, 27, 34 60, 71, 79	51440.14
2.	2235- Social Security and Welfare	9, 10, 30 34, 41, 64	2988.22
3.	2406- Forestry and Wild Life	10	2118.74
4.	2505- Rural Employment	30	104.85
5.	2515- Other Rural Employment Programmes	30	263.05
6.	4235- Capital outlay on Social Security and Welfare	30	51.00
<b>Total :</b>			<b>56966.00</b>

Non-reconciliation of expenditure figures by the departments, apart from the ineffective control over expenditure, may also result in non-detection of cases of frauds and defalcations, if any.

#### 2.2.14 Non-receipt of explanations for excesses/savings

After the close of each financial year, the detailed Appropriation Accounts showing final grants/appropriations, the actual expenditure and the resultant variations are sent to the controlling officers requiring them to explain

the variations in general and those in important cases in particular.

Out of 1037 heads under which variations were required to be explained for inclusion in the Appropriation Accounts, 1988-89, the explanations for variation were either not received (June 1990) or were incomplete in the case of 946 heads constituting 91.22 per cent of the total heads. In particular, Finance, Forest, Revenue, Agriculture, Dairy Development, Public Health and Family Welfare, Public Health Engineering, Major and Medium Irrigation Works, Minor Irrigation Works, Public Works Roads and Bridges, Tribal, Harijan and Backward Classes Welfare Department did not furnish the explanations in a large number of cases. Such a delay in furnishing material for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects:

#### 2.2.15 Budgetary Procedure and Practices

(i) A test check of records in respect of the certain grants for the year revealed that the departmental officers did not fully observe the budgetary and expenditure control procedures which resulted in large variation in more than half the units under these grants as given below:

Grant Number	Total number of sub-heads under the grant	Number of sub-heads under which the expenditure exceeded the final provision by more than 10 per cent	Number of sub-heads under which the expenditure fell short of the provision by more than 10 per cent	Total of (3) and (4) and its percentage to the total number of sub-heads
(1)	(2)	(3)	(4)	(5)
7- Expenditure pertaining to Separate Revenue Department	31	2	23	25 (81)
8- Land Revenue and District Administration	53	11	19	30 (57)
9- Expenditure pertaining to Revenue Department	15	3	5	8 (53)
30- Expenditure pertaining to Panchayat and Rural Development Department	73	20	45	65 (89)
31- Expenditure pertaining to Planning, Economics and Statistics Department	20	2	13	15 (75)



Grant Number	Total number of sub-heads under the grant	Number of sub-heads under which the expenditure exceeded the final provision by more than 10 per cent	Number of sub-heads under which the expenditure fell short of the provision by more than 10 per cent	Total of (3) and (4) and its percentage to the total number of sub-heads
(1)	(2)	(3)	(4)	(5)
38- Additional Expenditure under Employment Programme	2	-	2	2(100)
60- Expenditure pertaining to District Plan Schemes	46	6	35	41 (89)
64- Special Component Plan for Scheduled castes	378	40	276	316 (84)

(ii) In Grant No.7- 'Expenditure pertaining to Separate Revenue Department' a provision of Rs.235.70 lakhs was made during 1988-89 under major head 4216- Capital outlay on Housing- Construction of Government residential buildings. An expenditure of Rs.18.36 lakhs was only incurred. A sum of Rs.212.05 lakhs was surrendered due to non receipt of Government sanction for payment of the cost of houses proposed to be acquired, Rs.5.29 lakhs lapsed. Similarly in 1987-88 against the total provision of Rs.225 lakhs, Rs.204 lakhs remained unutilised.

(iii) In many cases even the total provision remained un-used and lapsed; funds obtained through supplementary grants were not based on judicious calculations with the result they remained wholly un-utilised. Expenditure was incurred in some cases although not provided for in the budget estimates. Obviously, therefore, the budget proposals were not formed on actual requirements and the control over expenditure was wholly in-effective.

(a) Test check revealed that in 8 cases mentioned below original provision of Rs.1747.39 lakhs was obtained, but the entire amount remained un-used. In 5 cases entire provision (Rs.1027.30 lakhs) lapsed while in other 3 cases (Sl.No.6 to 8) it was (Rs.720.09 lakhs) either re-appropriated or surrendered.

Sl. No.	Name of grant and Head of account	Budget provision
(1)	(2)	(3)
		(Rupees in lakhs)
	<b>Grant No.3</b>	
1.	2070- Other Administrative Services	
	(108)- Fire Protection and Control- Protection and Control	
	003- Other Fire Brigade Centres	150.00
	<b>Grant No.41</b>	
	<b>3- Commerce and Industries Department</b>	
2.	2851- Village and Small Industries	
	(794)- Special Central assistance for Tribal Sub-plan	
	(104)- Handicraft Industries	
	001- Scheme for development of Handicraft Industries	100.00

Sl. No.	Name of grant and Head of account	Budget provision
(1)	(2)	(3)
		(Rupees in lakhs)
3.	6885- Loans for other Industries and Minerals	
	01- Loans to Industrial Financial Institutions	
	(796)- Tribal Area Sub-plan	
	(190)- Loans to Public Sector	
	001- Sales Tax Loans	210.00
	<b>15- Irrigation Department</b>	
4.	4701- Capital outlay on Major and Medium Irrigation	
	03- Medium Irrigation (Commercial)	
	(796)- Tribal Area Sub-plan- Medium Project Direction and Administration	267.30
	<b>Grant No.58</b>	
5.	2402- Soil and Water conservation	
	(102)- Soil conservation	
	002- Grant-in-aid/contributions	300.00
	<b>Public Debt</b>	
6.	6004- Loans and Advances from the Central Government	
	01- Non-plan Loans	
	(800)- Other Loans	
	002- Special Medium Term Loans	443.69
	<b>Grant No.12</b>	
7.	2810- Non Conventional Sources of Energy	
	60- Othrs	
	(800)- Other expenditure	
	001- Grants to M.P. Energy Development Corporation	160.40
	<b>Grant No.79</b>	
8.	4215- Capital outlay on Water Supply and Sanitation	
	01- Water supply	
	(101)- Urban Water Supply	
	005- Trenching of Drains	116.00

(b) In the following 10 cases a sum of Rs.796.92 lakhs was initially obtained through supplementary Budget Estimates, but no expenditure was incurred and the entire amount lapsed:

Sl. No.	Name of grant and Head of account	Supplementary provision lapsed to Government
(1)	(2)	(3)
		(Rupees in lakhs)
	<b>Grant No.23</b>	
	4701- Capital outlay on Major and Medium Irrigation	
	01- Major Irrigation- commercial	
	(799)- Suspense	
	Central Sector Schemes- Special Food Programme- Irrigation Schemes	
1.	Halali Project	80.00
2.	Rangwan Project	80.00
3.	Bansagar Project Unit-I-Dam-	
	(04)- Bansagar Irrigation Scheme- Dam and Appurtenent Works- Buildings	<u>80.00</u>
	<b>Grant No.40</b>	
	4701- Capital outlay on Major and Medium Irrigation- Centrally Sponsored Schemes	
4.	(001)- Direction and Administration	8.90
	<b>Grant No.59</b>	
	4408- Capital outlay on Food Storage and Ware Housing	
	02- Storage and Ware Housing	
	(190)- Investment in Public Sector and Other Undertakings-	
5.	003- Constructiopn of Rural Godowns under EEC Plan Corporation Sponsored Schemes-	68.58

Sl. No.	Name of grant and Head of account	Supplementary provision lapsed to Government
(1)	(2)	(3)
		(Rupees in lakhs)
6.	003- Construction of Rural Godowns under EEC Plan	85.73
	<b>Grant No.64</b>	
7.	9- Housing and Environment Department 6216- Loans for Housing- 03- Rural Housing- (201)- Loans to Housing Boards- Financial arrangements from Exchange 'Sadhya Loans'-	20.00
	<b>Grant No.67</b>	
8.	4202- Capital outlay on Education, Sport, Art and Culture- 01- General Education- Central Sector Schemes- 051- Construction-	
9.	(202)- Building Construction for District Education and Training Institutes Secondary Education-	329.30
9.	Building construction for 44 courses at 10+2 level-	22.00
	<b>Grant No.79</b>	
10.	3606- Aid Materials and Equipments- (225)- Assistance from the Government of United Kingdom	22.41

(c) In the following 4 cases though sufficient provision (Rs.1035.19 lakhs) was available, yet more funds (Rs.207.15 lakhs) were augmented through Supplementary Budget Estimates/Re-appropriation but during the year no amount was incurred and the entire amount (Rs.1242.34 lakhs) lapsed:

Sl. No.	Name of grant and Head of account	Entire provision lapsed to Government		
		Original Provision	Additional Provision obtained through Supplementary Estimates (S) Re-appropriation (R)	Total
(1)	(2)	(3)	(4)	(5)
		(Rupees in lakhs)		
	<b>Grant No.41</b>			
	<b>22- Tribal, Harijan and Backward classes Welfare Department</b>			
1.	2225- Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes			
	02- Welfare of Scheduled Tribes			
	(794)- Special Central Assistance for Tribal Sub-plan			
	6- Other Schemes			
	023- Lump sum provision for Miscellaneous Schemes	100.00	56.34 (S)	156.34
	<b>13- Housing and Environment Department</b>			
2.	6216- Loans for Housing			
	02- Urban Housing			
	796- Tribal Area Sub-plan			
	General Insurance Scheme			

Sl. No.	Name of grant and Head of account	Entire provision lapsed to Government		
		Original Provision	Additional Provision obtained through Supplementary Estimates (S) Re-appropriation (R)	Total
(1)	(2)	(3)	(4)	(5)
		(Rupees in lakhs)		
005-	Housing Scheme for economically weaker section of the society	30.50	20.00 <sup>(S)</sup>	50.50
<b>3. Interest Payment and Servicing of Debt</b>				
2049-	Interest Payments			
60-	Interest on other obligations			
(701)-	Miscellaneous			
006-	Government Employees Group Insurance Scheme	<u>804.69</u>	<u>75.81</u> <sup>(R)</sup>	<u>880.50</u>
	Interest on Saving Fund-			
<b>Grant No.48</b>				
4. 4801-	Capital outlay on Power Projects			
01-	Hydel Generation			
(052)-	Machinery and Equipment			
	Prevention and control of Pollution- Narmada, Kshipra and Sone rivers	100.00	55.00 <sup>(R)</sup>	155.00

(d) In 5 cases mentioned below the Government had obtained token provision through supplementary estimates but failed to issue necessary re-appropriation orders for augmentation of funds before the close of the financial year resulting in excess expenditure under these heads:

Sl. No.	Name of grant and Head of account	Excess expenditure due to non-issue of re-appropriation orders
(1)	(2)	(3)
		(Rupees in lakhs)
	<b>Grant No.10</b>	
1.	2406- Forestry and Wild Life	
	01- Forestry	
	(102)- Social and Farm Forestry	
	009- Social Forestry	149.53
	<b>Grant No.41</b>	
	<b>12- Public Health Engineering Department</b>	
2.	2215- Water Supply and Sanitation	
	01- Water supply	
	(796)- Tribal Area Sub-plan	
	004- Drinking Water Supply in Problem Villages	486.52
	<b>Grant No.47</b>	
3.	2230- Labour and Employment	
	03- Training	
	(003)- Training of Craftsmen and Supervisors	
	001- Industrial Training Institutes	44.54
	<b>Grant No.79</b>	
4.	2235- Social Security and Welfare	
	60- Other Social Security and Welfare Programmes	
	(200)- Other schemes	
	004- Directorate for Settlement of Claims- Gas Tragedy Bhopal	79.40



Sl. No.	Name of grant and Head of account	Excess expenditure due to non-issue of re-appropriation orders
(1)	(2)	(3)
		(Rupees in lakhs)
5.	4235- Capital Outlay on Social Security and Welfare	
	60- Other Social Security and Welfare Programme	
	(800)- Other expenditure	
	051- Construction	552.23

(e) In the following cases although no provision was made in the Budget Estimates yet funds were provided through re-appropriation orders and expenditure incurred without the approval of the Legislature.

Sl. No.	Name of grant and Head of account	Funds provided through re-appropriation	Expenditure incurred without approval of Legislature
(1)	(2)	(3)	(4)
		(Rupees in lakhs)	
	<b>Interest payment and Servicing of Debt</b>		
1.	2049- Interest Payments		
	04- Interest on loan and Advances from Central Government		
	(106)- Interest on Ways and Means Advances	<u>21.95</u>	<u>50.24</u>
	<b>Public Debt</b>		
2.	6004- Loans and Advances from the Central Government		

Sl. No.	Name of grant and Head of account	Funds provided through re-appro- priation (3)	Expenditure incurred without approval of Legislature (4)
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06-	Ways and Means Advances		
(101)-	Ways and Means Advances for Plan schemes	<u>1070.74</u>	<u>1070.74</u>

## Grant No. 15

3.	2404-	Dairy Development		
	800-	Other expenditure		
	002-	Compensation of losses for transferred Milk Scheme to Dairy Development Corporation	99.85	103.72

(iv) Government of India on the advice of the Comptroller and Auditor General of India issued instructions in September 1986 with a copy to <sup>the</sup> State Government that Festival Advances granted to Government Servants shall be classified in the accounts under the detailed head "Salaries" and the recoveries thereof, irrespective of the year in which these are effected, should be minus debited to the same head "Salaries", so as to avoid inflation in the Budget, and accordingly, the provision in Budget for this purpose should be made on net basis i.e. net of recoveries to be effected in that year. On a reference received from State Government in November 1986, it was clarified in March 1987 by the Accountant General (Accounts and Entitlement) to prepare budget on net basis only. Although the recoveries of these advances are being shown in the accounts

as minus debit to expenditure, yet the budget estimates under the head salaries remained on Gross basis; with the result that the excesses savings worked out in the Appropriation Accounts were rendered incorrect to this extent. Test check of Grant No.3- Police, M.H.2055- Police-001 Direction and Administration revealed that recoveries of Festival Advances amounting to Rs.79.95 lakhs were minus debited to the expenditure during 1988-89 and the budget provision under the head Salaries remained on gross basis which resulted in a short disclosure of excess to this extent under this head. Similarly in the case of savings, the same would be found inflated by the amount of recoveries of these advances. This was rendered possible because of non-adoption of the amended procedure in the preparation of budget estimates by the State Government.

#### 2.2.16 Lapsing of budget provision

The progress of expenditure and savings available for surrender were not assessed properly and due to lack of adequate control over expenditure by controlling officers, huge savings arose out of which surrenders made during the year were substantially less than the savings available for surrender. In 58 grants and appropriations, out of the total available saving of Rs.449.89 crores (15.35 per cent of the provision of Rs.2931.24 crores), saving to the extent of Rs.228.13 crores (50.71 per cent of the total saving) remained unsurrendered during the year. Out of the above, in 12 cases, with substantial unsurrendered savings given below, Rs.95.46 crores, being 80.60 per cent of the available saving (Rs.118.44 crores) and 18.50 per cent of the budget provision (Rs.516.06 crores) lapsed.

Grant Number	Provision	Saving	Surrender	Amount not surrender	Percentage of saving
(1)	(2)	(3)	(4)	(5)	(6)
			(Rupees in crores)		
20- Capital	11.17	2.30	0.07	2.23	96.96
23- Charged	1.10	1.10	-	1.10	100
24- Capital	16.00	5.24	0.07	5.17	98.66
41- Capital	128.52	29.78	9.75	20.03	67.26
42- Revenue	10.56	1.10	-	1.10	100
58- Revenue	156.00	22.61	5.63	16.97	75.09
60- Revenue	55.56	12.00	2.60	9.40	78.33
62- Revenue	2.51	1.67	0.07	1.60	95.81
64- Revenue	88.44	22.49	4.68	17.81	79.19
67- Capital	27.76	11.85	0.11	11.74	99.07
68- Capital	9.64	3.75	-	3.75	100
71- Revenue	8.80	4.56	-	4.56	100
	<b>516.06</b>	<b>118.44</b>	<b>22.98</b>	<b>95.46</b>	<b>80.60</b>

### 2.2.17 Excess over provision relating to previous years requiring regularisation

Under Article 205 of the Constitution, expenditure in excess of a Grant/Appropriation voted by the Legislature is required to be regularised in the manner prescribed by the constitution. While such excesses relating to the year 1984-85 (14 grants and 7 appropriations involving Rs.17.70 crores) have been recommended by the Committee on Public Accounts for regularisation in their one hundred and thirty first Report presented to the Legislature in September 1989, action is yet to be taken by the Government to regularise such excesses (June 1990) for the years 1985-86 and 1986-87 vide table given below:

Year	Number of grants/ appropriations	Amount of excess
(1)	(2)	(3)
		(Rupees in crores)
1985-86	18	58.73
1986-87	17	77.96

**CHAPTER III**  
**CIVIL DEPARTMENTS**

**AGRICULTURE DEPARTMENT**

**3.1      Infructuous expenditure on plantation**

A community horticulture garden was started at Hasda in Bhatapara block of Raipur district in 1986-87. During test check on records of Garden Superintendent Sanjay Nikunj (February 1989) it was observed that an amount of Rs.3.28 lakhs was incurred during 1986-89 (upto January 1989) on plantation of 4000 mango trees, out of which only 49 plants survived (1 per cent). The Superintendent attributed the heavy mortality rate to non-availability of irrigation facilities. Thus, due to defective planning, expenditure of Rs.3.28 lakhs was rendered infructuous.

The matter was reported to Government in April 1989; reply has not been received (April 1990).

**3.2      Unfruitful expenditure on idle staff**

A test check of records of the Assistant Soil Conservation Officer (ASCO), sub-division No.3, Hoshangabad, now merged with sub-division No.4, revealed (January 1989) that no work of soil conservation on approved schemes could be taken up by the sub-division during 1986-87 and 1987-88 as no allotments for execution of work were provided. Only work of land shapping on 73.618 hectares of land allotted during 1986-87 by the Madhya Pradesh Land Development Corporation which could be done by machines, was executed. Thus, there was practically no work for the staff upto 12th April 1988 i.e. the date of the closure of the sub-division. The

staff was thus idle for about two years and an expenditure of Rs.15.18 lakhs (Rs.7.88 lakhs in 1986-87 and Rs.7.30 lakhs between April 1987 and April 1988) incurred on pay and allowances of the staff, was unfruitful.

On this being pointed out, the ASCO stated (January 1989) that neither allotments for execution of works nor orders for transfer of the staff elsewhere, were received from higher authorities.

The matter was reported to Government in August 1989; reply has not been received (April 1990).

### 3.3 Non-recovery of interest from Banks

Integrated Rural Development Programme (IRDP) Manual provides that Co-operative and Nationalised Banks were liable to pay interest on the advance subsidy lying unadjusted with them for more than 6 months. Finance Department fixed the rate of interest at 14 per cent per annum, only in October 1988.

Records of the Director of Agriculture, Madhya Pradesh, Bhopal revealed that the unadjusted advance payment of subsidy with various banks under various schemes of minor irrigation amounted to Rs.14,64.33 lakhs upto March 1989. In the absence of orders of Government fixing the rate of interest, the amount of the interest leviable upto October 1988 could not be worked out. Recoverable interest on Rs.4,62.47 lakhs, being unadjusted subsidy, pertaining to the period from 1983-84 to 1987-88, worked out to Rs.26.97 lakhs for 5 months from November 1988 to March 1989 (Interest reckoned on

unadjusted subsidy upto 1987-88 only as the details in respect of dates/months of deposits with banks during 1988-89 were not available). No agreement was entered into with any bank in regard to recovery of interest.

On this being pointed out, the Director of Agriculture stated (April 1989) that action to recover the amount of interest had not been taken so far and that the matter would be referred to Government; further progress was awaited (August 1989).

The matter was reported to Government in June 1989; reply has not been received so far (April 1990).

## ANIMAL HUSBANDRY DEPARTMENT

### 3.4 Intensive Cattle Development Programme

#### 3.4.1 Introduction

In 1964-65, Government of India drew up an 'Intensive Cattle Development Programme' envisaging establishment of Intensive Cattle Development Projects (Projects) for the development of good quality cattle and for increased milk production thereby creating necessary confidence in the cattle industry. This object was to be achieved through breeding by improved indigenous or exotic breed bulls of high grade, feed and fodder development, castration of scrub bulls, disease control and organisation of marketing facilities for milk and milk products. Three large projects to cover a lakh of breedable bovines each were started at Bhind, Bhopal and Indore during 1965 to 1970 and 10 medium projects to cover 50,000 breedable bovines each were started at Jabalpur, Raipur, Bilaspur,

Rewa, Sagar, Narsinghpur, Baihar (Balaghat), Shahdol, Tikamgarh and Jagdalpur during 1971 to 1979.

**3.4.2 Organisational set up.-** The Director of Veterinary Services (Director) was entrusted with planning, coordination and guidance in respect of implementation of the programme. The Deputy Directors of Veterinary Services (DDVS) functioned as project officers exclusively for the projects till September 1986; thereafter, they were made incharge of all veterinary services in the districts alongwith the projects. Each DDVS was assisted by five subject matter specialists (viz., Veterinary officers fodder development officer, dairy extension officer, assistant registrar of co-operative societies and statistical officer) of the rank of Assistant Director (ADVS). Each project had 1 central semen station, 4 artificial insemination (AI) centres, except Baihar and Shahdol which had 2 AI centres each and 100 and 50 sub-centres in large and medium size projects respectively. A Veterinary Assistant Surgeon (VAS) was in charge of one AI centre having 10 to 25 sub-centre each, under a Veterinary Field Assistant.

**3.4.3 Audit coverage.-** Mention of irregularities like delay in initial survey, uncontrolled breeding through scrub bulls, shortfall in breeding coverage, poor utilisation of breeding bulls, wastage of semen produced etc., in the projects was made in paragraph 3.9 of the Report of the Comptroller and Auditor General of India for the year 1974-75 (Civil). The Public Accounts Committee in its 42nd report recommended (April 1979) filling up the vacant posts of VFAs and arranging for their training in artificial insemination technique which had been complied with by the department. A test check of the



records relating to the implementation of the programme for the period from 1984-85 to 1988-89 was again conducted in the offices of the Director and DDVSS, Baihar (Balaghat), Bhind, Bilaspur, Jabalpur, Narsinhpur, Rewa, Sagar, Shahdol and Tikamgarh during April to July 1989.

#### 3.4.4 Highlights

For the development of good quality cattle and milk production through breeding by high grade bulls and improved cattle management, 13 intensive cattle development projects were started during 1965 to 1979 and Rs.21.12 crores were spent on them during 1984-89. However, neither were targets fixed nor was monitoring and evaluation of the programme done to assess increase in high yielding cattle population, average milk yield per cow and buffalo and production of milk. (Paragraph 3.4.6.1)

The population of cross breed cattle decreased in Bhopal, Bilaspur and Raipur projects and increased only marginally in Narsinhpur and Sagar projects. The population of graded buffaloes decreased in Bhopal, Narsinhpur Raipur and Tikamgarh projects. Annual survey of graded and cross breed cattle was not done in Baihar, Bhind, Jagdalpur and Shahdol projects during 1984-89. (Paragraph 3.4.6.2)

Results of milk recording in 8 of the 13 projects were not reported. While milk yield per cattle in Baihar project decreased during 1984-89 it increased only marginally in Bilaspur, Jabalpur, Narsinhpur

and Sagar projects.

(Paragraph 3.4.6.3)

- The Baihar project was established in area not conducive to good cattle raising. This led to low coverage of cattle population by breeding programme, failure of 88 per cent of artificial insemination, 9942 scrub bulls remaining uncastrated and decrease in milk yield.  
(Paragraph 3.4.7.1)
- AI centres and sub-centres were not fully equipped and 63 sub-centres were defunct.  
(Paragraph 3.4.7.2)
- Only 42 and 26 per cent of cows and buffaloes respectively were covered by breeding programme.  
(Paragraph 3.4.7.3)
- In 9 test-checked projects, 34,492 bulls remained to be castrated which could result in uncontrolled breeding by uncastrated scrub bulls.  
(Paragraph 3.4.7.4)
- Bulls of sub-standard pedigree and low calving rate were kept for breeding; required number of natural services or semen collections could not be obtained from those bulls.  
(Paragraph 3.4.7.5)
- 63 and 55 per cent of semen collected of bulls and buffalo bulls respectively was discarded.  
(Paragraph 3.4.7.7)

**3.4.5.1 Finance.-** Expenditure on the Projects was not separately identifiable in the accounts. However, Rs.21.12 crores were spent on 13 projects and 4 dairy cattle production projects against Rs.20.96 crores allotted for them during 1984-85 to 1988-89. The excess was due to revision of pay scales and enhancement in the rates of dearness allowance, wages, feed and medicines.

**3.4.5.2 Staff.-** For 13 ICD Projects, the State Government had sanctioned 13 class I, 114 class II, 1,438 class III and 1,130 class IV posts against which 5,25,159 and 53 posts respectively were vacant during 1988-89. The Director stated (July 1989) that due to economy drive the posts were not filled as per Government orders.

### **3.4.6 Non-achievement of objectives**

**3.4.6.1 Evaluation of end results.-** The programme aimed at improvement in quality and number of milch cattle in a systematic way so as to make an impact on average milk yield of cows and buffaloes in the project areas and thus achieve increase in milk production. However, targets for increases in the number of cross breed cows and graded cows and buffaloes and in the average milk yield and in milk production were not fixed. The achievements, the cost-benefit ratio, economic viability and socioeconomic benefits of the programme were also not evaluated. The breeding policy adopted by the projects was not reviewed with a view to deciding if it needed any modifications.

**3.4.6.2 Population of high yielding cattle.-** The breeding policy adopted was to impregnate the local cows with exotic Jersey bulls to produce cross-breed calves. In Bhind

project, however, impregnation of local cows with Haryana breed bulls was envisaged. The local buffaloes in all projects were to be upgraded with Murrah breed. The natural services by bulls were to be gradually substituted by artificial insemination.

Annual survey of cross breed and graded cattle was not done regularly in Baihar, Bhind, Jagdalpur and Shahdol projects during 1984-89. In Bhopal, Bilaspur and Raipur Project areas the population of Jersey cross-breed cattle in 1988-89 decreased by 7,649, 245 and 535 as compared to that in 1984-85, despite addition of 15,564, 8,814 and 7,634 jersey-cross calves respectively in these projects during 1984-89. In Narsinhpur and Tikamgarh projects population of Jersey-cross cattle showed only a marginal increase of 1,183 and 29 although 5,186 and 1,357 calves respectively were added during 1984-89. Similarly, the population of graded buffaloes decreased by 801, 2,271, 5,854 and 773 in Bhopal, Narsinhpur, Raipur and Tikamgarh Projects respectively although 3,767, 3,326, 2,041 and 2,843 Murrah calves were added. In Sagar Project the increase was only 678 against addition of 7,244 calves. Thus, the breeding activities in these projects had not resulted in increase in number of high yielding stock. The Director stated (July 1989) that cattle population in the project areas was changing because the livestock was sold by the cattle breeders. There was, however, no record in the projects to show the extent of such floating population of cattle. Further, the contention of the Director meant that the project activities could not motivate the breeders to maintain good quality livestock and the aim of development of sizeable pockets of good quality cattle could not be achieved.

3.4.6.3 Milk yield.- The results of the milk recording done during sample survey every year during 1984-85 to 1988-89 in 8 out of the 13 projects were not intimated. Evaluation of the increase in average milk yield per cattle could not therefore, be recorded. Targets for the annual increase in average milk yield per animal per day were also not fixed. The milk yield in remaining 5 projects was as given below:

Project	Average milk yield per day					
	Per cow in milk			Per buffalo in milk		
	1984-85	1988-89	Increase(+) Decrease(-) (Percentage)	1984-85	1988-89	Increase(+) Decrease(-) (Percentage)
	(In Kilogrammes)					
Baihar	0.672	0.521	-0.151 (-22.5)	2.060	1.888	-0.118 (-5.7)
Bilaspur	0.591	0.654	+0.063 (10.7)	1.655	1.778	+0.123 (7.4)
Jabalpur	0.955	0.984	+0.029 (3.0)	2.271	2.295	+0.024 (1.1)
Narsinghpur	0.944	0.952	+0.008 (0.8)	1.938	1.943	+0.005 (0.3)
Sagar	0.996	1.022	+0.026 (1.1)	2.388	2.409	+0.021 (0.9)

Effects of improved breeding practices on milk yield should be visible at least after operation of the projects for 4-5 years and production should go on increasing thereafter. However, although 5 projects were in operation for over 9 years, the yield in Baihar project had declined and in Jabalpur, Narsinghpur and Sagar projects it had increased only marginally. The Director stated (July 1989) that milk production depended not only upon the improved progeny but also upon feeding arrangements and other conditions in the area. He also stated that it was not possible to increase milk production more unless the people of the area adopted improved feeding, management and other animal husbandry practices.

**3.4.6.4 Milk production.**- With a view to identifying high yielding stock and utilising their progeny for breeding purposes, the projects were to carry out recording of milk of all milch animals. The Director stated (July 1989) that recording of milk production of each animal was not necessary and sample survey was carried out in each project as per approved sample design. However, annual reports of the projects showed that sample survey, recording the milk production, was never conducted in Jagdalpur project from its inception due to non-posting of statistical staff and progress assistants. Likewise, sample survey recording was not done in Bhind, Bhopal and Tikamgarh projects from 1986-87 onwards, in Rewa project from 1987-88 onwards and in Shahdol project upto 1985-86. Sample surveys for assessment of total annual milk production in the project areas were also not done regularly each year except in Bilaspur, Jabalpur and Narsinghpur projects. The Director stated (July 1989) that action was being taken

to fill up the posts in Jagdalpur project. Reasons for not conducting sample survey and assessment of milk production regularly in other projects were not intimated.

### 3.4.7 Breeding

3.4.7.1 **Location of project.**- The scheme contemplated that projects be located in places having conditions conducive to good cattle raising. Contrary to this expectation, the Baihar project was located (1977-78) in hilly area covered by forest and inhabited by tribal people. The villages were small and had thin cattle population. Tribals sent their cattle to forest for grazing. During 1984-89 project spent Rs.93.75 lakhs and could cover only 29 and 20 per cent of cows and buffaloes respectively by natural service or artificial insemination. Against 11,672 AIS done; calving was only 1,439 (12 per cent) and against 3,352 natural services by Jersey bulls calving was only 414 (16 per cent); 25 per cent of diluted semen could only be utilised; and 9,942 scrub bulls remained uncastrated at the end of 1988-89. The average milk yield per day per wet cow and buffalo decreased from 0.672 and 2.062 Kgs. to 0.521 and 1.882 Kgs. in 1984-85 and 1988-89 respectively. The Director stated (July 1989) that under the circumstances and conditions of tribal area better performance was not possible and selection of better area could not be done. Thus, due to improper location of the project, expenditure of Rs.93.75 lakhs during 1984-89 was not fruitful.

3.4.7.2 **A.I. centres and sub-centres.**- Out of 800 sub-centres sanctioned in 13 projects, 63 sub-centres were defunct upto March 1989.

The Director attributed (July 1989) it to shortage of VFA's particularly in tribal areas. The Director and the DDVS never ensured provision of all essential equipments to all sub-centres and A.I.centres. The test checks brought out that 32 to 87 per cent of the 140 sub-centres in Baihar, Jabalpur and Narsinhpur projects were languishing for want of essential equipments like microscopes, laboratory tables, stools, sterilisers, ice boxes, stoves and syringes ever since their establishment. The DDVS and the Director stated (July 1989) that the equipment could not be provided for want of funds.

3.4.7.3 **Breeding<sup>n</sup> coverage.** As controlled breeding alone could ensure progressive improvement in the genetic make up of the livestock, it was necessary to provide breeding facilities through artificial insemination or natural services to all breedable bovine population in the projects. The Director could not intimate the average period taken to complete a cycle from one service to next service including gestation and lactation periods. Normally each breedable cow or buffalo has to be served once in 2½ years. Thus, to cover 6.59 lakh breedable cows and 3.06 lakh breedable buffaloes in the 13 projects, 13.17 lakh and 6.13 lakh services respectively were necessary during 1984-89. Against this requirement, 5.58 lakh cows and 1.64 lakh buffaloes were served by artificial insemination and natural service. Thus, breeding coverage was only 42 per cent (cows) and 26 per cent (buffaloes). While the breeding coverage was lowest (15 to 16 per cent) in two projects in respect of cows (Shahdol and Tikamgarh) and buffaloes (Jabalpur and Raipur), it was below 50 per cent in respect of cows and buffaloes, respectively in 8 and 10 of the remaining 11 projects.



Further artificial insemination (AI) cows by Jersey bulls was found restricted mainly to AI centres located in urban areas and in nearby sub-centres inasmuch as 40 per cent of the total number of AIs during 1984-89 were done in 26 of the 28 AI centres and 24 of the 365 sub-centres, which were located in urban areas of the 8 projects excluding Bhind where Maryana breed bulls were used.

While accepting this, the Director stated (July 1989) that cent per cent coverage was not possible and the extent of coverage depended on the interest of the breeders in AI. However, the projects were required to popularise this method of breeding in view of its advantages over natural service.

#### 3.4.7.4 Castration.-

(i) In order to ensure complete breeding control, the Madhya Pradesh Live stock Improvement Act, 1950 (Act) was to be strictly enforced in the project areas and all bulls and young male stock not required for breeding purposes were to be castrated. A mass castration campaign was to be organised throughout the area by the project field staff as soon as the preliminary survey was completed. Thereafter, each stockman was to undertake castration of all male calves not required for breeding purposes in a systematic manner, so that the project areas could stay free from sub-standard breeding males.

The Act was not enforced in any project. The Director stated (July 1989) that the Act was not enforced for strong reasons of public interest and the purpose of castration was served by extension method and persuasion to adopt castration of their young male stock before the age of breeding.

In 9 test-checked projects, 34,492 bulls remained to be castrated at the end of March 1989 as shows below:

	<b>Project</b>	<b>Number of uncastrated bulls at the end of March 1989</b>
1.	Baihar	9943
2.	Bhind	7415
3.	Bilaspur	1157
4.	Jabalpur	288
5.	Narsinghpur	601
6.	Rewa	5563
7.	Sagar	484
8.	Shahdol	7195
9.	Tikamgarh	1846
	<b>Total</b>	<b>34492</b>

The Director stated (July 1989) that farmers particularly in tribal and backward areas were very orthodox and did not agree to castration of their bulls at early age. He added that instructions for better performance had been issued to the areas having large number of uncastrated bulls. But, the presence of such a large number of uncastrated bulls coupled with low breeding coverage provided by the projects would in time lead to uncontrolled breeding by bulls left uncastrated.

3.4.7.5. **Quality of bulls.**- For achieving the objectives of their breeding programme, the projects depended on the quality of bulls used, and therefore, only outstanding bulls of known pedigree and from high yielding dams should have been used. No norms regarding minimum lactation of dams of bulls kept for breeding purpose in respect of each breed were fixed. Projectwise details of bulls's dams lactation were as given below:

Sl. No.	Name of Projects	Bull's dams lactation				
		Less than 1500 litres	1501 to 2000 litres	2001 to 2500 litres	2501 to 3000 litres	Above 3000 litres
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Baihar	4	-	1	4	2
2.	Bhind	Figures not available.				
3.	Bilaspur	-	2	3	-	-
4.	Jabalpur	2	2	13	11	4
5.	Narsinhpur	1	-	3	1	3
6.	Rewa	-	3	8	2	4
7.	Sagar	2	1	2	3	2
8.	Shahdol	1	5	-	-	-
9.	Tikamgarh	-	2	1	3	5
<b>Total</b>		<b>10</b>	<b>15</b>	<b>31</b>	<b>24</b>	<b>20</b>

Thus, the rate of dams lactation was below 2500 litres in respect of 56 of the 100 bulls. Pedigree records were not available for any of the bulls used in Bhind project.

The Director stated (July 1989) that bulls of best pedigree were rarely available and therefore, bulls of good pedigree as available were kept at the central semen stations.

(ii) The breeding quality of a bull also affected the calving rate achieved as a result of artificial insemination using its semen. In respect of 129 bulls in the test-checked projects, there was no calving as a result of more than 90 per cent AIs by 22 bulls, 80 to 89 per cent AIs by 35 bulls and 70 to 79 per cent AIs by 33 bulls, and only in case of 39 bulls was failure less than 70 per cent. The Director stated (July 1989) that success of AI depended on conditions of female and method of preservation and transport of semen. The reply of the Director is not tenable as these conditions

would apply equally in respect of all bulls kept for collection of semen for artificial insemination. It was also noticed that though data regarding bull-wise AI and calving was received quarterly from central semen stations, instructions to improve the performance of bulls or to identify and dispose of bulls having low calving rate were not issued by the Director/DDVS.

**3.4.7.6 Utilisation of bulls.**- Each project kept breeding bulls at central semen station for collection of semen for artificial insemination and at sub-centres for natural services. As per instruction (August 1983) of the Director, a breeding bull could be used for servicing 60 to 100 females per year or for making an equal number of collections of semen for AI. However, in all the 13 projects the natural services and the semen collections actually made were lower than 60 per bull per year, as mentioned below:

(a) Average number of natural services performed by each Jersey-cross bull, graded bull and a (buffalo) bull ranged from 6 (Jabalpur) to 36 (Baihar and Narsinhpur) 9 (Rewa) to 58 (Jagdulpur) and 27 (Baihar and Bhind) to 53 (Narsinhpur Sagar and Shabdol) respectively. Further, 7 projects having Jersey-cross bulls rendered 5,114 natural services against the expected 12,720; 8 projects having graded bulls rendered 16,415 services against the expected 22,080 and 12 projects having (buffalo) bulls rendered 39,179 services against the expected 49,500. Consequently, 61, 26 and 21 per cent of the capacity of Jersey, graded bulls and (buffalo) bulls respectively remained unutilised. The Director stated (July 1989) that utilisation of capacity depended on the vigour of bull which varied from bull to bull, on conditions of the area of the

project and on the interest taken by breeders to bring cows to the sub-centres for natural service. However, the norm fixed earlier was not yet revised and action for identifying bulls of low vigour was not taken (July 1989).

(b) Average number of semen collections per Jersey-cross bull, graded bull and (buffalo) bull in a year varied from 30 (Jagdalpur) to 54 (Indore) and 13 (Bhopal) to 24 (Bhind) and 18 (Rewa) to 53 (Jabalpur) respectively.

Against 55,920 collections expected from the Jersey, graded bulls and (buffalo) bulls kept in central semen stations in 13 projects in the State, only 33,873 collections were actually made. Analysis of data regarding bull-wise collections revealed that 31 per cent, 63 per cent and 53 per cent of the capacities of Jersey cross, graded bull and the buffalo bulls respectively remained unutilised.

The Director stated (July 1989) that even 30-40 collections of semen from a bull in a year were satisfactory. This statement was not tenable in as much as according to his own earlier instructions (August 1983), 60 collections per bull per year were conventionally and scientifically confirmed.

3.4.7.7 Wastage of diluted semen.- Out of 18.68 lakh and 3.23 lakh millilitres of diluted semen of bulls and (buffalo) bulls respectively produced during 1984-85 to 1988-89 in 9 projects, 11.80 lakh (63 per cent) and 1.79 lakh (55 per cent) millilitres were discarded. The wastages in Narsinhpur, Baihar, Tikamgarh and Shahdol projects in the case of bulls and in Rewa, Jabalpur, Narsinhpur and Shahdol projects in the case of (buffalo) bulls ranged from 70 to 77 per cent and 52 to 92 per cent, respectively.

The Director stated (July 1989) that the utilisation of semen depended on the interest taken

by cattle owners and number of cows and buffaloes brought by them for AI which was beyond control of the field staff.

**3.4.7.8 Artificial insemination.-** The programme of complete controlled breeding could hope to succeed only if the projects were able to ensure that all or most of the animals served by them conceived and calved.

Against 4.48 lakh, 0.74 lakh and 1.39 lakh AIs done out of the semen collected from Jersey bulls, Haryana bulls and (buffalo) bulls respectively in the 13 projects during 1984-89, only 1.01 lakh (23 per cent), 0.25 lakh (34 per cent) and 0.49 lakh (35 per cent) calves respectively were born. While the standard average rates of conception were 45 to 55 per cent in cows and 35 to 45 per cent in buffaloes, the calving rates actually achieved were as under:

Calving percentage	Projects (Cows)	Projects (Buffalo)
Below 15	Tikamgarh, Baihar Sagar	Baihar, Raipur
15-19	Jabalpur, Raipur, Shahdol	-
20-24	Bhopal, Bilaspur, Narsinhpur	Narsinhpur
25-29	Indore, Jagdalpur, Rewa	Bilaspur, Jabalpur
30-34	Bhind	Bhind, Rewa, Tikamgarh
35-39	-	Bhopal, Shahdol
40 and above	-	Indore, Jagdalpur, Sagar.

Only in the case of buffaloes in Indore, Jagdalpur and Sagar did the calving rates match the standard rate. In 28 AI centres and 288 sub-centres in 8 test checked projects, 80 per cent AIs during 1984-89 failed. The Director stated (July 1989) that success of artificial insemination and calving percentage depended on many factors like castration of all scrub bulls in the project area, doing AI at proper stage of heat, proper care by cattle owners, etc. which were beyond control of the field staff. He, however, added that instructions for improvement and warning for lower calving percentage were being issued to the field staff, whenever necessary.

**3.4.7.9 Inbreeding.**- In order to obviate the undesirable effect of inbreeding on the progeny, the breeding bulls should have been transferred from one centre or project to another intermittently. However, there was no system of planned or organised transfers in any of the projects. The Director stated (July 1989) that chances of inbreeding were negligible as the cattle population was changing.

### **3.4.8 Other activities**

**3.4.8.1 Extension activities.**- The success of cattle development activities depended upon awareness of cattle keepers. But none of the test-checked project had organised intensive programme for training of cattle keepers in animal husbandry. The DDVSS stated that veterinary officers explained management and cattle breeding to cattle owners during their visits and sterility treatment camps and in cattle exhibitions, shows, rallies organised from time to time and through distribution of pamphlets. However, no record showing dates of shows/training, number of cattle owners benefited, type of training, etc., was kept by any of the test-checked projects. No production incentives for high milk yield were paid in any project, although envisaged.

**3.4.8.2 Rearing of calves.-** The scheme envisaged subsidised rearing of calves in each project. The DDVSS stated that no such scheme of rearing of cross-bred or graded calves was being undertaken. Further, information about rearing of calves born in the projects was also not available.

**3.4.8.3. Feed and fodder development.-** During 1984-89, the projects laid 27,177 demonstrations of feed and fodder crops in plots of 0.25 acre each. However, results of demonstration showing yield, cost of production, increase in milk yield of the cattle fed, etc., were not recorded. Data regarding number of cattle owners who had adopted feed and fodder cultivations and increase in the area and production of feed and fodder crops as a result of demonstrations was also not maintained in any of the projects test-checked. No appreciable increase in the milk yield per cattle (as brought out in paragraph 3.4.6.3 above) was noticed.

**3.4.8.4. Milk marketing and co-operatives.-** In each project, a Dairy Extension Officer (DEO) was provided to arrange for adequate marketing facilities for milk produced. An Assistant Registrar Co-operative Societies (ARCS) was provided for organising co-operative societies of milk producers and cattle breeders. From October 1980, the Madhya Pradesh Dairy Development Corporation and Dairy Development Department were entrusted with the responsibility of organising co-operative societies for milk procurement and marketing. Even then, 5 posts of DEO and 4 posts of ARCS were still continuing in the projects. The Director stated (July 1989) that since the persons working on the post of DEO opted for the Animal Husbandry Department at the time of separation of Dairy Development Department they were entrusted with extension work pertaining to dairy and animal



husbandry in the projects. He also stated (July 1989) that orders of Government on proposals (March 1987) to transfer the services of ARCS to Co-operative Department were awaited (July 1989).

### 3.4.9 Co-ordination and inspection

3.4.9.1 Co-ordination Committee.- The Scheme envisaged formation of project/State level Co-ordination Committee consisting of representatives of Animal Husbandry, Agriculture, Co-operative, Dairy Development and other departments connected with rural development in order to co-ordinate the activities under the Intensive Cattle Development Programme. The Committees were, however, not formed. The Director did not intimate (July 1989) the reasons for not setting up the Committees.

3.4.9.2. Inspection.- For ensuring successful implementation of the scheme, the supervisory officers were required to inspect periodically the units in the project in order to impart technical guidance to field staff, analyse reasons for slow progress and suggest measures for qualitative improvement. No records were maintained (except in Narsinhpur project) to show that inspections of units were conducted by the supervisory officers as per prescribed periodicity. No inspections of the projects were conducted by officers of the Directorate.

3.4.10 The matter was reported to Government in October 1989; reply has not been received (April 1990).

## 3.5 Goat Breeding Farms

3.5.1 Introduction.- With a view to producing good quality bucks under local climatic conditions for distribution to tribal goat keepers, Government established (1978-80) two goat breeding farms at Jaitpura (Dhar) and Pakaria (Bilaspur).

With a herd of 1,300 local goats and 50 Jamunapari bucks to be maintained at the farms (Jaitpura: 300 goats and 30 bucks; Pakaria: 1,000 goats and 20 bucks), it was expected to get 1,200 lambs by 2 lambings in 18 months and even after 20 per cent mortality and culling of the lambs, 960 lambs (half goats and half bucks) were expected to be added to the herd. By distribution of bucks to the farmers and by replacement of goats, annual profit of Rs.2.97 lakhs was expected from the farms.

**3.5.2 Organisational set up.**- Each farm was managed by an Assistant Director of Veterinary Services (Manager) with the assistance of Veterinary Assistant Surgeon (1) and technical and ministerial staff (4). The Manager worked under the supervision of the Deputy Director, Joint Director and the Director of Veterinary Services at districts, divisional and the State level respectively.

**3.5.3 Audit coverage.**- A test check of records of these farms for the period from 1978-79 to 1988-89 was conducted in July 1989 and points noticed are mentioned in the succeeding paragraphs.

#### **3.5.4 Highlights**

- *While the Jaitpura farm maintained a maximum 10 per cent animals vis-a-vis its capacity during 1984-89, the Pakaria farm maintained between 19 and 32 per cent animals.*  
(Paragraph 3.5.6.1)
- *The mortality of animals on the farms exceeded the norms due mainly to non-availability of proper shelter for them.*  
(Paragraph 3.5.6.3)
- *Against the expected distribution of 480 bucks by the farms in a period of every 18 months,*

only 86 bucks were distributed during entire period of over 10 years till March 1989.

(Paragraph 3.5.6.4)

- While an annual profit of Rs.2.97 lakhs was expected from these farms, they spent Rs.38.51 lakhs and received sale proceeds of only Rs.0.47 lakh during the period of over 10 years till March 1989.

(Paragraph 3.5.6.5)

- The site of Jaitpura farm was not suitable for goat keeping.

(Paragraph 3.5.6.5)

- While the water facilities at Jaitpura farm were inadequate, those at Pakaria farm were not utilised fully.

(Paragraph 3.5.7.1(ii))

- Animals on the Pakaria farm were not fed according to the prescribed schedule.

(Paragraph 3.5.7.2)

3.5.5 **Finance.**- Against provision of Rs.46 lakhs, Rs.38.51 lakhs were spent on these farms during 1978-79 to 1988-89.

### 3.5.6 **Performance of farms**

3.5.6.1 **Targets and achievements.**- Targets for maintenance of herd strength at the farms were not fixed. The yearwise position of maintenance of animals vis-a-vis their capacities during the last five years is shown below:

	1984-85	1985-86	1986-87	1987-88	1988-89
<b>Jaitpura farm</b>					
(i) Capacity (Number)	75	75	75	700	700
(ii) Actually maintained (Number)					
Bucks	-	-	-	4	3
Goats	-	-	-	45	49
Kids	-	-	-	20	2
<b>Total</b>	-	-	-	<b>69</b>	<b>54</b>
(iii) Percentage of utilisation	-	-	-	10	8
<b>Pakaria farm</b>					
(i) Capacity (Number)	1000	1000	1000	1000	1000
(ii) Actually maintained (Number)					
Bucks	59	71	41	37	5
Goats	146	148	196	176	112
Kids	114	56	82	60	73
<b>Total</b>	<b>319</b>	<b>275</b>	<b>319</b>	<b>273</b>	<b>190</b>
(iii) Percentage of utilisation	32	27	32	27	19

Thus, the Jaitpura farm did not maintain any animal till 1986-87 and during 1987-88 and 1988-89 it maintained only 10 and 8 per cent, respectively of the capacity. The Pakaria farm maintained only between 19 and 32 per cent of the capacity during 1984-89. Further, both the farms did not come anywhere near the expectation of maintaining a flock of 300 goats and 30 bucks at Jaitpura and 1,000 goats

and 20 bucks at Pakaria made at the time of their establishment. The later could maintain between 37 and 71 bucks as against the expected 20 during 1984-85 to 1987-88 but there was a steep fall in the number of bucks actually maintained during 1988-89. Reasons for the maintenance of such a low strength of animals were not given by the Farm Manager.

All the 3 Jamunapari bucks and 30 local goats purchased in June 1983 by Jaitpura farm died by the end of February 1984, due to enterities, worms, etc. The Deputy Director, Disease Investigation Laboratory, Bhopal attributed this to keeping of goats in temporary sheds not suitable for goat keeping. Mentioning the reasons for purchasing goats even when no suitable buildings/sheds were available for their housing, the Deputy Director, Dhar stated (July 1989) that although supply orders were placed in March 1983, the supplies were made late in rainy season not suitable for goat keeping and when the buildings were marshy. It is interesting to note that no specific date for supply was mentioned in the supply order.

**3.5.6.2 Purchase of goats.-** Purchase of goats of more than 3 years of age is uneconomical because such goats would have already calved once or twice. Even so, 52 goats (Cost: Rs.0.08 lakh) of over 3 years of age were purchased at Pakaria farm and in respect of 76 goats (cost: Rs.0.10 lakh) their age, or the number of teeth necessary to determine their age, were not recorded at the time of purchase. The circumstances under which goats of over 3 years of age were purchased were not available with the Manager of the farm.

Records relating to the performance of goats showing the details of calving, lactation period, dry period, production of milk and milk yield of

each goat, were not maintained at any of these farms. Further, vital information such as weight, height, length and girth of the progeny was also not found recorded at regular intervals right since birth to their attaining the age of maturity in order to verify if there was improvement of the breed.

**3.5.6.3 Mortality.**- According to the norms, the rates of mortality in adults and kids were 10 and 20 per cent respectively. While at Jaitpura farm, mortality during 1983-84 to 1988-89 ranged between 17 and 100 per cent, at Pakaria farm the mortality ranged between 24 and 78 per cent in adults and 12 and 55 per cent in kids during 1981-82 to 1988-89. The Deputy Director, Bilaspur, observed (October 1983) that the mortality during 1981-83 was due to cough and cold occurring due to non-availability of proper arrangement for housing the animals. Only temporary sheds for housing 228 goats were constructed with the material available at the Cattle Breeding Farm. The Farm Manager stated that although the fact of non-availability of proper accommodation was already intimated (February 1980) to the Director, the goats were continued to be purchased and supplied to the farm. Reply of the Director has not been received (September 1989).

**3.5.6.4 Supply of bucks.**- The farms were expected to distribute 480 bucks produced by them in a period of every 18 months to farmers in exchange for local bucks. While Jaitpura farm could not supply even a single buck during the entire period from 1979-80 to 1988-89, the Pakaria farm supplied only 86 bucks during the period. Thus, a very important object of establishing the farm could not be achieved.

### 3.5.6.5 Uneconomical working of the farms.-

None of the farms maintained the planned herd strength (Pakaria:1020; Jaitpura:330) in any year after their establishment. Annual profit of Rs.2.97 lakhs was projected from the farms. But, against the total expenditure of Rs.38.51 lakhs (Pakaria:Rs.18.35 lakhs; Jaitpura:Rs.20.16 lakhs) from inception to March 1989, the total receipts of the farms were Rs.0.47 lakh only (Jaitpura:Nil; Pakaria:Rs.0.47 lakh). Further, expenditure on establishment and wages ranged between 14 and 43 per cent of total expenditure at Jaitpura farm and between 8 and 40 per cent at Pakaria farm. Against the norm of one shepherd for every 50 goats, 12 shepherds were actually engaged at Pakaria farm although the maximum strength of animals in a year was 319. The Farm Manager stated that appointments were made as per the sanctions received from time to time and that services of the shepherds were utilised for agricultural operations on the farm.

3.5.7 **Inadequate facilities.**- An analysis of the reasons for the uneconomical working of the farms brought out the following position.

#### 3.5.7.1 Infrastructure

(i) **Land.**- The 94.225 hectares of land allotted to Jaitpura farm in March 1981 had no bushes and trees which were needed for the goats. Although, the Director had observed (January 1979) that the site selected for Jaitpura farm was not suitable because, of being surrounded by agricultural lands, the crops on those lands would always be exposed to the risk of damage by the goats of the farm, the considerations on which the farm was located on the same land were not known. However, the Joint Director, Indore, who visited the farm in January 1988, also stated that the site of the farm was not suitable. Although, wire fencing along the

boundary of the farm was already being done and was completed (March 1984) by the Public Works Department at a cost of Rs.2.44 lakhs, cattle proof trenches were dug all along the boundary at a cost of Rs.0.48 lakh during January 1982. The Deputy Director, Dhar stated that the trenches were dug as the fencing was expected to take long time. The Pakaria farm was established on 21.6 hectares of land available with the Cattle Breeding Farm of the department already working there. This farm had no land for development of fodder and additional 160 hectares needed for that purpose were not yet (July 1989) transferred by the Forest Department.

(ii) **Water.**- The tubewells drilled (July 1982 and November 1982) by the Public Health Engineering Department at a cost of Rs.0.31 lakh in view of the non-availability of natural source of water at Jaitpura farm could not be put to use till 1984-85 due to non-installation of submersible pumps (cost not available). Further, the discharge of water from these tubewells was reduced due to drilling of another tubewell in the adjacent Agriculture Farm. The Deputy Director, Dhar, reported (July 1989) that the water from these 2 tubewells was not sufficient for irrigation, plantation and use by staff in summer season and therefore, it was then proposed to have a dug well on the farm (July 1989). Inadequacy of water at the farm had, therefore, adversely affected fodder development. While in Pakaria farm a pond of about 5 acres and a pucca well were available, 2 tubewells and two dug wells were drilled/constructed (March 1988) out of the funds provided by the District Rural Development Agency (DRDA). But all these facilities at Pakaria farm could not be put to proper use due to non-transfer of land by the Forest Department.



(iii) **Buildings.**- In view of lack of any shelter on the Jaitpura farm, the Director sanctioned (September 1982) Rs.0.50 lakh for the construction of 2 sheds housing goats temporarily and 6 hutments for attendants, shepherds and chowkidars. The sheds and hutments completed by the Rural Engineering Services (RES) in July 1983 were defective. The RES attributed the defects to utilisation of the structures before their handing over to farm in May 1984. The defects had not, so far, (July 1989) been rectified. Construction of 2 goat sheds (capacity: 625 animals), 1 godown (capacity:100 tonne), 1 hay centre, 1 P.S. tank (Capacity:23,400 litres), 2 pump houses, office building and 14 staff quarters was completed by the Public Work Department (PWD) during 1986-87 at a total cost of Rs.15.95 lakhs. These buildings were, however, handed over to the department only in August 1988. The office building (cost: Rs.2.27 lakhs) and 3 staff quarters (cost: Rs.1.89 lakhs) were still lying vacant and other 11 quarters were allotted to the staff only in April 1989. At Pakaria, 3 goat sheds (capacity: 1000 animals) constructed by the PWD at a cost of Rs.3.40 lakhs were handed over to the department during 1984-85. The construction of office building and 14 residential quarters could not be taken up for want of funds. Additional 3 sheds were constructed by RES from the allotment of Rs.10.50 lakhs made by DRDA. Electrification in the goat sheds and godown had still (July 1989) not been done.

### 3.5.7.2 Feeding of animals

(i) **Cattle feed.**- According to the revised feeding schedule issued (July 1986) by the Director, cattle feed concentrate was to be given to the bucks, goats and their kids on the basis of their weight, breed and age. The Pakaria farm adopted the revised schedule only from October 1987 and there too it was not followed strictly as concentrate was not given in correct quantities and

green fodder, Arhar leaves, etc., were also given to the animals in some months. Against 261.68 quintals of concentrate needed during October 1987 to March 1989, as per the revised schedule, 393.83 quintals were actually fed resulting in extra expenditure of Rs.0.21 lakh. Reasons for the deviation have not been intimated by the Farm Manager (August 1989).

(ii) **Green leaves.**- In order to have green leaves for feeding the goats, fresh plantations of subabool, surjana, sisabe, etc., were made on the farms at a cost of Rs.1.15 lakhs (Jaitpura: Rs.1.13 lakhs; Pakaria: Rs.0.02 lakh). Against the target of 1.05 lakh plants (Jaitpura: 0.97 lakh; Pakaria: 0.08 lakh), 0.86 lakh plants (Jaitpura: 0.82 lakh; Pakaria: 0.04 lakh) were only planted during the period from inception of the farms to March 1989. The survival of plants ranged between 14 and 40 per cent (Jaitpura) and between 4 and 52 per cent (Pakaria). The low survival of plants was attributed by the Managers to the presence of deep rooted grass, poor quality of land, inadequate water facilities and drought conditions during the years 1985 to 1988 (Jaitpura) and to white ants and inadequate water facilities (Pakaria). Thus, green leaves could not be provided to the goats, as contemplated.

3.5.8 **Evaluation.**- Evaluation of the working of the farms was not done either by the departmental officers or by any other agency in the State.

### 3.6 **Loss due to non-revision of selling rate of milk**

Government Jersey Cattle Breeding Farm (Farm) and Bull Mother Farm (Bull Farm) of Dairy Development Corporation (Corporation) situated at the Dairy Estate Complex, Bhadbhada, Bhopal were supplying milk produced by them to Bhopal Dugdh

Sangh (Sangh) at the same rate (Rs.4 per kilogram for milk having 4.5 per cent fat and 8.5 per cent SNT) fixed by the Corporation in October 1985.

Test check of accounts (September 1988 and April 1989) of the Deputy Director of Veterinary Services (DDVS), and the Farm revealed that from June 1987 onwards, the milk produced by the Farm was being sold to the Corporation at the rates fixed earlier, whereas the milk of similar quality was being sold by the Bull Farm at a rate higher by Re.1 per kilogram fixed by the Corporation. The sale of milk at comparatively lower price during June 1987 to March 1989, has resulted in loss of Rs.2.58 lakhs to the Government on sale of 2.58 lakh kilogram milk to the Sangh.

On this being pointed out, DDVS stated (September 1988) that proposals for revision of rates were submitted to the Corporation and Director Veterinary Services (July 1987 and October 1988), on which decision is yet awaited.

The matter was reported to Government in June 1989; reply has not been received (April 1990).

### **3.7 Extra expenditure**

Government entered (March 1983) into an agreement with the Bharatiya Agro Industries Foundation (BAIF), Poona for the development of cattle through cross breeding by artificial insemination of local cows. The rate of Rs.150 for each confirmed conception as worked out for similar cases undertaken by the Veterinary department was agreed to between BAIF and Government. It was also agreed upon that the BAIF would establish and operate breeding centres at such convenient places where at least 2,000 breedable cows in each centre would be available throughout the period of five years so as to achieve the target of conceptions of 2,000 cows in five years. The centres were to be established only after receipt of advance of Rs.5

lakhs towards service charges at the rate of Rs.1 lakh per year which was agreed to be adjusted against the payments due to BAIF calculated at Rs.150 per confirmed conception subject to a minimum of Rs.0.60 lakh per centre per year. The balance amount, if any, had to be refunded to Government or the BAIF might continue to operate the centres until the amount paid in advance was fully adjusted.

Ten centres were established (July 1983:4; August 1983:3; October 1983:1; November 1983:1 and April 1984:1) in Guna (5) and Vidisha(5) districts. Advance payment of Rs.21 lakhs was provided (October 1982: Rs.10 lakhs, March 1984: Rs.10 lakhs and March 1987:Rs.1.00 lakh) to BAIF as per agreement.

Test check of records (January 1988 and April 1989) in the Directorate of Veterinary Services, Madhya Pradesh, Bhopal revealed that the confirmed conceptions during 1984-85 to 1988-89 were 4,950 against the target of 20,000 in five years. Actual cost per conception worked out to Rs.424 as against Rs.150 as per agreement. Thus, the entrustment of work to BAIF and its poor performance has resulted in extra cost of Rs.13.58 lakh (Rs.21 lakhs - Rs.7.42 lakhs as per agreement at Rs.150 for 4,950 conceptions). On this being pointed out, Director, Veterinary Services stated (April 1989) that in view of poor performance, BAIF was not willing to continue their centres after August 1989 but Government did not agree with the withdrawal of BAIF and a committee was constituted to review the performance and to determine more realistic achievable target. The committee in its report (July 1988) fixed revised target of 6,130 for five years assessing cost of Rs.490 per confirmed conception. There were no Government orders for accepting revised target and against the revised target of 6,130, the achievement was 4,950 only. The Director of Veterinary Services has proposed (January 1989) closure of centres.

The matter was reported to Government in July 1989. A reply has not been received (April 1990).

**COMMERCE AND INDUSTRIES DEPARTMENT****3.8 Industrial Development of Backward Areas****3.8.1. Introduction**

With a view to removing regional imbalances in industrial development by development of industries in industrially backward areas, more particularly in the 'no industry districts', Government of India initiated schemes for grant of financial assistance to small entrepreneurs from July 1971. The schemes were continued in successive Five Year Plans and additional schemes for development of infrastructure were introduced from time to time. These schemes, namely, Central Investment Subsidy Scheme, Concessional Finance Scheme, Central Infrastructural Assistance Scheme and Central Transport Subsidy Scheme were implemented through the State Government.

**3.8.2 Organisational set up.-** In Madhya Pradesh, industrial development of backward areas is managed by the Industries Commissioner (Directorate) at the State level. He is assisted by Joint Directors at divisional level and the General Managers at the district level. The District Industries Centres (DICs) formed in each district from May 1978 provide a package of guidance, assistance and facilities to small entrepreneurs. The Audyogik Kendra Vikas Nigam (AKVN) develops infrastructural facilities in the backward areas of 'no industry districts'. The Madhya Pradesh Financial Corporation

(MPFC), Audyogik Vikas Nigam (AVN), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and Industrial Credit and Investment Corporation of India (ICICI) provide financial assistance to the entrepreneurs on concessional terms.

**3.8.3 Audit coverage.**- Test check of records relating to Central Investment subsidy scheme maintained at 10 DICs (Bhind, Dhar, Guna, Jhabua, Mandla, Morena, Panna, Rewa, Saugar and Shivpuri) and those relating to Central Infrastructural subsidy scheme in 5 AKVNs (Bhopal, Gwalior, Indore, Jabalpur and Rewa) for the period from 1982-83 to 1988-89 was conducted during January to October 1989. The cases of financial assistance on concessional terms and the Central Investment subsidy provided by the MPFC, AVN, IDBI and IFCI to the entrepreneurs in 10 selected backward districts during the above years were also test checked. Results of the test check are mentioned in succeeding paragraphs.

#### **3.8.4 Highlights**

- Subsidy of Rs.100.68 lakhs was not recovered from 142 units which closed within 5 years of the date of commencement of production, although it was recoverable 1 to 6 years ago.

(Paragraph 3.8.6.1(i)(a))

- Central Investment subsidy of Rs.23.15 lakhs was paid in October 1988 to an

ineligible industrial unit engaged in boring of tubewells.

(Paragraph 3.8.6.1(ii))

- Central Investment subsidy of Rs.9.41 lakhs was paid in excess to 55 industrial units, during 1986-89 by taking into account inadmissible items of investment.

(Paragraph 3.8.6.1(iii))

- Unfruitful expenditure of Rs.17.10 lakhs was incurred on 57 tubewells in two growth centres as water was either not available in them or was not used.

(Paragraph 3.8.6.2(iii))

- Water supply scheme in a growth centre was only partly completed after spending Rs.57.58 lakhs till April 1988 and could not, therefore, be used.

(Paragraph 3.8.6.2(iv)(a))

**3.8.5 Finance.-** The State Government spent Rs.22.49 crores during 1982-83 to 1988-89, against the budget provision of Rs.27 crores for Central Investment subsidy scheme. For Infrastructure subsidy the State Government spent Rs.8.81 crores during 1985-86 to 1988-89. To accelerate the pace of industrialisation in backward areas of 'no industry districts', loans aggregating Rs.394.31 crores were paid by MPFC and AVN, to the industrial units during 1982-89. Against this, Rs.254.51 crores were refinanced by the IDBI subsequently till March 1989.

### 3.8.6. Financial assistance to Industrial Units

#### 3.8.6.1 Central Investment Subsidy.-

(i) Non-recovery of subsidy from defunct and sick industrial units.-

(a) According to the Manual, the Central Investment subsidy paid to an industrial unit was recoverable if the unit went out of production within 5 years from the date of commencement of production (except for shortage of raw material, power, etc. ). In 22 out of the 36 backward area districts, for which information was made available by the Director, subsidy of Rs.100.68 lakhs paid to 142 units, which closed within 5 years of date of commencement of production, was not yet recovered (July 1989). The agencies which paid the subsidy stated that revenue recovery certificates had been issued. However, there was no follow-up in these cases and no watch was kept by the DIC on the recovery.

(b) Of the 32 industrial units which received subsidies aggregating Rs.83.41 lakhs during 1982-83 to 1988-89 from MPFC, 3 units which got Rs.5.35 lakhs did not even start production and remaining 29 units which got Rs.78.06 lakhs either closed down or fell sick within 5 years of their commencing production and, therefore, the subsidy paid became recoverable from the units.



But no amount was recovered so far (July 1989) because the subsidy was paid only on the basis of an agreement between the entrepreneurs and the Governor of Madhya Pradesh and without any mortgage of assets of the entrepreneurs as has been done in the case of loans released by the MPFC. The MPFC stated that it was advised by its lawyers that it could not take legal action for recovery on behalf of the Governor and that the matter was referred to the Government.

(c) A cement manufacturing unit of Shivpuri was paid subsidy of Rs.9.67 lakhs between March 1988 and December 1988 with a stipulation to start commercial production within 18 months of its provisional registration in April 1986. Extension of time upto April 1988 for commencing production was granted to the unit. The unit failed to commence production till April 1989. Although subsidy paid to the entrepreneur was recoverable, the DIC had not initiated action for recovery because it expected the unit to commence production shortly.

(ii) **Irregular release of subsidy.** - A company in Dhar district doing the job of boring tube wells was paid Central Investment Subsidy of Rs.23.15 lakhs in October 1988 on the sanction (August 1988) of the State Level Committee. The payment of subsidy was irregular because according to the

decision of Government of India, communicated to Director of Industries, Madhya Pradesh, Bhopal (vide their letter no. 9(1)/86-DBA-II dated 31 May 1988), industrial units engaged in drilling of tube-wells/bore-wells were not eligible for subsidy because they did not have a fixed location. The Industries Commissioner stated (July 1989) that the case would be put up before the State Level Committee for examination.

(iii) **Excess release of subsidy.-** The State Level Committee, which was empowered to decide the extent of land and buildings to be taken into account for computing the amount of Central Investment subsidy, decided (December 1986) that every financial institution forwarding cases for sanction of the subsidy should separately report on the expenditure incurred by the industrial unit on godown, warehouse, office, chowkidar quarters, canteen, cycle stand, boundry wall, etc. Test check of cases sent by MPFC, AVN and DICs, however, showed that while in the cases processed by MPFC and AVN, expenditure incurred by the industrial units on some of these items was taken into account by the SLC for computing and sanctioning subsidy in almost all the cases, expenditure on these items was not taken into account in cases processed by DICs. This resulted in excess payment of Rs.9.41 lakhs as subsidy to 55 units

during 1986-87 to 1988-89. Since all these items were not directly related to production, they should not have been admitted by the SLC. The Commissioner of Industries and ex-officio Secretary of SLC stated (July 1989) that subsidies in these cases were already sanctioned by the SLC and assured to keep it in view in future.

(iv) **Non-utilisation of land and sheds.**- According to the agreement between the entrepreneurs and the State Government, land and shed provided for setting up an industrial unit alongwith the financial assistance were to be taken back if the unit closed within 5 years of commencement of commercial production.

However, action to take back the sheds and to recover the CIS from 4 industrial units in Dhar district which stopped production within 5 years of their commencement was not taken. Further similar action was not taken in case of 4 other units in the same district which were provided 0.85 lakh Sq.ft. of land for setting up industrial units but which closed during 1985(2), 1986(1) and 1987(1) after commencing production between February 1981 and March 1983.

(v) **Account returns and Utilisation Certificates**

According to the agreement between the entrepreneur and Government, the former was to submit to the latter a

certificate regarding utilisation of the subsidy received by him as also yearly progress report on the working of the unit and the accounts for the first 5 years of working. However, none of the 2,093 units which were paid subsidy of Rs.429.30 lakhs during 1984-85 to 1988-89 in 9 test checked districts submitted the prescribed certificate, progress reports and accounts to the State Government. The department also did not take any action to obtain these returns to satisfy itself of the satisfactory working of the units.

#### 3.8.6.2 Central Infrastructural assistance

(i) For infrastructural development of each identified growth Centre in 'no industry districts' Central assistance at the rate of one third of the total cost of infrastructural development subject to a maximum of Rs.2 crores for each growth centre was available to the States. However, against the estimated project cost of Rs.48.26 crores and the admissible Central assistance of Rs.12 crores for the 'no industry districts' (Malanpur, Maneri, Meghnagar, Pillukhedi, Pithampur and Purena), a total assistance of only Rs.4.50 crores could be claimed and received by the State Government during 1985-86 to 1988-89 because the AKVNs which were to develop the infrastructure in these districts failed to do so by the scheduled date (September 1988).

(ii) **Extra cost of Rs.3.31 lakhs.**- The AKVN Gwalior entrusted (June 1987) the construction of a 7 kilometre water bound macadam road in an industrial area in Bhind district (estimated cost: Rs.24.19 lakhs) to two contractors at 12.25 per cent (3.6 kilometres) and 10.99 per cent (3.4 kilometres), respectively, above the scheduled rate (Rs.2.64 lakhs per kilometre) prevalent in Buildings and Roads Circle Gwalior. Both the contractors had completed construction of about 0.55 kilometre (Cost: Rs.1.92 lakhs) and 0.27 kilometre (Cost: Rs.0.94 lakh) respectively of the portions of road allotted to them before they abandoned the work. The remaining work was awarded (December 1988) to a third contractor at an agreed rate of 17.95 per cent above the scheduled rate (Rs.3.38 lakhs per kilometre) prevalent in National Highway Circle, Gwalior

Since the earlier two contractors had abandoned the work in contravention of the agreement, the AKVN should have rescinded their contracts and recovered from them the extra cost necessary to get the work completed. Instead of this, the AKVN merely recovered the security deposits amounting to Rs.0.14 lakh of the two defaulting contractors. The extra cost on this account which would have to be borne by the AKVN due to award of remaining work to the third contractor for completion of the remaining 6.18 kilometre road would thus be Rs.3.31 lakhs. Comments of the AKVN have not been received (April 1990).

## (iii) Unfruitful expenditure.-

During April 1983 to March 1989, the department got drilled 75 tubewells at a cost of Rs.43.96 lakhs for providing water to two growth centres in Dhar and Jhabua districts. Water was not available in 37 (49 per cent) of these tubewells, and expenditure of Rs.11.10 lakhs on them was unfruitful. Of the remaining 38 successful tubewells, water from 20 tubewells could not be used due to non-availability of power connection and non-installation of pumps and steel tanks. Expenditure of Rs.6 lakhs on them thus, proved to be an idle outlay.

## (iv) Idle Outlay.- (a) A water

supply scheme (estimated cost: Rs.66.40 lakhs) for providing 45 lakh litres water to the industrial area in a growth centre in Panna district was administratively approved (March 1984) by the State Government. The estimates were revised in October 1985 to Rs.79.85 lakhs. Technical sanction for the work was not obtained. The work was partly completed (April 1988) at a cost of Rs.57.58 lakhs. The construction of water treatment plant and the internal distribution network envisaged in the scheme were not taken up by the AKVN till March 1989 and, therefore, drinking water could not be provided to the growth centre. The work of development of the growth centre was not synchronised with the water supply scheme.

Out of 18 industrial units established, only 5 units utilised 0.30 lakh litres of raw water out of the potential of 45 lakh litres created (August 1989). The entrepreneurs were also not coming forward for establishing industrial units at the growth centre due to its location in interior areas. The AKVN stated (March 1989) that efforts were being made to establish some water based industrial units at the centre in order to utilise the available water potential. Thus, the water potential created was much in excess of the requirement of the industrial units. This is indicative of lack of proper planning resulting in blocking of scarce resources.

(b) (i) **Unauthorised expenditure**  
**Rs.1.60 lakhs**

For providing water to the industrial area at Maneri growth centre (Mandla district), the State Government approved (March 1987) construction of a water supply scheme comprising of construction of an anicut, intake well-cum-pump house, water treatment plant, overhead tank, installation of two verticle turbine pumps and distribution system etc., at an estimated cost of Rs.108 lakhs (subsequently revised to Rs.293.29 lakhs). The AKVN Jabalpur, however, constructed a stop dam at a cost of Rs.1.60 lakhs although it was not covered by an administrative approval and

a technical sanction because it was not included in the original estimate of the water supply scheme. Approval of the State Level Committee and the Government of India for making changes in the approved project report was also not obtained. The Nigam stated (October 1989) that the dam was constructed to mitigate the shortage of water.

(ii) Although not claimed within the stipulated one month period, Rs.0.42 lakh were irregularly paid (January 1989) to a piece work contractor on account of cost of 'centering material', washed away due to flood (June 1988).

(v) **Non-utilisation of land and sheds**

(a) According to the allotment order issued after receiving acceptances from the entrepreneurs they were required to take the possession of land within 60 days of issue of the order. However, 112 out of the 331 entrepreneurs in one growth centre in Dhar district did not take possession of industrial plots within the prescribed period. Even then, neither were the allotments cancelled nor were the deposits of the defaulting entrepreneurs forfeited by the Nigam, as provided in the allotment order. The AKVN assured (July 1989) to examine the cases for taking suitable action.



(b) According to the lease deed, small scale and medium/large industries were required to commence commercial production within one and two years respectively, of taking over possession of land. However, 113 out of 631 units of Pithampur (Dhar) growth centre failed to do so even after 12 months (62), 24 months (40) and 36 months (11) of the scheduled date. The units did not also pay the lease rent. Action to cancel the lease deeds of the defaulting units was, however, not taken as required.

(c) Out of the 70 sheds constructed (Pithampur:67; Purena:3) at a cost of Rs.279.33 lakhs for out right sale to industrial units, 17 sheds were lying unutilised for a period of over 2½ to 4 years. The AKVNs stated (March-May 1989) that efforts for utilisation of the sheds were being made.

**3.8.7 Employment generation.-** The scheme of Industrial Development in Backward Areas (IDBA) envisaged employment of local labour in industrial units in the growth centres. The entrepreneurs were accordingly required to mention in the project reports of the units, the probable number of labourers (both skilled and unskilled) likely to be engaged in the proposed industries. The lease deed, also required the entrepreneur to provide employment to at least one person of the

family of each Bhumi-swami whose land was acquired by the State Government for establishment of industrial growth centre. But the Nigams/DICs granting financial assistance had no information regarding labourers actually engaged by 3369 industrial units in 31 districts which were given assistance of Rs.21.91 crores during 1982-89 and which proposed to employ 0.48 lakh labourers. The Director stated (July 1989) that it did not maintain any information regarding employment generation in the State nor was any periodical return prescribed for getting this vital information.

**3.8.8 Monitoring and Evaluation.-** According to the instructions (June 1988) of Government of India, a monitoring cell was to be formed in the Directorate for monitoring and reviewing the utilisation of Central assistance for different purposes. A half yearly report thereon was also to be sent to the Ministry. The monitoring cell was not formed in the State and therefore, proper utilisation of the assistance given to the industries was never evaluated. Similarly, the AVN was also required to monitor the infrastructural developments made by the AKVNs at the growth centres. No records of work done was kept by the AVN (July 1989).

**3.8.9** The matters mentioned above were reported to Government in September 1989; reply has not been received (April 1990).

### 3.9 Irregular grant of Power Subsidy

Rules for grant of power subsidy to new industries in Madhya Pradesh, 1981 provide that a new industrial unit commencing production on or after 1 April 1981 would be eligible for power subsidy for a period of 5 years from the date of commencement of production. If any unit gets closed during the period of eligibility, it would cease to be entitled to the subsidy during the period of its closure. On restarting, it would again be entitled to the subsidy provided the overall period did not exceed the eligibility period.

Test check of the records of the General Manager, District Industries Centre, Shajapur revealed (May 1989) the following:

(i) Unit 'A' had reported (September 1983) to the General Manager (GM) that they had commenced commercial production from 25 July 1983 duly supported by requisite central excise documents. The GM, after due verification (September 1983), issued (November 1985) the eligibility certificate for power subsidy for 5 years from 25 July 1983 at 30 per cent of the electricity charges limited to Rs.30 lakhs. The unit again intimated (May 1985) that due to a fire accident in November 1983, the commercial production commenced from 1 August 1984 and the date intimated earlier was the date of commencement of trial production and requested the GM to issue eligibility certificate from 1 August 1984. The GM issued (September 1987) a revised eligibility certificate from 5 July 1984 on the ground that the State Level Committee had accepted the said date as the date of commencement of production for sales tax exemption case, since the eligibility certificate initially issued (for 5 years from 25.7.1983)

was based on requisite verification of the commencement of production done by the GM, the issue of a revised eligibility certificate was irregular. Revision of eligibility certificate, thus, resulted in irregular grant of power subsidy of Rs.5.54 lakhs (subsidy allowed: Rs.27.07 lakhs; admissible: Rs.21.53 lakhs) (beyond 5 years). On this being pointed out the GM intimated (May 1989) that the revised eligibility certificate was issued as per instructions (July 1987) of the Joint Director of Industries, Indore.

(ii) The GM also reported (December 1988) that the unit had purchased Soyabean/Rapeseed Solvent Oils to the extent of 5,433.693 tonnes during August 1983 to August 1986 from the open market for refining. The power subsidy was admissible only if the oils refined were produced by them and not purchased from the market. As the unit had refined the oils purchased from the market, the subsidy of Rs.12.53 lakhs granted for the period from August 1983 to August 1986 was irregular.

Thus, the total subsidy of Rs.18.07 lakhs granted to the unit was irregular.

The matter was reported to the Government in May 1989; reply has not been received (April 1990).

## CULTURE DEPARTMENT

### 3.10 Suspected Defalcation of Government Money

M.P.Treasury Code provides for physical verification of cash at the end of each month by the officer-in-charge of the cash book. During test check (December 1988-January 1989) of accounts of the Commissioner, Archaeology and

Museums, Bhopal, it was noticed that the codal provisions of physical verification of cash at the end of each month by the officer-in-charge were not observed. At the instance of audit, the drawing and disbursing officer conducted physical verification of cash on 21 December 1988 and noticed shortage of cash amounting to Rs.2.52 lakhs. The actual cash in chest was Rs.0.35 lakh (cash: Rs.0.25 lakh; bank drafts/cheques: Rs.0.10 lakh) only against the balance of Rs.2.87 lakhs shown in the cash book.

2. Departmental receipts are also required to be remitted into the treasury immediately on realisation. During test check it was observed that an amount of Rs.0.37 lakh realised by sale of publications/models, etc., had not been remitted into treasury since January 1987. The Commissioner stated (June 1989 and October 1989) that shortage was due to non-depiction of payments made prior to the date of physical verification in cash book. The Commissioner, could neither show entries in cash book nor produce vouchers in support of payments and advances to staff during audit scrutiny in December 1988.

### 3.11 Blocking of funds

In order to provide drinking water facilities at various museums and protected monuments, funds to the tune of Rs.9 lakhs [Rs.8.20 lakhs for museums and protected monuments at Shivpuri, Jabalpur, Islam Nagar, Ram Nagar, Samadhi of Rani Laxmi Bai (Gwalior), Deokolhor Bandh Stoop (Rewa), Hingalgarh (Mandsaur) and Narwar (Shivpuri) and 0.80 lakh for Tulsi Museum, Ram Van (District Satna)] had been sanctioned by Government (March 1986).

The work involved drilling of tubewells, construction of overhead tanks, pump house, stand posts, installation of electric pumps and fixing of hand pumps. The works were got executed through Public Health Engineering (PHE) Department. Test check (January 1989) of records of the Director (now Commissioner), Archaeology and Museums revealed that inspite of providing Rs.6.20 lakhs in March 1986 to the Executive Engineer, PHE, Mechanical Division, Bhopal, against the sanction of Rs.8.20 lakhs, neither had the drinking water facilities been provided at the said places nor the present position of the works been intimated by PHE Department. Similarly, despite expenditure of Rs.0.76 lakh against allotment of Rs.0.80 lakh, the work of pipe fittings, overhead tank and stand posts is lying incomplete at Tulsi Museum, Ram Van, Satna.

Director in reply (January 1989) stated that Engineer-in-Chief, PHE Department was requested to intimate the latest position of works and the information is still awaited (April 1990).

The non-completion of works (except at Shivpuri) even after lapse of three years had resulted in blocking of funds of Rs.6.96 lakhs and deprivation of the facilities of drinking water to visitors.

The matter was reported to Government in July 1989; reply has not been received (April 1990).

## DAIRY DEPARTMENT

### 3.12 Blocking of Government money

With a view to augmenting the existing

capacity of 1,000 litres milk per day of the Government Milk Supply Scheme (MSS) Mandla to 4,000 litres per day, the Milk Commissioner purchased in December 1983 one refrigeration condensing unit (Unit) for Rs.1.64 lakhs out of funds provided by the District Rural Development Agency.

A test check (May 1989) of the records of the Manager, MSS, Mandla revealed that the unit was lying in packed condition and not installed and commissioned as power connection in the building where the unit was to be installed was still not provided (August 1989). The Manager, MSS stated (May 1989) that the unit would be installed only when all the chilling units start functioning and the purchases were made to avoid lapse of funds. Thus, non-availability of power connection in the building had resulted in blocking of Government money to the tune of Rs.1.64 lakhs. Purchase of the unit simply to avoid lapse of funds was also against sound financial principles.

The matter was reported to Government in July 1989; reply has not been received (April 1990).

### **3.13 Loss due to establishment of milk supply scheme at Pachmarhi**

With a view to supply milk in Pachmarhi, Government Milk Supply Scheme (MSS), Pachmarhi, District Hoshangabad, was established (August 1984). Plant and equipment (cost: Rs.0.46 lakh) were transferred from the MSS, Seoni where they were lying unused.

Test check (April 1987 and September 1988) of the records of the MSS Pachmarhi and information collected (October 1988) from the

Milk Commissioner revealed that the unit was established without conducting a survey of availability of milk in nearby area and ascertaining the viability of the unit. The MSS, Pachmarhi could collect only 14,600 litres of milk during 1985-86 and merely distributed 9,00,366 litres of milk received from the MSS, Chhindwara and Dugdh Mahasangh. Against the daily capacity of 1,000 litres of milk, the plant and equipment were utilised to process 14,600 litres (4 per cent utilisation) during 1985-86 and were idle for the remaining period.

The Milk Commissioner proposed (September 1986) to the Government to close the unit stating that there was no justification for its establishment at Pachmarhi as there was no possibility of milk collection in that hilly area. The MSS, Pachmarhi stopped collection and distribution of milk from October 1986. During the period from August 1984 to September 1986 against the expenditure of Rs.53.50 lakhs the income was Rs.40.26 lakhs resulting in deficit of Rs. 13.24 lakhs. Even after closure of the unit in September 1986 the staff was continued at Pachmarhi and could not be transferred elsewhere resulting in an avoidable expenditure of Rs.5.53 lakhs on salaries during October 1986 to September 1988.

The matter was reported to Government in June 1989; reply has not been received (April 1990).

### **3.14 Avoidable loss**

Consequent upon establishment (September 1986) of a milk chilling plant at Bijawar (District Chhatarpur) by the Dairy Development Corporation (Dugdh Mahasangh), Government Milk Supply Scheme (MSS), Chhatarpur was



required to procure milk from that chilling centre for distribution to consumers of Chhatarpur district. Rates for the purchase and sale of milk and milk products were being approved by the Milk Commissioner on the basis of the proposals submitted by the Manager, MSS on 'no profit no loss basis'.

Test check (August 1988) of accounts of the MSS, Chhatarpur for the period from August 1986 to July 1988 and the information collected (October 1988 and August 1989) from the MSS, Chhatarpur and the Milk Commissioner, Bhopal, revealed the following:

1. The Milk Commissioner sanctioned purchase rate of milk at Rs.3.47 per kilogram with effect from August 1986 which was revised to Rs.5.60 per kilogram from April 1987 with no change in the selling rates of milk and milk products. The Dugdh Mahasangh, however, supplied milk to the MSS, Chhatarpur at different rates, viz., at Rs.4.96 per kilogram (22.9.1986 to 10.2.1987), Rs.5.10 per kilogram (11.2.1987 to 31.3.1987) and Rs.5.60 kilogram (1.4.1987 onwards). The MSS, Chhatarpur, made payments at Rs.5.60 per kilogram for 67,506 kilogrammes of milk supplied during 22.9.1986 to 31.3.1987 on the basis of revised demand by the Dugdh Mahasangh, resulting in excess payment of Rs. 1.44 lakhs to Dugdh Mahasangh. Reasons for not obtaining any clarification from the Milk Commissioner and settling claim at Rs.5.60 per kilogram (instead of Rs.3.47 per kilogram approved by the Milk Commissioner) were not given by the MSS, Chhatarpur.

2. During 22.9.1986 to 31.3.1988, against the expenditure of Rs.17.93 lakhs incurred by the MSS, Chhatarpur, the income from

sale of milk and milk products was Rs.10.73 lakhs only, resulting in a loss of Rs.7.20 lakhs. Due to uneconomic working of the MSS, Chhatarpur, the Deputy Milk Commissioner, Rewa and Dugdh Mahasangh itself had also suggested (May-July 1987) to the Milk Commissioner that distribution of milk might be entrusted to Dugdh Mahasangh and the MSS unit be either transferred to some other place or amalgamated with Dugdh Mahasangh. No action has so far been taken (July 1989).

The matter was reported to Government in September 1988; reply has not been received (April 1990).

## HOME (POLICE) DEPARTMENT

### 3.15 Avoidable expenditure

With a view to examining exhibits relating to crimes sent by various investigating officers, a Forensic Laboratory (Laboratory) was established at Sagar in the year 1964. In the absence of the facilities for blood grouping and species identification in seriology branch of the laboratory, the Director of the laboratory (Director) had to pay each year fees on this account to the Serilogist, Calcutta. To avoid payment of fees and to conduct blood grouping and species identification at Sagar Laboratory itself, the Director purchased (May 1982 to March 1986) (equipment worth Rs.9.34 lakhs for seriology branch. Scrutiny of the records (December 1988-January and August 1989) of the Director, however, revealed that the work of blood grouping and species identification had not yet started reportedly due to non-availability of adequate building and technical staff. As for the building, the Government in

Home (Police) Department had instructed the Director that demands for construction of building may be included in the demand of funds under Ninth Finance Commission. Technical staff was sanctioned in November 1988 but not filled in so far; further progress was awaited (August 1989).

Thus, due to lack of proper planning and co-ordination in procurement of equipment and construction of buildings and placement of staff, equipment worth Rs.9.34 lakhs purchased (May 1982-March 1986) for seriology branch could not be put to use. Further, Government had to pay to the serilogist, Calcutta, the fees of Rs.10.70 lakhs during 1986-87 to 1988-89 for doing that work for which the equipment was procured.

The matter was reported to Government in May 1989; reply has not been received (April 1990).

## LABOUR DEPARTMENT

### 3.16 Establishment of Industrial Hygiene Laboratory

In order to protect industrial workers from exposure to the numerous occupational diseases caused by the growing menace of pollutants thrown out by the industrial units, stricter enforcement of the provisions of the Factory Act, 1948 (Act) was recommended by a conference of Chief Inspector of Factories. Accordingly, in October 1979, the Director General, Factory Advice Service and Labour Institute, Bombay, prepared a project for setting up of an Industrial Hygiene Laboratory (Laboratory) in each State. The laboratory was required to collect

and analyse samples of various kind and to inspect the working conditions in the factories in order to recommend on the need and effectiveness of control measures.

A test check (March 1988 and June 1989) of the records of the Directorate, Industrial Health and Safety, Indore revealed that the laboratory sanctioned (January 1986) for the State was opened at Indore in February 1986. Till March 1989, Rs.10.60 lakhs (salaries of staff: Rs.1.53 lakhs; rent of building: Rs.0.68 lakh; furniture and equipment: Rs.8.39 lakhs) were spent on the laboratory. Equipment worth Rs.2.34 lakhs was also received (May 1986 to May 1988) at the laboratory free of cost from the United Nations and Government of India. According to the information supplied by the Directorate in August 1988, the staff of the laboratory merely conducted a few studies of the conditions prevailing in some factories and organised some demonstrations of certain equipment during October 1986 to August 1988 but failed to collect/analyse any sample and recommend any control measures till June 1989.

On this being pointed out, the Director stated (January 1989) that the laboratory was yet to acquire statutory status to function because necessary rules under the Factories (Amended) Act 1987, submitted to the State Government in March 1988, were not yet adopted.

Thus, due to failure of the laboratory to recommend suitable control measures after collecting and testing pollutants, the equipment and furniture costing Rs.10.73 lakhs provided to it remained unutilised for over 14 to 42 months and infructuous expenditure of Rs.2.21 lakhs on salaries of staff and rent of the laboratory was incurred.

The matter was reported to Government in April 1988; reply has not been received (April 1990).

**PUBLIC HEALTH AND  
FAMILY WELFARE DEPARTMENT**

**3.17 Printing of eligible couple registers  
and forms from private presses**

Financial rules provide for getting printing work done from private presses by heads of office/department in urgent cases subject to monetary limits, inviting of tenders and obtaining of certificate of reasonableness of printing charges from Controller, Printing and Stationery (Controller) in the event of refusal of the latter to execute the job. Test check of the records of the Director, Medical Services (Director), in September-October 1988 and Chief Medical and Health Officer, Mandla (CMHO) in August 1987; revealed that the Director placed an order with a private firm in March 1988 for printing of 1.25 lakh eligible couple registers in the financial year itself @ Rs.12 each without inviting tenders, obtaining the approval of rates from the Controller and ignoring proposal of CMHO, Datia for printing at Rs.5 per register and directed the firm to submit the bill in triplicate during the financial year and paid Rs. 7.65 lakhs in lump in March 1988. On this being pointed out, the Director stated in September 1988 that as the work was to be completed by March 1988 and the registers were to be utilised during 1987-88, the firm was approved for printing. Though the registers were meant for immediate use, the firm did not supply any register during 1987-88 and supplied 39,150 registers till the end of October 1988 out of

which 38,300 registers were distributed till the end of March 1989. The Director did not obtain concurrence of the Controller for printing of forms during 1988-89. The department thus incurred extra expenditure of Rs.2.75 lakhs by getting them printed at Rs.12 per register as against the cost of printing at Rs.3.95 per register as intimated by Controller, Printing and Stationery and thus resulting in undue benefit of Rs.3.35 lakhs to the firm.

(ii) Similarly, the CMHO, Mandla got printed Eligible Couple Registers and other non-schedule family welfare forms from a private printer between June 1986 to March 1987 at the rates far in excess of the rates of Controller which resulted in excess expenditure of Rs.0.92 lakh. Neither were efforts made to bring the forms on 'Schedule' nor was the Controller approached to get the forms printed from Government press. Thus, due to non-observance of rules, Government was put to extra expenditure of Rs.3.67 lakhs.

The matters were reported to Government in April 1988 and April 1989 respectively; reply has not been received (April 1990).

### **3.18 Non-accountal of cash**

Consequent upon the decision of Government to merge the district offices of the Civil Surgeon and District Health Officer (DHO) into one office of the Chief Medical and Health Officer (CMHO) with effect from 1.9.1984, the Director of Health Services (DHS) issued instructions (September 1984 and April 1986) inter alia to include the cash balances of the merged offices in the cash book of CMHO.

During test check of the records of

the offices of the CMHO, Damoh (October 1986 and June 1988) and Jabalpur (May 1986 and April 1988), it was noticed that the instructions of the DHS were not followed in as much as the closing cash balance of Rs.0.67 lakh and Rs.1.13 lakhs of the DHO Damoh and Jabalpur respectively were not taken in the cash book of the respective CMHOs. These balances included temporary advances of Rs.0.66 lakh and Rs.0.60 lakh at Damoh and Jabalpur respectively. Contrary to codal provisions, these advances were not adjusted within three months. It was further observed that the advances given by DHO, Damoh had been outstanding since 1982 and no details were available in respect of advances given by DHO, Jabalpur. Thus, due to non-accountal of cash balance and non-adjustment of temporary advances, Government was put to a loss of Rs.1.80 lakhs.

The matter was reported to Government in January and April 1989; reply has not been received (April 1990).

### **3.19 Excess payment of financial assistance to voluntary organisations**

Under the scheme of National Programme for prevention of visual impairment and control of blindness, financial assistance at the rate of Rs.60 per intraocular operation performed, subject to a ceiling of Rs.12,000 per camp was payable to voluntary organisations. During test check (April 1989 and August 1989) of records of Chief Medical and Health Officer (CMHO), Vidisha and Satna, it was observed that CMHOs paid financial assistance of Rs.1.85 lakhs and Rs.24.80 lakhs without applying the ceiling of Rs.12,000 per eye camp to voluntary organisa-

tions for organising 3 and 9 eye camps for 3,079 and 41,342 operations during the period from February 1985 to March 1989. The non-application of the ceiling resulted in excess payment of financial assistance to the tune of Rs.25.21 lakhs.

While the CMHO Vidisha stated (March 1989) that the payments were made in consultation with the Director of Health Services, the CMHO Satna stated (August 1989) that looking to the number of cases the ceiling was not observed.

The matter was intimated to Government in July 1989; reply has not been received (April 1990).

### **3.20 Excess expenditure under Family Welfare Programme**

Government of Madhya Pradesh prescribed (1983) the rates at which expenditure on various items viz., compensation, motivation, transport, drugs and dressings, fees of doctors and staff and miscellaneous expenses was to be incurred in connection with each vasectomy/tubectomy operation. During test check in August 1987 and March, April 1989 of the accounts of Chief Medical and Health Officer (CMHO), Mandasaur for the period 1986-87 to 1988-89, it was noticed that on 19,941 operations and 5,325 Intra Uterina Device cases an expenditure of Rs.31.22 lakhs was incurred against admissible expenditure of Rs.24.15 lakhs resulting in excess expenditure of Rs.7.08 lakhs. On this being pointed out the Chief Medical and Health Officer stated (April 1989) that matter would be examined.

The matter was reported to Government



in May and July 1989; reply has not been received (April 1990).

### 3.21 Avoidable expenditure

Government sanctioned upgradation of the Primary Health Centres (PHC) Balod (Durg: February 1981); Bhatapara (Raipur: July 1982); Rajpur (Khargone: January 1983); Amanganj (Panna: March 1983); Pithora (Raipur: January 1984); Dondi Lohara (Durg: January 1985); Pusp-rajgar, Jaisinghnagar (Shahdol: March/September 1987); Manpur (Rajnandgaon: February 1988); Jaithari (Shahdol: July 1988) and establishment of 10 bedded maternity wards at PHC Khetia, Segaon (Khargone: January/November 1983).

Test check of the records of the above units (April 1987 to June 1989), revealed that neither upgraded primary health centres nor maternity wards started functioning at any of the places for want of suitable buildings. However, the medical and other staff sanctioned under the upgradation scheme were posted and were being utilised as additional hands in the existing PHCs. Consequently, the intended increased benefits to public could not be provided even though equipment valuing to Rs.3.80 lakhs had been purchased (Durg: Rs.1.07 lakhs; Khargone: Rs.0.12 lakh; Raipur: Rs.2.01 lakhs and Shahdol: Rs.0.60 lakh) and expenditure of Rs.40.80 lakhs (Durg: Rs.6 lakhs; Khargone: Rs.2.42 lakhs; Panna: Rs.7.04 lakhs; Raipur: Rs.19.41 lakhs; Rajnandgaon: Rs.5.41 lakhs; and Shahdol: Rs.0.52 lakh) incurred on the salary and wages of the additional staff at these places during June 1981 to April 1989.

The expenditure on deployment of medical and other staff for indoor duties in the absence of basic infrastructure facilities was thus infructuous.

On this being pointed out the Chief Medical and Health Officers (CMHO), Raipur and Khargone stated that services of the sanctioned staff were utilised for providing better medical facilities to the poor and needy outpatients. While CMHO, Panna stated that upgradation of hospitals was a Government policy and expenditure incurred on such development could not be considered as infructuous, the CMHO, Durg, Shahdol and Rajnandgaon stated that matter had already been referred to Government for according administrative approval and purchase of equipment was made to avoid lapse of budget grant. It was further stated that the staff posted by the higher authorities was being utilised for health programmes and twenty point programme. Thus, due to lack of proper planning and co-ordination in posting staff and providing suitable buildings, equipment worth Rs.3.80 lakhs was lying idle and expenditure of Rs.40.80 lakhs proved unfruitful as the intended benefits and did not reach the public.

The matter was brought to the notice of Government between April to July 1989; the reply has not been received (April 1990).

**PANCHAYAT AND  
RURAL DEVELOPMENT DEPARTMENT**

**3.22 Rural Landless Employment Guarantee Programme**

**3.22.1 Introduction.-**

With a view to maximising the direct and long term employment opportunities for the landless and to help in stabilising the market wage rates at the level of statutory minimum wage rates, a Rural Landless Employment Guarantee Programme (RLEGP) was introduced by the Government of India in August 1983. The RLEGP aimed at (i) providing guarantee of employment to at least one member of every rural landless household for upto 100 days in a year (ii) creating productive and durable assets for strengthening rural infrastructure and (iii) improving the overall quality of life in rural areas. These objectives were sought to be achieved through execution of work projects relating to construction of rural link roads, construction/renovation of field channels, land development, afforestation, soil and moisture conservation, improvement of minor irrigation works, social forestry, construction of primary school buildings, construction of houses for Scheduled Castes/Scheduled Tribes (SC/ST) and freed bonded labourers under Indira Awas Yojna and construction of rural sanitary latrines, etc. The RLEGP was a Central sector programme fully financed by the Government of India. From April 1989, the RLEGP was discontinued and the incomplete works were transferred to another Central Sector Scheme named 'Jawahar Rojgar Yojna'.

**3.22.2 Organisational set up.-** While a Central Committee set up at the Centre was

to provide overall guidance for proper implementation of the RLEGP, its planning, implementation, monitoring, etc., at the State level were to be entrusted to a State Level Coordination Committee for Rural Development Programme. A State Project Approval Board was also to be constituted for preparation of projects, scrutiny of designs and estimates before submitting the projects for approval of the Central Committee and for periodic review of implementation of the projects. The State Government could entrust execution of the work projects to regular Government departments, Panchayati Raj Institutions, District Rural Development Agencies (DRDAs) or any voluntary organisations. The Development Commissioner (DC) at the State Headquarters was dealing with the implementation, co-ordination and monitoring of the programme. The DC could release funds to the implementing agencies through DRDAs so as to ensure proper co-ordination and supervision at district level. In Madhya Pradesh, the works under RLEGP were entrusted to the village Panchayats, Development Blocks and the Government departments like Public Works Department (PWD), Irrigation, Rural Engineering Services (RES), Forest, Agriculture, Horticulture, Sericulture Departments. No voluntary organisation was associated in this effort in the State. The works were taken up as deposit works with the funds made available to them through the DRDAs.

**3.22.3 Audit coverage.-** A test check of records relating to implementation of the programme for the period from 1983-84 to 1988-89 was conducted in the DC, the DRDAs and the Government departments implements the works under RLEGP including 16 out of 70 development blocks

in 7 districts (Bilaspur, Indore, Morena, Sehore, Shahdol, Shivpuri and Ujjain) during December 1988 to October 1989. The points noticed are mentioned in the succeeding paragraphs.

#### 3.22.4 Highlights

- The proclaimed objectives of guaranteed employment to rural landless, creation of durable community assets and improvement in standard of living in rural areas could not be expected to be achieved inasmuch as the areas having concentration of landless families were not even surveyed and the landless families were not identified before allotting RLEGP funds to various districts; shelf of projects containing details of community assets which could be created and the Action plans taking into account the needs of the areas were also not prepared.

(Paragraphs 3.22.5.1(1),(2) and 3.22.5.2)

- In all years, except 1985-86, the State Government provided for lesser funds in annual budget estimates as compared to the Central assistance; the expenditure fell short of the budget provision by Rs.25.39 crores and of the Central assistance by Rs.24.74 crores during this period.

(Paragraph 3.22.6.1)

- Although 25 and 10 per cent of the funds were provided for Social forestry and works for the exclusive benefit of SCs/STs respectively, no funds were provided by the State Government for the works benefitting SCs/STs exclusively and only 19 per cent of the funds were sanctioned for Social forestry during 1983-89.

(Paragraph 3.22.6.2)

- Rupees 41.02 lakhs and Rs.10.45 lakhs were diverted by the Development Commissioner and the Executing Agencies respectively in test checked districts to non-RLEGP works; Rs.1.13 lakhs were suspected to have been misappropriated by the Block Development Officer, Katghora in Bilaspur district.  
(Paragraph 3.22.6.3 and 3.22.11)
- Due to non-provision of required quantities of foodgrains to the districts, the labourers were not issued any foodgrain or were issued lesser quantities; foodgrains worth Rs.4.97 lakhs were irregularly issued to suppliers and transporters in 3 districts towards the payment of cost of building material and transportation charges.  
(Paragraphs 3.22.7.2(ii)and(iii))
- The State Government received excessive Central assistance of Rs.80.05 lakhs during 1983-89 for transportation of foodgrains. (Paragraph 3.22.7.3(i)and(ii))
- The Development Commissioner did not collect reports regarding employment actually generated from all districts and reported inflated figures of employment generation to Government of India on the basis of assumptions. (Paragraph 3.22.8.4)
- Although the stipulated time limit for completion of works was over, less than 50 per cent of works in 6 of the 15 categories were completed till March 1989. (Paragraph 3.22.9.1)
- In 7 test checked districts, 131 works were taken up without preparing detailed

estimates and Rs.403.72 lakhs were spent on them till March 1989; on 27 roads Rs. 137.71 lakhs were spent although technical sanctions accorded for them were irregularly split up.

(Paragraphs 3.22.9.4(i),(ii)and(iii))

- Despite a ban on engagement of contractors, works costing Rs.41.31 lakhs and Rs.11.25 lakhs were got done through contractors and Land Army, respectively.  
(Paragraph 3.22.9.6)
- The Executive Engineer, PWD, Morena spent Rs.6.23 lakhs and Rs.1.79 lakhs more due to change of quarries in respect of 2 roads and due to engagement of contractors at higher rates on 1 road in 1987-88.  
(Paragraph 3.22.9.7)
- Extra expenditure of Rs.1.49 lakhs was incurred by DFO Morena on getting a work done at job rates from the land Army.  
(Paragraph 3.22.9.9)
- The expenditure of Rs.17.99 lakhs on earthwork done by Ravine Reclamation Division, Morena during 1986-88 was wasteful and earthen sides of stop dams constructed in Shivpuri at a cost of Rs.9.22 lakhs without flank protection walls were washed away.  
(Paragraph 3.22.9.14(i) and (ii))

### 3.22.5 Planning

#### 3.22.5.1 Identification of unemployed landless labour

(1) Since RLEGP aimed at providing employment to unemployed/under employed rural landless labour, it was necessary to conduct a proper survey of all households of landless labour and identify those needing employment in different areas of the districts. In respect of a similar employment generation programme National Rural Employment Programme (NREP) the Public Accounts Committee of Parliament had also recommended that a system of registration of landless labour and issue of identity cards to them be evolved. Government of India accepted the recommendation and introduced (October 1987) the system in one block in each State as an experimental measure. The DC, however, stated (July 1989) that due to limited resources available under the programme and the scattered requirement of employment by landless workers, it was felt that issue of identity cards to landless labour would only lead to dissatisfaction when sufficient employment opportunities could not be provided under the Programme. Further, a survey of all households of landless labour was not conducted before taking up works under RLEGP. Thus, there was no system in the State for identification of the landless labour needing employment.

(2) The Manual of RLEGP (Manual) required that projects should be taken up in areas with high concentration of rural landless population so that sufficient employment opportunities could be created for that population. No survey was, however, conducted by the department to identify areas having high concen-



tration of landless population. The DC, intimated (July 1989) the details of landless population (that is population of agricultural labourers, marginal farmers and marginal workers) of each district of the State as per 1981 census. Test check however, brought out that funds actually allotted by the DC to different districts of the State during 1983-84 to 1988-89 had absolutely no relation with the landless population of those districts as mentioned below:

(i) While Bilaspur district had the highest concentration of landless population (7.40 lakhs) in the State, the per capita rate of funds allotted was Rs.1,58.56 only. This rate was less than half of the per capita rate (Rs.328.47) of funds allotted to Datia district which had the lowest population (0.30 lakh).

(ii) Raipur district with second highest concentration (7.32 lakhs) had the lowest per capita rate (Rs.130.41).

(iii) The per capita rates of funds allotted to the districts with equal or nearly equal landless population varied very vastly as shown in some illustrative cases in the table below:-

District	Land- less popu- lation	Per capita rate of funds allotted	District	Land- less popu- lation	Per capita rate of funds allotted
(1)	(2)	(3)	(4)	(5)	(6)
	(In lakhs) (Rs.)			(In lakhs) (Rs.)	
Gwalior	0.82	163.99	Bhind	0.70	381.91
Indore	1.07	206.99	Panna	1.06	293.01
Khandwa	2.13	184.81	Rajnandgaon	2.13	207.11
			Sidhi	2.11	289.49
Dewas	1.47	143.71	Chhatarpur	1.46	261.99
Tikamgarh	1.34	189.36	Narsinhpur	1.31	249.25
Rajgarh	1.38	186.34	Damoh	1.36	230.06
Balaghat	2.95	162.93	Shahdol	2.94	220.36
Seoni	2.01	156.58	Sagar	2.01	190.63

The DC stated (July 1989) that the Manual permitted the State Government to prepare specific projects within the allocation of funds made by Government of India and hence 'the audit objection was not sustainable'. The statement of the DC was not relevant inasmuch as while the State Government could prepare any number of projects, the needs of the districts for projects as worked out on the basis of the landless population seeking employment should have been taken into account for allotting funds to these districts for projects under RLEGP. During test check, the Executive Engineer, PWD, Shivpuri and Divisional Forest Officer, Morena, who were executing RLEGP Projects, stated that non-availability of labour was affecting the completion of the projects adversely. Thus, allotment of funds to the districts for projects without ascertaining their needs led to this anomalous situation.

(3) The Manual also required that

the formulation of work projects should be based on requisite surveys and master plans for districts/regions and that the projects so prepared should contain, inter alia, the details regarding the approximate rural landless labour population including the proportion of SCs and STs and whether the locations selected were in backward areas or in areas having large concentration of landless labour. A few projects relating to pasture development and mulberry sericulture during 1986-87 to 1988-89 shown to Audit by the office of the DC did not, however, contain these vital details. The DC did not intimate (July 1989) the reasons for accepting such incomplete projects and for sending them to Government of India for approval.

(4) **Shelf of projects and action plans.**- The works to be undertaken by Government under RLEGP were to be need-based leading to creation of durable community assets in order to strengthen rural infrastructure. For this purpose, a shelf of projects containing details of such works which could be executed during the Plan periods was to be prepared by the State Government and approved by the Central Committee. Annual Action Plans were then to be prepared by the State Government on the basis of the approved shelf of projects and taking into account the availability of funds including the carry over funds. Neither was the shelf of the projects and the annual action plans shown to Audit nor did the DC state if these were at all prepared (July 1989).

### 3.22.5.3 Approval of projects

(i) In order to ensure that the projects were prepared in conformity with the objectives of the programme, a State Project

Approval Board was required to be constituted in each State. The Board was to, inter alia, approve the RLEGP projects after scrutinising the designs and estimates and send them to the Central Committee for approval. The DC assured (December 1988) to send information about the constitution of the Board but did not send it (July 1989).

(ii) After approval of the projects by the State Project Approval Board, they were to be approved by a Central Committee, set up at the Centre, on the basis of the shelf of projects and the annual action plan. Subsequent deletion or substitution of approved projects was also to be approved by the Committee. Information regarding the categorywise number and cost of projects included in the shelf of projects and annual action plans, those approved by the State Project Approval Board and the Central Committee called for from the DC in February 1989 was not supplied by him (July 1989). It could not, therefore, be verified by Audit if the 14 categories of projects administratively approved by the DC for Rs.265.96 crores during 1983-84 to 1988-89 were included in the shelf of projects and the annual action plans and had the approval of the State Project Approval Board and the Central Committee. The DC did not also intimate (July 1989) if any projects which were not yet approved by the Central Committee, were being implemented in the State. It was, however, noticed during test check that projects for establishment of 158 sericulture units at a cost of Rs.5 crores and pasture development in 0.35 lakh hectares at a cost of Rs.7 crores which were administratively approved by the DC during November 1987 and January 1988 respectively were being

implemented though not yet approved by the Central Committee. It was also noticed that the works of construction of 3 drinking water wells and 10 Kharanjas and development of pasture in 100 hectares and horticulture in 20 hectares were being undertaken in Bilaspur and Morena districts of the State and Rs.7.21 lakhs were spent on them till March 1989, although they were not yet approved by the DC (July 1989).

### 3.22.6 Finance

3.22.6.1 Yearwise details of the Central assistance received, the budget provision made and the expenditure incurred by the State Government during 1983-84 to 1988-89, as reported by the DC, are shown in the table below:

Year	<u>Central assistance</u>			Budget Provi- sion	Expen- diture inclu- ding cost of food grains	Shortfall in expenditure with refer- ence to	
	Cash	Cost of food- grains	Total			Central Budget	provi- sion and cost of food- grains as per Column number (3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in crores)							
1983-84	8.48	-	8.48	8.25	1.60	6.88	6.65
1984-85	30.73	-	30.73	30.24	25.11	5.62	5.13
1985-86	36.67	-	36.67	39.25	28.79	7.88	10.46
1986-87	40.18	11.58	51.76	39.24	48.48	3.38	2.34
1987-88	39.52	13.55	53.07	39.25	51.99	1.08	0.81
1988-89	63.27	NA	63.27	40.33	47.10	NA	NA

NA = Not available

It would be seen that although the RLEGP was fully financed by the Central Government, the funds provided by the State Government in the annual budget estimates were less than the Central assistance received in all the years except during 1985-86. Further, although the expenditure reported by the DC included amounts of advances lying unutilised with the implementing agencies (exact amount not known to the DC), the expenditure during 1983-84 to 1987-88 (details of quantities and cost of foodgrains allotted by Government of India and lifted by the State Government in 1988-89 were not made available) fell short of the budget estimates by Rs.25.39 crores and of the Central assistance by Rs.24.74 crores. Reasons for lesser provision of funds and lesser utilisation of Central assistance have not been intimated by the DC (February 1990).

**3.22.6.2 Allocation for Social forestry and Scheduled Castes/Tribes.-** The RLEGP provided that 25 and 10 per cent respectively of the total allocation of funds be earmarked for social forestry works and the works for the exclusive benefit of SCs/STs, each year. Information relating to the funds earmarked for these purposes and the actual expenditure incurred was not furnished by the DC. However, only 19 per cent of the funds sanctioned related to social forestry, while none of the projects sanctioned during 1983-84 to 1988-89 was exclusively for the benefit of SCs/STs. Reasons have not been received (February 1990) from the DC.

**3.22.6.3** In 1987-88, the DC diverted Rs.41.02 lakhs from RLEGP to works sanctioned under the scheme of Development of Women and Child in Rural Areas (DWCRA). Again in the

same year, the DC provided Rs.300 lakhs for RLEGP works in scarcity affected areas without mentioning the details of works in the allotment order. The details of works on which expenditure was actually incurred were also not available. While the reasons for the diversion of Rs.41.02 lakhs were not stated, the details of the expenditure of Rs.300 lakhs were to be collected from the districts (July 1989).

In all the 7 test checked districts, Rs.10.45 lakhs were found to have been spent by some executing agencies on works sanctioned under NREP/World Bank scheme, and on other departmental works as also on purchase of jeep. The reasons for the diversion of funds were not intimated by these agencies.

3.22.6.4 Being autonomous bodies registered under the M.P. Societies Registration Act, 1973, the DRDAs were required to prepare accounts incorporating transactions relating to all activities undertaken by them. While the DRDA, Sehore prepared combined accounts for transactions pertaining to all the schemes, the DRDAs, Bilaspur, Indore and Shahdol did not prepare any accounts of the RLEGP funds. The DRDAs Morena and Shivpuri prepared accounts for the years 1983-84 to 1987-88 and the DRDA Ujjain for the years 1983-84 and 1984-85 only.

✓ 3.22.6.5 The DRDAs of the test checked districts exhibited the funds advanced to the executing agencies as final expenditure in the accounts without getting the details of actual expenditure.

3.22.6.6 According to the instructions (January 1984) of the State Government, the RLEGP works were to be executed as deposit

works and the funds received by the executing officers from the DRDAs were to be deposited by them under 'Civil Deposits' in the treasury. However, some departmental officers such as Assistant Soil Conservation Officer, Shivpuri, Sub-Divisional Officers of Rural Engineering Services, Morena, Shivpuri and Ujjain, Assistant Directors of Horticulture, Bilaspur, Indore, Morena and Shivpuri and Divisional Forest Officers, Bilaspur, Indore and Korba, in 6 out of 7 test checked districts (excluding Sehore) kept the funds received from the DRDAs in Bank Accounts. Reasons for not keeping the funds in Civil Deposits were not intimated.

### 3.22.7 Foodgrains

**3.22.7.1 Payment of wages in the form of foodgrains.**- The RLEGP provided for payment of wages of the labour, partly in cash and partly in the form of foodgrains. Foodgrains required by the States for distribution to labour were to be supplied to them by the Government of India as additive, subject to their (State's) acceptance. The States which accepted foodgrains as additive were required to pay at least 50 per cent of the wages in foodgrains except where this condition was relaxed by the Government of India. The quantity of foodgrains required to be issued to each labourer was reduced to 2.5 kilograms from November 1987 and to 1.5 kilograms for April 1988. The State Governments could also supply coarse cloth, edible oil, fuel, etc., as part of wages to the labour engaged. Madhya Pradesh Government accepted the foodgrains as additive.

### 3.22.7.2 Receipt and utilisation of foodgrains

(i) According to the DC, he allotted



2.75 lakhs tonnes foodgrains to all the 45 districts during 1983-84 to 1988-89 from out of 2.79 lakh tonnes received from Government of India. Only 2.37 lakh tonnes of foodgrains were lifted by the departments executing RLEGP works and 2.06 lakh tonnes were actually issued to the labourers engaged on works during the above period. The reasons for not allotting 0.04 lakh tonnes of foodgrains to the districts as also for the departments not lifting 0.38 lakh tonnes and not issuing 0.30 lakh tonnes to the labourers even when a large number of labourers did not get foodgrains, as mentioned in the succeeding sub-paragraphs, were not intimated by the DC (July 1989). The period from which unissued quantity of 0.31 lakh tonne foodgrains was lying with the departments and their condition were also not reported.

(ii) Even if the entire quantity of 0.71 lakh tonnes rice and 1.6 lakh tonnes wheat lifted by the executing departments in all the districts of the State during 1983-84 to 1988-89 is taken to have been distributed to the labour (information about actual distribution was not made available), these departments could have generated only 841.06 lakh mandays during this period. Against this, the DC reported the employment generation of 1,263 lakh mandays. Obviously, foodgrains must not have been issued to all the labourers in the prescribed quantities. Test check in the 7 selected districts brought out that 7 departments executing RLEGP works did not issue any foodgrains to the labourers due to non-availability of foodgrains and paid the entire amount of wages of Rs.71.98 lakhs in cash.

(iii) The foodgrains received were to be issued to the labourers alone and that too as part of their daily wages. However, the Irrigation and Public Works divisions, the offices of Rural Engineering Services and the Development Blocks in Bilaspur, Indore and Ujjain districts irregularly issued 228 tonnes of foodgrains (cost: Rs.3.50 lakhs) to suppliers for payment of cost of building materials purchased for use in works and 95 tonnes (cost: Rs.1.47 lakhs) to transporters for payment of transportation charges in respect of such materials. While other officers did not specify any reasons, the Block Development Officers of Ujjain and Mhow (Indore) stated (June 1989) that some of the foodgrains exchanged for material must have been used by the suppliers/contractors for payment of wages to labourers engaged by them.

(iv) Three co-operative societies distributing wheat to the departments executing RLEGP works in Morena district and Assistant Soil Conservation Officer, Shahdol sold wheat in the open market for Rs.0.48 lakh since it had become unfit for human consumption. The quantities of wheat spoiled, the circumstances under which it was rendered unfit and action taken against persons responsible for it were not intimated (October 1989).

### 3.22.7.3 Transportation of foodgrains

(i) The Manual provided for release by Government of India to the State Government of funds computed at the rate of not more than Rs.150 (Rs.200 from November 1985) per tonne of foodgrains supplied to the latter to enable it to meet charges for handling and transportation of foodgrains from the Food Corporation of India

godowns to work sites. Thus, the State Government was entitled to receive from Government of India reimbursement of the actual expenditure incurred on handling and transportation of 2.37 lakh tonnes of foodgrains actually lifted by various departments executing RLEGP works in the State during 1984-85 to 1988-89 (no allotment for transportation charges during 1983-84), upto a maximum of Rs.459.50 lakhs. Actual expenditure incurred by the State Government during the period was either not known to the DC or was more than the maximum rate admissible. The State Government received Rs.523.39 lakhs from the Government of India during this period. Thus, excessive Central assistance of Rs.63.89 lakhs was received by the State Government during the period which needs to be refunded to the Government of India.

(ii) In the 7 test-checked districts while carting of 5,076 tonnes of foodgrains was done by departmental vehicles without incurring expenditure on transportation, 3,006 tonnes were got carted through contractors on payment of Rs.3.82 lakhs out of the funds provided for execution of works during 1983-84 to 1988-89. The DC adjusted Rs.15.47 lakhs on account of transportation charges for the entire quantity of 8,082 tonnes against the allotment for transportation, although no amount was receivable for the transportation of 5,076 tonnes and the charges for transportation of 3,006 tonnes were already received in the form of cost of works. Thus, excessive Central assistance of Rs.16.16 lakhs was wrongly adjusted during this period.

3.22.7.4 **Empty gunny bags.**- According to the Manual, account of empty gunny bags was to be kept by the implementing agencies/DRDA and the bags were to be disposed of in

accordance with the procedure to be prescribed by the State Government. The procedure for disposal of empty gunny bags was not yet (July 1989) prescribed by the State Government or the DC. The information regarding the disposal of empty bags of 2.07 lakh tonnes of foodgrains utilised by the implementing agencies during 1983-84 to 1988-89 in the whole State was also not collected by the DC in order to decide about the utilisation of the sale proceeds. In 4 (Indore, Morena, Shahdol and Shivpuri) of the 7 test-checked districts, out of 1,48,956 empty bags only 98,476 bags were disposed of by three districts for Rs.3.54 lakhs (Indore: 14,495 bags; Rs.0.72 lakh, Shahdol: 76,878 bags; Rs.2.46 lakhs and Shivpuri: 7,103 bags; Rs.0.36 lakh) during the above period and the sale proceeds were lying unutilised with the respective DRDAs.

### 3.22.8 Generation of employment

3.22.8.1 The position of targets fixed for generation of employment and the employment actually generated during 1983-84 to 1988-89, as reported by the DC was as under:

Year	<u>Generation of employment</u>	
	Targets	Achievements
	(In lakh mandays)	
1983-84	Not fixed	15.97
1984-85	2,43.76	2,32.18
1985-86	1,56.91	1,94.24
1986-87	2,34.00	2,78.83
1987-88	2,79.32	2,84.93
1988-89	2,84.98	2,56.85

The target fixed for 1985-86 was not realistic. As per the norms, 50 per cent of the allocation of Rs.3,687.80 lakhs during 1985-86 was meant for wage component. Since wage rate during that year was Rs.9.15 per day per labour, the target for that year should have been 201.51 lakh mandays. The DC stated (July 1989) that the targets were fixed by the Government of India. The reasons for shortfalls in generation of employment during 1984-85 and 1988-89 were not stated.

3.22.8.2 The main object of the programme was to provide employment to at least one member of every rural landless household upto 100 days in a year. Information regarding actual coverage of landless families and the number of days for which employment was provided to each of them was not available with the DC as also in the districts test-checked, reportedly due to non-collection of such figures.

3.22.8.3 As per the Manual, in providing employment, preference was to be given to rural landless labourers and among the landless to those belonging to SCs/STs and to women. Yet, category-wise targets were not fixed. Category-wise break up of achievements for 1983-84 and position of employment provided to landless in 1984-85 were not available with the DC. During other years, however, as per the information furnished by the DC, the employment provided to landless, SCs and STs ranged between 33.01 (1987-88) and 43.4 (1986-87) per cent, 19.3 (1984-85) and 35.9 (1987-88) per cent and 33.5 (1984-85) and 40.9 (1985-86) per cent respectively of the total employment generated.

3.22.8.4 The figures of employment actually generated as reported by the DC were not correct since he was reporting assumed

figures on notional basis for the whole State on the basis of employment generation reported by some districts from which reports were received by him. Further, the achievements of employment generation during 1984-89 in 6 of the 7 test-checked districts (except Ujjain for which information was not supplied) were not as high as claimed by the DC for the whole State and ranged between 41 per cent (1985-86) and 64 per cent (1987-88) of the targets.

3.22.8.5 In the test checked districts it was found that most of the departments had reported assumed figures of employment generation by first presuming that 50 per cent of total expenditure related to wages and then by working out the number of persons employed by dividing such 50 per cent expenditure by the rate of daily wage. Further, the Panchayats and the contractors/Land Army were not furnishing any report on the employment actually generated.

3.22.8.6 As per Manual, the muster rolls should have entries showing category of the workers like SCs, STs, landless or women workers. In none of the test-checked districts were these entries found to have been made in the muster rolls. No reasons for the same were stated.

3.22.8.7 Payment of wages to labour engaged was to be made promptly and delay of more than a week was prohibited. In three (Bilaspur, Shahdol and Shivpuri) of the seven test-checked districts delay in payment of wages however, ranged between 1 and 10 months. The delays were attributed to non-availability of funds.

### 3.22.9 Execution of works

#### 3.22.9.1 Position of quantities of works

sanctioned and completed till March 1989, as reported by the DC, is shown in the table below:

Sl. No.	Category of work	Unit	Works sanctioned till March 1989	Works completed till March 1989	Percentage of Achievement
(1)	(2)	(3)	(4)	(5)	(6)
1.	Road works	Kilometre	4,387	1,324	30
2.	Development of Forest villages				
	a) Village approach roads	Kilometre	1,661	1,440	87
	b) Drinking water	Number	1,000	873	80
	c) Nistar Tanks	Number	200	200	100
3.	Social Forestry	Hectares	1.65 lakhs	0.91 lakh	55
4.	Mahila Mandal Nurseries	Number	459	433	94
5.	Sericulture	Hectares	1,340	1,310	98
6.	Field channels	Hectares	0.64 lakh	0.42 lakh	66
7.	Soil Conservation	Hectares	0.21 lakh	0.16 lakh	76
8.	Primary School Buildings	Number	5,010	2,007	40
9.	Nistar tanks/ Stop dams/lift irrigation	Number	1,995	635	32
10.	Indira Awas Yojna	Number	43,464	19,004	44
11.	Sanitary Latrines	Number	18,000	3,767	21
12.	Womens work sheds	Number	918	774	84
13.	Rural Godowns	Number	225	113	50
14.	Kharanjas (Internal Pavements)	Number	918	485	53
15.	Million Wells Schemes	Number	10,500	2,914	28

Thus, less than 50 per cent of works in respect of 6 of the 15 categories only were completed during 1983-84 to 1988-89. Reasons for shortfall in achievement were not intimated by the DC (July 1989).

3.22.9.2 The RLEGP works were administratively approved for Rs.2,65.96 crores. Of these, a major portion of Rs.77.89 crores (29 per cent) was sanctioned for road works and only a small portion of Rs.38.43 crores (14 per cent) was sanctioned for minor irrigation, soil conservation, land development projects, etc., which could help sustain agricultural activities. Reasons for giving lesser emphasis on such projects were not intimated by the DC (July 1989).

3.22.9.3 Each RLEGP Project was to specify, inter alia, the period in which it was to be completed. In a review of the progress of the 276 works (Roads: 109; School buildings: 167) sanctioned during 1983-84 to 1988-89 in the 7 test-checked districts it was noticed that the execution of one road (sanctioned in November 1987) and 15 school buildings (1984-85: 1; 1987-88: 4 and 1988-89: 10) was not taken up. Further, the roads and school buildings were to be completed within 3 years and 1 year respectively. However, of the remaining 260 works, 54 (14 roads and 40 school buildings) were completed with the delay ranging from 1 to 3 years (one year: 35 works; two years: 13 works and three years and more: 6 works) and 76 works were in progress for a long period (upto one year: 43 works; two years: 26 works and three years and more: 7 works) beyond the prescribed time limits.



### 3.22.9.4 Expenditure incurred without sanctioned estimates

(i) A detailed estimate of each work is required to be prepared and got technically sanctioned from the competent authority before its commencement. It was, however, noticed during test check that 116 works were started and Rs.237.39 lakhs were spent on them by 14 offices in 7 selected districts upto 31st March 1989 without even preparing detailed estimates for these works as shown below:

Sl. No.	Department	Number of units	Number of works	Expenditure upto March 1989
(1)	(2)	(3)	(4)	(4)
				(Rupees in lakhs)
1.	Public Works (B & R)	5	28	82.52
2.	Irrigation	2	3	9.96
3.	Rural Engineering Services	1	63	97.31
4.	Forest	2	10	17.02
5.	Horticulture	2	8	10.83
6.	Ravine Reclamation	1	2	18.16
7.	Blocks	1	2	1.59
	<b>Total</b>	<b>14</b>	<b>116</b>	<b>237.39</b>

(ii) In respect of 15 roads (estimated cost: Rs.204.77 lakhs) under 3 Public Works Divisions in Bilaspur district, the Superintending Engineer accorded (December 1984) technical sanctions on the basis of stage I estimates with the direction that formation level of earth work should be decided and detailed estimates for roads and culverts should be prepared and got approved from him. It was, however, seen that although over 4 years had elapsed after the issue of the conditional sanctions and Rs. 166.33 lakhs had been spent on these roads

upto March 1989, neither the formation level of earth work was decided nor were the detailed estimates prepared and got technically approved so far. No specific reasons were intimated by the Divisions.

(iii) In respect of 27 roads (estimated cost: Rs.441.22 lakhs) under 6 Public Works Divisions in Bilaspur and Shahdol districts, the Executive Engineers had accorded technical sanctions for a total amount of Rs.137.71 lakhs by splitting up the estimates to bring them below Rs.5 lakhs each up to which they were empowered to sanction. Further, although Rs. 219.03 lakhs spent on these roads up to March 1989 had already exceeded the total amount for which technical sanctions were accorded, detailed estimates for the entire work of these roads were not prepared and got approved from the competent authority. No specific reasons were intimated by the Divisions.

3.22.9.5 As per Manual, the expenditure on a RLEGP work was not to exceed the amount sanctioned for it. However, actual expenditure incurred on 18 incomplete roads and 12 stop dams in 6 of the 7 test-checked districts during 1983-89 exceeded the approved cost of these works by Rs.35.21 lakhs. Excess expenditure was not regularised and reasons for the excess were not specified (July 1989).

3.22.9.6 **Irregular engagement of contractors.**- In order to make the full benefits of the RLEGP works reach the rural landless labourers, the Manual banned engagement of contractors or middlemen for execution of these works. Despite this ban, some item of works costing Rs.52.56 lakhs in respect of 56 works were got executed in 7 test-checked districts during

1983-84 to 1988-89 through individual contractors (Rs.41.31 lakhs) and Land Army(Rs.11.25 lakhs).

X The Manual also laid down that material shall be transported to the work sites by animal drawn carts; the use of power driven vehicles could be permitted by the District Collectors only in exceptional cases after considering justification for it in the case of each individual work project. However, material required for 91 works in 4 districts (Bilaspur, Shahdol, Shivpuri and Ujjain) were got transported through private trucks/tractors at a cost of Rs.39 lakhs during 1983-84 to 1988-89 as a matter of course at the rates approved by the Collectors for the district as a whole but without obtaining specific sanction of the Collectors in each case.

3.2 .9.7 **Extra expenditure.**- The Executive Engineer, Public Works Division, Morena, mentioned different quarries in the original and revised estimates prepared in April/June 1982 and August 1988 for collection of moorum and road metal for 2 RLEGP roads. The materials were actually got transported by contractors from yet other quarries totally different from those specified in the original and revised estimates though that involved longer lead. This resulted in extra expenditure of Rs.6.23 lakhs when compared to original estimates and Rs.3.91 lakhs when compared to revised estimates. Reasons for change of quarries although it involved longer lead were not specified by the Executive Engineer. Further, the same Division engaged different contractors at different rates for transportation of material to the work sites on Kenthari road. This resulted in extra expenditure of Rs.1.79 lakhs during 1987-88 with reference to the lowest available rate.

3.22.9.8 **Irregular expenditure.**- In the test-checked districts, Rs.8.08 lakhs were spent during 1983-84 to 1988-89 on land compensation, purchase of diesel pumps, maintenance and repair of jeeps, diesel for jeeps and wages of driver, etc., although not permissible. Reasons were not intimated by the executing officers.

3.22.9.9 In Forest (Territorial) Division, Morena, the work of construction of boundary wall in 1000 hectares of Pasture Development in Jaura Range was got done at the job rate from the Commandant, Land Army, Gwalior, at a cost of Rs.3.95 lakhs. The Land Army had generated employment of 25,475 mandays for the work during July-December 1986. Had the work been got done departmentally generating the same number of mandays, it would have required Rs.2.46 lakhs only and would have saved avoidable expenditure of Rs.1.49 lakhs. The Divisional Forest Officer had not specified any reasons for the extra expenditure.

3.22.9.10 Of the advances of Rs.17.67 lakhs paid to the Commandant, Land Army, Gwalior, by 4 implementing agencies in Morena and Shivpuri districts during 1985-89 for execution of RLEGP works, account for Rs.6.42 lakhs had not been obtained (July 1989); this included entire advance of Rs.1.25 lakhs in respect of 6 road works.

3.22.9.11 In the culverts on RLEGP roads, only pipes of NP 2 type corresponding to Indian standard NO.458 with a minimum diameter of 0.75 metre were to be used, if construction of masonry culverts using locally available material and manpower was not possible. However, in 2 of the 6 test-checked districts, pipes

of lesser diametre of 0.30 to 0.60 metre costing Rs.2.86 lakhs were purchased during 1983-89 for use in construction of pipe culverts on 13 roads. The reasons for deviations were not intimated by the Public Works Divisions.

3.22.9.12 According to the orders of the State Government, only the work of construction of school buildings, Nistari talabs and wells could be entrusted to Panchayats. However, construction of all the works of Indira Awas Yojna, Kharanja, Mahila work sheds, Rural Godowns, etc., in Bilaspur and Ujjain districts and some of these works in other 4 districts were also entrusted by the DRDAs to the Panchayats. The Block Development Officers of 15 of the 16 Blocks, covered by test check, booked the funds advanced to the Panchayats as final expenditure and did not obtain accounts of actual expenditure from Gram Panchayats to whom advances were paid for 262 works valuing Rs.154.96 lakhs during the period 1983-89. No reasons were intimated by the Block Development Officers.

3.22.9.13 **Abandoned works.**-The Kharang Irrigation Division, Bilaspur, abandoned in August 1986, the construction of field channels for Loharaghat Tank (estimated cost: Rs.6.60 lakhs) commenced by it during 1984-85, after spending Rs.0.45 lakh. The Executive Engineer reported (July 1989) that the work was abandoned due to opposition by cultivators.

#### 3.22.9.14 Unfruitful expenditure

(i) Against the sanction of Rs.18 lakhs for pasture development in 700 hectares (Rs.15.50 lakhs) and construction of 5 Nistari tanks (Rs.2.50 lakhs), the Executive Engineer, Ravine Reclamation, Morena, spent Rs.17.99 lakhs during 1986-87 and 1987-88 on earth work

alone. The works of plantation of pasture and construction of tanks were not done at all. The entire expenditure of Rs.17.99 lakhs was, thus, wasteful. The reply of the Executive Engineer has not been received (July 1989).

(ii) In Shivpuri district, 18 stop dams were constructed by Rural Engineering Services at a cost of Rs.9.22 lakhs, before onset of monsoon of 1988. The stop dams were not put to use till March 1989 because the earthen sides of the dams were washed away in rains causing seepage and flow of water due to which no water could be stored in the dams. It was reported that the earthen sides of the dams were washed away because flank protection walls of the dams were not constructed as proposed in the project estimates since their construction was not administratively approved by the Government.

(iii) Although construction of 28 stop dams was completed by Irrigation Divisions Jaura (Morena) and Ujjain in June 1988 at a cost of Rs.42.82 lakhs, the Kurry shutters were not yet provided in the openings of the dams. The dams could not, therefore, store any water and remained unutilised (July 1989).

(iv) Against the sanction of 12 Mahila Mandal Nurseries in Shahdol district, only 7 were established, the material worth Rs.0.43 lakh purchased (1986-87) for construction of sheds in remaining 5 nurseries was thus proved unfruitful.

3.22.9.15 The road metal return of Bhonderi road (Morena) did not enlist the receipt of 502 cubic metres of 90 MM metal costing Rs.0.48 lakh which were paid by the Executive Engineer, Public Works Division, Morena, in

February 1988. The relevant measurement book was not shown to Audit. The Executive Engineer did not intimate the reasons (February 1990).

3.22.9.16 Surpanchs/Panchs of 4 Gram Panchayats in Bilaspur and Shivpuri districts who were paid advances during 1983-89 for construction of school buildings did not utilise Rs.0.40 lakh and Revenue Recovery Certificates were issued against them between June 1987 and May 1988; position of recovery was not intimated (July 1989).

3.22.9.17 As per instruction (May 1989) of the State Government issued under another Central Sector Scheme Jawahar Rojgar Yojna (JRY), the incomplete works of NREP/RLEGP as on 31 March 1989 were to be completed from the unspent amounts of those schemes and 20 per cent amount from allotments under JRY. However, information regarding number of RLEGP works not at all taken up, number lying incomplete and the unutilised amounts lying with the State Government and the implementing agencies, was not available with the DC who stated (July 1989) that the information had been called for from the districts in June 1989 and was awaited (November 1989).

3.22.10 **Training of personnel.**- With a view to providing necessary orientation to the officers handling RLEGP, in order to make them aware of the appropriate technology and various low cost techniques involving higher degree of labour intensity, the State Government was required to organise suitable training programmes. Organisations like Council for Advancement of Rural Technology, National Building Organisation, Central Building Research Institute, Central Road Research Institute, etc., were to be involved in such training programmes. Information

regarding arrangements for such training made in the State was not supplied by the DC (July 1989).

### 3.22.11 Other points of interest

#### **Misappropriation of Government funds.-**

During 1987-89 the Block Development Officer, Katghora (Bilaspur) withdrew Rs.1.13 lakhs from Bank through 9 self cheques for RLEGP. On the counterfoils, the cheques were shown to have been issued to the payees but the amounts drawn were not taken in the cash book. Acknowledgements of the payees in support of the amounts received were also not available in the records of the BDO. Two of the five payees, who were claimed to have been paid Rs.0.31 lakh through 2 cheques, had sworn on affidavits that they had not received the amounts. Thus, Rs.1.13 lakhs were suspected to have been misappropriated. The present BDO promised (July 1989) to have the matter investigated and report sent.

### 3.22.12 Monitoring and Evaluation

3.22.12.1 **Monitoring.-** The planning, implementation and monitoring of RLEGP at the State level, was to be entrusted to a coordination committee for Rural Development Programmes having, among others, a representative of Government of India as its member. The Committee was required to meet at least once a quarter and review the preparation of the shelf of projects/annual action plans, execution of projects, payment of wages and distribution of foodgrains to the labour, timely release of funds to implementing agencies, proper maintenance of records, timely submission of reports, etc. The Development Commissioner intimated (December 1988)



that the State level Co-ordination Committee for Rural Development Programmes was constituted by the State Government in October 1978. The Committee met only once in each of the years from 1983-84 to 1986-87 and 1988-89 and thrice in 1987-88 and the representative of the Government of India attended meetings of the Committee only during 1983-84 and 1984-85. According to the minutes of the meetings of the Committee, the members present in the meetings were merely appraised of the position regarding expenditure, distribution of foodgrains and employment generated on works undertaken but the implementation of the ongoing works was not reviewed, as required. The DC stated (July 1989) that he had no comments to offer.

3.22.12.2 **Inspection of works.**- Officers dealing with the RLEGP at the State Headquarters and those in charge of the implementation of the RLEGP projects at various lower levels were required to visit the sites of work projects regularly to ascertain through field visits whether the programme was being implemented satisfactorily and the execution of works was in accordance with the sanction and time schedule prescribed for the project. The DC did not intimate (July 1989) the periodicity and other norms prescribed by him or by the State Government, if any, for the field visits of the State level and lower level officers as also the position of field visits actually undertaken by those officers. In the test checked districts, no record showing details of such inspections actually undertaken was available.

3.22.12.3 **Evaluation.**- The programme was evaluated neither by the State Government itself nor through any independent agency so far (July 1989) to ascertain the impact of the programme. The Development

Commissioner stated (December 1988) that the evaluation study of some of the schemes under the programme had been entrusted (1988-89) to the independent agencies and their reports were awaited (July 1989).

3.22.13 The matter was reported to Government in August 1989; the reply has not been received (April 1990).

### 3.23 **Mulberry silk reeling and twisting factory, Indore**

In 1956, the Government established a Mulberry silk reeling and twisting factory at Indore with an objective of reeling the mulberry cocoons purchased from the cultivators and Government farms in the State. An Assistant Director of Sericulture (ADS) was in charge of the factory. He was assisted by 2 field officers, 4 operators, a Junior Inspector, a Demonstrator, a Mechanic, a Boiler attendant and 63 workers. During 1985-86 to 1988-89, Rs.24.69 lakhs were spent on the factory against an allotment of Rs.27.59 lakhs. Further, Rs.49.30 lakhs were spent on purchase of cocoons by the centres. Receipts on account of sale of raw silk, twisted yarn, silk waste, yarn waste, unreelable and pierced cotton during this period amounted to Rs.53.37 lakhs.

A test check of records of the factory for the above period conducted by Audit during August 1988 to May 1989 brought out the following points:

(i) Of the 1,501.36 quintal cocoons purchased by the factory during the period of test check, 373.64 quintals (cost: Rs.9.34 lakhs) were not reelable. The ADS stated (May 1989) that the factory had to purchase all the cocoons produced in the State irrespective of

their quality. Out of the total stock of 452.02 quintals of unreelable cocoons (inclusive of stock of 78.38 quintals at the commencement of 1985-86) costing Rs.11.30 lakhs, the factory sold 356.23 quintals for Rs.5.28 lakhs to private person through tenders during 1985-86 to 1988-89, incurring a loss of Rs.3.63 lakhs. At the end of March 1989, the factory held stock of 95.79 quintals of unreelable cocoons (cost: Rs.2.39 lakhs) but could not intimate the period from which it held that stock. The Director, Sericulture attributed (December 1989) the withholding of that stock from sale of cocoons to the cocoons having been kept for conversion into spun yarn although it was not found economical.

(ii) Raw silk and the twisted yarn produced from it were sold by the factory through auction at rates not below those approved by the Director of Sericulture, without any consideration of costs of their production. Sale of 31.88 quintals raw silk and 45.59 quintals twisted yarn, at approved rates which were lower than their production cost, resulted in a total loss of Rs.17.79 lakhs during 1985-86 to 1988-89. The Director stated (October 1989) that being non-traditional belt rearing and reeling skills were not fully developed, hence the adverse effect of quality and quantity of produce could not be ruled out. The ADS stated that the cost of production could be reduced only by improvement in the quality of cocoons. The expenditure on establishment and labour was between 21 and 27 per cent of cost of production of raw silk and 36-50 per cent of cost of production of twisted yarn.

(iii) The factory did not prepare proforma accounts.

Thus, the poor quality to cocoons purchased

by the factory was mainly responsible for the losses incurred by the factory.

The matter was reported to Government in September 1989; reply has not been received (April 1990).

## TRIBAL, HARIJAN AND BACKWARD CLASSES WELFARE DEPARTMENT

### 3.24 Development of backward areas, Sub-plan for development of tribal areas

#### 3.24.1 Introduction

A detailed and comprehensive review of the tribal problems was done on the eve of the Fifth Five Year Plan when the Tribal Sub-Plan (TSP) strategy with focus on the Scheduled Tribes was evolved. This strategy was continued in the 6th Five Year Plan (1980-85). While retaining the strategy, the 7th Five Year Plan (1985-90) laid more stress on family oriented and beneficiary oriented schemes for eradication of poverty.

Madhya Pradesh has the largest tribal population (1.1987 crores) in the country constituting 23 per cent of the State's population. Out of the total area of the State comprising of 4.43 lakh square kilometres, Tribal Sub-Plan area constitutes 1.77 lakh kilometres (40 per cent) with a tribal population of 87.70 lakhs. Another 32.17 lakh tribals live outside the Tribal Sub-Plan area. The Sub-Plan covers 35 districts (4 fully and 31 partly) of the State involving 276 blocks (176 fully and 100 partly).

**3.24.2 Organisational set up.-** The TSP was operated through 42 Integrated Tribal Development Projects (ITDPs). After introduction of Modified Area Development Approach (MADA) in the second Five Year

Plan the entire sub-plan area was divided into 62 projects categorised as major (38), medium (8) and minor (16). However, in January 1988, the Government of India reorganised the TSP area into 49 viable units. The reorganisation was not yet implemented in the State for want of a notification of the State Government and all the 62 projects were being continued.

The development schemes were implemented by the sectoral departments at the district level and the Director, Tribal Area Development Planning was in over all charge at the State level. The Tribal, Harijan and Backward Classes Welfare Department acted as the nodal department. The evaluation of the implementation of the Tribal Sub-Plan in the State was to be done by the Director, Tribal Research Institute, Bhopal. At the regional level, 5 Regional Tribal Development Authorities at Bastar, Bilaspur, Indore, Jabalpur and Rewa exercise control over the working of the ITDPs, monitor implementation of the programmes by the ITDPs and other departments and conduct concurrent evaluation of the ongoing programmes in TSP areas.

3.24.3 **Audit coverage.**- A test check of the records of 4 zonal offices (RTDAs) at Bilaspur, Indore, Jabalpur and Jagdalpur, 6 ITDPs at Bastar, Betul, Dhar, Jhabua, Mandla and Kondagaon

(district Bastar), the units of the sectoral departments, directorates utilising TSP funds and the concerned autonomous bodies/corporations, etc., for the period from 1985-86 to 1988-89 was conducted during February to September 1989; the points noticed in the test check are dealt with in succeeding paragraphs.

#### 3.2A.4 Highlights

- Out of allotment of Rs.1020.64 crores during 1985-89, Rs.607.73 crores (60 per cent) were spent on items not directly connected with tribals including Rs.507.00 crores on infrastructural development,

(Paragraph 3.2A.6.1(i))

- Only 5 to 10 out of the 37 departments contributed the required 10 to 15 per cent of their TSP funds to RTDAs, as required.

(Paragraph 3.2A.5.3(ii))

- Development schemes were not scrutinised carefully resulting in discontinuance (October 1988) of 106 schemes taken up during 1985-89 after spending Rs.31.95 crores.

(Paragraph 3.2A.6.1(ii))

- Utilisation of services of Medical Officers, meant for tribal areas, in district hospitals at Mandla and Jhabua

resulted in diversion of expenditure of Rs.34.52 lakhs on their salaries to objectives outside the schemes.

(Paragraph 3.24.6.2(i))

- Payment of advance of Rs.3.10 crores from TSP funds in March 1988, as second instalment of interest free loan to an automobile unit in Dhar, resulted in unauthorised financial aid.

(Paragraph 3.24.6.3)

- Out of 41,514 small and marginal farmers, who were paid subsidy (Rs.14.26 crores) for wells, 19,499 (47 per cent) were non-tribals.

(Paragraph 3.24.6.5(iii))

- Although Rs.10.91 crores were spent on plantation of bamboo, Arjun, Mulberry and Kaju in 27,846 hectares, failure to allot them to the 'hitgrahies', as envisaged in the scheme, defeated the purpose of the expenditure..

(Paragraph 3.24.6.7)

- Against the target of 984 lakh cocoons and 0.33 lakh tribal beneficiaries during 1985-89 in 11 sericulture pilot projects in Bastar and Jhabua, achievement was only 28.85 lakh (4 per cent) cocoons and 1507 (5 per cent) beneficiaries.

(Paragraph 3.24.6.8 (i))

- There was irregular payment of State Capital Investment Subsidy of Rs.1.14 lakhs to an industrial unit in February 1986 by the General Manager, District Industries Centre, Jhabua.

(Paragraph 3.24.6.8 (ii))

3.24.5.1 **Finance.**- The TSP was financed from funds pooled from outlays from the State plans, Special Central Assistance (SCA) from the Ministry of Welfare, outlays from Sectoral programmes of Central Ministries/Directorates and institutional finance. While the TSP was to be financed mainly through an appropriate share in the Plan funds of the State Government, the outlays from other sources were to be only additive and supplemental. The Government had accepted the principle of earmarking funds for TSP in the same proportion as between the tribal population and the total population of the State. In order to ensure this as also to maintain an uninterrupted flow of funds for Tribal Welfare Programmes, Government created four separate grants (41, 42, 68 and 72) in its budget estimates for the TSP programmes. While utilisation of funds was the responsibility of the concerned administrative departments, the Tribal, Harijan and Backward Classes Welfare Department was to monitor flow of funds, the expenditure therefrom and reappropriations of funds where necessary. Although on the basis of the proportion



between the tribal and the total population of the State, 23 per cent of the total resources were to be provided for TSP, the actual share of TSP funds in the plan funds of the State was only 17.22 per cent in 1985-86, 17.95 per cent in 1986-87, 18.05 per cent in 1987-88 and 17.95 per cent in 1988-89.

During 1985-86 to 1988-89, no funds were received from the sectoral programmes of Central Government and from financing institutions. Yearwise position of budget provision comprising the funds received for TSP from the Plan funds of the State and the Special Central Assistance and the expenditure incurred therefrom during these years is shown below:

Year	Budget Provision			Expenditure			Saving	
	State Plan	SCA	Total	State Plan	SCA	Total	State Plan	SCA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	(In crores of rupees)							
1985-86	282.65	39.89	322.54	252.98	31.81	284.79	29.67	8.08
1986-87	317.87	44.00	361.87	286.19	44.16	330.35	31.68	0.16
1987-88	383.17	45.18	428.35	314.88	43.98	358.86	68.29	1.20
1988-89	NA	49.34	49.34	NA	46.64	46.64	NA	2.70
<b>Total</b>	<b>983.69</b>	<b>178.41</b>	<b>1162.10</b>	<b>854.05</b>	<b>166.59</b>	<b>1020.64</b>	<b>129.64</b>	<b>11.82</b>
NA - Not available.								

During 1985 to 1988 the departments surrendered Rs.129.64 crores (Revenue: Rs.72.37 crores; Capital: Rs.57.27 crores) from State Plan and Rs.11.82 crores during 1985-89 from Special Central Assistance. The entire provision of Rs.2.02 crores under 'revenue' during 1985-86 and 1986-87 and Rs.5.57 crores under 'capital' during 1985-86 and 1987-88 under grant No.'72 Upgradation of standards of administration as recommended by the Eighth Finance Commission- Tribal Administrations' was surrendered or withdrawn on the ground that the expenditure was being met by the departments concerned.

Analysis of the expenditure incurred on Tribal Sub-Plan during 1985-89 revealed that Rs.607.73 crores (60 per cent) were on objects not directly connected with the tribals (infrastructure: Rs.507.00 crores, diverted for other purposes, such as purchase of jeeps, salaries of staff, T.A., X-ray machines projectors and films, etc.: Rs.77.81 crores, advances to Banks and others for subsidies to small and marginal farmers for minor irrigation: Rs.21.07 crores, and kept under civil deposits: Rs.1.85 crores). This included Rs.33.11 crores from Special Central Assistance, which was exclusively meant for beneficiary oriented schemes.

### 3.24.5.2 Irregularities in utilisation of TSP funds

#### Special Central Assistance.-

With a view to implementing the schemes of the State Government for tribal development, Government of India, Ministry of Welfare provides Special Central

Assistance to the State Government every year. The assistance is provided as a gap filler in areas where State Plan provision is not available or are inadequate. On the recommendations of the working group on the Seventh Five Year Plan, the SCA was being released by Government of India, ITDP - wise with directions that the State should also disburse it ITDP-wise only so that each ITDP was assured of a certain minimum flow of funds and there was no discrimination in allocation of funds by the State. Contrary to these instructions, the Finance Department of the State Government continued to allot the SCA to the different departments directly instead of to each ITDP. The Director stated (August 1989) that in spite of best efforts, the State Finance Department could not make arrangements to allocate funds ITDP-wise and that the concerned departments were not observing the rules/norms prescribed for expenditure from this assistance. Further, the SCA amounting to Rs.33.11 crores was found to have been misutilised by various departments, in contravention of SCA rules as mentioned below:

(i) Although SCA was not to be spent on salaries of staff, Rs.4.31 crores were spent for that purpose by Agriculture Department (Rs.3.42 crores) and Horticulture Department (Rs.0.89 crore) during 1985-86 and 1986-87.

(ii) Though SCA was to be spent only for approved tribal welfare schemes, the Tribal, Harijan and Backward Classes Welfare, Veterinary and Fisheries departments spent Rs.16.79 crores during 1985-86 to 1988-89 on contribution to the Nucleus fund, created during 1981-82, for expenditure on objects not directly beneficial to the tribals.

The Director TADP stated (August 1989) that Government of India had permitted such use of SCA but supporting orders were not produced. The Director, Animal Husbandry stated (April 1989) that this was done due to non-availability of funds under regular budget. The Director of Fisheries did not intimate any reasons.

(iii) Although the scheme for grant of additional subsidy for minor irrigation projects of small and marginal farmers was a state sector scheme and the entire expenditure on subsidy was to be borne by the State Government, the Government spent Rs.3.45 crores out of SCA on the subsidy during 1985-86 to 1988-89. Comments of the Director of Agriculture were awaited (September 1989).

(iv) The Madhya Pradesh Antyavasai Sahakari Vikas Nigam, a registered co-operative society, was established in March 1979 with an authorised capital of Rs.15 crores contributed by the State and Central Government in the ratio of 51:49.

However, against the total contribution of Rs.1.12 crores during 1985-86 to 1988-89, Rs.0.90 crore were

paid to the Nigam from the Special Central Assistance and only Rs.0.22 crore from the State funds. Further, the contribution of Central Government was to be paid from allocations for Centrally Sponsored Schemes and not from Special Central Assistance which was exclusively meant for beneficiary oriented schemes.

(v) During 1985-86 to 1988-89 Rs.1.02 crores were paid to the Udyami Vikas Sansthan, a registered society under the M.P. Firms and Societies Act, for providing training-cum-production facilities in tribal areas as Grants-in-aid from the Special Central Assistance for establishment expenses. Although instructions (September 1985) of Government of India provided for utilisation of Special Central Assistance primarily for family oriented income generating schemes as an additive to State Plan effort, the Sansthan spent Rs.49.42 lakhs out of the grant of Rs.66.94 lakhs received in 1985-88 on items like salaries (Rs.26.52 lakhs), maintenance of vehicles (Rs.5.67 lakhs), rent (Rs.3.97 lakhs), entertainment (Rs.0.39 lakh), purchases of electrical appliances (Rs.0.56 lakh) contributions to the Chief Minister's relief fund (Rs.1 lakh) and purchase of Ambassador car (Rs.1.29 lakhs) etc.

### 3.24.5.3 Nucleus Fund

(i) The Madhya Pradesh Adivasi Upyojana Nabhikiya Rashi Niyam, (M.P. Tribal Sub Plan Nucleus Fund Rules) 1984 envisaged creation of a discretionary fund

to be placed at the disposal of the Project Administrators (PA) and Regional Tribal Development Authorities for implementation of small development schemes of local importance, not covered by or supplemental to the regular plan schemes. Only such schemes, which could be completed within the same financial year and would benefit the tribals in the long run and solve their immediate and urgent needs, were to be financed from the Nucleus Fund. The Tribal, Harijan and Backward Classes Welfare Department was contributing Rs.4 crores wholly from Special Central Assistance every year to the Fund out of which each of the five Regional Tribal Development Authorities were provided Rs.25.00 lakhs annually and the balance of Rs.2.75 crores was allocated to the 62 project administrators on the basis of the population and project area in the ratio of 80 and 20 per cent. Further, each sectoral department was also required to transfer 10 to 15 per cent of TSP funds to the RTDAs in respective regions to be utilised for departmental schemes in their respective regions. The amounts under Nucleus Fund were to be utilised by the project administrator with the approval of the Project Advisory Committee on construction works upto Rs.50,000 and other works upto Rs.10,000 in each case and beyond these limits approval of the Additional Commissioner RTDA would be required. The accounts of expenditure and progress of work were required to be kept by P.A./Additional Commissioner and the detailed accounts by the Departmental

Officers who would send quarterly progress reports to the P.A./Additional Commissioner.

(ii) During the year 1985-86 to 1988-89 an amount of Rs.16 crores was allocated by the Tribal, Harijan and Backward Classes Welfare Department from Special Central Assistance towards Nucleus Fund without corresponding contribution from the State Funds. Though the Government orders required each department to contribute 10-15 per cent of TSP funds to RTDAs, only five departments in 1985-86, seven in 1986-87 and ten each in 1987-88 and 1988-89, out of 37 departments contributed Rs.2.59 crores to RTDAs Bastar, Bilaspur, Jabalpur and Indore during 1985-89 (information in respect of RTDA, Rewa was not available), other departments diverted contributions due from them to other purposes.

(iii) According to Government instructions, 10 to 15 per cent of their respective sub-plans were to be transferred by the various departments to the RTDAs to be utilised for departmental schemes. It was, however, noticed in RTDA Bastar that out of Rs.54.04 lakhs received during 1985-89 from other departments, Rs.32.91 lakhs were utilised by Dairy Development, Veterinary, Medical and Forest Departments for purchase of jeep (Rs.1.10 lakhs), maintenance of vehicles

(Rs.0.45 lakh), part construction of laboratory building (Rs.0.89 lakh), equipment (Rs.7.61 lakhs), purchase of X-ray films and accessories (Rs.2.05 lakhs), medicines (Rs.20.24 lakhs) and projector with generator (Rs.0.57 lakhs), etc.

The RTDA, Bastar had stated (June 1989) that the expenditure was incurred in accordance with Nabhikiya Rashi Niyam, 1984 and wherever the rules were not observed it was done in public interest. The contention was hardly tenable as the expenditure was incurred on objects not beneficial to the tribals and also on items/purposes not prescribed in the rules.

(iv) The Nucleus Fund was to be utilised for implementation of small development schemes of local importance, not covered by regular plan schemes. However, Rs.376 lakhs (93 per cent) out of the allotment of Rs.408 lakhs received during 1985-89 was spent by RTDAs Bastar, Bilaspur, Jabalpur and Indore on non-permissible items like provision of consumable articles and creation of additional infrastructures in schools/hostels.

The Commissioner, Tribal Welfare stated that the M.P. Nucleus Fund Rules, 1984 permitted such utilisation and the expenditure was incurred on the above objects in view of the limited provision



of funds in the regular budget. As the funds were created mainly for execution of small development schemes for meeting urgent needs of the tribals, the statement of the Commissioner was not tenable.

(v) In ITDP Narainpur Rs.2.28 lakhs were spent on furnishing a rest house (Rs.0.41 lakhs), construction of boundary wall of the Project Officer's residence (Rs.0.19 lakhs) and construction of post matric hostel (Rs.1.68 lakhs). In ITDP Kondagaon, Rs.1 lakh was spent on construction of two hostel buildings and Rs.0.20 lakh on survey of a stop dam.

#### 3.24.5.4 **Diversion of TSP Funds to non-TSP purposes**

(a) A working group on Tribal Development found out (December 1984) that in contravention of instructions, many departments diverted funds received for TSP and that the control of the nodal department on utilisation of funds was not effective. Though the State Government had decided in December 1984 that from Seventh Plan onwards, the TSP funds were to be placed at the disposal of Tribal Department which was declared nodal department for the purpose of exercising control over these funds, the Finance Department continued placing funds directly at the disposal of the concerned departments without the knowledge of the

nodal department. The Director stated (August 1989) that pooling of funds was now proposed to be adopted from the Eighth Plan and that diversion of funds without specific concurrence of the nodal department was not possible because of the control measures that existed for ensuring proper utilisation of funds. However, during 1988-89, Irrigation Department alone was found to have diverted Rs.2.90 crores from TSP funds to non-TSP works without concurrence of the nodal department on the plea that there were no proposals for works in Tribal areas.

(i) In Bastar and Mandla districts allotment of Rs.68.68 lakhs under Tribal sub-plan for opening new hospitals, Dental services, improvement of medical facilities, etc. made during 1986-89 remained unutilised and was re-appropriated for other purposes.

(b) **Transfer of non - TSP expenditure**

(i) Although entire amount of subsidies to small and marginal farmers for construction of wells under minor irrigation was charged as expenditure in Government accounts when initially released to various banks for disbursement to beneficiaries, Rs.18.37 crores released to the commercial Banks during 1983-84 to 1988-89 were lying in these banks and were not yet disbursed to the beneficiaries (June 1989). Further, while the Banks earned Rs.1.09 crores as interest on this

undisbursed amount at the rate of 14 per cent per annum the banks did not pay any amount to the Government.

(ii) During 1985-89, the Fisheries department advanced Rs.131.25 lakhs to the executing agencies like P.W.D., Irrigation, P.H.E., R.E.S., M.P.E.B., F.F.D.A. and Fisheries Corporation for construction works.

No date was fixed for completion of these works. The Director (Fisheries) did not have information about the expenditure actually incurred from these advances, and the progress of construction works.

#### 3.24.6.1 Implementation of tribal development scheme

(i) Despite increasing emphasis in every successive Five Year Plan on quantifying funds for beneficiary oriented schemes, it was noticed that heavy investments on infrastructure continued during 1985-89. Out of the provision of Rs.1021 crores under Tribal Sub-Plan during 1985-89, Rs.507 crores (nearly 50 per cent) were invested on infrastructural development in eleven sectoral departments (Land Reforms, Irrigation, Agriculture, Energy, Industry, Mining, Transport, Ecology and Environment, Police Housing, Urban Development and Jails).

(ii) The development schemes proposed by the sectoral departments during 1985-89 were not scrutinised

carefully with the result that 106 of the schemes taken up during 1985-89 had to be discontinued in October 1988 after spending Rs.31.95 crores (State Plan Funds: Rs.24.78 crores, Special Central Assistance: Rs.7.17 crores) as they were taken up for execution without assessing their utility to the tribals.

### 3.24.6.2 Public Health and Family Welfare Department

#### (i) Mobile units for health survey - cum - treatment in tribal areas

With a view to launching an intensive health survey-cum-treatment drive in tribal areas in a phased manner, Government had sanctioned (March 1978) 20 teams under TSP, each team comprising 2 Male Assistant Surgeons, 2 Lady Assistant Surgeons, 4 Auxiliary nurse midwives, 4 ward boys, 2 cooks and a sweeper. These teams were to be posted in six districts, 4 each in Bastar, Shahdol, Mandla and Sarguja districts and 2 each in Khargone and Jhabua districts. While no annual targets were fixed, the teams were expected to cover the tribal population in these districts block by block on a continuous basis.

Mention of the ineffective functioning of the teams in Bastar and Shahdol districts was made in Paragraph 3.22 of the Report of the Comptroller and

Auditor General of India for the year 1979-80 (Civil). Expressing its displeasure over the indifferent attitude of the departmental authorities the Public Accounts Committee in its 107th Report (May 1987) recommended disciplinary action against those responsible. Even then, it was noticed (July 1989) that in Mandla and Jhabua districts during the year 1985-86 to 1988-89, only 9 to 4 doctors were actually working against the sanctioned strength of 16 (for 4 teams in Mandla) and 8 (for 2 teams in Jhabua) respectively and they were attached to the district hospitals instead of being deputed to the tribal areas for survey and treatment, for want of vehicles. Expenditure of Rs.34.52 lakhs on the salaries of these doctors during 1985-86 to 1988-89 was therefore, on the objectives outside the programme.

**(ii) Non-opening of dispensaries**

For providing medical facilities to the tribals by opening 35 Ayurvedic, 32 Homoeopathy and 5 Unani dispensaries, Government provided Rs.1.45 crores under TSP during 1985-86 to 1988-89. Only 27 Ayurvedic, 20 Homoeopathy and one Unani dispensaries were actually opened and Rs.0.74 crores spent during these years. Against the requirement of 72 Doctors, 72 Compounders, 45 Dais and 72 Dawasaj, posts of 24 Doctors, 60 Compounders, 45 dais and 10 Dawasaj (Dispensers) were not filled up

till the end of August 1989. A saving of Rs.18.00 lakhs during 1988-89 occurring due to non-filling up of the posts was re-appropriated in March 1989 for purchase of medicines but was irregularly utilised for making payment of pending bills of earlier years (14 lakhs) and travelling allowances claims (4 lakhs) of medical Department which had no funds for that purpose.

### 3.24.6.3 Industries Department

#### Irregular sanction of loans to Industrial Units

(i) In lieu of the concession under Rules for the grant of Sales Tax Subsidy/Loan to Industries in Madhya Pradesh introduced from 1st April 1977 which was admissible to a limit after it went into production, Government sanctioned in May 1985 an interest free loan of Rs.10 crores to an industrial unit for establishing a new automobile unit at Pithampur (District Dhar). The loan was payable to the unit in three instalments through the Madhya Pradesh Vikas Nigam, Bhopal which was to enter into an agreement with the unit and ensure recovery of the loan. After a moratorium of 5 years the loan was repayable in five annual instalments failing which penal interest at 15 per cent per annum was leviable. The first instalment of Rs.3.50 crores was sanctioned in March 1986 from the departmental head of account and the second instalment of Rs.3.10 crores in

March 1988 from the grant for TSP, of which the Madhya Pradesh Audyogik Vikas Nigam Limited paid Rs. 3.50 crores to this unit in March 1988 after the latter furnished proof of investment of Rs.3.65 crores and the second instalment of Rs.3.10 crores was still lying undisbursed with the Nigam, reportedly for want of demand from the industrial unit. The loan could be paid to the unit only after it went into production. Further, as per Rule 11 of the Rules *ibid*, the loan was not payable in advance but was to be reimbursed to the Nigam on receipt of claims showing actual disbursement. Even then, the instalments were paid to the Nigam in the form of advances for disbursement to the unit which had not commenced production. The Nigam had either kept this money as deposit in the banks or utilised it for other purposes. At the rate of 10 per cent, an interest of Rs.1.11 crores stood accrued on Rs.3.50 crores for the period from April 1986 to February 1988 and on Rs.3.10 crores for the period from May 1988 to September 1989. This amount obviously would not be utilised on tribal development schemes.

The Director of Industries stated (September 1989) that this loan was sanctioned by Government as a special case and the reasons for such sanction were not available with him.

(ii) It was also noticed during test-check of the records of the General Manager, District Industries Centre, Jhabua in June 1989 that State Capital Investment subsidy of Rs.1.14 lakhs was irregularly paid in February 1986 to an industrial unit established prior to 26.1.1980 though the scheme was applicable only to new industrial units registered on or after 26th January 1980. Comments of the General Managers and the Director of Industries were awaited (September 1989).

### 3.24.6.4 Irrigation Department

#### (i) Incomplete works of minor irrigation

Following minor irrigation projects taken up by the Irrigation Department under tribal sub-plan in Betul District during 1980-81 to 1985-86 were incomplete (July 1989) though they were to be completed within 2-3 years from the date of commencement.

Name of the Project	Total estimated outlay (in lakhs)	Date of commencement of work	Stipulated period of completion from the date of commencement (Years)
Jheerdol	23.26	February 1980	2
Gaudi Gaula	23.26	April 1980	3
Khairwada	23.96	February 1980	3
Khokra	55.50	February 1983	3
Ranipur	417.18	1985-86	3



In Jheerdol Project, work was stopped in March 1985 (expenditure till the date of stoppage of work being Rs.12.09 lakhs) for want of permission of Forest Department under the Forest Conservation Act, 1980; in Khairwada and Ranipur projects work was discontinued in 1985-86 and March 1988 respectively (expenditure till date of stoppage Rs.3.40 lakhs and Rs.93.02 lakhs respectively) for want of settlement of acquisition claims of the displaced tribal farmers and the Khokra project was delayed without reasons. Delay in execution of these projects resulted in escalation of costs by Rs.57.91 lakhs for which approval of the State Government was awaited (August 1989). Reasons for not completing these pre-requisites before commencement of the projects were not intimated (September 1989).

### 3.24.6.5 AGRICULTURE DEPARTMENT

(i) Minor irrigation works under Drought Prone Areas Programme (DPAP) were scheduled to be completed within 3 months after the close of the financial year. But out of 46 minor irrigation works taken up by the Deputy Director of Agriculture, Jhabua during 1985-89, only 22 works were completed till June 1989 at a cost of Rs.30.59 lakhs leaving 24 works incomplete after spending Rs.22.09 lakhs on them. Against the targetted 6.58 lakh hectares,

irrigation potential of 1.53 lakh hectares only could be created. No reasons for the delay in completion of the projects and shortfall in the irrigation potential were intimated.

(ii) Against a target of 4499 wells (estimated cost: Rs.83 lakhs) under a programme of digging shallow wells, only 2747 wells were dug in Jhabua district at a cost of Rs.85.40 lakhs during 1985-89, resulting in total additional cost of Rs.34.72 lakhs at the rate of additional cost per unit of Rs.1264.00 (Actual cost per unit: Rs.3109 against the estimated cost: Rs.1845). The Deputy Director (Agriculture) Jhabua attributed (June 1989) the shortfall to low water level in the area. Thus, the programme was taken up in the district without any survey of the availability of water at the desired level.

(iii) During 1985-89, Government subsidised 1,20,491 wells of 41,514 farmers, the subsidy paid being Rs.14.26 crores. Of these 19,499 (47 per cent) were non-tribals. Reasons for subsidising more than one well of the beneficiaries and for payment of subsidy to non-tribal farmers were not intimated (September 1989).

### 3.24.6.6 Horticulture Department

(i) Horticulture schemes under the Tribal Sub-Plan were meant for the

benefit of tribal population. However, out of the total 35,634 beneficiaries in Betul district during 1985-89, the tribal beneficiaries numbered only 19,854 (55.71 per cent). The Project Officer (Horticulture) Betul attributed (July 1989) the shortfall to lack of interest on the part of tribals and shortage of staff.

(ii) In two horticulture schemes each in Jhabua and Bilaspur districts, while the actual expenditure was 89 and 88 per cent of allotments, the physical achievements were only 15 and 52 per cent of the targets respectively. The Assistant Director (Horticulture) Jhabua attributed (July 1989) the shortfall to drought conditions in the region and the Deputy Director (Horticulture) Bilaspur to lack of interest by tribal farmers and shortage of staff.

(iii) Against the 1,46,802 tribal families targeted to be lifted above the poverty line through horticulture schemes in Bastar during 1985-89 only 92,343 (63 per cent) families were actually lifted above the poverty line. Reasons for shortfall were not intimated (September 1989).

(iv) Although Rs.3.40 lakhs were spent on 'Community fruit bearing trees' scheme in Jhabua district during 1985-89, no new plantation was done against the

targetted plantation in 1.25 lakh hectares and the amount was utilised on upkeep of earlier plantation with the result that the target of plantation in 1.25 lakh hectares was not met.

### 3.24.6.7 Forest Department

#### (i) Kanha Tiger Project Mandla and Indravati Tiger Project Jagdalpur

Out of the total provision of Rs.1.80 crores for Kanha Tiger Project, Mandla and Rs.1.02 crores for Indravati Tiger Project, Bastar Rs.1.15 crores and 0.82 crore respectively were spent during 1985-89 for construction works, purchases of wireless, photographic cameras, P.O.L. and pay and allowances of staff, etc., although the amounts were to be spent only on programmes directly or indirectly beneficial to the tribals such as rehabilitation of the tribals displaced on account of establishment of the projects.

The Chief Conservator of Forests (CCF), Bhopal stated (August 1989) that no family oriented tribal beneficiary schemes were undertaken in the Kanha or Indravati Projects during 1985-89.

#### (ii) Hitagrahi Scheme (Family oriented beneficiary scheme)

A family oriented 'Hitagrahi' scheme of plantation of bamboos, 'Arjun', mulberry and 'Kaju' was taken-up by the

Forest Department in 1984-85 for improving the standard of living of scheduled tribes living below the poverty line. Each hitgrahi was to be given one hectare on lease for plantation of bamboo and 'Arjun' for a period of 5 years and he was to be paid Rs.100 per month with rights to take out grass and fodder from the plantation area. During the lease period the Hitgrahies were to be given over the produce but not the land.

Although expenditure of Rs.1090.64 lakhs was incurred during 1985-86 to 1988-89 on plantations in 27846 hectares of land, the Hitgrahies were not given lease of one hectare each and 27846 tribal families were deprived of the intended benefits.

The CCF stated (July 1989) that allotment of plantation to Hitgrahies on lease was not envisaged in the scheme. The argument was not tenable as the scheme for integrated development of forest villages clearly provided that 'every beneficiary will be allotted one hectare land on 30 years lease'.

(iii) **Training of Tribal youths in Forestry**

A programme of training of tribal youths in different forestry operations, financed exclusively from Special Central Assistance, was taken up by the Forest

Department in 1985-86. Although Rs.21.17 lakhs were spent on the programme and 4711 tribal youths were trained during 1985-86 to 1987-88, information regarding the number of trained tribal youths employed/self-employed was not available with the department (September 1989).

(iv) **Integrated Development of Forest Villages**

The Government of India approved (1984-85) the schemes for Integrated Development of Forest Villages and Rehabilitation of Shifting Cultivators to be completed within a period of six years. The State Government was to bear 25 per cent of the total expenditure on the schemes. Out of 6.98 crores received from Government of India in 1984-85 (Rs.6.48 crores) and 1985-86 (Rs.0.50 crores), Rs.5.96 crores only were actually spent by the State Government till the end of March 1989 and Rs.1.02 crores remained unspent (September 1989).

As the State Government failed to utilise the funds allotted during 1984-85 and did not bear 25 per cent of the total expenditure during 1984-85, Government of India did not release any funds beyond 1985-86. Comments of the CCF were not received (September 1989). Reasons for shortfall in outlay and the extent of achievement of objectives were not furnished.

### 3.24.6.8 Sericulture Department

(i) The various (TSP) sericulture schemes for Mulberry and Tussar Silk Productions, implemented in the State during 1985-89 were to benefit 2.09 lakh tribals. Although 1.68 lakh persons were reported to have been actually benefited, only 1.06 lakh (63 per cent) of these beneficiaries were tribals. Thus, the actual achievement was barely 51 per cent. The Director (Sericulture) attributed (May 1989) the shortfall in achievement to vagaries of nature which was not tenable as it could not be made applicable to all the years during 1985-89

Besides these schemes, the State had 53 pilot projects opened before March 1985 for providing employment to tribal families and increasing cocoon production. During 1985-89 nine additional projects were established in the State. A test-check of records of 11 projects in two districts (Bastar and Jhabua) revealed that against the targets of 984 lakh cocoons and 0.33 lakh tribal beneficiaries fixed for the period from April 1985 to March 1989, the projects could produce only 38.85 lakh (4 per cent) cocoons and help only 1,507 (5 per cent) beneficiaries.

(ii) An amount of Rs.3.38 crores was placed at the disposal of Joint

Director (Sericulture), Bilaspur Division, in 1985-89 by the DRDAs, Bilaspur (Rs.1.15 crores), Raigarh (Rs.1.06 crores) and Surguja (Rs.1.17 crores). Only Rs.1.53 crores were spent and the unspent balance of Rs.1.85 crores was lying (July 1989) in civil deposits.

(iii) During 1985-87, the Director (Sericulture) advanced Rs.1.75 crores, including Rs.0.39 crore from SCA to the Rural Engineering Services (Rs.1.29 crores) and Madhya Pradesh Laghu Udyog Nigam (0.46 crore) for construction of wells, market places, staff quarters, mud rooms, etc. Of this, only Rs.0.36 crore were utilised till March 1989. Reports regarding progress of construction works were neither called for nor received by the Department.

### 3.246.9 Madhya Pradesh Khadi Gramodyog Board

(i) Government sanctioned Rs.4.33 crores to the Madhya Pradesh Khadi Gramodyog Board from Special Central Assistance for giving grants to tribals for setting up various vocational units which would help to increase their earnings. Although assistance from SCA could be provided for family oriented schemes designed to help raise the tribal families above the poverty line, Rs.50 lakhs were sanctioned by Government during



1985-86 for giving grants to village industrial units not having participation of tribals. Further Rs.103.82 lakhs sanctioned during 1988-89 were withdrawn from SCA but retained under Civil Deposits till August 1989 depriving the tribals of the intended benefits.

(ii) As per the instructions issued by Government of India, SCA has to be necessarily utilised, in the year in which it is sanctioned or latest in the following year. However, the SCA was distributed by the Board to its units located in all the 45 districts of the State without limiting the assistance to the units located in tribal areas alone. Further, at the end of August 1989, Rs.190 lakhs were lying unutilised with the units from 1986-87 (Rs.36.94 lakhs) from 1987-88 (Rs.79.28 lakhs) and from 1988-89 (Rs.73.78 lakhs). The Board admitted (September 1989) that remaining Rs.42.05 lakhs were lying with it from 1986-87 and 1987-88 but did not intimate the details of the amounts and the reasons for its non-utilisation.

(iii) As per norms fixed by the Board at least 40 units were to be established for SCA of every lakh of rupees sanctioned till March 1988. Thereafter, the norms were 30 units per lakh of rupees. However, except during 1987-88 and 1988-89, the targets actually

fixed by Board were lower than these norms, the achievements were still less as shown below:

Year	SCA released	Targets as per norms	Targets as fixed by the Board	Achievements	Shortfalls as compared to norms
(1)	(2)	(3)	(4)	(5)	(6)
	(Rupees in lakhs)	(Units)	(Units)	(Units)	(Units)
1985-86	50	2000	Nil	Nil	2000
1986-87	99	3960	2705	1512	2448
1987-88	90	3600	3600	742	2858
1988-89	90	2700	2700	697	2003

Reasons for shortfall in achievement of targets and under-utilisation of funds were not intimated by the Board.

3.24.6.10 **Madhya Pradesh Dugdha Mahasangh**  
**Establishment of Pilot Projects for dairy development**

(i) In February 1987, the Milk Commissioner proposed establishment of two pilot projects in North Bastar and Jhabua under Tribal Sub-Plan, at a cost of Rs.650.75 lakhs and Rs.62.32 lakhs, respectively, for popularising dairy development in the tribal areas.

Each project was to benefit about 4,400 tribals from the fifth year. Though the projects were to be established in 1987-88 Government sanctioned the required funds very late in February 1988 (Rs.10 lakhs) and in March 1989 (Rs.25.50 lakhs) for North Bastar Project and in March 1989 (Rs.14.88 lakhs) for the Jhabua Project, affecting implementation of the projects, adversely.

The Dugdha Mahasangh delayed actual release of funds. Of Rs.35.50 lakhs sanctioned for Bastar Project Rs.4.79 lakhs were released to the Project Officer in December 1988, Rs.2.39 lakhs were utilised for purchase of jeeps and Rs.28.32 lakhs were lying with the General Manager, Raipur Dugdha Sangh (Sahakari) Maryadit. Likewise, out of Rs.14.88 lakhs sanctioned for Jhabua Project, Rs.3.00 lakhs were released to Indore Dugdha Sangh in June 1989 and the balance of Rs.11.80 lakhs was lying with the Mahasangh.

(ii) In 1988-89, the Government sanctioned a grant of Rs.48.51 lakhs from the Special Central Assistance to the Dugdha Mahasangh for popularisation of dairying to improve economic conditions of the tribals in Raigarh and Mandla districts. Contrary to the instructions for expenditure from Special Central Assistance, the Mahasangh spent Rs.4.33 lakhs in July 1989 on purchase of three jeeps.

### 3.24.6.11 Protection of scheduled tribes against exploitation

Brewing of liquor for self consumption is a traditionally permissible activity among the tribals, as home made brew is considered essential among tribals on social and religious occasions. Although the guidelines on excise policy in tribal areas issued (1975) by the Ministry of Social Welfare envisaged discontinuance of commercial vending of alcohol in tribal areas, 2000 commercial liquor shops continued to operate in the State (August 1989). Comments of Government on continuance of commercial vending of liquor were awaited (September 1989).

### 3.24.7 Double payment for purchases

A scrutiny by Audit brought out that a supplier billed a supply of medicines worth Rs.4 lakhs twice and both the bills were paid (March 1989) by the Superintendent, Government Medical Stores, Indore. On being pointed out the supplier was approached who admitted the double payment and refunded Rs.4 lakhs on 20th September, 1989.

3.24.8 **Monitoring.**- Monitoring and control of TSP Schemes in the State was done by the Directorate of Tribal Area Development Planning (TADP) through its

monitoring cell and evaluation thereof was entrusted to the Tribal Research Institute (TRI) Bhopal. The various units controlling authorities confined the monitoring to mere compilation of expenditure figures and filing other periodical returns. No check register to watch the receipt of various returns was maintained in the Directorate. Regular inspections or concurrent monitoring was not done at any level during 1985-89. Co-ordination at State, regional, district and block levels was also wanting resulting in failure to take appropriate corrective measures in time.

3.24.9 The matter was reported to Government (November 1989); reply has not been received (April 1990).

### 3.25 Irregular settlement of temporary advances

As per the provisions of Treasury Code, all temporary advances should be adjusted within three months subject to production of vouchers/refund in cash. During test check (August 1988) of accounts of the office of the District Organiser, Tribal Welfare (DOTW), Raisen, for August 1987 to July 1988, it was noticed that the DOTW, Raisen, treated temporary advance of Rs.0.79 lakh outstanding against seven officials as finally settled on their transfer to other districts by depicting the outstanding advances in their last pay certificates. It was treated as final expenditure in cash book on 29th January 1988 thereby reducing the Cash Balance. The office was not having details regarding the dates of payment of advances and purpose for which advances were given in six cases. Adoption of the irregular procedure has resulted in loss to Government as

no intimation of recovery of temporary advances had been received from the districts where these officials were transferred.

Government intimated (February 1990) that advances of Rs.0.25 lakh had been recovered till September 1989 from 3 out of 7 officials and instructions for recovery of remaining amount of Rs.0.54 lakh had been issued against 4 officials. On verification in June 1990 of the adjustments, it was observed that as against adjustment of Rs.0.25 lakh, as reported by Government, adjustment of Rs.0.15 lakh only (Rs.0.05 lakh at the instance of Audit in June 1990) was made and the balance amount of Rs.0.63 lakh was yet to be recovered from 6 officials.

### **3.2.6 Abnormal delay in supply of material and blocking of Government money**

The Government of Madhya Pradesh in Tribal Welfare Department established Udyami Vikas Sansthan (Sansthan) in 1981 for supply of equipment, etc., and accordingly issued instructions to all its district offices to make all their purchases from these institutions. During test check in December 1988 of the accounts of District Organiser, Tribal Welfare, Khargone, it was observed that an amount of Rs.28.51 lakhs was advanced during 1981-82 to the Sansthan for supply of equipment against which the Sansthan supplied goods worth Rs.24.25 lakhs during 1982-84, and retained an amount of Rs.4.26 lakhs. Thus, due to non-supply of equipment to the required extent, Government funds to the tune of Rs.4.26 lakhs were blocked with the Sansthan from 1981-82 and interest of Rs.3.34 lakhs was also lost on this amount upto 1988-89.

The Government intimated (December 1989) that the Sansthan had been asked to refund the unspent amount of Rs.4.26 lakhs alongwith interest thereon.

### 3.27 Infructuous and avoidable expenditure

In November 1984, the Block Development Officer, Gourella (Bilaspur) commenced construction of a hostel (estimated cost: Rs.1.45 lakhs) on a piece of land certified by the concerned Patwari as belonging to Government. The construction was, however, stopped in May 1985 after spending Rs.0.95 lakh when a private person claimed ownership of a portion of the land. For providing an alternative hostel accommodation, the Block Development Officer hired a private building at a monthly rent of Rs.1,450 and spent Rs.0.52 lakh on it during April 1986 to March 1989. Further, due to escalation in construction costs during this period, construction of a hostel on Government land was now estimated to cost Rs.3.40 lakhs.

Thus, due to commencement of construction without verifying title over the land, the department incurred infructuous expenditure (Rs.0.95 lakh) and avoidable expenditure (Rs.0.52 lakh) besides being required to spend more than double the originally estimated cost now. The District Organiser stated (April 1989) that disciplinary action was proposed to be initiated against the defaulting Patwari, Block Development Officer and the Sub-Engineer. Further developments were awaited (September 1989). Reply of the Government to whom the matter was referred in August 1989 has not been received (April 1990).

## URBAN DEVELOPMENT DEPARTMENT

### 3.28 Irregular drawal of funds

The State Government telegraphically allotted an amount of Rs.8 lakhs on 23 March 1985 under the Central sector scheme of "environment improvement to restrict growth in urban slums" to the Collector, Rewa, without specifying the authorities to whom the amount was to be paid. However, Collector, Rewa, drew

the amount without ascertaining the details and paid Rs.7 lakhs to Municipal Corporation, Rewa and Rs.1 lakh to Municipal Corporation, Baikunthpur.

Test check of the accounts of Collector, Rewa, in January 1987 revealed that the actual allotment, as per post copy of the telegram dated 23 March 1985 received in the Collectorate on 31 March 1985, was only Rs.1 lakh. Further, Collector, Rewa, released the amounts without any proposals/sanctioned estimates in contravention of rules which require that money should not be drawn unless required for immediate disbursement. Even on receipt of post copy of the telegram on 31 March 1985, the Collector had not taken immediate action to stop the payment or recover the amount if already paid.

The Municipal Corporation incurred an expenditure of Rs.4.87 lakhs till the end of August 1989. Thus, the Government money of Rs.7 lakhs not only remained blocked with Municipal Corporation, Rewa, upto March 1988 (Administrative approval to incur an expenditure of Rs.6.64 lakhs was issued in March 1988) but also resulted in loss of Rs.2.10 lakhs from April 1985 to March 1988 at interest rate of 10 per cent.

The matter was reported to Government in August 1989; reply has not been received (April 1990).

#### GENERAL

#### 3.29 Delay in finalisation of Pension Cases

As per pension Rules of Government, the pension cases are to be sent to the Accountant General (A&E) by the Departmental authorities twelve months before the date of retirement or immediately after the death of a government



servant while in service, as the case may be.

Scrutiny of cases sent to the Accountant General (A&E) during the year 1988-89 revealed that codal provisions were not adhered to, and the cases were sent to the Accountant General (A&E) much after the date of retirement/date of death of government servants and the delays ranged between 2 to 20 years as detailed below:

Name of the Department	Pension cases received after 2 year but not more than 5 year	Cases received after 5 year but not more than 10 year	Cases received after 10 year but not more than 15 year	Cases received after 20 year	Total
(1)	(2)	(3)	(4)	(5)	(6)
1. Higher Education	9	9	1	1	20
2. Technical Education	4	3	-	-	7
3. State Excise	3	-	-	-	3
4. Public Works	21	13	-	-	34
5. Irrigation	9	7	2	-	18
6. Public Health Engineering	7	2	1	-	10
7. Medical	-	1	1	-	2
8. Fisheries	-	2	-	-	2
9. Animal Husbandry	12	9	-	-	21
10. Dairy	3	2	-	-	5
11. Co-operation	11	1	-	-	12
12. Tribal Welfare	1	1	-	-	2
13. Handloom	2	-	-	-	2

Name of the Department	Pension cases received after 2 year but not more than 5 year	Cases received after 5 year but not more than 10 year	Cases received after 10 year but not more than 15 year	Cases received after 20 year	Total
(1)	(2)	(3)	(4)	(5)	(6)
14. Punerwas	2	-	-	-	2
15. Archaeological	-	1	-	-	1
16. Local Fund Audit	-	1	-	-	1
17. Vidhan Sabha Bhopal	1	-	-	-	1
	85	52	5	1	143

### 3.30 Non-Production/Maintenance of Records

Finance Department stressed upon all Heads of the Departments in July 1967 to make available all the initial accounts and other relevant records during the course of Inspection by the Accountant General and also urged them to take suitable action in cases of default.

Scrutiny of Audit Inspection Reports issued upto December 1987 and not settled upto December 1988 pertaining to Public Health and Family Welfare Department and Animal Husbandry Department selected for test check revealed that initial accounts and other relevant records were not produced at the time of local inspection. Out of 273 offices audited, the records were not found maintained in 39 offices. The irregularity of either not maintaining or non-production of records was persistent and no remedial measures were found to have been taken.

Yearwise position from 1983-84 to 1987-88 indicating the total number of Inspection Reports with paragraphs in which records were not found maintained and not produced to audit, was as under:-

Sl. No.	Head of the Department	upto 1983-84		1984-85		1985-86		1986-87		1987-88		Total	
		AIR	Para	AIR	Para	AIR	Para	AIR	Para	AIR	Para	AIR	Para
1.	Medical Services	17	17	37	40	16	17	26	27	26	27	122	128
2.	Medical Education	-	-	2	2	3	3	6	6	2	2	13	13
3.	Denida Health care Project	-	-	-	-	-	-	4	4	-	-	4	4
4.	E.S.I.Hospitals	4	4	3	3	2	2	7	7	2	2	18	18
5.	Food and Drugs Administration	-	-	3	3	-	-	6	6	4	4	13	13
6.	Indian system of medicines and Homoeopathy	4	4	1	1	5	5	7	9	-	-	17	19
7.	Animal Husbandry Department	1	1	2	2	8	8	13	13	6	6	30	30
	<b>Total</b>	<b>26</b>	<b>26</b>	<b>48</b>	<b>51</b>	<b>34</b>	<b>35</b>	<b>69</b>	<b>72</b>	<b>40</b>	<b>41</b>	<b>217</b>	<b>225</b>

The records not produced include important records such as Cash Book (27 offices), Store and Stock accounts (43 offices), payees stamped receipts/vouchers (62 offices) and other miscellaneous records (22 offices). The initial records which were not found maintained related to Temporary/Permanent advances, Family Benefit Fund, Log Books of vehicles, Contingent Registers, POL accounts, various Registers of stocks and stores, scholarship, undisbursed pay and allowances, rent recovery and T.A. Bills/Medical Bills etc. Since these records were not produced for scrutiny in successive audits, correctness and regularity of expenditure, receipts and stores and stock accounts could not be verified in audit.

The matter was reported to Government in July and October 1989; reply has not been received (April 1990).

### **3.31 Outstanding Inspection Reports**

(a) Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to the heads of offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are also reported to the heads of departments and Government. Government have prescribed that first replies to the inspection reports should be sent within five weeks.

(b) A review of the audit inspection reports relating to 3 civil departments viz. Revenue (expenditure portion), Animal Husbandry and Geology and Mining revealed that as at the end of June 1989, 802 Inspection Reports issued upto December 1988 had remained unsettled. Yearwise breakup of outstanding

inspection reports and paragraphs is given below departmentwise.

Name of the Department	Upto the end of December 1986		Upto the end of December 1987		Upto the end of December 1988	
	Insp-ect- ion Rep-orts	Para-gra- phs	Insp-ect- ion Rep-orts	Para-gra- phs	Insp-ect- ion Rep-orts	Para-gra- phs
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue	642	2352	689	2495	530	1760
Animal Husbandry	144	332	199	549	257	791
Geology and Mining	11	15	15	27	15	27
<b>Total</b>	<b>797</b>	<b>2699</b>	<b>903</b>	<b>3071</b>	<b>802</b>	<b>2578</b>

(c) Out of 802 Inspection Reports pending; first replies to 413 inspection reports (Revenue: 251; Animal Husbandry and Geology and Mining: 162) had not been received (June 1989). The table below would indicate the extent of delay in receipt of first replies beyond the prescribed period of five weeks.

Name of the department	Upto six months	Six months to one year	One to two years	Beyond two years
(1)	(2)	(3)	(4)	(5)
Revenue	148	28	23	27
Animal Husbandry	12	25	26	22
Geology and Mining	-	-	1	-

(d) Replies to important irregularities in respect of 364 cases reported to heads of departments (210) and Government (154) to the end of December 1988 pertaining to the

three departments have not been received (June 1989).

(e) The outstanding inspection reports of these departments had brought out, inter alia, the following type of irregularities:

	Para- graphs	Amount (Rupees in lakhs)
1. Cases of extra expenditure and over payment	82	16.03
2. Losses, shortages, defaultations/suspected defaultations	91	130.86
3. Wasteful/Infructuous expenditure	186	567.63
4. Non-recovery/non-adjustment of outstanding loans/advances	67	104.03
5. Expenditure without sanction	2	17.01
6. Irregularities in purchases	141	100.12
7. Drawals not traceable	15	117.48
8. Records not produced	44	87.43

(f) The following other types of irregularities were also noticed:

(i) Security deposits were not obtained from officials handling cash and stores as required under the rules.

(ii) Monthly inspection of accounts of his offices by the disbursing officer and annual inspection of disbursing officers by the Controlling officers, as prescribed under the financial rules were not conducted.

**CHAPTER IV  
STORES AND STOCK**

**AGRICULTURE DEPARTMENT**

**4.1 Purchase of substandard seed**

The Director of Horticulture approved (November 1987) purchase of onion seed at Rs.70 per kilogram if the seed had standard germination of 70 per cent and also directed that if the seed had lower germination it could be purchased at proportionately reduced rate. Accordingly, the Deputy Director of Horticulture, Indore purchased 25.46 quintals of onion seed in December 1987 for Rs.0.87 lakh and got the seed supplied to 9 districts of the State.

A test check of the records relating to the purchase in May 1989, brought out that:

(i) the seed was purchased in the last week of December 1987 when the sowing season was practically over;

(ii) the approval to purchase seed having germination lower than 70 per cent was irregular as it was against the prescribed standard of percentage of germination (January 1984) by Government of India;

(iii) germination of 23.06 quintals out of the 25.46 quintals of seed purchased ranged between 5 to 68 per cent. While 6.5 quintals of seed having germination upto 7 per cent were not paid for; remaining 16.56 quintals having germination between 15 and 68 per cent were purchased for Rs.0.70 lakhs;

(iv) all the seed purchased was distributed to the farmers in the form of seed minikits free of cost under a scheme for increasing production of vegetables; and

(v) the department had no records to show the production of onion actually achieved by the farmers who used the substandard seed.

The Director of Horticulture, Indore stated (September 1989) that the purchase of onion seed from market was delayed due to late receipt (December 1987) of sanction of the Government and formalities in purchase could not be observed due to shortage of time. The purchase of seed having lower germination had to be resorted to in emergent circumstances as the seed was in short supply. The reply is not tenable as the purchases were made after the sowing season was over and as the sanction was received late, the purchases at the late stage should have been avoided.

The matter was reported to Government in June 1989; reply has not been received (April 1990).

#### 4.2 Irregular purchase of frames and plates

Government of Madhya Pradesh, Commerce and Industries Department directed (December 1967) that purchases of the articles which can be manufactured by the Industrial units run by the Madhya Pradesh State Industries Corporation or Madhya Pradesh Laghu Udyog Nigam or by the Department of Industries, should invariably be made from such units.

A test check of the records of the Assistant Soil Conservation Officer (ASCO), Dewas revealed (June 1988 and June 1989) that frames and plates of the same specification were purchased thrice (1987-88) for the gates of 36 stop dams at a cost of Rs.6.46 lakhs by obtaining a few quotations from local suppliers, without floating



regular enquiries. Different rates (May 1987: Rs.600 per square metre for frames and plates complete; June 1987: Rs.1100 per square metre for frames and plates complete; November 1987: Rs.360 per running metre for frames and Rs.1100 per square metre for plates) of the same supplier were approved on each occasion. The purchases at different rates had resulted into avoidable excess expenditure of Rs.4.57 lakhs on purchase of 315.75 square metres of frames and plates when compared with the lowest rate approved in May 1987 and avoidable excess expenditure of Rs.3.21 lakhs, if compared with those of M/s Dewas Electricals, a Government owned undertaking. On this being pointed out the ASCO intimated (June 1989) that the construction of stop dams was to be completed before the rains and M/s Dewas Electricals in March 1986 had delayed the supply, hence purchases were made from local suppliers. The reply was not tenable as the requirement could have been ascertained much earlier and supplies were made by the Dewas Electricals in April 1986 against the orders of March 1986. ASCO could not furnish reasons for calling quotations thrice within a period of six months and had assured that such irregularities would be avoided in future.

The matter was reported to Government in July 1989; reply has not been received (April 1990).

**DAIRY DEPARTMENT****4.3 Irregular purchases**

With a view to increasing the capacity from 1,000 litres to 10,000 litres per day in milk supply schemes, Chhindwara, Guna and Shahdol and establishing a milk supply scheme at Singrauli (District Sidhi), the Milk Commissioner invited (September 1983) open tenders for supply, installation and commissioning of various plants and machinery. The State level purchase committee approved (January 1984) the rates for different items.

Test-check of the records of the Milk Commissioner revealed (February 1988 and February 1989) the following:

(i) The projects for expansion and establishment of the dairies which were approved during October 1981 to July 1982 were to be completed by the end of Sixth Five Year Plan i.e. by March 1985. The rates approved by the purchase committee in January 1984 were valid upto March 1985 and price escalation of 6 per cent was payable to those suppliers who had included this as a condition in their tenders, on supply orders placed after March 1985. Due to delay in placing supply orders (after March 1985) an extra expenditure of Rs.2.39 lakhs was incurred on account of price escalation and sales tax thereon. The Milk Commissioner could not intimate the reasons for delay in placing supply orders.

(ii) The purchase committee had approved (January 1984) the rate of pre-pack pouch filling machine at Rs.2 lakhs each offered by firm 'A' of Bombay with price escalation of

6 per cent, if orders are placed during 1986-87 though the supplier had not mentioned any such condition. Accordingly, the Milk Commissioner in their supply order (February 1986:2; January 1987:1) categorically mentioned that the supplier would in addition be allowed payment for price escalation at 6 per cent. The supplier had, therefore, charged it in their bills which resulted in avoidable extra expenditure of Rs.0.43 lakh on purchase of three machines. No reasons were stated by the Milk Commissioner for allowing the price escalation.

(iii) The purchase committee approved the rate of firm 'B' of Pune for supply, installation and commissioning of two steam boilers at each dairy at Rs.1.35 lakhs each. But Milk Commissioner placed (January 1986) supply orders for three steam boilers (one steam boiler each to Chhindwara, Guna and Shahdol dairies) and orders for supply of the remaining three steam boilers were placed (February 1987) with another firm 'C' of Bombay, who supplied 'Vashpa Make' boilers at a higher rate (Rs.1.65 lakhs) plus excise duty at 15 per cent and Central Sales Tax. This resulted in avoidable extra expenditure of Rs.1.09 lakhs. The Milk Commissioner could not advance any reasons for not placing supply orders for the remaining 3 steam boilers with firm 'B' although the rates offered by them were valid upto March 1987 (as the period of agreement executed with the firm was extended upto 1987).

Thus due to non-placing of supply orders in time, giving benefit of price escalation which was not quoted in the tender and placing order on unapproved firm at higher rate resulted in

extra expenditure of Rs.3.91 lakhs to Government.

The matter was reported to the Government in June 1989; reply has not been received (April 1990).

#### PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

#### 4.4 Blocking of Government money

In March 1980, Director Bhartiya Chikitsa Padhati and Homoeopathy, Bhopal (Director) purchased 24.96 quintals of Banslochan valuing Rs.3.29 lakhs from a firm of Jaipur and got the supply at Ayurvedic Pharmacy, Gwalior. The Banslochan received was to be accepted only if, its samples were found to be true to the standards prescribed in 'Wealth of India' when tested at a laboratory. The Pharmacy did not get the sample of the drug tested with reference to the expected standards and without doing so used 9.25 quintals in manufacture of ayurvedic medicines, sent 10 quintals to Raipur pharmacy and retained the balance of 5.71 quintals in stock. However, when the Raipur pharmacy reported that a sample from the stock it received was sub-standard, the un-used quantity (15.71 quintals) of the drug at Gwalior and Raipur pharmacies was sealed in July 1980, on orders of the Government. Although the Government analyst and the Director stated in September 1980 and February 1981 respectively that the Banslochan received in the laboratory was in order and that the medicines formulated from it had no side effects, the drug sealed earlier was not yet ordered to be released for use (July 1989).

(ii) Similarly, Herbs and minerals valuing Rs.13.89 lakhs were lying in stock at

Gwalior (Rs.9.69 lakhs) and Raipur (Rs.4.20 lakhs) pharmacies for more than 5 years for want of test reports and other ingredients necessary for preparing medicines.

Thus, the unnecessarily long time of 5 to 9 years taken for releasing sealed quantity of Banslochan and in arranging the supply of other ingredients resulted in blocking of funds to the tune of Rs.15.96 lakhs besides depriving the people of the benefits of use of medicines prepared from Banslochan and other herbs.

The matter was reported to Government in August and September 1988; reply has not been received (April 1990).

#### 4.5 Extra expenditure

Store purchase rules and instructions issued by the Government and the Director of Health Services (Directorate) from time to time require calling of quotations and purchasing of medicines from Government undertakings only for use in Government hospitals/dispensaries/primary health centres.

Test check of the accounts of Chief Medical and Health Officers (CMHO), Chhatarpur, Gwalior, Hoshangabad, Rajgarh, Rajnandgaon and the Director of Medical Services (DMS) between November 1985 to March 1989 revealed that extra expenditure of Rs.6.30 lakhs (Chhatarpur: 0.69 lakh; Gwalior:1.25 lakhs; Hoshangabad:1.04 lakhs; Rajgarh: Rs.1.53 lakhs; Rajnandgaon:1.22 lakhs and DMS: Rs.0.57 lakh) was incurred due to non-observance of the store purchase rules and the instructions issued by the Government and Directorate from time to time.

While no reasons for such purchases were given by CMHO Gwalior, other units attributed these purchases to urgent requirement, shortage of time for inviting tenders and non-payment of earlier bills of firms, etc. They also promised to investigate the matter and effect recovery. The reply was not tenable as the officers themselves were responsible for making the purchases.

The matter was reported to Government in May, June and August 1989; reply has not been received (April 1990).

#### **4.6 Non-accountal of medicines and other articles**

As per the provisions of M.P. Financial Code all material received are required to be verified, stock entries made and certificate to that effect recorded on the bills giving reference to entry and page number of stock register by the officer authorised in this behalf before passing the bill for payment. Test-check (May 1989 and June 1989) of the accounts of Chief Medical and Health Officer, Gwalior (CMHO), revealed that medicines worth Rs.0.54 lakh purchased for supply to patients and stationery articles worth Rs.0.11 lakh purchased for the office use during December 1987 and July 1988 were neither entered in the stock register nor the officer incharge of the stores verify the receipt and issue of the medicines and stationery articles.

On this being pointed out, the CMHO stated (June 1989) that no entry was made in

stock register as medicine and stationery articles were not received in the stores though the bills were verified by the then CMHO.

Thus defalcation of Rs.0.65 lakh occurred due to non-observance of rules and procedure. No action to investigate the fraud and fix the responsibility has been taken.

The matter was reported to Government in August 1989; reply has not been received (April 1990).

## SCHOOL EDUCATION DEPARTMENT

### 4.7 Irregular purchases

According to the Store Purchase Rules, articles produced or manufactured by small scale industries registered with the Director of Industries should be purchased through the Madhya Pradesh Laghu Udyog Nigam (LUN) only at the rates fixed by them. In case the LUN expresses its inability to supply, purchases should be made from other sources in accordance with the Rules.

A test check (October 1988 and April 1989) of the records of the Deputy Director of Education, Khargone revealed that three articles reserved for purchase through the LUN were purchased during 1984-85 to 1986-87 from private suppliers without obtaining the non-availability certificate from the LUN after inviting limited quotations. The rates charged by the suppliers for 3 articles when compared with those of the LUN revealed avoidable excess expenditure of Rs.0.53 lakh.

The Deputy Director stated that orders could not be placed with LUN and open tenders could not be invited because of paucity of time as the financial year was going to close and Budget allotment was to be utilised before its closing. The reply is not tenable as the supplies were received in April/May 1985 and the payment was made in June 1985.

The matter was reported to Government in May 1989; reply has not been received (April 1990).



## CHAPTER V

### FINANCIAL ASSISTANCE TO AUTHORITIES AND BODIES

#### 5.1 General

According to provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, receipts and expenditure of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General. Audit of 30 such bodies was conducted during 1988-89. Section 15 of the Act prescribes that where any grant or loan is given for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General shall scrutinize the procedure by which the sanctioning authority satisfied itself as to the fulfilment of the conditions subject to which such grants and loans are given. Under Section 19(3) of the Act audit of Madhya Pradesh, Housing Board, Bhopal and Madhya Pradesh Khadi and Village Industries Board, Bhopal, was conducted as it was entrusted by the Governor to the Comptroller and Auditor General and Separate Audit Reports were issued. Important points noticed during audit under Section 14, 15 and 19(3) are given in the succeeding paragraphs.

5.2 One of the conditions precedent to determining whether the accounts of a

body/authority in receipt of financial assistance from Government attract audit by the Comptroller and Auditor General of India is that the body/authority should be in receipt of financial assistance of not less than Rs.25 lakhs (Rs.5 lakhs prior to 1983-84) in a year. With this end in view, the bodies/authorities are required to send their accounts for audit. The table given below indicates the number of bodies/authorities which had received from Government grants and loans of not less than Rs.5 lakhs during each of the years from 1980-81 to 1982-83 and of not less than Rs.25 lakhs each year during 1983-84 to 1988-89 and the number of bodies/authorities from whom accounts had been received/had not been received (April 1990).

Year	Number of bodies/authorities			
	which had received grants/loans of not less than Rs.5 lakhs		From which accounts have been received	From which accounts have not been received
(1)	(2)	(3)	(4)	(5)
1980-81	67	-	66	1
1981-82	90	-	89	1
1982-83	90	-	86	4
1983-84	-	50	49	1
1984-85	-	59	59	-
1985-86	-	60	58	2
1986-87	-	66	51	15
1987-88	-	74	46	28
1988-89	-	75	33	42

The matter regarding non-receipt of accounts was reported to departments from time to time. However, these accounts have still not been received (April 1990).

## CO-OPERATION DEPARTMENT

### 5.3 Co-operative institutions

5.3.1 (a) Investment in share capital.- The position regarding total number of co-operative societies in the State registered under the Madhya Pradesh Co-operative Societies Act, 1960, their total paid up capital, the number of societies in which Government had contributed to the share capital, and the amount of investment for the three years ending 30 June 1989, is indicated below:

As on June 30	<u>Societies registered</u>		<u>Societies with Govern- ment investment</u>	
	Number	Paid up capital	Number	Amount
(1)	(2)	(3)	(4)	(5)
		(Rupees in lakhs)		(Rupees in lakhs)
1987	18,285	1,56,57.00	12,223	1,45,59.85
1988	18,690	1,68,85.00	12,528	1,64,82.29
1989	21,044	1,97,76.00	13,143	1,79,25.18

Share capital amounting to Rs.30.68 lakhs (326 societies) was retired during the year 1988-89 as against Rs.201.00 lakhs (661 societies) which were due for retirement during 1988-89. The less retirement of share

capital was on account of weak financial position of the societies.

As on 30.6.1989, 1440 societies having Government investment amounting to Rs.52.01 lakhs were under liquidation.

(b) **Financial assistances.**- Share capital contributed and financial assistance granted to the societies in various forms during the three years ending on 30 June 1989 are indicated below:

During the year ending 30 <sup>th</sup> June	<u>Share capital</u>		Assistance granted in the form of			
	Number of societies	Amount	Subsidy		loan	
			Number of societies	Amount	Number of societies	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		(Rupees in lakhs)		(Rupees in lakhs)		(Rupees in lakhs)
1987	647	19,34.27	569	6,96.47	3,409	11,93.37
1988	305	19,72.44	678	8,70.34	3,614	4,66.25
1989	615	14,06.73	927	7,04.03	3,760	17,72.06

Government investment through debentures was only in one society (Madhya Pradesh State Co-operative Land Development Bank Limited, Bhopal). As on 30 June 1989 a sum of Rs.11,74.94 lakhs was invested (Rs.1,52.57 lakhs during the year).

(c) Details of societies with Government investment running in loss from 1986-87 to 1988-89 were as follows:

Year	Number of societies	Government investment in these societies	Losses incurred during the year	Total losses incurred upto the end of the year
(1)	(2)	(3) ( Rupees )	(4) in	(5) lakhs )
1986-87	1,805	15,98.99	5,93.76	15,51.99
1987-88	2,205	16,48.00	5,94.26	21,46.25
1988-89	2,640	16,48.95	11,37.85	23,61.98

5.3.2. **Dividends.**- The table given below indicates the details of dividends received and percentage of return on total investment during the three years ending 30 June 1989:

Year ending 30 June	Amount of dividend	Total investment at the end of the year	Percentage return** on investment
(1)	(2) (Rupees in lakhs)	(3) (lakhs)	(4)
1987	8.79	1,45,59.85	0.06
1988	3.90	1,64,82.29	0.03
1989	8.56	1,79,25.18	0.04

\*\*Percentage worked out on the investment at the beginning of the year plus 50% of the investment made during the year minus 50% of share capital retired during the year of return on investment.

5.3.3 **Guarantees.-** Government has also guaranteed repayment of loans taken by 18 co-operative societies to the extent of Rs.7,04,99.25 lakhs upto 30 June 1989 out of which Rs.6,13.57 lakhs were outstanding on 30 June 1989.

5.3.4 **Outstanding loans and interest.-** Out of loans aggregating Rs.1,28,51.31 lakhs granted to various societies (3,760 societies) upto 31 March 1989, Rs.88,77.54 lakhs were outstanding (against 2,995 societies) as at the end of March 1989. The over-due amounts towards principal and interest as on 31 March 1989 were Rs.21,36.11 lakhs (1,428 societies) and Rs.7,59.32 lakhs (1,125 societies) respectively. Yearwise analysis of over due amount of loans and interest is indicated below:

Year	Amount of overdue loan	Amount of over-due interest
(1)	(2)	(3)
( Rupees in lakhs )		
1984	1,71.43	3,01.95
1985	1,40.00	31.00
1986	50.00	7.00
1987	16,70.00	2,71.00
1988	80.00	1,45.00
1989	24.68	3.37
<b>Total</b>	<b>21,36.11</b>	<b>7,59.32</b>

Out of 1,428 co-operative societies (against which loan of Rs.21,36.11 lakhs was over-due upto 31 March 1989); 644 co-operative societies (over-due loan: Rs.9.69 lakhs) are under liquidation.

The Registrar, Co-operative societies stated (May 1990) that instructions had been issued to the district and divisional officers to recover the over-due amount of loan and interest.

**5.3.5 Arrears in audit.-** As on 30 June 1989 audit of accounts by the Registrar in respect of societies was in arrears for period exceeding 3 years (400), between 2 and 3 years (500), 1 and 2 years (852) and upto 1 year (4,181). The Registrar attributed (May 1990) the arrears to shortage of audit staff, records of the societies under police custody/before the court, and the current addresses of the societies not being available.

Audit fee of Rs.71.67 lakhs was outstanding for recovery as at the end of June, 1989.

#### **5.4 Madhya Pradesh State Co-operative Union Limited, Bhopal**

**5.4.1 Introduction.-** The Madhya Pradesh State Co-operative Union Limited, Bhopal (Union) was registered as a society under Madhya Pradesh Co-operative Act 1960

(Act) with the object of promoting and developing co-operative education, publicising the achievements and progress of the co-operative movement, etc.

5.4.2 **Organisational set up.**-The schemes undertaken by the Union were implemented by the Managing Director assisted by 10 subordinate Divisional offices (Bhopal, Bilaspur, Gwalior, Indore, Jabalpur, Jagdalpur, Rewa, Raipur, Sagar and Ujjain) and 4 co-operative training colleges (Agar-Malwa, Bilaspur, Jabalpur and Nowgaon).

5.4.3 **Audit coverage.**- The points noticed during test check conducted (January to August 1989) under section 14(i) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 of the records of the Head office of the Union and 6 Divisional Offices (Bilaspur, Indore, Jabalpur, Jagdalpur, Raipur and Ujjain) and 2 co-operative Training Colleges (Bilaspur and Jabalpur) covering the period from 1983-84 to 1988-89 are contained in the succeeding paragraphs.

5.4.4 **Highlights**

*During 1984-89, the Union incurred an expenditure of Rs.287.54 lakhs against receipts (including grants-in-aid) of Rs.235.27 lakhs (excess expenditure Rs.52.27 lakhs).*

(Paragraph 5.4.6.2)



- Against target of giving training to 1,10,738 members of co-operative societies under education programme, 43,365 (39 per cent) persons were trained. Actual cost of training varied from Rs.22.55 (1986-87) to Rs.37.24 (1983-84) per manday as against estimated cost of Rs.12.91 to Rs.17.71.

(Paragraphs 5.4.5.1 and 5.4.5.2)

- In 4 training centres for employees, training was given to 6,520 (84 per cent) as against the target of 7,785. Actual cost of training was Rs.794 per trainee as against estimated cost of Rs.665.

(Paragraph 5.4.5.4)

- Co-operative societies which were members of the Union were not paying their subscriptions and contributions and Rs.11.90 lakhs were in arrears.

(Paragraph 5.4.5.5)

- Unutilised balance of grant-in-aid of Rs.6.32 lakhs was not refunded to Government.

(Paragraph 5.4.6)

- Balance sheet could not be verified as balances were not supported by details in account books and receipts for investments and bank balances were not produced.

(Paragraph 5.4.6.1)

#### 5.4.5 Implementation of schemes

5.4.5.1 Education of members of co-operatives.- During the period from 1983-84 to 1988-89, the Union received Rs.152.89 lakhs as grants from Government (for general category: Rs.107.90 lakhs and for scheduled tribes: Rs.44.99 lakhs) for arranging training courses. The expenditure incurred against the grants was Rs.186.82 lakhs (Rs.134.59 lakhs on general category and Rs.52.23 lakhs on scheduled tribes).

During 1983-84 to 1985-86 against the target of 300 camps to train 4,500 persons in 28 days course, only 4 camps (1 per cent) were organised in which 80 persons (2 per cent) were trained and during 1986-87 to 1988-89 against the target of 264 camps to train 3,960 persons in 7 days course only 38 camps (14 per cent) were organised in which 711 persons (18 per cent) were trained. During 1983-84 to 1988-89 against the target of 6,265 camps and 99,278 persons in 5 days course only 3,074 camps (46 per cent) were organised in which 40,134 persons (42 per cent) were trained.

5.4.5.2 Education to women.- With a view to involve women in co-operative movement in the State, the union started an education programme for women from 1987-88. During 1987-88 and 1988-89

against the target of 200 camps for training 3,000 women exclusively in 7 and 5 days courses, only 75 camps (38 per cent) were organised and 1,150 women (38 per cent) were trained. The Union attributed shortfall to low number of women co-operative societies.

#### 5.4.5.3 Cost per trainee

Expenditure on training consisted of pay and allowances of peripatetic parties. One party consisted of one Instructor and one peon. One or more parties were stationed at district head-quarter and they imparted training by touring within the district. In all, about 90 parties functioned in the State. Grant for expenditure was provided by Government on the basis of previous year's expenditure. Actual cost per manday was much more than the targeted cost per manday on the basis of grants received for training as detailed below:

Year	Target			Actuals				Excess expenditure over grant
	Grant received	Targetted mandays	Cost per manday	Actual expenditure	Actual Mandays	Actual Cost per manday	Actual Excess cost per manday	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	(Rup-ees in lakhs)		(Rup-ees)	(Rup-ees in lakhs)		(Rup-ees)	(Rup-ees)	(Rup-ees in lakhs)
1983-84	22.17	125180	17.71	23.12	62069	37.24	19.53	0.95
1984-85	32.82	204760	16.02	27.51	99373	27.68	11.66	-5.31
1985-86	23.69	205320	11.53	27.81	92252	30.14	18.61	4.12
1986-87	23.69	183480	12.91	31.21	138370	22.55	9.61	7.52
1987-88	19.32	154440	12.50	37.02	150603	24.58	12.08	17.70
1988-89	31.20	154440	20.20	40.15	153026	26.23	6.03	8.95

Thus, overall actual cost per manday varied from Rs.22.55 (1986-87) to Rs.37.24 (1983-84) against the estimated cost of Rs.12.91 to Rs.17.71. The Union stated that due to non-availability of trainees in required number the cost per manday was excessive. The excess of expenditure over grant was stated to be due to increase in pay and allowances.

The Union did not consider reduction in number of parties in view of reduced days of courses and less number of courses arranged.

5.4.5.4 Co-operative training centres.- For training the employees of co-operative societies and co-operative department of Government at four co-operative centres located at Agar-Malwa, Bilaspur, Jabalpur and Nowgaon, the Union received grant-in-aid of Rs.51.79 lakhs from Government during the year 1983-84 to 1988-89 against which the expenditure incurred was Rs.62.44 lakhs. The yearwise details of grant-in-aid received, the expenditure incurred, the targets fixed and the number of persons trained during these years were as under:

Year	Physical			Financial				
	Target (Num- ber of trai- nees)	Achie- vement (Num- bet of trai- nees)	Perce- ntage of shor- tfall	Grant- in- aid rece- ived	Expen- diture incu- rred	Target	Actual	Percen- tage of excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				(Rupees in lakhs)		( R u p e e s )		
1983-84	660	253	70	7.50	7.52	1136	2972	161
1984-85	940	303	68	8.50	8.76	905	2891	219
1985-86	1150	641	44	9.00	9.15	783	1427	82
1986-87	1070	729	4	9.00	10.92	841	1498	78
1987-88	1945	2189	13	9.20	11.83	473	540	14
1988-89	2020	2405	20	8.59	14.26	425	593	40
<b>Total</b>	<b>7785</b>	<b>6520</b>	<b>16</b>	<b>51.79</b>	<b>62.44</b>	<b>665</b>	<b>794</b>	<b>19</b>

Due to non achievement of target for number of trainees, the anticipated cost per trainee exceeded by 14 per cent (1987-88) to 219 per cent (1984-85) and capacity of training centres could not be fully utilised. The shortfall in achievement was attributed by the Union to non-sponsoring of sufficient number of trainees by the co-operative bodies.

**5.4.5.5 Subscriptions and contributions from affiliated co-operative institutions**

(a) According to the notification issued by the Government (September 1985) under section 47 of the Act, it was obligatory for the State and district level co-operative societies to get them enrolled as members of the Union and pay the specified membership subscription by 31 October of the year to which it relates. On 31 March 1989, 158 co-operative societies were enrolled as members. According to the information furnished by the Union (March 1990), upto 31.3.1989 the arrears of membership subscription from the societies were Rs.1.52 lakhs.

(b) Under section 43(2) of the Act, the societies were also required to pay contribution to the Union at the rates specified by the Registrar out of their profits. The contribution to the extent of Rs.20.09 lakhs was in arrears on 31 March

1989 from 147 societies. Besides, details of profits were not collected from 171 societies and the arrears of contribution were not assessed. The Union stated (March 1990) that the arrears have now been reduced to Rs.10.38 lakhs.

The Union stated (August 1989) that in the absence of penalty clause in the Act, action against defaulters to recover the arrears could not be taken. The matter has, however, been brought to the notice of the Registrar.

In both the cases the main defaulters were Madhya Pradesh State Co-operative Land Development Bank (Rs.5.11 lakhs), 20 Co-operative Central Banks (Rs.3.33 lakhs) and 31 District Land Development Banks (Rs.2.58 lakhs).

#### 5.4.5.6 Propaganda and Publicity

(a) In order to promote different types of co-operative activities, the Union inter alia arranged publication of co-operative literature including periodicals. During the period 1983-84 to 1988-89, 4,59,360 copies of a weekly were printed out of which 2,57,565 copies were sold, 1,80,552 copies distributed to societies free of charge and rest 21,837 copies were lying unutilised.

Against expenditure of Rs.9.29 lakhs incurred on publication including

the staff employed, the income accrued from sale of publication and advertisements, etc., was Rs.6.94 lakhs during 1983-84 to 1988-89 (including recovery of Rs.1.05 lakhs made after 31 March 1989). The loss to the Union on this account was Rs.2.35 lakhs during last six years, due to not assessing the actual requirement and free distribution not provided in the rules.

The main source of revenue for meeting out the expenditure on publication was income from advertisements in the weekly. In spite of increase in cost of printing and paper, the advertisement rates which were fixed in June 1981 were not revised. The Union stated (March 1990) that the advertisement rates have been raised from August 1989 as suggested by audit. The Union further stated that the staff of the publicity section was also doing other work. The exact percentage of other work was, however, not stated.

(b) The audio visual unit did not arrange film shows relating to co-operative movement among public from 1984-85. The expenditure incurred on salary of the operator of the projector for the period from 1984-85 to 1988-89 amounting to Rs.0.85 lakh was infructuous. The Union stated (March 1990) that his services were utilised as clerk. The equipments costing Rs.0.64 lakh related to the unit were also



Against target of giving training to 1,10,738 members of co-operative societies under education programme, 43,365 (39 per cent) persons were trained. Actual cost of training varied from Rs.22.55 (1986-87) to Rs.37.24 (1983-84) per manday as against estimated cost of Rs.12.91 to Rs.17.71.

(Paragraphs 5.4.5.1 and 5.4.5.2)

In 4 training centres for employees, training was given to 6,520 (84 per cent) as against the target of 7,785. Actual cost of training was Rs.794 per trainee as against estimated cost of Rs.665.

(Paragraph 5.4.5.4)

Co-operative societies which were members of the Union were not paying their subscriptions and contributions and Rs.11.90 lakhs were in arrears.

(Paragraph 5.4.5.5)

Unutilised balance of grant-in-aid of Rs.6.32 lakhs was not refunded to Government.

(Paragraph 5.4.6)

Balance sheet could not be verified as balances were not supported by details in account books and receipts for investments and bank balances were not produced.

(Paragraph 5.4.6.1)

#### 5.4.5 Implementation of schemes

5.4.5.1 Education of members of co-operatives.- During the period from 1983-84 to 1988-89, the Union received Rs.152.89 lakhs as grants from Government (for general category: Rs.107.90 lakhs and for scheduled tribes: Rs.44.99 lakhs) for arranging training courses. The expenditure incurred against the grants was Rs.186.82 lakhs (Rs.134.59 lakhs on general category and Rs.52.23 lakhs on scheduled tribes).

During 1983-84 to 1985-86 against the target of 300 camps to train 4,500 persons in 28 days course, only 4 camps (1 per cent) were organised in which 80 persons (2 per cent) were trained and during 1986-87 to 1988-89 against the target of 264 camps to train 3,960 persons in 7 days course only 38 camps (14 per cent) were organised in which 711 persons (18 per cent) were trained. During 1983-84 to 1988-89 against the target of 6,265 camps and 99,278 persons in 5 days course only 3,074 camps (46 per cent) were organised in which 40,134 persons (42 per cent) were trained.

5.4.5.2 Education to women.- With a view to involve women in co-operative movement in the State, the union started an education programme for women from 1987-88. During 1987-88 and 1988-89

against the target of 200 camps for training 3,000 women exclusively in 7 and 5 days courses, only 75 camps (38 per cent) were organised and 1,150 women (38 per cent) were trained. The Union attributed shortfall to low number of women co-operative societies.

#### 5.4.5.3 Cost per trainee

Expenditure on training consisted of pay and allowances of peripatetic parties. One party consisted of one Instructor and one peon. One or more parties were stationed at district head-quarter and they imparted training by touring within the district. In all, about 90 parties functioned in the State. Grant for expenditure was provided by Government on the basis of previous year's expenditure. Actual cost per manday was much more than the targeted cost per manday on the basis of grants received for training as detailed below:

Year	Target			Actuals			Excess	
	Grant received	Targetted man-days	Cost per man-day	Actual expenditure	Man-days	Cost per man-day	Excess cost per manday	expenditure over grant
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	(Rup-ees in lakhs)		(Rup-ees)	(Rup-ees in lakhs)		(Rup-ees)	(Rup-ees)	(Rup-ees in lakhs)
1983-84	22.17	125180	17.71	23.12	62069	37.24	19.53	0.95
1984-85	32.82	204760	16.02	27.51	99373	27.68	11.66	-5.31
1985-86	23.69	205320	11.53	27.81	92252	30.14	18.61	4.12
1986-87	23.69	183480	12.91	31.21	138370	22.55	9.61	7.52
1987-88	19.32	154440	12.50	37.02	150603	24.58	12.08	17.70
1988-89	31.20	154440	20.20	40.15	153026	26.23	6.03	8.95

Thus, overall actual cost per manday varied from Rs.22.55 (1986-87) to Rs.37.24 (1983-84) against the estimated cost of Rs.12.91 to Rs.17.71. The Union stated that due to non-availability of trainees in required number the cost per manday was excessive. The excess of expenditure over grant was stated to be due to increase in pay and allowances.

The Union did not consider reduction in number of parties in view of reduced days of courses and less number of courses arranged.

5.4.5.4 Co-operative training centres.- For training the employees of co-operative societies and co-operative department of Government at four co-operative centres located at Agar-Malwa, Bilaspur, Jabalpur and Nowgaon, the Union received grant-in-aid of Rs.51.79 lakhs from Government during the year 1983-84 to 1988-89 against which the expenditure incurred was Rs.62.44 lakhs. The yearwise details of grant-in-aid received, the expenditure incurred, the targets fixed and the number of persons trained during these years were as under:

Year	Physical			Financial				
	Target (Number of trainees)	Achievement (Number of trainees)	Percentage of shortfall	Grant-in-aid received	Expenditure incurred	Target	Actual	Percentage of excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				(Rupees in lakhs)		(Rupees)		
1983-84	660	253	70	7.50	7.52	1136	2972	161
1984-85	940	303	68	8.50	8.76	905	2891	219
1985-86	1150	641	44	9.00	9.15	783	1427	82
1986-87	1070	729	4	9.00	10.92	841	1498	78
1987-88	1945	2189	13	9.20	11.83	473	540	14
1988-89	2020	2405	20	8.59	14.26	425	593	40
<b>Total</b>	<b>7785</b>	<b>6520</b>	<b>16</b>	<b>51.79</b>	<b>62.44</b>	<b>665</b>	<b>794</b>	<b>19</b>

Due to non achievement of target for number of trainees, the anticipated cost per trainee exceeded by 14 per cent (1987-88) to 219 per cent (1984-85) and capacity of training centres could not be fully utilised. The shortfall in achievement was attributed by the Union to non-sponsoring of sufficient number of trainees by the co-operative bodies.

**5.4.5.5 Subscriptions and contributions from affiliated co-operative institutions**

(a) According to the notification issued by the Government (September 1985) under section 47 of the Act, it was obligatory for the State and district level co-operative societies to get them enrolled as members of the Union and pay the specified membership subscription by 31 October of the year to which it relates. On 31 March 1989, 158 co-operative societies were enrolled as members. According to the information furnished by the Union (March 1990), upto 31.3.1989 the arrears of membership subscription from the societies were Rs.1.52 lakhs.

(b) Under section 43(2) of the Act, the societies were also required to pay contribution to the Union at the rates specified by the Registrar out of their profits. The contribution to the extent of Rs.20.09 lakhs was in arrears on 31 March

1989 from 147 societies. Besides, details of profits were not collected from 171 societies and the arrears of contribution were not assessed. The Union stated (March 1990) that the arrears have now been reduced to Rs.10.38 lakhs.

The Union stated (August 1989) that in the absence of penalty clause in the Act, action against defaulters to recover the arrears could not be taken. The matter has, however, been brought to the notice of the Registrar.

In both the cases the main defaulters were Madhya Pradesh State Co-operative Land Development Bank (Rs.5.11 lakhs), 20 Co-operative Central Banks (Rs.3.33 lakhs) and 31 District Land Development Banks (Rs.2.58 lakhs).

#### 5.4.5.6 Propaganda and Publicity

(a) In order to promote different types of co-operative activities, the Union inter alia arranged publication of co-operative literature including periodicals. During the period 1983-84 to 1988-89, 4,59,360 copies of a weekly were printed out of which 2,57,565 copies were sold, 1,80,552 copies distributed to societies free of charge and rest 21,837 copies were lying unutilised.

Against expenditure of Rs.9.29 lakhs incurred on publication including

the staff employed, the income accrued from sale of publication and advertisements, etc., was Rs.6.94 lakhs during 1983-84 to 1988-89 (including recovery of Rs.1.05 lakhs made after 31 March 1989). The loss to the Union on this account was Rs.2.35 lakhs during last six years, due to not assessing the actual requirement and free distribution not provided in the rules.

The main source of revenue for meeting out the expenditure on publication was income from advertisements in the weekly. In spite of increase in cost of printing and paper, the advertisement rates which were fixed in June 1981 were not revised. The Union stated (March 1990) that the advertisement rates have been raised from August 1989 as suggested by audit. The Union further stated that the staff of the publicity section was also doing other work. The exact percentage of other work was, however, not stated.

(b) The audio visual unit did not arrange film shows relating to co-operative movement among public from 1984-85. The expenditure incurred on salary of the operator of the projector for the period from 1984-85 to 1988-89 amounting to Rs.0.85 lakh was infructuous. The Union stated (March 1990) that his services were utilised as clerk. The equipments costing Rs.0.64 lakh related to the unit were also



kept idle. The Union stated (January 1989) that film shows could not be arranged due to non-availability of funds for the purchase of new films, etc.

(c) During 1984-85, the Union paid Rs.0.37 lakh to Film Co-operative Society, Bhopal, for production of 4 films. The society produced the films of 8 mm. As the Union had 16 mm. projector, the films could not be exhibited. The expenditure of Rs.0.37 lakh was thus unfruitful. The Union stated (March 1990) that a new 8 mm. projector could not be purchased for lack of funds.

#### 5.4.6 Accounts

##### 5.4.6.1 Balance sheet

Balance sheet of 1988-89 (and similarly earlier years also) could not be verified in the absence of progress documentation as stated below:

#### (a) Assets

(i) Five items of total amount of Rs.9.45 lakhs shown as investments on account of Contributory Provident Fund, Pension Fund, Compulsory Deposit Schemes, Fixed Deposits, etc., were not supported by details in account books. Similarly, bank's statement/pass book showing credit balances of Rs.0.90 lakh in current account, Rs.5.76 lakhs in saving bank

account and Rs.8.57 lakhs in saving bank account of Building Fund were not produced.

(ii) Fifteen items of the total amount of Rs.5.17 lakhs shown as recoverable from employees, Government and other parties were not supported by details in account records and debtors confirmations. The Union stated (March 1990) that action to trace the details is being taken.

(iii) Balances of Rs.4.27 lakhs of 'Subscriptions and Contributions Recoverable' and Rs.1.21 lakhs of 'Car and Instruments' shown in balance sheet were appearing as Rs.4.77 lakhs and Rs.1.93 lakhs, respectively, in account books.

**(b) Liabilities**

(i) Amounts of Rs.17.21 lakhs under 'Reserve' Rs.5.75 lakhs under 'Miscellaneous Liabilities' and Rs.28.59 lakhs under 'Temporary Loans' were not supported by detailed accounts in account books.

(ii) In 11 items total amount of Rs.2.42 lakhs was shown due to employees, etc., on account of pay, allowances, etc. Details of the amount were not shown to audit.

**5.4.6.2 Excess of expenditure over income.**- The Union was given grants-in-aid of Rs.184.31 lakhs during the years 1984-85 to 1988-89, against which the Union incurred expenditure in excess to the extent of Rs.52.28 lakhs. The progressive expenditure in excess was Rs.37.22 lakhs as shown below:

Year	Receipts		Expen- diture	Expendi- ture in excess of excess of receipts	Receipts in excess of expenditure	
	Grants- in-aid	Total				
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakhs)						
Closing balance of 1983-84						15.05
1984-85	42.46	4.49	46.95	53.97	7.02	
1985-86	33.84	9.40	43.24	46.94	3.70	
1986-87	34.49	14.77	49.26	59.46	10.20	
1987-88	29.31	8.55	37.86	59.83	21.97	
1988-89	44.21	13.75	57.96	67.34	9.38	
<b>Total</b>	<b>184.31</b>	<b>50.96</b>	<b>235.27</b>	<b>287.54</b>	<b>52.27</b>	<b>15.05</b>

Net excess Rs.37.22 lakhs

The Union met the excess expenditure from loans obtained on the security of fixed deposits of College Building Fund and by encashment of fixed deposit receipts which were not re-deposited.

#### 5.4.6.3 Non-refund of unutilised grants-in-aid

(a) A grant-in-aid of Rs.15 lakhs was paid by Government to the Union during 1984-85 for members education programme (Scheduled Tribes). The Union incurred expenditure of Rs.8.68 lakhs leaving an unspent balance of Rs.6.32 lakhs, which was not refunded. The Union stated (January 1989) that Government was requested to permit the Union to adjust it against the excess expenditure incurred during subsequent years, but the acceptance of Government was not received (August 1989).

#### 5.4.6.4 Loans taken and interest paid

(a) The Union was not authorised to obtain loans without permission of the Registrar and Commissioner of Co-operative Societies (Registrar). However, the Union raised loans of Rs.100.84 lakhs during the period 1984-85 to 1988-89 without obtaining permission from the Registrar and paid interest of Rs.3.71 lakhs there on. The Union stated (March 1990) that since these were overdrafts sanction of the Registrar was not necessary. Comments of the Government are awaited.

#### 5.4.6.5 Advances to employees

The Union allowed cash advances to the employees without specifying the

purpose. The balance outstanding as on 31 March 1989 was Rs.1.62 lakhs out of which Rs.0.80 lakh related to the period prior to 1986-87. No action for recovery was taken and most of the employees had left the service or their whereabouts were not known. The Union stated (March 1990) that 0.58 lakh have been recovered upto February 1990.

#### 5.4.7 Other points of interest

5.4.7.1 Non - maintenance of register of assets.- Rules provide that the Registrar should maintain a block account of assets of permanent and semi permanent nature acquired wholly or mainly out of financial assistance released by Government. The register was not maintained either by the sanctioning authority or by the Union.

5.4.7.2 Inspection of subordinate offices.- The periodicity of inspection by the Managing Director and other officers of subordinate offices and of the internal audit of accounts of Union was not prescribed. Inspection of only 7 offices out of the 14 subordinate offices was done during November 1984 to March 1989. Internal audit of accounts was not conducted.

5.4.8 The matter was reported to Government in September 1989; reply has not been received (April 1990).

## 5.5 The Madhya Pradesh State Co-operative Marketing Federation Limited, Bhopal

5.5.1 **Introduction.**-The Madhya Pradesh State Co-operative Marketing Federation Limited, Bhopal (Federation) was registered as a co-operative society (September 1956) under the Madhya Pradesh Co-operative Societies Act 1960 (Act). The institution is managed according to its bye-laws and directives issued from time to time by the Commissioner of Co-operation and Registrar, Co-operative Societies, Madhya Pradesh (Registrar) as per provisions of the Act. As per the bye-laws (rule 3) the Federation was formed with a view to acting as an apex body of the co-operative marketing societies in the State of Madhya Pradesh for assisting these societies in promoting their activities. Its other activities include: purchase and sale of agricultural produce, forest produce, consumer articles, undertaking of warehousing of agricultural and forest produces, procurement and distribution of fertilisers, seeds, agricultural implements, pesticides etc. and processing of agricultural, forest and other produce.

5.5.2 **Organisational set up.**- The management of the affairs of the Federation is vested in the Board of Directors having 55 members including chairman, 3 government nominees and representatives of various societies which are the members of the Federation.

The business of the Federation is carried on by the Executive Committee consisting of 14 members including the Chairman and other members (Bye-law No.45). Authorised capital of the Federation was Rs.2500 lakhs while the

'paid up capital' as on 30 June 1988 was Rs.2253.92 lakhs out of which Rs.2191.15 lakhs were contributed by the Government of Madhya Pradesh. The Federation operates mainly in the State of Madhya Pradesh. The Federation has its branches in all the districts of the State. For operation of rice mills and for the business of purchase and sale of paddy, there was a state level directorate of the Federation functioning at Raipur. The Federation was having 98 processing units in the State at the end of 30 June 1988.

The annual accounts of the Federation are audited by the Audit Board constituted under section 58-A of the Act in accordance with the provisions of section 58 and rules made thereunder. The annual audit report alongwith the audited and certified final accounts are submitted in the annual general meeting of the Federation for consideration. The Act does not provide for submission of the Audit Report and audited accounts either to the State Government or the Legislature. However, the Board may direct (Section 61) the Federation to remedy the defects disclosed in the audit report within the time specified.

**5.5.3 Audit coverage.-** The points relating to functioning and performance of the Federation noticed during the test check (March 1989 to August 1989) of the records relating to sanctions of grants, subsidies, loans and other financial assistance by the Co-operation Department to the Federation during the Financial years 1983-84 to 1987-88 are mentioned in succeeding paragraphs. The audit was conducted under the provisions of section 15(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

#### 5.5.4 Highlights

- The Federation's accumulated loss was Rs.4567.63 lakhs as on 30.6.88 against paid up capital of Rs.2253.92 lakhs. The Federation's own capital was, thus, wiped out completely and it was run only on borrowed funds on which it was paying heavy interest.  
(Paragraph 5.5.6.1)
- The State Government had yet to reimburse to the Federation losses aggregating Rs. 3622.22 lakhs suffered by the Federation to the end of 1983-84 on businesses of purchase and sale of paddy and minor forest produce undertaken as per directives of the State Government.  
(Paragraph 5.5.6.1)
- The Federation was required to pay Rs.2.5 crores (approximately) annually to staff rendered surplus consequent on transfer of businesses of minor forest produces to the Madhya Pradesh Laghu Vanopaj Sangh Limited, with effect from 1984-85 pending the transfer of this surplus staff to the Sangh.  
(Paragraph 5.5.6.2(1)(b))
- A substantial part of the working capital of the Federation was locked up in stock-in-trade and 'Bills and other Receivables' on account of large scale credit sales/advances.  
(Paragraphs 5.5.6.2(1)(c) and 5.5.6.2(2))
- Discrepancies under the heads "Transfer Sales" and "Transfer purchases" relating to the accounting years 1983-84 to 1987-88 were not reconciled. The correctness of



the balances shown under the heads "Permanent Assets" and "Works-in-Progress" in the Balance Sheets for these years could not be verified since the record of assets was incomplete.

(Paragraphs 5.5.6.2(2) and 5.5.6.2(3))

- The Processing units owned by the Federation incurred losses to the extent of Rs.5421.55 lakhs during five years from 1983-84 to 1987-88.

(Paragraph 5.5.6.2(4)(i))

- Percentages of capacity utilisation of most of the processing units/plants of the Federation were very low during the years 1983-84 to 1987-88 rendering their operations uneconomical.

(Paragraph 5.5.6.2(4)(ii))

- The records maintained in the office of the Registrar for watching timely recovery of loans and interest and refundable capital provided to the Federation by the State Government were incomplete.

(Paragraphs 5.5.7.1, 5.5.7.2 and 5.5.7.3)

- The Registrar could not provide information about action initiated against 607 officers/officials, etc., of the Federation for recovery of losses aggregating Rs. 302.90 lakhs sustained by the Federation due to fraud, embezzlement, shortages, negligences, misuse of powers, etc.

(Paragraph 5.5.8)

- There was no systematic monitoring of the functioning and performances of the Federation by the Registrar.

(Paragraph 5.5.9)

## 5.5.5 Finance

5.5.5.1 Sources of Finance.- The funds for the business of the Federation are raised through issue of shares, loans from co-operative and commercial Banks, deposits, subsidies and grants from State Government.

## 5.5.5.2 Financial assistances to the Federation by the Government of Madhya Pradesh

(i) Direct financial assistance.- The State Government extended the following financial assistance to the Federation during 1983-84 to 1987-88 (30 June 1988).

Year	Types of Financial assistances given					
	Contri- bution to or- share capital	Refun- dable as Mar- gin money	Capital for speci- fied purpo- ses	Grant and subsidy	Loans and Advan- ces	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		(Rupees in lakhs)				
1980-81	16.38	-	39.47	37.17	537.78	630.80
1981-82	11.00	6.00	71.22	46.35	364.40	498.97
1982-83	-	-	123.34	1.43	1872.37	1997.14
1983-84	-	-	3.75	191.97	320.64	516.36
1984-85	10.00	-	35.55	183.09	1216.89	1445.53
1985-86	845.54	95.00	149.55	460.03	1405.00	2955.12
1986-87	-	-	134.89	124.14	-	259.03
1987-88	-	-	-	9.14	-	9.14
<b>Total</b>	<b>882.92</b>	<b>101.00</b>	<b>557.77</b>	<b>1053.32</b>	<b>5717.08</b>	<b>8312.09</b>

(ii) Guarantees given by the State Government.- Apart from direct financial assistance, the State Government gives guarantees to the Madhya Pradesh State Co-operative Bank limited, and other commercial banks in regard

to loans given by them to the Federation. As per guarantees given by the Government valid upto 31 December 1988, the Federation was entitled to borrow upto a maximum limit of 75 crores against which balance of such loans covered by guarantees to the end of 31 March 1988 was Rs.1863.17 lakhs.

#### 5.5.6 Performance and functioning of the Federation

5.5.6.1 **Financial results.**- The audited accounts of the Federation indicate that the Federation suffered heavy losses in the years 1983-84 to 1987-88 as shown below:

Year	Amount (Rupees in lakhs)
1983-84	1791.31
1984-85	993.67
1985-86	54.12
1986-87	152.96
1987-88	178.74
<b>Total</b>	<b>3170.80</b>

As the Federation persistently suffered heavy losses the accumulated losses as on 30 June 1988 aggregated Rs.45,67.63 lakhs. A substantial part of the loss suffered by the Federation was on account of the activities connected with purchase and sale of paddy/rice, etc., under Price support/Levy schemes and minor forest produces like tendu patta, sal seed, harra, mahua, etc., which were undertaken as per the directives of the State Government. The State Government re-imburses such losses; but actual re-imburement takes a very long time. The Federation submitted a total claim of Rs.6587.60 lakhs for losses suffered and

expenditure incurred by it on such activities upto 30 June 1984. Out of this, claim amounting to Rs.5287.43 lakhs was recommended by a Committee of Secretaries to Government for re-imbusement. Against this claim Rs.1665.21 lakhs were paid as grants and loans to the Federation to the end of the financial year 1987-88. In addition to the amount of claim the Federation has also claimed Rs. 1142.87 lakhs as interest on the amount outstanding against the Government to the end of March 1989. The amount re-imbursable to the Federation is yet to be approved by the State Government. Besides, the Federation also suffered losses in most of the processing plants/ units like rice mills, Dal mills, granulated fertilizer plant, rice bran-oil mill, soap factory, cold storage, etc.

The delay in re-imbusement of the losses by the State Government (on buiness undertaken by the Federation as per directive of the State Government) created financial problems for the Federation apart from adversely affecting its financial performance. No reasons for delay were forthcoming.

#### 5.5.6.2 State of finances and control (1) General

Financial position of the Federation as revealed by the audited accounts for the accounting years 1983-84 to 1987-88 was as below:

## Particulars

## At the end of accounting year

(1)	1983-84	1984-85	1985-86	1986-87	1987-88
	(2)	(3)	(4)	(5)	(6)
	(Rupees in lakhs)				
(i) Paid up Capital	1029.32	1063.51	2141.87	2265.66	2253.92
(ii) Fund and Reserves	509.86	548.28	610.86	674.29	711.90
<b>Total (i + ii)</b>	<b>1539.18</b>	<b>1611.79</b>	<b>2752.73</b>	<b>2939.95</b>	<b>2965.82</b>
(iii) Loans from Banks	3719.00	1818.74	1705.00	1748.78	1810.80
(iv) Loans from Government	2950.90	2251.34	3443.32	3381.39	3255.44
(v) Government grants	101.71	281.78	389.52	228.59	190.52
(vi) Deposits	462.28	430.29	353.68	574.10	-289.11
<b>Total (i to vi)</b>	<b>8773.07</b>	<b>6393.94</b>	<b>8644.25</b>	<b>8872.81</b>	<b>8511.69</b>
(vii) Accumulated Losses	(-)3188.14	(-)4181.81	(-)4235.93	(-)4388.89	(-)4567.63
Working Capital (Total of (i) to (vi) Less (vii))	5584.93	2212.13	4408.32	4483.92	3944.06

It is, evident from the above table that the Federation's own capital has already been wiped out and it is at present wholly dependent on funds borrowed from the State Government and the Banks. The Federation's financial position was further strained due to following reasons:

(a) **Heavy payment of Interest on borrowed funds**

The Federation was required to make heavy payments on account of interest. Interest payments made during the accounting years 1983-84 to 1987-88 were as below:

Year	Amount (Rupees in lakhs)
1983-84	687.64
1984-85	618.78
1985-86	208.94
1986-87	251.59
1987-88	326.03
<b>Total</b>	<b>2092.98</b>

(b) **Heavy burden of expenditure on surplus staff**

Consequent on transfer (by the Government) of business of minor forest produce to the Madhya Pradesh Laghu Vanopaj Sangh Limited, from the Federation (from 1984-85) the staff engaged by the Federation for this business was rendered surplus. It was stated by the Federation, that, as per the decision of the State Government, the surplus staff (120 Accountants, 591 Junior Assistants and 611 peons) were to be taken over by the Sangh. However, the Sangh had so far taken over (August 1989) only

15 Accountants, 19 Junior Assistants and 24 peons; that too on deputation terms. The Federation was required to spend annually Rs.2.5 crores (approximately) on the surplus staff.

(c) **Blocking of working capital**

A substantial part of the working capital of the Federation was blocked as detailed in sub-para (d) and (e) below.

(d) **Avoidable purchases and accumulation of stock**

The following persistent irregularities were noticed from records of the Federation for the period from 1979-80 to 1987-88:

(i) There was lack of inventory control.

(ii) Closing stock of lakhs of rupees was lying in the godowns of the Head office and unit offices.

(iii) Accumulation of heavy unsold stock involved heavy expenditure on physical verification and as such simply nominal verification reports of book balances of stock were being sent to the Head Office.

(iv) Stock limits were not fixed by the management of the Federation for various articles/commodities.

The following table indicates the high percentage of closing stock at the closing of the year resulting in blocking of working capital:

Accounting Years	Total Purchases	Total sales	Closing stock	Percentage of closing stock to purchases
(1)	(2)	(3)	(4)	(5)
	(Rupees in lakhs)			
1979-80	6918.38	6578.24	3712.64	54
1980-81	16473.08	12753.61	9137.86	55
1981-82	12167.56	14855.20	8061.45	66
1982-83	11708.40	11675.69	9292.60	79
1983-84	7237.85	11707.76	5027.05	69
1984-85	7487.49	9885.73	2936.18	39
1985-86	9752.85	11968.98	2802.94	29
1986-87	7347.11	8193.91	2683.83	36
1987-88	8223.04	9597.65	2050.69	25

It was explained that inventory for fertilizers was required to be maintained as per targets fixed by the Agriculture Department and due to shortfall in distribution, there was accumulation of stock of fertilizer. In the case of Tendu Patta the accumulation of stock was due to unfavourable market conditions.

Considering that both the commodities are perishable accumulation of stocks may lead to huge losses.

(e) **Blocking of working capital in recoverable dues/credit sales, etc.**

(1) The Federation was having the following assets which represented amounts recoverable from various parties/banks/State Government Departments, etc.



Heads of Account (1)	At the end of accounting years				
	1982-83 (2)	1984-85 (3)	1985-86 (4)	1986-87 (5)	1987-88 (6)
	(Rupees in lakhs)				
Bills and other Receivables:-					
(i) Bills Receivable (Debtors)	1987.75	1695.82	1690.73	1905.88	1930.46
(ii) Sundry debtors	54.90	109.64	70.23	41.57	15.79
(iii) Classified bad debts and debtors suspense account	5.40	5.23	5.20	5.54	6.20
(iv) Other Receivables	902.35	475.54	698.74	937.73	1052.91
<b>Total</b>	<b>2950.40</b>	<b>2286.23</b>	<b>2664.90</b>	<b>2890.72</b>	<b>3005.36</b>

@ Note:- Dues on account of Other Receivables were recoverable from the Apex Co-operative Bank and Central Co-operative Banks on account of fertilizers, seeds, pesticides, etc., supplied to cultivators through these Banks.

Since the Federation could not make available the supporting schedules indicating billwise details of the balances, the correctness of the balances, the period to which they pertain, pursuance of the claims and possibilities of their ultimate recovery by the Federation could not be assessed.

A sizeable portion of the working capital of the Federation was locked up in excess stock, and sundry debtors/bills receivable representing credit sales. The report of the Audit Board (Statutory Auditor) has also adversely

commented on large credit sales by the Federation which were not permissible. The Federation also accepted (March 1989) that its processing units were unable to operate with full capacity for want of working capital.

(2) **Differences in accounting of transactions under the heads 'Transfer sales' and 'Transfer Purchases'**

The transactions/balances under the heads of account 'Transfer sales' and 'Transfer purchases' must tally as these are contra-entries. But the balances representing transfer of stock from one branch to another did not tally as detailed below:

Particulars of Accounting year	Balances under the head 'Transfer Sales'	Balances under the head 'Transfer purchases'	Difference
(1)	(2)	(3)	(4)
	(Rupees in lakhs)		
1983-84	1627.58	1617.73	(-) 9.85
1984-85	1553.97	1558.81	(+) 4.84
1985-86	2037.27	2056.18	(+) 18.91
1986-87	1300.27	1292.51	(-) 7.76
1987-88	797.22	784.39	(-) 12.83
		<b>Total</b>	<b>(-) 6.69</b>

The transactions under these heads of account represent value of stores, stock and other articles transferred from one branch office unit to another. Keeping such unreconciled differences in accounts year after year vitiates the authenticity of the accounts. It was stated (August 1989) by the Federation that efforts were being made to reconcile the differences.

(3) **Position of the Permanent or Fixed Assets/works in-progress**

The position of the Fixed Assets was

as below:-

Description of the fixed Assets	Particulars of Accounting years				
	1983-84	1984-85	1985-86	1986-87	1987-88
(1)	(2)	(3)	(4)	(5)	(6)
	(Rupees in lakhs)				
A. Factory at cost	180.70	232.65	299.18	564.02	608.77
Land and Buildings	96.00	96.17	96.17	682.48	1060.63
Plant and Machinery	0.13	0.13	0.17	7.56	35.80
Rice Mills at cost	245.90	251.50	251.50		
E.E.C. Godowns	76.64	174.59	384.92		
<b>Total</b>	<b>599.37</b>	<b>755.04</b>	<b>1031.94</b>	<b>1254.06</b>	<b>1705.20</b>
B. Works in progress	709.12	724.86	684.29	791.33	515.57

The report of the Audit Board (Statutory Auditor) of the Federation observed as under:-  
"Balances of assets and works in progress as shown above were not supported by certified lists of properties. Property Register was incomplete as some completed works were not noted and it did not indicate book value, category, location, etc. Title over land, on which some godowns were constructed, was not clear".

It was intimated (July 1989) that a senior officer of the Federation had been entrusted with the job of completion of the Register of Fixed Assets.

(4) Performance of the processing units

(i) Overall financial results of the Processing Units of the Federation

The financial results of the processing units of the Federation in operation were as below:

Year	<u>Units which earned profit</u>		<u>Units which suffered loss</u>		Number of processing units which neither earned profit nor suffered loss
	Number of units	Profit earned (Rupees in lakhs)	Number of units	Loss suffered (Rupees in lakhs)	
(1)	(2)	(3)	(4)	(5)	(6)
1983-84	50	285.24	52	2076.55	4
1984-85	24	263.04	76	1256.71	3
1985-86	51	743.78	51	797.90	3
1986-87	67	431.49	34	584.44	1
1987-88	51	527.20	45	705.95	1

Thus, the net financial result of all the processing units continued to be negative during the period 1983-84 to 1987-88. The following types of units suffered recurring heavy losses during these years:



(ii) Extent of utilisation of processing/production capacity of units, godowns, etc.

Percentages of utilisation of production/ processing capacity of units and completed godowns, cold storages, etc., are shown below:

Year	Rice Mills owned and operated by the Federation	Rice Mills taken on lease and operated by Federation	Fertilizer Granulation plant	Pesticide plant	Dal Mills	Soap Factory	Rice Bran oil Mill	Cold storage	Godowns
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1980-81	25.65	43.71	-	6.55	35.19	-	70.15	-	70
1981-82	41.84	47.50	-	9.77	30.11	-	83.75	-	70
1982-83	21.17	23.18	-	19.65	42.73	-	85.70	-	70
1983-84	12.97	23.62	2.68	46.87	25.38	-	91.91	-	70
1984-85	10.26	11.15	6.47	47.86	17.17	-	32.70	-	70
1985-86	46.66	51.71	6.96	44.73	35.75	8.26	72.63	1.68	52
1986-87	26.85	75.42	14.44	37.62	23.83	17.18	70.70	8.73	55
1987-88	9.83	20.17	11.87	37.01	19.45	31.77	68.39	9.95	54

The above table indicates very low utilisation of available capacity of the units excepting the Rice Bran Oil Mill and the godowns (for the period from 1980-81 to 1984-85) which showed better performance as compared to other types of units. Low utilisation of available capacity is one of the main reasons for the losses in these units.

**5.5.7 Non-maintenance/improper maintenance of important records by the Federation/Registrar**

**5.5.7.1 Non-maintenance of Block Account of permanent and semi-permanent assets**

As per the instructions of the Government of Madhya Pradesh (Finance Department) 'Block Accounts and register of permanent and semi-permanent assets acquired wholly or partially out of Government grants/loans, etc., were to be maintained by the grantee institution and copies of such registers were to be sent to the respective sanctioning/disbursing department. Non-maintenance of these records by the Federation was pointed out in the Reports of the Audit Board (Statutory Auditor) on the accounts of the Federation for the accounting years 1983-84 to 1987-88. The Registrar also did not call for copies of these records from the Federation as contemplated in the Government orders.

**5.5.7.2 Non-maintenance/improper maintenance of loan Ledgers**

The State Government sanctioned loans of various types to the Federation which were drawn and disbursed to the Federation by the Registrar. Total Government loans outstanding against the Federation as on 30 June 1988 aggregated Rs.3255.44 lakhs. The Registrar, however,

was unable to state the amounts of loans and interest which were overdue on 30 June 1988 as the relevant loans ledger maintained in his office was not complete. Scrutiny of the ledger indicated that it was opened very recently for the period 1980-81 onwards and not only were the entries in it relating to payments/recoveries of loans and interest incomplete but also the outstanding balances of loans/interest relating to the period prior to April 1980 were not carried forward as the records for that period were not maintained. It is, therefore, apparant, that the Registrar's office was not monitoring timely recovery of the loans and interest/penal interest thereon from the Federation.

#### 5.5.7.3 Non-maintenance of record for watching timely recovery of refundable capital from the Federation

Till the year ended 30 June 1988 the State Government contributed the following types of capital of the Federation through the Registrar:-

(i)	Ordinary share Capital	Rs.1072.14 lakhs
(ii)	Margin money	Rs. 214.07 lakhs
(iii)	Special purposes capital	Rs. 904.94 lakhs

Some of these contributions towards capital indicated at (ii) and (iii) above were refundable by the Federation to the State Government in annual instalments within a specified period mentioned in the relevant sanctions. No record was, however, maintained by the Registrar, for keeping a watch on timely refund.



#### 5.5.8 Action against officers/officials of the Federation for recovery of losses aggregating Rs.302.90 lakhs

It was observed from the Report of the Audit Board (Statutory Auditor) on the accounts of the Federation for the accounting year 1987-88 that action against 607 officers/officials of the Federation under Section 63(i), (ii) of the Act was recommended for recovery of losses aggregating Rs.302.90 lakhs suffered by the Federation during the period 1979 to 1988 due to shortages, frauds, embezzlements, misuse of powers, negligence, etc. The Registrar, however, was not able to furnish (August 1989) relevant information about action taken, if any. Some of the loss cases were 5 to 10 years old and it was doubtful whether any substantial recovery would be possible.

#### 5.5.9 Monitoring of performance and functioning of the Federation

Up to the end of 1987-88 contribution of the Co-operation Department towards various types of capital of the Federation aggregated Rs.2191.15 lakhs (out of the total paid up capital of Rs.2253.92 lakhs). In addition, the State Government guaranteed repayment of loans taken by the Federation and also granted loans to the Federation for providing working capital, etc., for its various business activities. Total of such loans outstanding to the end of 30 June 1988 was Rs.3255.44 lakhs. Considering the magnitude of financial involvement of the State Government the modalities of monitoring of functioning and performance of the Federation were enquired from the Government. The Government intimated (August 1989)

that the responsibility of such monitoring was entrusted to the Registrar through whom all the financial assistance were routed. The Registrar stated (August 1989) that although no comprehensive systematic over all monitoring of the functioning and performance of the Madhya Pradesh State Co-operative Marketing Federation Limited, Bhopal, is done by the Registrar, required detailed information is obtained from the Federation before sending recommendation to the State Government for issue of sanction for release of funds under various schemes execution of which is entrusted to the Federation.

5.5.10 The matter was reported to Government (November 1989); their reply has not been received (April 1990).

## HOUSING AND ENVIRONMENT DEPARTMENT

### 5.6 Mis-utilisation of loans

With a view to increasing the housing accommodation, Government of India allocated (October 1984) the following loans to the Government of Madhya Pradesh.

(i)	Life Insurance Corporation (LIC) loans - 1984-85	
	(a) General housing schemes	Rs.219 lakhs
	(b) Rural Housing schemes	Rs. 40 lakhs
(ii)	General Insurance Corporation (GIC) loans-1984 for Rural housing for economically weaker sections	Rs. 75 lakhs
	<b>Total</b>	<b>Rs.334 lakhs</b>

Government of India desired that information regarding schemewise distribution of LIC loans and GIC loans, schemewise breakup of the amount, number of houses sanctioned with unit cost under the schemes and the number of houses completed was to be furnished within three months of the closing of the financial year (LIC) or the calendar year (GIC) as the case may be.

2. Government of Madhya Pradesh, accordingly, sanctioned (March 1985) 7 loans aggregating Rs.376.05 lakhs to the Madhya Pradesh Housing Board (Board) stipulating that (i) the loans be adjusted against the arrears of repayment of loans and interest due from the Board, (ii) the loans would be subject to terms and conditions laid down by Government of India and (iii) that the loans were to be utilised within 12 months and utilisation certificates issued.

Test check of the accounts of the Board, during May-September 1988, revealed that the Board neither formulated the schemes specified by Government of India nor furnished the information desired by them. The Board stated (August 1988) that the amounts received were used as margin money in HUDCO schemes.

Thus, the benefits intended for rural population and economically weaker sections in rural areas did not reach them as the loan amounts were not utilised for the purpose for which they were released.

Government in reply, however, stated in December 1989 that Housing Board was reserving 10 per cent units for scheduled castes and scheduled tribes out of all projects financed from various sources.

## 5.7 Avoidable loss of revenue

According to provision in the Estate Management Manual (Manual) of the Housing Board and also the terms and conditions specified in the agreement, monthly rent of the shops was to be increased upto 15 per cent of the existing rent after a period of 5 years (3 years in old cases in which agreements were executed upto 20th August 1978, the date of publication of the said Manual) with a view to getting increased revenue and proposals for revision of rent were required to be submitted to the Housing Board.

Test check (November-December 1988) of the records of the office of the Estate Manager, Madhya Pradesh Housing Board Division, Jabalpur (covering the period from 1.4.1987 to 31.3.1988) revealed that neither was the rent initially fixed during 1975-78 in respect of shops revised nor were any proposals for revision of rent prepared. Thus, non-observance of the provisions of the Manual had resulted in loss of revenue to the extent of Rs.2.67 lakhs (Adhartal: Rs.0.45 lakh; Ghamapur: Rs.1.41 lakhs; Hatital: Rs.0.44 lakh; Dhanwan-tari: Rs.0.27 lakh and Barapathar (Seoni): Rs.0.10 lakh) upto March 1989. The Commissioner, Madhya Pradesh Housing Board, in his letter (August 1989) agreed for the recovery of enhanced rent; details of recovery were awaited (August 1989).

The matter was reported to Government (July 1989); reply has not been received (April 1990).

### 5.8 Loss in a deposit work

The Madhya Pradesh Housing Board (Board), Bhopal executed an agreement (August 1982) with a private party to construct a commercial complex as a deposit work, on the land made available by the party at Roshanpura Naka, Bhopal. The agreement, inter alia, contained that the party had to make payments in instalments based on various stages of completion of work and that the Board shall not in any case utilise its own funds.

A test check of records of the Project division, Bhopal, which had executed the work revealed (April-May 1987) that although the party had made advance payments of Rs.5.33 lakhs in October 1977, the tenders for the work were invited late in March 1984 (reasons not stated) and after issuing work order to a contractor in August 1984, the completed work was handed over to the party by the Board in August 1987. The Board had spent Rs.70.58 lakhs on the work during August 1984 to July 1989, against which the party had deposited Rs.79.76 lakhs (Rs.5.33 lakhs in October 1977 and Rs.74.43 lakhs during March 1985 to January 1989). But since the party had failed to deposit the amount in advance in instalments based on progress of the completion of work, the Board had to invest from time to time its own funds for completing the work, in contravention of the terms of agreement. As per Board's own instructions (April 1983), interest at the rate of 16 per cent (previously it was 15 per cent) had to be recovered on commercial schemes completed after April 1983 which worked out to Rs.11.47 lakhs upto November 1989. Thus, an amount of Rs.2.29 lakhs (Rs.70.58 lakhs plus Rs.11.47 lakhs minus Rs.79.76 lakhs) was yet to be recovered.

The Government stated (November 1989) that Housing Board has requested the party to deposit the balance.

## TRIBAL, HARIJAN AND BACKWARD CLASSES WELFARE DEPARTMENT

### 5.9 Tribal Development Agencies

5.9.1 **Introductory.**- At the base of the ladder of economic development of tribal communities are the primitive tribes who constitute the "lowest layer" among the tribal communities which were identified as such by the Dhebar Commission. The Dhebar Commission (1961) and Shilu Ao Team (1969) recommended that special attention should be bestowed on these primitive tribes. The population of the tribals and primitive tribes in the State was as under:

	1971	1981
	(Population in lakhs)	
Total population of tribes	83.87	119.87
Population of primitive tribes	3.01	3.59
Percentage	3.59	2.99

Till 1974 (last year of the Fourth Five Year Plan) the gap between the development of the tribals and general population did not appear to be narrowing. Therefore, during Fifth Five Year Plan, a new scheme called Tribal Sub-Plan came into operation. The sub-plan covered schemes for land development, providing bullocks/carts, equipments, seed and fertilizers under Agriculture, schemes for supply of goat, cattle, pig and poultry units under Animal Husbandry, launching of an intensive health survey-cum-treatment

drive under Health, providing drinking water, installation and repair of hand pumps, dug-wells and tubewells under Public Health Engineering, imparting training, plantation of fruit trees, oil seeds, rossa grass and sisal trees under Horticulture and Forestry, repair and construction of stop dams and tanks to create soil moisture and making water available throughout the year under Irrigation, construction of roads to connect the villages to the markets under PWD, imparting education of primary and middle standard free of cost to children under Education, formation of multipurpose co-operative societies and construction of godowns under Co-operation and providing raw materials, machines and training under Village and Cottage Industries. The Central and State Governments decided in 1977 to form a separate agency for each primitive tribe so as to pay special attention to their problems and accelerate their development. Accordingly, the following six Agencies were formed and registered under the Madhya Pradesh Societies Registration Act, 1953.

S. No.	Name of Primitive Tribes	Name of Agencies with addresses	Year of registration	Population	Number of villages
1.	Abujhmadia	Tribal Development Agency, Abujhmad Project, Narayanpur, Bastar	1978	15,500	236
2.	Baiga	Special Development Agency, Baiga Development Project, Dindori, Mandla	1978	90,222	5 (Districts)

S. No.	Name of Primitive Tribes	Name of Agencies with addresses	Year of registration	Population	Number of villages
3.	Bharia	Tribal Development Agency, Patakot, Tamia, Chhindwara	1978	1,589	12
4.	Kamar	Kamar Development Agency, Gariaband, Raipur	1982	13,500	274
5.	Pahadi Korwa	Tribal Development Agency, Jashpurnagar, Raigarh	1978	16,860	282
6.	Seharia	Seharia Development Agency, Gwalior	1980	2,07,600	6 (Districts)

5.9.2 **Organisational set up.**- At the state level a Primitive Tribes Cell was formed in the office of the Commissioner, Tribal Development (Commissioner, T.D.) under an Officer on Special Duty to co-ordinate, monitor and evaluate the schemes implemented by the Agencies. At Agency level, the Project Officers of the Integrated Tribal Development Projects (ITDP) are in charge of each Agency except for Seharia Development Agency in which the Deputy Director, Tribal Development, Gwalior, is the Project Officer.

5.9.3 **Audit coverage.**- A test check of records relating to implementation of programmes of Special Development Agency, Baiga Development Project, was conducted in September 1988



covering the period 1978 to 1987 under Section 14 of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act 1971. Similar test check of Tribal Development Agency Abujhmad Project and Tribal Development Agency, Pahadi Korwa Project and Commissioner, T.D. was conducted during May to August 1989 covering the period 1978-89. The results of test check are mentioned in the succeeding paragraphs.

#### 5.9.4 *Highlights*

- Out of special central assistance of Rs.512.62 lakhs provided by the Central Government during 1975 to 1985, the State Government released only Rs.153.00 lakhs (30 per cent) to the Agencies, against which Rs.104.08 lakhs (68 per cent) were utilised by them on development schemes. Similarly, Agencies utilised only Rs.368.15 lakhs (86 per cent) out of Rs.533 lakhs released by State Government during 1985-86 to 1988-89, leaving unutilised balance of Rs.164.85 lakhs with the Agencies. This amount also includes Rs.45.11 lakhs outstanding against the executing departments from one to nine years. Government had not geared up adequately the machinery for implementation of the programmes.

(Paragraph 5.9.5.1 and 5.9.7.2(i))

- During 1984-85 and 1987-88 Government of India released grants of Rs.483.84 lakhs (Abujhmad and Baiga) under Article 275(i) of the Constitution for schemes of drinking water and land development,

etc., out of which Rs.88.11 lakhs (18 per cent) were utilised on two schemes. Thus, the financial targets were not achieved.

(Paragraphs 5.9.5.1(b), 5.9.7.3(i) and 5.9.7.3(ii))

- Against financial targets of Rs.336.41 lakhs, the expenditure of Rs.179.73 lakhs was incurred by the Agencies. Percentage of achievement was Abujhmadia: 45; Baiga: 39; Pahadi Korba: 80. Shortfall was attributed to apathy of executing departments and tribals and shortage of staff.  
(Paragraph 5.9.7)
- Delays and shortcomings in implementation of schemes of agriculture, drinking water supply, roads, education, health, irrigation, animal husbandry, cottage and village industries, etc., were noticed.  
(Paragraphs 5.9.5 to 5.9.11)
- Kol tribe was not identified as primitive tribe under the programme by Central Government but State Government released Rs.5 lakhs during 1980-81 to Kol Development Agency.  
(Paragraph 5.9.7.2(iii))
- Cases of expenditure in excess of the approved norms/sanctions or on items not covered in Action Plan were noticed.  
(Paragraphs 5.9.7 to 5.9.10)
- Annual accounts of Agencies were not prepared from one to eleven years.  
(Paragraph 5.9.12.1)

- Prescribed inspections by officers were not done and monitoring at Agencies and State level was not conducted. Evaluation of the impact of the schemes on uplift of primitive tribes was not made.

(Paragraph 5.9.13)

#### 5.9.5. Financial Assistance

(a) **Special Central Assistance.**- Government of India provided financial assistance in the form of Special Central Assistance (SCA) to the State Government on cent-per-cent basis, from 1975-76. The State Government released grants to the Agencies for implementation of schemes for development of primitive tribals.

During the period 1975-76 to 1984-85 SCA of Rs.512.62 lakhs was received by the State Government from Government of India but Rs.153.00 lakhs only were released to the Agencies. Agencies utilised Rs.104.08 lakhs only and balance unutilised at the end of March 1985 was Rs.48.92 lakhs.

For the years 1985-86 to 1988-89 details of SCA received by the State Government from Central Government were not furnished. Details of grants released by State Government and their utilisation by Agencies were as under:

Year	Grant released by State Government	Expenditure incurred by Agencies	Progressive unspent balance with the Agencies
(1)	(2)	(3)	(4)
		(Rupees in lakhs)	
			(Balance 1984-85: Rs. 48.92)
1985-86	106.00	54.42	100.50
1986-87	107.00	84.42	123.08
1987-88	92.00	119.21	95.87
1988-89	228.00	110.10	213.77
<b>Total</b>	<b>533.00</b>	<b>368.15</b>	<b>213.77</b>

The funds of the Agencies are kept with the banks.

Regarding the balances retained by the Government from year to year, it was stated (August 1989) by Commissioner, T.D. that since the Agencies were not in a position to utilise full assistance it was retained with Government.

(b) **Grants under Article 275(i) of the Constitution.**- Over and above the Special Central Assistance, Central Government financed specific schemes/projects with grants under Article 275(i) of the Constitution as per details below:

Year	Name of Project	Cost of Project	Central State Share	Amount released by Government of India and year	Total Amount released by State Government with its own share and year	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
( Rupees in lakhs )						
1984-85	For settled cultivation in Abujhmad	37.25	37.25	-	37.25 (1984-85)	37.25 (1984-85)
1986-87	For construct- of 16 stopdams in Morena district	188.87	141.65	47.22	106.23 (June 1986)	141.65* (February 1987)
1987-88	For drinking Water Supply arrangements in Baiga Villages	531.00	531.00	-	446.59 (1987-88)	105.55 (1987-88) 168.47 (1988-89)
1988-89	For Supply of drinking water in Seharua Village	787.00	787.00	-	72.12 (1988-89)	72.12 (1988-89)
<b>Total</b>		<b>1544.12</b>	<b>1496.90</b>	<b>47.22</b>	<b>662.19</b>	<b>525.04</b>

### 5.9.6. Project Reports

(a) The Planning Commission directed the State Government (1977, 1981) to prepare the Project Reports in respect of

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\*Rupees 141.65 lakhs include the State share of Rupees 35.42 lakhs.

each primitive tribe group. There were delays in preparation of Project Reports and the Project Reports were finally approved by the Government of India in 1984, which led to delayed implementation of the schemes suggested therein.

While approving the Annual Action Plan, the physical targets were not recorded for each programme, either by the Agencies or by the Commissioner, T.D. In the absence of the physical targets, the monitoring of the annual action plan was limited to watching the progress of expenditure only. Neither could the expenditure incurred be co-related to the estimated cost of the work done nor the achievements co-related to the targets fixed. In the progress reports received from the Agencies there was no mention of physical achievement against each programme.

(b) **Release of grant without sanction of annual action plan**

As per bye-laws of the Agencies, they were required to draw up Annual Action Plan for investment in different fields of development. But till 1983-84, Rs.123 lakhs were released to the Agencies without any Action Plans. Rupees 40 lakhs were released to Kamar Development Agency in 1988-89 without any Action Plan. The Commissioner, T.D. attributed it to non-holding of meeting of the Governing Body of Kamar Development Agency.

## 5.9.7 Performance

### 5.9.7.1 Targets and Achievements

Financial targets and achievements during 1984-85 to 1987-88 of the three test checked Agencies were as under:

Year	1984-85			1985-86			1986-87			1987-88			Total		
	A	B	PK	A	B	PK	A	B	PK	A	B	PK	A	B	PK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
( Rupees in lakhs )															
Targets	8.70	20.96	8.11	15.45	27.84	14.58	34.24	52.33	40.28	35.46	42.40	36.06	93.85	143.53	99.03
Achievements	3.75	5.95	4.40	4.58	24.29	9.00	3.37	7.72	21.21	30.43	18.40	45.63	42.13	56.36	80.24
Percentage of short-fall	57	72	46	70	13	38	90	85	47	14	57	-	55	61	20
Note: A-Abujhmad, B-Baiga, PK-Pahadi Korwa															

The physical targets fixed were not available in all the cases. The shortfall shows that the benefits intended did not reach the tribals to the extent envisaged. Major shortfalls were noticed in the schemes of Agriculture, Animal Husbandry, Tubewells, Education and Roads. The detailed position of achievements under various programmes are indicated in Appendix -III. The shortfalls were attributed by the Commissioner, T.D. (August 1989) to apathy of the executing departments, refusal to accept the programmes by the primitive tribes and shortage of staff at State and Agency level.

**5.9.7.2(i) Unutilised amounts with executing agencies**

(i) **Baiga Agency.**- Unutilised balance of Rs.21.96 lakhs, pertaining to the period 1979-80 to 1986-87, was outstanding against executing departments. Similarly a balance of Rs.10.96 lakhs, for the period 1986-87 to 1987-88, was outstanding against Collectors, Balaghat, Bilaspur, Rajnandgaon and Shahdol.

(ii) **Pahadi Korwa Agency.**- Unutilised balance of Rs.9.48 lakhs, pertaining to the period 1980-81 to 1987-88, was outstanding against executing departments (Rs.9.20 lakhs), officers (Rs.0.20 lakh) and banks (Rs.0.08 lakh). The outstandings included Rs.1.08 lakhs against the Deputy Director (Veterinary), Raigarh from 1981-82. The Deputy Director had no details of amount received and utilised by him.



(iii) **Abujhmad Agency.**- Unutilised balance of Rs.2.71 lakhs, pertaining to the period 1981-82 to 1988-89 was outstanding against banks- Rs.1.54 lakhs, executing departments: Rs.0.65 lakh, officers:Rs.0.52 lakh (including Rs.0.10 lakh against Collector, Bastar from 1981-82 on account of tour advance).

The Commissioner, T.D., stated (August 1989) that advances would be recovered.

**5.9.7.2(ii) Utilisation of grants on items not included in Action Plans**

During 1988-89, the Baiga Agency utilised Rs.4.15 lakhs on the programme of free distribution of grain and cloth, providing refrigerators to Chanda Civil Dispensary and Veterinary Hospital, radios for Ashram Schools, printing of loan forms, construction of information centre, play grounds and culverts in Chanda rest house, construction of information centre in Dindori (Baiga), Bada and Padaria rest houses, uniforms to a dancing party, repairs of diesel pump and supply of sewing machines. These items were not included in the Annual Action Plans and needed to be met from regular budget of the departments. This showed the lack of control over the expenditure by the department and acceptance of utilisation certificates without scrutiny. The Commissioner, T.D. stated (August 1989) that reasons would be ascertained from the Collector and the Agency.

**5.9.7.2(iii) Irregular Diversion of  
Rs.5 lakhs for Kol  
Development Agency,  
Rewa**

During 1980-81 out of the budget provision of Rs.25 lakhs for development of primitive tribes, Rs.5 lakhs were paid to the Kol Development Agency, Rewa. The Kol tribe was not identified as 'Primitive Group' by Government of India. Out of the said grant, Rs.0.30 lakh were spent during 1981-83 on survey of 3015 villages by the Kol Development Agency though not contemplated in the Scheme/order. On receipt of Government of India letter (May 1982), the State Government moved the case (May 1984) for getting the refund of the said grant and the case was pursued with the Agency till August 1984 but neither the unspent grant of Rs.4.70 lakhs and interest accrued thereon were got refunded nor was the matter pursued thereafter. Thus, Special Central Assistance of Rs.5 lakhs was not utilised for the benefit of the primitive tribes.

**5.9.7.2(iv) Drawal of Grants  
without requirement**

During 1987-88, Rs.100 lakhs were drawn and deposited in Civil Deposit, which were released to the Agencies in March 1989. The Commissioner, T.D. stated that the funds could not be released earlier due to delayed submission of utilisation certificates by the Agencies.

### 5.9.7.3 Non-utilisation of Grants under Article 275(i) of Constitution

(i) **Grant of Rs.37.25 lakhs for settled cultivation in Abujhmad.**- With the specific object of weaning away the Abujhmad Tribes from the practice of Penda cultivation (Shifting cultivation) to settled cultivation, Government of India released Rs.37.25 lakhs in 1984-85 to the State Government with the following targets:

Programmes	Targets	
	Physical	Financial (Rupees in lakhs)
(i) Number of families to be settled	225	0.10
(ii) Land Development	450 (hectares)	11.25
(iii) Construction of houses	225	6.75
(iv) Wells and Handpumps	12	2.40
(v) Distribution of seeds, fertilizers, bullocks and implements	225 (families)	9.00
(vi) Construction of approach road	5 Km.	1.00
(vii) Development of irrigation facilities	450 (hectares)	6.75
<b>Total</b>		<b>37.25</b>

The amount placed with the Forest Department remained unutilised till March 1986. Thereafter, the amount was transferred to the Abujhmad Agency which kept Rs.25 lakhs in fixed deposit and Rs.12.25 lakhs in Saving Bank Account. At the end of 1986-87 Rs.5.21 lakhs were released to the Agriculture Department (Rs.1.73 lakhs: 285 families for land development, Rs.0.42 lakh: 24 families for land levelling and contour bandhan and Rs.3.06 lakhs: 504 families for a pair of bullocks each). There was no record in the Agency showing the utilisation of this amount. Thus, the object was not achieved even after five years. However, the test check of records of Deputy Director of Agriculture (DDA) Kondagaon (Bastar) revealed that bills of Rs.1.69 lakhs for dozer works were paid twice to the Agriculture Engineer. The Agency stated (May 1989) that the amount would be recovered from the DDA. This showed that the Agency had not verified progress while accepting the certificates of utilisation of funds.

(ii) **Supply of drinking water in Baiga Villages**

The Government of India approved (July 1987) the project for supply of drinking water in Baiga villages at a cost of Rs.531 lakhs. The Project envisaged construction of 128 wells, renovation of 381 wells, boring of 2013 tube wells and installation of handpumps,

construction of 97 stop dams and 5 nistar tanks at a cost of Rs.446.59 lakhs, which were released by Government of India in 1987-88, out of which the State Government drew Rs.1,05.55 lakhs (1987-88) which was kept in Civil Deposit. The sum was released to Baiga Agency in 1988-89 which spent Rs.82.90 lakhs on the project. Further, Rs.168.47 lakhs were drawn and kept in Civil Deposit in 1988-89. The Commissioner, T.D. stated (August 1989) that the sums could not be released to the Agency due to non-utilisation of funds released earlier to the Agency.

Thus, two projects for which Government of India sanctioned grants to the State Government under Article 275(i) of the Constitution did not yield any result till the end of 1988-89 due to non-utilisation of funds. The six monthly progress reports were neither rendered by the Agencies to the State Government nor by the State Government to the Government of India. The amounts received and spent by the Agencies were not incorporated in the annual statement of accounts. The Commissioner, T.D. stated (August 1989) that the matter would be taken up with the Agencies.

#### **5.9.8 Tribal Development Agency- Abujhmad Project**

Abujhmadias, having a population of 15,500, live in hilly and forest areas of 4,000 square kilometres of Narainpur, Bijapur and Dantewada tahsils of Bastar

districts. 3,800 square kilometres in this area has no roads and the tribals live in isolation. The Government of India approved the project Report in 1984.

A test check of records revealed the following irregularities:

(i) **Animal Husbandry.**- 50 poultry units (one unit contains 10 hens and 2 cocks) costing Rs.0.50 lakh provided for in target of 1987-88 were not distributed till April 1989 whereas 15 pig units (one unit contains 2 female and 1 male pig) costing Rs.0.40 lakh were distributed (January 1988) in one village as against two villages envisaged. Ten duck units (one unit contains 10 female and 2 male birds) costing Rs.0.09 lakh for 10 families provided in the target for 1988-89 were not distributed till May 1989 leaving the targets unfulfilled.

(ii) **Health**

(a) In respect of health schemes, the Agency released Rs.1.75 lakhs from 1978-79 to 1983-84 and Rs.0.58 lakh after 1983-84 (1984-85: Rs.0.48 lakh and 1985-86: Rs.0.10 lakh) to the Malaria Officer, Jagdalpur for coverage of all the 236 Abujhmad villages by three rounds of spray of BHC/DDT but the test check of records of Malaria Officer, Jagdalpur revealed that all the 236 villages were never covered by Ist, IInd and IIIrd round of spray of DDT/BHC as detailed below:

Spraying of BHC/DDT	Year and number of villages											
	19- 78- 79	19- 79- 80	19- 80- 81	19- 81- 82	19- 82- 83	19- 83- 84	19- 84- 85	19- 85- 86	19- 86- 87	19- 87- 88	19- 88- 89	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Ist round	112	112	114	114	117	117	117	117	121	124	122	
IIInd round	112	112	114	114	117	117	Nil	Nil	121	120	121	
IIIrd round	Nil	Nil	114	114	Nil	Nil	Nil	Nil	121	Nil	Nil	

Due to non-coverage of all the villages by three rounds of spray of BHC/DDT each year, the object of eradication of Malaria from Abujhmad villages could hardly had been achieved and the expenditure incurred on spraying was infructuous. Further, the Malaria Officer spent Rs.0.21 lakh out of Agency's fund on purchase of petrol and stationery, etc., for his office.

(b) Yaws disease was detected in Abujhmad villages by a team of Indian Council of Medical Research in 1987. The Agency released Rs.0.60 lakh without ascertaining the contribution to be made by the Health Department as desired by the Commissioner, T.D. (June 1988) to the Chief Medical Officer, Jagdalpur, who sent a team of Medical Officers which detected 968 Yaws patients (including 423 new and active) out of 15117 persons surveyed. No special efforts were made to check its proliferation so far (April 1989) by the Agency or Government machinery. The medical team did not visit the patients second time till April, 1989.

(c) During 1987-88 medicines worth Rs.0.17 lakh and during 1988-89 large quantity of medicines (cost not furnished) were given to the Block Development Officer, Orchha for distribution. The account of distribution of the medicines was not maintained/not produced to audit.

### (iii) Tubewells

Against the target of 134 tubewells (upto 1984-85:30; 1985-86:1; 1986-87 :32 and 1987-88:71) only 31 tubewells could be installed by May 1989 as stated (May 1989) by the Executive Engineer, PHE(M) Division, Jagdalpur. Even though the Agency paid Rs.2.50 lakhs to PHE Division Kanker in 1981-82 for construction of 12 tubewells. The works were started in April 1987 and completed in May 1987. The reasons for starting the works in April 1987 and blocking the Agency's fund (Rs.2.50 lakhs) for six years by the Division were not furnished. Further, the PHE(M) Division, Jagdalpur was paid Rs.3 lakhs in 1987-88 and Rs.2 lakhs in 1988-89 for 19 tubewells. In May 1987 the Agency asked the Division (Jagdalpur) for installation of tubewells covering 21 problem villages but 7\* villages were left out and 12\*\* non-problem villages were covered without Agency's approval. Two tubewells were stated to have been unsuccessful due to loose strata and dry bore.

\*Bina Gunda, Tanke, Kutalnar, Dhobe, Nilhar, Hatlanar, Maspur

\*\*Handabada II, Ghumiabada, Orchha, Kudsingar, Maksoli,

Kagur, Bala, Bogan, Marpee, Koge, Baramipee, Kodanar



(iv) Education

(a) Out of 65 primary and 9 middle schools in Abujhmad area, no students could be enrolled in 7 primary schools (Dugipara, Pardananar, Hikal, Rekmada, Kardi and Gatlakal) and 4 middle schools (Jatloor, Lanka, Katchapal and Garpa) in 1984-85 due to non-posting of teachers in 3, death of teachers in 2 and absconding of teachers in 2 primary schools and nil enrolment in 4 middle schools.

(b) Forty three primary and ashram schools which had no building so far (May 1989) were running in Ghotuls (Clubs) and other private huts. There was no plan for construction of building for these schools.

(c) As an incentive to students, Rs.0.92 lakh were given in 1984-85 to the District Organizer (Narainpur) for purchase and distribution of uniforms and reading/writing articles to students. But there was no record of the beneficiaries (either with the Agency or with the District Organizer) to whom the uniforms and articles were distributed.

(d) The Agency paid during 1987-88 Rs.1 lakh to the District Organizer for establishing libraries in 25 schools out of which Rs.0.24 lakh were spent on purchase of 12 steel almirahs and Rs.0.70 lakh for purchase of books in March 1988. The details of distribution of steel almirahs and books were not furnished (May 1989).

(v) **Horticulture**

For establishment of a nursery of fruit plants at Garpa Rs.0.25 lakh were paid to the Assistant Director (Horticulture) Keralapal in 1984-85. Out of 1318 saplings planted during 1985-86 and 1986-87 only 477 plants could survive. 841 plants were stated to have been destroyed in January 1986 due to frost. The entire expenditure was thus, infructuous.

(vi) **Irrigation**

(a) With a view to increasing irrigation potential, soil moisture and making water available for nistar purpose through out the year, construction and repair of stop dams, tanks, annicuts and mundabandhan were to be undertaken. A test check of records of Irrigation Division, Narainpur revealed that for construction of two stop dams at (Kohkameta and Garpa) during 1987-88 and 1988-89 Rs.3 lakhs and Rs.1.40 lakhs respectively were released by the Agency. An expenditure of Rs.3.96 lakhs was incurred upto March 1989 but the two stop dams could not be completed till March 1989. The division attributed (May 1989) it to the shortage of local labour and non-availability of wood for KARRI shutters.

(b) During 1981-82 Rs.1 lakh were given to the Block Development Officer, Orchha for construction of five tanks. But there was no record with the Agency in support of the construction of tanks and the utilisation of funds.

(vii) **Roads**

(a) To connect all the villages with the markets and main roads the construction of link roads, culverts, bridges and causeways etc., was taken up on Chhotadongar-Orchha

road. The Agency had released Rs.13.70 lakhs (Collector, Jagdalpur: Rs.3 lakhs in 1979-80, Public Works Department (Building and Roads) North Bastar Division: Rs.4 lakhs in 1979-80, Rs.4 lakhs in 1980-81 and Rs.2.70 lakhs in 1981-82) but there was no record either with the Agency or with the Division (now in Kondagaon) in support of construction of the road or the utilisation of funds.

(b) Construction of a bridge on Kundla-Kohkameta road and 9 culverts and 3 causeways on Narainpur-Kutul road for which Rs.5.16 lakhs (1986-87: Rs.2.50 lakhs and 1987-88: Rs.2.66 lakhs) were released to the Public Works (Buildings and Road) Division, Kondagaon was not completed till May 1989 but construction of bridge at 1/10 km was started at an estimated cost of Rs.5.84 lakhs without approval of the Commissioner, T.D. in lieu of culvert of estimated cost Rs.1.45 lakhs.

#### 5.9.9 Special Development Agency, Baiga Development Project

The population of Baigas living in Mandla (Dindori), Palaghat (Baihar) Rajnandgaon (Kawardha), Bilaspur and Shahdol (Pusprajgarh) districts was 90,222. Baiga villages are located in undulated terrain with thick forest patches, rivulets and hillocks. Baigas lead a life of object poverty and depend on primitive practices of shifting cultivation, hunting and bamboo works.

The following irregularities were noticed:

##### (i) Agriculture

(a) The Agency distributed 150 pairs of bullocks during 1985-86 and 1986-87 to 81 families of three villages (Amarpur, Samnanpur and Bajag). The Agency had not justified

the excess distribution of 69 pairs of bullocks (more than one pair to a family).

(b) With free distribution of seed and fertilizers during 1979-80, against 270 targeted family beneficiaries residing in 8 villages, 519 families were shown as benefitted. The excess coverage could not be explained (September 1988).

(ii) **Forestry**

During 1981-82, 13 works executed through the Divisional Forest Officer at a cost of Rs.4 lakhs were found substandard for which the Agency decided in March 1984 to recover Rs.0.70 lakh but no recovery was made (September 1988).

5.9.10 **Tribal Development Agency,  
Jashpur (Pahadikorwa Agency)**

The area of inhabitation of Pahadi Korwa Tribals is spread over 282 villages in Raigarh (Jashpur Tahsil), Surguja (Samari, Ambikapur and Pal Tahsils) and Bilaspur (Katghora Tahsil) districts.

A test check of records of Pahadikorwa Agency revealed the following points:-

(i) **Agriculture**

During 1980-81, Rs.0.44 lakh were given to the Deputy Director Agriculture, Surguja (DDA) for distribution of a pair of bullocks each to 55 Pahadikorwa families. The DDA spent Rs.0.07 lakh on payment of 30 per cent subsidy on bullocks in June 1982. No action for obtaining refund of unspent balance of Rs.0.37 lakh has been taken.

(ii) **Animal Husbandry**

During 1979-80 Rs.1.08 lakhs were released to the Deputy Director of Veterinary Services, Raigarh (DDVS) for implementation of animal husbandry programmes. But there was no record in support of utilisation of funds either with the Agency or with the DDVS. The DDVS informed (June 1989) that the matter would be investigated.

(iii) In the area covered by the Agency there are 238 problem villages requiring schemes for providing drinking water. Schemes costing Rs.13.90 lakhs for construction of 70 tube-wells for providing drinking water to 70 problem villages were sanctioned during the period 1984-85 to 1988-89. The position of tube wells completed/not completed is shown below:

Year of sanction	Target			Achievement		
	Number of Tube-Wells to be constructed	Cost (Rupees in lakhs)	Coverage of villages	Total amount released	Total Number of Tubewells completed	Number Not completed
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1984-85	10	1.50	10	1.50	4	6
1986-87	5	1.40	5	-	Nil	5
1987-88	25	5.00	25	5.60	6	19
1988-89	30	6.00	30	5.40	4	26
<b>Total</b>	<b>70</b>	<b>13.90</b>	<b>70</b>	<b>12.50</b>	<b>14</b>	<b>56</b>

(iv) **Cottage Industries**

(a) With the object of imparting training, providing raw material and distributing machines for establishing cottage and village industries a number of programmes were taken up by the Agency. During 1981-83, Rs.0.20 lakh were given to the Divisional Forest Officer, Jashpur (DFO) for imparting training to Pahadi Korwas in sisal plantation and rope making who misused the grant of Rs.0.05 lakh for purchasing foam mattress, pillows and dinner set for the guest house.

(b) Again in 1984-85, Rs.0.50 lakh were released for sisal plantation in Badalkhol Abhayaranya. The amount was spent on purchase of 25,000 bulbils (Sisal Plants) digging, filling and fencing of pits. But due to unfavourable soil and biological conditions, lack of adequate funds and apathy of villagers, plants could not survive. Thus, the object of providing raw materials to the Pahadikorwas for sisal rope making was not achieved.

(c) In 1987-88, 100 sisal rope making machines were purchased at Rs.0.20 lakh for distribution to Pahadikorwas after completion of their training in sisal rope making. The Block Development Officer, Bagicha, to whom these machines were given, had distributed only 35 machines in May 1989. The Block Development Officer stated (June 1989) that there was no record to show that the machines were given only to trained Pahadi Korwas as distribution was made in a special camp. 65 machines were not distributed and were in stock. It was further informed that due to non-availability of raw material the benefits of the scheme could not reach the Pahadikorwa families.

(v) **Education**

The targets fixed for construction of five Ashram Schools in 1985-86 to 1987-88, for incentives to 1000 students in 1984-85 and 1986-87 and for informal education in 1985-86 were not achieved by the Agency. During 1985-86 to 1987-88, Rs.10 lakhs were given to the Block Development Officer, Kunkuri (1 school). Executive Engineer (B&R) Division, Jashpur (2 schools) and Project Officer, Ramanujganj (2 schools) for construction of Ashram Schools. The Block Development Officer, Kunkuri had completed the construction of one school in April 1988 and the remaining 4 works had not been started till June 1989. The Agency had not furnished the reasons for delay. In 1987-88 Rs.0.33 lakh were given to the District Organiser Tribal Welfare, Jashpur for distribution of uniforms and reading/writing articles as incentive to students. The details of students and schools to whom uniforms and other articles were distributed, were not furnished.

(vi) **Horticulture**

During 1980-81 to 1986-87, the scheme of distribution of fruit plants was implemented by the Agency and expenditure of Rs.0.70 lakh was incurred. Details of utilisation of Rs.0.30 lakh were not available with Agency. Rupees 0.33 lakh were paid in September 1981 to a private nursery of Ranchi (Bihar) for supply of fruit plants. But the supplier had not given details of plants for Rs.0.21 lakh nor the Agency had any supporting document of receipt of plants. The Agency had not taken any follow up action to know the number planted and the number of survivors.

### 5.9.11 Other points of interest

#### 5.9.11.1 Irregularities in purchases of vehicles

The areas where the primitive tribes live are in very interior forests and the terrain is undulating and rugged. With a view to making frequent visits to villages for implementing the programmes effectively, the Government decided (June 1985) to provide jeeps to the Assistant Project Officers of all the six Agencies and in addition four motor cycles to the Area Organisers in Seharia Agency. The Bharia (Patalkot) and Seharia Agencies purchased (November 1986) minibus (16 seater) and Maruti Gypsi Van respectively which was not according to sanction by the Government. The Government in Finance Department had also prohibited the purchase of petrol driven vehicles.

#### 5.9.11.2 Coverage by I.R.D. Programmes

(a) Under the Integrated Rural Development Programmes (IRDP) the tribals are given loans by the banks for establishing family oriented self employment units of cottage industries, animal husbandry and agriculture. A subsidy equal to 50 per cent amount of loan is paid by the Government under this scheme. As per guidelines issued by the Government (September 1984) 30 per cent additional subsidy was admissible and payable from the funds of the Agency to the members of the primitive tribes with a view to reduce their liability of loan payment to 20 per cent from 50 per cent. The financial targets and achievements of Abujhmad, Baiga and Pahadikorwa Agencies during 1985-86 to 1987-88 were as follows:



Agencies	1985-86		1986-87		1987-88	
	Target	Achievement	Target	Achievement	Target	Achievement
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(Rupees in lakhs)					
Abujhmad	3.50	Nil	2.50	8.05	4.50	8.37
Baiga	7.00	Nil	3.54	1.44	4.75	1.08
Pahadikorwa	12.76	1.64	3.42	1.69	Nil	Nil

(b) The number of beneficiaries to be covered and actually covered under this scheme was not available with the Agencies. However, from the records it was observed that (i) in Abujhmad Agency out of 236 villages inhabited by Abujhmadias (189 in Narainpur, 39 in Bijapur and 8 in Dantewada), 137 villages (130 in Narainpur, 5 in Bijapur and 2 in Dantewada) were covered by I.R.D. Programmes till the end of 1988-89 and remaining 99 villages have not been covered due to remoteness of the areas. (ii) Information of Baiga Agency was not available (iii) In Pahadikorwa Agency, out of 282 villages inhabited by Pahadikorwas (5 Blocks) the information was available for one block (Bagicha) which showed that out of 60 villages (844 families), 33 villages (230 families) were covered by the scheme till 1988-89. The reasons for non-coverage of remaining villages by the scheme were not furnished.

#### 5.9.11.3 Appointment of staff without sanction

The Pahadikorwa Agency appointed six Rural Development Assistants (RDA) and five peons without getting the posts sanctioned from the Government and incurred expenditure of Rs.7.04 lakhs on pay and allowances of RDA's alone during 1980-89. The Agency informed (June 1989) that the matter was pending with the Commissioner T.D.

#### 5.9.11.4 Check posts

With the object of security and preservation of the race and culture of the Abujhmadias six check posts at a cost of Rs.0.72 lakh were to be constructed but the works were not started till the end of 1988-89 and the inflow of intruders and trespassers as well as exploitation by Dandami tribes (criminals) could not be stopped as reported by the Block Development Officer, Orchha.

The scheme also envisaged opening of fair price shops for purchase and sale of forest produce and daily needs at reasonable rates from/to the tribals to save them from the exploitation by local businessman. The Agency advanced Rs.2.15 lakhs during 1981-82 to 1987-88 to various departments for this purpose. Out of Rs.0.50 lakh advanced to the Integrated Tribal Development Project (ITDP), Narainpur during 1981-82, the ITDP opened the fair price shops at Kohkameta and Katchapal which were not successful. The ITDP spent Rs.0.22 lakh on distribution of saris without sanction and refunded Rs.0.24 lakh and balance Rs.0.04 lakh were not refunded. Rupees 0.15 lakh paid to Block Development Officer, Geedam during 1982-83 were not utilised and refunded after 6½ years. Rupees 0.50 lakh advanced to Co-operative Marketing Society during 1986-87 were not utilised. Rupees 0.25 lakh were refunded after 3 years and balance of Rs.0.25 lakh was not yet refunded (May 1989). Rupees 1 lakh were advanced to Ram Krishna Ashram, Narainpur during 1987-88 but no information about its utilisation for fair price shops was available.

## 5.9.12 Audit and Accounts

## 5.9.12.1 Arrears in preparing annual accounts

As envisaged in their bye-laws, the Agencies were required to get the accounts finalised and audited by Chartered Accountants and to place them before General Body meeting and furnish copy to the Registrar of Societies. But the accounts of the Agencies were in arrears ranging from one year to 11 years as detailed below:

Agencies	Period of arrears	Number of years
1. Bhabaria	1978-79 to 1988-89	11
2. Kamar	1982-83 to 1984-85 and 1987-88 to 1988-89	5
3. Sehabaria	1985-86 to 1988-89	4
4. Baiga	1985-86 to 1988-89	4
5. Pahadikorwa	1987-88 to 1988-89	2
6. Abujhmad	1988-89	1

The Kamar Agency had finalized the accounts for 1985-86 to 1986-87 leaving the accounts pending for 1982-83 to 1984-85 and without taking the unspent balance of Rs.0.50 lakh into accounts. The Commissioner T.D. directed (August 1989) the Agency to recast the accounts from the beginning. The Baiga Agency attributed the delay to shortage of staff and Abujhmad Agency to non-finalisation of terms of contract with the Chartered Accountant. No reasons were furnished by Pahadikorwa Agency. As per the information furnished by Abujhmad and Pahadikorwa Agencies, audited accounts were not submitted to the Registrar of Societies.

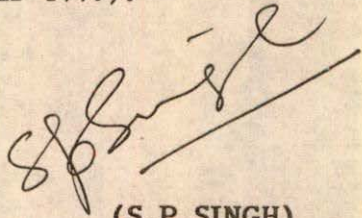
### 5.9.12.2 Non maintenance of register of grant-in-aid and assets

The register of grant-in-aid and the block account of the assets as prescribed by the Government (September 1960) were neither maintained by the Agencies nor by the Commissioner T.D.

### 5.9.13 Monitoring and Evaluation

With a view to monitoring various programmes, a post of the Director was envisaged in Government of India instructions issued in May 1981. No such post was created so far (August 1989). The programmes were not evaluated and reviewed at State level at any time. The Commissioner T.D. stated (July 1989) that the schemes implemented so far would be reviewed and receipt of utilisation certificates from the Agencies would be monitored. At Agency level, one post of the Assistant Project Officer (APO) was created in September 1984 to evaluate and monitor the schemes by extensive tours of 20 days with 10 night halts in a month in primitive tribe pockets and jeep was provided to them in 1986. But test check of records of Abujhmad, Baiga and Pahadikorwa Agencies revealed that the APOs had undertaken tours of 5-6 days only in a month without night halts in primitive tribal areas. In the Abujhmad and Pahadikorwa Agencies the officers avoided tours and night halts due to rush of work in office and unsafe night halts in Abujhmad villages. The Baiga Agency did not furnish any reasons. Further, it was observed that the APO, Abujhmad had covered during tours only 24 villages out of 236 villages from January 1988 to March 1989 whereas the APO, Pahadikorwa covered 33 out of 282 villages from 1986-87 to 1988-89.

5.9.14 The matter was reported to the Government (November 1989); reply has not been received (April 1990).

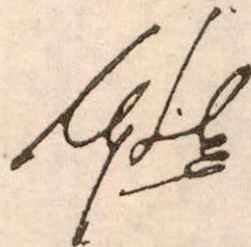


(S.P.SINGH)

Accountant General(Audit)-I  
Madhya Pradesh

Gwalior,  
The

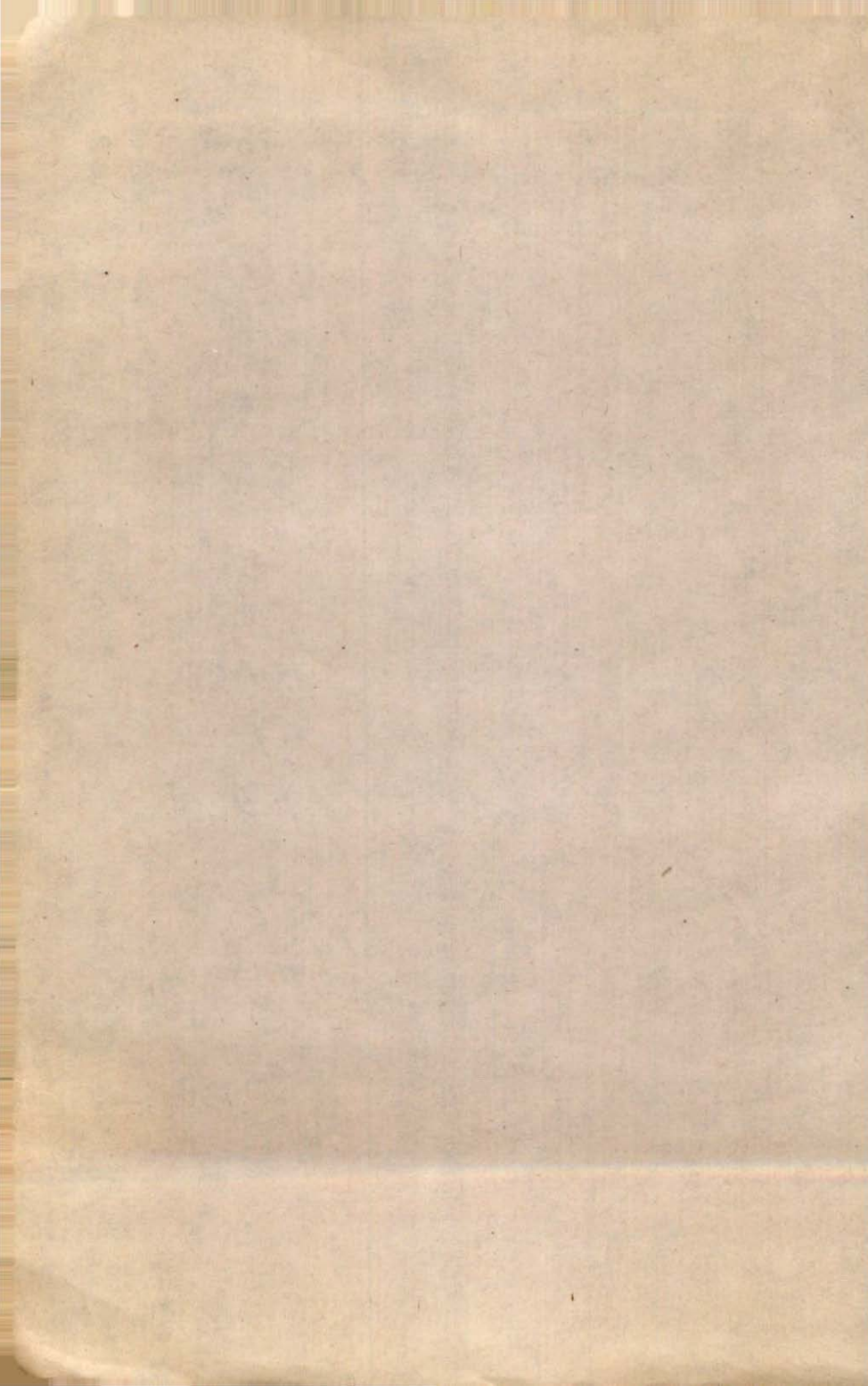
Countersigned



(C.G.SOMIAH)

Comptroller and Auditor General  
of India

New Delhi,  
The



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**APPENDICES**

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## APPENDIX-I

## GRANTS/APPROPRIATIONS WHERE EXCESS REQUIRES REGULARISATION

(Reference paragraphs 2.2. 3 at page 20 )

Sl. No.	Number and name of grant/appropriation	Total grant/ appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
<b>(a) Grants-</b>				
<b>Revenue Section:</b>				
1.	3- Police	2088370200	2134485041	46114841
2.	8- Land Revenue and District Administration	712177100	796373776	84196676
3.	9- Expenditure pertaining to Revenue Department	111156100	130032672	18876572
4.	10- Forest	2245518200	2263152473	17634273
5.	14- Animal Husbandry	352578000	359681681	7103681
6.	19- Public Health and Family Welfare	2085699900	2217559863	131859963
7.	20- Public Health Engineering	1327485000	1739563234	412078234
8.	24- Public Works Roads and Bridges	852443000	1203040530	350597530
9.	29- Administration of Justice and Elections	187396100	208710700	21314600
10.	33- Tribal Welfare	1005004500	1007511057	2426557
11.	36- Transport	44813100	44885978	72878
12.	49- Harijan Welfare	130438000	130672778	234778
13.	52- Externally Aided Projects pertaining to Agriculture Department	66200000	85676805	19476805
14.	59- Externally Aided Projects pertaining to Co-operation Department	8119000	8122587	3587



## APPENDIX-I contd.

Sl. No.	Number and name of grant/appropriation	Total grant/ appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
15.	67- Public Works- Building	1229024100	1467621744	238597644
16.	73- Upgradation of Standards of Administration as recommended by Eighth Finance Commission- Health	930000	930484	484
<b>Capital Section:</b>				
1.	22- Expenditure pertaining to Local Government Department	51820100	55870591	4050491
2.	30- Expenditure pertaining to Panchayat and Rural Development Department	3253000	6964830	3711830
3.	45- Minor Irrigation Works	417868200	430445423	12577223
4.	55- Upgradation of standards of administration as recommended by Eight Finance Commission- Bastar Development	23000200	27699333	4699133
5.	58- Expenditure on relief on account of Natural calamities and scarcity	356757000	609151742	252394742
6.	70- Upgradation of standards of Administration as recommended by Eighth Finance Commission- Polic	5448000	5667000	219000

## APPENDIX-I conclud.

Sl. Number and name of No. grant/appropriation	Total grant/ appropriation	Expenditure	Excess
(1)	(2)	(3)	(5)
		Rs.	Rs.
7. 76- Upgradation of standards of Administration as recommended by Eight Finance Commission- Training	1185000	1249042	64042
<b>Appropriations- Revenue Section:</b>			
1. 6- Expenditure pertaining to Finance Department	201700	383805	182105
2. 8- Land Revenue and District Administration	105530000	107106978	1576978
3. 22- Expenditure pertaining to Local Government Department	623816000	625330848	1514848
4. 29- Administration of Justice and Election	25277100	27417292	2140192
5. 56- Expenditure pertaining to personal Administrative Reforms and Training Department	13269000	13434,239	165239
<b>(a) Grants-</b>			
<b>Revenue Section</b>	<b>12447432300</b>	<b>13798021403</b>	<b>1350589103</b>
<b>Capital Section</b>	<b>859331500</b>	<b>1137047961</b>	<b>277716461</b>
<b>(b) Appropriations-</b>			
<b>Revenue Section</b>	<b>768093800</b>	<b>773673162</b>	<b>5579362</b>

## APPENDIX-II

(Reference: Paragraph 2.2.10 at page 52 ) /

## Injudicious/irregular/incorrect re-appropriations

(a) Some of the cases in which funds were injudiciously withdrawn by re-appropriation, although the accounts already showed an excess over the provision are mentioned below:-

Sl. No.	Grant number and Head of account	Original plus Supplementary provision	Actual Expenditure	Excess	Re-appropriation
(1)	(2)	(3)	(4)	(5)	(6)
		(Rupees in lakhs)			
1.	8- 2029- Land Revenue				
	(103)- Land Records	2492.04	2862.62	370.58	-147.69
	001- District charges				
2.	57- 4701- Capital outlay on Major and Minor Irrigation				
	01- Major Irrigation (Commercial)				
	(001)- Direction and Administration				
	(3)- Dam and Appurtenant Works	1016.37	1070.59	54.22	-380.48
3.	79- 4235- Capital outlay on Social Security and Welfare				
	60- Other Social Security and Welfare Programme	653.00	798.36	145.36	-406.87
	(800)- Other expenditure				
	051- Construction-				

## APPENDIX-II contd.

(b) Some of the cases where funds were withdrawn by re-appropriation in excess of available saving resulting in final excesses are mentioned below:

Sl. No.	Grant number of Head of account	Original plus supplementary provision	Actual expenditure	Actual Saving available	Re-appropriation (Reduction)
(1)	(2)	(3)	(4)	(5)	(6)
			(Rupees in lakhs)		
1.	10- 2406- Forestry and Wild Life				
	01- Forestry				
	(203)- Timber	4160.00	3334.92	825.08	-1126.41
2.	23- 4701- Capital outlay on Major and Midium Irrigation				
	01- Major Irrigation (Commercial)				
	004- Bansagar Irrigation Scheme Dam and Appurtenant Works				
	- Building	4235.00	3846.92	388.08	-1243.82
3.	48- 4801- Capital outlay on Power Projects				
	01- Hydel Generation Indira Sagar Project Unit-I and III	3351.00	3073.12	277.88	-988.35

## APPENDIX-II contd.

Sl. No.	Grant number of Head of account	Original plus supplementary provision	Actual expenditure	Actual Saving available	Re-appropriation (Reduction)
(1)	(2)	(3)	(4)	(5)	(6)
		(Rupees in lakhs)			
4.	57- 4701- Capital outlay on Major and Medium Irrigation				
	01- Major Irrigation (Commercial)				
	Hasdeo Bango Irrigation Scheme				
	Dam and Appurtenant Works	4028.00	2950.84	1077.16	-1408.00

## APPENDIX-II contd.

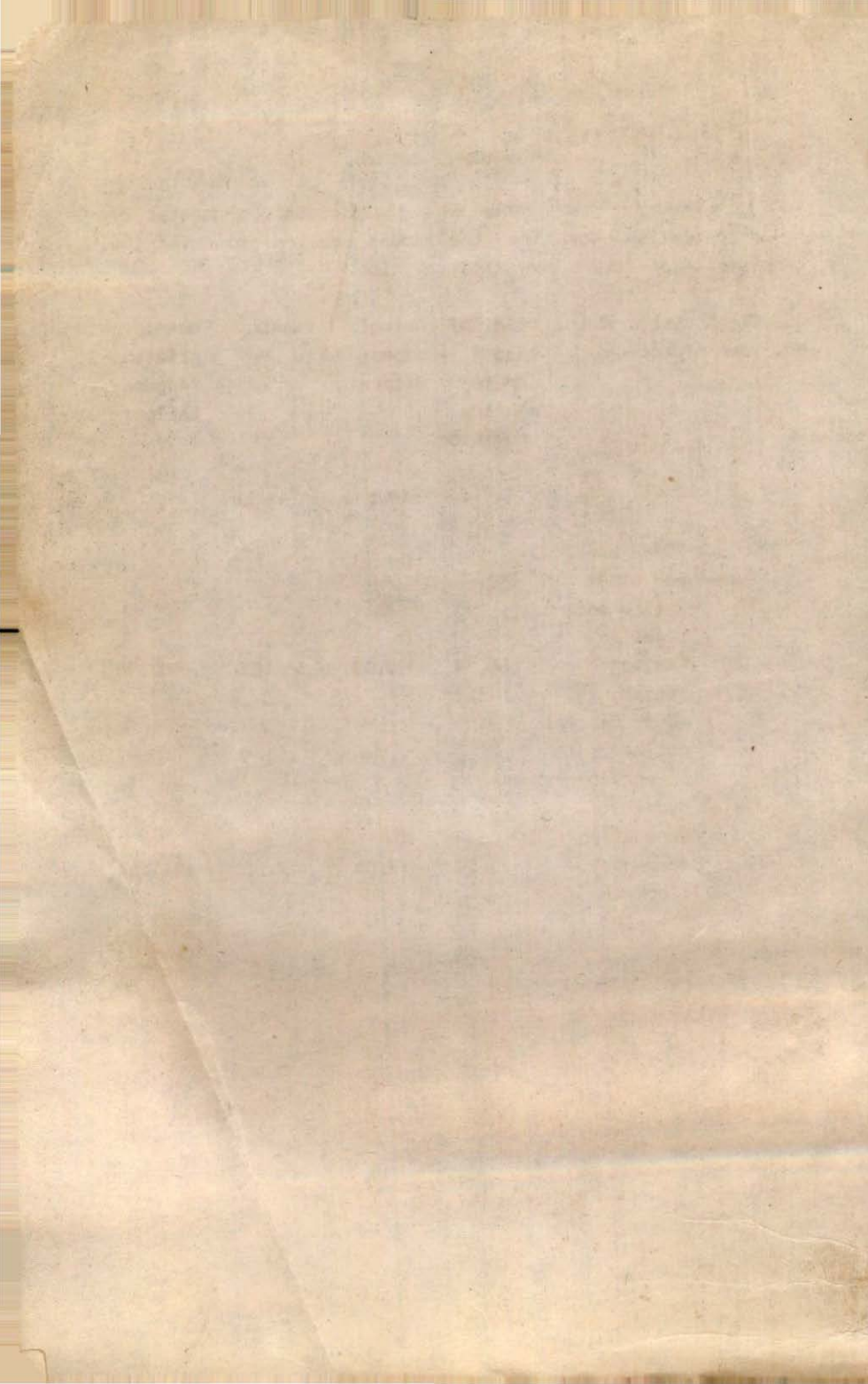
(c) Some of the cases of Unnecessary augmentation of funds by re-appropriation, despite saving under the relevant grant are mentioned below:

Sl. No.	Grant number and Head of account	Original plus supplementary provision	Actual expenditure	Saving	Re-appropriation
(1)	(2)	(3)	(4)	(5)	(6)
			(Rupees in lakhs)		
1.	58- 3054- Roads and Bridges 04- District and other Roads (008)- Other expenditure	1731.00	1195.80	535.20	+444.53
2.	64- 2217- Urban Development 04- Slum Area Improvement (191)- Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards etc.	154.00	117.90	36.10	+137.56

## APPENDIX-II conclud.

(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.

Sl. No.	Grant number and Head of account	Original plus supplementary provision	Actual expenditure	Excess	Re-appropriation (Augmentation)
(1)	(2)	(3)	(4)	(5)	(6)
			(Rupees in lakhs)		
1.	6- 2071- Pensions and other Retirement Benefits				
	(105)- Family Pensions	660.17	1026.19	366.02	+507.15
2.	48- 4801- Capital outlay on Power Projects				
	01- Hydel Generation				
	799- Suspense stock-	75.00	77.85	2.85	+141.54





## APPENDIX - III

(Reference: Paragraph 5.9.7.1 at page 272 )

Statement showing targets and achievements under various programmes by Primitive Tribe Agencies for the period 1984-85 to 1987-88.

Objectives (1)	Abujhmad Agency			Baiga Agency			Pahadikorwa Agency			Kamar Agency			Bharua Agency			Seharia Agency		
	Target (2) (Rupees in lakhs)	Achieve- ment (3)	Short- fall (4) (Per cent)	Target (5) (Rupees in lakhs)	Achieve- ment (6)	Short- fall (7) (Per cent)	Target (8) (Rupees in lakhs)	Achieve- ment (9)	Short- fall (10) (Per cent)	Target (11) (Rupees in lakhs)	Achieve- ment (12)	Short- fall (13) (Per cent)	Target (14) (Rupees in lakhs)	Achieve- ment (15)	Short- fall (16) (Per cent)	Target (17) (Rupees in lakhs)	Achieve- ment (18)	Short- fall (19) (Per cent)
01- Agriculture	23.25	6.60	71	17.86	1.86	89	42.82	37.24	13	12.05	5.01	58	1.99	1.84	8	10.02	0.81	92
02- Animal Husbandry	1.80	0.40	77	2.20	0.79	64	3.72	0.30	92	1.15	0.50	28	0.07	1.12	-	10.94	2.34	79
03- Health	3.48	2.35	32	5.75	0.34	94	2.55	1.67	34	1.78	0.16	91	0.64	0.24	63	0.60	0.01	98
04- Tube wells	15.95	5.64	65	43.96	20.67	53	19.00	11.24	40	10.41	5.44	48	19.84	4.53	77	49.58	21.32	57
05- Education	13.78	8.00	42	26.84	8.85	67	14.05	13.58	4	6.80	2.41	65	5.45	1.64	70	13.67	3.01	79
06- Horticulture	3.60	1.11	69	8.78	0.74	91	3.14	1.00	68	12.76	6.73	47	7.38	2.30	73	0.83	NIL	100
07- Irrigation	3.00	3.00	-	12.79	4.00	69	2.50	9.30	-	1.54	1.01	34	0.43	0.20	53	13.50	0.60	96
08- Roads	19.50	7.67	61	5.91	5.62	5	0.50	NIL	100	-	-	-	0.95	0.96	-	NIL	1.00	NIL
09- Social Welfare	0.68	0.98	-	1.77	1.03	42	-	-	-	-	-	-	0.34	0.20	53	0.65	1.00	NIL
10- Establishment	5.90	3.48	41	6.22	6.40	-	8.00	4.53	43	4.35	NA	-	2.94	4.12	-	2.70	0.92	66
11- Vehicles	2.86	2.90	-	1.10	NA	-	1.10	0.98	12	1.58	1.28	19	1.10	1.16	-	1.70	NA	-
12- Cottage Industry	-	-	-	4.80	1.54	68	1.65	0.40	76	-	-	-	1.18	1.81	-	4.21	2.15	49
13- Co-operation	-	-	-	5.55	4.52	18	-	-	-	4.69	2.67	43	-	-	-	1.00	NIL	100
14- Fisheries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	NIL	100
<b>Total</b>	<b>93.80</b>	<b>42.13</b>	<b>55</b>	<b>1,43.53</b>	<b>56.36</b>	<b>61</b>	<b>99.03</b>	<b>80.24</b>	<b>20</b>	<b>57.11</b>	<b>25.21</b>	<b>55</b>	<b>42.31</b>	<b>20.12</b>	<b>52</b>	<b>1,10.40</b>	<b>33.16</b>	<b>70</b>

