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Presented to the legislature
on 22 August 2003

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

FOR THE YEAR ENDED 31 MARCH 2002

**(CIVIL)
GOVERNMENT OF RAJASTHAN**

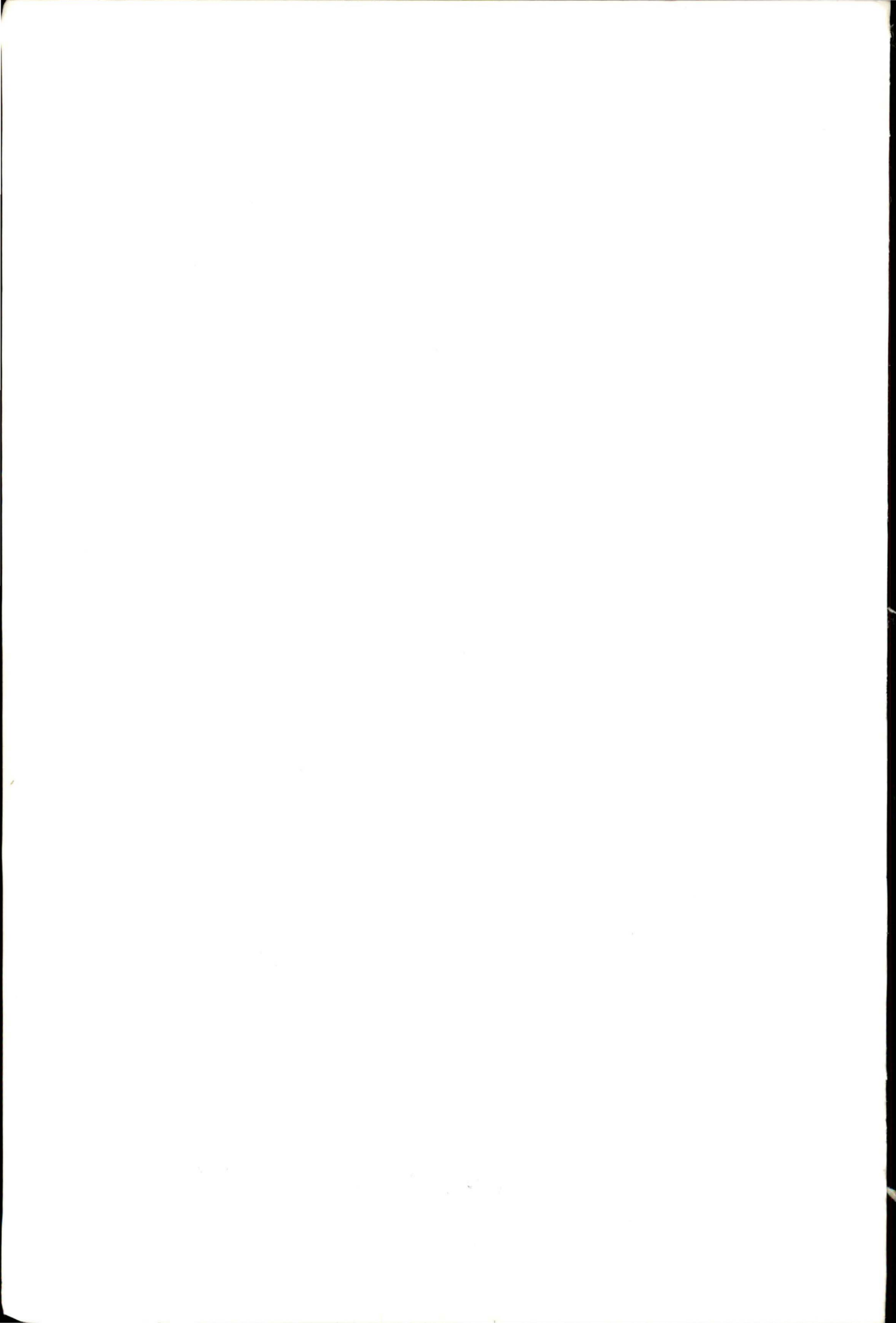


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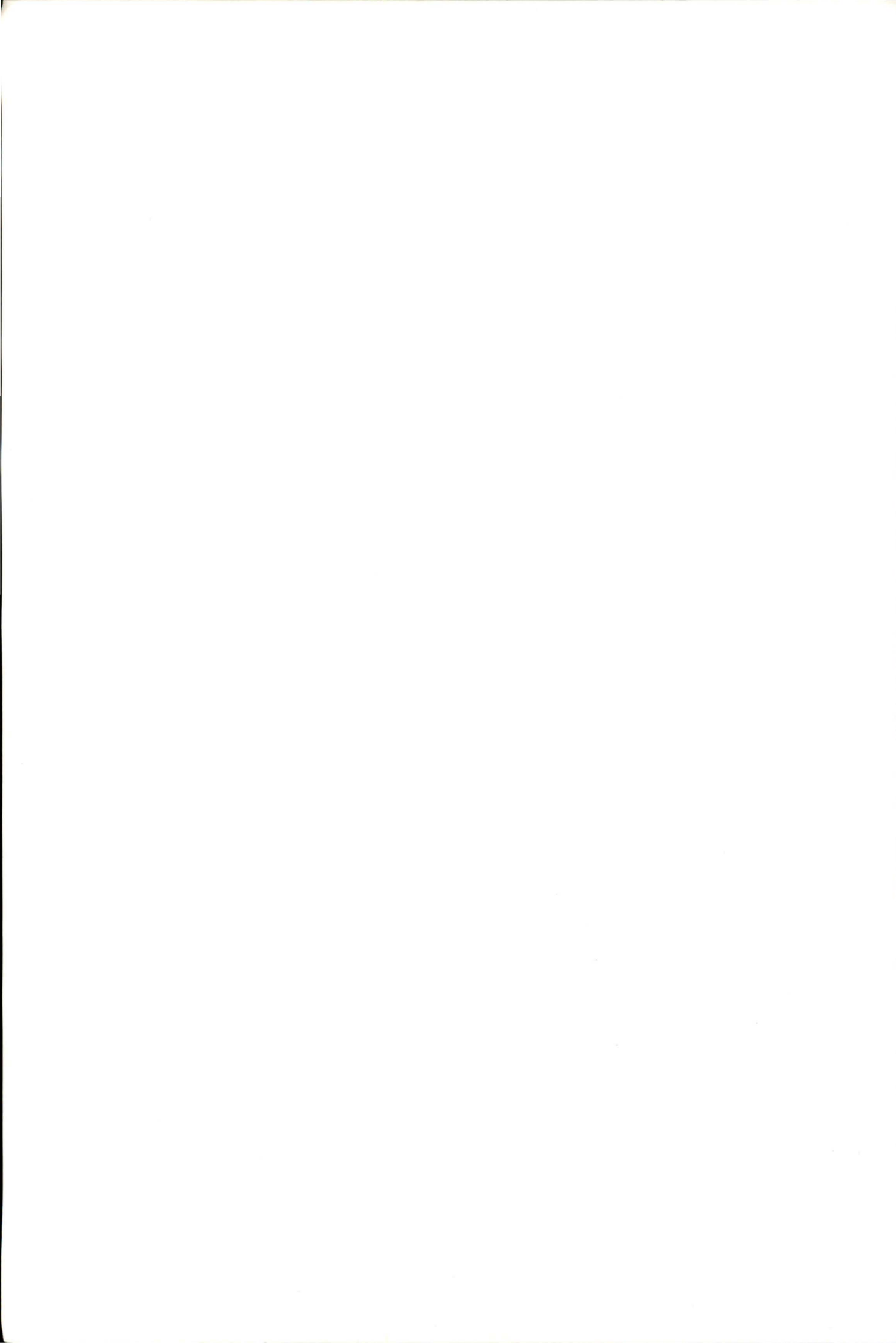
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Preface








1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2002.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001-02 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2001-02 have also been included wherever necessary.



OVERVIEW

This Report contains two Chapters on the observations of Audit on the State's Finance and Appropriation Accounts for the year 2001-02 and five other Chapters comprising 3 reviews and 26 other paragraphs, based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of findings contained in the Report is presented in this Overview.

1. The Finances of the State Government

-  While the liabilities grew by 17 *per cent*, the assets grew by 9 *per cent*.
-  The share of Revenue Receipts in the total fund decreased from 74 *per cent* in 2000-01 to 67 *per cent* in 2001-02. The share of recoveries of loans and advances also decreased from 0.74 *per cent* to 0.38 *per cent*. The share of receipts from public debt increased from 18 *per cent* to 27 *per cent*. The share of net receipts from the Public Account declined from 7 to 5 *per cent*.
-  The Revenue expenditure accounted for 88 *per cent* of total funds available during 2001-02. This was higher than the share of the revenue receipts (67 *per cent*) which led to Revenue Deficit. While the share of capital expenditure in total application of funds increased from 8 *per cent* to 10 *per cent* lending for development purposes decreased from 2.49 *per cent* to 1.13 *per cent* during the period.
-  Annual growth of revenue receipts, after declining to a moderate 2.08 *per cent* in 1998-99, increased sharply to 14.12 and 26.68 *per cent* in the subsequent two years. With overall revenue receipts declining in absolute terms in 2001-02, its annual growth for the first time turned negative by 2.01 *per cent* in the current year.
-  While on an average, around 60 *per cent* of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 40 *per cent* of the total revenue.
-  While the own taxes of the state recorded a trend growth of 12.98 *per cent* during 1997-2002, the non-tax revenue recorded a growth of 3.81 *per cent* only. The trend growth of revenue from the central taxes and grants-in-aid was 11.81 and 11.65 *per cent* respectively.
-  The rate of growth of total expenditure was only marginally higher than the rate of growth of revenue receipts during this period. Total expenditure GSDP ratio, increased from 18.34 *per cent* in 1997-98 to 20.98 *per cent* in 2001-02. There was also a decline in the ratio of revenue receipts to total expenditure from 70.96 *per cent* in 1997-98 to 67.63 *per cent* in 2001-02, indicating that only a little over two thirds of the State's total expenditure was met from its current revenue, leaving the balance to be financed by borrowings.





- Plan expenditure declined from 31.14 *per cent* of total expenditure in 1997-98 to 22.13 *per cent* in 2001-02. Similarly, capital expenditure declined from 21.81 *per cent* in 1997-98 to 10.23 *per cent* in 2001-02. There was also a decline in the share of development expenditure from 68.76 *per cent* in 1997-98 to 59.35 *per cent* in 2001-02.
- The revenue deficit increased from Rs 582 crore in 1997-98 to Rs 3,796 crore in 2001-02. The fiscal deficit, which represents the total borrowings of the Government and its total resource gap, increased from Rs 2,552 crore in 1997-98 to Rs 5,749 crore in 2001-02. State also had a primary deficit increasing from Rs 655 crore in 1997-98 to Rs 1,871 crore in 2001-02.
- Overall fiscal liabilities increased from Rs 19,261 crore in 1997-98 to Rs 39,970 crore in 2001-02 at an average annual rate of 19.55 *per cent*. These liabilities as ratio to GSDP increased from 29.8 *per cent* in 1997-98 to 46.7 *per cent* in 2001-02 and stood at 3.29 times of its revenue receipts and 5.57 times of its own resources.
- Average interest rate on fiscal liabilities at 10.45 *per cent* during 1997-2002 exceeded the rate of growth of GSDP by 2.57 *per cent*.
- The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments varied from 19.1 *per cent* to 42.5 *per cent* during 1997-2002. The net funds available declined to a level of 30.8 *per cent* of total new loans in 2001-02.
- As on 31 March 2002, 30 Statutory Corporations, Rural Banks, Government Companies and Joint Stock Companies with an aggregate investment of Rs 1,944.23 crore were incurring losses and their accumulated losses amounted to Rs 1,049.73 crore.
- Total outstanding loans amounted to Rs 2,799 crore. Overall interest received against these advances had declined to 3.04 *per cent* during 2001-02.
- The financial results of 5 major and 12 medium irrigation projects with a capital expenditure of Rs 2,810.64 crore at the end of March 2002 showed that the schemes suffered a net loss of Rs 349.12 crore.
- As of 31 March 2002, there were 300 incomplete projects with Rs 1,760 crore invested.

(Paragraphs 1.1 to 1.11)

2. Appropriation Audit and control over expenditure

- The supplementary provision of Rs 4,264.69 crore constituted 17 *per cent* of the original budget provision of Rs 24,598.52 crore. In 19 cases





supplementary provision aggregating Rs 158.12 crore proved unnecessary while in respect of "Public Debt" supplementary provision of Rs 3,307.93 crore proved insufficient resulting in excess expenditure of Rs 96.50 crore.

-  The expenditure exceeded the budget provision in five grants and seven appropriations (13 cases) by Rs 1.03 crore and Rs 96.56 crore respectively. Excess expenditure of Rs 728.94 crore for the years 1996-2001 was also yet to be regularised.
-  Surrender of Rs 1,624.10 crore was made on the last working day of the financial year. In 19 cases savings of Rs 204.25 crore was not surrendered and in 6 cases Rs 71.16 crore were surrendered in excess.
-  Expenditure aggregating to Rs 192.66 lakh was incurred in 2 cases without any provision either in the original estimates or in the supplementary demands.
-  Out of 543 heads of account, explanations for variations were not received in respect of 174 (32 *per cent*) heads of account as of August 2002.

(Paragraph 2.1 to 2.3)

3. Integrated Audit Including Manpower Management of Public Works Department

Public Works Department is responsible for construction/repairs and maintenance of all buildings, roads (including National Highways), bridges and other related structures financed from State and Central budget allocations. Expenditure of Rs 1811.80 crore was incurred during 1999-2002. Cases of deviation from specification of Indian Road Congress (IRC), irregular selection of roads for loan from National Bank for Agriculture and Rural Development, delay in completion of 37 packages (54 *per cent*) out of 69 packages of *Pradhan Mantri Gram Sadak Yojana* road works targeted for completion were some of the serious lapses noticed. More significant points noticed were:

-  Rs 3.59 crore provided for State Highways (SH) was irregularly spent on district and village roads.
-  Rs 1.14 crore was incurred in excess on execution of liquid seal coat instead of sand seal coat and on surface dressing, not required as per IRC specifications.
-  Infertuous expenditure of Rs 17.58 crore was incurred on projects proposed for World Bank assistance and subsequently dropped.
-  Works for Rs 23.73 crore were taken up though ineligible for loan assistance from National Bank for Agriculture and Rural Development.

- Rs 44.87 crore provided under *Pradhan Mantri Gram Sadak Yojana* was not utilised.
- Extra expenditure of Rs 2.18 crore was incurred due to unwarranted widening of SH 5 (Rs 1.05 crore), acceptance of tender at higher rates (Rs 0.30 crore) and incorrect rate analysis (Rs 0.83 crore).
- Unfruitful expenditure of Rs 13.36 crore was incurred on works lying incomplete.
- Cases of pilferage/shortage of bitumen amounted to Rs 1.48 crore.





(Paragraph 4.1)

4. Desert Development Programme (Phase I) (Watershed)

Desert Development Programme (Phase-I) (Watershed) was started in 1995. 917 watersheds costing Rs 200.28 crore sanctioned by District Rural Development Agencies could not be completed during project period which had to be extended upto March 2002. In test-checked districts, development activities falling short of sanctioned activities, inadequacy of integrated development activities of watersheds, delayed formation of Watershed Committees and absence of Users Groups/Self Help Groups made the Programme unsuccessful. The assets were not transferred to *Gram Panchayats*/Watershed Associations (WAs) and inadequate collection of contribution was made under Watershed Development Fund required for sustainable use of created assets. Significant points noticed were as under:

- Only Rs 168.95 crore was spent out of Rs 197.37 crore released. Rs 3.72 crore was diverted.
- Against requirement of 472 WAs, in test-checked districts only 176 were formed. Development works of 47 watersheds involving expenditure of Rs 6.48 crore were executed without Peoples' Participation. Rs 8.28 crore was irregularly credited to State revenue.
- Out of Rs 3.80 crore, only Rs 1.57 crore (42 per cent) was spent on Training Programmes.
- Unauthorised utilisation (Rs 1.00 crore), unsatisfactory execution of works (Rs 75.58 lakh), unauthorised retention of money (Rs 16.48 lakh) and unfruitful expenditure (Rs 12.27 lakh) by Programme Implementing Non-Government Organisations were noticed.
- Splitting of 45 watersheds covering 45 villages into 143 watersheds resulted in more than one watershed in each village at the cost of 98 other villages and irregular/excess expenditure of Rs 3.73 crore on





Programme Implementation Agencies activities. Due to above splitting, 6 watersheds of 500 hectare each sanctioned in Jaisalmer had population of 20 to 55 persons only.

-  Contour bunds constructed at a cost of Rs 1.09 crore without vegetative hedges resulted in failure in moisture conservation. Moisture conservation activities valuing Rs 8.24 crore were not followed by production activities depriving cultivators of intended benefits. Also Rs 2.76 crore was incurred on *Kanna bunding* which was unsustainable.
-  Drainage Line Treatment works in 65 watersheds costing Rs 2.91 crore were not according to technical parameters.
-  Beneficiaries' contribution for Watershed Development Fund was less by Rs 1.07 crore.
-  Works costing Rs 5.72 crore were not executed as per Detailed Project Reports. Rs 4.82 crore was spent on development works in Canal area/Irrigated area not requiring any treatment. Rs 24.50 crore was disproportionately spent in 367 watersheds with lesser coverage of land.

(Paragraph 6.1)

5. *Swaranjayanti Gram Swarozgar Yojana*

Swaranjayanti Gram Swarozgar Yojana (SGSY) aimed at covering all aspects of self employment was introduced by Government of India from April 1999. The Programme was implemented in an unplanned manner, lacking conceptualisation of SGSY through cluster approach and continued to be governed by the guidelines of the erstwhile Integrated Rural Development Programme pattern. Ninety four *per cent* of the *Swarozgaris* surveyed did not earn as envisaged monthly income of Rs 2,000. Other significant points were as under:

-  There was less receipt of Central funds by Rs 4.46 crore due to unspent balances in previous years.
-  As against coverage of 18 *per cent* of the rural population below poverty line (BPL), the coverage was only 6 *per cent*. The allocation of funds to a district was not linked to BPL population. Self Help Groups covered only 2 *per cent* of the BPL population.
-  Excess infrastructure expenditure was Rs 21.96 crore.
-  In 234 blocks, Project profiles were not prepared. Swarozgari-wise '*Vikas Patrika*' an identity-cum-monitoring card was not maintained.

- Rs 9.34 crore was blocked on 9,341 incomplete/unallotted/disputed/closed shops.
- 14 works involving Rs 63.46 lakh were not taken up due to wrong selection of site.
- Despite deficient execution of Jhalawar Special Project, Rs 1.54 crore were sanctioned to a Non-government Organisation.
- 75 per cent of the benefits have flown to Milch cattle sector while in the tertiary sector 53 per cent of the benefits have flown to shops instead of development of micro-enterprises in the rural areas.

(Paragraph 6.2)

6. Functioning of Stores Purchase Organisation in Medical and Health Department

The Stores Purchase Organisation (SPO) set up in the Directorate of Medical and Health Services finalises the Rate Contract (RC) for various drugs/medicines, equipment and instruments (E&I) on the basis of Drug Purchase Policy framed (1988) by the State Government. Significant points noticed during test-check were as under:





- RCs were issued at higher rate due to non-comparison with market rate (6 cases); delay in issue of RCs ranged between 2 and 12 months (63 cases) and the duration of RCs ranged between 2 days to 21 months against the prescribed period of 2 years.
- Several Public Sector Undertakings supplied drugs at rates higher (range between 1 to 206 per cent) than to other Government indentors in the State.
- SPO did not maintain even the basic records properly to evaluate the reasonableness of rates and requirement of drugs/medicines.
- Non-observance of terms and conditions of tender document resulted in purchase of drugs without USP specification/irregular purchase. No action was taken for non-supply of drugs/supply through distributors worth Rs 4.21 crore and supply of sub-standard drugs.
- Out of 46 X-Ray machines purchased during 1995-96, 15 were not installed within guarantee period and 2 were yet to be installed (October 2002).

(Paragraph 3.5)





7. Externally Aided Projects

A test-check of records relating to 2 Externally Aided Projects viz.; Agricultural Development Project and Indian Population Project-IX revealed as under:

(a) Agricultural Development Project

-  State Government could not avail the balance credit of US \$ 7.20 million (Rs 32.83 crore).
-  Cases of unfruitful expenditure on development of Animal Exchange Markets due to insufficient construction (Rs 3.10 crore), on training under Gopal scheme because of high dropout (Rs 8.33 crore), on abandoned scheme of reorganisation and strengthening of State Sheep Breeding Farms (Rs 1.63 crore) and on Community Lift Irrigation Schemes closed due to non-payment of electricity bills (Rs 48.86 lakh) were noticed.
-  Average cost of construction of roads increased by Rs 4.35 lakh per km due to delay in land acquisition, price escalation and delay in construction.
-  Expenditure of Rs 18.36 crore on instruments and consultancy proved unproductive as out of 28 telemetry stations only 9 were operational.

(b) Indian Population Project-IX

-  Out of total funds of Rs 107.21 crore, Rs 94.97 crore was spent and Rs 12.07 crore had not been refunded to Government of India.
-  International Development Association (IDA) share in respect of 809 sub-centres constructed worked out to Rs 9.07 crore against which Rs 10.88 crore was debited to the project as IDA share resulting in excess reimbursement of Rs 1.81 crore from IDA.
-  Delay in execution of work of 145 buildings resulted in escalation of cost by Rs 13.55 crore.
-  Against provision of Rs 17.01 crore under the project for procurement of equipment, furniture, etc., procurement was limited to Rs 6.03 crore at the end of the project.

(Paragraph 4.2)

8. Excess payments and blockage of capital on Survey and Planning work in Stage-II of Indira Gandhi Nahar Pariyojana

For conducting the survey and planning work of Stage-II of Indira Gandhi Nahar Pariyojana (IGNP), an agreement was executed (February 1989)

between the Government of Rajasthan and Water and Power Consultancy Services (India) Limited (WAPCOS), New Delhi (Government of India Undertaking). In test-check it was noticed that:

- ❏ Undue benefit of Rs 14.20 crore was extended to WAPCOS due to non-invitation of open tenders and not conducting survey departmentally.
- ❏ Irregular advance payment of Rs 1.09 crore to WAPCOS.
- ❏ Blocking of funds of Rs 14.30 crore due to non-construction of water courses in surveyed area.

(Paragraph 4.3)

9. Lift Canal System of Indira Gandhi Nahar Pariyojana - Stage-II

Project Estimates of five lift canal systems of IGNP were last revised in 1993 to Rs 672.91 crore, against which expenditure of Rs 402.08 crore (60 per cent) was incurred upto March 2002. Significant points noticed were as under:

- ❏ Excess booking of expenditure of Rs 5.58 crore on account of work charged establishment inflated the cost of works.
- ❏ Unplanned execution of works resulted in blocking of Rs 73.02 crore.
- ❏ In spite of incurring an expenditure of Rs 402.08 crore only 12 per cent Culturable Command Area was opened for irrigation.
- ❏ In spite of having sufficient manpower within the department, survey and investigation work was got conducted by outside agencies for Rs 7.06 crore.
- ❏ Survey to assess the actual land requirement was not conducted and execution of works without acquisition of land resulted in blocking of Rs 2.47 crore due to hindrance by the land owners.
- ❏ Avoidable extra expenditure of Rs 1.21 crore, was incurred due to allotment of work on the basis of unapproved drawing/design.
- ❏ Non-commissioning of Pumping Stations resulted in blocking of Rs 20.36 crore.
- ❏ Rs 25.27 lakh incurred on restoration of canal was infructuous as it was breached due to failure to conduct the soil test.
- ❏ Miscellaneous Public Works Advances remaining to be recovered was Rs 50.89 crore.

(Paragraph 4.4)

10. Arbitration cases in Irrigation Department

In case of disputes with contractors, the Irrigation Department could appoint Sole arbitrators under Clause 23 of the agreement (prior to August 1993). In cases of agreements made after 30 August 1993 the matter of dispute is referred to the Empowered Standing Committee (ESC). In audit, significant points noticed were :

- 📖 Out of 122 arbitration awards published, 12 were in favour of department and 110 against.
- 📖 Extra financial burden of Rs 8.90 crore was incurred by the department due to non-fulfillment of contractual obligations.
- 📖 Irregular withholding of the amount due to contractors resulted in avoidable payment of interest of Rs 1.85 crore.
- 📖 Laxity on the part of department resulted in extra financial burden of Rs 15.94 crore.
- 📖 Extra interest liabilities of Rs 73 lakh was awarded by the arbitrators.

(Paragraph 4.5)

11. National Scheme of Liberation and Rehabilitation of Scavengers and their dependents

National Scheme of Liberation and Rehabilitation of Scavengers was launched in 1980-81 as a Centrally sponsored scheme to liberate scavengers and their dependents from prevalent hereditary obnoxious and inhuman occupation of manually removing night soil and filth and to engage them in alternative and dignified occupations. Significant points noticed during test-check were as under:

- 📖 Out of Central assistance of Rs 44.49 crore made available for training and rehabilitation only Rs 11.06 crore was spent.
- 📖 Survey was not conducted properly and 87,938 scavengers were identified in the survey of 1992 which was revised to 57,736 in 1994, further reduced to 11,607 in 2000-01 and increased to 12,613 in May 2002.
- 📖 Out of Rs 55.96 crore available for construction/conversion of dry latrines into water borne flush latrines, Rs 10.11 crore remained unutilised and out of 4.63 lakh latrines planned, 1.95 lakh latrines remained to be constructed/converted.
- 📖 Rs 1.68 crore were diverted for construction of *kiosks* under Chief Ministers' Rozgar Yojana and for other purposes.

- ☐ 25 per cent of the cost of flush latrines (Rs 1.94 crore) recoverable from the beneficiaries was not recovered (August 2002).

(Paragraph 6.4)

12. Rural Housing (*Indira Awaas Yojana*)

Indira Awaas Yojana (IAY) implemented by Government of India (GOI) as an independent scheme from January 1996, aimed at giving financial assistance for construction of dwelling units to rural families below poverty line (BPL), Scheduled Castes/ Scheduled Tribes (SC/ST) population and freed bonded labourers. The GOI also launched 5 housing schemes during 1999-2001 to ensure greater coverage of Rural Housing Sector. Of these, 2 schemes were not implemented in the State. Significant points noticed were as under:

- ☐ Rs 7.61 crore was lying unutilised as of March 2002.
- ☐ During 1997-2002, Rs 31.38 crore was short released to the scheme by the GOI and State Government. In Bikaner district, Central assistance received for flood affected BPL families was in excess of requirement by Rs 5.34 crore, which had not been refunded to GOI.
- ☐ In 5 District Rural Development Agencies interest of Rs 10.92 lakh was credited to the scheme as against interest of Rs 41.08 lakh which could have been earned on monthly minimum balances of total funds received.
- ☐ Expenditure of Rs 94.63 lakh remained unfruitful as the houses were lying incomplete due to non-release of subsequent instalments on account of unsatisfactory progress of the works.
- ☐ 71 and 72 per cent of the new houses constructed and 77 and 79 per cent of the houses upgraded were not provided with sanitary latrines and smokeless *chulhas* respectively. Similarly, under *Pradhan Mantri Gramodaya Yojana (Gramin Awaas)* these facilities were not constructed by 69 and 72 per cent beneficiaries respectively.
- ☐ In 26 *Panchayat Samitis*, assistance of Rs 38.72 lakh was given to beneficiaries whose names were not included in the BPL survey list of the respective *Panchayat Samitis*.
- ☐ Under Credit-cum-Subsidy Scheme for Rural Housing loans were sanctioned to only 2,175 (23 per cent) out of 9,398 beneficiaries.

(Paragraph 6.5)

13. Loss to Government

(i) Failure of the District Supply Officer, Jaipur to dispose off confiscated rice within one week of the Court orders led to rice being unfit for consumption and loss of Rs 26.80 lakh.

(Paragraph 3.3)

(ii) Leakage/wastage of water due to non-installation of government meters and poor maintenance of pipelines by the Public Health Engineering Department, Kota led to loss of revenue of Rs 10.88 crore.

(Paragraph 4.11)

14. Unfruitful expenditure

(i) Rs 2.14 crore spent on Pre-examination Training Centres during 1996-2001 remained unfruitful and Rs 68 lakh was incurred on the centres where no training was imparted during the whole year.

(Paragraph 3.8)

(ii) Faulty planning of the restoration work of Rahuwas Dam, Dausa resulted in unproductive expenditure of Rs 2.46 crore as no water was stored in the Dam even after providing clay blanket in 1997.

(Paragraph 4.8)

(iii) Failure of the department to adjust/abolish 58 posts in PHED (Revenue and Drainage) Division, Jodhpur after computerisation led to unfruitful expenditure of Rs 3.11 crore on pay and allowances of the surplus staff for the period November 1995 to August 2002.

(Paragraph 4.12)

15. Avoidable/excess/irregular expenditure

(i) Delay in receipt of drawing from Water and Power Consultancy Services (India) Limited resulted in excess expenditure of Rs 53.77 lakh on excess dewatering at higher rate in Bisalpur Project.

(Paragraph 4.6)

(ii) Failure of the department to provide steel and cement to the contractor in time for construction of water treatment plant at Jhalamond (Jodhpur) led to avoidable payment of Rs 35.76 lakh to the contractor.

(Paragraph 4.9)

(iii) Violation of the orders of the Chief Engineer (HQ), Public Health Engineering Department on rewinding/repairs of 660 motors/pumps resulted

in irregular expenditure of Rs 57.95 lakh and undue financial benefit of Rs 20.84 lakh to the contractors.

(Paragraph 4.10)

16. Other points of interest

(i) In 186 schools computer laboratories were established without AC system, 87 computers and 113 printers were not installed. Further as against 406 instructors only 268 were posted.

(Paragraph 3.1)

(ii) Unspent balance of Rs 98.10 lakh received under Computer Literacy and Studies in Schools (CLASS) Scheme was not refunded to Government of India. Besides, computers/accessories acquired at a cost of Rs 1.54 crore were lying unutilised.

(Paragraphs 3.2)

(iii) Police Housing Scheme suffered from over-estimation of the project cost by Rs 12.89 crore due to higher tender premium, avoidable interest liability of Rs 13.31 crore due to premature drawal of loan, irregular expenditure of Rs 84.53 lakh on 2 unapproved Police Stations (Kankroli and Kelwa), etc.

(Paragraph 3.4)

(iv) Due to delay in circulating the revised guidelines of *Balika Samriddhi Yojana* by the State Government there was irregular cash payment of Rs 1.31 crore.

(Paragraph 3.6)

(v) Rajasthan Scheduled Castes/Scheduled Tribes Finance and Development Corporation Limited failed to recover loan amount of Rs 55.18 crore and incurred unfruitful expenditure of Rs 45.70 crore on workshops lying incomplete or not utilised.

(Paragraph 3.7)

(vi) Rajasthan Tribal Area Development Cooperative Federation Limited (*Rajas Sangh*), Udaipur unauthorisedly diverted Rs 4.63 crore to *Tendu Patta* business and created interest liability of Rs 5.45 crore.

(Paragraph 3.9)

CHAPTER-I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This Chapter discusses the financial position of the State Government, based on the information contained in the Finance Accounts. The analysis is based on the trends in receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on indicators of financial performance of the Government. Some of the terms used in this Chapter are explained in *Appendix-I*.

1.2 Financial position of the State

The Government accounting system does not attempt a comprehensive accounting of fixed assets i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Exhibit-I (page 16) presents an abstract of such liabilities and assets as on 31 March 2002, compared with the corresponding position on 31 March 2001. While the liabilities in this statement consist mainly of monies owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. Exhibit-I shows that while the liabilities grew by 17 *per cent*, the assets grew by only 9 *per cent* and there was 30 *per cent* growth in the deficit on the Government account. This shows an overall deterioration in the financial condition of the Government.

Exhibit-II (pages 17-18) gives details of the receipts and disbursements by the State Government while Exhibit-IV (page 20) depicts the Time Series Data on State Government Finances for the period 1997-2002.

1.3 Sources and Application of Funds

Exhibit-III (page 19) gives the position of sources and application of funds during the current and the preceding year. The main sources of funds included the revenue receipts of the Government, recoveries of loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and on lending for developmental and other purposes. Revenue receipts constituted the most significant source of fund for the State Government. Their relative share, however, decreased from

74 per cent in 2000-01 to 67 per cent in 2001-02. The share of recoveries of loans and advances also decreased from 0.74 per cent to 0.38 per cent. The share of receipts from public debt increased from 18 per cent in 2000-01 to 27 per cent in 2001-02. The share of net receipts from the Public Account declined from 7 to 5 per cent.

The revenue expenditure accounted for 88 per cent of total funds available during 2001-02. This was higher than the share of revenue receipts (67 per cent) in the total receipts of the State Government. This led to revenue deficit. Non-plan revenue expenditure on pay and allowances during the year was Rs 4515 crore (28 per cent of total revenue expenditure). The increase in the revenue expenditure was mainly due to additional expenditure on interest payments by Rs 539 crore, General Education by Rs 186 crore and Other Rural Development Programmes by Rs 123 crore in comparison to previous year. While the share of capital expenditure in total application of funds increased from 8 per cent during 2000-01 to 10 per cent in 2001-02, the lending for development purposes decreased from 2.49 per cent to 1.13 per cent during the period.

1.4 Revenue Receipts

The Revenue Receipts of the State consists mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from the Government of India. Overall revenue receipts of the State increased from Rs 8404 crore in 1997-98 to Rs 12153 crore in 2001-02, at an average trend rate of 11.06 per cent per annum. There were, however, significant inter year variations in the growth rates. Annual growth of revenue receipts, after declining to a moderate 2.08 per cent in 1998-99, increased sharply to 14.12 and 26.68 per cent in the subsequent two years. With overall revenue receipts declining in absolute terms in 2001-02, its annual growth for the first time turned negative by 2.01 per cent in the current year. Overall revenue receipts, its annual and trend rate of growth, ratio of these receipts to the Gross State Domestic Product (GSDP) and its buoyancy are indicated in Table-1.

Table 1: Revenue Receipts- Basic Parameters (Values in Rs crore and others in per cent)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue Receipts	8404	8579	9790	12402	12153	10266
Rate of Growth	11.16	2.08	14.12	26.68	-2.01	11.06
Revenue Receipt/GSDP	13.01	11.76	13.15	16.22	14.19	13.72
Revenue Buoyancy	0.721	0.160	6.969	9.992	*	1.403
GSDP Growth	15.49	12.98	2.03	2.67	12.05	7.88

* With negative growth in Revenue Receipts, buoyancy became negative.

The rate of growth of revenue receipts and GSDP in the State depict a diverging trend. On an average, higher growth in revenue receipts were observed in the years of moderate GSDP growth (1999-2000 and 2000-01) and very moderate (even negative) growth in revenue receipts were associated with relatively higher GSDP growth. The revenue receipts/GSDP ratio after reaching a peak of 16.22 per cent in 2000-01 declined to 14.19 per cent in

2001-02, with a five-year average ratio, being 13.72 *per cent*. A moderate GSDP growth in 1999-2000 and 2000-01 and higher growth in revenue receipts resulted in high revenue buoyancy in these two years. Though revenue buoyancy became negative in 2001-02, during the last 5 years, a moderate revenue growth with an even more moderate growth in GSDP kept the revenue buoyancy at 1.403.

Composition of the revenue receipts of the State and relative share of the four components over last 5 years is indicated in Table-2. While on an average, around 60 *per cent* of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 40 *per cent* of the total revenue. Though the percentage of non-Tax revenue of the State witnessed a decline, contribution of grants-in-aid declined sharply in the current year. Significantly it was the non-plan revenue deficit grant, recommended by the Eleventh Finance Commission, which declined from Rs 955.26 crore (actual receipt : Rs 811.97 crore) in 2000-01 to Rs 289.42 crore (actual receipt : Rs 246.01 crore) in 2001-02. Since these grants would not be available to the State in the next three years, overall contribution of this component of revenue receipt may remain stagnant.

Table 2: Components of Revenue Receipts – relative Share in *per cent*

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Own Taxes	42.97	45.92	46.28	42.73	46.66	44.91
Non-Tax Revenue	16.21	15.78	16.08	13.61	12.41	14.82
Central tax Transfers	21.52	22.89	22.32	22.88	23.72	22.67
Grants-in-aid	19.30	15.41	15.32	20.78	17.21	17.60

Overall growth of the four components of revenue during 1997-2002 had also differed significantly. While the own taxes of the State recorded a trend growth of 12.98 *per cent* during 1997-2002, the non-tax revenue recorded a growth of 3.81 *per cent* only. The trend growth of revenue from central taxes and grants-in-aid was 11.81 and 11.65 *per cent* respectively. The trend annual growth of these components of the State's revenue, buoyancy, average ratio as percentage to GSDP and average annual rate of shift in their relative contribution are indicated in Table-3.

Table 3: Components of Revenue Receipts- Basic Parameters 1997-2002 (*Per cent*)

	ROG*	Buoyancy	GSDP Share	Relative Share	Shift Rate
Own Taxes	12.98	1.647	6.16	44.91	1.73
Non-Tax Revenue	3.81	0.483	2.00	14.82	-6.54
Central tax Transfers	11.81	1.498	3.12	22.67	0.67
Grants-in-aid	11.65	1.478	2.44	17.60	0.53

State's own taxes had the highest buoyancy of the four components of its revenue. Buoyancy of central tax transfers and grants-in-aid was also significantly high, while the non-tax revenue had a buoyancy of only 0.48 indicating that for every one percentage increase in the State's GSDP its non-tax revenue grew by only 0.48 *per cent*. This indicates that the state needs to focus more on increasing non-tax revenue.

* ROG – Rate of Growth.

1.5 Expenditure

Overall expenditure of the State comprising of the revenue expenditure, capital expenditure and the loans and advances increased from Rs 11844 crore in 1997-98 to Rs 17971 crore in 2001-02, at an average trend rate of 11.79 *per cent* per annum. The rate of growth of total expenditure was only marginally higher than the rate of growth of revenue receipt during this period. There was also a continuous decline in the rate of growth of expenditure in the last three years, after reaching its peak of 16.60 *per cent* in 1998-99. Total expenditure GSDP ratio, however, increased from 18.34 *per cent* in 1997-98 to 20.98 *per cent* in 2001-02, due to a moderate and relatively lower growth of the latter. There was also a decline in the ratio of revenue receipts to total expenditure from 70.96 *per cent* in 1997-98 to 67.63 *per cent* in 2001-02, indicating that only a little over two thirds of the State's total expenditure was met from its current revenue, leaving the balance to be financed by borrowings. Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipt are indicated in Table-4.

Table 4: Total Expenditure- Basic Parameters (Value in Rs crore and others in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Total Expenditure (TE)	11844	13810	15271	16838	17971	15147
Rate of Growth	14.08	16.60	10.58	10.26	6.73	11.79
TE/GSDP Ratio	18.34	18.92	20.51	22.03	20.98	20.24
Revenue Receipts /TE Ratio	70.96	62.12	64.11	73.65	67.63	67.69
Buoyancy of Total Expenditure with						
GSDP	0.909	1.279	5.223	3.843	0.558	1.495
Revenue Receipts	1.261	7.971	0.749	0.385	*	1.065

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

Average buoyancy of the total expenditure with GSDP during 1997-2002 was 1.495, indicating that for every one-percentage point increase in GSDP, expenditure increased by 1.495 *per cent*. However, higher growth in revenue receipts in 1999-2000 and 2000-01, kept the overall buoyancy of expenditure with revenue receipt at 1.065 only.

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services, interest payments, social and economic services, grants-in-aid and contribution and the loans and advances. The relative share of these components in total expenditure is indicated in Table-5.

Table 5: Components of Expenditure –Relative Share (in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
General Services	14.14	17.10	20.02	19.36	18.51	17.83
Interest Payments	16.02	16.24	18.50	19.83	21.58	18.43
Social Services	36.36	40.31	38.88	39.92	39.34	38.96
Economic Services	30.36	22.94	20.37	18.30	19.34	22.26
Grants-in-aid and Contributions	0.16	0.20	0.11	0.10	0.09	0.14
Loans and Advances	2.96	3.21	2.12	2.49	1.14	2.38

The movement of relative share of these components of expenditure indicated that while the share of economic services in total expenditure declined sharply from 30.36 *per cent* in 1997-98 to 19.34 *per cent* in 2001-02, the relative share of general services, interest payments and social services increased. Interest payments and expenditure on general services considered as non-developmental, together accounted for nearly 40 *per cent* of total expenditure in 2001-02 as compared to about 30 *per cent* in 1997-98. In fact interest payments accounted for more than one fifth of total expenditure during 2001-02.

Revenue expenditure had the predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and does not represent any addition in the State's service network. Overall revenue expenditure of the State increased from Rs 8986 crore in 1997-98 to Rs 15949 crore in 2001-02, at an average trend rate of 14.97 *per cent* per annum. Rate of growth of revenue expenditure reached its maximum in 1998-99 at 28.81 *per cent* and since then it has been declining. Despite this deceleration in growth rate, revenue expenditure/GSDP ratio witnessed an increase from 13.91 *per cent* in 1997-98 to 18.62 *per cent* in 2001-02. It averaged 17.37 *per cent* during 1997-2002. Further, there was also an increase in the ratio of revenue expenditure to total expenditure, from 75.87 *per cent* in 1997-98 to 88.75 *per cent* in 2001-02. On an average 85.79 *per cent* of total expenditure of the State was in the nature of expenditure on current consumption. The ratio of revenue expenditure to revenue receipt was also on the rise indicating increasing dependence of the state on borrowing for even meeting the current expenditure. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to state's GSDP and revenue receipts and its buoyancy with GSDP and revenue receipts are indicated in Table-6.

Table 6: Revenue Expenditure-Basic Parameters (Values in Rs crore and others in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue Expenditure	8986	11575	13430	15035	15949	12995
Rate of Growth	6.65	28.81	16.03	11.95	6.08	14.97
RE/GSDP	13.91	15.86	18.04	19.67	18.62	17.37
RE as % of TE	75.87	83.82	87.94	89.29	88.75	85.79
RE as % to Revenue Receipt	106.93	134.92	137.18	121.23	131.24	126.59
Buoyancy of Revenue Expenditure with						
GSDP	0.429	2.220	7.913	4.476	0.504	1.899
Revenue Receipts	0.595	13.836	1.135	0.448	*	1.353

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

The growth in revenue expenditure exceeded the rate of growth of State's GSDP and revenue receipts. Average buoyancy of revenue expenditure to GSDP during 1997-2002 was 1.899 indicating that for each one-percentage increase in GSDP, revenue expenditure increased by 1.899 *per cent*. Similarly, for each one percentage increase in the State's revenue receipts, revenue expenditure increased by 1.353 *per cent*.

The expenditure of the state in the nature of plan expenditure, capital expenditure and developmental expenditure reflect its quality. Higher the

ratio of these components to total expenditure better is the quality of expenditure. Table-7 below gives the ratio of these components of expenditure to State's total expenditure.

Table 7: Quality of Expenditure (per cent to total expenditure)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Plan Expenditure	31.14	24.05	20.91	19.53	22.13	23.05
Capital Expenditure	21.81	13.41	10.15	8.43	10.23	12.19
Development Expenditure*	68.76	65.35	60.53	59.71	59.35	62.21

(Total expenditure does not include Loans and Advances).

(* This includes Capital Development expenditure).

All the three components of expenditure show a relative decline during 1997-2002. Plan expenditure declined from 31.14 per cent of total expenditure in 1997-98 to 22.13 per cent in 2001-02. Similarly, capital expenditure also declined from 21.81 per cent in 1997-98 to 10.23 per cent in 2001-02. There was also a decline in the share of development expenditure from 68.76 per cent in 1997-98 to 59.35 per cent in 2001-02.

Activity-wise expenditure during 1997-2002 further reveals that the average trend growth of its various components had significant variations. Interest payments were the fastest growing component with an average growth of 20.42 per cent per annum. Loans and advances of the state had a negative growth of 4.68 per cent and economic services remained nearly stagnant growing by only 0.35 per cent per annum. As percentage to GSDP, non-development expenditure comprising general services and interest payments averaged 7.45 per cent, social services 7.91 per cent and the economic services 4.39 per cent. Activity-wise trend growth, ratio to GSDP, relative share of the various activities, shift in their relative share and buoyancy with GSDP and revenue receipt are indicated in Table-8.

Table 8: Activity-wise Expenditure –Basic Parameters (in per cent)

	ROG	GSDP Share	Relative Share	Share Shift	Buoyancy with	
					GSDP	Revenue Receipt
General Services	19.00	3.66	17.83	6.46	2.410	1.718
Interest Payments	20.42	3.79	18.43	7.72	2.589	1.845
Social Services	13.36	7.91	38.96	1.41	1.695	1.207
Economic Services	0.35	4.39	22.26	-10.23	0.044	0.032
Loans and Advances	-4.68	0.47	2.38	-14.73	*	*

* Loans and Advances had a negative growth.

The relative share of expenditure on general services and interest increased by an average of 6.46 per cent and 7.72 per cent per annum respectively. While there was only a moderate increase in the share of expenditure on social services, share of expenditure on economic services and loans and advances actually declined. Interest payments also had the highest buoyancy of 2.589 with regard to GSDP and 1.845 with revenue receipts, indicating that for each one per cent increase in GSDP or revenue receipts, interest liabilities grew by 2.59 and 1.84 per cent respectively. Economic Services had very low

buoyancy indicating that bulk of the burden of fiscal management was born by these services.

1.6 Fiscal Imbalances

The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to its fiscal health. The revenue deficit of the State, increased from Rs 582 crore in 1997-98 to Rs 3796 crore in 2001-02. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs 2552 crore in 1997-98 to Rs 5749 crore in 2001-02. State also had a primary deficit increasing from Rs 655 crore in 1997-98 to Rs 1871 crore in 2001-02.

The existence of revenue deficit indicated that the State Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit has also increased from 22.81 *per cent* in 1997-98 to 66.03 *per cent* in 2001-02. As a proportion to the State's Gross Domestic Product, the revenue deficit had increased to 4.43 *per cent* in 2001-02 and fiscal deficit to 6.71 *per cent*.

Table 9: Fiscal Imbalances- Basic Parameters (Values in Rs crore and Ratios in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue deficit	582	2996	3640	2633	3796	2729
Fiscal deficit	2552	5151	5361	4312	5749	4625
Primary deficit	655	2908	2536	973	1871	1789
RD/GSDP	0.90	4.11	4.89	3.44	4.43	3.65
FD/GSDP	3.95	7.06	7.20	5.64	6.71	6.18
PD/GSDP	1.01	3.98	3.41	1.27	2.18	2.39
RD/FD	22.81	58.16	67.90	61.06	66.03	59.01

1.7 Fiscal Liabilities – Public Debt and Guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated funds, within such limits, as may from time to time, be fixed by an Act of Legislature. However, no such law was passed from the State to lay down any such limit. However, State Government, through a resolution had decided (May 1999) that its total debt (excluding other liabilities) and outstanding amount of guarantees as on the last day of any financial year will not be more than double the estimated receipts in its consolidated fund. Table-10 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters. It would be observed that the overall fiscal liabilities of the State increased from Rs 19261 crore in 1997-98 to Rs 39970 crore in 2001-02 at an

average annual rate of 19.55 *per cent*. These liabilities as ratio to GSDP increased from 29.8 *per cent* in 1997-98 to 46.7 *per cent* in 2001-02 and stood at 3.29 times of its revenue receipts and 5.57 times of its own resources comprising its own tax and non-tax revenue.

In addition to these liabilities Government had guaranteed loans availed by its Corporations and others which in 2001-02 stood at Rs 12912 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment, the State has to honour these commitments. Currently the fiscal liabilities including the contingent liabilities exceed four times the revenue receipt of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP, revenue receipts and own resources. On average for each one *per cent* increase in GSDP, Revenue Receipts and Own resources the direct fiscal liabilities of the State have increased by 2.480, 1.767 and 1.851 *per cent* respectively.

Table 10: Fiscal Liabilities- Basic Parameters (Values in Rs crore and others in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Fiscal Liabilities	19261	24170	30011	33874	39970	29457
Rate of Growth	14.81	25.49	24.17	12.87	18.00	19.55
Ratio of Fiscal Liabilities to						
GSDP	29.8	33.1	40.3	44.3	46.7	39.4
Revenue Receipt	229.2	281.7	306.5	273.1	328.9	279.7
Own Resources	387.3	456.6	491.6	484.7	556.8	468.8
Buoyancy of Fiscal Liabilities to						
GSDP	0.957	1.964	11.932	4.821	1.493	2.480
Revenue Receipt	1.327	12.239	1.712	0.482	*	1.767
Own resources	1.361	3.961	1.575	0.890	6.584	1.851

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

Increasing liabilities raise the issue of their sustainability. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. However, the average interest rate on fiscal liabilities at 10.45 *per cent* during 1997-2002 exceeded the rate of growth of GSDP by 2.57 *per cent* as indicated in Table-11.

Table 11: Debt Sustainability- Interest Rate and GSDP Growth (in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Weighted Interest Rate	10.53	10.33	10.43	10.45	10.50	10.45
GSDP Growth	15.49	12.98	2.03	2.67	12.05	7.88
Interest spread*	4.96	2.65	-8.40	-7.78	1.55	-2.57

Another important indicator of debt sustainability is the net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table-12 below gives the position of the receipt and repayment of public debt over the last 5 years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments varied from 19.1 *per cent* to

* Interest spread = GSDP Growth – Weighted Interest Rate.

42.5 per cent during 1997-2002. The net funds available declined to a level of 30.8 per cent of total fresh loans in 2001-02.

Table 12: Net Availability of Borrowed Funds (Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Internal Debt*						
Receipt	706	1175	1867	1510	1609	1373
Repayment (Principal + Interest)	544	702	896	1084	1322	910
Net Fund Available	162	473	971	426	287	463
Net Fund Available (<i>per cent</i>)	22.9	40.3	52.0	28.2	17.8	33.7
Loans and Advances from GOI*						
Receipt	1459	1859	2485	2644	3673	2424
Repayment (Principal + Interest)	1207	1263	1606	1957	2334	1673
Net Fund Available	252	596	879	687	1339	751
Net Fund Available (<i>per cent</i>)	17.3	32.1	35.4	26.0	36.5	31.0
Total Public Debt						
Receipt	2165	3034	4352	4154	5282	3797
Repayment (Principal + Interest)	1751	1965	2502	3041	3656	2583
Net Fund Available	414	1069	1850	1113	1626	1214
Net Fund Available (<i>per cent</i>)	19.1	35.2	42.5	26.8	30.8	32.0

1.8 Guarantees given by the State Government

A test-check of the guarantees revealed that Rs 144.14 crore were paid to various financial institutions towards discharging of the guarantee liabilities of 6 defaulted units** (as of March 2002) as detailed below:

S. No.	Name of Institution	Amount of maximum guarantee (Rupees in crore)	Given on	Position of guarantee
1.	M/s Jaipur Udyog Limited, Sawaimadhopur	0.25 0.44 1.97	April 1972 January 1975 February 1988	The Government gave guarantee for two loans to Punjab National Bank Limited, New Delhi for Rs 25 lakh (April 1972) and Rs 44 lakh (January 1975). Due to default in repayment, guarantees were invoked and Rs 19.17 lakh (February 1985) and Rs 44.83 lakh (February 1980) respectively were paid by the Government. The Government once again guaranteed (February 1988) a term loan of Rs 1.97 crore. The borrower again failed to repay. On invocation of the guarantee (June 1988) the Government had to pay Rs 2.96 crore (March 1995). Thus, the State Government failed to safeguarded its interest by issuing guarantee to a sick unit.
2.	Mewar Textile Mills Limited (MTML), Bhilwara	3.85	Between May 1986 and March 1994	The Government gave guarantees (during May 1986 and March 1994) to 7 banks/financial institutions for loans aggregating Rs 3.85 crore. MTML failed to repay the loans and was closed in June 1998. Further, the Government sanctioned (January 2002) a loan of Rs 3.72 crore for repayment to 7 institutions (Rs 2.07 crore released to 4 institutions as of March 2002) indicating that loan of Rs 3.72 crore was sanctioned only for saving the invocation of the guarantee.

* Excluding Ways and Means Advances and Overdrafts from RBI/GOI.

** Excluding M/s Man Industrial Corporation Limited, Jaipur whose case is sub-judice.

S. No.	Name of Institution	Amount of maximum guarantee (Rupees in crore)	Given on	Position of guarantee
3.	M/s Man Industrial Corporation Limited, Jaipur	0.09	September 1969	The Government gave guarantee to the Union Bank of India, Mumbai for a term loan. The guarantee was invoked (November 1989) and the Government was called upon to pay Rs 10.90 lakh and interest till the date of payment. The case is sub-judice.
4.	Municipal Council, Tonk (MCT)	0.86	June 1982	The Government gave guarantee to Housing and Urban Development Corporation for a loan of Rs 86.11 lakh. MCT withdrew a loan of Rs 70.95 lakh but failed to repay the loan. The government sanctioned loans of Rs 65.45 lakh to MCT to repay the loan and avoid invocation of the guarantee.
5.	Jaipur Spinning and Weaving Mills Limited, Jaipur	1.50	March 1977	The Government gave guarantee to State Bank of India (SBI) for a loan of Rs 1.50 crore which was invoked (February 1984) due to default in repayment. The Court passed orders (November 1998) for payment of Rs 5.05 crore as deposit with Debt Recovery Tribunal (Tribunal) which was deposited (1998-99). The case is still pending for finalisation.
6.	Rajasthan Land Development Corporation, Jaipur (RLDC)	54.08	Between 1980 and 1987	The Government gave guarantee to 11 banks for Rs 54.08 crore. RLDC withdrew loan of Rs 53.44 crore and distributed the amount to the cultivators of command area. RLDC could repay only Rs 5.52 crore (upto 1987) to the banks. As the State Government deferred the recovery of loans from cultivators, the liability for repayment was passed on to the government. The State Government sanctioned (1995-96) Rs 12.50 crore as grant-in-aid to RLDC to pay to banks in single instalment and convert the balance principal and interest amount of Rs 89.13 crore into fresh loan for which the government again gave guarantee (March 1996-March 2001). The State Government further released Rs 71.10 crore (during 1996-97 to 2001-02) as grant-in-aid to RLDC to repay the liabilities. In all, Government sanctioned grant-in-aid of Rs 83.60 crore to save invocation of the guarantee.
7.	Rajasthan State Co-operative Bank (RSCB)	50.64	Between 1986 and 1993	The Government gave guarantee to National Co-operative Development Corporation (NCDC) and RSCB raised Rs 50.64 crore for providing loans to <i>Tilam Sangh</i> . RSCB could repay only Rs 22.46 crore (Rs 5.54 crore principal and Rs 16.92 crore interest) to NCDC and thereafter, RSCB could not repay the instalment as <i>Tilam Sangh</i> refused to repay instalments to RSCB. The Government released loan of Rs 49.17 crore during 1998-99 to 2001-02 to <i>Tilam Sangh</i> to repay instalment directly to NCDC.

1.9 Investments and returns

As on 31 March 2002, Government had invested Rs 2936.76 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Cooperatives. Government's return on this investment was not only meagre (less than one per cent), but was also on a decline as indicated in Table-13 below. As on March 2002, 30 Statutory Corporations, Rural Banks, Government Companies and Joint Stock Companies with an aggregate investment of Rs 1944.23 crore were incurring loss and the accumulated losses amounted to Rs 1049.73 crore.

Table 13: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of Return	Rate of Interest on Government Borrowing (%)
1997-98	2503.69	8.60	0.34	10.53
1998-99	2517.65	8.00	0.32	10.33
1999-2000	2560.08	5.29	0.21	10.43
2000-01	2596.35	5.57	0.21	10.45
2001-02	2936.76	4.78	0.16	10.50

In addition, Government has also been providing loans and advances to many of these parastatals. Total outstanding balance of the loans advanced was Rs 2799 crore as on 31 March 2002. Overall interest received against these advances had declined to 3.04 *per cent* during 2001-02. (Table-14).

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

	1997-98	1998-99	1999-2000	2000-01	2001-02
Opening Balance	2339	1802	2165	2369	2664
Amount advanced during the year	351	443	324	419	204
Amount repaid during the year	888*	80	120	124	69
Closing Balance	1802	2165	2369	2664	2799
Net addition	-537	363	204	295	135
Interest Received	274	213	238	108	83
Interest received as <i>per cent</i> to Loans advanced	13.23	10.74	10.50	4.29	3.04
Average Interest paid by the State	10.53	10.33	10.43	10.45	10.50
Difference between interest paid and received	+ 2.70	+ 0.41	+ 0.07	- 6.16	- 7.46

1.10 Financial results of irrigation works

5 major and 12 medium irrigation projects with a capital expenditure of Rs 2810.64 crore realised revenue of Rs 10.22 crore which was only 0.36 *per cent* which was not sufficient to cover even the direct working expenses (Rs 82.34 crore). After meeting the working and maintenance expenditure (Rs 82.65 crore) and interest charges (Rs 276.69 crore), the schemes suffered a net loss of Rs 349.12 crore. The loss was substantial (Rs 317.62 crore) in all the major irrigation projects.

1.11 Incomplete Projects

As per information received from the State Government, there were 300 incomplete projects as of 31 March 2002, in which Rs 1760 crore were blocked. Of these, 90 projects were incomplete for periods ranging from 5 to 10 years (72; amount: Rs 740 crore), 10 to 15 years (9; amount: Rs 75 crore), 15 to 20 years (3; amount: Rs 27 crore) and more than 20 years (6; amount:

* Higher recoveries were due to conversion of outstanding loans against Rajasthan State Electricity Board into equity.

Rs 340 crore). This showed that the Government was spreading its resources thinly, which failed to yield any return. Reasons for incomplete projects were paucity of funds, works left incomplete by contractors, change in site/design of the project(s), defective planning, etc. Comments on some incomplete projects have been included in the Civil Audit Reports.

1.12 Arrears of revenue

Comparing the arrears for the years 1997-98 (Rs 1055 crore) to 2001-02 (Rs 1532 crore), there had been an increase of 45 *per cent*. Main arrears were in respect of Taxes on Sales, Trade, etc. (Rs 990.55 crore) and State Excise (Rs 218.61 crore). The deteriorating position of arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

1.13 Management of Cash Balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Normally these advances should be liquidated during the year. Any outstanding balances of WMA indicate mis-match in the revenue and expenditure, which is not transient in nature. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State Government has been increasingly drawing in excess as indicated in Table-15.

Table 15: Ways and Means Advances and Overdrafts of the State and Interest paid thereon (Rs in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Ways and Means Advances						
Availed during the Year	1239.55	1862.83	3848.08	3445.78	2635.01	2606.25
Outstanding	47.11	239.12	395.35	374.67	446.24	300.50
Interest Paid	7.03	2.84	20.17	22.75	20.67	14.69
Overdraft						
Availed during the Year	1822.88	1984.86	2344.81	2684.96	5370.54	2841.61
Outstanding	-	645.88	535.05	-	625.09	361.20
Interest Paid	5.60	1.42	6.52	4.74	4.28	4.51
Number of Days State was in Overdraft	118	79	96	103	168	113

1.14 Utilisation of funds raised by State owned statutory corporation by the State Government for boosting its ways and means position

Mention was made in para 1.10.3 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil) –

Government of Rajasthan regarding funds amounting to Rs 1719.18 crore raised by State owned statutory corporations and utilised by the State Government.

During 2001-02 also, the Rajasthan State Mines and Minerals Limited, Udaipur (RSMML) raised a short term loan of Rs 227.31 crore from various financial institutions and deposited the same in its interest bearing Personal Deposit (PD) account. The State Government reimbursed Rs 4.81 crore on account of interest payable by RSMML and Rs 48 lakh (including Rs 14 lakh pertaining to the year 2000-01) as Arrangers' fees during 2001-02.

Thus, funds of Rs 227.31 crore raised by the RSMML were deposited in their PD account to be used by the State Government for boosting its ways and means position.

1.15 Other point of interest

The unspent amount of Rs 3.49 crore of grants received (1990-95) from the Government of India (GOI) under Education Technology Programme was unauthorisedly retained by the State Government (Education Department) and the same was lying unutilised in the PD account of *Zila Parishad*, Jaipur as of October 2002. Similarly, funds of Rs 2.23 crore provided (June 2000 to January 2001) by the GOI for establishment of Referral and Rehabilitation Centres were lying unutilised (March 2002) in the Personal Deposit account of the Director, Social Welfare Department depriving the beneficiaries of the benefits of the rehabilitation programme.

1.16 Financial Indicators of the Government of Rajasthan

The finances of a State should be sustainable, flexible and non-vulnerable. Table-16 below presents a summarised position of government finances over 1997-2002, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and captures its important facets.

The ratios of revenue receipt and state's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipt indicates the nature of the tax regime and the state's increasing access to resources. Revenue receipts comprises not only the tax and non-tax resources of the state but the transfers from Union Government. It indicates the sum total of the state's access to the resources for which either there is no direct service provision obligations or recovery of users' charges for the social and economic services provided by it and its entitlement from the centre pool of resources. These ratios, which show a continuous improvement during 1997-2001, depict a significant deceleration in 2001-02. Growth of Revenue receipts

became negative for the first time in this year indicating the fragileness of resources and its unsustainability.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilisation. The ratio of revenue expenditure to total expenditure has shown continuous increase while its capital expenditure and development expenditure as percentage to total expenditure has declined. Both its revenue and total expenditure have been buoyant compared to its revenue receipts and revenue expenditure has shown a comparatively greater buoyancy. All these indicate state's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 16: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Resource Mobilisation						
Revenue Receipt/GSDP	13.01	11.76	13.15	16.22	14.19	13.72
Revenue Buoyancy	0.721	0.160	6.969	9.992	*	1.403
Own tax/GSDP	5.59	5.40	6.09	6.93	6.62	6.16
Expenditure Management						
Total Expenditure/GSDP	18.34	18.92	20.51	22.03	20.98	20.24
Revenue Receipts/Total Expenditure	70.96	62.12	64.11	73.65	67.63	67.69
Revenue Expenditure/Total Expenditure	75.87	83.82	87.94	89.29	88.75	85.79
Capital Expenditure/Total Expenditure	21.81	13.41	10.15	8.43	10.23	12.19
Development Expenditure/Total Expenditure	68.76	65.35	60.53	59.71	59.35	62.21
Buoyancy of TE with RR	1.261	7.971	0.749	0.385	*	1.065
Buoyancy of RE with RR	0.595	13.836	1.135	0.448	*	1.353
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	582	2996	3640	2633	3796	2729
Fiscal deficit (Rs in crore)	2552	5151	5361	4312	5749	4625
Primary deficit (Rs in crore)	655	2908	2536	973	1871	1789
Revenue deficit/Fiscal deficit	22.81	58.16	67.90	61.06	66.03	59.01
Management of Fiscal Liabilities (FL)						
Fiscal Liabilities/GSDP	29.8	33.1	40.3	44.3	46.7	39.4
Fiscal Liabilities/RR	229.2	281.7	306.5	273.1	328.9	279.7
Buoyancy of FL with RR	1.327	12.239	1.712	0.482	*	1.767
Buoyancy of FL with OR	1.361	3.961	1.575	0.890	6.584	1.851
Interest spread	4.96	2.65	-8.40	-7.78	1.55	-2.57
Net Fund Available	19.1	35.2	42.5	26.8	30.8	32.0
Other Fiscal Health Indicators						
Return on Investment	0.34	0.32	0.21	0.21	0.16	0.25
BCR (Rs in crore)	-452	-2543	-3015	-1998	-2692	-2140
Financial Assets/Liabilities	0.83	0.74	0.67	0.63	0.59	0.69

Increasing revenue and fiscal deficits indicate growing fiscal imbalances of the State. Similarly, increase in the ratio of revenue deficit and fiscal deficit indicate that the application of borrowed funds has largely been on current consumption. All the four indicators of fiscal imbalances show continuous deterioration indicating increasing unsustainability and vulnerability of state finances. The Revenue and Fiscal deficits increased during the year despite a deceleration in the growth of expenditure indicating that the State needs to focus on generating its own resources both tax and non-tax.

It is not uncommon for a state to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing revenue deficit indicate that the state is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt both with regard to its revenue receipts and own resource points to increasing unsustainability. The average interest paid by the State on its borrowings during 1997-2002 has also exceeded the rate of growth of its GSDP, violating the cardinal rule of debt sustainability. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. The state's low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little. The ratio of state's total financial assets to liabilities has also deteriorated indicating that increasingly a greater part of liabilities are without any asset back-up. This shows that either the State has to generate more revenue from out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance for current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of resources to fund additional infrastructure support and other revenue generating investment.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF RAJASTHAN

(Rupees in crore)

As on 31 March 2001	Liabilities	As on 31 March 2002
8283.24	Internal Debt-	9667.23
6466.15	Market Loans bearing interest	7551.82
5.65	Market Loans not bearing interest	9.34
86.61	Loans from Life Insurance Corporation of India	115.01
72.60	Loans from the General Insurance Corporation of India	86.58
529.31	Loans from the National Bank for Agriculture and Rural Development	683.40
54.23	Loans from the National Cooperative Development Corporation	50.41
694.02	Loans from other Institutions, etc.	724.43
374.67	Ways and Means Advances from RBI	446.24
-	Overdrafts from Reserve Bank of India	625.09
14705.27	Loans and Advances from Central Government	17651.22
605.97	Pre 1984-85 Loans	556.62
8498.67	Non-Plan Loans	11318.63
5028.92	Loans for State Plan Schemes	5448.98
1.18	Loans for Central Plan Schemes	0.99
150.53	Loans for Centrally Sponsored Plan Schemes	158.00
420.00	Ways and Means Advances from GOI	168.00
35.00	Contingency Fund	35.00
7652.15	Small Savings, Provident Funds, etc.	8630.05
2904.46	Deposits	3058.63
333.94	Reserve Funds	337.68
218.09	Suspense and Miscellaneous Balances	-
171.66*	Deposits with Reserve Bank	70.39*
0.78*	Cash in Treasuries and Local Remittances	11.22*
34304.59	Total	40086.51
As on 31 March 2001	Assets	As on 31 March 2002
18980.67	Gross Capital Expenditure	20798.48
2596.35	Investments in shares of Companies, Corporations, etc.	2936.76
16384.32	Other Capital Expenditure	17861.72
2664.28	Loans and Advances	2799.14
1810.24	Loans for Power Projects	1900.43**
618.00	Other Development Loans	614.20
236.04	Loans to Government Servants and Miscellaneous loans	284.51
5.20	Reserve Fund Investments	-
1.43	Advances	1.20
27.05	Remittance Balances	29.03
-	Suspense and Miscellaneous Balances	43.66
9.49	Cash	2.84
8.78	Departmental Cash Balance	2.11
0.54	Permanent Advances	0.56
0.17	Cash Balance Investments	0.17
12616.47	Deficit on Government Accounts	16412.16
2633.58	(i) Revenue Deficit of the Current Year	3795.69
9982.89	(ii) Accumulated deficit upto preceding year	12616.47
34304.59	Total	40086.51

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

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

EXHIBIT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2001-02
(Rupees in crore)

2000-01	Receipts		2001-02	2000-01	Disbursements				
					2001-02				
					Non-Plan	Plan	Total		
12401.78	I.	Section-A: Revenue Revenue receipts	12153.29		I.	Revenue Expenditure			
5299.96		Tax revenue 5671.17		6577.80		General Services	7134.46	42.26	7176.72
				6127.80		Social Services	4880.46	1524.12	6404.58
1687.98		Non-tax revenue 1508.46		3242.81		Education, Sports, Art and Culture	2943.68	487.30	3430.98
				877.60		Health and Family Welfare	658.95	314.27	973.22
2836.61		State's share of Union Taxes and Duties 2882.36		1117.66		Water Supply, Sanitation, Housing and Urban Development	752.35	480.15	1232.50
				9.09		Information and Broadcasting	7.16	0.91	8.07
1327.28		Non-Plan grants 1008.26		88.02		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	26.55	83.18	109.73
				35.09		Labour and Labour Welfare	26.92	9.47	36.39
512.02		Grants for State Plan Schemes 342.08		747.66		Social Welfare and Nutrition	455.06	148.83	603.89
				9.87		Others	9.79	0.01	9.80
737.93		Grants for Central, Centrally Sponsored Plan Schemes and Special Plan Schemes 740.96		2312.50		Economic Services	1729.07	620.08	2349.15
				510.76		Agriculture and Allied Activities	368.29	155.79	524.08
				272.37		Rural Development	77.94	332.42	410.36
				7.00		Special Areas Programmes	-	-	-
				750.81		Irrigation and Flood Control	729.14	48.03	777.17
				478.96		Energy	287.08	31.62	318.70
				57.73		Industry and Minerals	38.16	14.32	52.48
				179.93		Transport	191.48	-	191.48
				3.48		Science, Technology and Environment	1.70	1.50	3.20
				51.46		General Economic Services	35.28	36.40	71.68
2633.58	II.	Revenue deficit carried over to Section-B	3795.69	17.26		Grants-in-aid and Contributions	18.53	-	18.53
15035.36		Total	15948.98	15035.36		Total	13762.52	2186.46	15948.98
10.66	III.	Section-B - Others Opening Cash balance including Permanent Advances and Cash Balance Investments	(-)162.95	1384.07	II.	Capital Expenditure	72.56	1745.25	1817.81
				21.09		General Services	8.73	18.47	27.20
				592.58		Social Services	63.81	601.13	664.94
				43.46		Education, Sports, Art and Culture	-	24.54	24.54
				25.39		Health and Family Welfare	-	23.87	23.87
				490.33		Water Supply, Sanitation, Housing and Urban Development	63.81	455.29	519.10
				0.03		Information and Broadcasting	-	0.37	0.37
				22.88		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	70.14	70.14
				10.26		Social Welfare and Nutrition	-	26.70	26.70
				0.23		Others	-	0.22	0.22
				770.40		Economic Services	0.02	1125.65	1125.67
				47.89		Agriculture and Allied Activities	-	21.04	21.04
				122.20		Rural Development	-	177.03	177.03
				33.47		Special Areas Programmes	-	32.32	32.32
				348.56		Irrigation and Flood Control	-	403.81	403.81
				30.00		Energy	-	333.00	333.00
				1.76		Industry and Minerals	(-)0.04	0.39	0.35
				185.47		Transport	-	149.94	149.94
				-		Science, Technology and Environment	-	-	-
				1.05		General Economic Services	0.06	8.12	8.18

(Rupees in crore)

Receipts		Disbursements			
2000-01		2001-02	2000-01	2001-02	
123.81	IV. Recoveries of Loans and Advances	69.24	419.36	III. Loans and Advances disbursed	204.10
36.53	From Power Projects 2.31		235.31	For Power Projects 92.50	
23.35	From Government 27.23		109.07	To Government Servants 75.70	
63.93	From Others 39.70		74.98	To Others 35.90	
4203.93	V. Public Debt Receipts	5978.86	2633.58	IV. Revenue deficit brought down	3795.69
1510.05	Internal debt other than Ways and Means Advances and Overdraft 1609.09		186.10	V. Repayment of Public Debt	1023.83
-	Net transactions under Ways and Means Advances including Overdraft 696.66*		555.73	Internal debt other than Ways and Means Advances and Overdraft 296.67	
2693.88	Loans and Advances from Central Government 3673.11		469.31	Net transactions under Ways and Means Advances including Overdraft -	
25676.45	VI. Public Account Receipts	27770.69	24529.65	Repayment of Loans and Advances to Central Government 727.16	
1876.44	Small Savings, Provident Funds, etc. 1915.63		911.95	VI. Public Account disbursements	26893.18
571.96	Reserve Funds 334.07		666.06	Small Savings, Provident Funds, etc. 937.73	
30.89	Suspense and Miscellaneous 59.17		(-)238.71	Reserve Funds 325.13	
1805.59	Remittances 1723.53		1798.21	Suspense and Miscellaneous 320.92	
21391.57	Deposits and Advances 23738.29		21392.14	Remittances 1725.51	
			(-)162.95	Deposits and Advances 23583.89	
			(-)0.78	VII. Cash Balance at end	(-)78.77
			(-)171.66	Cash in Treasuries and Local Remittances (-)11.22	
			9.32	Deposits with Reserve Bank (-)70.39	
			0.17	Departmental Cash Balance Including permanent Advances 2.67	
				Cash Balance Investment 0.17	
30014.85	Total	33655.84	30014.85	Total	33655.84

*

Represents receipts: Rs 8005.55 crore and disbursements: Rs 7308.89 crore.

EXHIBIT-III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

Sources		
2000-01		2001-02
12401.78	1. Revenue receipts	12153.29
123.81	2. Recoveries of Loans and Advances	69.24
2992.79	3. Increase in Public Debt	4955.03
1146.80	4. Net receipts from Public Account	877.51
964.49	Increase in Small Savings, Provident Funds, etc.	977.90
(-)0.57	Net effect in Deposits and Advances	154.40
(-)94.10	Net effect in Reserve Funds	8.94
269.60	Net effect of Suspense and Miscellaneous transactions	(-)261.75
7.38	Net effect of Remittance transactions	(-)1.98
173.61	5. Decrease in closing cash balance	-
16838.79	Total	18055.07
Application		
2000-01		2001-02
15035.36	1. Revenue expenditure	15948.98
419.36	2. Lending for development and other purposes	204.10
1384.07	3. Capital expenditure	1817.81
-	4. Increase in closing cash balance	84.18
16838.79	Total	18055.07

Explanatory Notes for Exhibit-I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.
4. There was a difference of Rs 624.95 crore (net credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposit with Reserve Bank". Following reconciliation and subsequent adjustments, a difference of Rs 0.02 crore (net credit) remained to be reconciled as of May 2002.

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

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Part A. Receipts						
1. Revenue Receipts	8404	8579	9790	12402	12153	10266
(i) Tax Revenue	3611	3939	4531	5300	5671	4610
Taxes on Sales, Trade, etc.	1827	2059	2425	2821	3069	2440
State Excise	923	990	961	1119	1110	1021
Taxes on Vehicles	347	364	455	511	566	449
Other Taxes	514	526	690	849	926	701
(ii) Non-Tax Revenue	1362	1354	1574	1688	1508	1497
(iii) State's share of Union taxes and duties	1809	1964	2185	2837	2883	2336
(iv) Grants-in-aid from GOI	1622	1322	1500	2577	2091	1822
2. Miscellaneous Capital Receipts	-	-	-	-	-	-
3. Total revenue and Non-debt Capital Receipts (1+2)	8404	8579	9790	12402	12153	10266
4. Recoveries of Loans and Advances	888	80	120	124	69	256
5. Public Debt Receipts	2585	3976	5267	4204	5979	4402
Internal Debt (excluding Ways & Means Advances and Overdraft)	706	1175	1867	1510	1609	1373
Net transactions under Ways and Means Advances and Overdraft	-	838	45	-	697	316
Loans and Advances from Government of India [§]	1879	1963	3355	2694	3673	2713
6. Total receipts in the Consolidated Fund (3+4+5)	11877	12635	15177	16730	18201	14924
7. Contingency Fund Receipts	@	-	-	-	-	-
8. Public Account Receipts	17411	17349	21681	25677	27771	21978
9. Total receipts of the State (6+7+8)	29288	29984	36858	42407	45972	36902
Part B. Expenditure/Disbursement						
10. Revenue Expenditure	8986	11575	13430	15035	15949	12995
Plan	1076	1443	1643	1885	2186	1647
Non-Plan	7910	10132	11787	13150	13763	11348
General Services (excluding Interest payments)	1630	2316	2858	3239	3299	2668
Interest Payments	1897	2243	2825	3339	3878	2836
Social Services	3744	4923	5486	6128	6405	5337
Economic Services	1697	2065	2243	2312	2349	2133
Grants-in-aid and Contributions	18	28	18	17	18	20
11. Capital Expenditure	2507	1792	1517	1384	1818	1804
Plan	2503	1772	1482	1322	1745	1765
Non-Plan	4	20	35	62	73	39
General Services	45	45	199	21	27	68
Social Services	563	644	451	593	665	583
Economic Services	1899	1103	867	770	1126	1153
12. Disbursement of Loans and Advances	351	443	324	419	204	348
13. Total (10+11+12)	11844	13810	15271	16838	17971	15147
14. Repayments of Public Debt	1293	503	985	1211	1024	1003
Internal Debt (excluding Ways and Means Advances and Overdraft)	77	155	178	186	297	179
Net transactions under Ways and Means Advances and Overdraft	452	-	-	556	-	201
Loans and Advances from Government of India [§]	764	348	807	469	727	623
15. Appropriation to Contingency Fund	-	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	13137	14313	16256	18049	18995	16150
17. Contingency Fund disbursements	-	-	-	-	-	-
18. Public Account disbursements	16196	15910	20125	24530	26893	20731
19. Total disbursement by the State (16+17+18)	29333	30223	36381	42579	45888	36881
Part C. Deficits						
20. Revenue Deficit (1-10)	582	2996	3640	2633	3796	2729
21. Fiscal Deficit (3+4-13)	2552	5151	5361	4312	5749	4625
22. Primary Deficit[#]	655	2908	2536	973	1871	1789
Part D. Other data						
23. Balance from Current Revenue (BCR)	(-452)	(-2543)	(-3015)	(-1998)	(-2692)	(-2140)
24. Arrears of Revenue	1055	208*	1393	1333	1532	1104
25. Ways and Means Advances/Overdraft availed (days)	235	219	349	349	309	292
26. Interest on Ways and Means Advances/Overdraft	13	4	27	27	25	19
27. Gross State Domestic Product (GSDP)**	64592	72974	74452	76440	85652	74822
28. Outstanding Debt (year end)	19261	24170	30011	33874	39970	29457
29. Outstanding guarantees including interest (year end)	7240	9203	11270	11954	12912	10516
30. Maximum amount guaranteed (year end)	10245	12061	14288	16746	19117	14491
31. Number of incomplete projects	349	407	510	423	300	398
32. Capital blocked in incomplete projects	1780	2662	3632	2670	1760	2501

@ Rs 15,96,946 only.

§ Includes Ways and Means Advances from GOI.

Fiscal Deficit – Interest Payments.

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

** Source: Economic Review- 2001-02. Changes in figures due to adoption of revised GSDP figures.

CHAPTER-II
APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

APPROPRIATION ACCOUNTS - 2001-02 AT A GLANCE

Total number of grants: 54 (including 4 appropriations)

Total provision and actual expenditure

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	24598.52		
Supplementary	4264.69		
Total gross provision	28863.21	Total gross expenditure	27199.84
<i>Deduct-</i> Estimated recoveries in reduction of expenditure	1037.22	<i>Deduct-</i> Actual recoveries in reduction of expenditure	896.23
Total net provision	27825.99	Total net expenditure	26303.61

Voted and Charged provisions and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	13464.35	4004.42	12586.15	3900.89
Capital	3158.05	8236.39	2379.88	8332.92
Total Gross	16622.40	12240.81	14966.03	12233.81
<i>Deduct-</i> Recoveries in reduction of expenditure	1037.22	-	896.23	-
Total: Net	15585.18	12240.81	14069.80	12233.81

2.1 Introduction

The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Government *vis-à-vis* those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of expenditure against 54 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess(+)
Voted	I. Revenue	12810.34	654.01	13464.35	12586.15	(-)878.20
	II. Capital	2378.69	278.36	2657.05	2175.78	(-)481.27
	III. Loans and Advances	479.43	21.57	501.00	204.10	(-)296.90
Total Voted		15668.46	953.94	16622.40	14966.03	(-)1656.37
Charged	IV. Revenue	4001.74	2.68	4004.42	3900.90	(-)103.52
	V. Capital	0.04	0.14	0.18	0.20	(+)0.02
	VI. Public Debt	4928.28	3307.93	8236.21	8332.71	(+)96.50
Total Charged		8930.06	3310.75	12240.81	12233.81	(-)7.00
Grand Total		24598.52	4264.69	28863.21	27199.84*	(-)1663.37

2.3 Results of Appropriation Audit

2.3.1(a) Excess expenditure over provisions of previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs 728.94 crore for the years 1996-97 to 2000-01 was yet to be regularised as explained in the

* Rs 1521.19 crore drawn through NIL payment vouchers were transferred to 8443-Civil Deposits. Besides, Rs 1392.02 crore were also drawn through NIL payment vouchers and transferred to other Deposit heads like 8448, 8338, 8342, etc.

table below:

Year	Number of grants/ appropriations	Grants/appropriation No.(s)	Amount of excess (Rupees in crore)
1996-97	13 Grants	2,4,6,8,10,15,19,21,25,26,27,43 and 46	107.58
	9 Appropriations	5,6,14,26,37, 38, Interest Payments, President/Vice-President/Governor, etc. and Public Debt	419.73
1997-98	6 Grants	16,21,27,31, 43 and 48	63.04
	6 Appropriations	16,25,33,37, 43 and 46	0.03
1998-99	5 Grants	16, 21, 27 (Revenue and Capital both), 35 and 48	63.67
	4 Appropriations	15, 19, 22 and 38	0.15
1999-2000	3 Grants	34,41 and 48	19.15
	10 Appropriations	9,11,19,22,26,27,31,34,43 and 46	0.06
2000-01	4 Grants	15,16,17 and 21	55.50
	6 Appropriations	16,17,25,32,40 and 46	0.03

(b) Excess expenditure over grants/appropriations of 2001-02 requiring regularisation

The excess of Rs 1.03 crore under five grants and Rs 96.56 crore under seven appropriations require regularisation as detailed below:

(In rupees)

Sl. No.	Number and name of the grant/appropriation	Total grant/ appropriation	Actual expenditure	Excess
Revenue-Voted				
1.	1-State Legislatures	12,77,17,000	12,83,04,601	5,87,601
2.	17-Jails	30,56,24,000	30,78,78,184	22,54,184
3.	23-Labour and Employment	39,63,23,000	40,04,72,759	41,49,759
4.	49-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	18,21,98,000	18,53,23,600	31,25,600
Revenue-Charged				
5.	1-State Legislatures	10,10,000	10,13,062	3,062
6.	15-Pensions and Other Retirement Benefits	5,09,000	5,09,250	250
7.	21-Roads and Bridges	12,12,000	12,42,339	30,339
8.	24-Education, Art and Culture	7,62,000	8,12,987	50,987
9.	43-Minerals	70,000	1,05,297	35,297
10.	46-Irrigation	7,34,000	9,20,431	1,86,431
Capital-Voted				
11.	16-Police	33,64,000	35,49,420	1,85,420
Capital-Charged				
12.	Public Debt	82,36,21,61,000	83,32,71,45,325	96,49,84,325
13.	46-Irrigation	17,14,000	19,71,610	2,57,610

Government did not furnish any reasons for the excess expenditure [except Grant No. 17- Jails and Public Debt] (August 2002). The excess in Grant No.17 was due to increase in the number of prisoners and increase in the rate

of provisions/services. The excess in Public Debt was due to inadequate estimation of day to day cash flow by the State Government.

2.3.2 Original budget and Supplementary provisions

(a) The overall saving of Rs 1663.37 crore was the result of saving of Rs 1760.96 crore in 47 grants and 36 appropriations (111 cases) offset by excess of Rs 97.59 crore in 5 grants and 7 appropriations (13 cases).

(b) Supplementary provision made during the year constituted 17 per cent of the original provision as against 43 per cent in the previous year.

2.3.3 Unnecessary/excessive/inadequate supplementary provisions

(a) Supplementary provision of Rs 158.12 crore made in 19 cases proved unnecessary as the expenditure in each case was less than the original provision, the saving being more than Rs 1 crore in each case (*Appendix-II*).

(b) In 15 cases, against additional requirement of Rs 606.08 crore, supplementary provision of Rs 778.86 crore were obtained resulting in savings, in each case exceeding Rs 1 crore, aggregating to Rs 172.78 crore (*Appendix-III*).

(c) In respect of "Public Debt", supplementary provision of Rs 3307.93 crore proved insufficient resulting in excess expenditure of Rs 96.50 crore.

2.3.4 Significant/Persistent savings

(a) In 30 cases, expenditure fell short by more than Rs 1 crore in each case and also by more than 10 per cent of the total provision as indicated in *Appendix-IV*.

(b) In 11 cases, there were persistent savings of Rs 1 crore or more in each case amounting to 20 per cent or more of the provision during the last three years. Details are given in *Appendix-V*.

2.3.5 Excessive/inadequate/injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where re-appropriation of funds proved excessive/inadequate/injudicious by over Rs 20 lakh are given in *Appendix-VI*.

2.3.6 Expenditure without provision

(a) Expenditure of Rs 192.66 lakh was incurred under "Interest Payments- (Rs 161.06 lakh) and Grant No. 36- Co-operation (Rs 31.60 lakh)" without provision having been made in the original estimate/supplementary demands or through re-appropriation.

(b) In the following 7 grants there was minus expenditure:

Name and Number of Grant	Head of Account	Amount (Rs in lakh)	Reasons for minus expenditure as per Appropriation Accounts
21-Roads and Bridges	5054-03-337(002)	35.10	Not intimated.
29-Town Planning and Regional Development	2217-80-191(013)	2.70	Due to deposit of previous years' unspent balance.
34-Relief from Natural Calamities	2245-02-193	35.96	Due to deposit of previous years' unspent balance.
37-Agriculture	4401-800(003)[10]	23.37	Due to deposit of previous years' unspent balance.
43-Minerals	2853-02-102(004)	403.72	Due to refund of previous years' unspent amount.
46-Irrigation	4711-01-103(003)[03]	31.91	Not intimated.
	4701-01-103(004)[01]	19.63	Not intimated.
	4701-01-208(005)	36.33	Irregular adjustment of receipts from sale of machinery and equipment.
47-Tourism	5452-80-105(001)	39.00	Due to adjustment of unspent amount in Personal Deposit Account.

2.3.7 Anticipated savings not surrendered

(a) Financial Rules require the spending departments to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. In 19 cases, saving of Rs 1 crore and above in each case aggregating Rs 204.25 crore was not surrendered (*Appendix-VII*).

(b) In all Rs 1624.10 crore was surrendered on the last working day of the financial year.

2.3.8 Surrender in excess of actual savings

In 6 cases, the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against savings of Rs 73.36 crore, the amount surrendered was Rs 144.52 crore, resulting in excess surrender of Rs 71.16 crore (*Appendix-VIII*).

2.3.9 Trend of recoveries and credits

In 6 grants and one appropriation, the actual recoveries adjusted in reduction of expenditure (Rs 552.52 crore) exceeded the estimated recoveries (Rs 450.83 crore) by Rs 101.69 crore. Though no recoveries were provided in the budget estimates in 5 grants, recoveries of Rs 58.81 crore were made. However, in 7 grants, the actual recoveries (Rs 286.21 crore) were less than the estimated recoveries (Rs 410.75 crore) by Rs 124.54 crore. Moreover, in 3 grants there were no recoveries though the same were estimated at Rs 175.65 crore. Details are given in Appendix to Appropriation Accounts.

2.3.10 Non-receipt of explanations for savings/excesses

For the year 2001-02, explanations for savings/excesses were not received in respect of 174 (32 per cent) out of 543 heads of accounts (August 2002).

CHAPTER-III CIVIL DEPARTMENTS

AUDIT PARAGRAPHS

Education Department

3.1 Irregularities under Scheme of Computer Education in schools

Undue benefits given to a firm for setting up computer education centres in Government schools.

The State Government decided (December 2000) to introduce Computer Education and Computer Science as additional subjects in Secondary/Senior Secondary Schools of the State. Board of Secondary Education Rajasthan (BSER), Ajmer was the nodal agency to implement the decision in 624 schools with about 1,03,312 students.

It was also decided that a fixed fee of Rs 600 per year per student be paid in two equal instalments, first at the time of admission (July) and the other in January. For SC/ST/OBC/women and handicapped students, the amount of concession provided by the decision of the Government was to be reimbursed to the BSER.

For setting up computer education centres tenders were invited (August 2000) by the BSER. As the rates offered by firm 'A' for 28 districts were the lowest, order was placed (December 2000) on the firm. Audit observed that as per Notice Inviting Tender, tenderers were to have business turnover of at least Rs 5 crore for the previous 3 years. Firm 'A' did not fulfill the eligibility criteria as its turnover was Rs 2.12 crore (1997-98) and Rs 3.13 crore (1998-99). Yet it was allotted the contract.

Test-check of records of the Scheme for the year 2001-02 and information collected from 199 schools, revealed the following:

(i) Earlier in November 2000 it was decided that the contract could not be sublet or franchised out. Accordingly, a clause was inserted in the Letter of Indent. Subsequently (May 2001) this condition withdrawn. Consequently, the firm took to franchising and collected franchise fees and royalty of 20 per cent. This was an undue benefit to firm 'A'.

(ii) Firm 'A' had failed to observe various contract clauses as listed under:

S. No.	Details of clauses of agreement	Audit observations
1.	Establish computer laboratory equipped with formica table and seating chairs and install AC.	Computers laboratories were established without AC System in 186 (93 per cent) out of 199 schools.
2.	Original software to be provided with latest versions and manuals.	1,800 machines and software were to be provided. Invoice for 1,000 software was produced and for 800 no invoice was available. Possibility of supply of unlicensed software by the firm cannot be ruled out.
3.	Computers/printers were to be provided <i>pro rata</i> i.e. upto 100 students 2 computers and one printer and thereafter 1 computer per 100 additional students.	87 computers and 113 printers in 199 schools were not installed. Computers installed were of different models and configurations were also at variance with the tender specifications.
4.	Computer instructors to be posted @ 2 for 500 students; 3 for 501 to 1000 students and 4 for 1001 students or more.	As against 406 instructors only 268 were posted.
5.	Floppies, CDs and all other consumables were to be provided as per requirement free of cost along with communication media for internet connection.	Information received from 199 schools at District Education Officers test-checked did not show that the supply of accessories was made free of cost and internet connections were not provided (except one school).

It may be seen from above that there were substantial irregularities in the execution of the contract and no action had been taken against the firm.

The matter was referred to the State Government in August 2002; reply had not been received (October 2002).

3.2 Non-refund of unspent balance of grants under Computer Literacy and Studies in Schools

Rs 98.10 lakh was not refunded to the Government of India for over 3 years and the proper use of equipment was not planned after the close of the scheme.

Government of India (GOI), Ministry of Human Resource Development, New Delhi sanctioned Rs 4.18 crore during 1993-97 to the State Government under Centrally sponsored scheme "Computer Literacy and Studies in Schools (CLASS)". As per terms of the sanctions, the unspent grant was to be refunded unless permitted by the GOI to carry forward the balance.

Out of Rs 4.18 crore, the State Government utilised only Rs 3.20 crore during 1997-99 and Rs 98.10 lakh was lying unspent (April 2002) since April 1999. The CLASS Scheme was in operation upto 31 March 1999 and GOI had not permitted the State Government to utilise unspent balance after March 1999. State Government after more than 2 years sought permission (July 2001) from the GOI for utilisation of unspent amount in subsequent years but the same was awaited as of August 2002.

The computers/accessories purchased (November 1997) at a cost of Rs 153.95 lakh under the scheme were used upto March 1999 and thereafter ordered (March 2001) to be kept in stores till further orders. Possibility of their use in

near future was remote as computers purchased 4-5 years back are likely to require substantial expenditure on repair before they could be used.

The State Government while accepting the facts stated (August 2002) that the matter for utilisation of unspent balance on 'revised CLASS Scheme' is under consideration with the GOI. However, the fact remains that the Central funds provided for expanding computer literacy remained unutilised for more than 3 years without approval of GOI and equipment costing Rs 1.54 crore were lying unutilised.

Food and Civil Supplies Department

3.3 Loss due to delay in disposal of confiscated rice

Failure of the District Supply Officer in taking timely action for disposal of confiscated rice resulted in loss of Rs 26.80 lakh.

As per standing orders District Supply Officers (DSOs) were to dispose of the confiscated goods within one week. The DSO, Jaipur seized (February 1993) 3286.29 quintals of rice (value: Rs 25 lakh approximately) for violation of Rajasthan Trade Articles (Licensing and Control) Orders, 1980 under the Essential Commodity Act, 1955. The seized rice was stored (February 1993) with six custodians and cases were filed (February 1993) against the erring firm. The Courts ordered (November 1995, May 1997) disposal of the confiscated rice and crediting the sale proceeds to Government Account.

The DSO, Jaipur constituted a verification party for disposal of the rice in January 1998 which observed (February 1999) that the rice had become unfit for human consumption. Subsequently, in February 2000 it was not found fit even for animal consumption.

Similarly, 153.47 quintals of rice (value: Rs 1.80 lakh) seized (February 1993) from firm 'B' were ordered (April 1994) for confiscation and disposal by the Court. However, the rice was not disposed of and was found unfit for consumption in February 1999.

In both cases failure of DSO, Jaipur in disposing of confiscated rice in time resulted in loss of Rs 26.80 lakh to Government.

On being pointed out (March 2002) in audit, the Additional Food Commissioner, Food and Civil Supplies Department stated (May 2002) that action for recovery of amount under Public Demand Recovery (PDR) Act from the defaulted custodians had been initiated. Besides, proposals for initiating disciplinary action against ten officers/officials found *prima facie* responsible for delay in disposal of confiscated rice had been forwarded to Department of Personnel (September 2000). However, the fact remains that no

recovery had materialised despite lapse of five years resulting in loss of Rs 26.80 lakh to the State *ex-chequer*.

Home Department

3.4 Irregularities in Police Housing Scheme for Government of Rajasthan

A Project Report for the Police Housing Scheme (Phase-I) was prepared by *Avas Vikas Limited** (AVL) for construction of 4287 quarters. The State Government forwarded (January 1998) the Project Report to Housing and Urban Development Corporation (HUDCO) for sanctioning loan. HUDCO sanctioned (February 1998) Rs 133.35 crore. The State Government accorded administrative and financial sanctions and provided Rs 44.40 crore (June 1999) for construction of 100 Police Stations also. By April 2002, Rs 132.02 crore (State Government: Rs 8.17 crore, Loan amount: Rs 123.85 crore) for Housing Scheme and Rs 34.19 crore for Police Stations were released by Rajasthan State Road Development and Construction Corporation (RSRDCC).

Of 4217 completed[#] quarters (April 2002), 872 completed quarters were not handed over to the Police Department for want of electricity and water connections and construction of 19 quarters was not started due to non-availability of land and 51 quarters were lying incomplete. While 3 Police Stations were incomplete, out of 97 completed stations, 22 stations were not handed over. The scheme scheduled to be completed by December 1999 was in progress as of April 2002.

Test-check (March-April 2002) of the records of Director General of Police, Rajasthan, Jaipur for the period October 2000 to March 2002 and of RSRDCC, revealed the following:

I. Irregularities in area of Project Formulation

(a) Despite instructions of the Chief Engineer (CE), Public Works Department (PWD) to apply only 30 *per cent* tender premium over Integrated Basic Schedule of Rates (BSR), 1993, the estimates included premium of 40 *per cent*** plus location tender premium of 5 to 18 *per cent*. This led to over-estimation of the Project cost by Rs 12.89 crore.

The RSRDCC stated (July 2002) that higher premium was approved to speed up construction by the year 2000. This was not tenable as 30 *per cent* premium was to be added to the rates of BSR, 1993 while preparing estimates of the Project.

* State Nodal Agency subsequently changed (March 1998) to Rajasthan State Bridge and Construction Corporation now Rajasthan State Road Development and Construction Corporation (RSRDCC).

Work started in March 1998.

** 10 *per cent* extra.

(b) The estimate included 9 per cent agency charges against 13 per cent *pro rata* charges payable to PWD and Rajasthan Housing Board (RHB). This would further result in increase in cost of the Project by Rs 2.89 crore.

II. Irregularities in execution of Project

Avoidable interest liability of Rs 13.31 crore created due to drawal of loan in excess of requirement.

(a) Though the administrative and financial sanctions of Rs 117.50 crore were accorded in August 1998, RSRDCC drew (March 1998) two instalments of loan amounting to Rs 55.68 crore as against actual requirement of Rs 36.17 crore (during April 1998 to September 1999). Excess and premature drawal of loan (Rs 19.51 crore) led to avoidable interest liability of Rs 10.20 crore** (September 2001).

(b) Non-utilisation of advance ranging between Rs 5 lakh to Rs 52.22 crore by the executing agencies during the period March 1998 to June 2002 led to loss of interest of Rs 3.11 crore** (June 2002).

Irregular expenditure on construction of unapproved Police Stations.

(c) Police Stations, Kankroli and Kelwa of Rajsamand district were constructed by PWD without the approval of the State Government resulting in irregular expenditure of Rs 84.53 lakh.

The matter was referred to the Government in July 2002, reply had not been received (October 2002).

Medical and Health Department

3.5 Functioning of Stores Purchase Organisation in Medical and Health Department

The Stores Purchase Organisation (SPO) set up in the Directorate of Medical and Health Services (DMHS) finalises the Rate Contract (RC) for various drugs/ medicines, equipment and instruments (E&I) on centralised basis to meet the requirements of the department.

The State Government framed its Drug Purchase Policy in 1988 which, *inter-alia*, provided that (i) all drugs that are manufactured by Public Sector Undertakings (PSUs) be purchased from them; (ii) drugs manufactured by Rajasthan Drugs & Pharmaceuticals Limited (RDPL) and not manufactured by other PSUs, be purchased from RDPL; (iii) drugs manufactured by other PSUs and not by RDPL be purchased from the lowest rate offeror and (iv) drugs not manufactured by any PSU may be purchased on RC basis from private sector. In 1995, a provision for direct purchase of drugs from RDPL was also introduced in State General Financial and Accounts Rules (GF&AR).

Delay in issue of RCs ranged between 2 and 12 months in 63 cases.

RCs were generally issued for a period of two calendar years. SPO issued RCs during 1997-2002 with delays in 63 cases ranging from 2 to 12 months. The validity of RCs during 1996-98 and 1998-2000 got reduced to 15 to 21 months and 6 to 21 months for PSUs and from 2 days to 17 months and 3 to 14

** @ 14 per cent upto December 1999, 13 per cent from January 2000 and 12.75 per cent from April 2000.

months for private sector respectively. No responsibility was fixed for the delay which led to purchase from the market.

Finance Department suggested (February 1999) to the Government that the purchase of all medicines be done through open tenders and at best, purchase preference be given to RDPL at the lowest rates offered in the open tender, which was not agreed to.

Significant points noticed in test-check are mentioned below:

3.5.1 Irregularities in tendering

Details of terms and conditions of tendered document	Audit observation
Clause 6 -Only regular manufacturers, direct importers or their authorised distributors were to tender.	RCs were irregularly issued during 1996-98 (16 items), 1998-2000 (8 items), and 2001-03 (27 items) to RDPL for items not manufactured by it as per details given in <i>Appendix-IX</i> . RDPL procured these from other manufacturers.
Clause 11 -All drugs/chemicals should be BP, BPC, IP, NF or USP & NFI ¹ standard only. Supplier was also liable for action under Drugs and Cosmetics Act.	During 1998-2000, RC for surgical linen thread and poly glactin sutures was approved in favour of private firm M/s Jayman Industries and M/s Johnsons & Johnsons without USP specification though tender was for USP.
Clause 9 and 17 -Supply of drugs and medicines was to be made within 30 days from the date of issue of supply order; for belated supply penalty upto 10 per cent was to be levied.	Drugs worth Rs 238.81 lakh were not supplied by approved firms to 19 indenting officers test-checked out of which Rs 195.48 lakh (81.86 per cent) were from PSUs as per <i>Appendix-X</i> . No penal action was taken by SPO/indenting officer although penalty upto Rs 23.88 lakh was leviable.
Clause 3 - Supplies should be effected directly by manufacturer and not through distributors/agents/suppliers.	Drugs and medicines worth Rs 182.16 lakh in 11 units were supplied through distributors/suppliers (<i>Appendix-XI</i>).

Failure to observe terms and conditions of tender.

3.5.2 Purchase of drugs at higher rate

(i) In 6 cases the rates approved for PSUs were higher as compared to the rates approved in the previous years for private sector. In some cases the rates from PSUs came down in subsequent years after the RCs were approved in favour of private sector (1 to 44 per cent). A few illustrative cases are given below:

S. No.	Name of items	RC 1994-96		RC 1996-98		Higher rate in rupees (percentage)
		Approved private firm	Approved rate (in rupees)	Approved PSU	Approved rate (in rupees)	
1.	Injection Methylegamatrine	M/s Dueful Lab. Pvt. Ltd., Jaipur	9.00 per 10 Ampules (Amp.)	M/s KAPL	2.75 per Amp. (27.50 per 10 Amp.)	18.50 per 10 Amp. (206 %)
2.	Tablet Promethazin	M/s Archem Lab., Jaipur	70.67 per 1000 Tablets	M/s RDPL	150.00 per 1000 Tablets	79.33 per 1000 Tablets (112 %)
			RC 1996-98		RC 1998-2000	
3.	Injection Atropine Sulphate IP 1 mg/ml	M/s Jackson Lab., Amritsar	5.80 per 10 Amp.	M/s ODCL	11.60 per 10 Amp.	5.80 per 10 Amp. (100 %)
4.	Injection Promethazine Hydrochloride IP 25 mg/ml	M/s Dueful Lab Pvt. Ltd., Jaipur	8.50 per 10 Amp.	M/s ODCL	23.90 per 10 Amp.	15.40 per 10 Amp. (181 %)
5.	Injection Ligociane HCL IP 5 % (Heavy Spinal)	M/s Jackson Lab., Amritsar	24.90 per 25 Amp. of 2 ml	M/s ODCL	52.00 per 25 Amp.	27.10 per 25 Amp. (109 %)
6.	Injection Diazepam IP 5 mg/ml	M/s Dueful Lab. Pvt. Ltd., Jaipur	0.90 per Amp.	M/s MAPL	1.95 per Amp.	1.05 per Amp. (117 %)

1. British Pharmacopia, British Pharmaceutical code, Indian Pharmacopia, National Formulary, United State Pharmacopia and National Formulary of India.

Issue of RCs at higher rate due to non-comparison with market rate.

S. No.	Name of items	RC 1996-98		RC 1998-2000		Rate (in rupees) lower than private firm (percentage)
		Approved PSU	Approved rate (In rupees)	Approved private firm	Approved rate (In rupees)	
1.	IV Fluids Sodium Chloride Injection IP 0.9 % w/v	M/s HAL, Jaipur	8.40 per bottle	M/s Dujohn Lab Ltd., Indore	8.35 per bottle	0.05 per bottle (1 %)
2.	Dextrose Injection IP 5 %	M/s HAL	-do-	-do-	-do-	0.05 per bottle (1 %)
3.	-do- IP 25 %	M/s HAL	10.00 per bottle	-do-	8.55 per bottle	1.45 per bottle (15 %)
4.	GNS	M/s HAL	8.40 per bottle	-do-	8.35 per bottle	0.05 per bottle (1 %)
5.	Ringer Lactate Solution for Injection	M/s HAL	8.75 per bottle	-do-	8.40 per bottle	0.35 per bottle (4 %)
6.	Manitol Injection IP 20 %	M/s HAL	40.00 per bottle	M/s Parental Drug (P) Ltd., Indore	22.36 per bottle	17.64 per bottle (44 %)
7.	Metronidazole Injection IP 100 ml	M/s HAL	9.00 per 100 ml bottle	M/s Sanctun Drug & Pharma Pvt. Ltd.	6.10 per bottle	2.90 per bottle (32 %)
8.	Ciprofloxacin Injection	M/s HAL	13.28 per 100 ml bottle	M/s Dujohn Lab Ltd., Indore	7.70 per bottle	5.58 per bottle (42 %)

Supply at higher rate to State Government than to DGS&D/ESI, etc. by PSUs.

(ii) Drugs were supplied to State Government at rates higher than to Director General of Supplies and Disposals (DGS&D) (10 cases), Employees State Insurance Corporation (ESI) (9 cases) and others (11 cases). Interesting cases are given below:

- During the RC period 1991-93 and 1996-98, M/s Hindustan Antibiotics Limited (HAL) supplied Dextrose 5% Sodium Chloride to other parties at Rs 8 as against State Government approved rate of Rs 12.10. There was excess payment of Rs 11.23 lakh in 49 cases. The department ordered (June 2001) recovery of excess payment but no recovery was made (March 2002).
- RDPL had supplied 7 drugs to private sector at lower rates ranging from 1 to 33 per cent than RC (Appendix-XII). The reasons for payment of higher rate though called for were not furnished.
- M/s Karnataka Antibiotics Pharmaceutical Limited (KAPL) was black listed till November 1997 for over-charging for injection Diclofenac Sodium at Rs 3.45 against the maximum retail price of Rs 3.25 during 1994-96. Yet, RC for 1996-98 for supply of various drugs was awarded (April 1997) to KAPL.

Basic records not maintained.

(iii) Certain basic records such as Requirement Register to invite rates, RC issue register, DGS&D and ESI rates, Sample Registers, Earnest Money/Security Deposit Register, Recovery Register, Complaint Register, NIT Register, etc. were not maintained. In the absence of these basic records reasonableness of rates and requirement of medicines could not be ascertained.

(iv) During 1998-2000 and 2001-03, RC for Phenyl was issued to M/s Bengal Chemicals and Pharmaceuticals Limited (BCPL), on the basis of single quotation (Phenyl at Rs 555 to Rs 636 per 20 litres). M/s Barsana Hychem Industries Limited, Alwar (SSI unit) had intimated (November 2001) SPO that RC for supply of phenyl in Uttar Pradesh had been finalised at Rs 323.40 per 20 litres. Failure to issue open tenders resulted in payment of excess rate.

Irregular preference in procurement of gauze bandage, cotton wool and Phenyl.

(v) Despite instructions (November 1999) from Secretary, Medical and Health to purchase, RC cotton wool from DGS&D RC was issued (1998-2000) in favour of BCPL at Rs 45 per packet of 400 grams. The DGS&D rate was only Rs 36.70 per 500 grams which resulted in excess payment of Rs 39.10 per kg to BCPL. It was also observed that Sawai Man Singh (SMS) Hospital, Jaipur and ESI had purchased (1998-2000) absorbent cotton wool at Rs 27.63 per packet of 400 grams and Rs 36 per packet of 500 grams respectively which was lesser rate than BCPL rate. This shows that had open tenders been invited Government could have saved the excess expenditure.

3.5.3 Sub-standard supply and failures in supplies

Rules provide procurement of surgical cotton, phenyl, plaster of paris, etc. from SSI units/cottage industries. Purchase of gauze bandage was reserved for Rajasthan Handloom Development Corporation (RHDC)/Bunkar Sangh/KVIC/Jail Department.

(i) Chief Medical and Health Officer (CMHO), Tonk purchased gauze bandage worth Rs 5.91 lakh in March 2002 from M/s Khadi Gramodyog Bhandar, Jaipur. The supply was declared sub-standard (September 2002) resulting in stock of Rs 3.50 lakh lying unutilised and non-recovery of cost from Khadi Bhandar. Release of payment was made without ensuring receipt of material as per specifications.

(ii) RC for Bleaching Powder was issued (April 1997) in favour of M/s Imperial Chemicals, Bhopal. The firm supplied only 100 metric tons (MT) of sub-standard bleaching powder having 18 to 22 per cent quality as against standard of 33.5 per cent. Liquidated damage of Rs 2.14 lakh for non-supply of 200 MT bleaching powder was recoverable from the firm. No action was taken for sub-standard/short supply.

(iii) 8 sub-standard drugs supplied by PSUs are detailed below where no record was provided to audit indicating action taken against suppliers under Drugs and Cosmetics Act:

S. No.	Cat. No.	RC period	Name of medicine	Name of the firm	Remarks
1.	A/7 (a)	1996-98	Tablet Paracetamol 500 mg	M/s RDPL, Jaipur	Batch No. 99 and 165.
2.	A/33 (a)	1996-98	Tablet Metronidazole	M/s RDPL, Jaipur	Batch No. 002 bill No. 75 dated 24.09.1994 to CMHO, Tonk.
3.	A/9	1996-98	Injection Diclofenac Sodium 25 ml/mg	M/s KAPL Ltd., Jaipur	Batch No. 710457.
4.	A/17 (a)	1998-2000	Tablet Metoclopramide Hydrochloride IP	M/s RDPL, Jaipur	Drugs Controller letter No. 152 dated 15.1.2001 declared of sub-standard quality of Batch No. 022; SPO letter No. 214 dated 16.2.2001 intimated to Purchasing Officer but no amount was recovered.
5.	D/30 (a)	1998-2000	Blood Grouping Reagent (Anti-A, Monoclonal)	M/s Mediclone Biotech Pvt. Ltd., Chennai	Batch No. AS 12.
6.	D/30 (b)	1998-2000	Anti B	-do-	Batch No. AS 12.
7.	D/30 (c)(i)	1998-2000	Anti D	-do-	Batch No. AS 12.
8.	D/30 (e)	1998-2000	Anti A-1 Lectin	-do-	Batch No. AS 12.

Sub-standard supplies.

3.5.4 Other points of interest

Rate Contract for Thromboplastin placed on a firm not manufacturing the drugs in vials.

(i) Tenders for (vial of 4 or 5 ml) 10,000 vials of Reagents of Prothrombin Time (Thromboplastin) liquid stable were invited during 1998-2000. The SPO approved (March 2000) the item at Rs 350 per 10 ml in favour of M/s Span Diagnostic Limited, Udhama, which manufactures the drug in powder form and issued (June 2000) RC. Thus, RC was issued irregularly to a firm which was not a manufacturer of the item in vials.

(ii) 46 X-Ray machines (cost: Rs 128.80 lakh) purchased by the department during 1995-96 were to be installed within two months. However, 15 machines were not installed within the guarantee period of one year due to lack of electricity connection and construction of rooms and 2 not installed as of October 2002.

Failure to account of Rs 1.01 crore by EMD/SD by SPO.

(iii) Demand Draft/*Kisan Vikas Patra*/Cheques, etc. amounting to Rs 1.01 crore pertaining to the period 1981-83 to 2000 were neither deposited into Government account nor refunded to tenderers. The DD/Cheques which were time barred were lying in the files of the department.

(iv) The purchase of medicines costing Rs 129.30 lakh was made in contravention of Drug Purchase Policy as under:

Name of Administrator	Cost of medicines, etc. (Rs in lakh)	Period	Irregularities
Superintendent, Associated Group of Hospitals, Jodhpur	56.60	11/1999 to 12/2001	Without inviting open tenders irregular purchase from PSUs through distributor/agent.
Superintendent, Ravindra Nath Tagore Hospital, Udaipur	28.70	1997-98	Drugs were procured from other firms instead of approved firms under RC.
Superintendent, Jawahar Lal Nehru Hospital, Ajmer	25.18	12/1999 to 12/2001	Purchases were made without testing for quality.
CMHO, Baran	17.08	6/2001 to 6/2002	Supplies were made through distributors/agent as against supplies by PSUs directly.
Superintendent, JK lone Hospital, Jaipur	1.74	6/2001 to 6/2002	Purchase of drugs from market instead of on RC.
Total	129.30		

Irregular purchase of drugs of Rs 98 lakh.

(v) Under *Pradhan Mantri Gramodaya Yojana* (PMGY), 5,57,400 medical kits were to be provided to 138 First Referral Units (FRU) and 1,674 to Public Health Centres in the State. A committee of three doctors was constituted to decide the drugs for the kits. The SPO had issued supply order and 6 drugs worth Rs 98 lakh were purchased from BCPL which were not approved by the committee. No comments were offered for the irregular purchase.

Panchayati Raj Department

3.6 Irregular cash payment of birth grant under *Balika Samriddhi Yojana*

Due to delay in circulating the revised guidelines of *Balika Samriddhi Yojana*, there was irregular cash payment of Rs 1.31 crore.

With a view to change negative attitude of family and community towards a girl child and to raise the age of marriage of girls, the Government of India, Ministry of Human Resource Development introduced (August 1997) "*Balika Samriddhi Yojana*" (BSY) a hundred *per cent* Centrally sponsored scheme. Under the scheme, a post-birth grant of Rs 500 was payable in cash during the years 1997-98 and 1998-99, to the mother of the girl child born in BPL* families. Subsequently, the GOI revised the guidelines (February 2000), which, *inter alia*, provided depositing the post-birth grant in the name of beneficiary girl child so as to earn maximum possible interest. The deposit with interest was payable to the girl after the age of 18 years on production of a certificate that she was unmarried on her eighteenth birthday.

It was observed (September 2001) that due to late circulation of revised guidelines of February 2000, the implementing agency allowed payment of post-birth grant amounting to Rs 1.31 crore in cash to 26,219 beneficiaries during 2000-01. This defeated the objective of providing benefits to an unmarried girl child on her attaining the age of 18 years and discourage girl child getting married before attaining the age of 18 years.

The Government while accepting (August 2002) irregular payment of Rs 1.31 crore and delay in circulating the revised guidelines stated that the revised guidelines were being followed now.

Social Welfare Department

3.7 Irregularities in working of Rajasthan Scheduled Castes/Scheduled Tribes Finance and Development Corporation Limited

The Rajasthan Scheduled Castes (SC) and Scheduled Tribes (ST) Finance and Development Corporation Limited (Corporation), a registered body under Cooperative Act, 1965 was formed for the economic upliftment and rehabilitation of SC/ST/Backward Classes, etc. During test-check of the records for the period 1995-2000 following significant points were

* BPL- Below Poverty Line.

noticed:

Non-convening of General Body meeting.

(i) Bye laws of the Corporation provide convening of a General Body Meeting (GBM) for approval of annual budget, annual accounts, working plan and other related matters. However, since inception no GBM was convened (August 2002). Only meetings of Board of Directors were held and thereafter an Administrator was appointed (September 1999) by the Registrar, Co-operative Societies.

Non-certification of annual accounts.

(ii) Annual accounts of the Corporation for the years 1996-2000 were not certified by Chartered Accountant and accounts for the years 2000-2002 were not prepared. The accounts of units of the Corporation for 1997-2000 were not made available to audit.

Non-receipt of utilisation certificates.

(iii) Utilisation certificates (UCs) were required to be sent to GOI within 15 days after the end of each quarter but UCs worth Rs 64.63 crore were outstanding as of March 2000. No year-wise/ scheme-wise records of UCs was maintained.

(iv) Rs 15.26 crore received (1995-2000) from National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) was advanced to district units. Rs 3.13 crore recovered from beneficiaries was not refunded by the Corporation to NSFDC and Rs 5.50 crore was due for recovery from beneficiaries as of March 2002.

(v) In Jaipur unit, NSFDC loan of Rs 39.48 lakh was provided to 15 beneficiaries (1998-2000) for Poultry shed scheme without insisting upon production of original* bills from the firms. The physical verification and yearly insurance was also not ensured. As such the genuineness of the expenditure could not be certified. Though only three beneficiaries had repaid three instalments (Rs 0.51 lakh) as of May 2002, no action was taken against the defaulters whose advance cheques were dishonoured by the banks.

(vi) Similarly, term loan/margin money loan of Rs 35.47 lakh repayable in 60 instalments provided to 60 beneficiaries (1993-97) by Jaipur unit remained unrecovered (May 2002). Besides, interest at 6 per cent (excluding penal interest) was also not recovered.

(vii) Out of loans/advances given by the Corporation to different agencies, Rs 49.24 crore was still lying unadjusted/unrecovered as detailed below:

Loan of Rs 49.24 crore given by Corporation to executing agencies was lying unadjusted/unrecovered.

Name of agency	Amount (Rs in crore)	Remarks
District Rural Development Agencies (DRDAs)	16.16	Details of Rs 14.25 crore advanced by DRDAs to various executing agencies and balance of Rs 1.91 crore from DRDAs were awaited.
Rajasthan Handloom Development Corporation (RHDC)	1.00	Advance for regular supply of yarn to SC weavers for 3 years was not refunded along with interest at 4 per cent.
Banks/institutions	29.05	Advanced to various banks/institutions during 1995-2000 under various schemes.
Central Co-operative Bank/Primary Land Development Bank	0.38	Pending recovery since 1995-96 from Central Co-operative Bank and Primary Land Development Bank.
Other Agencies	2.65	Advances to Jaipur Development Authority, Public Health Engineering Department, Social Welfare Department, farmers, etc. remaining unrecovered.
Total	49.24	

* Relating to cost of broiler chicks/poultry feed, etc.

It was stated (September 2002) that the concerned authorities were asked to refund the loans/advances or send the utilisation certificates.

Non-recovery
from defaulters
under POP
scheme.

(viii) Under the Package of Programme (POP) (Rural) scheme started for the benefit of SC/ST, 914 beneficiaries had not established their units as of January 2002 despite receiving assistance of Rs 44.45 lakh during 1994-96. No action was taken for recovery of the amount.

The State Government accepted the facts and stated (September 2002) that corrective measures were being taken.

Unfruitful expenditure
of Rs 45.70 lakh on
workshops lying
complete/not utilised
for the specified
purpose.

(ix) Under the Workshop scheme, Corporation provided subsidy upto Rs 6,000 to every beneficiary in 3 instalments[@] for construction of a workshop. The maximum cost of a workshop was estimated as Rs 25,000. During test-check (September 2001) of the records of *Panchayat Samitis*, Bikaner and Sri Dungargarh (Bikaner district) it was observed that 719 workshops (Bikaner: 631; Sri Dungargarh: 88) were sanctioned during 1995-2001 and subsidy of Rs 25.22 lakh (Bikaner: Rs 22.47 lakh; Sri Dungargarh: Rs 2.75 lakh) was paid. However, these workshops were lying incomplete (September 2001) rendering the payment of subsidy unfruitful. It was also observed that 398 allotted workshops (Bikaner: 215; Sri Dungargarh: 183) were not being utilised for intended purpose which meant misutilisation of subsidy of Rs 20.48 lakh (Bikaner: Rs 10.78 lakh; Sri Dungargarh: Rs 9.70 lakh).

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

3.8 Unfruitful expenditure due to failure of Pre-examination Training Centres Scheme

Due to failure of Pre-examination Training Centres Scheme, the expenditure of Rs 2.14 crore incurred on these training centres largely remained unfruitful and Rs 68 lakh were incurred on centres where no training was imparted during the whole year.

To enable Scheduled Castes (SCs)/Scheduled Tribes (STs) and Other Backward Classes (OBC) candidates to successfully negotiate the IAS, RAS and other competitive examinations, the State Government started (November 1988) Pre-examination Training Centres (PETCs) at district level. Subsequently, six¹ Ambedkar Training Institutes and three² Eklavya Training Institutes were started (September 1991) to impart training in typing and shorthand. During 1996-2001, Rs 2.14 crore was spent on establishment of such training centres.

[@] Rs 2,400 on completion of plinth level; Rs 1,800 on completion of roof level and remaining Rs 1,800 on completion of work.

1. Bharatpur, Jaipur, Kota, Nagaur, Sawaimadhopur and Sriganganagar.
2. Banswara, Dungarpur and Udaipur.

Test-check of the records of Director, Social Welfare Department, Jaipur (March-April 2002) revealed that Rs 68 lakh was incurred on training centres³ where no training was imparted during the whole year. In other centres, no details of trained candidates who appeared in various examinations/passed was maintained by the department. However, for the period 1996-2001, 5088 candidates were imparted training against an intake capacity of 7474 candidates. On the basis of information supplied by the department 528 (10 per cent) candidates passed the competitive examinations and only 41 candidates (0.8 per cent) got employment on subordinate posts or sought admission in B.Ed. course and none was appointed to RAS/IAS. Further, in two out of five years not a single candidate was appointed. It was also observed that there is a declining trend in the intake capacity and number of candidates passing the examinations.

This indicated that the scheme was not successful and the expenditure of Rs 2.14 crore incurred on training centres largely proved unfruitful.

Government stated (July-August 2002) that the expenditure of Rs 2.14 crore cannot be said to be unfruitful as these centres could provide conducive atmosphere and guidance to the candidates coming from weaker sections and a permanent committee had been formed (September 1997) for proper monitoring and effective management of these centres. The reply is incomplete as there was under-utilisation of capacity and in 56 centres, no training was imparted during different years. Also not a single candidate could pass in competitive examinations for higher Government services in the last six years.

Tribal Area Development Department

3.9 Irregularities in Rajasthan Tribal Area Development Cooperative Federation Limited, Udaipur

Loss suffered by *Rajas Sangh* in Tendu Leaf business and construction of office building and godowns.

The Rajasthan Tribal Area Development Cooperative Federation Limited, (*Rajas Sangh*), Udaipur was established in 1976 under Cooperative Act, 1965 as an apex body for the development and welfare of tribals residing in South Rajasthan. A test-check of the records of *Rajas Sangh* for the period 1994-99 conducted during July-August 2000 showed the following financial irregularities:

(i) The State Government had sanctioned short term loans aggregating Rs 10.20 crore* to *Rajas Sangh* during August 1992 to September 1993 for

3. 1996-97 (11 centres), 1997-98 (15 centres), 1998-99 (8 centres), 1999-2000 (11 centres) and 2000-01 (11 centres).

* Rs 4.40 crore (August 1992); Rs 1.60 crore (March 1993) and Rs 4.20 crore (September 1993).

purchase of agriculture inputs. Rs 4.63 crore thereof was irregularly utilised (Rs 1.94 crore Royalty to Forest Department and Rs 2.69 crore advances to Tribals *Tendu Patta* Collection Cooperative Societies) for collection of *Tendu Patta*. However, due to loss in *Tendu Patta* business the loan could not be refunded by the *Rajas Sangh* to the State Government resulting in creation of interest liability of Rs 5.45 crore (March 2002). The State Government had already directed (July 1997) *Rajas Sangh* to conduct an enquiry as to why the aforesaid loan was utilised in *Tendu Patta* business. The enquiry was not completed even after five years (November 2002).

(ii) The Managing Director, *Rajas Sangh* issued (September 1993) work order for Rs 14.80 lakh to *Avas Vikas Sansthan* (AVS), Udaipur for extensions on first floor of its office at Udaipur to be rented out to SWACH (Sanitation, Water and Community Health) and other co-operative institutions. The construction was completed on 31 October 1994 at a cost of Rs 16.64 lakh but had remained unoccupied upto April 2002 resulting in loss of rent of Rs 20.25 lakh @ Rs 2.70 lakh per annum.

(iii) The Managing Director, *Rajas Sangh* issued (October 1995) work order to AVS for construction of 7 godowns at Udaipur at an estimated cost of Rs 53.80 lakh to be completed within 6 months. The AVS took up construction of 4 godowns (estimated cost: Rs 30.06 lakh). The *Rajas Sangh* advanced Rs 25 lakh by March 1997. The AVS completed construction of two godowns at Pratapnagar and handed them over to *Rajas Sangh* (March 1997). The remaining two godowns were left incomplete and were subsequently got completed (January 2001) at a cost of Rs 10.94 lakh. Rs 5.88 lakh remained unrecovered from AVS, as well as Rajasthan Housing Board which took over the liabilities of the liquidated AVS.

The Government stated (April and September 2002) that the Rajasthan Housing Board had been directed to refund the amount.

General

3.10 Lack of responsiveness to audit findings and observations resulting in erosion of accountability

At the end of June 2002, there were 12167 pending Inspection Reports (IRs) containing 41800 paragraphs as detailed below:

Year	Inspection Reports	Paragraphs
Upto 1996-97	5653	13802
1997-98	1322	4163
1998-99	1255	4005
1999-2000	1494	5608
2000-01	1304	6410
2001-02 (upto December 2001)	1139	7812
Total	12167	41800

Outstanding IRs of Primary Education, Ground Water and Forest Departments

Of IRs and paragraphs issued to 327 District Education Officers, District Institutes of Education and Training, Director and Deputy Directors of Primary Education Department, 75 offices of Ground Water Department and 121 divisions/offices of Forest Department upto 31 December 2001, 4741 paragraphs in 1193 IRs remained outstanding at the end of June 2002. Year-wise break-up was as under:

Year	Primary Education Department		Ground Water Department		Forest Department	
	Number of IRs	Number of paragraphs	Number of IRs	Number of paragraphs	Number of IRs	Number of paragraphs
Upto 1996-97	228	576	20	29	287	937
1997-98	57	195	14	24	57	174
1998-99	43	142	8	14	68	218
1999-2000	41	165	12	23	74	406
2000-01	62	227	15	43	76	645
2001-02 (upto December 2001)	38	227	15	44	78	652
Total	469	1532	84	177	640	3032

A review of IRs revealed that the response of the department(s) was very poor and wherever replies were submitted, these were incomplete. Even the initial replies which were required to be received from the Head of the offices within one month from the date of issue of IRs were received late by 1 to 5 years in respect of 349 IRs of Primary Education Department and by 1 to 3 years in respect of 36 IRs of Ground Water Department, 85 IRs of Forest Department containing 195 paragraphs have not been settled for more than 10 years due to non-receipt of response. The following serious irregularities commented upon in these IRs had not been settled as of June 2002.

Nature of irregularities	Primary Education Department		Ground Water Department		Forest Department	
	Number of paragraphs	Amount (Rupees in lakh)	Number of paragraphs	Amount (Rupees in lakh)	Number of paragraphs	Amount (Rupees in lakh)
Withdrawal of funds from Treasury without requirement	18	59.87	-	-	-	-
Recoveries due from employees/contractors/firms	148	36.86	9	267.96	204	8.57
Irregularities in purchase of stores	236	686.31	25	99.71	168	7.66
Non-disposal of unserviceable store articles	61	11.47	5	397.77	-	-
Irregularities in maintenance of cash book	90	326.93	1	7.19	-	-
Blocking/diversion of funds/Regularisation of expenditure- pending	163	377.93	20	163.11	194	53.96

Nature of irregularities	Primary Education Department		Ground Water Department		Forest Department	
	Number of paragraphs	Amount (Rupees in lakh)	Number of paragraphs	Amount (Rupees in lakh)	Number of paragraphs	Amount (Rupees in lakh)
Cases of theft and losses	71	99.91	21	655.88	-	-
Wasteful expenditure/ loss to Government	40	216.59	-	-	425	70.99
Irregular payment of pay and allowances and travelling allowance	296	321.05	15	9.99	-	-
Non-production of records	44	438.41	-	-	-	-
Excess payment	-	-	-	-	165	10.45
Excess expenditure on deposit works	-	-	-	-	18	1.14
Other irregularities	365	2002.68	81	2269.64	1858	91.49
Total	1532	4578.01	177	3871.25	3032	244.26

According to Rule 327(1) of General Financial and Accounts Rules the retention period for various accounting records ranges between one and three years after audit. Failure of departmental officers to comply with observations in IRs within the prescribed retention period of records, jeopardises recovery or action against erring officials and facilitates continuation of serious financial irregularities and loss to the Government.

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

**CHAPTER - IV
WORKS EXPENDITURE**

SECTION - 'A' : REVIEW

Public Works Department

4.1 Integrated Audit including Manpower Management of Public Works Department

Highlights

Public Works Department is responsible for construction/repairs and maintenance of all buildings, roads (including National Highways), bridges and other related structures financed from State and Central budget allocations. Expenditure of Rs 1811.80 crore was incurred during 1999-2002. The targets for construction of roads fixed by the department were about 50 per cent of the targets in IX Five Year Plan (FYP). 43 per cent of the maintenance and repairs expenditure was incurred on work charged staff. Cases of deviation from specification of Indian Road Congress (IRC), irregular selection of roads for loan from National Bank for Agriculture and Rural Development, delay in completion of 37 packages out of 69 packages of Pradhan Mantri Gram Sadak Yojana (PMGSY) road works targeted for completion upto March 2002, were some of the serious lapses noticed. More significant points noticed were:

Rs 3.59 crore provided for State Highways (SH) was irregularly spent on district and village roads.

(Paragraph 4.1.4(ii))

Rs 1.14 crore was incurred in excess on execution of liquid seal coat instead of sand seal coat and on surface dressing, not required as per IRC specifications.

(Paragraph 4.1.6(a) and 4.1.8A(xi))

Infructuous expenditure of Rs 17.58 crore was incurred on projects proposed for World Bank assistance and subsequently dropped.

(Paragraph 4.1.8A(iii))

Ineligible works for Rs 23.73 crore were taken up under National Bank for Agriculture and Rural Development loan assistance.

(Paragraph 4.1.8A(iv)(c))

Rs 44.87 crore provided by Government of India for road connectivity of villages under PMGSY was not utilised.

(Paragraph 4.1.8A(v))

Extra expenditure of Rs 2.18 crore was incurred due to unwarranted widening of SH 5 (Rs 1.05 crore), acceptance of higher rates (Rs 0.30 crore) and incorrect rate analysis (Rs 0.83 crore).

(Paragraph 4.1.8A(vi)(c),(x)(a),(xii)(a) and (b))

Rs 13.36 crore was incurred on works lying incomplete.

(Paragraph 4.1.8A(viii) and (ix))

Cases of pilferage/shortage of bitumen amounted to Rs 1.48 crore.

(Paragraph 4.1.9)

4.1.1 Introduction

Public Works Department (PWD) is responsible for construction/repairs and maintenance of all buildings, roads (including National Highways), bridges and other related structures and financed through the State and Central budget allocations. The department also executes works on the basis of deposits received from various agencies, after levying agency charges, etc.

4.1.2 Organisational set-up

The administrative control is vested with the Secretary to Government, PWD. At the departmental level, the Chief Engineer (Headquarter) and *ex-officio* Additional Secretary was assisted by three other Chief Engineers (CEs). The department was divided into 7 regions, each headed by an Additional Chief Engineer (ACE), assisted by 28 Superintending Engineers (SEs) at Circle level and 110 Executive Engineers (EEs) at Divisional level.

4.1.3 Audit coverage

Records for the period 1999-2002 were test checked in the offices of CE and 28 field units¹ during October 2001 to June 2002.

4.1.4 Financial outlay and expenditure

(i) Against budget provision of Rs 2367.02 crore^{*}, expenditure incurred

1. ACE, Jaipur-I, Kota and Jodhpur, PWD Circles, Kota, Jhalawar, Jodhpur, Barmer, NH Circle, Jaipur and Mechanical Circle, Jodhpur, PWD District Divisions, Sikar, Dausa, Bundi, Kota, Jhalawar, Baran, Sawaimadhopur, Karauli, Jodhpur-I, Barmer, Jaisalmer, Pali, Sirohi, City Division, Kota, NH Division, Jhalawar, Quality Control. Division, Kota and Jodhpur, Mechanical Division and Electrical Division, Jodhpur.

* Excluding surrenders on last working day of the financial years.

under various grants was Rs 1811.80 crore** as shown under:

(Rupees in crore)

S. No.	Number and name of the grant	1999-2000		2000-01		2001-02		Total	
		Final budget provision	Expenditure	Final budget provision	Expenditure	Final budget provision	Expenditure	Final budget provision	Expenditure
1	5- Administrative Services	0.71	0.54	0.63	0.59	0.67	0.62	2.01	1.75
2	9- Forest	6.56	6.53	7.03	6.57	6.74	6.60	20.33	19.70
3	16- Police	0.35	0.35	0.39	0.45	0.34	0.35	1.08	1.15
4	19- Public Works	322.69	220.63	286.43	212.14	194.15	192.54	803.27	625.31
5	20- Housing	28.94	29.94	24.28	25.18	17.98	26.68	71.20	81.80
6	21- Roads and Bridges	556.85	278.64	431.04	373.91	459.86	407.76	1447.75	1060.31
7	22- Command Area Development	-	-	-	0.03	-	-	-	0.03
8	30- Tribal Area Development	3.49	3.46	0.55	0.56	0.10	0.10	4.14	4.12
9	33- Social Security and Welfare	3.72	3.36	0.23	0.17	0.22	0.06	4.17	3.59
10	34- Relief on account of Natural Calamities	-	0.83	-	-	-	-	-	0.83
11	37- Agriculture	11.18	11.25	1.89	1.96	-	-	13.07	13.21
Grand Total		934.49	555.53	752.47	621.56	680.06	634.71	2367.02	1811.80

(ii) Rs 88.63 crore was sanctioned (May 1999) for modernisation of 3405 km of State Highways (SHs), covering 858 roads. It was observed, in test checked divisions, that works relating to 704.90 km covering 170 roads, under the category of district and village roads, estimated to cost Rs 14.99 crore were also included. Of these, Rs 3.59 crore was spent by 11 divisions on renovation and modernisation of 131 district and village roads but charged the expenditure to SHs. This resulted in not only misclassification of expenditure but also depicted incorrect facts to the Legislature.

Office expenses of Rs 52.71 lakh were unauthorisedly charged to works.

(iii) As per provisions of Public Works Financial and Accounts Rules (PWF&AR) cash required for office expenses and contingency charges could be drawn through contingent bills. Contrary to this, Rs 52.71 lakh relating to office expenses were unauthorisedly charged to various works in 8 test-checked divisions. The cost of works was thus inflated.

4.1.5 Manpower management

The establishment expenditure during 1999-2002 was Rs 272.98 crore. The details indicating men-in-position under different categories though called for were not furnished. Few interesting points noticed are mentioned below:

(i) Two divisional headquarters at Bikaner and Bhilwara were abolished and shifted (January 2001) to Kushalgarh and Chittorgarh respectively and were again re-shifted (January 2002) to their original places. 38 employees of Bikaner although transferred to Kushalgarh did not join at the new place, but

** Net expenditure Rs 1404.19 crore after adjustment of recoveries in reduction of expenditure.

their pay and allowances amounting to Rs 31.59 lakh (February 2001 to January 2002) were irregularly drawn. Information on travelling allowance paid to the other staff transferred was not made available though called for.

(ii) PWD, Mechanical Division, Jodhpur with 99 to 86 officials including work charged staff incurred Rs 3.70 crore on pay and allowances during 1998-2002, whereas cost of repairs amounted to Rs 21.03 lakh during the same period. There were 227 machines in Jodhpur region in 1991-92, and their number came down 154 by March 2002, only 42 machines/equipment were repaired in a period of three years. Thus, establishment expenditure was disproportionate.

(iii) Government decided (October 1980) that no further annual grade increments (AGI) should be allowed to the AENs, without passing the Departmental Examination (DE) within the prescribed 3 attempts. This was discontinued by the Government (27 February 2002) but annual increments were allowed with past arrears. As any Government order has prospective effect only unless mentioned specifically, payment of arrears was irregular.

4.1.6 Basic Schedule of Rates

The rates are worked out on the basis of market rates of material and labour. A review of Integrated Basic Schedule of Rates (BSR), 1998 issued by the CE revealed following irregularities/anomalies:

(a) As per Indian Road Congress (IRC) specification 14-1977 Type A-liquid seal coat is to be applied in high rain fall areas (over 1500 mm annual rainfall) and Type B- premixed seal coat in low rainfall areas. In test-checked divisions liquid seal coat type-A with 4.5 per cent binder was incorrectly applied in 35 road works falling in low rainfall areas. This led to extra expenditure/cost of Rs 33.46 lakh.

(b) Ministry of Road Transport and Highways (MORTH) revised its specification for roads and bridges for the third time in April 1995. The third revision, *inter alia*, included reduction in rate of application of bitumen in tack coat on (a) unprimed Water Bound Macadam (WBM) surface, (b) primed WBM surface and (c) existing bituminous treated surface from 10 kg, 7.5 kg, 5 kg to 3.75 kg, 2.75 kg, 2.25 kg per 10 sqm. respectively and bituminous macadam (BM) works from 4 per cent to 3 to 3.50 by weight of total mix.

The above revision was not incorporated in BSR, 1993 (applicable upto April 1998) and works continued to be executed with excess bitumen resulting in extra expenditure of Rs 32.35 lakh (in 7 divisions in 60 works).

4.1.7 Road policy

"Policy on Road Development in Rajasthan" was finalised in December 1994, but no action was taken to implement the policy except for obtaining loan from National Bank for Agricultural and Rural Development (NABARD) and taking up 9 projects for a road length of 212.5 km for Rs 69.16 crore under Build - Operate and Transfer (BOT) during 1999-2002.

Extra expenditure of Rs 33.46 lakh incurred on laying liquid seal coat instead of sand seal coat.

Extra expenditure of Rs 32.25 lakh on consumption of bitumen in excess of norms.

4.1.8 Execution

4.1.8A Roads

(i) Construction of roads

(a) The annual targets and achievements were as under:

Year	Construction of roads (In km)		Connectivity of villages (In numbers)		Connectivity of Panchayat Headquarters (In numbers)	
	Target	Achievement	Target	Achievement	Target	Achievement
IX FYP	20000		7500		2424	
1997-1998	4200	3549	1300	1075	350	369
1998-1999	3400	2571	1050	1061	320	466
1999-2000	1350	2019	380	694	265	418
2000-01	588	989	160	863	128	221
2001-02	1584	903	452	258	106	53
Total	11122	10031	3342	3951	1169	1527

The total targets in the annual plans was about 50 per cent of the total requirement of 20000 km and consequently only about 50 per cent of villages and Panchayat Headquarters could be connected. Even these reduced targets were not achieved. The shortfall in achievement was attributed (June 2002) by the CE to short allotment of funds. It was further stated that against allocation of Rs 731.55 crore in IX FYP under Minimum Need Programme (MNP) for construction and upgradation of rural roads, the budget allotment was Rs 585 crore. The reply was incorrect as the total allotment under MNP during 1997-2002, as per revised budget estimates was Rs 838.86 crore. Thus, despite 15 per cent over-allocation, targets were not achieved.

(b) Out of 225² road/bridge works only 81 were completed. Of these, 10 were completed with time overrun ranging between 2 and 14 months. Remaining 144 works were still incomplete. Reasons for the delay were not furnished.

(ii) Maintenance of roads

(a) The budget demand, allotment and expenditure during 1999-2002 was as under:

Year	(Rupees in crore)			
	Budget demand	Allotment	Expenditure	Expenditure on work charged establishment
1999-2000	414.64	103.49	100.57	41.45
2000-01	450.34	113.26	104.94	41.19
2001-02	462.15	80.57	68.27	34.46
Total	1327.13	297.32	273.78	117.10

The allotment was far less than the demand and the expenditure was even less. Of the total expenditure of Rs 273.78 crore, the expenditure on work charged establishment was heavy leaving only Rs 156.68 crore for material, machine and maintenance. The department did not maintain any record regarding allotment of work and work done by work charged staff.

2. Sanctioned prior to 1999-2000 but ongoing as on 1 April 1999: 22 and sanctioned during 1999-2002 : 203.

(b) Road repair programme for 2001-02 was not prepared. The road repair programme (RRP) of 2000-01 in test checked divisions revealed:

(i) Out of 557 roads approved in 9 divisions for ordinary repairs only 231 were repaired after spending Rs 618.10 lakh. But repair of 140 roads though not approved was also carried out spending Rs 81.48 lakh, which was irregular.

(ii) Out of 103 roads approved for renewal/special repair in 12 divisions, only 73 were repaired at a cost of Rs 294.44 lakh whereas 18 roads not approved were also repaired at a cost of Rs 18 lakh, which was irregular. Against allotment of Rs 484.74 lakh, only Rs 312.44 lakh (64 per cent) was utilised leaving 30 approved roads unrepaired.

(iii) *Infructuous expenditure on Rajasthan State Highway Project*

For the State Highway (SH) Project, the State Government approached the World Bank (WB) for loan assistance for improvement and upgradation of 1500 km of SH/Major District Roads (MDRs).

For obtaining loan assistance, five studies were got conducted during 1996-1999 at a cost of Rs 17.58 crore. The project was subsequently dropped (February 2001) due to higher construction cost involved due to adoption of international standards.

The State Government with WB assistance had already executed a project for development of 10 SHs of 865 km during November 1990 to July 1997 and was aware of the higher cost of construction. The expenditure of Rs 17.58 crore could have been avoided had the higher cost been taken into consideration before conducting these studies.

(iv) *Works financed by National Bank for Agriculture and Rural Development (NABARD)*

(a) NABARD sanctioned (1996-1998) 439 road and bridge works under tranches II to IV of Rural Infrastructure Development Fund (RIDF) for Rs 193.87 crore. Of these, 15 road and bridge works were dropped. Out of the remaining 424 road and bridge works, 359 were completed and 65 were incomplete. Rs 29.79 crore had been spent on these ongoing works. Of the completed works, 23 works* were declared complete though actually incomplete (March 2002) and NABARD was thus misinformed.

(b) As per terms and conditions of NABARD loan, the State Government was to spend and obtain reimbursement. Adequate budget provision was therefore required to be made for roads and bridges to be financed by NABARD loan. A test-check of works approved by NABARD in tranches III and IV of RIDF revealed that budget provision was far less than sanctioned loan. Further, no budget provision was made in the first year of loan which caused delay of one year in commencement of work.

* 9: Rajasthan State Road Development and Construction Corporation, 14: PWD.

Expenditure of Rs 99.48 lakh was incurred on repair of unapproved roads whereas 356 approved roads were not repaired.

Rs 17.58 crore was spent on Rajasthan State Highway Project Report to obtain World Bank loan assistance but subsequently the proposal for loan was dropped.

Works for Rs. 23.73 crore not eligible for loan assistance from NABARD were taken up.

(c) Guidelines for selection of works for NABARD loan provided that no road/bridge works on SH/Major District roads (MDRs)/villages already connected be taken up. On the contrary, 9 roads/bridges costing Rs 16.33 crore were taken up on MDRs and 3 roads already constructed were widened to 5.5 and 7 metres after incurring an expenditure of Rs 6.92 crore. Besides, extra expenditure of Rs 48.17 lakh was also incurred on construction of village road *Rasala to Neemla* with carriage way width of 3.75 to 7 metres as against the prescribed specification of 3.75 metres for village roads. Thus, Rs 23.73 crore were utilised on ineligible works.

(d) As against the Government sanction (March 1998) for construction of gravel road to *Dharampura* village (9.7 km) at a cost of Rs 34.45 lakh, construction of bituminous road in 8.2 km with 2 cross drainage (CD) was sanctioned by the ACE, Kota (October 1998) for Rs 34.44 lakh without detailed survey. Subsequently, the department assessed (February 2000) the requirement as 10 CD works instead of 2 already sanctioned. The ACE revised the estimate (May 2000) limiting the scope of work to 3.5 km with 6 CD works without the approval of Government and the work was allotted (May 1999) to contractor 'A' for Rs 24.21 lakh to be completed by June 2000. But after execution of work worth Rs 15.01 lakh (1.50 km bituminous road and 1.80 km WBM), the contractor left (July 2000) the work incomplete. The SE passed order for forfeiture of performance guarantee and security deposit but this was not carried out.

Thus, erroneous technical sanction for a bituminous road instead of gravel road, change in scope of the work without Government approval and ultimately non-completion of gravel road defeated the objective of connecting *Dharampura* by road and Rs 15.01 lakh incurred on this road was unfruitful.

(v) ***Pradhan Mantri Gram Sadak Yojana***

Pradhan Mantri Gram Sadak Yojana (PMGSY), a cent per cent Centrally sponsored scheme was launched in December 2000 to provide road connectivity to all unconnected habitations, having a population of more than 1000 persons (Census 2001) by the year 2003. PWD was the executing agency in the State. Rs 140.09 crore was received, during 2000-01, of which Rs 135.52 crore was distributed to all the 32 districts through District Rural Development Agencies (DRDAs) and Rs 4.57 crore was adjusted against expenditure already incurred under Basic Minimum Service Programme (BMSP). Out of Rs 135.52 crore, only Rs 90.65 crore (January 2001 to March 2002) was utilised. Test-check of records revealed that:

(a) Out of 385 roads sanctioned, 45 roads were either already completed or were not covered under the norms of PMGSY. Consequently, the administrative sanctions were subsequently withdrawn. Sanction to these roads resulted in excess receipt of Rs 12.36 crore from Government of India (GOI) due to wrong projections made by the department.

Of 45 roads withdrawn, work on 5 had already been started and Rs 28.99 lakh spent. Responsibility for irregular sanction was not fixed (June 2002).

(b) Under this Scheme works were to be completed within 9 to 12 months. Out of 69 packages (1072.16 km) stipulated to be completed by March 2002, only 32 packages (573.48 km) could be completed and work in other packages (37: 498.68 km) was in progress.

(vi) Roads under Central Road Fund

Approval for 109 works costing Rs 147.33 crore was accorded (February and August 2001) by GOI for improvement of riding quality (IRQ)/periodic renewal of 1429.90 km. Although the works were to be completed by March 2002 only 21 road works of 182.80 km were completed (upto March 2002) by spending Rs 11.91 crore; 77 works were under progress and one work was not started whereas 10 works were not allotted because two roads were already completed in other schemes and higher tender rates were received for 8 roads. Thus, against the target of 109 road works, department could complete only 21 works (19 per cent).

It was also observed that :

(a) Under Clause 2 of the agreement, compensation of Rs 20.53 lakh was recoverable from contractor for delay in 5 works³ of 3 divisions. This was not recovered (March 2002).

(b) Out of 99 works executed, the State Government had mis-reported (April 2002) expenditure to GOI (excess : Rs 2.10 crore – 50 works and lesser: Rs 1.61 crore – 42 works) in 92 works.

(c) Although NH No. 14 (Beawar-Bar-Pali) from which SH No. 5 (Bar-Bilara-Jodhpur) branched off is only a two lane road and the traffic intensity did not justify four laning of the SH, Government sanctioned widening of SH in km 42/0 to 60/0 and 60/0 to 78/0 at a cost of Rs 3.57 crore and Rs 3.41 crore respectively. The work of WBM upto second layer in 1,11,113 sqm (against 2,87,000 sqm) was got done at a cost of Rs 71.61 lakh upto March 2002. After review by the Secretary, PWD it was ordered (March 2002) that four laning of SH be dropped and IRQ work was proposed (April 2002) in km 36/0 to 90/0. However, a provision of Rs 2.61 crore was kept in modified estimate for completion of four laning in the reaches of SH where WBM work was already executed. Rs 1.05 crore had already been paid to the contractor upto August 2002.

Thus, due to taking up of work of four laning of SH without proper assessment, the department incurred unplanned expenditure of Rs 1.05 crore which is likely to increase at least upto Rs 2.61 crore on completion of work.

Unplanned expenditure of Rs 105.06 lakh was incurred on un-required widening of State Highway.

3. Agreement number 55 and 73 in District Division, Jhalawar (Rs 9.70 lakh), 37 and 47 in Division, Karauli (Rs 6.18 lakh) and 06 in District Division, Kota (Rs 4.65 lakh) executed during 2001-02.

(vii) Works executed through Rajasthan State Road Development and Construction Corporation (RSRDCC)

The CE, PWD allots works to RSRDCC on the basis of sanction (October 1979) of the State Government as amended from time to time. The works are allotted at actual cost plus overhead charges but formal agreements were not executed by the department with RSRDCC.

The details of works allotted to RSRDCC upto 2001-02 but still in progress were called for (November 2001 and May 2002), but were not supplied. Scrutiny of 20 case files made available revealed the following :

(a) RSRDCC did not provide estimates of 18 works and details of expenditure/completion report in all 20 cases.

(b) Money was released to RSRDCC without ascertaining the progress of work and expenditure incurred thereon. It was noticed that Rs 50 lakh was paid in March 1998 for *ReodarJaswantpura* Road even though work was not started in March 2002. In another work of construction of bridge over Parvati River (Baran district), Rs 353 lakh were paid upto March 2000 though the bridge work could be completed (June 2001) at a cost of Rs 298.37 lakh. The balance (Rs 54.63 lakh) was refunded only in March 2002. The work executed by the RSRDCC was not supervised by the officers of PWD.

(viii) Blocking of funds on incomplete road

Construction of approach road to *Danda* from *Masalpur-Jagner* road (first 10 km) was allotted in February 1996 to contractor 'B' under MNP for completion by February 1997. But after execution of work worth Rs 20.40 lakh, the contractor abandoned the work (July 1999). The remaining length was allotted under Basic Minimum Service Programme (BMSP) to contractor 'C' in December 1996 for Rs 11.38 lakh but after executing work of earthen embankment and WBM worth Rs 14.10 lakh, the second contractor also left the work (October 1998) on the grounds that he executed work in excess of allotment. Balance work of BMSP costing Rs 2.60 lakh was got sanctioned from GOI under PMGSY (December 2000) but not yet executed by the department (March 2002).

Thus, Rs 34.50 lakh was spent in 43 months without village *Danda* being connected (March 2002) by bituminous road although stipulated to be completed in February 1997.

(ix) Unfruitful expenditure on works lying incomplete due to land dispute

In 7 divisions, 13 works involving Rs 13.02 crore were started without land

acquisition and were lying incomplete as of March 2002 as detailed below:

(Rupees in lakh)

Name of Division	Name of works	Expenditure upto March 2002	Date from which lying incomplete
PWD, Sawaimadhopur	Approach road to <i>Khatupura</i>	7.51	February 1997
	Approach road to <i>Chharoda</i>	10.80	January 1998
	Approach road to <i>Makholi</i>	12.93	April 1999
PWD, Sikar	Construction of Office building of District Education Officer, Sikar	3.78	September 1997
PWD, Baran	<i>Kishanganj to Bajranggarh</i>	82.68	August 2000
	Road from <i>Nahargarh</i> to <i>Simlod</i>	3.50	May 2001
	Gravel road <i>Badipura</i>	3.19	June 2000
	Approach road to Bridge at Parvati River on Chhabra-Dharnabada road	298.37*	June 2001
	Approach road to Bridge Chambal River at Khatkan	246.28*	June 2000
PWD, Pali	Road from <i>Zintra</i> to <i>Sanwalta</i>	62.12	1998
PWD, Division-I, Alwar	Jodhpura to Chandpur	48.91	October 2000
PWD, Karauli	Approach road to Bridge on Barkhera River at Karauli-Hindaun road	179.44*	1999
PWD, NH Division-IV, Jaipur	Improvement of Geometrics in km 115/238 to 119/240 of Agra-Jaipur NH-11 (Mahuwa by-pass)	342.46**	December 1998
Total		1301.97	

* The figure includes expenditure on construction of bridge.

** The figure includes inadmissible price escalation of Rs 29.25 lakh.

(x) **Extra expenditure/cost due to acceptance of tenders at higher rates**

(a) In response to tender invited (November 1994) for construction of Zanana Hospital at Ajmer by the PWD City Division-I, Ajmer, contractor 'D' offered the rate of 5.89 per cent above Schedule-G[#] (Rs 4.40 crore) with the condition that steel would be supplied by the department and Rs 0.87 per kg would be charged extra for fabrication of steel. While analysing rates, the cost of steel was taken at Rs 17,056 per MT and the tendered amount was estimated at Rs 4.81 crore. This was considered high in comparison to rates at 7.95 per cent above Schedule-G (without any condition) aggregating to Rs 4.75 crore offered by contractor 'E' to whom the work was allotted (February 1995).

Although steel was available in the market at Rs 14,000 per MT and was procured at that rate by contractor 'E', yet the rate of Rs 17,056 per MT was incorrectly taken while comparing the tenders. This led to allotment of work to contractor 'E' at the higher rate and extra expenditure of Rs 9.80 lakh. Besides, had the steel been supplied by the department, payment of price escalation of Rs 2.64 lakh (March 1995 to March 1996) on the cost of steel could also have been avoided. Thus, in all extra expenditure of Rs 12.44 lakh was incurred due to allotment of work to contractor 'E'.

(b) The tenders for the special repair by Bituminous Macadam and Semi Dense Bituminous Concrete in (a) km 163/0 to 173/0 and (b) km 270/0 to

Based on BSR, 1993.

13 works were taken up without land acquisition resulting into non-completion and blocking of Rs 13.02 crore for 9 month to 5 years.

Two works were allotted at higher rate resulting into extra expenditure/cost of Rs 30.16 lakh.

280/0 of NH -12 were invited by the SE, PWD, Circle-II, Kota. The rates approved (December 1999) for work (b) was 4 *per cent* below Schedule-G while the rates for work (a) were negotiated and approved at 15 *per cent* above Schedule-G (December 1999).

The difference in rates for similar work on the same road and at the same time was not justified. This resulted in extra expenditure of Rs 17.72 lakh. The ACE stated (July 2002) that the rate of 15 *per cent* above Schedule-G was approved on the basis of prevalent market rate. The reply was not tenable as the rate of 4 *per cent* below Schedule-G for similar nature of work was also approved by the department.

(xi) Extra expenditure on surface dressing not required

Extra expenditure of Rs 80.74 lakh was incurred on the work of surface dressing not required as per IRC specifications.

As per Clause 4.3.4 of Indian Road Congress (IRC) specification 37-1984, surface dressing may be provided when a pavement is being built in stages or when close control during construction is not possible. In 11 agreements (1996-2002) of Jodhpur and Pali districts although the work of WBM and its carpeting was allotted and executed simultaneously yet the work of surface dressing was also got executed, with extra expenditure of Rs 80.74 lakh although not required as per IRC specification.

(xii) Extra expenditure due to incorrect rate analysis

Extra expenditure of Rs 82.64 lakh due to incorrect rate analysis.

(a) For execution of gravel sub base in road works, a consolidated item viz.; providing and laying of gravel to required grade and camber in layer not exceeding 15 cm thickness (loose) as per specifications was provided in the estimates of construction of road work and Schedule-G of agreements thereof. It involved different items of BSR viz.; collection of gravel, its transportation from quarry and its spreading and compaction. The rate was arrived at by addition of the rates for all the 3 items and multiplied by 1.33 as loose thickness of 10 cm was compacted to 7.5 cm thickness.

While working out rates for consolidated item, voids (1/6 of loose quantity) included in loose quantity of gravel were not deducted from supply and transportation of gravel. Further, the rates for collection and transportation of gravel were inclusive of stacking charges. As the rates were worked out for compacted quantity, no stacking charges were admissible.

Thus, failure to disallow rates for voids and stacking resulted in extra expenditure of Rs 65.47 lakh in 40 works.

Government's reply (November 2002) that loose quantity is after reduction of voids is incorrect as loose quantity always included voids.

(b) The rates of earth work for cutting are inclusive of carriage for initial lead upto 50 metres. If the earth is transported for more than 50 metres the rates are to be taken from Chapter G-5 wherein three types of rates according to the carriage distance are given.

As initial lead upto 50 metres was already included in the rate of earth work excavation, this should have been excluded in the final rate. But it was observed that besides payment of initial leads upto 50 metres with earth work excavation, the same was again paid in the final rate. This resulted in avoidable payment of Rs 17.17 lakh in 5 divisions.

(xiii) Sub-standard work

Construction of road from Masalpur to Basedi *via* Siriya Ka Pura was sanctioned by DRDA, Sawaimadhapur in two stages viz., (a) gravel road including 2 CD works in km 7/0 to 16/0 for Rs 15 lakh; and (b) metalling (4 km) and bituminous carpeting (5 km) of above road.

The work (a) was initially allotted (June 1996) for Rs 12.12 lakh by the EE, PWD, Karauli to contractor 'G' who executed only gravel road work for Rs 10.31 lakh and left the CD work unexecuted. The remaining work was allotted (October 1997) to contractor 'H' for Rs 3.42 lakh. The contractor stopped the work after executing work worth Rs 2.06 lakh.

The work against sanction (b) was allotted (September 1997) to contractor 'I' for Rs 19.44 lakh who executed work worth Rs 11.32 lakh (WBM-5 km, BT-3.5 km). Besides, an expenditure of Rs 4.78 lakh was also booked through stock account.

On receipt of complaint regarding sub-standard work an enquiry was conducted (June 1998) by SE, PWD, Sawaimadhapur. It was noticed in inquiry that the works of CD and WBM/BT road were below specification. No action was taken against defaulting contractors/officers. The works remains incomplete (March 2002).

Thus, expenditure of Rs 18.16 lakh incurred on sub-standard CD and WBM/BT proved infructuous.

(xiv) Loss due to under-utilisation of machines and non-achievement of targets of revenue

Test check of records of Mechanical Circle, Jodhpur (including 3 zones-Ajmer, Bikaner and Jodhpur) revealed that there were 389 machines in working condition, of which only 90 to 71 were utilised during 1999-2002. The utilisation of these machines gradually declined to 18 *per cent*. The reasons for under-utilisation were not intimated though called for.

The revenue realised from the hire charges was Rs 87.42 lakh, against the target of Rs 2.45 crore and expenditure on running and maintenance of machines was Rs 8.27 crore during 1999-2002.

4.1.8B Buildings

(i) Construction

(a) 10 buildings with approved cost of Rs 1 crore and above were remaining incomplete, even after a lapse of 5 to 29 months after the stipulated date for their completion and after incurring an expenditure of Rs 7.95 crore

(March 2002). Reasons for non-completion though called for, were not furnished.

(b) In 13 test-checked divisions, 21 buildings with approved cost of Rs 10 lakh and above were incomplete as of March 2002, after incurring an expenditure of Rs 6.60 crore. The delay was attributed by the concerned EEs to less budget allotment (16), dispute and stay granted by court (5).

(ii) Maintenance of Buildings

(a) The budget demands, allotments and expenditure for maintenance of non-residential buildings and residential buildings were as under :

(Rupees in crore)

	Year	Budget demand	Budget allotment	Expenditure
(A) Non-residential buildings	1999-2000	44.16	26.18	18.11
	2000-01	50.00	24.71	19.68
	2001-02	50.76	23.84	21.99
(B) Residential buildings	1999-2000	20.71	16.94	14.16
	2000-01	23.33	12.50	10.89
	2001-02	15.06	12.40	11.88

Although budget allotment was less than the requirement yet the expenditure incurred was even less indicating either inadequate maintenance of buildings or inflated budget demands.

(b) Test-check in 6 divisions revealed that expenditure on maintenance and repair was more than allotment in respect of non-residential buildings relating to General Administration Department (GAD) (8 cases), Judicial (5 cases), Police (4 cases) and Medical (5 cases). Similarly, expenditure on maintenance and repair of residential buildings of GAD (8 cases) was more than allotment. Expenditure of Rs 4.17 lakh and Rs 1.71 lakh was incurred on non-residential buildings (9 cases) and residential buildings (10 cases) respectively though there was no allotment for these buildings. No expenditure was incurred on maintenance and repair of non-residential buildings (7 cases) and residential buildings (19 cases) despite allotment of Rs 4.65 lakh and Rs 8.20 lakh respectively.

(iii) Blocking of funds

Deposit work "Construction of GAD quarters at Barmer (65 residential and 20 transit hostels)" for Rs 3.13 crore were taken up between October 1998 and January 1999 and completed between July 1999 and November 1999 at a cost of Rs 3.03 crore. However, 60 residential quarters were handed over in August 2001 (i.e. about 21 months after completion) of which, 57 quarters (cost Rs 1.71 crore) were not allotted (as of April 2002) as the basic facilities like water and electricity connection were not available. Three quarters were allotted to Air Force Officers in which leakage of water in pipeline was noticed. 5 quarters and 20 transit hostels constructed at a cost of Rs 1.19 crore were not handed over (April 2002). This resulted in blockage of Government funds of Rs 2.90 crore.

Blocking of Rs 2.90 crore on construction of quarters not in use for want of water/electricity .

4.1.9 Store and stock account

Cases of pilferage/shortage of bitumen for Rs 1.48 crore.

31 cases of pilferage/shortage of bitumen involving 2691.616 MT (cost : Rs 148.44 lakh) by transport contractors/employees of the department occurred during 1985 to 2001-02. As per information made available to audit, the department lodged first information report (FIR) in 28 cases with Police. Of which final report was issued (September 1991 to August 1997) by Police in 4 cases involving pilferage of 110.632 MT of bitumen costing Rs 4.83 lakh against which 3.9 MT bitumen was received back, and Rs 0.72 lakh recovered from transport contractor and for balance amount no recovery was made. Of the other 24 cases, 14 cases were pending with courts, 10 cases with police and in 3 cases, FIRs were not lodged. Of total pilferage/shortage of bitumen valuing Rs 148.44 lakh, the department could recover so far only Rs 3.85 lakh.

4.1.10 Monitoring

As per provisions contained in PWD Manual, 33 returns relating to establishment, finance and execution of works etc. are required to be submitted by subordinate offices to CE office.

As against 33 only 9 were stated to be received. Thus the regular receipt of various returns and their monitoring could not be maintained. Physical and financial progress reports of works received from field offices were not monitored in CE office. Even the details of works above Rs 1 core were not available in CE office. This indicated inadequate monitoring system to watch the progress of execution of works, progress of expenditure etc.

These points were referred to the Government in July 2002; reply had not been received (October 2002).

SECTION-'B': AUDIT PARAGRAPHS

Command Area Development and Water Utilisation, Finance, Rural Development, Agriculture, Public Works, Animal Husbandry, Irrigation and Medical and Health Departments

4.2 Externally Aided Projects

During the period 1994-95 to 2000-01, Government of Rajasthan implemented 34 externally aided projects. Of these 14 have since been completed and closed. The important findings in respect of two (Agricultural Development Project and Indian Population Project-IX) are discussed in the succeeding paragraphs:

4.2.1 *Agricultural Development Project*

Agricultural Development Project (ADP) was operative in the State with the assistance of World Bank since April 1992. Its effective implementation started on 28 January 1993 and concluded in September 2000. The project consisted of seven main components¹ and 14 line departments/agencies were involved. The project objectives were to help Government of Rajasthan in implementing agricultural policies set out by it.

4.2.1.1 *Financial arrangements*

The estimated cost (May 1992) of the project was US \$ 130.30 million equivalent to Rs 406.54 crore² to be shared by International Development Association (IDA) US \$ 106 million, State Government US \$ 22.50 million and beneficiaries US \$ 1.80 million.

At the time of closure of the project (September 2000) US \$ 95.30 million had been released and the State Government could not avail the balance credit of US \$ 7.20 million (Rs 32.83 crore³).

4.2.1.2 *Animal Husbandry and Sheep and Wool Department*

(i) The number of Animal Exchange Markets (AEMs) envisaged for development included 30 at Municipal level, 50 at *Panchayat Samiti* level and 300 at *Gram Panchayat* level. 25 AEMs at Municipal level, 41 at *Panchayat Samiti* level were developed at a cost of Rs 3.10 crore. The cost of markets varied between Rs 2.33 lakh (Kunwaria) and Rs 12.97 lakh (Gangapur) against the allocation of Rs 9.94 lakh each. A study (1998) by Institute of

Unfruitful expenditure of Rs 3.10 crore on inadequate construction of AEMs.

1. Crop Husbandry, Horticulture, Animal Husbandry (and Sheep and Wool), Water Resources, Agriculture Research and Training, Rural Roads and Environmental Strengthening
2. Exchange rate of Rs 31.20 per US dollar.
3. Average exchange rate of Rs 45.60 per US dollar.

Development Studies showed that the structures developed were not being utilised by the fair organisers due to in-sufficient construction. Thus, AEMs failed to meet the requirement.

(ii) Under the Gopal scheme, Rs 8.33 crore was spent during 1992-2000 in 17 districts on training of 1315 Gopals and providing them stipend, tool kits etc. The scheme remained unfruitful due to 1124 Gopals leaving the job due to improper selection of trainees, delayed payment of stipends, lack of refresher training, inadequate departmental support, etc.

(iii) For re-organisation and strengthening of State Sheep Breeding Farms, 1340 ewes were imported in December 1993 at a cost of Rs 1.63 crore against proposed 3000 exotic ewes. As per Implementation and Completion Report (ICR) of World Bank (February 2001) due to the harsh weather conditions, 419 ewes (31 per cent) died between January 1994 and December 1995. Further, out of 922 lambs born, 743 (81 per cent) deceased. The scheme was finally abandoned (1997-1998).

4.2.1.3 Agriculture Department

117 Audio Visual equipment valuing Rs 71.32 lakh procured (March 1993 and June 1999) to strengthen the information and media support, were issued to subordinate offices/units after 12 to 79 months from the date of procurement. Computers at 8 offices⁴ were issued in 2000-01 and two overhead projectors were issued to units after the close of the project. Delay in issue of items was attributed to non-availability of infrastructure and staff.

4.2.1.4 Public Works Department (PWD)

PWD was to construct 235 Rural Roads in 8 districts to connect 289 villages/*Panchayat* Headquarters. The administrative sanction for Rs 183.68 crore for 2944.19 km was accorded (September 1992 to July 1996) but only 1065.17 km roads were constructed at a cost of Rs 110.29 crore upto March 2001. Following points were noticed during test-check:

(i) Road construction works were started without completing the land acquisition. In two packages (BA-4 and BH-6) of Baran and Bharatpur districts, three patches of two roads (expenditure of Rs 49.20 lakh) were left incomplete due to failure in acquisition of land resulting in connectivity to the villages being denied.

(ii) The Chief Engineer, PWD allotted (May 1999) the credit limit of Rs 145 lakh to Additional Chief Engineer, PWD, Jaipur for expeditious settlement of land award cases but the latter diverted (June 1999) the entire funds for purchase of bitumen and other works and requested (October 2001) the Chief Engineer (National Highways), PWD to accord ex-post facto sanction with the plea that there was no demand for land award. This was incorrect as there were pending liabilities of Rs 9.24 crore as of March 2000.

4. Jaipur, Kota, Sriganganagar, Jodhpur, Bharatpur, Karauli, Bhilwara and Udaipur.

Unfruitful expenditure of Rs 1.63 crore on abandoned scheme.

Average cost of construction of roads increased by Rs 4.35 lakh per km due to delay in land acquisition, price escalation, etc.

Irregular diversion of funds meant for land awards on purchase of bitumen, etc.

Excess payment of Rs 26.02 lakh due to incorrect measurement.

(iii) The construction of Rural Road (BH-1) was allotted to contractor 'A' to be completed by 31 December 1996 (extended date). The Chief Engineer, PWD while imposing (June 1998) liquidated damages of Rs 13.83 lakh due to non-completion of work, constituted a committee for checking the final measurements of the work done. The committee observed excess payment of Rs 26.02 lakh due to incorrect measurement. Information about the recovery of Rs 39.85 lakh due from the contractor was not furnished (November 2002).

(iv) In all the packages test-checked, it was found that the formation width of the roads was 6 metres against the required width of 7.5 metres. The lowering of the width, in the opinion of the Technical Examiner, adversely affected the quality of roads.

4.2.1.5 *Water resources*

Unfruitful expenditure of Rs 48.86 lakh on CLIs closed due to non-payment of electricity bills.

(i) The project envisaged financing Community Lift Irrigation Schemes (CLIs) where at least 20 *per cent* of the cost of construction is shared by beneficiaries forming Water Users Association (WUA) registered under Rajasthan Society Registration Act, 1958. District Rural Development Agency (DRDA), Kota constructed 21 CLIs at a cost of Rs 1.50 crore (80 *per cent*) but only 9 WUAs were got registered. Out of 21 CLIs, 7 CLIs were reportedly closed by May 2001 on account of non-payment of electricity bills. Thus, the expenditure of Rs 48.86 lakh* incurred on these CLIs proved unfruitful.

Expenditure of Rs 18.36 crore on instruments and consultancy proved unproductive.

(ii) A network of equipment with a fully modernised hydro-meteorological instruments in two catchment areas of Luni and Banas basin was to be set up at a cost of Rs 15 crore with an estimated expenditure of Rs 3.36 crore for consultation studies. The consultant's report showed that out of 28 telemetry stations checked, only 9 were operational. The data recovery was taking place in only two stations and that too intermittently. The telephone links between Regional Focal Offices and Central Flood Cell were not functional. Thus, after incurring an expenditure of Rs 18.36 crore, the objective of the setting up the network equipment was not fully achieved.

Three officers of the department were trained (August 1998) in U.K. to familiarize with technically advanced equipment but 2 of them left the department and their services could not be utilised.

The World Bank in its Implementation Completion Report (February 2001) rated Environmental Strengthening and Animal Husbandry project as unsatisfactory.

4.2.2 *Indian Population Project - IX*

The Indian Population Project-IX (IPP-IX) was implemented in 11 under served# western districts of Rajasthan with the assistance of 'International Development Association' during the period June 1994 to December 2001. The main objectives were to strengthen and improve the family welfare

* Actual expenditure on 7 CLIs.

As per World Bank SAR.

programmes, lower the level of fertility and maternal and childhood mortality. The records for the period of June 1994 to December 2001 were test-checked (April to June 2002) in the department and 3 districts⁵ and the important findings are mentioned in the succeeding paragraphs:

4.2.2.1 Financial management

The project was initially sanctioned by GOI in June 1994 for Rs 108.56 crore. 90 per cent of the project cost was to be financed by World Bank and 10 per cent by the State. Due to delay in execution and escalation, the project cost was revised (September 2000) to Rs 124.94 crore. Subsequently, the project cost was reduced to Rs 108.01 crore, on the basis of review (September 2001) by World Bank and GOI. It was seen in audit that out of total funds of Rs 107.21 crore (GOI share: Rs 97.54 crore; and State share: Rs 9.67 crore) released during 1994-2002 only Rs 94.97 crore⁶ was spent. Unspent balance of Rs 12.07 crore had not been refunded to GOI (August 2002). The expenditure during first three years was only 25 per cent of the allocation viz. Rs 15.24 crore against Rs 61.06 crore.

Government stated (October 2002) that Rs 103.26 crore was spent, as such unspent balance works out to Rs 4.60 crore instead of Rs 12.07 crore. The reply was not tenable as the expenditure booked in the accounts was Rs 94.97 crore.

4.2.2.2 Project implementation

The irregularities noticed in implementation of various components are mentioned below:

(i) Construction

860 sub-centres were to be constructed by DRDAs. While, the cost of construction for 600 sub-centres was to be shared equally by IDA and State Government, the same was to be shared in the ratio of 3:4:3 for the remaining 260 sub-centres by IDA, State Government and Non-Government Organisations (NGOs) respectively. The construction of all the sub-centres was to be completed by the year 1998-99. The project could complete only 379 sub-centres during the target period. A total of 809 sub-centres were constructed (1997-2002) for which IDA share worked out to Rs 9.07 crore against which Rs 10.88 crore was debited to the project resulting in excess reimbursement of Rs 1.81 crore from IDA. Further, there was lack of participation from NGOs and their share of Rs 1.57 crore was met from State Plan (209 sub-centres). It was also seen that the basic facilities like electricity, water and boundary wall were not available in 323, 275 and 292 sub-centres respectively. As per SAR, 182 buildings of Primary/Community Health Centres, Drug Houses, etc. were to be constructed by 1998-99 at an estimated cost of Rs 24.61 crore by PWD. However, only 145 buildings with estimated cost of Rs 22.92 crore were completed (December 2001) at a cost of Rs 36.47 crore with delay of 30 months resulting in cost escalation of

5. Hanumangarh, Jodhpur and Nagaur.

6. Figures are as booked in Accounts.

Extra reimbursement of Rs 1.81 crore from IDA.

Delay in execution of work resulted in cost escalation of Rs 13.55 crore.

Rs 13.55 crore. A test-check revealed that the DRDA, Hanumangarh kept the funds in separate bank accounts and earned interest of Rs 20.00 lakh although the money was to be kept in Personal Deposit account in the treasury.

(ii) Procurement

Procurement not made/was made at the end of the project.

A provision of Rs 17.01 crore was made under the project for procurement of equipment, furniture, beds, bed-sheets, vehicles, etc. As per SAR, procurement was to be made immediately after the commencement of the project. Instead the Directorate submitted the procurement plan in March 1999 *i.e.* towards the end of the project. It was also observed that despite floating International and National Competitive Bids many times these were not finalised with the result the procurement was limited to Rs 6.03 crore. It was further observed that though an agreement was signed (June 2001) with Hospital Services Consultancy Corporation for procurement of laproscopes, generator sets, hospital beds and vehicles at a total cost of Rs 9.82 crore it was subsequently rescinded in September-November 2001. As a result purchases were limited to Rs 1.29 crore and the population covered by these sub-centres were deprived of the intended benefits.

(iii) Information, Education and Communication (IEC)

An expenditure of Rs 11.21 crore was incurred on IEC.

The World Bank in their *Aide Memoire* (September 2000) suggested to increase the use of radio, which has a greater reach and was less expensive and reduce the use of Television (TV), which is less accessible in rural areas. The Director, IEC did not give due consideration to the World Bank advice and incurred Rs 2.51 crore on TV Broadcasting against a provision for Rs 1.56 crore. Also Rs 0.13 crore was incurred on TV Broadcasting of Chief Minister Relief Fund/*Jeevan Raksha Kosh* which are State programmes not covered under the project.

Rs 0.75 crore was remitted to *Indira Gandhi Panchayati Raj* and *Gramin Vikas Sansthan*, Jaipur for training of *Panchayati Raj* representatives, but details of utilisation were not made available. 1.15 lakh training modules were printed for this programme at a cost of Rs 0.32 crore which were lying unutilised.

4.2.2.3 Other points of interest

- A total of Rs 8.03 crore was allocated for various activities of NGOs. The actual expenditure was only Rs 3.29 crore (40.97 per cent).
- 470 mobile camps in remote and under-served areas were organised by NGOs against a target of 600 camps.
- Rs 3.73 crore against the approved provision of Rs 7.53 crore were incurred on Programme and Project Management upto 2001. The training of State/District level Health Management Information System was not organised and computer units were not operationalised upto 2001. The major

expenditure was incurred on consultancy, salaries and printing of registers. Equipment of Rs 0.24 crore were only procured against the provision of Rs 2.77 crore.

The World Bank *Aide Memoire* (September 2001) termed the implementation of the project as “marginally satisfactory”.

Command Area Development and Water Utilisation Department

4.3 Excess payments and blockage of capital on Survey and Planning work in Stage-II of Indira Gandhi Nahar Pariyojana

Irregularities in allotment and conduct of survey work.

In test-check of records of the Chief Engineer (CE), Command Area Development (CAD), Indira Gandhi Nahar Pariyojana (IGNP), Bikaner and Building Division, CAD, IGNP, Bikaner following important points were noticed:

(i) The survey and planning work was allotted (February 1989) to Water and Power Consultancy Services (India) Limited (WAPCOS) at Rs 390 per hectare (ha) without inviting open tenders. Subsequently the rate was worked out (1996) by the Superintending Engineer, CAD, On Farm Development (OFD) Circle Stage I, IGNP, Bikaner at Rs 220 per ha. Thus, at least Rs 14.20 crore was paid more to WAPCOS, till March 2002 at Rs 170 per ha for 8,35,305 ha. The department was unable to explain the reasons for not working out the departmental rate earlier. It was also observed that sufficient departmental Junior Engineers were available to conduct the survey but the department preferred to get the survey work done through WAPCOS.

The Government in Command Area Development and Water Utilisation (CAD&WU) Department stated (September 2002) that it was quite doubtful that it had the capacity of undertaking such an enormous task. It was also averred that the cost of sophisticated and costly survey equipment had not been included in the worked out rate of Rs 220 per ha. The reply was not tenable as the charges for equipment and other charges were included in the rate of Rs 220 per ha. The department had conducted the survey work in 1.11 lakh ha of Stage-II successfully utilising the equipment available within the department. Further the Junior Engineers responsible for survey were available within the department. By using these Junior Engineers and equipment the department could have saved at least Rs 14.20 crore.

(ii) The year-wise details of area sanctioned/allotted/surveyed in Stage-II of IGNP are given in *Appendix-XIII*.

Undue benefit of Rs 14.20 crore to WAPCOS due to non-invitation of open tenders.

Non-completion of work as per schedule.

It was envisaged that survey work in allotted area would be completed in that year. But the performance of WAPCOS showed that in each year some area had been left un-surveyed. Even then the Government continued to get the survey work done through WAPCOS while shortfall during the initial eight years (upto 1996-97) ranged between 26 and 76 *per cent* and thereafter (upto March 2002) between 17 and 39 *per cent*. Despite the non-completion of the work as per schedule the State Government continued to sanction and allot more areas.

Advance irregular payment of Rs 1.09 crore.

(iii) According to clause 3.2.2 of the agreement 60 *per cent* payment was to be made on completion of field survey and submission of draft plans (schemes) for individual *Chaks*¹ and the balance 40 *per cent* on submission of finalised *Chak* plans and reports.

The department paid Rs 28.30 crore to WAPCOS upto March 2002 against an admissible payment of Rs 27.21 crore (final *chak* plans of 5,32,125 ha: Rs 20.75 crore at the rate of 390 per ha (100 *per cent*) and a draft plan for 2,75,840 ha : Rs 6.46 crore at the rate of Rs 234 per ha (60 *per cent*).

Thus, the WAPCOS was irregularly paid Rs 1.09 crore in advance.

(iv) According to the agreement, all activities relating to survey of *Chaks*, were to be completed by WAPCOS within 60 days from the date of allotment. Of 3005 *Chak* plans due on the basis of land surveyed by March 2001 survey work was completed only in 2098 *Chaks* upto March 2002. Thus, all activities relating to survey work of 907 (30 *per cent*) *Chaks* remained incomplete. There was no provision in the agreement for penalty for late submission of sets (Reports). No action could be initiated against WAPCOS.

Blocking of funds of Rs 14.30 crore due to non-construction of water courses in surveyed area.

(v) Out of 9.46 lakh ha (WAPCOS: 8.35 lakh ha and departmentally : 1.11 lakh ha) of Culturable Command Area (CCA) of stage II surveyed upto March 2002, the work of construction of water courses was completed (March 2002) in 5.49 lakh ha only. The balance of 3.97 lakh ha on which Rs 14.30 crore was spent on survey work, remained uncovered due to (i) non-construction of parental channel (Rs 5.21 crore)², (ii) irregular survey in lift area not covered under Central assistance (Rs 2.91 crore)³, (iii) Survey conducted in area already classified as hard pan area by Ground Water Department, Rajasthan (Rs 0.45 crore)⁴ and (iv) other reasons (Rs 5.73 crore). This resulted in blocking of Rs 14.30 crore.

The Government in CAD&WU Department stated (September 2002) that there is no financial implication due to survey in additional area. The reply was not tenable as Government money spent on survey remained blocked due to non-construction of water courses.

1. *Chak*: *Chak* is a piece of land covering Culturable Command Area of 150 to 200 ha.
2. 1,30,686 ha @ Rs 390 per ha : Rs 5.09 crore and 4953 ha @ Rs 234 per ha : Rs 0.12 crore.
3. 74,086 ha @ Rs 390 per ha : Rs 2.89 crore and 799 ha @ Rs 234 per ha : Rs 0.02 crore.
4. 10,930 ha @ Rs 390 per ha : Rs 0.43 crore and 917 ha @ Rs 234 per ha : Rs 0.02 crore.

Indira Gandhi Nahar Department

4.4 Lift Canal System of Indira Gandhi Nahar Pariyojana-Stage-II

4.4.1 Introduction

Rajasthan Canal Project, now Indira Gandhi Nahar Pariyojana (IGNP) was conceived in July 1957 and was to be constructed in two stages (1969-70). The first stage was cleared in 1970 for Rs 110.20 crore and second was cleared in 1972 for Rs 89.12 crore for Culturable Command Area (CCA) of 6.07 lakh hectare (ha). The Stage-I was completed in 1992. As against completion period of 1977-78 for Stage-II as per original estimates (cost Rs 89.12 crore), main canal (km 189 to 445) was completed in December 1986 and works of distribution system of flow area (3783 km) and lift area (1827 km) were in progress (March 2002).

The estimates of Stage II were last revised in January 1993 for Rs 3398.87 crore⁵ and cleared (March 1998) by Central Water Commission (CWC) to provide irrigation to 14.10 lakh ha (flow: 8.73 lakh ha and lift 5.37 lakh ha). As per Revised Project Estimates (RPE), 1993, Stage-II was to be completed by 2003-04. With existing progress of work it is likely to be completed by 2010 only. There was a provision of 6 lift irrigation schemes at an estimated cost of Rs 843.70 crore with a length of 1827 km lift canal system covering the CCA of 5.37 lakh ha with 60 *per cent* intensity.

A review on IGNP (both stages) covering expenditure of Rs 545.79 crore upto March 1987 on feeder canal (204 km), main canal (445 km) and distribution system (7750 km) featured under Para no. 4.1 of the Report of Comptroller and Auditor General of India for the year 1986-87 - (Civil) - Government of Rajasthan.

Records relating to five lift canal systems⁶ of IGNP Stage-II (excluding Gajner Lift System⁷) for the period 1997-2002 were test-checked during February to June 2002 and important findings are given in succeeding paragraphs.

4.4.2 Financial arrangements

Funds for the project were provided by the Government of India under Border Area Development Programme (BADP) scheme (100 *per cent* contribution) and Accelerated Irrigation Benefits Programme (AIBP) (66 *per cent*). 33 *per cent* of funds under AIBP are provided by State Government.

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5. Includes provision for flow area : Rs 1423.73 crore, for lift schemes : Rs 843.70 crore and for construction of lined water courses : Rs 1131.44 crore.
 6. Sahwa Lift Canal (SLC), Bangarsar Lift Canal (BLC), Kolayat Lift Canal (KLC), Phalodi Lift Canal (PLC) and Pokaran Lift Canal.
 7. Already commented under paragraph no.4.6 of the Report of Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil).

Excess booking of expenditure of Rs 5.58 crore of work charged establishment inflated the cost of works.

As per RPE, 1993, work charged establishment were to be debited at 3 per cent of the cost of works executed. Contrary to this, these were charged between 4 and 52 per cent by five divisions* resulting in excess booking of expenditure of Rs 5.58 crore, which not only inflated the cost of works but also indicated excess manpower in the project.

4.4.3 Physical achievement

After incurring an expenditure of Rs 402.08 crore only 12 per cent CCA was opened for irrigation.

The details of estimated cost (Rs 672.91 crore) and expenditure incurred thereagainst with targets and achievements of 5 lift schemes is given in Appendix-XIV. It may be seen that though Rs 402.08 crore (60 per cent) had been spent upto March 2002, only 40.42 per cent lining of canal/distributaries had been completed; only 6 Pumping Stations (23 per cent) out of 26 Pumping Stations were commissioned.

Against targeted area of 2.08 lakh ha CCA to be opened for irrigation by March 2002, only 0.25 lakh ha (12 per cent) was opened. There was a shortfall ranging between 62 to 88 per cent in CCA opened and between 85 to 92 per cent in utilisation of irrigation potential created (Appendix-XV).

Unplanned execution of works in subsequent reaches, resulted in blocking of Rs 73.02 crore.

The Chief Engineer, IGNP, Bikaner and Executive Engineers of concerned divisions attributed (May 2002) the delay to insufficient funds, delayed completion of Pumping Stations/Head Regulators and canal works, scarcity of water and failure in construction of lined water courses. While there was no budget constraint, 246 works in subsequent reaches were taken up without completion of Pumping Stations and canal works of initial reaches. Consequently, Rs 73.02 crore was blocked. In other words works were not taken up in well planned, coordinated and phased manner.

4.4.4 Survey and Investigation

In spite of having the sufficient manpower, the survey and investigation work was got conducted at Rs 7.06 crore from other agencies.

The provision of different type of survey, investigation and testing (19 items) under sub head 'A' - Preliminary, was made in RPE, 1993. This included Rectangulation survey of 8,06,600 ha (Rs 3.68 crore) and Sub rectangulation survey of 7,49,145 ha (Rs 1.84 crore). The department got conducted rectangulation survey of 10,43,890 ha at a cost of Rs 5.01 crore and sub rectangulation survey of 9,46,863 ha at Rs 2.05 crore. But only Rs 2.42 crore was shown as expenditure against the actual expenditure of Rs 7.06 crore. The reasons for the difference though called for was not intimated. It was also seen in test-check that:

(i) The Survey and Investigation Circle of IGNP had not performed any survey work during 1997-2002, though it was equipped with technically qualified manpower and had two survey and investigation divisions. The survey and investigation works were got conducted through other agencies as

* Survey and Investigation Lift Division, Rawatsar, 10th Division, Taranagar, 24th, 28th and Mechanical Division, Phalodi.

indicated below:

(Rupees in lakh)

S. No.	Type of work	Agency/Department	Period of survey	Amount
1.	Contour Survey	Survey of India	Continuing	501.03
2.	Sub-rectangulation Survey	Water and Power Consultancy Services (India) Limited (WAPCOS)	February 1996 to March 2002	97.13
3.	Sub-rectangulation Survey	M/s Bharat Construction Company, Bikaner	1996-April 2000	107.86
	Total			706.02
4.	Preliminary/Detailed drawings and designs	Contractor 'A'	March 1990-2001	25.46

The CE, IGNP, Bikaner stated that the manpower was engaged in execution of routine work. The reply was not tenable as departmental staff were required to do the survey and the avoidable expenditure was Rs 7.31 crore.

Unauthorised payment of Rs 17.46 lakh to contractor due to non-completion of drawing/design of work.

(ii) Preparation of preliminary designs, drawings and preparation of detailed drawings of 34 Pumping Stations to be completed within four years, at a cost of Rs 27.80 lakh were allotted (March 1990) to contractor 'A'. Rs 25.46 lakh was also paid to him. Subsequently, the department had withdrawn (August 1992) the work as these were not required before completion of the preliminary drawings. The department further paid unauthorisedly Rs 17.46 lakh to the contractor between March 1996 and November 2001 without revoking the rescission order.

4.4.5 Land acquisition

Survey to assess actual land requirement not conducted and execution of works without acquisition of land resulted in blocking of Rs 2.47 crore due to hindrance by land owners.

Acquisition of 3736.21 ha of land was planned at a cost of Rs 12.56 crore in the RPE, 1993. As per CE, IGNP, Bikaner, 2756.13 ha land was acquired for which, land award of Rs 8.15 crore was issued, but compensation of only Rs 6.58 crore was paid to the land owners upto March 2002. Further, as a result of test-check following discrepancies/irregularities were noticed:

(i) 980.08 ha land remained to be acquired but as per CE, IGNP, Bikaner 2590.44 ha land was still required for acquisition. Thus the department failed to assess the actual land required and adequate action was not taken to issue the notification under Sections 4 and 6 of Land Acquisition Act, 1894 despite having a Land Acquisition Officer (LAO). In 30 cases the land acquisition activities could not take place and in 9 cases awards were not finalised (July 2002) due to failure in furnishing the relevant records to LAO by the Divisional Offices.

(ii) The work on five cement concrete (CC) lining works of Pokaran Lift Canal, on which expenditure of Rs 1.87 crore was incurred, along with works of CC lining of distributaries of Phalodi Lift Canal (Rs 0.50 crore) and CC lining in Sahwa Lift Canal (Rs 0.10 crore) were stopped due to hindrances by land owners. Thus, Rs 2.47 crore incurred on these works was blocked.

(iii) In respect of SLC, two works⁸ were allotted to contractor 'B' and 'C' without acquisition of land resulting in avoidable extra expenditure of Rs 15.33 lakh because of high tender premium on re-allotment of work and procurement of bricks/tiles from other kilns.

Land compensation of Rs 53.68 lakh drawn in March 1999 remained undisbursed.

(iv) In Phalodi Lift Canal, 4 land awards were issued (March 2002) for 917.02 ha. Rs 62.27 lakh was drawn (March 1999) but only Rs 8.59 lakh was paid and Rs 53.68 lakh remained undisbursed for want of *tarmim*⁹. Out of this, Rs 51.68 lakh were in Personal Deposit account of Collector, Jodhpur and Rs 2 lakh with Sub Divisional Officer, Phalodi.

(v) In 17 cases Rs 3.18 crore was paid (1987-98) as compensation for 805.75 ha but mutation of land in the name of IGNP was not done. In 10 cases land was not acquired for which reasons were not on record.

(vi) Ownership records were not maintained and hence, future legal complications and consequential loss to the Government cannot be ruled out.

4.4.6 Execution

4.4.6.1 Pumping stations (Civil works)

Avoidable extra expenditure of Rs 1.21 crore due to allotment of work on the basis of unapproved drawing/design.

Construction of Pumping Stations (Civil works) were allotted without final drawings and designs which were finalised after a delay of 5 to 24 months. As a result, actual quantity exceeded the contracted quantity which were executed at an extra expenditure of Rs 1.21 crore as detailed in *Appendix-XVI*.

4.4.6.2 Hydro Electrical and Mechanical (HEM) Works

(i) In the RPE, 1993 provision of 75 motors (51 working and 24 stand by) was kept against which 86 motors (51 working motors, 24 stand by motors and 11¹⁰ extra motors) were sanctioned by the Additional CE (Mechanical), IGNP, Bikaner and procured (April 1996 to February 2000). 11 extra motors were purchased as spare motors without any provision and were superfluous since stand by motors had already been ordered for any emergency. The department realised the mistake and decided (January 1999) to drop the extra motors from the list of spare parts in the NITs called for Pumping Stations-III and IV of KLC and Pumping Station-III of SLC. However, by that time all the motors had been purchased and 11 extra motors purchased were lying unused as of March 2002. Thus, there was an idle investment of Rs 89.11 lakh.

Non-commissioning of pumping stations resulted in blocking of Rs 20.36 crore.

(ii) 15 Hydro Electrical and Mechanical (HEM) works of 8 Pumping Stations, such as designing, manufacturing, supply, delivery at site, erection, commissioning, testing, trial run and maintenance, etc. were allotted to various contractors for completion between August 1995 and September 1999. It was

8. (i) Earth work excavation and CC lining of Bisarasar distributary (km 4.500 to 6.00): Rs 4.19 lakh, (ii) Manufacturing and supply of tiles and bricks (kiln no. 40-I and II): Rs 11.14 lakh.
9. Proper transfer of ownership of land in revenue records.
10. Pumping Station (PS) I and II of Pokaran Lift Canal (2), PS-I and II of PLC (3), PS-I and II of BLC (2), PS-I and II of KLC (2) and PS-I and II of SLC (2).

noticed that works were not completed by the contractors even after delay ranging between 13 and 70 months due to non-completion of civil works of Pumping Stations, though payment of Rs 20.36 crore had been made to the contractors. Thus, due to lack of coordination Rs 20.36 crore remained blocked.

4.4.6.3 Electrical works

Avoidable excess payment of Rs 99.63 lakh was made to RSEB as workshop charges on pre-fabricated material and on power factor surcharge.

(i) The CE (O&M-II), Rajasthan State Electricity Board (RSEB), Jaipur clarified (November 1996) that 10 *per cent* workshop charges were to be included in the estimates only when workshop job was involved and not for pre-fabricated material. Such workshop charges on pre-fabricated material were levied resulting in excess payment of Rs 87.11 lakh.

(ii) Since the requisite power factor (0.90 *per cent*) was not maintained, extra payment of Rs 12.52 lakh was made for the period April 1998 to March 2002.

4.4.6.4 Canal/distributary lining works

Infructuous expenditure of Rs 25.27 lakh on restoration of portion of canal breached due to non-conducting the requisite soil test.

(i) Double Tile Lining (DTL) works at km 31.750 to 33.000 and km 33.000 to 34.000 of Sahwa Lift Canal were completed in September 1993. Rs 28.69 lakh was paid upto February 1994. Final payment had not been made till April 2002. The portion of canal from km 32.800 to 33.200 breached in July 1994. The Executive Engineer, Survey and Investigation, Lift Division, Rawatsar noted (October 1994) the poor workmanship by the contractors. The Superintending Engineer (SE), Executive Engineer, Assistant Engineer (AEN) and Junior Engineer (JEN) were suspended (December 1994) and charge sheeted (August 1995) on the ground that the soil was not tested before execution of the works. Subsequently, soil test results (June 1999) showed appreciable quantity of soluble salts. The departmental failure in conducting the requisite tests, led to infructuous expenditure of Rs 25.27 lakh on temporary restoration and lining of breached portion. All the charged officials were, however, reinstated in July 1998.

(ii) In two works allotted (November 1993) (Kiln No. 46-I and II of SLC), the supply of coal including transportation charges and cost of excavation and transportation of clay were to be borne by the department. The details of coal issued and clay excavated, transported and consumed is given below:

Kiln	Coal			Clay		
	Quantity issued	Consumed/auctioned	Balance	Quantity excavated	Consumed/transferred	Balance
	(In MT)			(In cum)		
46-I	522.085	211.402	310.683	2703.06	1976.492 ¹¹	726.568
46-II	755.000	555.359 ¹²	199.64	3953.07	3233.00	720.07

11. Includes 651.28 cum clay transferred to sub division-III.

12. Includes 49.549 MT coal auctioned by 10th Division, IGNP, Taranagar.

Against the work orders for manufacturing and supply of 20 lakh *pucca* tiles and 1 lakh bricks from each kiln, only 7.27 lakh *pucca* tiles from kiln 46-I and 17.67 lakh *pucca* tiles from kiln 46-II were supplied by the contractor. 310.683 MT coal valuing Rs 8.84 lakh taken back (May 1999) from the contractor of kiln 46-I was lying unutilised (March 2002) at site. The balance coal (199.64 MT) valuing Rs 8.83 lakh was neither taken back nor recovery was made from the contractor of kiln 46-II.

Recovery on account of excavation and transportation of clay amounting to Rs 4.11 lakh (Rs 1.58 lakh for kiln 46-I and Rs 2.53 lakh for kiln 46-II) which was not utilised by the contractor but payment for which had already been made remained to be effected (March 2002).

Besides, 1367.15 MT of coal valuing Rs 4.76 lakh was disposed of (April 1998 and July 2002) by 24th and 28th Division, IGNP, Phalodi for Rs 1.17 lakh which resulted in a loss of Rs 3.59 lakh. In addition, an avoidable expenditure of Rs 4.18 lakh was incurred on watch and ward.

(iii) Three works allotted (September 1994 and December 1998) were not started by the contractors, but instead of offering the work to the other tenderers as per note 3 of item 10 of Schedule of Powers of IGNP, the department re-invited (February 1996 to August 1999) tenders which resulted in an extra expenditure of Rs 24.51 lakh.

(iv) In a work of Kolayat Lift Canal, payment for 108790.66 cum excavated soft rock/soft jhagia* at Rs 325 per 10 cum was made (May 1999) which included stacking charges of Rs 40 per 10 cum. Carriage for ½ km at Rs 210 per 10 cum was also paid on this quantity. Since the excavated material was not usable and disposed off, stacking and carriage charges of Rs 6.07 lakh were not admissible. Similarly, stacking and carriage charges of Rs 11.31 lakh paid to contractor for work of PLC (Km 9.700 to 10.700, 11.500 to 13.850) were not admissible. In all, Rs 17.38 lakh was recoverable from the contractors.

(v) In 24th Division IGNP, Phalodi the rates offered by the contractors for earth excavation and CC lining works were not compared with rates for similar works which were executed in the same division during the same period. The payment of tender premium in 11 such cases during January 1996 to July 1998 amounted to extra payment of Rs 15.73 lakh.

4.4.6.5 Building, roads and other works

(i) A field hostel building of 450.21 sqm at KLC (km 13.200) was completed (December 1998) at a cost of Rs 17.20 lakh without electricity connection. AEN's office for which, only 94.02 sqm plinth area was required is functioning in this hostel resulting in under utilisation of infrastructure.

(ii) Two road rollers were lying idle with AEN-II of 28th Division, IGNP, Phalodi since November 1992 and July 1995. Rs 9.63 lakh has been paid as

* Jhagia – A type of stone (disintegrated or soft rock) available in local area.

pay and allowances to drivers upto March 2002. Instead of utilising these road rollers contractors were paid Rs 8.97 lakh for their road rollers in 20 cases.

Non-recovery of cost of stores items worth Rs 17.34 lakh from JEN.

(iii) A Junior Engineer of 10th Division, Taranagar on transfer (March 1999) proceeded without handing over charge. Shortage of stores amounting to Rs 17.34 lakh were pointed out (August 2001) by the Committee constituted for this purpose, which remained unrecovered (July 2002). The issue of retrenchment slip has not yet been finalised (July 2002) although the Junior Engineer was suspended (June 2000).

4.4.7 Monitoring and evaluation

Various reports/returns submitted by the divisions through SE/ACE were being compiled by the Monitoring Cell under CE, IGNP, Bikaner, but these did not depict the correct position of works executed as there were wide variations between the CCA shown/opened by the CE office (71,020 ha) and area actually opened by the concerned divisions (25,451 ha) which was indicative that effective monitoring was not being done at CE's level.

4.4.8 Other points of interest of IGNP

Non-recovery/adjustment of Miscellaneous Public Works Advances amounting to Rs 50.89 crore.

It was observed that Miscellaneous Public Works Advance (MPWA) of Rs 50.89 crore were lying outstanding in 30 division of IGNP as of March 2001. Year-wise details of these outstanding advances were as under :

(Rupees in lakh)

Period	Advance outstanding against							Total
	IGNP Divisions	Other Government Departments	State Government Departments	Central Government Departments	Autonomous Bodies	Contractors/suppliers	Government servants	
Prior to 1980-81	3.46		18.53	0.86	-	5.15	5.31	33.31
1981-82 to 1994-95	966.58		75.16	20.97	108.64	177.21	70.87	1419.43
1995-96	169.23		5.11	0.11	63.23	6.72	3.23	247.63
1996-97	64.26		6.33	0.11	6.42	60.44	4.50	142.06
1997-98	152.61		2.81	79.00	0.06	7.31	4.04	245.83
1998-99	404.91		13.31	-	9.86	5.68	6.51	440.27
1999-2000	1053.97		23.82	162.72	131.09	0.64	5.99	1378.23
2000-01	912.13		27.69	36.02	140.58	55.38	10.76	1182.56
Total	3727.15		172.76	299.79	459.88	318.53	111.21	5089.32

The Divisional Officer (Executive Engineer) incharge of the divisions were responsible for prompt clearance of the amount debited to MPWA to reduce the chances of misclassifications, losses, misappropriations etc. but effective steps were not taken to pursue recovery/adjustment of the advances. The Government while accepting the facts stated (July 2002) that Rs 11.73 crore had been adjusted/ recovered and earnest efforts are being made to adjust/recover the balance outstanding amount lying unadjusted. However, year-wise details of advances adjusted/ recovered were not intimated.

The matter was referred to the Government in March 2002/July 2002; reply has not been received (October 2002) except para 4.4.8.

Irrigation Department

4.5 Arbitration cases in Irrigation Department

4.5.1 Introduction

In case of disputes with the contractors, the Irrigation Department could appoint Sole arbitrators under Clause 23 of the agreement (prior to August 1993). In cases of agreements made after August 1993 the matter of dispute is referred to the Empowered Standing Committee (ESC).

A test-check (January to April 2002) of records relating to arbitration activities and awards was conducted, in the offices of Chief Engineers¹³ (CEs), 3 zones¹⁴ and 64 divisions of Irrigation Department covering period from 1997-98 to 2001-02.

263 cases were made available for audit. Important findings are given in the following paragraphs:

4.5.2 Profile of arbitration/award cases

Year-wise brief position of arbitration/award cases was as under:

Pending cases	Additions 1997-2002	Total	Disposal 1997-2002	Balance cases	
				Arbitration	Award
184	79	263	43*	130	90

Out of 122 arbitration awards, 12 were in favour of department and 110 against.

122 awards were given upto March 2002. Of these, 12 awards went in favour of department for Rs 9.56 lakh and the department recovered Rs 0.89 lakh in 2 cases; 7 cases were challenged by the contractors; and in remaining 3 cases the award was nil. In 110 cases, the awards went against the department and the department accepted 27 awards and paid Rs 6.38 crore, challenged 68 awards involving Rs 18.61 crore; and action was yet to be taken on 15 awards. Thus, 90 award cases[#] were still pending.

The age-wise/category-wise position of 130 arbitration cases pending (March 2002) was as under:

Category/Age	Upto 1997-98	1998-99	1999-2000	2000-01	2001-02	Total
(1) Non-appointment of arbitrator	23	6	2	1	3	35
(2) Non-submission of statements of						
(i) Claims by contractors	4	-	-	2	1	7
(ii) Counter claims by department	8	1	-	2	-	11
(3) Arbitration proceedings yet to be commenced	7	-	-	-	-	7
(4) Proceedings under way						
(i) With arbitrators	40	4	1	10	-	55
(ii) With Empowered Standing Committee	1	1	-	11	2	15
Total	83	12	3	26	6	130

13. CE, Irrigation (North), CE, Bisalpur, CE, Mahi Bajaj Sagar and CE, IDR.

14. ACE, Jaipur, Udaipur, Kota.

* Include 11 cases dropped.

Challenged cases- 75 and pending action – 15.

4.5.3 Avoidable expenditure due to inefficient contract management

(a) Loss due to non-fulfillment of contractual obligations

Extra financial burden due to non-fulfillment of contractual obligations Rs 8.90 crore.

Clause 2 of the contract provided that the time allowed for completion of work is the essence of the contract. The department is required to issue notice to contractors to recover compensation at the time of acceptance of delayed performance and its decision regarding the quantum of compensation is final.

In a case of two works* (Bundi) allotted (December 1992 and March 1993) to contractor 'A', the department levied compensation of Rs 31.21 lakh under clause 2 and 3C of agreement despite failure to provide borrow area and water for consolidation. The arbitrator held (27 July 2001) the decision of the department as illegal.

In two other cases of Bisalpur (Tonk), tender document provided that the stones available from excavation of hard rock at site will be used for lining and other masonry purposes. During execution, the stone found in excavation were not usable. Yet the department did not supply the usable stones as per contract and levied (December 1995) compensation of Rs 20.47 lakh against the contractor. The ESC revoked (November 1999) the action of department under clause 2 and 3 of agreement and finalised the award in favour of contractor.

In the following cases, the arbitrator awarded damages/compensation of Rs 8.38 crore including interest due to prolongation of contracts, irregular rescission of work, failure of the department in taking action to levy compensation within validity period of contract, etc.:

S. No.	No. of cases	Awarded amount	Audit observations
(i)	21	Rs 6.27 crore (+ interest Rs 2.91 crore)	Awards against the department due to departmental lapses such as sites, drawing and design, borrow area, etc. were handed over late, approach road and quarry not provided and granted extension of time without levy of compensation, etc.
(ii)	4	Rs 0.37 crore (+ interest Rs 0.20 crore)	Due to irregular rescission of work, the department had to make payment towards loss of profit.
(iii)	17	Rs 1.74 crore	The Government suffered a loss as the action to levy compensation was held illegal by the arbitrator on account of failure of the department to take action within validity period of contract.

(b) Irregular withholding of amounts due to the contractors

In 26 cases arbitrary deduction or withholding the amounts due to contractors, led to interest award of Rs 1.85 crore. The reasons for withholding the amount though called for were not furnished.

Irregular withholding of amount due to contractors resulted in avoidable payment of interest of Rs 1.85 crore.

* (i) Construction of earthen dam, sluice wing wall, bye-wash cutting and guide bundh of Mandi Minor Irrigation Project and (ii) watering of earth work and consolidation of dam.

4.5.4 Extra financial burden due to other delays

Laxity on the part of department resulted in extra financial burden of Rs 15.94 crore.

Scrutiny of individual cases revealed that there was laxity on the part of the department in observing the various time limits prescribed resulting in extra financial burden of Rs 15.94 crore as detailed under:

(Rupees in crore)

S.No.	No. of cases	Financial burden	Nature of delay
(i)	60	1.21	Delay in appointment of arbitrators, was between 22 days and 148 months.
(ii)	60	0.76	Delay in submission of counter statement of facts was between 14 days and 82 months.
(iii)	18	0.03	Delay (ranging 16 days to 7 months) in making payment of awarded amount to the contractors, beyond 30 days.
(iv)	11	0.39	Delay ranged from 3 to 55 months, in depositing the awarded amount in the court.
(v)	11	4.46	Objections were filed late in the court.
(vi)	4	0.07	Department failed to file any objection, and decree was made against it.
(vii)	7	9.00	Counter claims were rejected by the arbitrators due to failure of department to provide borrow area, submission of counter claims without reference court orders, non-production of evidence on record for extra expenditure and other departmental lapses.
(viii)	7	0.02	Mistakes in calculation of interest in awards. The department failed to get them rectified.

4.5.5 Inadequate pleadings made before the arbitrator

Deficient pleading before arbitrators led to loss of Rs 1.04 crore.

The Supreme Court (SC) has held that once there is full and final settlement in respect of any particular dispute or difference which is covered under arbitration clause in the contract the same remains outside the purview of the arbitrator. However, in one case the contractor acknowledged the receipt of final bill unconditionally in full and final settlement but the department did not cite the SC decision either before arbitrator or court. Arbitrator awarded Rs 20 lakh (including interest of Rs 12 lakh) in favour of contractor.

In 6 other cases due to failure in production of records, filing of supporting documents, contesting the award, attending the hearings and decree the department suffered a loss of Rs 84 lakh (including interest Rs 58 lakh).

4.5.6 Payment of interest at abnormally higher rate

The interest was allowed on higher side by the arbitrators which created extra interest liability of Rs 73 lakh.

The Supreme Court (SC) observed in a case (27 November 2001) that the rate of interest of 18 per cent allowed (30 April 1998) by arbitrator and 15 per cent allowed (7 May 1999) by District and Session Judge court was abnormally high and recommended its reduction to 6 per cent.

In 3 cases, where the awards were made after decision of the SC, interest was allowed at 15 and 18 per cent per annum but the department failed to cite the SC decision. Thus, due to non-linking of SC decision by the department, extra interest liability of Rs 73 lakh was incurred.

4.5.7 Lack of evaluation and monitoring

No system of monitoring of arbitration cases/awards within the department.

For proper monitoring and follow up action the department did not maintain a comprehensive control list/register in the respective offices and the department did not review the progress of arbitration cases. This resulted in a failure to process arbitration cases and awards effectively. Lapses and reasons for negative awards were not analysed and out of 27 award cases responsibility in respect of 14 cases was not fixed despite instructions of the Finance Department.

These points were referred to the Government in June 2002; reply had not been received (October 2002).

4.6 Avoidable excess expenditure on dewatering

Despite availability of sufficient infrastructure necessary for dewatering, excess expenditure of Rs 53.77 lakh was incurred.

The tender for construction of RCC bridge over spillway including dewatering of 1,75,600 Kilo Watt Hour (KWH) under Bisalpur Irrigation Project was approved (June 1997) by the Executive Engineer (EE), Construction Division-III, Bisalpur Project, Deoli in favour of contractor 'A' for Rs 2.69 crore. The work was to be completed within a period of 16 months. The design and drawings for the work were received from Water and Power Consultancy Services (India) Limited (WAPCOS) only in September 1999.

After executing dewatering work of 1,92,540 KWH upto January 1999, the contractor 'A' showed unwillingness for carrying out further dewatering. No action was taken against the contractor. The Superintending Engineer (SE), Dam, Circle, Deoli proposed (April 1999) to the Chief Engineer (CE), Bisalpur Project, Jaipur to get the remaining work departmentally executed with available infrastructure at Rs 4.79 per KWH. However, the CE ignoring the proposal of SE decided (May 1999) to continue the work within the same contract. The contractor executed 4,29,019 KWH dewatering upto March 2001 and was paid Rs 62.18 lakh (including escalation charges of Rs 7.87 lakh) at Rs 12.66 per KWH.

Test-check of the records revealed that:

- (i) Invitation of tender was made before receiving construction drawing from WAPCOS, New Delhi. Thus premature award of work and abnormal delay in receipt of construction drawings led to additional dewatering as the work was carried out in more than one season.
- (ii) Despite availability of sufficient infrastructure for departmentally executing dewatering, the CE, Bisalpur Project, Jaipur got the dewatering work executed through the contractor at a rate higher by Rs 7.87 per KWH.
- (iii) Contractor was paid escalation charges of Rs 2.38 lakh on electricity which was provided departmentally.

Had the work of dewatering been done departmentally, the work could have been carried out for Rs 8.41 lakh[#] as against Rs 62.18 lakh paid to contractor. Thus, department incurred excess expenditure of Rs 53.77 lakh.

The matter was referred to the Government in June 2002; reply had not been received (October 2002).

4.7 Unfruitful expenditure on earthen dam

Failure of the department to get the soil tested, resulted in unfruitful expenditure of Rs 23.53 lakh and overpayment of Rs 2.08 lakh.

The work of resectioning and surface drainage treatment of earthen dam of Parbati Irrigation Project (Dholpur district) technically sanctioned (September 1997) for Rs 1.91 crore was allotted (September 1998) for Rs 2.08 crore to contractor 'A' with stipulated date of completion as 28 August 1999. As per estimate, 45,000 cum of earth was to be excavated from existing upstream slope (U/S) and used in down stream slope (D/S) for attaining the recommended angles of slopes. Additional earth was not required from any burrow area. The earth work (31,800 cum) with all leads and lifts was to be executed by contractor at item rate (Rs 41 per cum) amounting to Rs 13.04 lakh only out of total work allotted for Rs 2.08 crore.

Test-check (December-January 2001) of the records of the Executive Engineer (EE), Irrigation Division-I, Dholpur revealed that contractor dismantled 9168.39 cum pitching of U/S by March 2000. During dismantling of upstream pitching and surface preparation for pitching it was found (December 1998) that the earth was mixed with boulders below the surface which showed that estimates were finalised before proper testing of soil. The Chief Engineer, Irrigation decided (February 1999) to use earth from burrow area for filling at D/S and no earth was taken from U/S. Thus, slope of earthen dam on upstream was not re-sectioned as per sanctioned estimate. Besides, the contractor left (December 1999) the work of dismantling of existing pitching of U/S and repitching incomplete. This resulted in unnecessary re-sectioning the upstream slope and Rs 23.53 lakh was incurred mainly on dismantling of the old pitching and on incomplete re-pitching of the disturbed slope.

The repitching was also not done as per specification and the contractor left (December 1999) the repitching in 10,878 cum in U/S. Possibilities of damage of impitched slope cannot be ruled out. Further on re-sectioning of D/S slope 8,023 cum earth was removed for which no extra lead was payable as per record but Rs 2.08 lakh was overpaid on account of extra lead.

Thus, failure of the department to get the soil tested led to unnecessary resectioning of upstream of dam resulting in unfruitful expenditure of Rs 23.53 lakh and overpayment of Rs 2.08 lakh.

1,75,600 KWH x Rs 4.79 per KWH = Rs 8.41 lakh.

The matter was referred to the Government in March 2002; reply had not been received (October 2002).

4.8 Unproductive expenditure on restoration of Rahuwas dam, Dausa

Faulty planning of restoration work resulted in unproductive expenditure of Rs 2.46 crore on Rahuwas dam.

Construction of Rahuwas Irrigation Project including restoration of Rahuwas dam (breached in the year 1956 due to retrogression¹ at waste weir site) was sanctioned (February 1988) for Rs 1.05 crore and subsequently revised (November 2001) to Rs 2.28 crore.

Rupees 1.58 crore had been spent upto May 1995 against the technical estimate of Rs 46.70 lakh sanctioned (May 1988) by the Additional Chief Engineer, Irrigation Zone, Jaipur.

Test-check (December 2001) of the records of the Executive Engineer, Irrigation Division-I, Dausa revealed that the restoration and raising of old dam was done by adding upstream lamina (layer of soil) instead of providing cut off trench* in the earthen embankment. After restoration heavy seepage was observed due to absence of the cut off trench in earthen embankment foundation. It was, therefore, proposed (March 1995) to provide a cut off trench at the upstream toe of the earthen embankment. Subsequently, an impervious clay blanket in place of cut off trench was proposed in upstream area between chain 26 and 36 (*Nallah* portion).

The work of providing clay blanket in upstream dam was allotted (June 1996) at 44.90 *per cent* above Schedule 'G' aggregating Rs 33.22 lakh with stipulated date of completion as October 1996. This was, however, completed in September 1997 at a cost of Rs 42.24 lakh. In all, Rs 2.46 crore was spent on this project upto June 2001.

No water was stored in the dam during 1998-2001 (except 2'3" on 14 August 1998) despite 15" to 30" average rainfall at dam site indicating that the clay blanket provided in 1997 was not sufficient to check seepage.

Thus, due to faulty planning, not only the expenditure of Rs 42.24 lakh incurred on providing clay blanket proved wasteful but the entire expenditure of Rs 2.46 crore incurred as of June 2001 proved unproductive.

The Government stated (September 2002) that the rainfall during 1998-2001 was insufficient, scattered and not continuous and as such there was no inflow of water in the tank. The reply was not tenable as there was no water stored in the dam despite average monsoon rainfall of 15" to 30" during 1998-2001

1. Decline back.

* Cut off trench - A trench provided in the foundation of the middle (key portion) of embankment of the dam to avoid seepage.

whereas only 21” rainfall was sufficient for storage of water to full capacity in the dam. Even 2’3” water available in the dam on 14 August 1998 had seeped out by 29 August 1998.

Public Health Engineering Department

4.9 Avoidable payment due to failure of the department to provide steel and cement to contractor

Failure of the department to provide steel and cement to the contractor in time resulted in avoidable payment of Rs 35.76 lakh to contractor.

The Chief Engineer (CE), Public Health Engineering Department (PHED), Rajasthan, Jaipur allotted (September 1986) the work of construction of a 16 million litres per day water treatment plant at Jhalamond (Jodhpur) to contractor ‘A’ for Rs 86.42 lakh on lump sum basis to be completed within 30 months i.e. by March 1989. As per work order, cement and steel was to be supplied by the department if demanded by the contractor.

During test-check (February 1999) of the records of the Executive Engineer (EE), PHED (Production and Distribution) Division-II, Jodhpur and further information obtained (January 2001) it was noticed that the contractor had demanded cement and steel after the start of work in November 1986. This was not supplied by the department till May 1988. The contractor, therefore, suspended the work in June 1988. The CE communicated (July 1990) the contractor the decision of the Finance Committee of Rajasthan Water Supply and Sewerage Management Board (RWSSMB) to provide steel as per work order. However, the EE intimated the contractor in August 1991 that part material was available and contractor should restart the work.

The contractor demanded (July 1991) price escalation for completing the balance work due to delay in providing cement and steel. The Finance Committee of RWSSMB rejected (January 1992) the demand and decided that the work be got executed departmentally after taking action against the contractor. The department gave (September 1992) final notice to the contractor for withdrawing the work. The balance work was got completed in piecemeal through several firms in the year 1994-95. The contractor was paid Rs 17.79 lakh upto III running bill (October 1990).

The case was referred to the Sole Arbitrator who passed (July 1996) an award in favour of the contractor for Rs 29.81 lakh including Rs 16.90 lakh as interest at 18 *per cent*. The award was made a rule of the Court by the District Judge, Jodhpur. The department filed an appeal with the High Court of Rajasthan which was dismissed (February 2000) and the award was confirmed. Hon’ble Supreme Court of India also dismissed (May 2000) the special leave petition filed by the department. The department finally paid (March 2000) Rs 48.42 to the contractor.

Thus, failure of the department to provide steel and cement in time to the contractor resulted in avoidable payment of Rs 35.76 lakh.

The matter was referred to the Government in October 2001; reply had not been received (October 2002).

4.10 Violation of the orders of Chief Engineer (HQ), PHED

Violation of the orders of the Chief Engineer on rewinding/repairs of 660 motors/pumps resulted in irregular expenditure of Rs 57.95 lakh and undue financial benefit of Rs 20.84 lakh to the firms/contractors.

To avoid irregularities in repairs/rewinding of electric motors/pumps, the Chief Engineer (CE) (Headquarters), Public Health Engineering Department (PHED), Rajasthan, Jaipur issued (July 1996) instructions which, *inter alia*, provided that (i) the manufacturing firms should be held responsible for repairs/replacement of defective parts of motors/submersible pump sets at their own cost within the guarantee period of 18 months from the date of purchase and 12 months from the date of installation, (ii) repairs/rewinding of motors within 6 months of their previous repairs should also be free of cost, and (iii) after the expiry of guarantee period, expenditure on repairs/rewinding should not be incurred if it exceeds 50 *per cent* of the cost of the motor/pump.

However, test-check of motor rewinding bills paid during March 1998 to April 2002 in 40 PHED divisions* revealed that irregular expenditure of Rs 57.95 lakh was incurred on repairs/rewinding of 660 motors after expiry of guarantee period although such charges were more than 50 *per cent* of cost of pumps. Besides, 49 motors under guarantee period were repaired departmentally (cost Rs 2.47 lakh), and another 168 pumps were got repaired/rewound (cost Rs 8.58 lakh) within 6 months of previous repairs. The department accepted repaired/rewound motors in 23 divisions without recovery of testing charges of Rs 9.79 lakh (May 2002).

It was also noticed that in 6 PHED divisions 31866 kg of burnt copper wire valuing Rs 31.86 lakh was lying undisposed of (May 2002). In another 3 divisions 214 kg of such wire costing Rs 2.14 lakh were received short.

Thus, failure to observe the instructions of the CE by the subordinate officers resulted in irregular expenditure of Rs 57.95 lakh on rewinding/repairs of 660 motors/pumps. Besides, there was an undue financial benefit of Rs 20.84 lakh to the firms/contractors.

The matter was referred to the Government in January 2002 and July 2002; reply had not been received (October 2002).

* Alwar, Bikaner, Ratangarh, Taranagar, Makrana, Sikar, Nagaur, Didwana, Mertacity, Shahpura, Kota, Bhilwara, Sriganganagar, Sojat City, Jhunjhunu (City Division), Jaipur (Revenue), Jaipur (Rural I & II), Pali, Dungarpur, Karauli, Rajgarh, Behror, Barmer, Jhalawar, Baran, Ajmer, Dausa, Tonk, Kota (Production & Distribution (P&D) Dn.), Jodhpur (City II), Jodhpur (District Dn.I), Hindaun City, Jhunjhunu (District Dn.), Udaipur (P&D Dn.), Dholpur, Deeg, Beawar, Banswara, Hanumangarh.

4.11 Loss due to abnormal leakage of water

Government had to sustain a loss of Rs 10.88 crore due to leakage/wastage of water.

As per para 10.10.2(a) of norms of preventive maintenance-Waste Assessment for drinking water in Public Health Engineering Department (PHED), wastage from 20 to 50 *per cent* was considered as excessive and over 50 *per cent* as alarming. However, remedial measures are required for wastage exceeding 10 *per cent*.

During test-check (March 1997) of the records and information obtained (September 2001) in PHED (Revenue and Drainage) Division, Kota it was noticed that there was a total leakage/wastage of 87187 million litres of water during 1998-2001 in the pipeline network spread over 300 km in Kota city which was 51 to 55 *per cent* of total water supplied to the area. The major reasons of leakages of water were 471 public stand posts generally running round the clock without taps, poor maintenance of pipelines and non-installation of Government meters, etc. The excess wastage of 69750 million litres of water resulted in a loss of Rs 10.88 crore (calculated at the minimum subsidised rate @ Rs 1.56 per thousand litre).

The Government while accepting the facts stated (August 2002) that the leakage/wastage was due to old pipelines, lack of adequate staff, non-availability of meters of good quality, etc. The reply was not tenable as the wastages with these reasons had increased from 29 *per cent* in 1994-95 to 55 *per cent* in 2000-01. State Government further stated that work of replacing the pipelines and improvement in distribution system would be taken up under Agriculture Development Project to minimise the leakage of water.

4.12 Unfruitful expenditure on pay and allowances of surplus employees

Failure of the department to adjust/abolish the surplus posts resulted in unfruitful expenditure of Rs 3.11 crore on pay and allowances of the surplus staff.

The Additional Chief Engineer (ACE), Jodhpur Lift Canal (JLC), Jodhpur intimated (November 1995) ACE (Headquarters), Public Health Engineering Department, Jaipur that computerisation in Revenue and Drainage Division, Jodhpur had rendered 58 posts of various categories, associated with billing and collection of revenue, as surplus and requested for their adjustment in other divisions. However, no action was taken to adjust the surplus staff as of August 2002. Consequently, Rs 3.11 crore spent on their pay and allowances upto August 2002 were rendered unfruitful as the preparation of water charges bills and maintenance of ledgers is already being done on computers through a contractor and the collection of water charges is also effected through District Soldiers Welfare Board, Jodhpur since 1991. The position of vacancies in other divisions where computerisation has taken place though called for were not furnished.

The matter was referred to the Government in September 2000/May 2002; reply had not been received (October 2002).

CHAPTER-V STORES AND STOCK

Audit Paragraph

General Administration Department (State Motor Garage)

5.1 Stores and Stock

Test-check of the records relating to Stores and Stock of State Motor Garage Department, Jaipur for the period 1998-2001 was conducted during April-May 2002. The important findings are detailed below:

Rs 67.06 lakh remaining unrecovered.

(i) Rajasthan State Motor Garage Rules and Regulations provide that the repair of vehicles of government departments is to be done only when expenditure estimates are accepted by the department concerned who certify that sufficient funds are available for payment of repair charges and that the officer, who allotted the work is competent to sanction expenditure. These instructions were not complied with and Rs 67.06 lakh were pending from various departments for the period 1976 to 2002 as of 31 August 2002.

Hire charges of Rs 34.35 lakh due from Ministers/MLAs/officers/departments.

(ii) Hire charges of Rs 34.35 lakh pertaining to the period 1960-2001 were outstanding against various Ministers/MLAs/officers/departments as of March 2002.

Blocking of Rs 15 lakh due to non-disposal of vehicles.

(iii) State Government ordered (November 1999) all the departments/officers for surrendering vehicle(s) to State Motor Garage for further disposal by 30 November 1999. However, 30 vehicles (Car, Jeep, Matador, Tracker, Bus, etc.) were surrendered without necessary documents and the vehicles were awaiting disposal for the last 3 years and about Rs 15 lakh are blocked.

Non-recovery of losses of Rs 3.36 lakh on account of accident to vehicles.

A review of the accident register disclosed that in most of the accidents cases neither FIR (19 cases) was lodged nor actual repair expenditure was mentioned. As per information furnished by the department Rs 3.36 lakh (28 cases) was recoverable from drivers for accidents which occurred during 1994-2001.

On being pointed out (June 2002) in audit, the Government stated (September 2002) that efforts were being made to recover charges from various departments/ministers/Government servants/drivers, etc. and Rs 1.16 lakh had been recovered. Further progress was awaited (November 2002).

CHAPTER-VI FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION-A: REVIEWS

Rural Development Department

6.1 Desert Development Programme (Phase I) (Watershed)

Highlights

Desert Development Programme (DDP) Phase-I (Watershed) was started in 1995. 917 watersheds costing Rs 200.28 crore sanctioned by District Rural Development Agencies (DRDAs) could not be completed during project period which had to be extended upto March 2002. Records relating to physical progress were not maintained at Government/DRDA level. In test-checked districts, development activities falling short of sanctioned activities in Detailed Project Reports (DPRs), inadequacy of integrated development activities of watersheds, delayed formation of Watershed Committees and absence of Users Groups (UGs)/Self Help Groups (SHGs) made the Programme unsuccessful. The assets were not transferred to Gram Panchayats (GPs)/Watershed Associations (WAs) and inadequate collection of contribution was made to Watershed Development Fund (WDF) required for sustainable use of created assets. Significant points noticed were as under:

Rs 168.95 crore was spent out of Rs 197.37 crore released. Unspent balance of Rs 28.42 crore was not refunded to DRDA/GOI. Rs 3.72 crore was diverted.

(Paragraph 6.1.4, 6.1.4 (ii) and 6.1.4.1 (i)(d))

The shortfall in financial targets by Project Implementation Agencies ranged between 3 and 60 *per cent*. Against requirement of 472 Watershed Associations in test checked districts only 176 were formed. Development works of 47 watersheds involving expenditure of Rs 6.48 crore were executed without Peoples' Participation. Rs 8.28 crore was irregularly credited to State Revenue instead of incurring administrative expenditure on the Programme.

(Paragraph 6.1.5.2 (i), (iii) (c) and (v))

Out of Rs 3.80 crore, only Rs 1.57 crore was spent on Training Programmes.

(Paragraph 6.1.5.2 (iv))

Unauthorised utilisation (Rs 1.00 crore), unsatisfactory execution of works (Rs 75.58 lakh), unauthorised retention of money (Rs 16.48 lakh) and unfruitful expenditure (Rs 12.27 lakh) by Project Implementing NGOs were noticed.

(Paragraph 6.1.5.3)

Splitting of 45 watersheds of 45 villages into 143 watersheds resulted in more than one watershed in each village at the cost of 98 other villages and irregular/excess expenditure of Rs 3.73 crore on Project Implementation Agencies activities. Due to above splitting, 6 watersheds of 500 hectare each sanctioned in Jaisalmer had population of 20 to 55 persons only.

(Paragraph 6.1.5.1 (c))

Contour bunds constructed (cost Rs 1.09 crore) without vegetative hedges resulted in failure in moisture conservation. Moisture conservation activities valuing Rs 8.24 crore were not followed by production activities depriving cultivators of intended benefits. Rs 2.76 crore was incurred on *Kanna bunding** which is unsustainable.

(Paragraph 6.1.5.4 (b),(ii), (iv) and (v))

In 11 watersheds, Rs 2.30 crore was spent on digging of *Talab/Jal kund* instead of multiple development activities.

(Paragraph 6.1.5.4 (c) (iv))

Drainage Line Treatment works in 65 watersheds costing Rs 2.91 crore were not according to technical parameters.

(Paragraph 6.1.5.4 (d))

Expenditure was negligible on plantations in 91 watersheds while on plantations in 155 watersheds excess expenditure of Rs 7.07 crore was incurred. In 14 watersheds, Rs 2.48 crore was spent on plantation and pasture development on non-arable land.

(Paragraph 6.1.5.4 (e) (a) (i) and (vii))

Works costing Rs 5.72 crore were not executed as per Detailed Project Reports. Rs 4.82 crore was spent on development works in Canal area/Irrigated area not requiring any treatment. Rs 24.50 crore was disproportionately spent in 367 watersheds with lesser coverage of land.

(Paragraph 6.1.5.4 (f) (i), (ii) and (iii))

* *Kanna Bunding*: A device to control soil erosion by wind in desert area by locally available dry vegetation put in 3 tiers (in soil covers) about 20 to 25 metres apart in road across the wind direction.

Beneficiaries' contribution for Watershed Development Fund was less by Rs 1.07 crore.

(Paragraph 6.1.6 (i))

6.1.1 Introduction

The desert in Rajasthan is spread over 2,08,751 sq. kms in 85 blocks of 11 districts¹ and covers 60 *per cent* of the land area and 38 *per cent* of the population. Due to scarcity conditions there was large scale migration of men and live-stock. To combat the problem, 'Rural Works Programme' was taken up for the first time in 1970-71, which was renamed as Drought Prone Area Programme (DPAP) in 1974-75. A Desert Development Programme (DDP) was also launched in 1977-78. From 1982-83, DPAP and DDP were merged and named as DDP but were again implemented separately from 1987-88. In April 1995, DDP was extended to 5 more districts² and is now being implemented on watershed development basis in phases. DDP Phase-I started from 1995-96 and was to end by 1998-99 but was extended till March 2002. The main objectives of the Programme were (a) to improve the economic and social condition of the resource-poor and the disadvantaged (b) optimum utilisation of the watershed's natural resources like land, water and vegetation, (c) employment generation and (d) restoration of ecological balance.

6.1.2 Organisational set up

The Secretary, Rural Development Department (RDD) is responsible for the implementation at the State level. At the district level, District Rural Development Agency (DRDA) is entrusted with co-ordination, planning, execution, supervision and monitoring the activities. The departments of Soil Conservation, Forest and Rural Development and *Panchayati Raj* Institutions are the main Project Implementation Agencies (PIAs). The PIAs operate through Watershed Development Team (WDT)-a multi-disciplinary team for handling 10-12 watersheds. The day to day activities of watershed is carried out by a Watershed Committee (WC) consisting of 10 to 12 members from amongst the User Groups (UGs), Self-Help Groups (SHGs), *Gram Panchayat* and a member of the WDT. WC is responsible for liaising with all the agencies concerned and has an elected chairman.

6.1.3 Audit coverage

The implementation of the Programme during 1995-2002 was reviewed in the offices of Project Directors in DRDAs, Deputy Directors, Watershed Development and Soil Conservation (DD), Divisional Forest Officer (DFO), Deputy Conservator of Forests (DCF), *Panchayat Samitis*, Irrigation Department and Non-Government Organisations (NGOs) in 5 districts³ in respect of 472 watersheds from November 2001 to June 2002 involving Rs 94.71 crore i.e. 57 *per cent* of the total expenditure.

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1. Barmer, Bikaner, Churu, Jaisalmer, Jalore, Jhunjhunu, Jodhpur, Nagaur, Pali, Sriganganagar (now Hanumangarh) and Sikar.
 2. Ajmer, Jaipur, Rajsamand, Sirohi and Udaipur.
 3. Barmer, Bikaner, Jaisalmer, Pali and Sikar.

Records of WCs of 257 watersheds involving expenditure of Rs 46.53 crore were not produced to audit. Further, key records i.e. register of physical and financial progress, register of transfer of money to PIAs and WCs and separate account for DDP were not maintained at DRDA level.

6.1.4 Financial management

The DDP (Phase I) was a Centrally sponsored programme and funds were directly released to DRDAs. GOI allocated Rs 210.25 crore for 841 watersheds covering 4.21 lakh hectare of 16 districts. Against this, the DRDAs sanctioned 917 watersheds costing Rs 200.28 crore covering an area of 4.17 lakh hectare.

The year-wise funding and expenditure under the Programme were as under:

(Rupees in crore)			
Year	Central release	Expenditure	Excess (+)/Saving (-)
1995-96	32.55	6.03	(-) 26.52
1996-97	12.28	16.06	(+) 3.78
1997-98	32.01	25.28	(-) 6.73
1998-99	50.63	37.37	(-) 13.26
1999-2000	14.17	29.13	(+) 14.96
2000-01	42.27	45.41	(+) 3.14
2001-02	13.46	9.67	(-) 3.79
Total	197.37	168.95	(-) 28.42

The following irregularities were noticed:

(i) As per the guidelines, the Programme was to be completed in 4 years and only 10 *per cent* expenditure was to be incurred during the last year. Since expenditure was less as of 31 March 1999, project was extended upto March 2002. The bulk of expenditure (Rs 45.41 crore) was incurred during 2000-01 but the unspent balance was Rs 24.63 crore. Yet Rs 13.46 crore was released during 2001-02.

(ii) The unspent balance of Rs 28.42 crore with WCs, PIAs and DRDAs was not refunded to DRDA/GOI. The Secretary, RDD stated (July 2002) that action would be taken on receipt of necessary directions from GOI.

6.1.4.1 In test-checked districts, Rs 110.28 crore was sanctioned for 472 watersheds but only Rs 96.82 crore⁴ was spent upto March 2002.

The following irregularities were also noticed:

(i) Mis-reporting

(a) The total expenditure of WCs reported by DRDA, Pali was Rs 1.98 crore but the WCs reported an expenditure of Rs 1.70 crore only during the period with unspent balance of Rs 0.28 crore.

(b) DRDA, Sikar reported Rs 1.44 crore towards expenditure of WCs but the WCs had spent only Rs 1.12 crore with unspent balance of Rs 0.32 crore.

4. Barmer (Rs 26.36 crore), Bikaner (Rs 23.26 crore), Jaisalmer (Rs 29.94 crore), Pali (Rs 9.96 crore) and Sikar (Rs 7.30 crore).

(c) As of March 2001, DRDA, Bikaner reported an expenditure of Rs 24.96 crore against the actual expenditure of Rs 21.58 crore to obtain the last instalment of Rs 2.93 crore from GOI. The unspent balance of 2001-02 alongwith fresh release amounting to Rs 7.51 crore was lying unutilised (March 2002).

Rs 3.72 crore spent on other works was charged to the Programme.

(d) In 4 districts⁵, Rs 2.76 crore spent on on-going development works under old DDP was charged to the Programme; Rs 0.30 crore was diverted to the RDD, Jaipur and Rs 0.66 crore was utilised by all the three DRDAs⁶ for payment of pay and allowances of their staff. Thus, the Programme was deprived of Rs 3.72 crore.

(ii) *Utilisation certificates*

UCs amounting to Rs 11.87 crore were adjusted without evaluation. Of this, UCs worth Rs 3.22 crore were without signature of chairperson.

Utilisation Certificates (UCs) were to be submitted by Secretary, WC to the Chief Executive Officer, PIA who was to certify the correctness of quantity and quality of works executed and forward it to DRDA.

UCs for Rs 38.09 crore were outstanding as of 31 March 2002. The following other irregularities were noticed in the test-checked districts:

(a) DRDAs, Bikaner, Jaisalmer and Pali adjusted UCs for Rs 11.87 crore⁷ without evaluation by PIA and UCs for Rs 1.55 crore from DRDRAs, Jaisalmer and Pali were without signature.

(b) DD, Pali released Rs 25.32 lakh against the financial sanction of Rs 22.07 lakh issued by DRDA, Pali for two watersheds. The excess amount of Rs 3.25 lakh was adjusted by DRDA, Pali through a minus entry without receipt of any amount.

(iii) *Other points*

Rs 1.51 crore was diverted for salaries and other inadmissible expenditure.

(a) DCF, Sikar diverted Rs 30.25 lakh from the 18 WCs on salary of forest staff engaged on maintenance of plantation works done before the formation of WC. DCF, Jaisalmer also collected (1997-98 and 2000-01) Rs 1.21 crore irregularly from WCs and diverted for adjustment of expenses on salary of forest guards, raising of nurseries, new works, etc.

(b) 5 WCs of Pali withdrew Rs 35.44 lakh from the project account for payment to labour/suppliers without verification/specific approval of WDT members.

(c) As per UCs, submitted by WC of Dholaria Jagir, Pali Rs 17.06 lakh was spent on labour payments but scrutiny of payment register and vouchers indicated only Rs 1.11 lakh towards this item. Thus, the chances of misappropriation of Rs 15.95 lakh cannot be ruled out.

5. Bikaner, Jaisalmer, Pali and Sikar.

6. Bikaner, Jaisalmer and Pali.

7. Bikaner: Rs 5.81 crore, Jaisalmer: Rs 5.06 crore and Pali: Rs 1.00 crore.

(d) DRDA, Sikar sanctioned Rs 0.81 crore (July 1997) and Rs 2.44 crore (August 1997) to DD, Sikar and 21 WCs respectively. The expenditure thereagainst was Rs 0.49 crore and Rs 2.71 crore respectively upto November 2001. This resulted in less expenditure on PIA activities and excess expenditure of Rs 26.40 lakh on the WC activities.

6.1.5 Programme Implementation

The main activities to be undertaken for watershed development were (a) basic surveys such as contour survey, hydrological surveys, benchmark, remote sensing surveys, soil classification, land capability analysis, etc.; (b) soil and moisture conservation measures like contour bunds fortified by vegetation, bench terracing in hilly terrain, drainage line treatment with a combination of vegetative and engineering structures; (c) development of small water harvesting structures such as low cost farm ponds, *nalla*, bunds, check-dams and percolation tanks; (d) nursery raising for fodder, timber, fuel wood and horticultural species, afforestation including block plantations, shelter belts, sand dune stabilization etc. and (e) crop demonstration for popularising new crops/varieties or innovative management practices.

The amount sanctioned for each watershed development project was to be spent as 5 per cent each on Watershed Community Organisation and Training, 10 per cent on Administrative Overheads and 80 per cent on Watershed Treatment/Development Works/Activities.

The PIAs were provided with 25 per cent of the total funds for the first 3 components and entry point activities including survey work while the WCs were given 75 per cent of the funds for watershed development works. Any shortfall in utilisation of earmarked components was to be refunded to the DRDA.

6.1.5.1 Physical targets and achievements

GOI allocated Rs 210.25 crore for 841 watersheds to be completed during 1995-99. Against this, DRDAs sanctioned 917 watersheds. These could not be completed during the project period which had to be extended upto March 2002. The status of completion of watersheds at the end of extended period for the State as a whole was not made available to Audit.

In test-checked districts, 472 watersheds were sanctioned for Rs 110.28 crore during 1995-98 with treatable area of 2.28 lakh hectare. The watersheds were shown as completed at the end of extended period after spending the sanctioned amount. Test-check revealed as under:

(a) Detailed Project Reports (DPRs) were prepared by PIAs instead of WCs and were not approved by Governing Council of DRDAs.

(b) In 367 watersheds⁸, an area of 1.30 lakh hectare (73 per cent) only was treated against sanctioned area of 1.79 lakh hectare.

(c) Watersheds larger than the norm⁹ were initially sanctioned at a cost of Rs 32.27 crore. Subsequently, 45 watersheds were split into 143 watersheds covering only 45 villages instead of 143 villages. Thus, 31 per cent villages had more than one watershed. In 6 watersheds of 500 hectares each sanctioned in Jaisalmer Watershed Project the population was only 20 to 55 persons and the Collector and Executive Director, DRDA, Jaisalmer admitted (March 2001) that the watersheds were sanctioned without sufficient population.

(d) Out of 338 watersheds⁸, UGs were formed in 106 and SHGs in 71.

(e) In 244 watersheds⁸ major expenditure on entry point activities (Rs 1.84 crore) was incurred during second and subsequent years instead of first year. Similarly, expenditure on community organisation was incurred during third to seventh year instead of first two years resulting in lack of peoples' participation.

(f) 47 watersheds (expenditure: Rs 6.48 crore) were executed by the departmental officers of the concerned PIAs without Peoples' Participation.

(g) Sanctioned activities as per DPR were not executed (50 watershed), other activities not included in DPR were executed (33 watersheds) and excess items/quantity than sanctioned in DPR were executed (85 watersheds).

(h) Plantation was not done in 60 watersheds and only negligible plantation was done in 31 watersheds.

(i) In 15 watersheds where NGOs were PIAs, the execution of works costing Rs 75.58 lakh was unsatisfactory; unfruitful expenditure was Rs 12.27 lakh; unauthorised utilisation of funds was Rs 1.00 crore and unspent balances was Rs 16.48 lakh.

The integrated development of watershed was not realised.

6.1.5.2 Role of PIAs

(i) The PIAs were to provide technical guidance, supervision and manage project implementation. In the test-checked districts, the PIAs spent Rs 21.11 crore against release of Rs 25.07 crore. The shortfall in expenditure ranged between 3 and 60 per cent (364 watersheds). Out of 472 Watershed Associations (WAs) required to be constituted, only 176 WAs were formed. Further, the PIAs (DD) had constituted the WCs after three years of start of watershed development projects and after spending more than 50 per cent of the sanctioned amount departmentally. This indicated that PIAs failed to motivate the people to participate in project implementation. Thus, the institutional arrangements envisaged in the guidelines to reduce the dependence on Government did not materialise.

Shortfall in expenditure on PIA activities ranged between 3 and 60 per cent. Out of 472 watersheds, WAs were constituted in 176 only.

8. Based on information supplied by PIAs/WCs.

9. Covering area of 500 hectare approximately per watershed.

(ii) Entry point activity

(a) The PIAs were to use 5 per cent of the funds in the first year for entry point activities (EPAs) such as repairing the village temple, improving the community hall, sanitary conditions and drinking water. Rs 78.96 lakh was incurred in 5 districts on 244 watersheds in the first year, Rs 1.84 crore during second and sixth year and Rs 13.54 lakh on 30 watersheds during the last year. As the major expenditure was not in the first year, the objective of establishing credibility of the WDT and creating a rapport with the village community in the first year for smooth running of the programme in the subsequent years was not achieved.

(b) Survey

Survey (soil and topographical) was required to be completed within six months of the commencement of the Project so that it could be used as input for the Watershed Development Plan (WDP). This was not done and the irregular expenditure was Rs 15.54 lakh as detailed below:

S. No.	Particulars	Amount (Rs in lakh)	Remarks
1.	5 watersheds (PIA- DD, Bikaner)	2.09	Survey not completed in six months and could not be used for preparation of development plan.
2.	8 watersheds (PIA- DD, Pali)	3.60	Advance (March 1998) to DD, Soil Survey, Jodhpur was adjusted as final expenditure though survey was not done but development works were started.
3.	2 watersheds (PIA- DD, Sikar)	1.07	Soil survey conducted without requirement.
4.	4 watersheds (PIA- DD, Bikaner)	2.21	Against 4,489 hectare survey was done for 10,799 hectare @ Rs 35 per hectare. Excess expenditure charged to the Programme.
5.	8 watersheds (PIA- DD, Jaisalmer)	4.00	Against 11,785 hectare, survey was done for 19,524 hectare @ Rs 52 per hectare. Excess expenditure was charged to the Programme.
6.	14 watersheds (PIA- DCF and PS, Jaisalmer)	2.57	Expenditure incurred out of project funds instead of EPA.

In Bikaner, Rs 28.75 lakh (9 watersheds: PIA-DD, Bikaner) was spent by WCs on works before commencement/completion of survey/treatment of land with the result that the works could not be executed as per survey report.

(iii) Community organisation

The PIAs were to organise community activities for securing people's participation. Following irregularities were noticed:

(a) In 274 watersheds ¹⁰ Rs 69.45 lakh (29 per cent) was spent on this component during the first two years and Rs 168.90 lakh (71 per cent) during third to seventh year of the Programme.

(b) In Bikaner and Jaisalmer districts, 8 watershed works on which Rs 67.17 lakh was spent, remained incomplete/ abandoned due to dispute amongst the villagers.

(c) 47 watersheds works (Barmer: 16, Pali: 10 and Sikar: 21) at Rs 6.48 crore were executed by the departmental officers of concerned PIAs without

10. Based on information supplied by PIAs/WCs.

Rs 1.84 crore were incurred on EPA during second and sixth year of DDP.

Survey not done.

Rs 6.48 crore was spent without peoples' participation.

peoples' participation defeating the very purpose of the Programme. The State Government also admitted this fact (March 2001).

Rs 92.39 lakh was spent on items not covered.

(d) Rs 92.39 lakh was irregularly spent in 5 districts¹¹ on Solar Lights, construction of buildings, POL, telephone bills, photocopies, furnishing, etc. not covered under community organisation activities.

(iv) **Training**

Training Programme were not organised as per guidelines and 42 per cent of the allocation was spent as of 31 March 2002.

Under the Programme, the members of SHGs and UGs were to be given training. In test-checked districts (304 watersheds¹²) Rs 1.57 crore (42 per cent) was spent against allocation of Rs 3.80 crore. Out of this, Rs 67.76 lakh (43 per cent) was spent during the first 3 years and Rs 89.58 lakh (57 per cent) was spent after 3 years or in the last year of the Programme. It was further noticed that:

(a) An expenditure of Rs 6.57 lakh was incurred (Sikar: Rs 6.27 lakh and Jaisalmer: Rs 0.30 lakh) on items not covered under training.

(b) DD, Barmer arranged a tour for WDT/WC members for exposure visit in November 1999 to Ooty (Tamil Nadu) on which Rs 9.06 lakh was spent. Though no Dearness Allowance (DA) was admissible to WC members, Rs 4.18 lakh was irregularly paid.

(v) **Administrative overheads**

Rs 8.28 crore was irregularly credited to State revenue

The GOI guidelines permitted administrative costs on the basis of actual expenditure incurred at various levels subject to 0.2 per cent at DRDA level, 5 per cent at PIA level and 4.8 per cent at WC level/Village level. In test checked districts, Rs 8.28 crore (between 6 and 13 per cent) of the sanctioned amount of 392 watersheds¹² (Rs 91.32 crore) was deposited by 12 PIAs in the revenue head of the concerned departments without incurring any amount on administrative costs as the work was executed by the existing departmental staff in addition to their regular duties. Further, in 3 districts¹³ Rs 3.80 lakh was incurred on the salary of Secretary and other contingent charges of WCs out of project funds instead of administrative overheads.

6.1.5.3 NGOs as PIAs

As per State Government directives (August 1997), only eligible non-government organisation should be selected as PIA. Out of 46 watersheds sanctioned (March and December 1996) to 29 NGOs by DRDA, Bikaner, 33 watersheds allotted to 23 NGOs were subsequently cancelled due to their failure to execute such works. The remaining 8 NGOs* who were sanctioned 15 watersheds* costing Rs 375.00 lakh had no experience in the

11. Bikaner, Jaisalmer, Pali, Sikar and Jodhpur.

12. Based on information supplied by PIAs/WCs.

13. Bikaner, Jaisalmer and Pali.

* Including two watersheds transferred from Panchayat Samitis to 2 NGOs.

implementation of the watershed projects. The following irregularities were noticed:

Name of DRDA	Number of NGOs	Amount involved (Rupees in lakh)	Remarks
Bikaner	1 NGO (4 watersheds out of 15)	100.00 (1996-2000)	NGO was provided Rs 1.00 crore for 4 watersheds for treatment of 2000 hectares. Rs 1.00 crore was irregularly utilised on maintenance of existing plantation of old DDP (1994-95) and covered only 372 hectare area. Excess payment to NGO of Rs 81.40 lakh was not recovered.
	5 NGOs (5 watersheds)	75.58	Anti Corruption Department (ACD) concluded that works executed by 5 NGOs at a cost of Rs 75.58 lakh were unsatisfactory. No plantation was found at one site. An inquiry was got conducted by DRDA, Bikaner but no follow up action was taken.
	3 NGOs 10 watersheds (including 5 cancelled subsequently)	18.50 (1996-97)	Allotment of five watersheds out of 10 were cancelled by DRDA, Bikaner. Rs 2.02 lakh (vouchers not made available to audit) were utilised on 2 watersheds, balance of Rs 16.48 lakh deposited after 2 to 26 months. Interest was not recovered.
	2 NGOs	13.00	The second instalment of Rs 2.50 lakh was released (2000-01) to the NGO although the first instalment of Rs 3.75 lakh released in 1996-97 was lying unutilised (March 2002).
Jalore	1 NGO	12.34	Rs 14.30 lakh was released (1996-98) to a NGO for 3 watersheds (sanctioned amount: Rs 51.97 lakh). The work was left incomplete after spending Rs 12.27 lakh. Rs 1.96 lakh was refunded and Rs 0.07 lakh was due for recovery. Abandonment of the work at incomplete stage rendered the expenditure unfruitful.

6.1.5.4 Watershed Development Works

The execution of watershed development project on day to day basis was carried out by WC subject to supervision and control of WA and guidance of PIAs. The following was observed:

(a) Watershed Development Plan

The WA is to submit the Detailed Project Report (DPR) to DRDA duly recommended by WDT within 9-10 months for approval and release of second instalment. It was observed that the DPR in respect of all the watersheds (watersheds: 472; amount Rs 107.20 crore) was prepared by PIA instead of WA and submitted to DRDA. Governing council of DRDA had not approved these as required under Programme guidelines. Yet DD, Pali irregularly executed the project at a cost of Rs 7.66 crore on the basis of technical sanctions issued during March to December 1999 by the Joint Director, Jodhpur, while DRDA had not approved the project. In Jaisalmer, 71 DPRs were submitted late (after 3 years) and the proposed action plan (Part C) of DPR for the year 1999-2000 (amount involved Rs 3.99 crore) was approved in January 2002 by the Rate Finalisation Committee of DRDA, Jaisalmer which was not authorised.

Cases of unauthorized utilisation (Rs 1.00 crore), unsatisfactory execution of works (Rs 75.58 lakh), unauthorised retention (Rs 16.48 lakh) and unfruitful expenditure (12.27 lakh).

DPRs not approved by Governing council of DRDAs in respect of all the watersheds.

(b) Soil conservation works

According to the guidelines of the Programme, contour bunds with vegetative support on contour alignments was to be deployed for moisture conservation. Contour Vegetative Hedges (CVH) comprises (i) providing dag belling¹⁴, (ii) earth work for bunds and (iii) procurement of vegetation and its establishment on bunds.

Earthen bund, boundary walls, etc. were measured from ground level without indicating existing height resulting in overpayments.

(i) In 5 districts, contour bunds with vegetative support were not constructed in 46 watersheds but earthen bund/medbandi/boundary walls were constructed on existing field boundaries at a cost of Rs 52.58 lakh. In the absence of contour bunds with vegetative support the objective of moisture conservation could not be achieved. But measurements were recorded from ground level without indicating the existing height of the boundaries. This resulted in overpayment as no payment was payable upto existing height of the boundaries.

Contour bunds constructed at Rs 1.09 crore without vegetative hedges.

(ii) Earth work done for construction of CVH and sowing vegetative barriers for stabilising these hedges are complementary to each other as in the absence of vegetative barriers, the earth work done for hedges goes waste. In 5 districts¹⁵, contour bunds were constructed at a cost of Rs 1.09 crore in 38 watersheds without vegetative hedges with the result that optimum moisture conservation could not be fully derived.

Construction of cross section of bigger height resulted in excess expenditure of Rs 36.71 lakh.

(iii) As per specification, the cross-section of contour bunds for CVH work was approved as 0.48 cm height in the sanctioned technical estimate (March to December 1999) by the Joint Director, Soil Conservation, Jodhpur. In 9 watersheds (Pali district), the earthen bund for CVH was constructed with cross-section 0.70 to 0.98 cm height during 1998-2000 resulting in excess expenditure of Rs 36.71 lakh. In Jaisalmer, Sikar, Pali and Bikaner, CVH was executed in more than sanctioned area due to which Rs 20.55 lakh was spent more in 15 watersheds.

In Pali district, details of *Khasra* number and size of the land were not indicated in the measurement register. Irregularities like embezzlements, irregular drawal of funds from project account, excess number of cultivators shown in the exposure tour, improper maintenance of cash book, etc. were pointed out in physical verification of two watersheds by the enquiry officer appointed by the DRDA, Pali. However, no action was taken on the enquiry report (April 2002).

Conservation activities (expenditure Rs 8.24 crore) were not followed by production measure activities.

(iv) Production activities (crop demonstration, distribution of fruit plants and Arid Horticulture, etc.) in arable land were complementary to the conservation activities (contour vegetation hedges, gully control and water courses, etc.). However, in 109 watershed projects of test-checked districts, Rs 8.24 crore was spent on conservation activities but these were not followed with production activities. In another 119 watersheds, though crop demonstrations were conducted during project period at a cost of Rs 0.29 crore no records of crop demonstrations were maintained.

14. Dag belling means marking of areas to be dug.

15. Barmer, Jaisalmer, Pali, Sikar and Jodhpur.

Expenditure of Rs 2.76 crore was incurred on *Kanna bunding* which is unsustainable item.

(v) The model of watershed in various climatic zones envisaged sustainable vegetative measures for optimum rain water conservation and did not include *kanna bunding*. As admitted by the department, the work of *kanna bunding* is destroyed by the farmers at the time of ploughing the fields in next *kharif* season. But Rs 2.76 crore was incurred on *kanna bunding* in 85 watersheds of 5 districts¹⁶.

(c) **Water Harvesting Structure**

Development of small Water Harvesting Structures (WHS) included low cost farm ponds, *nalla*, bunds, check-dams and percolation tanks. Contrary to guidelines, in 234 watersheds in 4 districts¹⁷, 4618 *Jal Kunds* were constructed in arable land at a cost of Rs 12.42 crore. In Bikaner, the records of only 28 watersheds were made available to audit. The following irregularities were noticed:

(i) Rs 10.20 lakh was advanced (March 1996) to the Project Director, State Remote Sensing Application Centre (Centre), Jodhpur for preparing WHS drawing for Jaisalmer district. The advance was adjusted by the DRDA, Jaisalmer in August 2000 on the basis of UC submitted by the centre. It was observed that clusters had been sanctioned in lieu of watersheds in Jaisalmer and therefore there was no scope of WHS activity. Thus, the expenditure on preparation on WHS drawings was wasteful.

8 watersheds (cost Rs 1.26 crore) were completed between 3 and 6 months to utilise funds.

(ii) In Bikaner district, 8 watersheds¹⁸ were completed by constructing farm ponds/*Talai Nirman*/compost pits (instead of multiple activities) at a cost of Rs 1.26 crore between 3 and 6 months (December 2000 to May 2001) in contravention of GOI guidelines.

(iii) As per model estimates, thickness of catchment area of farm ponds was to be kept as 0.1 metre and area of the roof of the farm pond already constructed was to be deducted for measurement of catchment area. In DRDA, Bikaner (PS, Nokha) thickness of catchment area of 51 farm ponds was kept as 0.15 to 0.31 metre and in another 39 farm ponds already constructed roof area was not deducted resulting in excess payment of Rs 2.76 lakh. WC, Lalamdesar kept the thickness of bottom as 0.15 metre against the norms of 0.30 metre 46 farm ponds constructed at a cost of Rs 11.50 lakh were sub-standard. In PS, Kolayat, WC, Darbari constructed 26 farm ponds at a cost of Rs 6.25 lakh without constructing catchment area to run off the rain water into ponds rendering the expenditure unfruitful.

Rs 2.30 crore was incurred on digging *Talabs/Jal kunds* instead of watershed development works.

(iv) The DRDAs, Bikaner, Pali and Jaisalmer sanctioned (1995-98) 11 watersheds of 500 hectare each to PIAs¹⁹ for Rs 2.73 crore and Rs 2.53 crore was released. Out of this, Rs 2.30 crore was incurred on digging of *Talabs/Jal Kunds* and no watershed development work was taken up for land treatment.

16. Barmer, Bikaner, Jaisalmer, Hanumangarh and Sikar.

17. Barmer, Bikaner, Jaisalmer and Hanumangarh.

18. Ridmalsar, Gusaisar, Kundal, Siyasar pancha kosa, Karanpura, Darbari, Saisar, Jangloo.

19. PS, Pali, Nokha Bikaner and Irrigation division Jaisalmer, Bikaner and NGO, Bikaner.

(d) Drainage Line Treatment

DLT works involving expenditure of Rs 2.91 crore were not in accordance with technical parameters.

To reduce and control run off velocity and to impound water for increasing moisture regime, the guidelines provided for construction of Drainage Line Treatment (DLT). DLT works undertaken in 65 watersheds of 5 districts involving expenditure of Rs 2.91 crore was not according to the technical parameters i.e. first treatment of upper reach, then middle reach and last of lower reach.

(e) Afforestation and Pasture Development

Afforestation and Pasture Development was an essential component of watershed development works. The following points emerged in audit:

(a) Expenditure on DDP – Phase I works

In 91 watersheds negligible expenditure was incurred on plantation whereas in another 155 watersheds excess expenditure (Rs 7.07 crore) was incurred on plantation.

(i) Plantation was one of the important activities for integrated development of watershed. Out of 91 watersheds on which Rs 13.41 crore was spent, only Rs 8.09 lakh was incurred on plantation works in 31 watersheds and none in 60 watersheds. However, in another 155 watersheds of these districts, Rs 7.07 crore was incurred in excess of admissible amount (Rs 2.72 crore) on plantation works in 5,439 hectare. The expenditure ranged from Rs 5,273 to Rs 60,400 per hectare as against the norms of Rs 5,000 per hectare. Besides, in 26 watersheds (22 included in 155) an expenditure of Rs 5.33 crore was incurred on the reserve forest area by the Forest Department contrary to guidelines of the programme and instructions (March 1997) of the State Government.

No plantation journal was maintained in 213 watersheds.

(ii) In 213 watersheds, no plantation journal was maintained by the executing agencies in respect of plantations done at a cost of Rs 10.61 crore.

(iii) Two PIAs²⁰ incurred (1997-2001) expenditure of Rs 15.16 lakh on *tarbandi*²¹ which was irregular.

(iv) Contrary to the guidelines, expenditure of Rs 1.27 crore was incurred on items of temporary nature i.e. Mulching, overseeding etc. in 126 watersheds.

(v) As per GOI guidelines, the prescribed treatment of *gochar* land²² was sowing grass with fencing of the area for the pasture development which is useful to the villagers for grazing their cattle. The WCs, Murdawa and Kesharpura (PIA-DCF, Pali) treated *gochar* land by construction of check dams and CVH works at a cost of Rs 3.53 lakh (2000-02) and Rs 3.16 lakh (1997-2000) respectively without sowing grass, which proved wasteful.

(vi) In 3 watersheds (DCF, Forest, Sikar-2 and DD, Desert National Park, Jaisalmer-1 as PIA) Rs 10.52 lakh was incurred on the areas which are not

20. DFO, Jodhpur (Rs 10.34 lakh during 1999-2000), one NGO Jaisalmer (Rs 4.82 lakh during 1996-2001).

21. *Tarbandi* means barbed wire fencing.

22. *Gochar* land means Government land left for grazing of cattle.

included in the watersheds. DRDA, Jaisalmer also ordered recovery of Rs 0.81 lakh treating the expenditure as unauthorised but no recovery was made.

(vii) As per guidelines, the work of watershed was to be taken in arable land, non-arable land and DLT for integrated development of the watershed. It was noticed that the work was taken up only on non-arable land in Jaisalmer and Sikar in 14 watersheds spread over 5,783 hectare on which Rs 2.48 crore was spent and only work of plantation and pasture development was executed.

(viii) The Forest Department categorised plantation as a failure where survival rate was below 40 per cent. Interesting points noticed are summarized in the table below:

S. No.	Particulars	Amount involved (Rupees in lakh)	Remarks
1.	36 watersheds of test-checked districts	47.38 (proportionate)	Survival rate was between 1.5 and 39 per cent.
2.	3 watersheds of Bikaner district (WC's Plantation)	11.11	Plants could not survive due to non-fencing.
3.	17 watersheds of 4 districts ²³	34.49	Plantation of 2000-01 remained without maintenance.
4.	Mundru cluster - Fruit garden (PIA-DCF, Sikar)	1.11	Fruit plants (374) could not survive due to lack of watering.

(b) Expenditure on works related to old DDP

As per guidelines, no expenditure was to be incurred on old DDP works from the funds of DDP Phase-I.

(i) In 5 districts²⁴, DRDAs (Forest Department was PIA) while selecting the area for cluster also included such areas where plantation had already been done under old DDP. Rs 5.59 crore was spent on maintenance of these plantations contrary to GOI guidelines. Besides, PIA component was charged at the rate of 25 per cent (worked out to Rs 1.86 crore) as against 8 per cent pro rata charges admissible under old DDP. This resulted in excess charges of Rs 1.41 crore.

(ii) Maintenance of old plantation in 20 hectare was continuously done upto 2000-01 (upto 7 years) by WC, Dolpura instead of upto 3 years resulting in irregular expenditure of Rs 3.27 lakh. WCs of 6 clusters in Sikar incurred an expenditure of Rs 14.47 lakh during 2000-01 on maintenance of plantation developed 6 to 8 years earlier. In WC, Kantiya cluster of 10 hectare expenditure of Rs 2.41 lakh was unauthorisedly incurred (2000-01) on maintenance of 6 year old plantations.

(f) Irregularities in execution of works

(i) Expenditure was to be incurred by WCs as per approved DPR.

23. Barmer, Bikaner, Jaisalmer and Pali.

24. Barmer, Bikaner, Churu, Jaisalmer and Sikar.

There was failure of plantation due to non-fencing, non-maintenance/delayed maintenance etc.

Irregular expenditure of Rs 5.59 crore was incurred on maintenance of earlier plantations.

Following irregularities were noticed:

Works were not executed as per DPR involving Rs 5.72 crore.

(a) In case of 50 watersheds, activities like ditch-cum-bund, plantation, over-seeding, etc. were provided in the DPR with estimated cost of Rs 1.53 crore. However, these activities were not executed and amount was diverted either for execution of excess quantities/items or for items not included in DPR.

(b) In 33 watersheds, activities like earthen check-dam, WHS, *khadeen*, *nadi*, etc. were not provided in DPR. However, these activities were executed involving expenditure of Rs 1.02 crore.

(c) In 85 watersheds, items/quantities like farm ponds, CVH, *nadis*, *khadeen*, etc. were executed in excess of provision made in DPR involving excess expenditure of Rs 3.17 crore.

Rs 4.82 crore was spent on irrigated land which did not require treatment.

(ii) The DRDA, Bikaner sanctioned (1997-98) 25 watersheds covering 12,500 hectare at a cost of Rs 6.25 crore. Of this, Rs 4.19 crore was incurred on development works on 25 watersheds in canal irrigated area which did not require any treatment. It included area of 405 hectare wrongly included (1997-98) in the sanction as it was not available for treatment due to village settlement, temple, etc. Similarly, in Sikar, Rs 62.79 lakh was incurred on treatment of 1,794 hectare of irrigated land.

Excess expenditure of Rs 24.50 crore was incurred due to treatment of area being less than sanctioned.

(iii) In 6 districts²⁵, WCs treated only 1.30 lakh hectare (367 watersheds) but exhibited the expenditure for 1.79 lakh hectare. This resulted in excess drawal of Rs 24.50 crore. The Joint Director, Watershed Development and Soil Conservation of Jodhpur circle had also reported (October 2001) such lesser treatment of 20,665 hectare (167 watersheds) in Bikaner, Pali, Barmer and Jaisalmer.

(iv) As per guidelines, 10 to 12 watersheds were to be allotted to a PIA for execution of the works. However, DCF, Jaisalmer and Barmer allotted 71 and 42 watersheds while DD, Barmer and Pali allotted 64 and 41 watersheds respectively. Thus, the technical supervision by them over WCs suffered.

Works amounting to Rs 90.19 lakh were undertaken through machines.

(v) Works like construction of *dhora*, *khadeen*, digging of *nadi*, etc. do not require use of machines and can be done manually. However, in Pali and Jaisalmer such works were executed through tractors and JCB machines at a cost of Rs 90.19 lakh depriving the resourceless and assetless people of the area, directly or indirectly dependent on the watershed, from getting the opportunity of earning minimum wages.

6.1.6 Watershed Development Fund

A Watershed Development Fund (WDF) was to be created through voluntary donations covering at least 5 per cent of the cost of investment in case of community works and at least 10 per cent from general caste and 5 per cent from scheduled caste and scheduled tribe and persons identified as BPL in case of individual works for sustainable use of assets created under the Programme. Individual works taken up on private lands were not to be taken up for maintenance out of this fund. The following irregularities were noticed:

25. Barmer, Bikaner, Jaisalmer, Jodhpur, Pali and Sikar.

Beneficiaries contribution amounting to Rs 107.39 lakh was less/ not collected.

(i) Watershed works valuing Rs 96.82 crore were executed on private and community land in 5 districts. The details of amount due from beneficiaries were not available with the WCs. The DCF, Pali intimated (May 2002) that the contribution was deducted from the wages of the labour instead of contribution from individual beneficiaries. Hence, contribution did not depict the actual position. However, as per records made available Rs 87.64 lakh was less collected from beneficiaries towards WDF in case of 264 watersheds. Further, Rs 19.75 lakh (5 per cent) out of EPA expenditure (Rs 3.95 crore) was not collected towards WDF in 364 watersheds as envisaged in GOI guidelines.

(ii) Rs 54.09 lakh was collected for WDF from beneficiaries of 49 watersheds in Barmer, Bikaner, Pali and Jaisalmer districts, but the watersheds were mostly on arable land (22,569 hectare) which requires no maintenance out of this fund. Since no watershed development work was done on common land in the absence of common properties, the fund was likely to remain idle.

(iii) In 8 watersheds²⁶, Rs 3.51 lakh was not deposited in WDF (April 2002).

6.1.7 Assets maintenance

As per guidelines, assets created under DDP should be transferred to the Users' Committees and a certificate to be taken from the Users' Committee (WA/Gram Panchayat). In test-checked districts, no such report/certificate was found prepared/obtained. Therefore, the maintenance of these assets could not be ascertained in audit. Reasons for not transferring the assets to Users' Committees or Gram Panchayats were not intimated.

6.1.8 Non-implementation of inquiry reports by the concerned DRDAs

(i) The Collector and Executive Directors of the DRDAs, Bikaner, Jaisalmer, Pali and Sikar constituted multi disciplinary inquiry teams to inquire into the complaints lodged by the villagers, the teams found serious financial irregularities such as charging of amount without execution of works, sub-standard work, fraud, defalcation, suspected embezzlement, etc. in the 33 watersheds²⁷ (expenditure Rs 6.89 crore). The Collector, Sikar sent (during April to November 2001) the inquiry reports to the PIAs for recovery and necessary action against the defaulters. No action was taken by the PIAs/DRDAs (April 2002).

(ii) A Central team constituted by the Ministry of Rural Development visited (August-September 2001) some of the on-going watershed projects in Barmer and Jaisalmer districts and found irregularities in the implementation of the Project. A copy of the report of the Central team was not furnished though called for.

(iii) Panchayat Samiti, Bikaner also evaluated development works of 3 other watersheds and found less execution of works (Rs 33.37 lakh) in comparison to expenditure. No action was taken by the DRDA, Bikaner.

26. Teliwara-A,B,C,D and Barli-A,B (Jaisalmer); Khamal and Paliawas (Pali).
27. Bikaner (3), Jaisalmer (18), Pali (2) and Sikar (10).

SECTION OF THE

(Paragraph 6.2.8.1)

the number of Panchayat families in a district.

Barmer, Bikaner, Chittorgarh, Dungarpur, Karauli and Udaipur.

6.1.9 Monitoring and Evaluation

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

Despite deficient execution of Jhalawar Special Project by a Non-government Organisation Rs 1.54 crore were finally sanctioned to it.

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

Project Reports were not prepared by 234 blocks.

to pursue inter-departmental linkages. Provision for imparting training, extending credit and providing technology, infrastructure and marketing was also to be made therein. But such project profile was prepared by only 3 blocks⁵ out of 237 blocks. Selection of KAs was not based on local resources and talent.

Market survey not conducted.

(iv) SGSY guidelines provided for survey for availability of assured market. However, neither market survey in rural/urban/metropolitan areas was conducted nor any action taken to promote marketing of *swarozgari* products. Further, activities for marketing of *swarozgaris* products in rural/urban *Hatts* and organising exhibitions in *melas* were not promoted by the DRDA/Government.

(v) SGSY was to ensure development of sustainable micro-enterprises through technology upgradation and transfer and absorption of technology by *swarozgaris*. It was observed that suitable technologies had not been identified for each KA.

6.2.7 Programme Implementation

Vikas Patrika was not maintained.

6.2.7.1 In all the 21 blocks of 8 test-checked districts neither *Vikas Patrika* - an identity-cum-monitoring card, was prepared nor other records/registers were maintained to monitor the Programme.

6.2.7.2 Self Help Groups

DRDAs were to initiate and sustain the process of social mobilisation for poverty eradication by forming, developing and strengthening SHGs. SHGs were to go broadly through three stages of evolution *viz.*; Group formation, Capital formation and Income generation.

(a) Table below shows the evolution of SHGs in the State:

Year	SHGs targeted	SHGs formed (Group formation stage)	Cleared Grade-I	Received Revolving fund	Cleared Grade-II	Received economic assistance (Reached Stage-III)			
						No. of SHGs	No. of BPL families covered	No. of women	No. of disabled
1	2	3	4	5	6	7	8	9	10
1999-2000	To form	635	89	50	10	67	573	250	1
2000-01	18,378	3,326	228	66	20	32	271	118	0
2001-02	SHGs by March 2002	17,901	3,592	1,320	302	108	1148	405	0
Total	18,378	21,862	3,909	1,436	332	207	1,992	773	1

It would be seen that:

(i) Against envisaged 50 per cent of groups to be formed in each block exclusively for the women, 21,862 mixed groups were formed. Besides, the Rural Development Department failed to monitor whether 21,862 mixed groups continued to be functional after their formation.

(ii) 332 SHGs cleared grade-II, whereas the economic assistance was provided to 207. This raises doubt about the reliability of the figures.

5. Amber (Jaipur), Jhadol (Udaipur) and Silora (Ajmer).

- (iii) 2,473 SHGs were not provided revolving fund after reaching Grade-I.
- (iv) Only 207 SHGs covering 1,992 BPL families (2 per cent) were benefited under the Programme.
- (b) According to the State Action Plan (SAP) for SHGs, 57,258 SHGs⁶ (inclusive of 19,598 SGSY-SHGs) were in the State as of September 2001. It was observed that 6,328 defunct SHGs of Development of Women and Children in Rural Areas (DWCRA) Programme were neither included in the SAP nor activated (March 2002) under SGSY. Consequently, the revolving fund of Rs 3.29 crore had not been put to any use.
- (c) Out of 32 districts, Non-Governmental Organisation (NGOs) were not identified in 12 districts⁷ for formation and development of SHGs.

6.2.7.3 Infrastructure

Proper infrastructure is essential for the success of micro-enterprises. SGSY sought to ensure that the infrastructure needed for the identified activities were met in full. Following shortcomings were noticed:

(a) The District SGSY Committees were to identify infrastructure gaps for financing projects in activity clusters. This was not done. Infrastructure funds were utilised on the instructions (January 2000) of the State Government on construction of shops in rural areas for marketing of goods and Dairy/Animal Husbandry Development Programmes.

(b) Construction of shops

(i) Rs 9.34 crore was blocked on 9,341 shops (incomplete: 269, unallotted: 972, disputed: 255 and closed: 7,845). Besides, the State Government permitted transfer of 153 Shops⁸ constructed at a cost of Rs 15.30 lakh to the concerned *Gram Panchayats/Panchayat Samitis* with a view to auction them due to failure to allot these to BPL families. In DRDA, Udaipur, the cost of 119 such shops involving Rs 11.90 lakh were not deposited by the concerned *Gram Panchayats of Panchayat Samiti*, Mawli (June 2002) to SGSY funds.

(ii)(a) The State Government laid down (January 2000) a ceiling of Rs 10,000 for construction of one shop of specified size. Additional cost was to be met from the Employment Assurance Scheme (EAS) (upto Rs 3,000) and Relief Funds (limit not fixed). As a result, additional funds were managed (1999-2001) from Relief Funds on labour component involving Rs 6.48 crore by different DRDAs. There was a variation in cost from Rs 5,000 to Rs 15,000

6. SGSY: 19,598, NABARD: 3,466, Women and Child Development Department: 29,244, Forest Department: 3,100, DPIPICIGs: 350, NGO: 1,500.

7. 3 test-checked districts viz: Alwar, Jaipur, Nagaur and 9 other districts viz. : Bundi, Sriganganagar, Jhalawar, Karauli, Pali, Rajsamand, Sawaimadhapur, Sikar and Sirohi.

8. Barmer 19, Rajsamand 15 and Udaipur 119.

Thrust on group approach was lacking.

Blocking of Rs 9.34 crore on 9341 incomplete/unallotted/disputed/closed shops.

(Udaipur; Rs 5,000, Bikaner; Rs 15,000) despite uniform specifications of the shop. The variations occurred because of labour component.

(b) In 17 blocks of 7 test-checked districts⁹ covering 212 constructed shops, 31 shops were not allotted and 89 shops had been closed (March 2002). Out of the remaining 92 shops 23 shops were sublet to above poverty line (APL) families. The main reasons for closure of shops were non-receipt of loan from banks (28), lack of interest of beneficiaries in running the shops (14), migration to other places (9), dis-possession of shop (12), dual benefit under SGSY (5), failure of the shop (5) and other reasons (9). In respect of remaining 7 cases, no reasons were on record.

(c) **Dairy Infrastructure Development**

Rs 2.51 crore spent on dairy infrastructure development in gross violation of Programme guidelines.

Rs 2.51 crore were spent (*Appendix-XVII*) on infrastructure development under Animal Husbandry/Health sub-sector which was mostly restricted to providing milko stesters/Automatic milk collecting stations/canes/equipment, etc. whereas productivity in a sustained manner in this sub-sector calls for proper attention to animal health and sanitation, artificial insemination for breed improvement, pasture and fodder development, castrations, etc. This was confirmed (December 2001) by the Rural Development Department.

(i) In the following cases, Rs 55.94 lakh was spent without passing on the benefits to the *swarozgaris*:

S. No.	Name of DRDA	Amount spent (Rs in lakh)	Remarks
1.	DRDA, Nagaur	17.80	Rs 17.80 lakh spent on repair/renovation of existing chilling plants at Merta/Nagaur by the <i>Paschim Dugdh Utpadak Sahkari Sangh Ltd.</i> , Jodhpur and adjusted in accounts by DRDA, Nagaur.
2.	DRDA, Udaipur	10.78	Sonography and X-ray machines costing Rs 8.29 lakh and equipment worth Rs 2.49 lakh purchased during December 2000 to March 2001 by Animal Husbandry Department were lying idle due to vacant posts of doctors.
3.	DRDA, Bikaner	7.67	(i) Training hall (cost Rs 6.00 lakh) had been constructed irregularly at Bikaner. This was not being utilised after March 2001 due to non-receipt of any training curriculum from DRDA. (ii) Equipment/reagents valuing Rs 1.35 lakh was either lying idle or being utilised by other offices and (iii) Rs 0.32 lakh was incurred on advertisement for purchase of blood semi-auto analyser not actually purchased.
4.	DRDA, Baran	19.69	Assets worth Rs 17.85 lakh purchased for Milk Chilling Centre, Baran was partly utilised at Kota and partly kept unutilised. Rs 1.84 lakh was spent on rent, conveyance and security guards, etc.
	Total	55.94	

(ii) SGSY guidelines envisaged that 50 *per cent* of the members of a co-operative society should be *swarozgaris*. 6 DRDAs spent Rs 121.46 lakh¹⁰ without ensuring membership of BPL families. In DRDA, Jaipur verification

9. Alwar, Bikaner, Bhilwara, Jaipur, Jodhpur, Nagaur and Udaipur.

10. Bharatpur: Rs 8.52 lakh, Bikaner: Rs 7.50 lakh, Jaipur: Rs 50 lakh, Jodhpur: Rs 17.50 lakh, Nagaur: Rs 23.94 lakh and Udaipur: Rs 14 lakh.

of records of 20 societies revealed that only 5.27 per cent of the members, who subscribed share money of Rs 100, were from the BPL families.

6.2.7.4 Training

The physical progress of training under basic orientation programme reported by the DRDAs does not match with the expenditure incurred as has been analysed in the table given below:

Year	Number of beneficiaries trained	Expenditure incurred (Rs in lakh)	Remarks
1999-2000	36,370	23.40	Nil expenditure by DRDA, Ajmer, Baran, Barmer, Bharatpur, Hanumangarh, Jaipur, Jalore, Jhalawar, Karauli, Nagaur, and Sikar on training of 12,391 trainees. In other DRDAs expenditure varied from a low of Rs 0.02 lakh in DRDA, Jaisalmer (123 trainees) to maximum of Rs 10.34 lakh in DRDA, Dungarpur (617 trainees).
2000-01	44,885	28.26	Nil expenditure by DRDA, Jalore on training of 1,183 trainees whereas in DRDA, Jhalawar (723 trainees) Rs 0.07 lakh and by DRDA, Kota (594 trainees) it was Rs 4.80 lakh.
2001-02	36,727	33.23	Expenditure varied from a low of Rs 0.17 lakh (102 trainees) in DRDA, Dungarpur to a maximum of Rs 4.69 lakh (1,770 trainees) in DRDA, Pali.

The skill development training was not imparted in the State.

6.2.8 Special Projects

Ministry had set apart 15 per cent of funds allocated under SGSY for 'Special Project'. Scrutiny of records in respect of Special Projects in Dholpur and Jhalawar districts (upto March 2002) revealed as under:

6.2.8.1 Water Harvesting Structure (Anicuts) in Dholpur district

Dholpur Special Project sanctioned (October 2000) construction of 117 anicuts at a cost of Rs 4.93 crore to be completed in two years. As of March 2002, 60 were completed, 43 were in progress and 14 were not taken up.

It was observed that:

- (a) Bench mark survey on which the Project was to be monitored and evaluated, were not indicated in the Project Reports.
- (b) Anicuts were built in deep *nallahs*/river without provision for community based Lift Irrigation Systems etc. thereby denying linkages and direct benefits to *swarozgaris*.
- (c) 14 works involving Rs 63.46 lakh were not taken up due to non-feasibility/wrong selection of sites.
- (d) The number and name of beneficiaries were the same in two anicuts (Hathwari: Rs 9.96 lakh and Dhauner: Rs 9.74 lakh) which meant avoidable expenditure of at least Rs 9.74 lakh.
- (e) DRDA, Dholpur allowed contingency and tender premium of Rs 15.61 lakh in the administrative and financial sanctions issued for construction of 14 anicuts through the Irrigation Division, Dholpur, in contravention of the instructions (March 2002) of the State Government.

Project lacked bench mark survey and linkages to provide direct benefits to *swarozgaris*.

(f) In 4 blocks¹¹ of Dholpur district as against 2,659 BPL beneficiaries proposed in the technical estimates 3,111 BPL beneficiaries were reported benefited in the MPR of March 2002.

6.2.8.2 Community Managed Water Resources Development Project in Dag block of Jhalawar district

Despite deficient execution of a Special Project Rs 1.54 crore were finally sanctioned to NGO.

Jhalawar Special Project was sanctioned (May 2001) to an NGO at an estimated cost of Rs 6.35 crore to be completed within two years. The project aimed at achievement of sustainable improvement in the living standards of rural poor by providing lift irrigation projects and masonry water harvesting structures. The work commenced in October 2001 and was in progress as of May 2002. Rs 1.54 crore had been spent by the NGO. Following irregularities were noticed:

(a) Approved cost of the 6 check dams¹² increased from Rs 3.05 crore to Rs 4.42 crore. The executing agency did not provide to the DRDA, Jhalawar forecast estimates on which the Project Report was prepared and the detailed justification for revision of cost.

(b) Contrary to instructions, contingency charges of Rs 3.41 lakh were included in 6 lift irrigation schemes¹³.

(c) The State Level Coordination Committee of this Special Project in its meeting (June 2001) authorised ARAVLI¹⁴ to prepare policy for implementation of the projects sanctioned for NGOs. The desired policy was not finalized (May 2002).

(d) *Gramin Karya Nirdeshika*, 2000 provided for measurement and evaluation of the cost of works executed by the NGOs. It was noticed that neither measurements were recorded nor cost of the works evaluated.

(e) Survey of beneficiaries to be covered by this special project was not conducted at the time of preparation of Project Report by NGO. Consequently, DRDA, Jhalawar was not aware of the details of real BPL beneficiaries to be covered by the Project. Even then, DRDA, Jhalawar in its MPR for the month of March 2002 (Special Projects) reported coverage of 54,972 BPL beneficiaries presuming that all labour engaged was from BPL families.

Despite these shortcomings, Rs 1.54 crore incurred by the NGO were finally adjusted in its accounts by the DRDA, Jhalawar.

6.2.9.1 Impact of the Programme at State/District/Block levels

(a) Sector-wise impact

From the year 2000-01, monitoring of the key activities was initiated by the GOI under Primary, Secondary and Tertiary sectors. Details of families benefited under these sectors and sub-sectors are given in *Appendix-XVIII*. It

11. Baseri, Bari, Dholpur and Rajakhera.

12. Parasali, Sindhala, Nisalkheri, karmakhedi Unhel, Chaumahela.

13. Makodiya, Unhel, Bharka, Arniya, Devbadhla, Khejriya.

14. ARAVLI; Association for Rural Advancement through Voluntary Action and Local Involvement, a society registered under the Rajasthan Societies Registration Act, 1958 in July 1994.

Major share of benefits flow to Milch Cattle/shops instead of development of micro-enterprises indicating insufficient diversification of activities.

was observed that 62 per cent of benefits had flown to the primary sector, 7 per cent to the secondary sector and 31 per cent to the tertiary sector. Thus, benefits under secondary sector was the lowest. In the primary sector largest number of beneficiaries preferred Milch cattle (75 per cent) while in the tertiary, shops (53 per cent) were the most preferred vocation indicating insufficient diversification of activities.

(b) Poor delivery of credit

Table below shows the year-wise position of funding by banks.

(Rupees in crore)

Year	Applications sponsored		Loan sanctioned		Loan disbursed		Applications pending for sanction		Application pending for disbursement	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11
1999-2000	83,250	NA ¹⁵	42,769	126.19	34,120	87.20	NA	NA	NA	NA
2000-01	1,06,467	310.95	52,725	152.95	44,504	124.17	36,566	108.90	8,221	28.78
2001-02	98,968	295.31	45,915	141.09	36,053	102.47	24,180	65.40	9,862	38.62
Total	2,88,685	606.26	1,41,409	420.23	1,14,677	313.84	60,746	174.30	18,083	67.40

only 40 per cent in cases were sanctioned by banks.

(i) Of the 2,88,685 loan applications sponsored to banks, loan was disbursed to 1,14,677 loanees (40 per cent) showing poor performances of the Banks/DRDAs resulting in lesser disbursement of funds.

(ii) SGSY guidelines envisaged cash disbursement to beneficiaries followed by acquisition of assets within one month of disbursement of loan. Out of 21 test-checked blocks only Panchayat Samiti, Nagaur intimated that in 321 cases (37 per cent) out of 869 cases, assets were purchased by the beneficiary after one month (exact time taken not intimated).

(iii) Survey¹⁶ of 373 beneficiaries (milch cattle and live-stock) in 42 Gram Panchayats revealed that most of the banks stressed for presentation of documents before disbursement of loan. In 116 cases (31 per cent) the tags obtained from the insurance companies through the banks were not found affixed/marked with the cattle. It was further observed that the beneficiary managed to obtain the health certificate of animal without marking the cattle with the tag for presentation to the bank for release of loan. This could lead to misutilisation of loan assistance by the beneficiaries who managed to complete the formalities.

(iv) In 90 cases, excess subsidy of Rs 0.97 lakh was claimed by participating banks and adjusted by DRDAs, Bikaner and Alwar.

(v) Out of 21 test-checked PS, 7¹⁷ reported that bank took more than 15 days in all the cases in sanctioning loan.

15. During 1999-2000, these figures were not compiled by the Rural Development Department.

16. By Audit in the presence of Sarpanchs and Gram Sevaks.

17. Roopwas (Bharatpur), Banera and Suwana (Bhilwara), Chaksu and Jamua Ramgarh (Jaipur), Nagaur and Bhinder (Udaipur).

(vi) As per survey conducted by the Regional Office of the Reserve Bank of India, Jaipur only 8 per cent *swarozgaris* felt perceptible improvement in their life style after availing the assistance.

(vii) Verification of the accounts of *swarozgaris* in 3 rural bank branches¹⁸ conducted by DRDA, Bhilwara revealed that bank branches irregularly kept the unutilised amount of subsidy of Rs 14.10 lakh in suspense account for 1 to 7 months.

6.2.9.2 Beneficiaries survey

(i) Out of 12,590 beneficiaries in 21 blocks of selected districts, survey of 521 beneficiaries in 42 *Gram Panchayats* (2 of each block) by Audit team alongwith Secretary and *Sarpanch* of the *Gram Panchayat* was conducted. The results of the beneficiary evaluation were as under:

S. No.	Subject	Number of beneficiaries	Percentage
1.	Assets not verified	86	16.50
2.	Beneficiary was APL at the time of loan sanction	196	37.62
3.	Beneficiary did not purchase the full assets/part investment	89	17.08
4.	Mis-utilisation of loan	95	18.23
5.	Under financing by bank by keeping money in FDRs/SB Account	76	14.58
6.	Defaulter	146	28.02
7.	Pass books not issued by banks	50	9.60
8.	Reasons not elaborated/loanee not available at the time of survey	16	3.07
9.	Double benefit for 2 activities under SGSY	7	1.34
10.	Interested in subsidy only	4	0.76
11.	Doing other business	3	0.57
12.	Migrated to other place	19	3.64
13.	Miscellaneous		
	(i) Cattle unit died and insurance claim lodged	8	1.53
	(ii) DRDA deleted the name of ineligible from BPL list	1	0.19
	(iii) Joined Government service	1	0.19
	(iv) Not interested in running shop	3	0.58
	(v) Loanee was in old age	1	0.19
	(vi) Cattle unit died but insurance claim not lodged	5	0.95
	(vii) Death of loanee	1	0.19
14.	Generation of monthly income of Rs 2,000 was not achieved	488	93.66

In 94 per cent cases generation of sustainable income of Rs 2000 per month by the *swarozgaris* was not achieved.

It was observed that in 94 per cent cases generation of sustainable income of Rs 2000 per month by the *swarozgaris* was not achieved; 38 per cent ineligible families availed the benefits under SGSY. Banks resorted to short release loans and adjusted further dues with the balance to fulfill recovery targets. There were cases of short purchase of assets (17 per cent) or mis-utilisation of loan (18 per cent) by the beneficiaries. In 19 cases, loanee migrated to another place for jobs after getting assistance from bank.

18. The Bank of Rajasthan Limited, Kochala; Bank of Baroda, Suwana and Mandalgarh.

Sarpanchs were not aware with the activities of the Programme.

(ii) Sarpanchs of 42 Gram Panchyats stated that most of them were not aware about selection and approval from Gram Sabha in respect of SHGs, activities, matching of activities and inspection targets and recovery camps as given below:

S.No.	Particulars	Yes	No	Percentage
1.	Was Gram panchayat involved in:			
	(i) Selection of beneficiaries	38	4	9.5
	(ii) Selection of Self Help Groups	9	33	78.5
	(iii) Selection of activities	19	23	54.8
2.	Whether the approval of Gram Sabha obtained for :			
	(i) Selection of beneficiaries	36	6	14.3
	(ii) Selection of Self Help Groups	9	33	78.5
	(iii) Selection of activities	15	27	64.3
3.	Whether Sarpanchs were aware with the schedule of inspection, inspection targets and recovery camps:			
	(i) Schedule of Inspection (SI)	4	38	90.5
	(ii) Inspection targets (IT)	4	38	90.5
	(iii) Recovery camps (RC)	4	38	90.5

6.2.10 Monitoring and Evaluation

Non-holding of periodical meetings regularly at various levels.

(i) The State level SGSY committee, constituted in October 1999 to monitor the performance under SGSY through periodical meetings, met only once (18 December 2000) during 1999-2002 against the requirement of two meetings in a year.

(ii) In test-checked DRDAs/Blocks monthly meetings of District/Block level SGSY Committees were not held regularly (except Alwar). Though test-checked DRDAs had conducted annual verification of assets during January to July 2001 but no follow-up action for recovery was taken.

(iii) Out of 21 test-checked blocks, no records of monitoring were maintained by 18 blocks. Remaining 3 blocks reported 425 field visits by the Block Development Officers during 1999-2002 to inspect BPL families, their assets, etc. However, no record of inspection was produced.

Incorrect reporting of subsidy and credit mobilized ratios.

(iv) The State Government reported subsidy credit ratio 1:3.56 and 1:3.48 during 2000-01 and 2001-02 to the GOI, whereas the actual subsidy credit ratios were 1:2.56 and 1:2.48 respectively.

No evaluation was carried out.

(v) No evaluation of the Programme was done by the State Evaluation Organisation as of April 2002 though requested by RDD (September 2000).

These points were referred to the Government in August 2002; reply had not been received (October 2002).

SECTION-B: AUDIT PARAGRAPHS

Finance Department

6.3 General

6.3.1 During 2001-02, financial assistance of Rs 2591.19 crore was paid to various autonomous bodies and other institutions as per details given below:

Name of institutions	Amount of assistance paid (Rupees in crore)
Universities and Educational Institutions	247.53
Municipal Corporations and Municipalities	460.91
Zila Parishads and Panchayati Raj Institutions	1413.71
Development Agencies	39.35
Hospitals and other Charitable Institutions	14.04
Other Institutions	415.65
Total	2591.19

6.3.2 Delay in furnishing of utilisation certificates

Of 10,070 utilisation certificates due in respect of grants aggregating Rs 2550.79 crore paid during April 1993 to March 2001, only 8,358 utilisation certificates for Rs 2049.20 crore had been furnished by 31 March 2002 and 1,712 certificates for Rs 501.59 crore were in arrears. Department-wise break-up of outstanding utilisation certificates was as under:

Department	Year	Number of outstanding utilisation certificates	Amount (Rupees in crore)
Environment	1994-1999	46	0.26
Science and Technology	1994-2001	118	0.20
Dairy Development	1996-1998	5	5.50
Social Welfare	1995-2001	370	3.02
Women and Child Development	1998-2001	23	1.27
Tourism	1999-2001	16	0.30
Animal Husbandry	1993-1998	27	1.61
Industries	1995-2001	44	20.54
Cooperative	1998-2001	9	1.02
Police	2000-01	1	0.20
Rural Development	1993-2001	1052	467.64
Fisheries	2000-01	1	0.03
Total		1712	501.59

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

6.3.3 Delay in submission of accounts

The Heads of Departments are required to furnish every year detailed information about the financial assistance sanctioned to various institutions, the purpose of the assistance and the actual expenditure incurred by the institution. Information for the years 1999-2002 though called from Heads of Departments (*Appendix-XIX*) was awaited (October 2002).

6.3.4 Audit arrangements

The authorities who conducted primary audit of local bodies, educational institutions and others were as under:

Sl. No.	Name of Institution	Name of the authority conducting audit
1.	<i>Panchayati Raj</i> Institutions	Director, Local Fund Audit
2.	Co-operative Institutions	The Registrar, Co-operative Societies or a person appointed by him
3.	Municipalities	Examiner, Local Fund Audit
4.	Educational Institutions	
	(a) Schools	A person authorised by the Government or Director, Local Fund Audit
	(b) Colleges	A person authorised by the Government or Director, Local Fund Audit
	(c) Universities	Chartered Accountants

During 2001-02, audit of 202 institutions under Section 14 and 27 institutions under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (CAG's Act), 1971 was carried out.

6.3.5 A test-check of three departments (Tourism, Art and Culture, Industries and Social Welfare) conducted under Section 15 of CAG's Act *ibid* during April to June 2002 revealed as under:

Name of the department	Money value of the irregularity (Rupees in lakh)	Nature of irregularities
Tourism, Art and Culture	32.69	(i) As against budget provisions of Rs 3 crore and Rs 7 lakh under budget head 3452 – <i>Paryatan</i> (Plan) 001 and 2205 – <i>Kala</i> and <i>Sanskriti</i> (102)(xii), sanctions of Rs 3.26 crore and Rs 13.69 lakh were issued by the department during 2000-2002 resulting in excess sanction of Rs 32.69 lakh over the budget provision.
	94.35	(ii) Vouchers/bills of Rs 94.35 lakh test-checked in Hotel Godawan, Jaisalmer did not have signature, details of seller/purchaser, information regarding sales tax paid, etc.

Name of the department	Money value of the irregularity (Rupees in lakh)	Nature of irregularities
Industries	<p>22.63</p> <p>868.00</p> <p>24.65</p> <p>11.43</p>	<p>(i) The GOI sanctioned (1992-94) Osia, (Jodhpur) and Leta, (Jalore) projects under Integrated Handloom Village Project to be implemented through District Rural Development Agency (DRDA) for Rs 40 lakh and Rs 42.50 lakh respectively to be shared by GOI (Rs 49.50 lakh) and DRDAs (Rs 33 lakh). Though Central assistance of Rs 49.50 lakh was released (March 1993 and March 1996), DRDAs did not release their share and GOI closed the scheme in April 1998. Rs 7.63 lakh (Osia: Rs 6.38 lakh, Leta: Rs 1.25 lakh) was spent upto 1997-98 and Rs 15 lakh was incurred further on Leta Project upto March 2001 after closure of the project (April 1998).</p> <p>It was observed that Rs 6.38 lakh was incurred on Osia Project without requirement as per report (September 1999) of Project Director, Rural Development Department. The expenditure of Rs 16.25 lakh incurred on Leta Project remained unfruitful due to non-completion of the Project (May 2002) and construction of overhead water tank in Leta village not being listed as component of the Project.</p> <p>Thus, failure of the department in planning led to unfruitful/irregular expenditure of Rs 22.63 lakh.</p> <p>(ii) Contrary to Rule 280(5)(v) of General Financial and Accounts Rules further grants, of Rs 7.68 crore and Rs 1.00 crore were sanctioned to Rural Non-farm Development Agency (RUDA) (during 1995-2001) and Bureau of Investment Promotion (BIP), Rajasthan, Jaipur (during 1999-2001) respectively though they were having unutilised balance at the end of each year (RUDA: Rs 2.15 crore; BIP: Rs 1.00 crore).</p> <p>(iii) Test-check revealed that loans and grants of Rs 1.10 crore provided by the Government of India (GOI) to the State Government for Project Package of Handloom Development Corporation (HDC) and grants of Rs 1.33 crore sanctioned by the State Government to RIICO for development of Export Promotion Investment Park (EPIP) at Bhiwadi remained unutilised as of March 2002 due to non-release of amount of GOI loan/grant for want of UCs from HDC for the sum released previously and non-finalisation of site for EPIP respectively.</p> <p>Non-utilisation of funds indicated defective planning, and it not only hampered the implementation of the schemes but also created an avoidable interest liability of Rs 24.65 lakh on loan of Rs 75.84 lakh at 13 per cent from October 1999 to March 2002.</p> <p>(iv) As against Rs 26.50 lakh provided (April 2001) by State Government in the revised Budget Estimates (Plan) (2000-01) for Institute of Craft for Educational Programme (Rs 10 lakh) and training (Rs 16.50 lakh), only Rs 15.07 lakh was incurred on education and training activities and remaining amount (Rs 11.43 lakh) was irregularly diverted on other items viz. creating facilities and infrastructure activities.</p>
Social Welfare	28.56	<p>During 2001-2002, the department advanced (March 2001) Rs 28.56 lakh to the Director, Local Bodies (DLB), Jaipur without any demand from DLB just to avoid lapse of grant, as the funds were lying unutilised as of March 2002.</p>

These points were referred to the Government in July 2002; reply has not been received (September 2002).

Local Self Government and Social Welfare Departments

6.4 National Scheme of Liberation and Rehabilitation of Scavengers and their dependents

Government of India (GOI) launched the National Scheme of Liberation and Rehabilitation of Scavengers in 1980-81 as Centrally sponsored scheme to liberate scavengers and their dependents from prevalent hereditary obnoxious and inhuman occupation of manually removing night soil and filth and to engage them in alternative and dignified occupations.

A test-check of the records for the period 1997-2002 conducted in various offices* from October 2001 to June 2002 in 8 districts revealed the following irregularities.

(i) 87,938 scavengers identified in the State in the survey of 1992 was revised to 57,736 in 1994 and to 11,607 in survey of 2000-01. The same was increased to 12,613 during re-examination (May 2002) because of starred question in the State Assembly. This indicated that survey had not been conducted properly. Secretary to the State Government stated (October 2002) that exaggerated number of scavengers were not indicated in the survey of 1992. Reply of the Government was not tenable as the decision for fresh survey was based on District Collectors (DCs) report which mentioned that scavengers were not available in the districts in adequate number and that the survey(s) indicated exaggerated number of scavengers.

(ii) Out of Central assistance of Rs 44.49 crore made available upto 2001-02 for training and rehabilitation of scavengers, only Rs 11.06 crore was spent leaving Rs 33.43 crore as unspent and retained in the Personal Deposit (PD) accounts**. Government of India (GOI) released Rs 35.72 crore (March 2000) for setting up of 895 sanitary marts# for 22,368 scavengers against 11,607 scavengers as per survey of 2000-01. Not even a single mart was set up defeating the very purpose of the scheme.

(iii) Out of total funds of Rs 55.96 crore made available by GOI/Housing and Urban Development Corporation (HUDCO) and State Government for

* Rajasthan Scheduled Castes/Scheduled Tribes Finance and Development Corporation Limited (RSDCC), Nagar Palikas at Sojat City, Pipar City, Kuchera, Nawa, Jaitaran, Sujangarh, Churu, Sawaimadhopur, Gangapur City, Kishangarh, Pushkar, Falna, Chomu, Jobner, Phalodi, Kuchaman City, Gulabpura, Asind, Sarwar and Jaipur Nagar Nigam and Project Managers of RSDCC at Ajmer, Bhilwara, Churu, Jaipur, Jodhpur, Nagaur, Pali, Sawaimadhopur districts.

** Managing Director, RSDCC : Rs 29.65 crore; Project Managers : Rs 3.78 crore.

Sanitary mart is a shopping place where the sanitary needs of the common man could be met. It serve both as a shop and as service centre.

construction/conversion of dry latrines into water borne flush latrines, only Rs 45.85 crore was spent. Against 4.63 lakh latrines, only 2.68 lakh latrines were constructed/converted upto March 2002 leaving 1.95 lakh latrines (42 per cent) to be constructed/ converted.

Funds worth Rs 1.68 crore were diverted for other purposes.

(iv) Central funds (Rs 1.00 crore) meant for training and rehabilitation of scavengers were diverted (March 2001) for construction of *kiosks* under Chief Ministers Rozgar Yojana of State. Permission for this diversion from GOI, though requested (August 2002) was still awaited. Further, Rs 67.71 lakh meant for construction/conversion of dry latrines were diverted for other purposes. Secretary to the State Government stated (September 2002) that Rs 32.02 lakh had been recovered and efforts were being made to recover the balance amount.

(v) In 20 *Nagar Palikas** of nine districts and Jaipur Nagar Nigam, physical verification of 1,220 latrines (out of 24,782) revealed that 33 to 98 per cent of the beneficiaries were not using the latrines (except Pushkar), thus defeating the very purpose of the programme.

(vi) 25 per cent of the cost of flush latrine was recoverable from the beneficiaries as loan as per orders (January 1996) of the State Government. In 20 *Nagar Palikas** and Nagar Nigam, Jaipur and Kota, Rs 1.94 crore was recoverable out of Rs 7.76 crore spent on construction/conversion of dry latrines. Secretary to the State Government intimated (September 2002) that concerned Municipal Boards were being instructed for recovery.

(vii) State Level Monitoring Committee formed in 1987 was reorganised in March 1996 and it held only two meetings during 1996-2002 as against 24 meetings as per the norms.

Rural Development Department

6.5 Rural Housing (*Indira Awaas Yojana*)

Indira Awaas Yojana (IAY) implemented by Government of India (GOI) as an independent scheme from January 1996, aimed at giving financial assistance for construction of dwelling units to rural families below poverty line (BPL), Scheduled Castes/Scheduled Tribes (SCs/STs) population and freed bonded labourers. The benefits under the scheme were also to be extended to widows or next of kin of defence personnel/para military forces killed in action, ex-servicemen, retired members of para military forces and disabled persons. Conversion of unserviceable *kutch* houses into *pucca/semi pucca* houses in rural areas were covered under the scheme from April 1999.

GOI also launched 5 housing schemes viz. (i) *Pradhan Mantri Gramodaya Yojana-Gramin Awaas* (PMGY), (ii) Credit-cum-Subsidy Scheme for Rural Housing (CCSS), (iii) *Samagra Awaas Yojana* (SAY), (iv) Rural Building

* Including *Nagar Palika*, Tonk not test-checked.

Centres (RBCs) and (v) Innovative Stream for Rural Housing and Habitat Development (ISRHD) during 1999-2001 to ensure greater coverage of Rural Housing Sector. Of these, 2 schemes namely RBCs and ISRHD were not implemented in the State as of August 2001.

The important points noticed during test-check of records for the period 1997-2002 in the Rural Development Department (RDD), 7 DRDAs¹ and 15 *Panchayat Samitis*² during November 2001 to June 2002 were as under.

6.5.1 Financial performance

The expenditure under the scheme was to be shared between the Central and State Government in the ratio of 75:25 (80:20 upto March 1999). From April 1999, construction of new houses and conversion of *kutchha* houses into *pucca/semi pucca* houses was to be in the ratio of 80: 20 respectively. The Central assistance was released directly to the DRDAs every year in two instalments and the State matching share was to be released within a month from the date of release of Central share. The GOI/ State Government released Rs 241.90 crore and there was miscellaneous receipt of Rs 2.54 crore during 1997-2002. As against available funds of Rs 325.74 crore including opening balance of Rs 81.30 crore, the expenditure incurred was Rs 318.13 crore leaving unspent balance of Rs 7.61 crore. Following irregularities were noticed:

(i) During the period 1997-2002, GOI deducted Rs 24.16 crore from the admissible grant mainly due to excess carry over of balances; late submission of proposals by DRDAs and short-release of State share. The State Government also short released its share by Rs 7.22 crore. Thus, the total short release was Rs 31.38 crore.

(ii) It was further observed that in 29 cases State Government released its matching share of Rs 45.45 crore after a delay of 10 to 95 days. In 9 other cases, after transferring (March 2000) the amount (Rs 3.58 crore) to Personal Deposit (PD) Account ban was imposed (March 2000) on drawal from PD accounts due to ways and means position of the State Government, which was lifted after 66 to 70 days.

In 4 DRDAs³, Rs 10.35 crore was released to *Gram Panchayats* late by 1 to 12 months resulting in delay in release of funds to beneficiaries.

(iii) *Gramin Karya Nideshika* envisaged adjustment of advances on the basis of utilisation certificates (UCs). Instead DRDAs, Banswara and Bhilwara had adjusted advances of Rs 59.30 lakh (1998-2001) merely on the basis of list of beneficiaries. Besides, DRDA, Banswara adjusted Rs 4.13 lakh in excess of advance given towards advances outstanding against PS, Bagidora.

1. Alwar, Banswara, Bikaner, Churu, Kota, Nagaur and Udaipur.

2. Alwar: Thanagazi, Kishangarhbas, Umrain; Banswara: Ghatol, Bagidora; Bikaner: Kolayat; Churu: Churu, Taranagar; Kota: Ladpura; Nagaur: Kuchaman City, Merta City, Nagaur; Udaipur: Badgaon, Girwa, Gogunda.

3. Alwar, Churu, Nagaur and Udaipur.

Short release of funds to the scheme during 1997-2002 amounting to Rs 31.38 crore.

Late release of matching share by State Government.

Irregular adjustment of advances without submitting UCs.

Short credit of interest of Rs 30.16 lakh to the scheme.

(iv) Test-checked DRDAs, placed most of the funds in a bank account common to other Central scheme funds and in non-interest bearing PD accounts. In 5 DRDAs⁴ interest of Rs 10.92 lakh only was credited to the scheme as against interest of Rs 41.08 lakh due. This resulted in short credit of interest of Rs 30.16 lakh to the scheme.

6.5.2 Programme implementation

No indication of priority against names of beneficiaries.

(i) Neither the BPL survey list on the basis of which selection of beneficiary was being made contained the details as to whether the beneficiary possessed a house (*kutcha/semi-pucca*) nor was it mentioned in the *Gram Sabha* proceedings/sanctions issued by GPs. Survey was also not conducted to assess the requirement for construction/ improvement of the houses for target groups. In 24 GPs⁵ test-checked, selection was made out of list prepared without indicating the priority viz.; free bonded labourers, SC/ST households, non-SC/ST households, physically handicapped, widows or next of kin of defence personnel, ex-servicemen/retired members of para-military forces and displaced persons. In the absence of details prioritisation was not possible.

(ii) As per State Government's instructions (December 1997) houses were to be completed within six months or in the same financial year. The age-wise position of houses constructed and under progress was not maintained. In 4 test-checked districts⁶, the overall shortfall in achievement, including spill over works, ranged between 3 and 27 per cent for new construction and in 6 test-checked districts⁷ it ranged between 4 and 30 per cent for upgradation as given below:

Name of district	Target (including spillover works)		Achievement (percentage)	
	New construction	Upgradation	New construction	Upgradation
Banswara	10100	1276	8097 (80)	898 (70)
Churu	7784	2792	7098 (91)	2162 (77)
Kota	3814	493	2808 (73)	446 (90)
Udaipur	10984	1241	10608 (97)	1129 (91)
Alwar	6230	738	6528 (105)	689 (93)
Nagaur	6914	1764	7256 (105)	1688 (96)

(iii) Out of subsidy amounting to Rs 159.33 lakh sanctioned (1990-2001) Rs 94.63 lakh were released during 1990-2001 as I and II instalment to 964 beneficiaries⁸. Subsequent installments were not released due to unsatisfactory progress of the works. Efforts for getting the houses completed or recover the amount, were not taken. Thus expenditure of Rs 94.63 lakh was rendered unfruitful.

(iv) State Government issued instructions (December 1997) indicating that plinth area for the house should be 17 sq. metre or more, instead of 20 sq. metre as per programme guidelines. In 6 PS⁹, 770 houses (amount sanctioned – Rs 1.35 crore) were constructed in 12 to 19 sq. metre involving proportionate excess expenditure of Rs 17.15 lakh.

4. Banswara, Bikaner, Churu, Kota and Nagaur.

5. Alwar:6, Churu:4, Kota:2, Nagaur:6 and Udaipur:6.

6. Banswara, Churu, Kota and Udaipur.

7. Alwar, Banswara, Churu, Kota, Nagaur and Udaipur.

8. Alwar 461 beneficiaries; Rs 44.77 lakh, Banswara 223 beneficiaries; Rs 27.61 lakh, Kota 152 beneficiaries; Rs 12.24 lakh and Udaipur 128 beneficiaries; Rs 10.01 lakh.

9. Churu, Kolayat, Kuchaman City, Merta City, Nagaur and Taranagar.

Further, against norms of 3 per cent (Rs 7.26 crore; 4050 houses) of funds to be earmarked for disabled BPL persons, no houses were sanctioned for the physically handicapped upto March 2000 and only 80 houses (Rs 0.13 crore) were constructed during 2000-02 for this category. In the case of widows or next of kin of defence personnel also, no houses were sanctioned.

(v) During July 2000, in certain parts of Bikaner district, especially in Lunkaransar *Tehsil* a large number of *kutch* houses were damaged during floods. GOI released (December 2000) additional Central assistance of Rs 9 crore (Rs 6 crore for new construction and Rs 3 crore for upgradation) to the DRDA, Bikaner for flood affected BPL families with a target of 4,000 houses (at Rs 20,000 per unit for new construction and at Rs 10,000 per unit for upgradation) and the State Government released (March 2001) its share of Rs 3 crore. Against targets (regular and flood affected), DRDA, Bikaner sanctioned 7,346 new construction and 5,276 upgradation of houses and utilised full release (Rs 12 crore) as detailed below.

	Target			Sanctioned		
	Regular	Flood affected	Total	Regular	Flood affected	Total
New construction	1,907	4,000	5,907	1,913	5,433	7,346
Upgradation	955	4,000	4,955	3,277	1,999	5,276

Central assistance received in excess of requirement.

As per data furnished (August 2000) by the Collector (Relief), Bikaner to the State Government, out of total 20,302 flood affected families 3,782 (1,624 SC/ST and 2,158 non-SC/ST) were BPL families, which could have been covered under IAY scheme. Accordingly, only 2,707 families (1,624 SC/ST and 1,083 non-SC/ST) in the ratio of 60:40 could have been benefited (2,166 families for new construction and 541 for upgradation as per norms of 80:20) from additional assistance under IAY scheme. State Government's request (December 2000) to relax the provisions of IAY scheme and allow coverage of non-BPL flood affected families was not accepted (January 2001) by the GOI. Thus, against admissible assistance of Rs 3.66 crore, the State Government received excess Central assistance of Rs 5.34 crore which had not been refunded to the GOI. It was intimated (April 2002) by DRDA, Bikaner that more BPL families were covered under second survey of flood affected families. However, no details of second survey was made available by the DRDA/State Government till date (September 2002).

(vi) Out of houses constructed in clusters prior to 1991-1992, 10,253 houses were still unoccupied in 28 districts of which 4,172 houses (41 per cent) were damaged due to prolonged non-occupation/non-maintenance. Expenditure incurred on construction of these houses though asked for, was not made available to audit (June 2002).

(vii) Funds meant for infrastructure (Rs 2,500 per unit) were to be given to the beneficiary for construction of house if houses were not built in cluster/micro-habitats. Contrary to GOI guidelines, State Government issued order (September and December 1996) that amount earmarked for infrastructure should be utilised for sanctioning additional houses and if

amenities (sanitary latrines/ smokeless *chulha*) were not included Rs 1,500 per unit should not be released. Following irregularities were noticed:

(a) In the selected districts, funds earmarked for infrastructure were not sanctioned for 39,943 houses (Rs 9.99 crore).

(b) Out of 50,479 houses constructed in the State during 2000-2002 (information for 1997-2000 not made available) sanitary latrines and smokeless *chulhas* were not provided in 35,662 (71 per cent) and 36,482 (72 per cent) houses respectively. Similarly, out of 27,516 upgraded houses during 1999-2002, these facilities were not provided in 21,168 (77 per cent) and 21,635 (79 per cent) houses respectively. In test-checked districts during 1997-2002, out of 55,044 houses constructed and 14,249 houses upgraded, sanitary latrines and smokeless *chulhas* were not provided in 37,613 (68 per cent) and 38,041 (69 per cent) newly constructed houses and 5,171 (36 per cent) and 5,906 (41 per cent) upgraded houses respectively. Three districts¹⁰ did not even sanction assistance of Rs 2.64 crore for these amenities. In 3 DRDAs¹¹, 361 beneficiaries did not construct the amenities for which they were paid Rs 5.35 lakh. The amount was neither recovered by the DRDAs nor did implementing agencies insist on construction/installation of these amenities.

(viii) Houses were required to be allotted in the name of female member of the family or in the joint name of wife and husband. In 5 districts¹² 19,373 houses (75 per cent) were allotted in the name of male members.

(ix) In 26 PSs of test-checked districts, assistance for Rs 38.72 lakh was given to 219 beneficiaries during 1997-2001 whose names were not in the BPL survey list of the respective PSs.

6.5.3 Monitoring and evaluation

Following shortcomings were noticed in monitoring/evaluation:

	Provision	Audit observation
(A)	Monitoring	
(i)	Constitution of State Level Coordination Committee	Committee constituted but minutes of meetings not made available to audit.
(ii)	Schedule for prescribing minimum number of field visits of supervisory staff at State/District/ Block level was to be prepared	No schedule of field inspections was prescribed. Project Director-cum-Deputy Secretary, of four test-checked DRDAs/ <i>Panchayat Samitis</i> mentioned that inspections had taken place but no records were produced.
(iii)	Submission of Progress Reports	(a) In the absence of records authentication of data compiled in Monthly Progress Reports (MPRs) could not be ensured. (b) Delay in MPRs submitted to GOI ranged from 5 to 151 days during 1997-2002. (c) Annual reports for 1997-2002 were not submitted.
(B)	Evaluation	State Evaluation Department evaluated Jhalawar district but no follow up action was taken.

10. Alwar (1997-2000), Bikaner (2000-01) and Udaipur (1997-2002).

11. Alwar, Dausa and Udaipur.

12. Banswara, Bikaner, Nagaur, Kota, and Udaipur.

71 and 72 per cent of the new houses constructed and 77 and 79 per cent of the houses upgraded were not provided with sanitary latrines and smokeless *chulhas* respectively.

Houses were allotted to male members of the family contrary to guidelines.

Assistance of Rs 38.72 lakh paid to non-BPL.

6.5.4 Other Rural Housing Schemes

6.5.4.1 Pradhan Mantri Gramodaya Yojana (Gramin Awaas)

Funds were released by State Government late by 4 to 16 weeks.

The scheme was being implemented in the rural areas of entire State through DRDAs from 2000-01 and is generally based on IAY pattern. Funds were provided by GOI to the State Government as 70 per cent loan and 30 per cent grant. GOI released Rs 28.92 crore during 2000-02 for implementation of the scheme. However, the funds were released by the State Government late by 4 to 16 weeks and Rs 7.23 crore received in March 2002 were released in May 2002.

It was observed that against the target of 10,122 for new constructions and 5,784 upgradation of houses, there was a shortfall of 2,400 and 1,451 houses respectively during 2000-02. Out of Rs 2.16 crore released for infrastructure during 2000-02 only Rs 1.15 crore could be utilised. Sanitary latrines and smokeless *chulhas* were not constructed by 8,375 and 8,712 beneficiaries respectively. 486 houses were allotted in the name of male members contrary to guidelines. Only Rs 6.50 lakh (13 per cent) was sanctioned for physically/mentally challenged persons during 2000-02 against norm of 3 per cent of total funds i.e. Rs 57.66 lakh.

6.5.4.2 Credit cum Subsidy Scheme for Rural Housing

Targets for 1999-2000 could not be achieved upto March 2002. Out of 9398 applications loans were sanctioned to 2175 (23 per cent).

The scheme was being implemented in the entire State from 1999-2000 through DRDAs. Against total allocation of Rs 2.75 crore only Rs 1.37 crore (50 per cent) was released. Further funds were not released due to slow progress. The target for construction of 2,753 houses during the year 1999-2000 could not be achieved even upto March 2002. 892 houses were completed and 671 houses were in progress after spending Rs 1.17 crore. During 2000-02, out of 9,398 applications forwarded to banks, loans were sanctioned to only 2,175 beneficiaries.

6.5.4.3 Samagra Awaas Yojana (SAY)

For the development of wholesome habitat in the rural areas with convergence of housing, drinking water supply, sanitation and drainage facilities, SAY was introduced in March 2000. 8 Gram Panchayats in Dudu block of Jaipur district were selected for the implementation of the scheme. Rs 16.82 lakh could be utilised during 2000-2002 against Rs 25 lakh released in March 2000.

These points were referred to the Government in July 2002; reply had not been received (October 2002).

CHAPTER-VII COMMERCIAL ACTIVITIES

AUDIT PARAGRAPH

7.1 Lack of accountability in departmental commercial undertakings

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are to prepare *pro forma* accounts in the prescribed format annually showing the results of financial operation so that the Government can assess the results of their working. The Heads of Departments in Government are to ensure that the undertakings, prepare the accounts and submit the same to Accountant General for audit. As of March 2002, there were 12* such undertakings one out of these did not prepare the accounts for six years, 3 for three years, and seven for one year. Rs 2332.12 crore had been invested by the State Government in 12 undertakings at the end of financial year upto which their accounts were completed.

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

The department-wise position of arrears (upto October 2002) in preparation of

* This does not include:

- (i) Scheme for Purchase and Sale of Pumping Sets and Rajasthan Ground Water Department, Jodhpur which were declared non-commercial with effect from December 1987. However, the *pro forma* accounts of these departmental undertakings from 1975-76 to 1987-88 and 1974-75 to 1987-88 respectively were pending.
- (ii) Government Publication Branch, Government Central Press, Jaipur has been closed (December 2000) with effect from June 2000. The revised *pro forma* accounts of Government Publication Branch for the years 1999-2000 and 2000-01 (upto May 2000) were awaited.

pro forma accounts were as follows:

Department	Number of undertakings	Undertakings	Year from which accounts were due	Investment as per last audited account* (Rs in crore)
Home	7	Jail Manufacture, Ajmer	1999-2000 [@]	0.43
		Jail Manufacture, Alwar	2001-02	0.26
		Jail Manufacture, Bikaner	2001-02	0.52
		Jail Manufacture, Jaipur	-	1.19
		Jail Manufacture, Jodhpur	2001-02	0.75
		Jail Manufacture, Kota	2001-02	0.21
		Jail Manufacture, Udaipur	2001-02	0.64
Forest	2	Departmental Trading of Forest Coupes	2001-02	- [#]
		<i>Patta Tendu</i> Scheme	1999-2000	- [#]
State Enterprises	2	Sodium Sulphate Works, Didwana	2001-02	- [#]
		Government Salt Works, Didwana	1996-97 ^{\$}	- [#]
Public Health Engineering	1	Rajasthan Water Supply and Sewerage Management Board, Jaipur	1999-2000 ^{\$}	2328.12
Total	12			2332.12

Points of interest noticed during the course of audit were as under:

(i) Of the 12 undertakings, 8** undertakings were incurring continuous losses for more than 3 years. The accumulated losses of these 8 departmental undertakings were Rs 1730.58 crore against the total investment of Rs 2332.12 crore.

(ii) Fixed Assets registers were not maintained in Jail Manufacture, Alwar, Bikaner and Udaipur and not maintained properly in the Jail Manufacture, Kota and Sodium Sulphate Works, Didwana.

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

@ Revised accounts were awaited.

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

\$ *Pro forma* accounts of Government Salt Works, Didwana for five years (1996-97 to 2000-01) and of Rajasthan Water Supply and Sewerage Management Board, Jaipur for one year (1999-2000) were received in October 2002 and were under audit scrutiny.

** Accumulated loss - Jail Manufacture, Ajmer (Rs 0.41 crore), Alwar (Rs 0.25 crore), Bikaner (Rs 0.46 crore), Jaipur (Rs 0.87 crore), Jodhpur (Rs 0.69 crore), Kota (Rs 0.18 crore), Udaipur (Rs 0.43 crore) and Rajasthan Water Supply and Sewerage Management Board, Jaipur (Rs 1727.29 crore).

(iii) In Rajasthan Water Supply and Sewerage Management Board, Jaipur Material at Site Account, Stock Register, Journal, General Ledger (Commercial), Bills Receivable Register, Fixed Assets Register were not maintained and age-wise break-up of Sundry debtors of Rs 57 crore was not available.

The lack of accountability displayed by the failure to prepare the accounts by the management of these undertakings is a matter of concern as large amount of public funds are involved in these cases. The Government should also re-examine the internal control system and arrangements for finalising the accounts so that the management is held accountable for the proper use of public funds. The Government needs to initiate strong measures to reduce the possibility of serious financial irregularities remaining undetected for long period. The Government should also re-examine the justification for continued release of budgetary funds to the undertakings without assessing their financial performance.



(ANANDA SHANKAR)


Principal Accountant General (Audit)-I, Rajasthan

JAIPUR,

The

2 April 2003

Countersigned



(VIJAYENDRA N. KAUL)

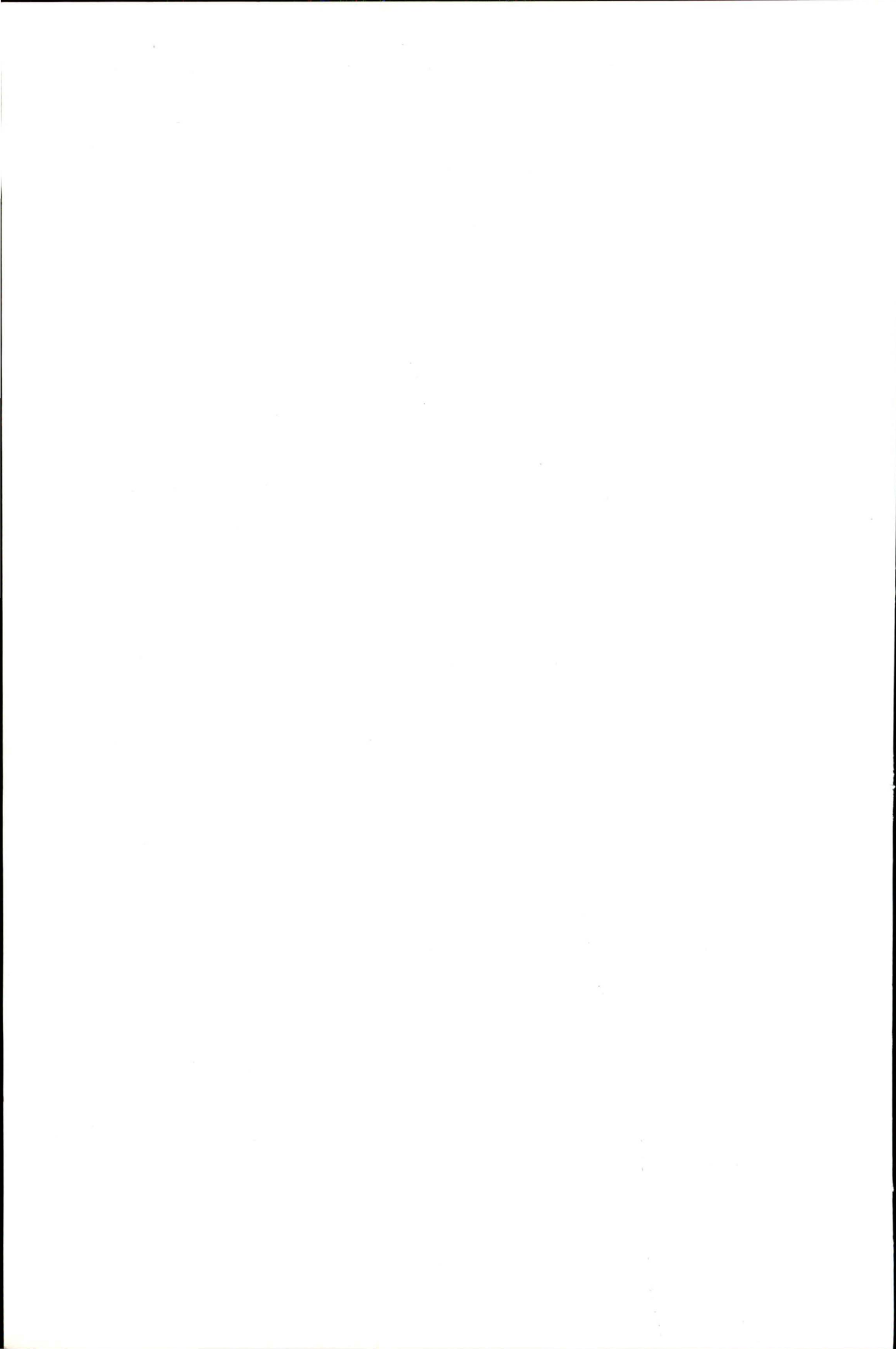
Comptroller and Auditor General of India

NEW DELHI,

The

7 April 2003

APPENDICES



APPENDIX-I

(Refer paragraph 1.1; page 1)

Part A- Government Accounts

I. *Structure:*

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

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 35 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. *Form of Annual Accounts*

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B- List of terms used in the Chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year's Amount} / \text{Previous year's Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of 5 years [LOGEST(Amount of 1996-97: Amount of 2001-02)-1]*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <i>minus</i> all Plan grants and Non-Plan Revenue Expenditure excluding debits under “2048 – Appropriation for Reduction or Avoidance of Debt”

APPENDIX-II

(Refer paragraph 2.3.3 (a); page 24)

Cases where supplementary provision was unnecessary

Sl. No.	Number and name of the grant	Original provision	Supplementary provision	Total provision	Expenditure	Savings
Revenue-Voted						
(Rupees in crore)						
1.	5-Administrative Services	32.42	0.95	33.37	31.36	2.01
2.	7-Elections	16.20	5.33	21.53	14.85	6.68
3.	9-Forest	142.27	0.23	142.50	126.56	15.94
4.	11-Miscellaneous Social Services	8.98	0.37	9.35	8.11	1.24
5.	12-Other Taxes	39.40	0.38	39.78	37.84	1.94
6.	14-Sales Tax	51.82	0.74	52.56	46.93	5.63
7.	16-Police	752.52	19.01	771.53	695.08	76.45
8.	26-Medical and Public Health and Sanitation	957.07	10.04	967.11	942.75	24.36
9.	27-Drinking Water Scheme	796.78	16.89	813.67	796.10	17.57
10.	30-Tribal Area Development	275.26	5.10	280.36	268.82	11.54
11.	33-Social Security and Welfare	476.57	4.70	481.27	383.71	97.56
12.	37-Agriculture	187.85	1.01	188.86	180.93	7.93
13.	38-Minor Irrigation and Soil Conservation	97.25	0.70	97.95	95.22	2.73
14.	39-Animal Husbandry and Medical	120.32	0.17	120.49	108.20	12.29
15.	46-Irrigation	781.48	0.24	781.72	730.57	51.15
Capital-Voted						
16.	22-Area Development	91.38	2.00	93.38	84.62	8.76
17.	27-Drinking Water Scheme	689.06	71.09	760.15	633.13	127.02
18.	38-Minor Irrigation and Soil Conservation	10.72	3.27	13.99	8.89	5.10
19.	46-Irrigation	483.76	15.90	499.66	466.01	33.65
	Total	6011.11	158.12	6169.23	5659.68	509.55

APPENDIX-III

(Refer paragraph 2.3.3(b); page 24)

Cases where supplementary provision was made in excess of actual requirement (where saving is exceeding Rs 1 crore in each case)

Sl. No.	Number and name of the grant	Original provision	Supplementary provision	Total provision	Expenditure	Savings
Revenue-Voted					(Rupees in crore)	
1.	15-Pensions and Other Retirement Benefits	1585.23	121.42	1706.65	1685.65	21.00
2.	28-Special Programmes for Rural Development	21.89	10.29	32.18	30.85	1.33
3.	32-Civil Supplies	20.91	5.29	26.20	22.45	3.75
4.	34-Relief from Natural Calamities	327.90	284.19	612.09	568.63	43.46
5.	35-Miscellaneous Community and Economic Services	81.31	52.90	134.21	132.67	1.54
6.	41-Community Development	296.39	58.53	354.92	347.63	7.29
7.	48-Power	314.19	47.50	361.69	318.10	43.59
Capital-Voted						
8.	20-Housing	53.78	8.51	62.29	59.49	2.80
9.	21-Roads and Bridges	170.84	67.77	238.61	208.54	30.07
10.	26-Medical and Public Health and Sanitation	1.65	6.15	7.80	5.55	2.25
11.	28-Special Programmes for Rural Development	85.40	51.25	136.65	135.43	1.22
12.	30-Tribal Area Development	45.61	33.31	78.92	77.55	1.37
13.	33-Social Security and Welfare	38.01	16.36	54.37	44.50	9.87
14.	36-Cooperation	16.93	12.30	29.23	27.89	1.34
15.	42-Industries	2.23	3.09	5.32	3.42	1.90
	Total	3062.27	778.86	3841.13	3668.35	172.78

APPENDIX-IV

(Refer paragraph 2.3.4(a); page 24)

Cases where expenditure in grants fell short by more than Rs 1 crore and also by more than 10 per cent of the total provision

Sl. No.	Number and name of the grant	Amount of saving (Rupees in crore)	Main reasons for savings
Revenue-Voted			
1.	3-Secretariat	34.35 (37)	Posts remaining vacant, non-release of bonus, ban imposed on payment of surrender leave and ban on purchases.
2.	7-Elections	6.68 (31)	Posts remaining vacant, non-payment of printing charges of electoral rolls to the firms, postponement of programme of photo identity cards.
3.	9-Forest	15.94 (11)	Posts remaining vacant, economy measures as per direction of the State Government, less receipt of funds from Government of India.
4.	11-Miscellaneous Social Services	1.24 (13)	Posts remaining vacant, economy measures as per direction of the State Government.
5.	13-Excise	31.96 (23)	Posts remaining vacant, economy measures prescribed by the State Government, reduction in purchase price of spirit.
6.	14-Sales Tax	5.63 (11)	Posts remaining vacant, non-release of bonus, ban imposed on payment of surrender leave.
7.	18-Public Relation	1.09 (12)	Reduction/abolition of posts, non-payment of newspaper bills due to delay in respect of revised rates of newspaper under New Advertising Policy, 2001.
8.	19-Public Works	82.36 (37)	Posts remaining vacant, non-release of installment of dearness allowance by the State Government.
9.	29- Town Planning and Regional Development	81.76 (15)	Posts remaining vacant, less expenditure on consultancy services, less expenditure on construction works due to delay in finalisation of tenders.
10.	32-Civil Supplies	3.75 (14)	Posts remaining vacant.
11.	33-Social Security and Welfare	97.56 (20)	Posts remaining vacant, economy measures as per the direction of the State Government, less expenditure on food and clothes etc. due to less number of beneficiaries than estimated.
12.	36-Co-operation	3.37 (12)	Less expenditure on pay and allowances due to posts remaining vacant.
13.	42-Industries	11.15 (29)	Non-receipt of funds from Government of India.
14.	43-Minerals	7.40 (24)	Posts remaining vacant, economy measures as per the direction of the State Government.

Sl. No.	Number and name of the grant	Amount of saving (Rupees in crore)	Main reasons for savings
15.	44- Stationery and Printing	1.53 (11)	Posts remaining vacant, non-release of installment of dearness allowance by the State Government.
16.	48-Power	43.59 (12)	Less grants released to <i>Vidyut</i> companies.
Capital-Voted			
17.	9-Forest	2.12 (20)	Economy measures as per the direction of the State Government, less receipt of funds from Government of India.
18.	19-Public Works	40.26 (45)	Execution of less works, reduction in annual plan outlay.
19.	21- Roads and Bridges	30.07 (13)	Reduction in annual plan outlay.
20.	24-Education, Art and Culture	12.14 (36)	Reduction in annual plan outlay, non-receipt of funds from Government of India.
21.	26-Medical and Public Health and Sanitation	2.25 (29)	Reduction in annual plan outlay.
22.	27-Drinking Water Scheme	127.02 (17)	Reduction in annual plan outlay, less receipt of funds from Government of India.
23.	33-Social Security and Welfare	9.87 (18)	Reduction in annual plan outlay, non-investment in Resources Development Fund.
24.	35-Miscellaneous Community and Economic Services	195.65 (97)	Reduction in annual plan outlay.
25.	37-Agriculture	30.32 (99)	Rajasthan Agriculture Marketing Board decided to construct the link roads from Mandi Development Fund instead of raising loan from NABARD. Hence, loan of Rs 30 crore received as loan was surrendered.
26.	38-Minor Irrigation and Soil Conservation	5.10 (36)	Less receipt of funds from Government of India.
27.	42-Industries	1.90 (36)	Less receipt of funds from Government of India.
28.	45- Loans to Government Servants	76.77 (50)	Less demand of loans of House Building Advance/Motor Cycle Advance.
29.	47-Tourism	7.19 (77)	Less expenditure on development of various tourist places.
30.	48-Power	187.50 (31)	Bifurcation of State Electricity Board into different companies.

Figures in parenthesis represent percentage of saving.

APPENDIX-V

(Refer paragraph 2.3.4(b); page 24)

Persistent savings of 20 per cent or more

Sl. No.	Number and name of the grant	Percentage of savings		
		1999-2000	2000-01	2001-02
Revenue-Voted				
1.	3- Secretariat	55	42	37
2.	7- Elections	27	33	31
3.	19- Public Works	37	30	37
4.	42- Industries	58	53	29
Capital-Voted				
5.	9- Forest	67	71	20
6.	19- Public Works	67	44	45
7.	24- Education, Art and Culture	35	23	36
8.	26- Medical and Public Health and Sanitation	74	32	29
9.	38- Minor Irrigation and Soil Conservation	28	39	36
10.	42- Industries	72	85	36
11.	47- Tourism	90	81	77

APPENDIX-VI

(Refer paragraph 2.3.5; page 24)

Excessive/inadequate/injudicious re-appropriation of funds

Sl. No.	Number and name of the grant/ appropriation and head of account	Provision (original plus supplementary)	Re-appropriation made addition(+) reduction(-)	Total Grant	Actual expenditure	Excess(+)/ saving (-)
Revenue-Voted					(Rupees in lakh)	
1.	8-Revenue 2029-Land Revenue 103-Land Records (002) District Expenditure	15307.90	(-)3159.82	12148.08	13352.89	(+)1204.81
2.	9-Forest 2406- Forestry and Wild Life 01- Forestry 102- Social and Farm Forestry (003) Plantation Schemes [01] Through the Forest Department	564.21	(+)329.39	893.60	611.30	(-)282.30
3.	4406- Capital Outlay on Forestry and Wild Life 02- Environment Forestry and Wild Life 110- Wild Life (003) Tiger Project, Sariska	0.02	(+)50.09	50.11	13.51	(-)36.60
4.	15-Pensions and Other Retirement Benefits 2071- Pensions and Other Retirement Benefits 01- Civil 111-Pensions to Legislators	110.00	(-)26.00	84.00	104.62	(+)20.62
5.	20-Housing 2216- Housing 01- Government Residential Buildings 106- General Pool Accommodation (002) Maintenance and Repairs <i>Add: Pro rata charges exhibited under the Major Head 2059-Public Works for (i), (ii)- Establishment</i>	422.46	(-)269.47	152.99	1093.60	(+)940.61
6.	21-Roads and Bridges 5054- Capital Outlay on Roads and Bridges 04- District and Other Roads 800- Other Expenditure (010) Basic Minimum Services [01] Rural Roads	2065.49	(-)1501.28	564.21	1704.55	(+)1140.34
7.	5054- Capital Outlay on Roads and Bridges 04- District and Other Roads 800- Other Expenditure (011) Roads of R.I.D.F. financed by NABARD [02] Through the Relief Department	0.01	(+)2322.85	2322.86	1967.06	(-)355.80
8.	5054- Capital Outlay on Roads and Bridges 04- District and Other Roads 800- Other Expenditure (011) Roads of R.I.D.F. financed by NABARD [03] Road Development Project	277.57	(+)4982.43	5260.00	4655.78	(-)604.22

(Rupees in lakh)						
Sl. No.	Number and name of the grant/ appropriation and head of account	Provision (original plus supplementary)	Re-appropriation made addition(+) reduction(-)	Total Grant	Actual expenditure	Excess(+)/ saving (-)
9.	24-Education, Art and Culture 2202- General Education 02- Secondary Education 107- Scholarships (005) Pre-metric scholarships to students of SCs	525.00	(+)196.62	721.62	676.72	(-)44.90
10.	2202- General Education 01- Elementary Education 800- Other Expenditure (001) Operation Black Board Scheme [01] Grants-in-aid to Panchayat Samitis for Primary Schools	4181.28	(+)2451.46	6632.74	6118.22	(-)514.52
11.	4202- Capital Outlay on Education, Sports, Art and Culture 01- General Education 201- Elementary Education (004) Through the Director, Primary Education	1022.19	(+)377.88	1400.07	1267.82	(-)132.25
12.	4202- Capital Outlay on Education, Sports, Art and Culture 01- General Education 201- Elementary Education (006) Construction of Primary Schools under IRDF-VI through Relief Department	0.01	(+)259.39	259.40	182.08	(-)77.32
13.	26-Medical and Public Health and Sanitation 2211- Family Welfare 101- Rural Family Welfare Services (001) Rural Family Welfare Centre at Primary Health Centre	1857.00	(-)411.66	1445.34	1472.90	(+)27.56
14.	2211- Family Welfare 103- Maternity and Child Health (005) Breeding and Child Health Services with the assistance of Government of India [01] State Level (National Component)	150.00	(-)95.62	54.38	75.69	(+)21.31
15.	2210- Medical and Public Health 03- Rural Health Services-Allopathy 104- Community Health Centres (001) Community Health Centre	5866.16	(+)61.65	5927.81	5846.97	(-)80.84
16.	2210- Medical and Public Health 06- Public Health 101- Prevention and Control of Diseases (001) National Malaria Eradication Programme	3366.35	(-)792.30	2574.05	2868.00	(+)293.95
17.	2211- Family Welfare 800- Other Expenditure (003) Indian Population Project-Novem [04] Project Management	269.86	(-)220.01	49.85	230.23	(+)180.38
18.	27-Drinking Water Scheme 2215- Water Supply and Sanitation 01- Water Supply 102- Rural Water Supply Programmes (001) Other Rural Water Supply Schemes	26288.13	(+)322.38	26610.51	26560.82	(-)49.69
19.	2215- Water Supply and Sanitation 01- Water Supply 102- Rural Water Supply Programmes (004) Water Supply Schemes-Sahaba Gandheli	976.50	(+)69.50	1046.00	992.34	(-)53.66

(Rupees in lakh)

Sl. No.	Number and name of the grant/ appropriation and head of account	Provision (original plus supplementary)	Re-appropriation made addition(+) reduction(-)	Total Grant	Actual expenditure	Excess(+)/ saving (-)
20.	2215- Water Supply and Sanitation 01- Water Supply 191- Assistance to Local Bodies, Municipalities, etc. (001) Grants to <i>Panchayat Samitis</i> (For maintenance of hand pumps)	1639.01	(+)115.00	1754.01	1670.12	(-)83.89
21.	4215- Capital Outlay on Water Supply and Sanitation 01- Water Supply 102- Rural Water Supply (001) Accelerated Rural Water Supply Schemes <i>Add:</i> Percentage charges for maintenance of Rural Schemes transferred from Major Head "2215- Water Supply and Sanitation 01-102 (O & M)"	3519.60	(+)38.39	3557.99	3293.68	(-)264.31
22.	4215- Capital Outlay on Water Supply and Sanitation 01- Water Supply 102- Rural Water Supply (002) Rural Water Supply Schemes through Pipe Lines <i>Add:</i> Percentage charges transferred from Major Head "2215- Water Supply and Sanitation 02-001(008) Establishment (Pro-rata)"	4690.57	(-)299.06	4391.51	4491.30	(+)99.79
23.	4215- Capital Outlay on Water Supply and Sanitation 01- Water Supply 102- Rural Water Supply (001) Accelerated Rural Water Supply Schemes [02] Desert	4080.00	(+)420.00	4500.00	4422.60	(-)77.40
24.	4215- Capital Outlay on Water Supply and Sanitation 01- Water Supply 102- Rural Water Supply (015) <i>Pradhan Mantri Gramodaya Yojana</i>	2158.00	(+)322.83	2480.83	2373.26	(-)107.57
25.	28-Special Programmes for Rural Development 2501- Special Programmes for Rural Development 01- Integrated Rural Development Programme 101- Subsidy to District Rural Development Agencies (001) Economic Assistance	560.00	(+)65.14	625.14	559.51	(-)65.63
26.	30- Tribal Area Development 2202- General Education 02- Secondary Education 796- Tribal Area Sub-Plan (002) Government Secondary Schools [01] Boys School	4864.57	(+)115.76	4980.33	4781.50	(-)198.83
27.	2210- Medical and Public Health 06- Public Health 796- Tribal Area Sub-Plan (003) National Malaria Eradication Programme(Rural)	337.36	(-)92.12	245.24	354.25	(+)109.01

(Rupees in lakh)						
Sl. No.	Number and name of the grant/ appropriation and head of account	Provision (original plus supplementary)	Re-appropriation made addition(+) reduction(-)	Total Grant	Actual expenditure	Excess(+)/ saving (-)
28.	33-Social Security and Welfare 2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 02- Welfare of Scheduled Tribes 277- Education (001) Scholarships and Stipends [01] Through the agency of Director, Social Welfare Department	803.07	(+)586.99	1390.06	1295.28	(-)94.78
29.	2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01- Welfare of Scheduled Castes 789- Special Component Plan for Scheduled Castes (001) Scholarships and Stipends	940.33	(+)85.77	1026.10	945.96	(-)80.14
30.	2236- Nutrition 02- Distribution of Nutritious food and beverages 101- Special Nutrition Programmes (001) Through the agency of Women and Child Development Department [04] Women Reforms	123.38	(-)47.32	76.06	116.62	(+)40.56
31.	4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01- Welfare of Scheduled Castes 789- Special Component Plan for Scheduled Castes (002) Residential Schools Aided from Germany	1280.00	(-)435.81	844.19	1058.60	(+)214.41
32.	45- Loans to Government Servants 7610- Loans to Government Servants etc. 201- House Building Advances (003) House Building Advances for Repairs and Alteration to other employees	59.00	(-)57.41	1.59	31.51	(+)29.92
33.	46- Irrigation 2701- Major and Medium Irrigation 01- Major Irrigation-Commercial 205- Nohar Feeder Project (001) Other Charges	2792.95	(+)870.10	3663.05	3008.05	(-)655.00
34.	2702- Minor Irrigation 01- Surface Water 800- Other Expenditure (001) Other Irrigation Works <i>Add: Pro-rata charges transferred from Major Head "2701-80-General-Establishment"</i>	692.37	(-)112.92	579.45	695.65	(+)116.20
35.	4701- Capital Outlay on Major and Medium Irrigation 01- Major Irrigation-Commercial 104- Indira Gandhi Nahar Project (003) Stage II [02] Suspense	4836.00	(-)653.23	4182.77	4362.72	(+)179.95
36.	4702- Capital Outlay on Minor Irrigation 800- Other Expenditure (003) Development of Traditional Water Sources (E.F.C.) <i>Add: Proportionate expenditure transferred from Major Head "2701-Establishment"</i>	966.04	(+)29.96	996.00	938.51	(-)57.49

(Rupees in lakh)

Sl. No.	Number and name of the grant/ appropriation and head of account	Provision (original plus supplementary)	Re-appropriation made addition(+) reduction(-)	Total Grant	Actual expenditure	Excess(+)/ saving (-)
Revenue- Charged						
37.	Interest Payments 2049- Interest Payments 01- Interest on Internal Debt 305- Management of Debt (001) Expenses relating to issue of new loans and sale of securities of Cash Balance Investment Account	90.00	(+)2181.50	2271.50	1958.05	(-)313.42
38.	Public Debt 6003- Internal Debt of the State Government 110- Ways and Means Advances from Reserve Bank of India	721265.00	(-)395.28	720869.72	730888.53	(+)10018.81

APPENDIX-VII

(Refer paragraph 2.3.7(a); page 25)

Savings remaining unsurrendered; Rs 1 crore and above

(Rupees in crore)

Sl. No.	Number and name of the grant	Total grant	Savings	Amount surrendered	Unsurrendered saving
Revenue-Voted					
1.	9-Forest	142.50	15.94	13.64	2.30
2.	13-Excise	136.50	31.96	21.88	10.08
3.	15-Pensions and Other Retirement Benefits	1706.65	21.00	0.10	20.90
4.	19-Public Works	224.85	82.36	80.85	1.51
5.	24-Education, Art and Culture	3363.85	104.41	38.53	65.88
6.	27-Drinking Water Scheme	813.67	17.57	4.55	13.02
7.	29-Town Planning and Regional Development	556.28	81.76	80.14	1.62
8.	30-Tribal Area Development	280.36	11.54	3.24	8.30
9.	33-Social Security and Welfare	481.27	97.56	88.89	8.67
10.	34-Relief from Natural Calamities	612.09	43.46	34.79	8.67
11.	37-Agriculture	188.86	7.93	6.49	1.44
12.	41-Community Development	354.92	7.29	3.31	3.98
13.	43-Minerals	30.93	7.40	2.99	4.41
14.	46-Irrigation	781.72	51.15	27.21	23.94
Capital-Voted					
15.	21-Roads and Bridges	238.61	30.07	23.35	6.72
16.	22-Area Development	93.38	8.76	5.25	3.51
17.	24-Education, Art and Culture	34.16	12.14	10.05	2.09
18.	47-Tourism	9.32	7.19	5.75	1.44
Revenue-Charged					
19.	Interest Payments	3980.18	102.19	86.42	15.77
Total		14030.10	741.68	537.43	204.25

APPENDIX-VIII

(Refer paragraph 2.3.8; page 25)

Surrenders in excess of the actual savings (Rs 50 lakh and more)

(Rupees in crore)

S. No.	Number and name of the grant	Saving	Amount surrendered	Amount surrendered in excess
Revenue-Voted				
1.	8-Revenue	13.74	25.71	11.97
2.	20-Housing	1.46	9.93	8.47
3.	21-Roads and Bridges	22.03	35.71	13.68
4.	26- Medical and Public Health and Sanitation	24.36	58.47	34.11
Capital-Voted				
5.	33-Social Security and Welfare	9.87	11.97	2.10
6.	42-Industries	1.90	2.73	0.83
	Total	73.36	144.52	71.16

APPENDIX - IX

(Refer Paragraph 3.5.1; Page 31)

Statement showing the drugs not manufactured by RDPL and RCs were issued

S. No.	Cat. No.	Name of medicine	RC No. and date
1996-98			
1.	A/3 (a)	Inj. Lignocaine HCL IP 2 %	8678/30.12.1996
2.	A/6	Tab Acetylsalicylic Acid IP 300 mg	-do-
3.	A/7 (b)	Sy. Paracetamol IP 125 mg 5 ml	-do-
4.	A/11 (a)	Tab Mebendazole IP 100 mg	-do-
5.	A/12	Tab Ranitidine USP 300 mg	-do-
6.	A/13 (a)	Tab Chloroquine Phosphate IP 250 mg	-do-
7.	A/15 (a)	Tab Dicyclomine BP 10 mg	-do-
8.	A/19 (b)	Ampicilline for oral syrup IP 125 mg/5 ml	-do-
9.	A/28 (b)	Co-Trimoxazole oral syrup	-do-
10.	A/30 (b)	Syrup Promethazine IP 5 mg/5ml	-do-
11.	A/33 (a)	Tab Metronidazole IP 400 mg	-do-
12.	A/33 (a)	-do- 200 mg	-do-
13.	A/39 (a)	Tab Frusemide IP 40 mg	-do-
14.	A/46	Benzyl Benzoate Application IP 25 % w/w	-do-
15.	A/62	Tab Vit. B Complex	-do-
16.	A/66 (a)	Tab Diazepam IP 5 mg	-do-
1998-2000			
17.	B/22	Chlorpromazine Hydrochloride Tab IP 25 mg	949/17.8.1999
18.	B/22	-do- 50 mg	-do-
19.	A/12	Famotidine Tab USP 20 mg	580/19.4.1999
20.	A/14 (a)	Chloroquine Phosphate IP 250 mg	-do-
21.	A/41 (a)	Frusemide Tab IP 40 mg	696/1.5.1999
22.	A/74 (a)	Diazepam Tab IP 5 mg	-do-
23.	A/48	Gamma Benzene Hexachloride Application NFI	950/17.8.1999
24.	A/40	Acetazolamide Tab IP 250 mg	1156/6.9.1999
2001-2003			
25.	A/25	Diazepam Tab IP 5 mg	528/12.6.2001
26.	A/27	Promethazin Syrup IP 5 mg/ml	-do-
27.	A/29	Acetylsalicylic Acid Tab IP 300 mg	-do-
28.	A/36	Paracetamol Syrup IP 5 mg/ml	-do-
29.	A/52	Promethazin Tab IP 25 mg	-do-
30.	A/88	Amoxicillin Trihydrate Cap IP 500 mg	528/12.6.2001
31.	A/87	-do- 250 mg	-do-
32.	A/95	Cloxacillin Cap IP 500 mg	-do-
33.	A/117	Suspension Co-Trimoxazole 5 ml (Syrup)	-do-
34.	A/118	Poxycycline Cap IP 100 mg	-do-
35.	A/120	Erythromycin Stearate Tab IP 250 mg	-do-
36.	A/123	Metronidazole Tab IP 200 mg	-do-
37.	A/124	-do- 400 mg	-do-
38.	A/152	Isoniazid Tab IP 100 mg	-do-
39.	A/181	Chloroquine Phosphate Tab IP 250 mg	-do-
40.	B/337	Calamin Lotion IP	-do-
41.	C/358	Strong Cetrimide Solution BP 20 % w/v	-do-
42.	C/375	Frusemide Tab IP 40 mg	-do-
43.	C/383	Ranitidine HCL Tab IP 150 mg	-do-
44.	C/384	-do- 300 mg	-do-
45.	C/386	Famotidine Tab USP 20 mg	-do-
46.	C/387	Omeprazole Cap IP 20 mg	-do-
47.	C/396	Dicyclomine HCL Tab IP 10 mg	-do-
48.	C/404	Furazolidone Tab IP 100 mg	-do-
49.	C/405	Suspension Furazolidone IP 25 mg/5 ml	-do-
50.	C/565	Vitamin B Complex Tab (Prophylactic)	-do-
51.	C/565	-do- (Therapeutics)	-do-

APPENDIX -X

(Refer Paragraph 3.5.1; page 31)

Statement showing the position of non-supply/short supply of drugs by PSUs/Private Sector for the period 1996-97 to 2001-02

(In rupees)

S. No.	Name of Institution	RDPL	HAL	Other PSUs	Total amount of PSUs	Private Sector	Grand Total
1.	CMHO, Alwar	478790	98275	476111	1053176	64600	1117776
2.	PMO, Alwar	252883	195203	29400	477486	552	478038
3.	Dy. CMHO (FW), Alwar	72520	-	32450	104970	28900	133870
4.	District Reproduction and Child Health Care Officer, Alwar	178479	-	18920	197399	-	197399
5.	PMO, Government Satellite Hospital, Sethi Colony, Jaipur	41756	14900	10013	66669	2538	69207
6.	SMS Medical College, Jaipur	18246	-	-	18246	-	18246
7.	PMO, Government Satellite Hospital, Bani Park, Jaipur	-	-	3429	3429	11379	14808
8.	CMHO, Kota	613	7680	42707	51000	733	51733
9.	Medical College, Kota	243646	37879	293960	575485	588418	1163903
10.	Maharana Bhupal Government Hospital, Udaipur	245294	911200	514687	1671181	12233	1683414
11.	CMHO, Udaipur	1354949	1025382	1120329	3500660	-	3500660
12.	PMO, A.K. Hospital, Beawar (Ajmer)	329121	555851	506871	1391843	428049	1819892
13.	CMHO, Beawar	22876	4300	-	27176	-	27176
14.	JLN Hospital, Ajmer	431944	204234	495569	1131747	1075882	2207629
15.	PMO, Jaipuria Hospital, Jaipur	12902	25626	1277	39805	-	39805
16.	Mahila Hospital Sanganeri Gate, Jaipur	119978	119292	219039	458309	92078	550387
17.	TB and Chest Hospital, Jaipur	1275307	179530	861855	2316692	144632	2461324
18.	SP Mother and Child Health Institute, Jaipur	103737	531440	83370	718547	273841	992388
19.	Superintendent, Associated Group of Hospitals, Bikaner	677386	1626355	3440358	5744099	1608987	7353086
	Total	5860427	5537147	8150345	19547919	4332822	23880741

APPENDIX - XI

(Refer Paragraph 3.5.1; page 31)

Statement showing Drugs purchased through distributor/supplier

S. No.	Name of institution	Purchase through distributor/supplier (In rupees)
1.	Principal Medical Officer, Government Satellite Hospital, Sethi Colony, Jaipur	10,765
2.	Jawahar Lal Nehru Medical College, Ajmer	10,806
3.	Medical College, Kota	35,15,400
4.	Principal Medical Officer, Government Satellite Hospital, Bani Park, Jaipur	34,190
5.	Mathura Das Mathur Hospital, Jodhpur	14,42,209
6.	Principal Medical Officer, Jaipuria Hospital, Jaipur	73,496
7.	Sawai Man Singh Hospital, Jaipur	13,00,000
8.	Medical College, Bikaner	1,96,546
9.	Chief Medical and Health Officer, Jodhpur	11,27,668
10.	Associated Group of Hospitals, Jodhpur	1,03,28,278
11.	Government Satellite Hospital, Pawata (Jodhpur)	1,76,645
	Total	1,82,16,003

APPENDIX - XII

(Refer Paragraph 3.5.2(ii); Page 32)

Statement showing the rates of drugs supplied by RDPL to Private Sector and DMHS

S. No.	Cat. No. and RC period	Name of Medicine	Rate of RC (in rupees)	Name of Firm/Agency	Invoice No. and date	Rate & ED for quantity at Column D (in rupees)	Quantity of invoice with free goods cost (in rupees) (Packs in Column D)	Excess rate		
								Without free goods	With free goods	
								Rate (in rupees)	Excess	
A	B	C	D	E	F	G	H	I	J	K
1.	A/37/2001-03	Tablet Paracetamol IP 500 mg	148.00 per 1000 Tablets	M/s Amit Pharma, Patna	2454/28.3.2002	120.69 + 19.29 139.98	834 on cost + 119 free 953	Rs 8.02 per pack (5.7%)	122.51	Rs 25.49 per pack (20.8%)
2.	A/158/2001-03	Capsule Rifampicin 450 mg	354.00 per 100 Capsules	Medical Superintendent, ESI, Ahmedabad	1623/14.12.2001	293.10 + 46.90 340.00	53 on cost + 7 free 60	Rs 14.00 per pack (4.1%)	300.33	Rs 53.67 (17.87%)
3.	A/155/2001-03	Tablet Pyrazinamide IP 500 mg	150.00 per 10x10	M/s Eastern Drugs, Meerut	1540/8.12.2001	145.00 + Nil 145.00	45 on cost + 5 free 50	Rs 5.00 per pack (3.45%)	130.50	Rs 19.50 (14.9%)
4.	A/156/2001-03	-do- 750 mg	226.00 per 10x10	-do-	1540/8.12.2001	223.00 + Nil 223.00	45 on cost + 5 free 50	Rs 3.00 per pack (1.35%)	200.70	Rs 25.3 (12.6%)
5.	C/533/2001-03	Tablet Salbutamol IP 4 mg	14.00 per 100 Tablets	M/s Paul Medical Agencies, Asansol	1663/19.12.2001	90.52 per 1000 Tab + 14.48 105.00	10 on cost + 2 free 12	Rs 35.00 per 1000 Tab pack (33.33%)	87.50 per 1000 pack	Rs 52.50 per 1000 Tablets (60%)
6.	A/116/2001-03	Co-Trimoxazole IP DS	408.00 per 500 Tablets	M/s Rahul Distributor, Ranchi	1534/8.12.2001	336.21 + 53.79 390.00	88 on cost + 8 free 96	Rs 18.00 per pack (4.61%)	357.58	Rs 50.50 (14.12%)
7.	A/26/1998-2000	Tablet Pyrazinamide IP 500 mg	155.00 per 100 Tablets	M/s Mattok, Bhopal	889/31.8.2001	145.00 + Nil 145.00	14.4 on cost + 1.6 free 16	Rs 10.00 per pack (6.89%)	130.50	Rs 24.5 (18.8%)

APPENDIX-XIII

(Refer Paragraph 4.3 (ii); page 61)

Year-wise details of area sanctioned for Survey and Planning, area allotted and surveyed by WAPCOS

Year	Area sanctioned	Area allotted for survey	Survey to be conducted by WAPCOS during the year	Area actually surveyed	(Area in hectares)	
					In hectares	In percentage
1.	2.	3.	4 = 3+6	5	6	7.
1988-89 to 1996-97	4,43,000	4,49,301		4,09,710	39,591	*
1997-98	1,00,000	98,847	1,38,438	1,02,290	36,148	26
1998-99	1,00,000	1,15,226	1,51,374	92,000	59,374	39
1999-2000	1,00,000	89,966	1,49,340	1,15,000	34,340	23
2000-01	71,000	86,259	1,20,599	94,800	25,799	21
2001-02	-	-	25,799	21,505	4,294	17
Total	8,14,000	8,39,599		8,35,305		

* Shortfall for the years 1988-89 to 1996-97 ranged between 26 and 76 per cent.

APPENDIX - XIV

(Refer Paragraph 4.4.3; page 64)

Details of targets and achievements of various works in respect of 5 lift schemes

Name of Lift Canal System	Proposals in Revised Project Estimates (RPE), 1993					Targets for completion projected in RPE, 1993				Expenditure upto March 2002 (Rupees in crore)	Achievements upto March 2002 and percentage			
	Cost (Rupees in crore)	Length of Canal (In km)	No. of Pumping Stations (PS)	Length of distributary (In km)	Total CCA (In hectare)	Upto March 2002					Length of Canal (In km)	No. of PS	Length of Distributary (In km)	CCA opened (In hectare)
						Canal (In km)	No. of PS	Length of distributary (In km)	CCA to be opened (In hectare)					
Sahwa	272.67	102	4	484	145670	102 (1997-98)	4	371	89000	163.67	80.990 (79)	1 (25)	140.130 (38)	5673 (6)
Bangarsar	20.99	10	2	31	10350	10 (1994-95)	2	31	10350	16.79	10.100 (101)	2 (100)	36.660 (118)	10350 (100)
Phalodi	109.81	32	7	297	62660	32 (1998-99)	7	212	39000	59.57	22.390 (70)	1 (14)	108.550 (51)	681 (2)
Pokaran	74.53	26	6	189	32120	26 (1998-99)	6	107	9300	35.30	12.690 (49)	Nil (Nil)	33.360 (31)	Nil (Nil)
Kolayat	194.91	32	7	379	116687	32 (1996-97)	7	273	60000	126.75	30.090 (94)	2 (29)	164.520 (60)	8747* (15)
Total	672.91	202	26	1380	367487	202	26	994	207650	402.08	156.260 (77)	6 (23)	483.220 (49)	25451 (12)

Note: CCA of Sahwa Lift Canal System has been increased (November 1997) to 2,40,000 ha by increasing length of canal by 5.800 km.

* Area stated opened 15,318 ha in respect of Kolayat Lift Canal on the basis of CCA statement of respective canal, as the PS-III not completed, hence area actually opened was 8,747 ha only.

APPENDIX - XV

(Refer paragraph 4.4.3; page 64)

Details of Irrigation potential created and utilised

Period	Cumulative CCA to be opened by March 2002 as per RPE, 1993	Irrigation potential to be created at 60 per cent intensity (60% of Col. 2)	Cumulative CCA actually created for irrigation	Cumulative potential to be utilised with 60% irrigation intensity (60% of Col. 4)	Actual utilisation of CCA	Percentage of irrigation potential utilised	Percentage of shortfall in utilisation of irrigation potential	Percentage of shortfall in opening CCA with reference to the projected one
1	2	3	4	5	6	7*	8**	9***
(Area in hectare)								
1997-98	36050	21630	13678	8207	1013	7	88	62
1998-99	59650	35790	13678	8207	1221	9	85	77
1999-2000	93650	56190	14779	8867	1268.65	9	86	84
2000-01	144650	86790	24890	14934	1209.82	5	92	83
2001-02	207650	124590	25451	15271	NA	-	-	88

* Percentage of column 4 to column 6.

** Percentage of column 5 to column 6.

*** Percentage of column 2 to column 4.

APPENDIX-XVI

(Refer paragraph 4.4.6.1; page 66)

Statement showing extra expenditure incurred on construction of Pumping Stations (Civil works)

(Rupees in lakh)

Name of PS/Canal (Date of allotment of work)	Particulars of work initially allotted			Month of approval of drawings and designs	Details of balance work reallocated			Difference of Tender Premium in percentage	Amount of work done and payment made	Avoidable extra expenditure*
	Schedule 'G' amount	Rate of Tender Premium (in percentage)	Amount of work done and payment made		Revised Schedule 'G' amount	Rate of Tender Premium (in percentage)	Work order No. and date			
Pumping Station (PS)- I of SLC (May 1994)	83.02	4.13 above	95.60	November 1994	19.89	65.10 above	August 1998	60.97	54.84	20.25
PS- II of SLC (February 1995)	79.13	12.03 above	25.76	November 1996	101.83	61.50 above	July 1998	49.47	164.33	50.34
PS- I of BLC (November 1994)	21.92	16.40 above	33.10	October 1996	10.24	65.50 above	November 1997	49.10	39.93	11.85
PS- I of KLC (October 1994)	61.93	18.91 above	91.41	October 1996	28.31	65.00 above	November 1997	46.09	76.31	21.32
PS- II of KLC (October 1994)	64.00	19.95 above	94.58	October 1996	26.28	65.00 above	November 1997	45.05	63.07	17.22
									Total	120.98
									Say Rs 1.21 crore	

* Amount of work done after re-tendering x 100

Difference of Tender Premium

100 + Tender Premium

X

100

APPENDIX - XVII

(Refer Paragraph 6.2.7.3 (c); page 104)

Statement showing the details of projects, allotment of funds by the DRDAs and amount spent by the Milk Unions in the test-checked districts during 1999-2002

(Rupees in lakh)

S. No.	Name of the Milk Union	Project	Total cost	Release	Expenditure	Cost of Project borne by (In per cent)		
						DRDA	Milk Union	
1..	Bharatpur Dugdh Utpadak Sahakari Sangh Ltd., Bharatpur	Providing of equipment to 40 Societies	9.47	8.52	8.83	100	-	
2..	Paschim Dugdh Utpadak Sahakari Sangh Ltd., Nagaur	(a) Providing of equipment to societies in Nagaur/Merta blocks (b) Repairs of existing chilling plant, Nagaur/Merta	55.26	55.26	41.74	100	-	
3..	Bhilwara Dugdh Utpadak Sahakari Sangh Ltd., Bhilwara	Providing electronic milko testers to 60 societies and automatic milk collection stations to 22 societies	44.55	22.15	21.68	50	50	
4./	Jaipur Zila Dugdh Utpadak Sahakari Sangh Ltd., Jaipur	Providing auto milk collecting stations to 80 societies	100.00	50.00	50.00	50	50	
5..	Udaipur Zila Dugdh Utpadak Sahakari Sangh Ltd., Udaipur	Providing auto milk collecting stations to 23 societies and milko testers to 30 societies	28.00	14.00	14.00	50	50	
6..	Deputy Director, Animal Husbandry Department, Udaipur	Providing equipment to Veterinary Hospitals	34.70	34.70	22.07	-	-	
7..	Kota Zila Dugdh Utpadak Sahakari Sangh Ltd., Kota (DRDA, Baran)	Establishment of Milk Chilling Centre at Baran	48.50	48.50	36.34	100	-	
8. (a)	Uttari Rajasthan Sahakari Dugdh Utpadak Sangh, Bikaner	Providing milk canes to societies	15.00	7.50	7.50	50	50	
8. (b)	Deputy Director, Animal Husbandry Department, Bikaner	Providing equipment to veterinary hospitals, construction of training hall and furnishing thereof	13.70	13.70	10.67	-	-	
9.	Alwar Zila Dugdh Utpadak Sahakari Sangh Ltd., Alwar	Providing equipment to milk societies	83.50	20.88	20.88	50	50	
10..	Paschim Dugdh Utpadak Sahakari Sangh Ltd., Jodhpur	Providing auto milk collecting station, electronic milko testers and canes to societies	17.50	17.50	17.50	100	-	
Total						251.21		

APPENDIX - XVIII

(Refer Paragraph 6.2.9.1 (a); page 106)

Details of families benefitted under Primary, Secondary and Tertiary sectors during 2000-02

S. No.	Sub sector	Number of beneficiaries	Percentage of sub-sector beneficiaries	Percentage of total beneficiaries
A.	Primary			
	(i) Irrigation	4,681	9.32	5.81
	(ii) Land development	375	0.75	0.47
	(iii) Milch cattle	37,813	75.32	46.94
	(iv) Others	7,335	14.61	9.11
	Sub Total	50,204	100.00	62.33
B.	Secondary			
	(i) Village Industries	2,372	43.47	2.94
	(ii) Handicrafts	565	10.35	0.70
	(iii) Handloom	273	5.00	0.34
	(iv) Others	2,247	41.18	2.79
	Sub Total	5,457	100.00	6.77
C.	Tertiary			
	(i) Shops	13,174	52.92	16.35
	(ii) Flour mills	142	0.57	0.18
	(iii) Leather works	372	1.49	0.46
	(iv) Readymade Garments	377	1.51	0.47
	(v) Thrasher	41	0.16	0.05
	(vi) Transportation	669	2.69	0.83
	(vii) Camel/Bullock carts	3,659	14.70	4.54
	(viii) Sheep and Goat	3,682	14.79	4.57
	(ix) Others	2,780	11.17	3.45
	Sub Total	24,896	100.00	30.90
	Grand Total	80,557		100.00

APPENDIX - XIX

(Refer paragraph 6.3.3; page 111)

List of departments/offices from which information regarding financial assistance given to various institutions was awaited

S. No.	Name of Controlling Officer/Department	Year(s) from which information had not been furnished
1.	Secretary, Education (Group-I) Department, Jaipur	1999-2000 and 2001-02
2.	Secretary, Education (Group-II) Department, Jaipur	1999-2000 to 2001-02
3.	Secretary, Education (Group-III) Department, Jaipur	1999-2000 and 2001-02
4.	Secretary, Power Department, Jaipur	1999-2000 and 2001-02
5.	Secretary, Medical and Health Department, Jaipur	2000-01 and 2001-02
6.	Secretary, Art and Culture Department, Jaipur	2001-02
7.	Secretary, Devasthan Waqf and Sainik Welfare Board, Jaipur	2001-02
8.	Secretary, Agriculture (Group-II) Department, Jaipur	2001-02
9.	Secretary, Finance (Budget) Department, Jaipur	2001-02
10.	Director, Animal Husbandry Department, Jaipur	1999-2000 and 2001-02
11.	Director, Social Welfare Department, Jaipur	2001-02
12.	Deputy Director, Secondary Education, Jaipur	2001-02

