



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

**FOR THE YEAR ENDED 31 MARCH 2003  
(CIVIL)**

**GOVERNMENT OF MADHYA PRADESH**





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## *Preface*

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2003.
3. Chapter III deals with the findings of performance audit in various departments while Chapter IV deals with the findings of audit of transactions including Public Works, Irrigation, audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with the comments on internal control mechanism existing in selected departments in the State.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2002-03 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2002-03 have also been included wherever necessary.



# **OVERVIEW**







## Overview

This Report includes two Chapters containing the observations on the Finance Accounts and Appropriation Accounts of the Government of Madhya Pradesh for the year 2002-03 and three Chapters comprising reviews and paragraphs, based on the audit of certain selected schemes, programmes and the financial transactions of the State Government.

### 1. Finances of the State Government

The revenue receipts of the Government increased from Rs.11346 crore in 1998-99 to Rs.13391 crore in 2002-03. In terms of Madhya Pradesh Re-organisation Act, 2000 (No. 28 of 2000) the rate of growth which was 16.38 per cent during 1999-2000, prior to re-organisation of the State of Madhya Pradesh (November 2000), increased to 19.45 per cent during the year 2002-03.

The revenue expenditure increased from Rs.14218 crore in 1998-99 to Rs.14560 crore in 2002-03. The rate of growth which was 13.49 per cent during 1999-2000, decreased to 1.33 per cent during the year 2002-03. The revenue expenditure (Rs.14560 crore) during the year exceeded the revenue receipts (Rs.13391 crore) resulting in a revenue deficit of Rs.1169 crore. The Revenue Deficit decreased from Rs.2872 crore in 1998-99 to Rs.1169 crore in 2002-03, a decrease by 59 per cent.

Fiscal Deficit decreased from Rs.4127 crore in 1998-99 to Rs.4062 crore in 2002-03, a decrease by 2 per cent.

The revenue receipt as percentage of GSDP increased to an all time high of 16.13 per cent in 2002-03 whereas the revenue expenditure as percentage of GSDP witnessed an increase from 15.67 per cent in 1998-99 to 17.68 per cent in 2001-02 but declined to 17.54 per cent in 2002-03.

Salaries (Rs.5258 crore), interest payments (Rs.2502 crore) and Pensions (Rs.1083 crore) alone consumed 66 per cent of total revenue receipts of the State during the year.

The share of social services in total expenditure declined from 37.30 per cent in 1998-99 to 33.26 per cent in 2002-03, while the share of general services and economic services increased from 30.82 per cent and 27.26 per cent in 1998-99 to 31.33 per cent and 30.34 per cent in 2002-03 respectively.



Return on capital investments in various government companies and corporations was insignificant. On an investment (including loan) of Rs.1702.39 crore at the end of 2002-03, the Government received dividend/interest Rs.4.09 crore which was less than even one per cent (0.24 per cent). Three statutory corporations and 15 government companies with an aggregate investment of Rs.529 crore upto 2002-03 were incurring losses and their accumulated losses amounted to Rs.3173 crore as per the accounts furnished by these companies upto 2002-03.

Out of the Financial Assistance to Local Bodies and other institutions provided by the Government, Rs.253.95 crore were drawn and deposited in Civil Deposit instead of providing as grant to the concerned institutions by the Commissioner, Urban Administration (Rs.61.62 crore), Panchayat and Social Welfare (Rs.169.05 crore) and Development Commissioner (Rs.23.28 crore).

*(Paragraphs 1.1 to 1.10)*

## **2. Allocative Priorities and Appropriation**

As against the revised appropriation of Rs.29358.03 crore, the actual expenditure during 2002-03 was Rs.25661.84 crore resulting in saving of Rs.3696.19 crore. The expenditure of the Government exceeded the budget provision during the year in 8 grants/appropriations, by Rs.424.79 crore. Such excesses aggregating to Rs.5144.25 crore pertaining to the years 1990-91 to 2001-02 had not been regularised (October 2003). The excess expenditure required regularisation by the State Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.745.19 crore obtained in 65 cases during the year proved unnecessary.

In 32 cases, the entire budget provision of rupees one crore and above in each case aggregating to Rs.257.78 crore provided under various Central schemes remained unutilised. In 62 schemes, there were substantial savings of Rs.5 crore or more and also over 80 per cent of the provision in each case, totalling Rs.1407.53 crore.

In 11 schemes, expenditure was in excess by Rs.5 crore or more and also by more than 100 per cent of the provision in each case totalling Rs.3225.09 crore.

In 151 cases of grants/appropriations, savings of Rs.2329.13 crore were not surrendered and were allowed to lapse. This



included Rs.2242.52 crore in 41 cases where saving exceeded Rs.5 crore in each case were not surrendered.

In 116 cases, Rs.1821.94 crore were surrendered during the year. Of these Rs.1806.00 crore (99.1 per cent) were surrendered on the last day of the financial year.

In 14 cases, the surrendered amount of Rs.298.48 crore was in excess of the available savings of Rs.268.40 crore resulting in excess surrender of Rs.30.08 crore which indicated inefficient budgetary control.

No reconciliation of expenditure figure was carried out by the DDOs under 10 Major Heads involving expenditure of Rs.3073.50 crore, representing 12 per cent of the total expenditure during the year.

During 2002-03, Rs.390.64 crore were drawn and exhibited as final expenditure under various heads (Schemes) after transferring to Major Head 8443-Civil Deposits-800 Other Deposits. Similarly, Rs.448.94 crore were drawn and added to the balance to Major Head 8443-Civil Deposits-106-Personal Deposits in respect of Government and semi-Government Institutions.

Expenditure of Rs.312.00 crore was incurred in 2 cases without budget provision.

Provision of Rs.103.55 crore and expenditure of Rs.82.42 crore being grants-in-aid to Local Bodies/Institutions were incorrectly classified and accounted for under capital head of Account instead of Revenue section.

*(Paragraphs 2.1 to 2.7)*

### **3. Working of Directorate of Agriculture**

Government of India set the target of doubling the production of food grains including pulses, oilseeds and cereals in ten years through implementation of National Pulses Development Project and Oilseeds Production Programme. Macro Management Scheme consisting of 13 schemes was also introduced in January 2001. An attempt in audit to review midterm achievements as a result of implementation of schemes revealed that the actual production significantly declined during 2000-03. Monitoring of field demonstrations, distribution of seed minikits by district officers was far below the targets and supervision by scientists was almost absent. Seeds of older varieties were distributed to the farmers. The performance of State Schemes of soil surveys, soil testing,



training etc. mainly supportive to Centrally sponsored schemes was far below available capacity. Sub-standard seeds, fertiliser and pesticides were sold to the cultivators having adverse effect on production.

Despite surrender of Rs.71.89 crore at the fag end of financial years, Rs.124.70 crore remained unutilised during 2000-03 due to poor budgetary practices.

The unutilised central assistance of Rs.3.62 crore was irregularly allowed to lapse to State revenue.

Cultivators were deprived of the benefit of enhanced assistance amounting to Rs.33.01 crore.

7536 seed minikits were distributed after the sowing period was over.

Under watershed development works major emphasis was laid on construction of structures at the cost of other activities.

*(Paragraph 3.1)*

#### **4. Implementation of Drugs and Cosmetics Act**

The Drugs and Cosmetics Act 1940 provided for regulating manufacture and sale of drugs as also for dealing with the problem of adulterated, spurious and misbranded drugs. There was near total absence of effective steps for renewal of licences, curbing production/sale and distribution of substandard, adulterated and spurious drugs. There was need for overall improvement of the Drug administration in the State and providing time limits for renewals, compulsory conducting of tests of samples collected and confiscation of fake, spurious and adulterated drugs. Some important points noticed during the test audit are given below:

Out of 1232 manufacturing units, 165 units were working without renewal of licences at the end of the 2002-03.

Cancellation of licences was being done after 3 to 5 years period from the date of expiry of validity of licences issued earlier.

The Controller Food and Drug administration was working with skeleton staff which resulted in shortfall ranging from 40 to 66 per cent and 24 to 78 per cent in inspection of manufacturing and sale premises during 1998-2003 respectively. Also shortfall in collection of samples of Drugs between 23 to 39 per cent was noticed.



No target was fixed for collection of samples of Ayurvedic and Unani drugs. Samples of Ayurvedic Drugs containing costly material were not collected at all and samples of Sera, vaccine, blood products were not being collected for want of storage facilities in district offices.

Inordinate delays were detected in issue of test reports; in 72 per cent cases, the test reports were issued after 45 days. Of these 40 per cent reports were issued after periods ranging from 200 days to over one year.

Not one sample of blood or blood product of 97 blood banks and blood product manufacturers was collected during 1998-2003 for testing.

The drug testing laboratory at Bhopal lacked modernisation and had only limited capacity to test vital drugs requiring microbiological tests.

Accused manufacturers/sellers were acquitted in 45 out of 58 court cases decided during 1998-2003.

*(Paragraph 3.2)*

## **5. National AIDS Control Programme**

National AIDS Control Programme (NACP) launched in 1987 as a 100 per cent centrally sponsored scheme has since moved through three phases. To reduce the spread of HIV infection and to strengthen the country's capacity to respond to the HIV/AIDS on a long term basis, NACP-II was launched in 1999 in the third phase (1999-2004). Due to slow pace of implementation, the programme failed to make much headway even after spending Rs.19.18 crore during 1998-2003.

Government controlled Madhya Pradesh State AIDS Control Society (MPSACS) at the apex could utilise only 36 to 64 per cent of funds available for implementation of AIDS control programme during 1998-2003.

Rupees 4.10 crore were lying unutilised as of March 2003 with 90 different implementing agencies.

Number of AIDS patients in the State increased from 303 to 1011 registering a growth of 234 per cent during the years from 1998 to June 2003.



Even detailed mapping by way of a survey to identify the location and number of persons forming part of high risk group had not been completed so far.

NGO participation in implementing projects relating to targeted interventions for groups at high risk was negligible.

*(Paragraph 3.3)*

## **6. Prevention and Control of Fire**

Fire services in the State are organized by municipalities and Home (Police) Department.

Fire Force Bill for regulating prevention of fire and adoption of safety measures has not been enacted in the State. Out of 336 urban local bodies and 11 industrial areas in the State fire services were available in 102 towns and in 4 industrial towns. Risk hazard analysis was not done and maximum response time for attending to fire incidents was not fixed.

There were only 31 fire stations and 122 fire vehicles against the requirement of 164 fire stations and 210 fire vehicles in the 26 local bodies test checked. Fire station buildings were not available at five places while source of water was not available in the premises of seven fire stations.

Fire services training centre was not established due to diversion of funds of Rs.77.98 lakh for fabrication of bodies of fire vehicles.

Non handing over/non commencement of buildings resulted in non establishment of fire stations besides undue financial assistance to the M.P. Police Housing Corporation and diversion of 14 vehicles to Indore.

*(Paragraph 3.4)*

## **7. Accelerated Irrigation Benefit Programme(AIBP)**

With a view to develop the irrigation potential from on-going projects which were at an advanced stage of construction, a scheme "Accelerated Irrigation Benefit Programme (AIBP)" was launched (1996-97) by the Government of India (GOI). Eleven projects were selected (1996-2001) to create an additional irrigation potential of 4.84 lakh hectares within two years from the date of inception of the project, at an estimated cost of



Rs.3565.74 crore. Even after lapse of seven years and an expenditure of Rs.1764.79 crore (half the estimated cost), an additional irrigation potential of only 39888 ha (8 per cent of projected potential) was created as of March 2003. This dismal performance was mainly due to incorrect selection of projects, poor planning and improper utilisation of funds and lack of monitoring.

Selection process of projects under AIBP was against the laid down criteria. As a result 9 out of 11 projects remained incomplete even after a lapse of seven years as against the stipulated completion period of 2 years.

Shortfall in matching share to the tune of Rs.222.21 crore by GOMP resulted in disqualification of projects for CLA sanctioned during the year.

An expenditure of Rs.125.06 crore beyond the scope of AIBP was incurred on work charged and daily wages staff charging the expenditure on earth/masonry work during 1996-03, besides diversion of Rs.3.41 crore on procurement of vehicles and other inadmissible items.

In Bansagar project, against the CLA of Rs.203.59 crore based on the entire expenditure of Rs.317.82 crore including the share of UP and Bihar States, the GOMP incurred only Rs.174.69 crore during 1996-2002. The remaining amount of Rs.28.90 crore along with its share of Rs.75.48 crore was diverted for other purposes. An expenditure of Rs.49.19 crore incurred on canal system of Bansagar project during 1996-01 was also beyond the scope of AIBP.

Expenditure of Rs.20.47 crore upto March 2003 on right bank canal (RBC) and Samoha pick-up weir beyond Barua aquaduct for which agency was not fixed (August 2002) proved to be unfruitful till the completion of Barua aquaduct.

Injudicious and irregular award of work of earthen and masonry dam at Madikheda without forest clearance led to time extension of 7 years and avoidable cost of Rs.57.82 crore.

Additional security deposit of Rs.5.18 crore was not deducted from the contractors' bills under Bargi Diversion project (BDP) in terms of contracts to safeguard the interest of Government.

Due to failure in implementation of programme for Bargi Diversion Project - "Fast Track", CLA of Rs.50.34 crore could not be utilised. The amount was diverted to other purposes which created an additional liability of interest of Rs.5.79 crore.

(Paragraph 3.5)



## **8. Other Points as a Audit of Transactions**

### **Misappropriation/losses**

Rupees 1.35 crore provided to MP Rajya Beej Evam Farm Vikas Nigam for establishing a Revolving Fund for production and supply of assured quality seeds to farmers of drought prone areas were misutilised by it for other purposes.

*(Paragraph 4.1.1)*

Rupees 15.26 crore were overdue for recovery out of a total amount of Rs.27.79 crore as of November 2003 from a private mill of Indore, owning assets of estimated value of Rs.20 crore.

*(Paragraph 4.1.2)*

### **Infructuous/Wasteful expenditure and overpayment**

In the work of 'construction of Bargi Right Bank Canal, excavation of hard rock by 'controlled blasting' was paid for at the higher rate applicable for 'excavation without blasting' resulting in excess payment of Rs.29.80 lakh to the contractor.

*(Paragraph 4.2.1)*

In the work of 'construction of Bargi Right Bank Canal, test results of compaction were ignored by the department and shrinkage allowance at prescribed percentage was not deducted from earth work of canal embankment, resulting in an excess payment of Rs.1.29 crore to the contractor.

*(Paragraph 4.2.2)*

In PHE Division Sagar, 44107 cum of 'red bole' correctly classified and adjudged as soft rock in arbitration was subsequently re-classified by the successor Executive Engineer as hard rock resulting in extra payment of Rs.37.05 lakh to a contractor.

*(Paragraph 4.2.3)*



In PWD (B/R) Division, Narsinghpur, the escalation clause deleted from the agreement was unauthorisedly invoked by the Chief Engineer resulting in inadmissible payment of Rs.27.15 lakh.

*(Paragraph 4.2.5)*

In the work of construction of 800 bedded Hospital at Rewa, extra item rates for substituted works were sanctioned at exorbitant rates resulting in excess payment of Rs.1.04 crore to the contractor.

*(Paragraph 4.2.7)*

Out of 510 Digital Water Level Recorders (DWLR) and Data Retrieval System (DRS) procured from a foreign firm, 73 were found defective, 62 were non-functional and 29 were lying in stores, resulting in infructuous expenditure of Rs.58.06 lakh.

*(Paragraph 4.2.8)*

#### **Violation of contractual obligation/undue favour to contractor**

A contractor engaged for the work of "Construction of TB Sanitarium at Rau" was unauthorisedly entrusted with a totally different work of "Construction of Chest Centre at Manorama Raje Hospital, Indore" at a different site without invitation of tenders. This resulted in unauthorized expenditure of Rs.1.08 crore.

*(Paragraph 4.3.1)*

A supervision consultant engaged on the work of construction of 800 bedded Hospital at Rewa at a lump sum cost of Rs.47.87 lakh was unauthorisedly paid Rs.1.28 crore upto June 2001.

*(Paragraph 4.3.2)*

#### **Avoidable/excess/unfruitful expenditure**

Non-utilisation of a loan of Rs.7.67 crore resulted in avoidable extra interest liability of Rs.3.79 crore.

*(Paragraph 4.4.1)*



Rupees 8.09 crore discretionary grants were sanctioned in 2969 cases without adhering to prescribed scales and objectives and Rs.5.52 crore sanctioned in excess of prescribed monetary ceiling.

***(Paragraph 4.4.2)***

In Capital Project Construction Division -III, the very purpose of rejection of an accepted low cost tender for construction of Retghat-Lalghati high level bridge and re-award of the work at abnormally high cost on grounds of urgency was defeated due to delay of 34 months and cost escalation of Rs.3.21 crore. In addition there was irregular payment of escalation of Rs.47.07 lakh.

***(Paragraph 4.4.3)***

Incorrect estimation of contract demand resulted in avoidable expenditure of Rs.2.31 crore on electricity charges.

***(Paragraph 4.4.4)***

In the work of widening of Anjad-Thikri and Kukshi Singhana roads, laying of profile corrective course with bituminous material on newly constructed WBM surface contrary to MORT&H specifications resulted in extra cost of Rs.64.61 lakh.

***(Paragraph 4.4.5)***

In Fluorosis Control Division, Alirajpur execution of work of laying of pipe line with richer cement mix, in place of leaner mix resulted in extra expenditure of Rs.27.13 lakh.

***(Paragraph 4.4.7)***

Full payment of bills for advertisements without ensuring that the newspapers had implemented the recommendations of the wage Boards, as required, resulted in excess payment of Rs.1.53 crore to 32 newspapers.

***(Paragraph 4.4.8)***

In the road widening work from km 48 to 67 of NH-12, the items specified in the sanctioned estimate were substituted, after award of work, by other items not conforming to the MORT&H specifications, resulting in extra expenditure of Rs.37.26 lakh and excess payment of Rs.7.89 lakh.

***(Paragraph 4.4.9)***

In PWD Division, Raisen, execution of tack coat by paving bitumen instead of bituminous emulsion in four works, in



contravention of MORT&H specifications resulted in avoidable extra cost of Rs.26.48 lakh.

*(Paragraph 4.4.10)*

Re-execution of damaged work owing to default of a contractor resulted in avoidable expenditure of Rs.76.38 lakh besides non recovery of Rs.15.65 lakh from the contractor.

*(Paragraph 4.4.11)*

In Sanjay Sarovar Project, execution of costlier pre-cast cement concrete lining work contrary to specifications resulted in extra cost of Rs.1.03 crore.

*(Paragraph 4.4.12)*

#### **Idle investment/idle establishment/blockages of funds**

Subsidy of Rs.78.44 lakh was lying unutilized with banks even after discontinuance of the scheme for construction of wells and pump sets in April 1999.

*(Paragraph 4.5.1)*

Recommendations of the Public Accounts Committee were not implemented and royalty recoverable from Matsya Mahasangh had swelled to Rs.5.30 crore as of March 2003.

*(Paragraph 4.5.2)*

Out of Rs.4.60 crore paid to 28691 students as national loan scholarship during 1963-94, Rs.3.21 crore were not recovered even as of September 2003.

*(Paragraph 4.5.3)*

#### **Regulatory issues and other points**

In the work of 'Construction of Head office building for Narmada Valley Development Authority (NVDA) at Bhopal, change in concept plan led to increase in cost of project by Rs.9.63 crore. Work costing Rs.7.24 crore was entrusted to existing contractor without fresh tenders, extra/substituted items valuing Rs.5.57 crore were executed and paid without sanction of competent authority. Besides excess payments of Rs.42.08 lakh were also noticed.

*(Paragraph 4.6.1)*



In PHE (Project) Division, Gwalior Rs.6.33 crore towards extra cost on left over works, excess payment of escalation and machinery & mobilisation advance was not recovered from the contractor besides infructuous expenditure of Rs.15.81 lakh on re-excavation.

**(Paragraph 4.6.2)**

Eleven works (WRD:5, NVDD:5, and PWD (NH):1) abandoned midway by the contractors were got re-executed from other contractors as 'risk and cost' works. Extra cost of Rs.10.61 crore, recoverable from the original defaulting contractors was yet to be recovered.

**(Paragraph 4.6.3 & 4.6.4)**



# **CHAPTER I**

## **Finances of the State Government**





## CHAPTER I

### Finances of the State Government

#### In Summary

Madhya Pradesh had a relatively comfortable financial year. The revenue deficit reduced significantly due to robust growth of 19.45 per cent in the revenue receipts and containment of the growth of revenue expenditure to just 1.33 per cent. As a result, the revenue deficit reduced from Rs.3158 crore in 2001-02 to Rs.1169 crore in 2002-03. Capital expenditure also increased appreciably by 67 per cent from Rs.1471 crore in 2001-02 to Rs.2455 crore in 2002-03, leading to modest growth in fiscal deficit from Rs.3645 crore in 2001-02 to Rs.4062 crore in 2002-03.

The substantial growth in revenue receipts during the year was due to increase of 31.76 per cent in tax revenue, 24.88 per cent in grant-in-aid and 8.43 per cent in central tax devolution. The increase in the tax revenue during the year over 2001-2002 was mainly on Sales Tax (Rs.545 crore), State Excise (Rs.185 crore), Taxes and duties on Electricity (Rs.533 crore) etc. Sales tax was the major source of State's own tax revenue having contributed 47 per cent of the tax revenue followed by State Excise (15 per cent), taxes on Stamps and Registration (9 per cent) etc. Of non-tax revenue sources, Non-Ferrous Mining and Metallurgical Industries (36 per cent) and Forestry and Wildlife (30 per cent) were the principal contributors. The current levels of cost recovery in supply of merit goods and services by Government are 0.27 per cent for secondary education, 0.62 per cent for university and higher education, 1.11 per cent for technical education, 2.76 per cent in health and family welfare, 8.45 per cent in water supply and sanitation and 11.68 per cent in major and medium irrigation.

Overall expenditure of the State increased from Rs.16444 crore in 2001-02 to Rs.17496 crore in 2002-03 at the growth rate of 6.40 per cent. Revenue expenditure, which constituted 83.22 per cent of total expenditure, grew at the rate of 1.33 per cent in 2002-03. There was appreciable decline of Rs.1057 crore in the expenditure on 'Power' in 2002-03 due to decrease in the assistance to State Electricity Board (SEB). Incidentally, the State Government has increased the assistance/subsidy to the SEB to Rs.3114.59 crore in 2003-04 (upto December 2003) from Rs.979.77 crore in 2002-03.

Salaries (Rs.5258 crore), Interest payments (Rs.2502 crore), and Pensions (Rs.1083 crore) alone consumed 66 per cent of total revenue receipts of the State during the year. The overall fiscal liabilities of the State increased from Rs.25948 crore in 1999-2000 to Rs.30340 crore in 2002-2003 even after reorganization of the state. These liabilities as ratio to GSDP increased from 24.20 per cent in 1998-1999 to 36.55 per cent in 2002-2003 and stood at 2.27 times of its revenue receipts.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, the State's low return on investment indicates an implicit subsidy. Also, use of high cost borrowing for investments, with low yields, is not sustainable. Hence, the state should try to eliminate revenue deficit and reduce fiscal deficit to a reasonable level over a medium term framework.



## **1.1 Introduction**

This Chapter discusses the financial position of the Government of Madhya Pradesh based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in receipts and expenditure, the quality of expenditure and the financial management of the State Government. Some of the terms used in this Chapter are described in **Appendix-I**.

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

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

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



**Box 1**

**Lay out of Finance Accounts**

Statement No 1 presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the consolidated fund, contingency fund and public account of the state.

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

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

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

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

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

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

Statement No.8 depicts the summary of balances under consolidated fund, contingency fund and public account as on 31 March 2003.

Statement No.9 shows the revenue and expenditure under different heads for the year 2002-2003 as a percentage of total revenue/expenditure.

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

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

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

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2002-2003.

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

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

Statement No.16 gives the detailed account of receipts disbursements and balances under heads of account relating to debt, contingency fund and public account.

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

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

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



## 1.2 Trend of Finances with reference to previous year

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

(Rupees in crores)			
2001-02	Sl. No	Major Aggregates	2002-03
11211	1.	Revenue Receipts (2+3+4)	13391
4679	2.	Tax Revenue	6165
1602	3.	Non-Tax Revenue	1635
4930	4.	Other Receipts	5591
1588	5.	Non-Debt Capital Receipts	43
1588	6.	Of which Recovery of Loans	43
12799	7.	Total Receipts (1+5)	13434
12128	8.	Non-Plan Expenditure (9+11)	11062
11853	9.	On Revenue Account	11040
2254	10.	Of which, Interest Payments	2502
275	11.	On Capital Account	22
270	12.	Of which Loans disbursed	16
4311	13.	Plan Expenditure (14+15)	6434
2516	14.	On Revenue Account	3520
1795	15.	On Capital Account	2914
329	16.	Of which Loans disbursed	465
5	17.	Inter-State settlement	
16444	18.	Total Expenditure (8+13+17)	17496
3645	19.	Fiscal Deficit (18-7)	4062
3158	20.	Revenue Deficit (9+14-1)	1169
1391	21.	Primary Deficit (+)/surplus (-) (19-10)	1560

## 1.3 Summary of Receipts and Disbursements for the year

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

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003 (Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
					Non-Plan	Plan	Total
11211.08	I. Revenue receipts	13390.40	14368.77	I. Revenue expenditure	11039.50	3520.30	14559.80
4678.98	Tax revenue	6164.55	5049.49	General services	5324.69	119.99	5444.68
1601.68	Non-tax revenue	1635.48	4582.89	Social Services	3832.21	1452.05	5284.26
3439.30	Share of Union Taxes/Duties	3728.73	4363.49	Economic Services	1476.44	1948.26	3424.70
1491.12	Grants from Govt. of India	1861.64	372.90	Grants-in-aid / Contributions	406.16	--	406.16
Section-B: Capital							
-	II Misc. Capital Receipts	-	1470.64	II Capital Outlay	6.43	2448.47	2454.90
1587.65	III. Recoveries of Loans and Advances	42.71	598.58	III Loans and Advances disbursed	16.27	464.43	480.70
3281.00	IV Public debt receipts*	4949.30	521.67	IV Repayment of Public Debt	1493.61	--	1493.61
15012.67	V Public account receipts	20119.55	13569.50	V Public account disbursements	19935.23 #	--	19935.23
--	VI Inter State Settlement	--	5.56	VI. Inter State Settlement	--	--	--
--	VII Amount transferred to Contingency Fund	--	--	VII Expenditure from Contingency Fund	0.05 #	--	0.05
(-) 226.65	Opening Balance	331.03	331.03	Closing Balance	--	--	(-)91.30
30865.75	Total	38832.99	30865.75	Total	32491.09	6433.20	38832.99

\* Excluding ways and means advances and over draft.

# Bifurcation of plan and non- plan not available



## 1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure from the statements of the Finance Accounts for the year 2002-03 and wherever necessary, show these in the light of time series data (**Appendix III to VI**) and periodic comparisons.

The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources (iii) Assets and Liabilities, and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in the Box 1.2.

<b>Box 1.2</b>
<b>Reporting Parameters</b>
Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The New GSDP series with 1993-94 as base as published by the Bureau of Economics and Statistics Department of the State Government have been used.
For tax revenues, non-tax revenues, revenue expenditure etc., buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP
For most series a trend growth during 1998-2003 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in <b>Appendix- I</b> .

The accounts of the state Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account. They are defined in Box 1.3.

<b>Box 1.3</b>	
<b>State Government Funds and the Public Account</b>	
<b>Consolidated Fund</b>	<b>Contingency Fund</b>
All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.	Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.



### Public Account

Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursement are made from it.

## 1.5 State Finances by key Indicators

### 1.5.1 Resources by volumes and sources

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

Table 2 shows that the total receipts of the State Government for the year 2002-03 were Rs.38503 crore. Of these, the revenue receipts of the State Government were Rs.13391 crore only, constituting 35 per cent of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Madhya Pradesh

		(Rupees in crore)
<b>I Revenue Receipts</b>		<b>13391</b>
<b>II Capital Receipts</b>		<b>4992</b>
a	Miscellaneous Receipts	--
b	Recovery of Loans and Advances	43
c	Public Debt Receipts	4949
<b>III Public Account Receipts</b>		<b>20120</b>
a	Small Savings, Provident Fund, etc.	1109
b	Reserve Fund	170
c	Deposits and Advances	3791
d	Suspense and Miscellaneous	10764
e	Remittances	4286
<b>Total Receipts</b>		<b>38503</b>

### 1.5.2 Revenue receipts

Statement-11 of the Finance Accounts details Revenue Receipts of the Government. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) are indicated in Table 3.

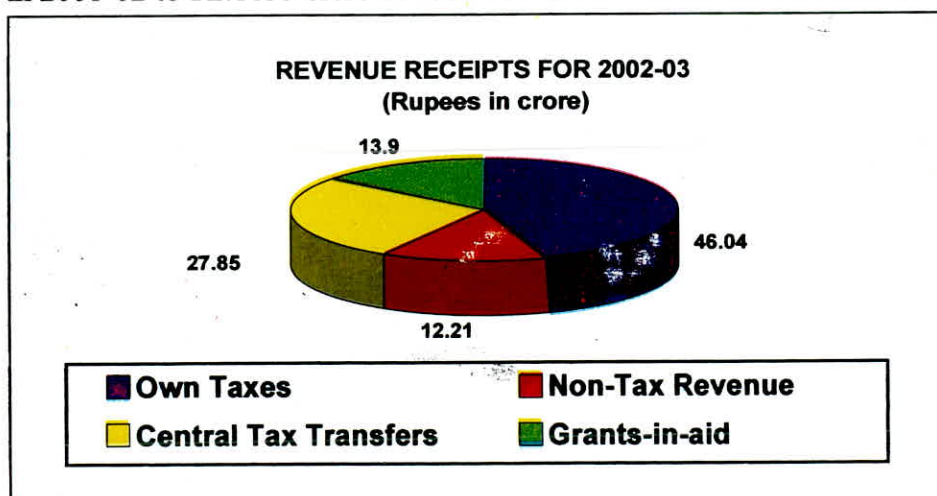


Table 3: Revenue Receipts – Basic Parameters (Values in Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue Receipts	11346	13204	12839	11211	13391
Own taxes	45.02	43.89	43.93	41.74	46.04
Non-Tax Revenue	15.71	18.70	13.43	14.29	12.21
Central Tax Transfers	25.84	24.70	30.80	30.68	27.85
Grants-in-aid	13.42	12.71	11.84	13.30	13.90
Rate of Growth	0.79	16.38	Neg	Neg	19.45
Revenue Receipts/GSDP	12.50	13.37	14.52	13.79	16.13

Rate of growth of revenue receipts, which was 16.38 per cent during 1999-2000, prior to reorganisation of the state of Madhya Pradesh (November 2000) increased to 19.45 per cent during the year 2002-03. The increase in the tax revenue during the year over 2001-2002 was mainly on Sales Tax (Rs.545 crore), State Excise (Rs.186 crore), Taxes and duties on Electricity (Rs.533 crore) etc.

While on an average around 58 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 42 per cent of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 47 per cent of the tax revenue followed by State Excise (15 per cent), taxes on Stamps and Registration (9 per cent) etc. Of non-tax revenue sources, Non-Ferrous Mining and Metallurgical Industries (36 per cent) and Forestry and Wild life (30 per cent) were the principal contributors. The increased receipts under Forestry and Wildlife of Rs.497 crore during the year were however neutralised by equally high expenditure of Rs.485 crore of Forestry and Wildlife. Non-tax revenue in nominal terms, however, has steadily increased from Rs.1602 crore in 2001-02 to Rs.1635 crore in 2002-03. The current levels of cost recovery in



supply of merit goods and services by Government are 0.27 per cent for secondary education, 0.62 per cent for university and higher education, 1.11 per cent for technical education, 2.76 per cent in health and family welfare, 8.45 per cent in water supply and sanitation and 11.68 per cent in major and medium irrigation.

The source of receipts under different heads/sections of Government Account and GSDP during 1998-2003 is indicated in Table 4.

**Table 4 – Sources of Receipts: Trends**

Year	Revenue Receipts	Capital Receipts			Total Receipts	(Rupees in crore) Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1998-99	11346	56	2796	15717	29915	90737
1999-00	13204	314	3462	17170	34150	98768
2000-01	12839	13	3101	16520	32480	88445
2001-02	11211	1588	3281	15013	31093	81286
2002-03	13391	43	4949	20120	38503	83011

## 1.6 Application of resources

### 1.6.1 Trend of growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State, which was Rs.17,429 crore during 1999-2000 remained almost the same (Rs.17,496 crore) despite transfer of some portion of recurring liabilities (assigned) to Chhattisgarh state following re-organisation of states in November 2000.

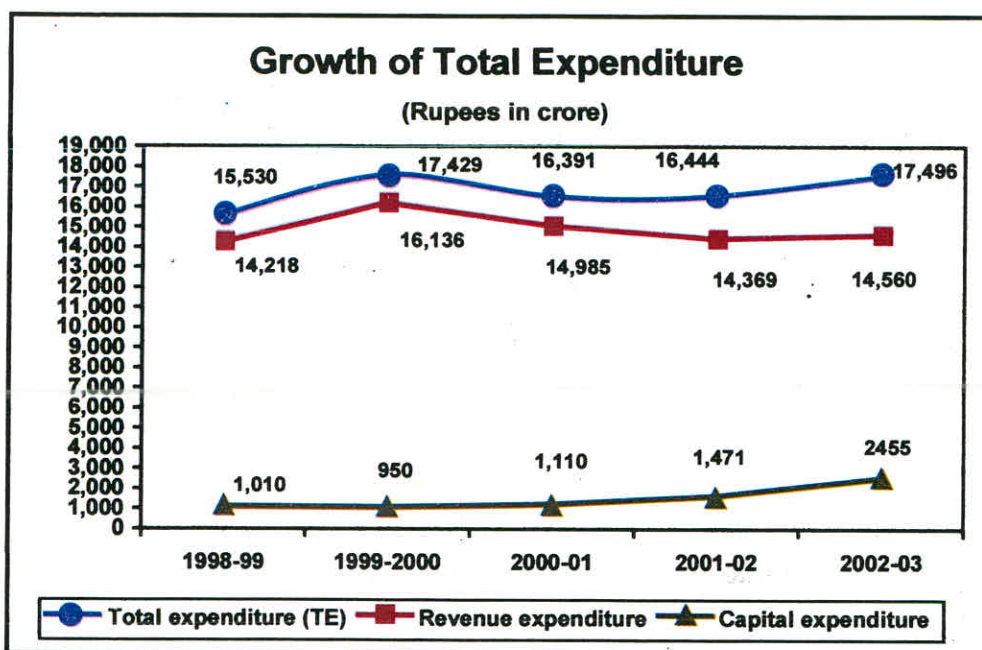
Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts is indicated in Table-5 below:

**Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)**

	1998-99	1999-2000	2000-01	2001-02	2002-03
Total Expenditure	15530	17429	16391	16444	17496
Rate of Growth	11.95	12.23	--	--	6.40
TE/GSDP	17.12	17.65	18.53	20.23	21.08
Revenue Receipts/TE	73.06	75.76	78.33	68.18	76.54

The increase in total expenditure in the current year was primarily due to increase of Rs.984 crore under capital outlay. There was upward trend in the ratio of revenue receipts to total expenditure from 73.06 per cent in 1998-1999 to 76.54 per cent in 2002-2003, indicating that approximately 77 per cent of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.



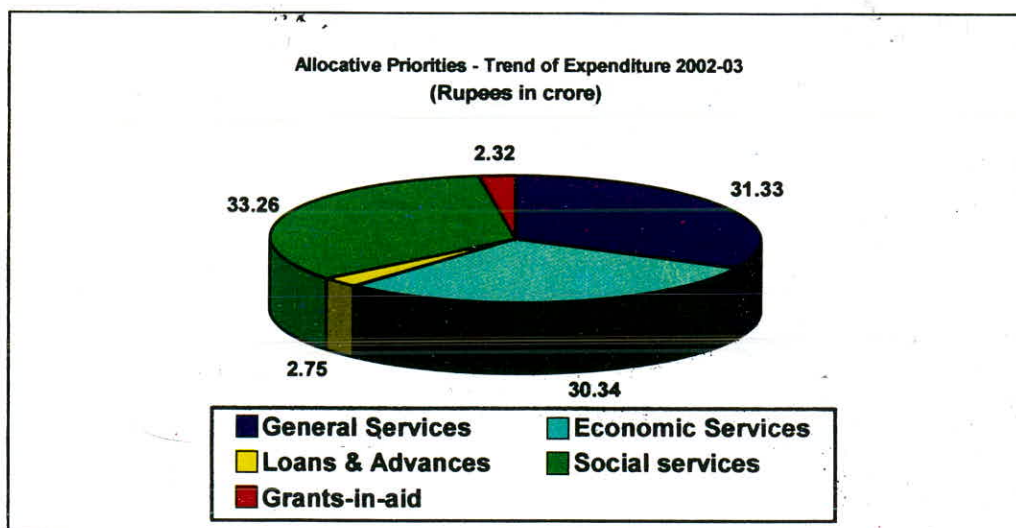


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

**Table 6: Components of expenditure – Relative Share (in per cent)**

	1998-99	1999-2000	2000-01	2001-02	2002-03
General Services	30.82	30.18	32.57	30.80	31.33
Social Services	37.30	36.75	36.43	28.92	33.26
Economic Services	27.26	27.38	25.97	34.30	30.34
Grants-in-aid	2.68	3.72	3.22	2.27	2.32
Loans and advances	1.94	1.97	1.81	3.64	2.75

The movement of relative share of these components of expenditure indicated that while the share of social services in total expenditure declined from 37.30 per cent in 1998-1999 to 33.26 per cent in 2002-2003, the relative share of general services and economic services increased from 30.82 and 27.26 per cent in 1998-99 to 31.33 and 30.34 per cent respectively in 2002-03, indicating the marginal increase in the spending on infrastructure development.





## 1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Over all revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts is indicated in Table 7 below:

Table 7: Revenue Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue Expenditure	14218	16136	14985	14369	14560
Rate of Growth	21.25	13.49	Neg.	Neg.	1.33
RE/ GSDP	15.67	16.34	16.94	17.68	17.54
RE as per cent of TE	91.55	92.58	91.42	87.38	83.22
RE as per cent to Revenue Receipts	125	122	117	128	109

The marginal increase in the revenue expenditure was mainly due to more expenditure on interest payment (Rs.249 crore), pension and other retirement benefits (Rs.72 crore), general education (Rs.155 crore) and "Relief on account of Natural Calamities" (Rs.249 crore) in comparison to previous year. There was appreciable decline of Rs.1057 crore in the expenditure on 'Power' due to decrease in the assistance to State Electricity Board.

Revenue expenditure accounted for 83 per cent of total funds available during 2002-2003. This was higher than the share of revenue receipts (75 per cent in total receipts) of the State Government, which has led to revenue deficit. Though the ratio of revenue expenditure to revenue receipts declined from 122.21 per cent in 1999-2000 to 108.73 per cent in 2002-03, yet dependence of the State on borrowings, for meeting its current expenditure continues primarily due to the fact that salaries (Rs.5258 crore), Interest payments (Rs.2502 crore), and Pensions (Rs.1083 crore) alone consumed 66 per cent of total revenue receipts of the State during the year.

### (a) High salary expenditure

Salaries alone accounted for nearly 39 per cent of the revenue receipts of the State. The expenditure on salaries increased from Rs.4669 crore in 2001-02 to Rs.5258 crore in 2002-03 as indicated in the Table 8 below:

Table 8

(Rupees in crore)

Heads	1998-99	1999-2000	2000-01	2001-02	2002-03
Salary expenditure	6072	6662	5715	4669	5258
As percentage of GSDP	6.69	6.75	6.46	5.74	6.33
As percentage of Revenue Receipts	53.52	50.45	44.51	41.65	39.27

Source: details supplied by Finance Department

### (b) Expenditure on pension payments

Pension payments have increased by 7.12 per cent from Rs.1010.76 crore in 2001-02 to Rs.1082.68 crore in 2002-03 mainly due to more expenditure on leave encashment benefits etc.



Year-wise breakup of expenditure incurred on pension payments during the years 1998-99 to 2002-2003 was as under:

Table 9

Year	Expenditure	Percentage to total revenue
	Rupees in crore	
1998-1999	1143.01	10
1999-2000	1195.74	9
2000-2001	962.65	7
2001-2002	1010.76	9
2002-2003	1082.68	8

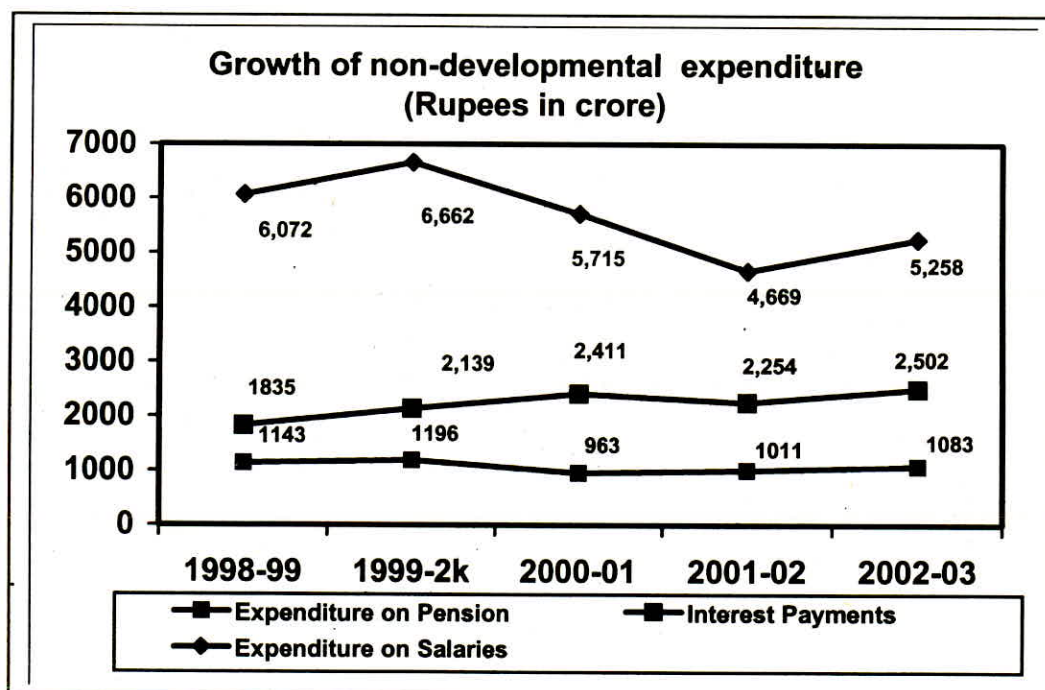
The expenditure declined by Rs.113.06 crore due to re-organisation of the State of Madhya Pradesh (November 2000). With the increase in the number of retirees from 2000-01, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

### (c) Interest payments

The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, states should endeavour to keep interest payment as a ratio to revenue receipts to 18 per cent. It was observed, however, that Interest payments as percentage of revenue receipts ranged between 19 and 20 during the last three years.

Table 10

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to Revenue Receipts	Revenue Expenditure
1998-1999	1835	16.17	12.91
1999-2000	2139	16.20	13.26
2000-2001	2411	18.78	16.09
2001-2002	2254	20.11	15.69
2002-2003	2502	18.68	17.18





Though the interest payments have been increasing steadily (except 2001-02) due to increase in borrowings and interest bearing liabilities, the rate of growth of interest payments which was 17 per cent (1999-2000) prior to re-organisation of state, has come down to 11 per cent during 2002-03 due to transfer of some portion of liabilities to Chhattisgarh State. Large interest payments, year after year, crowd out the expenditure on primary education, health and social welfare schemes.

**(d) Subsidies by the Government**

Though the finances of the state are under strain, State Government continued to pay subsidies to the various Nigams and Corporations. During the last five years, State Government paid subsidies under various schemes as under:-

<i>(Rs. in crore)</i>						
Sl. No.	Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1	Madhya Pradesh State Electricity Board	434.89	1170.79	410.33	2037.08	938.88
2	Madhya Pradesh State Road Transport Corporation	1.00	1.20	1.20	1.08	0.00
	<b>Total</b>	<b>435.89</b>	<b>1171.99</b>	<b>411.53</b>	<b>2038.16</b>	<b>938.88</b>
3	Percentage increase (+)/decrease(-) over previous year	--	(+)168.87	(-)64.89	(+)395.26	(-)53.93
4	Percentage of subsidy with total expenditure*	2.86	6.86	2.56	12.87	5.52

\* *Total expenditure excludes Loans and Advances*

*Note:- Details of subsidies paid to the other Corporations and Nigams are not readily available with Finance Department*

Incidentally, the State Government has increased the assistance/subsidy to the SEB to Rs.3114.59 crore in 2003-04 (upto December 2003) from Rs.979.77 crore in 2002-03.

**(e) Incorrect budgeting and classification of expenditure**

As per the Rules<sup>s</sup> expenditure on grants-in-aid to local bodies/institutions even for the purpose of creating assets cannot ordinarily be classified as capital expenditure. However, during 2002-03, the State Government booked expenditure of Rs.82.42 crore as grants-in-aid to local bodies/institutions under Capital section of Accounts under Capital Outlay on Urban Development, as follows:

<i>(Rupees in crore)</i>				
Sl. No.	Major/Minor Heads	Grants-in-aid to/for	Budget provision	Expenditure
1	4217-60-191-0101-6072	Calamities Management Institute	0.17	0.17
2	4217-01-191-1201-8294	Bhoj Wet Land Conservations	55.00	33.04
3	4217-60-191-1301-5866	Urban Local Bodies for basic amenities	39.07	39.07
4	4217-03-191-1301-5866	-do-	4.12	4.12
5	4217-03-191-0701-1409	Integrated Development Schemes of Small and Medium Towns	4.45	6.02
		<b>Total</b>	<b>102.81</b>	<b>82.42</b>

<sup>s</sup> Rules 30 and 31 of Government Accounting Rules, 1990



The incorrect classification has not only inflated the Capital outlay by Rs.82.42 crore but has also reduced revenue deficit to that extent.

### 1.7 Expenditure by Allocative Priorities

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

Table 12: Quality of expenditure (per cent to total expenditure\*)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Plan Expenditure	22.82	21.50	23.54	25.14	35.08
Capital Expenditure	6.63	5.56	6.90	9.29	14.43
Developmental Expenditure	65.84	65.42	63.55	65.63	65.40

\* Total expenditure exclude expenditure on loans and advances.

Quality-wise analysis of expenditure revealed that there was a relative increase in Plan and Capital components of the expenditure. Plan expenditure from 21.50 per cent of total expenditure in 1999-2000 (prior to reorganisation of State's position) increased to 35.08 per cent in 2002-03. The sharp increase of capital expenditure from 5.56 per cent to 14.43 per cent during the same period, was mainly due to heavy expenditure on social services (Rs.536 crore).

Social services (Rs.5820 crore) accounted for 52 per cent of the developmental expenditure (Rs.11128 crore) during the year. Out of expenditure on Social Sector, 40 per cent was spent on General Education, 16 per cent on Welfare of Schedule Caste/Schedule Tribe/Other Backward Classes, 16 per cent on Social Welfare and Nutrition, 14 per cent on Water and Sanitation and 13 per cent on Health and Family Welfare.

Table 13  
Social Sector Expenditure

Major Head	(Rs. in crore)				
	1998-99	1999-2000	2000-01	2001-02	2002-03
General Education	2612 (2.88)	3059 (3.10)	2763 (3.12)	2126 (2.62)	2312 (2.84)
Medical and Public Health	849 (0.94)	881 (0.89)	862 (0.97)	688 (0.85)	779 (0.90)
Water Supply and Sanitation	658 (0.73)	715 (0.72)	701 (0.79)	608 (0.75)	792 (0.97)
Welfare of SC/ST/OBC	1025 (1.13)	1121 (1.13)	1007 (1.14)	753 (0.93)	937 (1.15)
Social Welfare and Nutrition	556 (0.61)	534 (0.54)	547 (0.62)	501 (0.62)	911 (1.12)
Total	5700	6310	5880	4676	5731

as percentage of GSDP in brackets

Similarly, the expenditure on Economic Services (Rs.5308 crore) accounted for 48 per cent of the developmental expenditure, of which, Power consumed



25 per cent, Agriculture and Allied Activities 24 per cent and Rural Development 16 per cent.

**Table 14**  
**Economic Sector Expenditure**

	(Rs. in crore)				
Major Head	1998-99	1999-2000	2000-01	2001-02	2002-03
Agriculture and Allied Activities	1345	1424	1258	1131	1259
Rural Development	977	788	970	768	855
Power	535	1326	649	2210	1327
<b>Total</b>	<b>2857</b>	<b>3538</b>	<b>2877</b>	<b>4109</b>	<b>3441</b>

### **1.7.1 Financial assistance to local bodies and other institutions**

#### **(a) Financial assistance to local bodies and other institutions**

Autonomous bodies and authorities including local bodies are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act 1960 and Companies Act 1956 etc., to implement various programmes of Government.

The quantum of assistance provided to different bodies etc. by the departments test checked during the period of five years ending 2002-2003 was as follows:

		(Rupees in crore)				
Sl. No.	Name of bodies authorities etc.	1998-99	1999-00	2000-01	2001-02	2002-03
1.	Educational institutions	184.05	132.43	156.20	154.80	134.56
2.	Municipal Corporations and Municipalities	419.12	105.02	190.72	430.72	506.00
3.	Panchayati Raj Institutions	386.99	238.52	218.89	431.90	526.29
4.	Development Agencies	0.44	1.63	9.08	153.05	253.29
5.	Other institutions	159.51	1027.40	189.26	34.25	128.30
	<b>Total</b>	<b>1147.84</b>	<b>1504.83</b>	<b>745.25</b>	<b>1200.12</b>	<b>1541.36</b>
	Percentage increase (+) decrease (-) over previous year	24 (+)	31 (+)	Not possible*	Not possible@	28 (+)
	Assistance as a percentage of revenue receipt	10	11	Not possible*	11	12

#### **(b) Delay in furnishing utilisation certificates**

The Financial rule 179-182 of MPFC Vol.I require that certificates of utilisation are to be obtained by the department officers from the grantees and after verification, these should be forwarded to Accountant General (A&E) upto 30 September of the subsequent financial year.

\* Due to re-organisation of State

@ being first complete financial year after Reorganisation of State



One thousand four hundred and two Utilisation certificates for Rs.2637.89 crore for the period from 1991-92 to 2002-03 were not received from 24 institutions under six departments.

**(c) Delay in submission of accounts by autonomous bodies**

The status of submission of accounts by the autonomous bodies as on January 2004 was as under:

Sl. No.	Name of Bodies	Submission of Accounts	Present Position
1.	Madhya Pradesh Housing Board, Bhopal	1998-99	Accounts for the period 1999-2000 to 2002-03 not received
2.	Madhya Pradesh Khadi and Village Industry, Bhopal	2000-2001	Accounts for 2001-2002 and 2002-03 not received
3.	Madhya Pradesh Human Rights Commission, Bhopal	2001-2002	Accounts for 2002-2003 not received
4.	Director Science and Technology, Madhya Pradesh, Bhopal	2000-2001	Accounts for 2001-2002 to 2002-2003 not received.

**(d) Unutilised grants**

During 2001-2002 and 2002-03, Rs.253.95 crore were drawn and deposited in Civil Deposit instead of providing as grant to the concerned institutions by Commissioner Urban Administration (Rs.61.62 crore), Commissioner Panchayat and Social Welfare (2001-2002 Rs.167.16 crore: and 2002-2003 Rs.1.89 crore) and Development Commissioner (Rs.23.28 crore).

**1.7.2 Misappropriation, defalcations, etc.**

State Government reported 1111 cases involving Rs.5.61 crore on account of misappropriation, defalcations etc. of Government money. These cases pertained to the period from 1965-66 to the end of March, 2003 on which final action was pending at the end of December 2003. The department-wise/year-wise and category-wise break-up of pending cases is given in **Appendix-VII and VIII** respectively.

**1.7.3 Write off of losses, etc.**

During 2002-2003, Rs.12.13 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 63 cases by competent authorities as reported to audit. The relevant details were shown in **Appendix: IX.**

**1.8 Assets and Liabilities**

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets



are worked out. **Appendix-III** presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India; receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure, loans and advances given by the State Government and the cash balances.

The liabilities of Government of Madhya Pradesh, which increased by 14 per cent during the year, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comfort issued by the State Government. **Appendix-VI** depicts the Time Series Data on State Government Finances for the period from April 1998 to 31 October 2000 of the composite State of Madhya Pradesh and from November 2000 to 31 March 2003 of the successor State of Madhya Pradesh.

### **1.8.1 Financial results of irrigation works**

The financial results of 12 major and medium irrigation projects with revenue expenditure of Rs.250.59 crore during the year showed that revenue realised (Rs.35.22 crore) from these projects during 2002-03 was 14.05 per cent of revenue expenditure, far from sufficient to meet even the expenditure on maintenance.

### **1.8.2 Incomplete projects**

As on 31 March 2003, there were 301 incomplete projects with a cumulative investment of Rs.6459 crore. This showed that the Government was spreading its resources thinly, which failed to yield any return.

### **1.8.3 Investments and returns**

Government as on 31 March 2003, had invested Rs.1702.39 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. However, Government's return on this investment was meagre (less than one per cent) as indicated in Table 17 below. Of these, 3 statutory corporation and 15 government companies with an aggregate investment of Rs.529 crore upto 2002-2003 were incurring losses and their accumulated losses amounted to Rs.3,173 crore as per the accounts furnished by these companies upto 2002-03 (**Appendix-X**).

Thus, Government needs not only to invest the high cost borrowings more judiciously to get better returns, but also address to the losses on account of sick units by disinvestment of such units. During 1996-98, Rs.710 crore were invested in Madhya Pradesh State Electricity Board which was restructured (November 2000) into Chhattisgarh and Madhya Pradesh States but its assets and liabilities were yet to be finalised and redistributed.

Out of the total investment of Rs.1702.39 crore at the end of March 2003, Rs.1628.06 crore of composite State of Madhya Pradesh were retained in M.P. and were yet to be allocated between M.P and Chhattisgarh State (Statutory Corporations (Rs.944.07 crore) Government Companies (Rs.199.54 crore), Co-operative Banks and Societies (Rs.482.91 crore) and Joint-Stock Companies (Rs.1.54 crore).



Table 17: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent)
1998-1999	1598.36	1.00	0.06	12.15, 12.50
1999-2000	1637.94	1.81	0.11	12.15, 11.85, 11.00
2000-2001	1679.09	0.31	0.02	10.52, 12.00, 10.82, 10.50
2001-2002	1687.08	1.64	0.10	10.35, 9.55, 9.45, 8.50, 8.30, 8.00
2002-2003	1702.39	4.09	0.24	7.80, 6.94, 6.95, 6.75

#### 1.8.4 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many local bodies and non-government institutions. Total outstanding balance of the loans advanced was Rs.2440 crore as on 31 March 2003 (Table 18). Overall, interest received against these advances declined sharply from 11.84 per cent to 0.98 per cent during 2002-2003 primarily due to less receipts from State Public Sector undertakings. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 18: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening Balance	2570	2816	2845	2991 *	2002
Amount advanced during the year	302	343	295	599	481
Amount repaid during the year	56	314	13	1588	43
<b>Closing Balance</b>	<b>2816</b>	<b>2845</b>	<b>2991*<sup>@</sup></b>	<b>2002</b>	<b>2440</b>
Net Addition (+) / Reduction (-)	245	29	146	(-)989	438
Interest Received ( Rupees in crore)	147	247	157	237	24
Interest received as <i>per cent</i> to outstanding Loans and advances	5.22	8.68	5.25	11.84	0.98
Average rate of interest paid by the State	8.36	8.24	10.69	8.51	8.25
Difference between interest paid and received	(-)3.14	0.44	(-)5.44	3.33	(-)7.27

\* Differs by Rs.136 crore allocated to Chhattisgarh State.

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

Repayments, except for the year 2001-02, have constituted only a small percentage of loans advanced during the period 1998-2003. The interest received on these loans has also been meagre indicating not only injudicious but also poor loan administration.

#### 1.8.5 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. Madhya Pradesh had the WMA limit of Rs.275 crore from 1st April 2002 and Rs.345 crore from 3rd March 2003. During the year, the State has used this mechanism for 251 days only as against 290 days last year although it raised borrowings of Rs.1140 crore from the market on five occasions. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the OD facilities for 176 days on 22 occasions during the year as against 173 days at 15 occasions last year. In a nutshell,



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

Governments' dependence on over draft from RBI for financing its day to day expenditure has been increasing.

**Table 20: Ways and Means and Overdrafts of the State and Interest paid thereon (Rupees in crore)**

	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Ways and Means Advances</b>					
Taken in the Year	2126.98	2926.03	2246.46	2491.64	2306.65
Outstanding	192.54	171.62	--	--	--
Interest Paid	5.31	10.06	8.22	10.51	11.55
Number of days state was in W.MA <sup>5</sup>	129	165	165	290	251
<b>Overdraft</b>					
Taken in the Year	1868.89	2273.74	1220.14	3722.79	4140.40
Outstanding	--	--	--	--	--
Interest Paid	2.66	2.47	2.79	5.08	6.69
Number of Days State was in Overdraft <sup>5</sup>	144	100	47	173	176

### 1.8.6 Undischarged Liabilities

#### Fiscal liabilities – public debt and guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated fund, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed by the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased from Rs.25948 crore in 1999-2000 to Rs.30340 crore in 2002-2003. These liabilities as ratio to GSDP increased from 24.20 per cent in 1998-1999 to 36.55 per cent in 2002-2003 and stood at 2.27 times of its revenue receipts and 3.89 times of its own resources comprising its own tax and non-tax revenue. Table 21 below gives the fiscal Liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources.

**Table 21: Fiscal Imbalances—Basic Parameters (Rupees in crore and Ratios in per cent)**

	1998-99	1999-2000	2000-01	2001-02	2002-03
Fiscal Liabilities *	21959	25948	22548	26487	30340
Rate of growth	22.18	18.17			14.55
<b>Ratio of Fiscal Liabilities to</b>					
GSDP	24.20	26.27	25.49	32.58	36.55
Revenue Receipts	193.54	196.52	175.62	236.26	226.57
Own Resources	318.71	313.99	306.19	421.70	388.97

\* Fiscal liabilities- Public debt and other liabilities like small savings, reserve funds and deposits etc.

<sup>5</sup> Information given as per Reserve Bank of India Annual Report



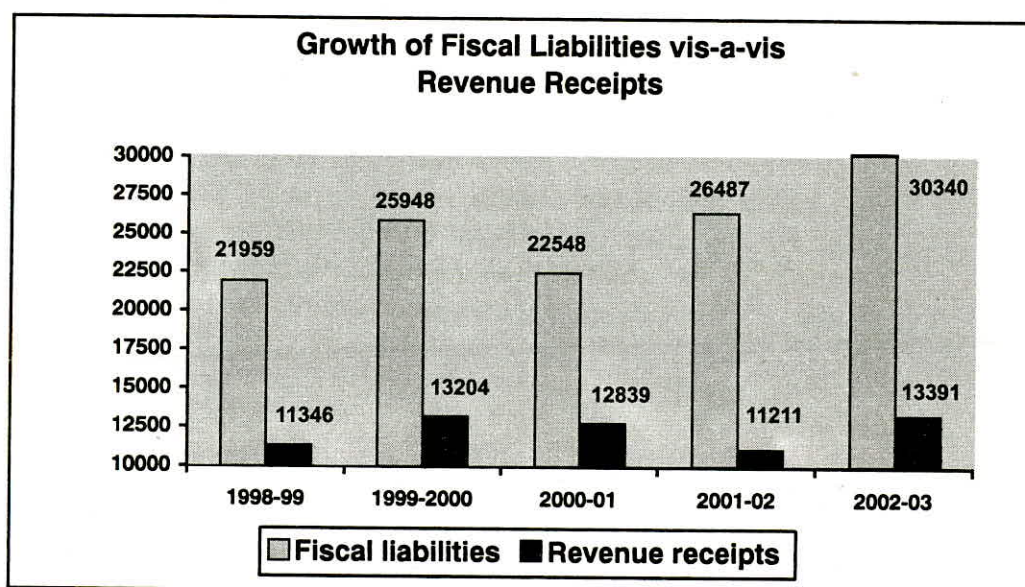
In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-2003 stood at Rs.11572 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities exceed three times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP.

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

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 22.

Table 22: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Weighted Interest Rate	9.19	8.93	9.94	9.19	8.81	9.21
GSDP Growth	11.96	8.85	(-)10.45	(-)8.09	2.12	(-)0.91
Interest spread	2.77	(-)0.08	(-)20.39	(-)17.29	(-)6.68	(-)10.12



Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 23 below gives the position of the receipts and repayments of internal 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 declined from 30 per cent to 28 per cent during 1998-2003.



**Table 23: Net Availability of Borrowed Funds (Rupees in crore)**

	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Internal Debt*</b>					
Receipts	742	2104	1876	1830	3169
Repayments (Principal + Interest)	543	692	843	906	1105
Net Funds Available	199	1412	1033	924	2064
Net Funds Available ( <i>per cent</i> )	27	67	55	50	65
<b>Loans and Advances from Government of India</b>					
Receipts	1862	1358	994	1451	1780
Repayments (Principal + Interest)	1268	1527	1494	1368	2468
Net Funds Available	594	(-)169	(-)500	83	(-)688
Net Funds Available ( <i>per cent</i> )	32	(-)12	(-)50	6	(-)39
<b>Total Public Debt</b>					
Receipts	2604	3462	2870	3281	4949
Repayments (Principal + Interest)	1811	2219	2337	2274	3573
Net Funds Available	793	1243	533	1007	1376
Net Funds Available ( <i>per cent</i> )	30	36	19	31	28

\* Internal debt excluding ways and means advances

The State Government raised market loans of Rs.1139.88 crore during the year. The average interest rate on borrowing during the year was 7.11 per cent whereas the State Government borrowed Rs.1608.30 crore from National Small Saving Fund at the rate of 10.5 per annum and Rs.1780 crore at the rate of 11.5 per cent per annum from Government of India. The State Government did not use the option of raising the market borrowing at competitive rates through auctions. As on 31 March 2003, 70 per cent of the existing market loans of the State Government carried an interest rate exceeding 10 per cent. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which Government is able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly one- third of the total market loans are repayable within next five years while remaining two third loans are required to be repaid within 5 to 10 years.

## **1.9 Management of deficits**

### **1.9.1 Fiscal imbalances**

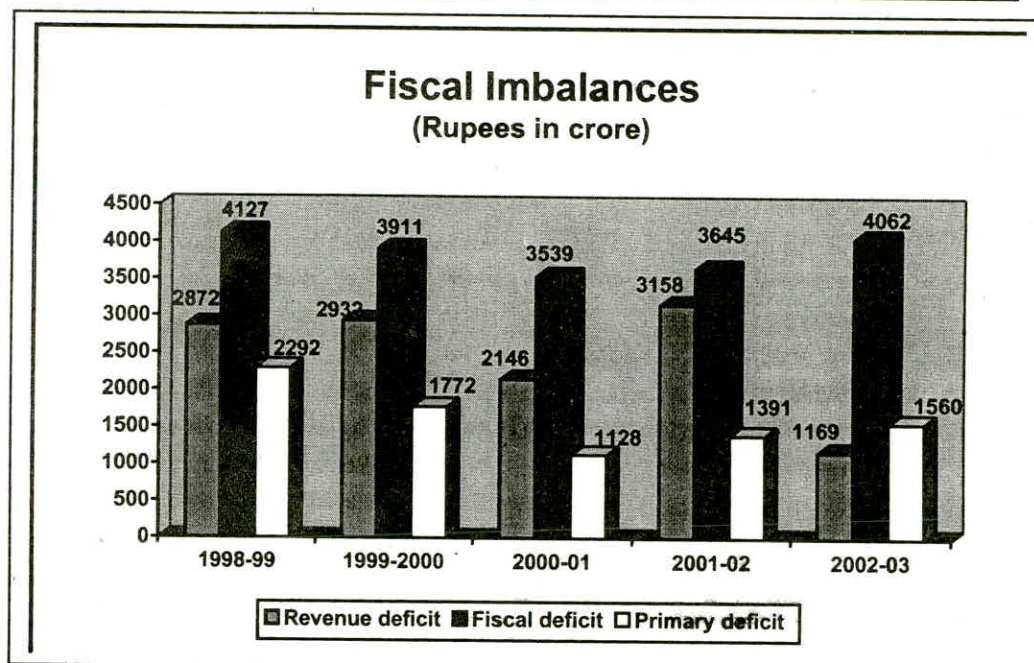
The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to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

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs.2872 crore in 1998-99 to Rs.1169 crore in 2002-2003. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also decreased from Rs.4127 crore in 1998-1999 to Rs.4062 in 2002-2003. State also had a primary deficit decreasing from Rs.2292 crore in 1998-1999 to Rs.1560 crore in 2002-03 as indicated in Table 24.



Table 24: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue deficit	2872	2932	2146	3158	1169
Fiscal deficit	4127	3911	3539	3645	4062
Primary Deficit	2292	1772	1128	1391	1560
RD/GSDP	3.17	2.97	2.43	3.89	1.41
FD/GSDP	4.55	3.96	4.00	4.48	4.89
PD/GSDP	2.53	1.79	1.28	1.71	1.88
RD/FD	69.59	74.97	60.64	86.64	28.78



The revenue deficit as percentage of fiscal deficit has decreased from 75 per cent in 1999-2000 to 29 per cent in 2002-2003. As percentage of GSDP, revenue deficit had decreased to 1.41 per cent, fiscal deficit to 4.89 per cent and primary deficit to 1.88 per cent in 2002-03. The deficits are however likely to go up appreciably during 2003-04 as subsidy/assistance to MPSEB has gone up drastically from Rs.979.77 crore in 2002-03 to Rs.3114.59 crore in 2003-04 (upto December 2003).

### 1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 25 below presents a summarized position of Government Finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. These ratios, show a continuous improvement during 1998-2003 indicating mobilization of resources and its sustainability.



Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilization. While the development expenditure has remained around two-third of the total expenditure during 1998-2003, the capital expenditure as percentage to total expenditure has increased from 6 per cent in 1998-99 to 14 per cent in 2002-2003.

**Table 25: Ratios of Fiscal Efficiency (in per cent)**

<b>Fiscal Ratios</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>Average</b>
<b>Resources Mobilization</b>						
Revenue Receipts/GSDP	12.50	13.37	14.52	13.79	16.13	14.02
Own Tax/GSDP	5.629	5.867	6.377	5.756	7.427	6.193
<b>Expenditure Management</b>						
Total Expenditure/GSDP	17.12	17.65	18.53	20.23	21.08	18.83
Revenue Receipts/ Total Expenditure	73.06	75.76	78.33	68.18	76.54	74.43
Revenue Expenditure/Total Exp.	91.55	92.58	91.42	87.38	83.22	89.17
Capital Expenditure	6.63	5.56	6.90	9.29	14.43	8.61
Development Expenditure/Total Expenditure (RE+CE)	65.84	65.42	63.55	65.63	65.40	65.16
<b>Management of Fiscal Imbalances</b>						
Revenue deficit (Rs. in crore)	2872	2932	2146	3158	1169	2455
Fiscal deficit (Rs. in crore)	4127	3911	3539	3645	4062	3857
Primary Deficit (Rs. in crore)	2292	1772	1128	1391	1560	1629
Revenue Deficit/Fiscal Deficit	69.59	74.97	60.64	86.64	28.78	63.66
<b>Management of Fiscal Liabilities</b>						
Fiscal Liabilities/GSDP	24.20	26.27	25.49	32.58	36.55	28.78
Fiscal Liabilities/RR	193.54	196.52	175.62	236.26	226.57	205.32
Net Fund Available	30	36	19	31	28	29
<b>Other Fiscal Health Indicators</b>						
Return on Investment	0.10	0.06	0.11	0.02	0.39	0.14
BCR (Rs. in crore)	(-)1725	(-)1556	(-)793	(-)1811	791	(-)1019
Financial Assets/Liabilities	0.81	0.73	0.80*	0.71*	0.71*	0.75

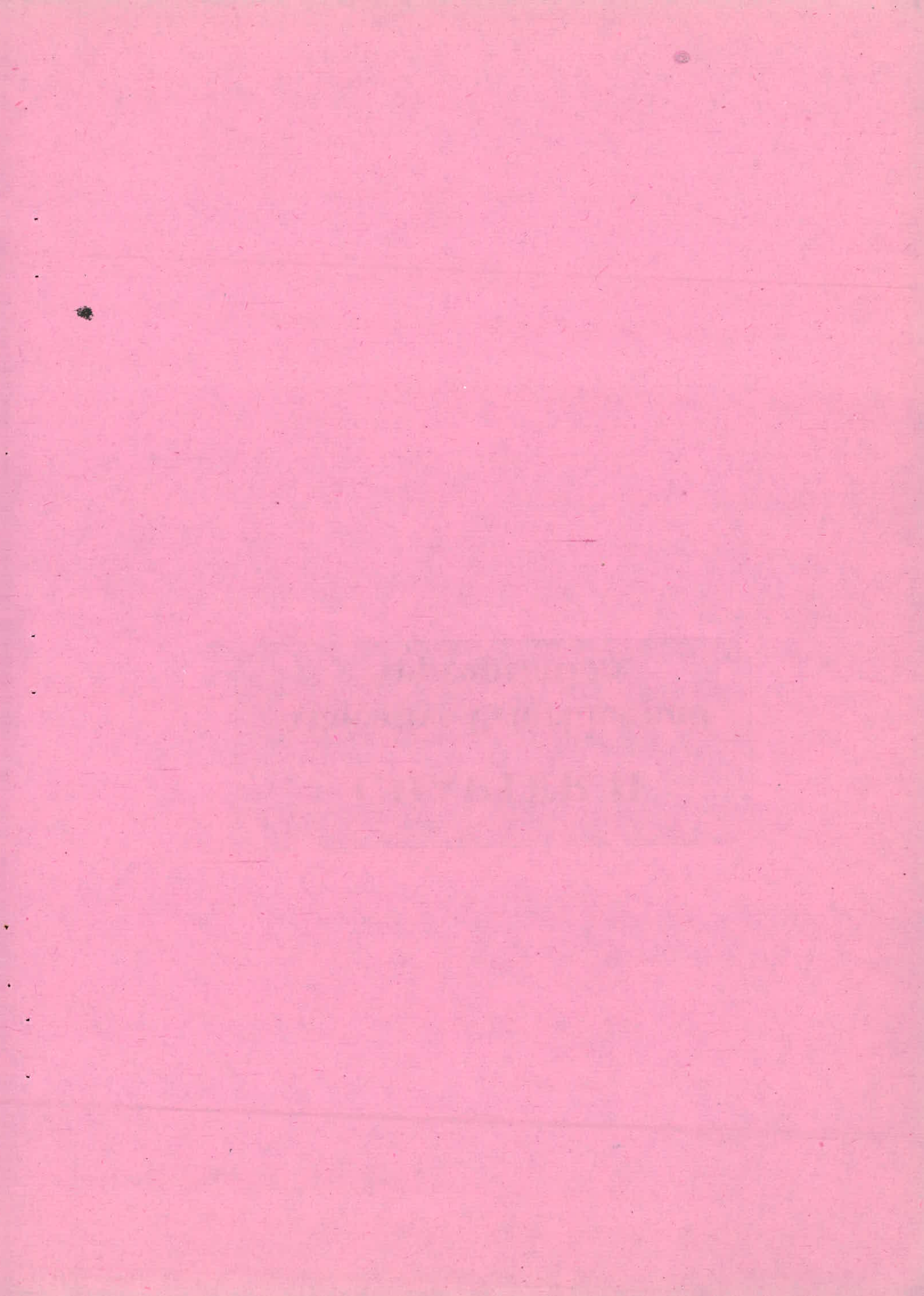
\* Assets and some of the liabilities are yet to be apportioned and transferred to Chhattisgarh State.

The state has done extremely well this year in reducing the revenue deficit substantially. It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, the State's low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it is not sustainable.



**CHAPTER II**  
**Allocative Priorities and**  
**Appropriation**







## CHAPTER II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

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

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

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-2003 against 97 grants/appropriation was as follows:

*(Rupees in crore)*

	Nature of expenditure	Original grants/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I. Revenue	12227.97	1967.65	14195.62	12099.16	-2096.46
	II. Capital	3025.55	916.88	3942.43*	2511.10*	-1431.33
	III. Loans & Advances	789.48	103.18	892.66	480.70	-411.96
<b>Total Voted</b>		<b>16043.00</b>	<b>2987.71</b>	<b>19030.71</b>	<b>15090.96</b>	<b>-3939.75</b>
Charged	IV. Revenue	2514.96	246.01	2760.97	2629.74	-131.23
	V. Capital	0.93	0.12	1.05	0.41	-0.64
	VI. Public Debt	4602.95	2962.35	7565.30	7940.73	+375.43
<b>Total Charged</b>		<b>7118.84</b>	<b>3208.48</b>	<b>10327.32</b>	<b>10570.88</b>	<b>+243.56</b>
<b>Grand Total</b>		<b>23161.84</b>	<b>6196.19</b>	<b>29358.03</b>	<b>25661.84</b>	<b>-3696.19</b>

\* Includes provision of Rs. 103.55 crore and expenditure of Rs. 82.42 crore being grants-in-aid to Local Bodies/ Institutions incorrectly classified and accounted for under capital head of Account, instead of Revenue Section.

Note: - The expenditure includes the recoveries adjusted as reduction of expenditure under revenue expenditure Rs 169.10 crore and capital expenditure Rs 56.61 crore.

The overall savings of Rs.3696.19 crore was the net result of savings of Rs. 4120.98 crore in 184 cases of grants and appropriations offset by excess of Rs. 424.79 crore in 8 cases of grants and appropriations. As the actual expenditure under Voted section was less than even the original provision, supplementary grants of Rs. 2987.71 crore proved unnecessary.

Detailed comments on the expenditure and budgetary control systems in the case of some test-checked grants are contained in paragraph 2.7.



The following further points emerge:

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

By Rs. 390.64 crore (Revenue section: Rs. 316.93 crore and Capital section: Rs. 73.71 crore) being unspent amounts transferred to Major Head 8443-Civil Deposit, 800- Other Deposit, through NIL payment vouchers.

By Rs. 448.94 crore (Deposits: Rs. 1344.95 crore less disbursements therefrom: Rs. 896.01 crore) to the balance of Major Head 8443- Civil Deposit, 106- Personal Deposit Account, in respect of government and semi-government institutions. Out of Rs. 1344.95 crore deposited during the year, Rs. 32.09 crore were credited through NIL payment vouchers.

Genuineness of expenditure of Rs. 3.90 crore drawn on Abstract Contingent bills could not be vouchsafed as Detailed Contingent bills were not submitted.

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

To the extent of Rs. 1.56 crore spent under various heads for which vouchers were not received from the treasuries during the year; the amount accordingly remained unaccounted for and was kept under objection in the books of the Accountant General (A&E) I.

The savings/excesses (detailed Appropriation Account) were sent to the controlling officers requiring them to explain the significant variations. Out of total of 1012 sub-heads commented upon in Appropriation Accounts, explanation for savings/ excesses in respect of 838 sub-heads (82.8 per cent) were either not received or were not to the point.

## **2.3 Fulfilment of Allocative Priorities**

### **2.3.1 Appropriation by Allocative Priorities**

Analysis of savings with reference to allocative priorities brought out the following:

#### **Grant no.12- Expenditure pertaining to Energy Department**

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	470.00			
Supplementary:	32.31	502.31	167.75	334.56

Saving of more than 64 per cent of the original provision (Rs.302.25 crore) occurred under 6801- Loans for Power Projects - Other loans to Electricity Boards during the year. Even though supplementary grant was taken for Rs.32.31 crore. Reasons for saving have not been intimated by the department.



**Grant no.30- Expenditure pertaining to Panchayat and Rural Development Department***(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	277.89			
Supplementary:	23.28	301.17	46.29	254.88

Savings occurred mainly under 4515- Capital Outlay on Other Rural Development Programmes- Centrally Sponsored Schemes Normal- Madhya Pradesh Rural Road Development Authority (Rs. 254.69 crore).

**Grant No. 41- Tribal Areas sub plan***(Rupees in crore)*

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	478.10			
Supplementary:	18.69	496.79	337.26	159.53

Savings occurred mainly under Agriculture Department- 2401-Crop Husbandry- Centrally Sponsored Schemes T.S.P.-Agriculture programme (Macro Management) (Rs.10.11 crore), School Education Department -2202-General Education-Centrally Sponsored Schemes-T.S.P-Sarva Shiksha Abhiyan (Education for all) (Rs.76.89 crore). Saving of Rs.76.89 crore under Sarva Shiksha Abhiyan was due to release of central share directly to mission by G.O.I. and sanction of proportionate amount of state share in the ratio of central share. Reasons for saving of Rs.10.11 crore under Agriculture programme (Macro Management) have not been intimated.

**Grant No. 41 –Tribal Areas sub plan***(Rupees in crore)*

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	306.25			
Supplementary:	60.38	366.63	243.48	123.15

Savings occurred mainly under Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department- 4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes- Centrally Sponsored Schemes T.S.P.- Construction of Hostel Buildings (Rs.16.87 crore), Construction of buildings of Ashram/ Shala (Rs.18.58 crore), 4702- Capital Outlay on Minor Irrigation- Central Sector Schemes T.S.P.- Minor Irrigation Schemes (Rs.21.50 crore), Water Resources Department- 4701-Capital Outlay on Major and Medium Irrigation-Construction Work of Medium Projects(Mahi Project)(Rs.14.24 crore). Savings of Rs.16.87 crore and Rs.18.58 crore under Construction of Hostel Buildings and Construction of buildings of Ashram/Shala respectively were due to non receipt of sanction from the Government. Reasons for other savings have not been intimated.



**Grant no.48 -Narmada Valley Development**

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	632.66			
Supplementary:	489.63	1122.29	645.77	476.52

Savings occurred mainly under 4701- Capital Outlay on Major and Medium Irrigation - State Plan Schemes (Normal)- Bargi Canal Diversion Scheme (Rs.182.60 crore), Indira Sagar Project unit -I (Rs.9.81 crore), 4801- Capital outlay on Power Projects -Indira Sagar Project (Rs.30.77 crore), Machinery and Equipment (Rs.14.97 crore), Expenditure for Land Acquisition and other work in submerged area of Sardar Sarovar(Rs.264.24 crore). These savings were partly offset by excess of Rs.30.23 crore) under the head 4701- Capital Outlay on Major and Medium Irrigation- State Plan Schemes (Normal)-Dam and Appurtenant Work.

A part of saving of Rs.182.60 crore under Bargi Canal Diversion (Rs.15.74 crore) and part of saving of Rs.30.77 crore under Indira Sagar Project (Rs.27.77 crore) were attributed to delay in finalisation of Project and Agency due to technical reasons, restriction on drawals and economy measures. Reasons for other savings have not been intimated. The excess of Rs.30.23 crore under Dam and Appurtenant work was due to restructuring of the scheme and work in progress.

**Grant no.81- Financial Assistance to Urban Bodies**

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	570.79			
Supplementary:	123.26	694.05	553.47	140.58

Saving occurred mainly under 2202- General Education-Nutrition Grant to Rural and Urban Local Bodies (Rs.5.59 crore), 3604- Compensation and Assignments to Local Bodies and Panchayati Raj Institutions-Grants in aid to Urban Local Bodies for maintenance of Road from Receipt of Taxes on Vehicles(Rs.11.26 crore), Grant in aid to Urban Local Bodies equal to income received from Entry Tax(Rs.52.71 crore), Payment of surcharge to Local Bodies charged on Commercial Tax(Rs.56.56 crore) and Special grant to Urban Local Bodies in lieu of Abolished Passenger Tax(Rs.8.58 crore).

A part of savings of Rs.11.26 crore under Grants in Aid to Urban Local Bodies for maintenance of Roads from receipt of taxes on vehicles (Rs.10.90 crore) was mainly attributed to restriction on drawals. Reasons for other savings have not been intimated.



In many other heads also, savings / excesses occurred as follows:-

- In other 73 grants/appropriation, savings exceeding Rs.1 crore in each case and also by more than 10 per cent of total provision amounted to Rs.2043.97 crore as indicated in **Appendix XI**. In 3 of these (serial nos. 39, 43 and 47) the entire provision totalling Rs.21.30 crore were not utilised.
- In 32 cases, the entire budget provision of rupees one crore and more in each case totalling Rs.257.78 crore, provided under various Central schemes remained unutilised, as detailed in **Appendix XII**.
- Of the excess of Rs.424.79 crore under 8 grants and appropriations requiring regularisation by the Legislature, the excess under Appropriation- Public Debt alone amounted to Rs.375.43 crore.
- In 11 schemes, expenditure in each case exceeded the approved provisions by Rs. 5 crore or more and also by more than 100 per cent of the total provision, aggregating to Rs. 3225.09 crore. Details are given in **Appendix XIII**.
- In 62 schemes, substantial saving of Rs. 5 crore or more and also more than 80 per cent of the provision in each case, aggregating to Rs. 1407.53 crore was noticed. In 37 of these schemes, the entire provision remained unutilised. The details are given in **Appendix XIV**.

### **2.3.2 Persistent savings**

In 35 cases of grants/appropriations, there were persistent savings of more than Rupees one crore in each case and 20 per cent or more of provision. Persistent savings indicate budgeting based on inappropriate assumptions. Details are given in **Appendix XV**.

### **2.3.3 Excess requiring regularisation**

#### **(i) Excess over provision relating to 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, the excess expenditure amounting to Rs. 5144.25 crore for the years 1990-91 to 2001-02 had not been regularised so far (October 2003). This was breach of Legislative control over appropriations.



The details are as follows:

(Rupees in crore)

Year	No. of grants/ appropriation	Amount of excess	Amount for which explanations not furnished to PAC
1990-91	22	119.51	Furnished
1991-92	16	258.58	Furnished
1992-93	21	189.32	Furnished
1993-94	21	258.11	2.05
1994-95	15	407.46	0.39
1995-96	21	251.59	Furnished
1996-97	18	224.17	Furnished
1997-98	13	302.79	9.67
1998-99	17	1276.45	1.84
1999-2000	17	1584.94	Furnished
2000-2001	07	265.07	265.07
2001-2002	03	6.26	6.26
<b>Total</b>		<b>5144.25</b>	<b>285.28</b>

(ii) Excess over provisions during 2002-03 requiring regularisation

The excess of Rs.424.79 crore under 8 grants and appropriations during the year requires regularisation under Article 205 of the Constitution. Details are given below :

Sr.No.	No. and name of Grant/appropriation	Total Grant/ appropriation	Actual expenditure	Excess
Amount in Rupees				
<b>A-Revenue (Voted)</b>				
1.	24-Public Works-Roads and Bridges	1852876100	2219716999	366840899
2.	53- Financial Assistance to Urban Bodies under Special Component Plan for Scheduled Castes	214300000	214331000	31000
3	67-Public Works- Buildings	1853145900	1975076782	121930882
<b>Total-(A)- voted</b>		<b>3920322000</b>	<b>4409124781</b>	<b>488802781</b>
<b>B-Revenue (Charged)</b>				
4.	44-Higher Education	500000	3200000	2700000
5.	67-Public Works-Buildings	500000	2506537	2006537
<b>Total-(B)</b>		<b>1000000</b>	<b>5706537</b>	<b>4706537</b>
<b>C-Capital-(Charged)</b>				
6	-Public Debt	75653001000	79407304328	3754303328
7	21-Expenditure pertaining to Housing and Environment Department	100000	133207	33207
8	23- Water Resources Department	2000000	2080985	80985
<b>Total- ( C )</b>		<b>75655101000</b>	<b>79409518520</b>	<b>3754417520</b>
<b>Total-(B+C) Charged</b>		<b>75656101000</b>	<b>79415225057</b>	<b>3759124057</b>
<b>TOTAL(A+B+C)</b>		<b>79576423000</b>	<b>83824349838</b>	<b>4247926838</b>

Reasons for the excesses had not been furnished by the Government as of October 2003.



**2.3.4 Original budget and supplementary provisions**

Supplementary provisions (Rs.6196.19 crore) made during this year constituted 26.75 per cent of the original provision (Rs.23161.84 crore) as against 43.8 per cent in the previous year.

**2.3.5 Unnecessary/excessive/inadequate supplementary provisions**

Supplementary provisions of Rs.745.19 crore made in 65 cases during the year proved unnecessary in view of aggregate saving of Rs.2772.58 crore (saving in each case exceeding Rs. 10 lakh), as detailed in **Appendix XVI**.

In 32 cases, against additional requirement of only Rs.1381.74 crore, supplementary grants and appropriations of Rs.2423.97 crore were obtained, resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.1042.23 crore. Details of these cases are given in **Appendix XVII**.

In 3 cases, supplementary provision of Rs.2978.55 crore proved insufficient leaving an uncovered excess expenditure of Rs.424.30 crore. Details are given in **Appendix XVIII**.

**2.3.6 Persistent excesses**

Significant excess was persistent in one appropriation as detailed below :-

Description of Appropriation	Amount of excess (in Rupees) and percentage in bracket		
	2000-2001	2001-02	2002-03
<b>Capital (Charged)</b>			
23-Water Resources Department	1947969 (97.4)	573333 (28.7)	80985 (4)

**2.3.7 Excessive/unnecessary re-appropriation/ surrender of funds**

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

**2.3.8 Anticipated savings not surrendered**

(a) According to rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2002-03, there were 151 cases of grants/ appropriations in which large savings had not been surrendered by the departments; the amount involved was Rs.2329.13 crore. In 41 cases, significant amounts of available savings (of Rs.5 crore and above in each case), aggregating to Rs.2242.52 crore, were not surrendered as per details given in **Appendix XX**.



(b) Besides, in 116 cases, Rs.1806.00 crore (99.1 per cent) were surrendered on the last day of March 2003 out of total surrender of Rs.1821.94 crore, indicating inadequate financial control over expenditure.

### **2.3.9 Injudicious surrender of funds**

(a) In 14 cases, the amount surrendered was in excess of the available saving, which indicated inefficient budgetary control. As against the total available savings of Rs. 268.40 crore, the amount surrendered was Rs. 298.48 crore, resulting in excess surrender of Rs. 30.08 crore. Details are given in **Appendix XXI**.

(b) In 2 cases, Rs. 0.03 crore were surrendered though there was excess expenditure of more than Rs. 12.19 crore. Details are given in **Appendix XXII**.

### **2.3.10 Expenditure without Budget Provision**

Expenditure should not be incurred on any scheme / service without provision of funds by budget. It was however, noticed that expenditure of Rs. 31200.28 lakh was incurred in 2 cases without the provision having been made in the original estimates/ supplementary demands as per details given in **Appendix XXIII**.

## **2.4 Unreconciled expenditure**

Financial rules require Departmental Controlling Officers to reconcile periodically the departmental figures of expenditure with those booked by the Accountant General (A&E). The reconciliation of expenditure of Rs.3073.50 crore in respect of 10 major heads, representing 12 per cent of the total expenditure during the year, had however, remained in arrears in several departments. Details are given in **Appendix XXIV**.

## **2.5 Defective sanctions for re-appropriations/surrenders**

As per instructions (August 1996) of State Government and financial rules, (i) all sanctions for re-appropriations / surrenders should be issued before the end of the financial year and should be received in Accountant General (A&E) office well in time for incorporation in the Accounts, (ii) budget provision under the head "office expenses" should not be increased by re-appropriation in any circumstances; (iii) no amount can be re-appropriated from one grant to another grant; (iv) re-appropriations are not permissible, beyond Rs.10 lakh, without prior approval of Finance Department, from "Salary and wages" head to other heads and vice versa. (v) budget provision should be available under the head from which re-appropriations / surrenders are sanctioned; (vi) proper details of schemes should be furnished from which surrenders/ re-appropriations are sanctioned and total of both sides of re-appropriation sanction should tally. Rs.118.66 crore were re-appropriated/surrendered during the year in violation of these instructions. However, these were not accepted



by Accountant General (A&E) for inclusion in accounts. Details are given in **Appendix XXV**.

## **2.6 Rush of expenditure**

The financial rules require that Government expenditure should be evenly distributed throughout the year. The rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial rules. The position in respect of expenditure for the four quarters and also for the month of March 2003 is depicted in **Appendix XXVI** which shows that the expenditure incurred in March 2003 in eight cases ranged between 54 and 100 per cent of the total expenditure during the year indicating a tendency to utilise the budget at the close of the financial year.

## **2.7 Budgetary Control**

A review of budgetary procedure and control over expenditure and test check of records in case of eight grants\* revealed the following:

### **(a) Non-receipt of monthly expenditure statements**

Monthly statement of expenditure were not received or called for regularly by the Controlling Officers of Grants number 5, 44, 58, 67, 81 and 83 from their subordinate units. Expenditure control registers were also not maintained in any of these offices. Thus the upto date progressive totals of expenditure monthwise could not be worked out by the controlling officers. This was indicative of absence of proper control and monitoring of expenditure which led to (a) heavy excesses/ large savings over the provisions under certain sub-heads, (b) inadequate/ unnecessary/ excessive supplementary provisions, and (c) irregular re-appropriations and non-surrender of funds there of, as discussed earlier.

The controlling officer of Grants no. 5, 90 and 58 accepted the fact and stated that expenditure control register would be maintained in future and be kept updated. No specific reply was given by other controlling officers.

### **(b) Non-realistic budget estimates**

The procedure followed in test-checked grants\* and the Appropriation Accounts, 2002-03 revealed that demands for budget estimates were prepared on ad hoc basis. The poor quality of budget preparation and budgetary operations led to:

- (i) Excess provisions ranging from Rs.0.70 crore to Rs.140.58 crore in seven grants (5, 14, 44, 58, 81, 83 and 90) under Revenue voted section. In capital voted section also, excess provisions ranged from Rs.0.65 crore to Rs.37.95 crore in five grants (14, 44, 58, 67 and 81).

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\* 5-Jail, 14-Expenditure pertaining to Animal Husbandry Department, 44- Higher Education, 58-Expenditure on relief on Account of Natural Calamities and Scarcity, 67- Public works-Buildings, 81- Financial Assistance to Urban Bodies, 83- Financial Assistance to Urban Bodies under Tribal Areas Sub-Plan and 90- Upgradation of Standards of Administration under recommendation of Eleventh Finance Commission- Public Health and Family Welfare.



The controlling officer of grant no. 5 stated that excess provision was due to posts remaining vacant and economy cut by Finance Department, while the controlling officer of Grant no. 81 stated that no proposals were called far from the subordinate Local Bodies and provision under plan were restricted to plan limit whereas under non plan, the provisions were made on percentage basis. The controlling officer of grant no. 58 stated that it was very difficult to assess the actual requirement of natural calamities, hence no proposals were obtained from collectors and adhoc estimation was done. The reply is not tenable as the estimates were neither realistic nor based on any norms/proposals from subordinate units. No specific reply was given by other controlling officers.

- (ii) Substantial savings of Rs. 2 crore or more and also more than 30 per cent of the provision in each case aggregating to Rs.156.36 crore under 15 schemes of test checked grants during 2002-03 (in 5 schemes persistent saving had occurred) as per details given in **Appendix XXVII**. In 4 of these schemes (serial number 1, 2, 8 and 10) the entire provision totaling Rs.53.16 crore remained unutilised during 2002-03 while under 11 schemes, substantial excesses of more than 1 crore in each case, totaling Rs.85.85 crore during 2002-03 (in 7 schemes persistent excess had occurred) were noticed as per details given in **Appendix XXVIII**.

**(c) Unnecessary/excessive/inadequate supplementary provisions**

In 12 schemes of test checked grants supplementary provisions totaling Rs.138.39 crore remained unutilised and proved unnecessary, in 6 schemes supplementary provisions were excessive by Rs.26.68 crore and in 5 schemes supplementary provision of Rs.11.48 crore proved inadequate in view of excess of Rs.18.20 crore. Details are given in **Appendix XXIX**.

**(d) Financial assistance to Urban Bodies**

Surrender of Rs.158.55 crore under Grant no. 81 (Revenue Voted) was in excess of the available saving of Rs.140.58 crore. This indicated surrender was made without properly assessing the expenditure needs.

**(e) Drawal on the last day of financial year**

Rupees 187.21 crore were drawn on last day of financial year and credited to Major Head 8443-Civil Deposits-800 other deposits on 31<sup>st</sup> March 2003 as under and shown as expenditure in accounts to avoid lapse of budgetary provision. This also resulted in undue inflation of expenditure to that extent.

(Rupees in crore)

Section	Grant No.	Amount
Revenue Voted	5	0.70
Revenue Voted	44	21.00
Revenue Voted	58	122.34
Revenue Voted	81	16.15
Capital Voted	81	27.02
	<b>Total</b>	<b>187.21</b>



The controlling officer of grant no. 5 stated that amount was kept in Civil Deposits due to non completion of purchase formalities, controlling officer of grant no. 81 stated that amount was kept in Civil Deposits under the sanction of Finance Department while controlling officer of grant no. 58 stated that amount was kept in Civil Deposits as per decision of cabinet sub committee. The reply is not tenable, as the unutilised amount should be surrendered to Government before close of financial year and provision be made in next financial year.

**(f) Blocking of funds in bank account**

The amount of Rs.4.35 crore provided to Grant no. 14- Animal Husbandry Department under the scheme 6403-109-0101-5038- Loan for Rehabilitation of Milk Federation during 2002-03, was drawn from the treasury (26 March 2003) and shown as expenditure in the Accounts. While this amount was retained by the Milk Federation Bhopal in its Bank Account and not utilised so far. This resulted in avoiding of lapse of budget grant and incorrect depiction of expenditure in the Accounts. The department stated that amount was drawn as per sanction of Government. The reply is not tenable as Financial rules prohibit drawal of funds in anticipation of requirement.

**(g) Non-reconciliation of expenditure**

Reconciliation of Departmental expenditure figures for the year 2002-03 with the figures of Accountant General (A&E) M.P. Gwalior, were not carried out by the controlling officers of grants no. 5, 44, 58, 67, 81, 83 and 90 resulting in ineffective control over expenditure. The controlling officers accepted the fact and stated that reconciliation of expenditure will be done/being done.

**(h) Rush of expenditure in March**

The percentage of expenditure during March 2003, under various grants was as under :

Grant No.	Major Head/Scheme	Percentage of expenditure
14	2403 Animal Husbandry (Plan)	36.3
58	2245-02-101-2018 Cash Doles	37.7
58	2245-02-122-989-Re-establishment and repairs of damaged irrigation and flood control works	85.4
58	2245-01-800-7024-National Contingent Calamity Relief Fund	100
58	2702-80-3819-Minor Irrigation Agriculture	52.4
67	4059-01-051-7093-Construction of District Forum Buildings of New Districts	100
67	4059-01-051-8739-Construction of Jail Buildings	100

The controlling officer of grant no. 58 stated that due to frost and hail storm in January and February 2003 aid was distributed in March. Also, after Rabi crops employment and labours was necessary, hence rush of expenditure in March. The reply is not tenable as despite frost and hail storm in January and



February 2003, the expenditure in March 2003 was not justified. Non compliance of prescribed procedure, rush of expenditure in March 2003 can not be ruled out.

**(i) Irregular diversion of Calamity Relief Fund**

An amount of Rs. 166.55 crore was provided by Government of India to State Government in March 2003 (supplementary Budget) under Grant no. 58-2245-01-800-7024-Amount received from National Contingent Calamity Relief Fund. Against this, expenditure of Rs.143.93 crore, earmarked for payment of input subsidy to the farmers, have been shown in the Account. However, out of this, an amount of Rs.111.59 crore was irregularly allotted by the State Government for payment/adjustment of loan/interest by farmers from co-operative Bank during 2001 and 2002, without specific approval of the Government of India. Out of this allotment of Rs.111.59 crore to the Co-operation Department, Rs. 21.59 crore was spent, leaving a balance of Rs. 90.00 crore. Thus out of Rs. 143.93 crore, Rs. 21.59 crore was irregularly spent and the balance amount of Rs. 122.34 crore were credited to Major Head 8443-Civil Deposits- 800-Other Deposits on 31 March 03 by showing as expenditure in the Accounts. This resulted in irregular expenditure and transfer of funds to Deposit head to avoid lapse of budget grant.

The controlling officer of Grant no. 58 stated that input subsidy was utilised for adjustment of bank loans/ interest by farmers and the balance amount deposited in Civil Deposits for further utilisation of amount for same purpose as per decision (11 March 2003) of Cabinet Sub Committee headed by the Chief Minister. The reply is not tenable as prior approval of Government of India was not obtained for doing so.

**(j) Misutilisation of Relief Fund**

Allotment of Rs. 7.63 crore to 12 districts not declared affected by drought, was irregularly made by the State Government under Grant no. 58 without approval of Government of India for various items of work, as shown under:-

(Rupees in Lakh)

Allotment made on items							
No. of unaffected districts	Drinking Water arrangement (Urban)	Drinking Water arrangement (Rural)	Transportation of Water	Relief work	Cattle fodder veterinary	Other works	Total
12 Districts	208.50	297.10	148.20	70.00	5.00	33.70	762.50

Details of expenditure against the above allotment were not made available. The controlling officer of grant no. 58 stated that decision to take up relief work in unaffected districts was taken up by Cabinet Sub Committee and allotment/ expenditure was done accordingly. The reply is not tenable since the allotment/ expenditure is done out of National Calamity relief fund and prior approval of Government of India to spend money in unaffected districts was to be obtained.



**(k) Irregularities in issue of LOCs**

Test check of records of Chief Engineer Capital Project, Zone P.W.D. Bhopal under grant no. 67 revealed mismatch between allotment, Letters of credit (LOCs), and expenditure. In two cases LOCs issued were in excess of allotment and in other case LOC issued (Rs.20.02 lakh) was less than allotment (Rs.38.07 lakh), whereas expenditure (Rs.109.03 lakh) incurred during the year was excess by 186.4 per cent of allotment. Details are as under:-

Head of Account	Name of Division	Total Allotment	LOC Issued	Expenditure
(Rupees in Lakh)				
4059/1481	Rajgarh	38.07	20.02	109.03
4202/3490	Raisen	12.08	29.70	13.53
4211	Vidisha	5.78	15.20	Nil

It was further noticed that while issuing LOCs under a particular Major Head, details of minor/sub-heads etc. were not shown on LOCs leaving scope for re-appropriation of LOCs from one Minor/ sub-head to the other. The matter was reported to Government (August 2003); reply had not been received.







# **CHAPTER III**

## **Performance Reviews**

CHAPTER III

THE HISTORY OF THE



## CHAPTER-III

### Performance Reviews

This Chapter includes 5 performance reviews viz 3.1 Working of Directorate of Agriculture, 3.2 Implementation of Drugs and Cosmetics Act, 3.3 National AIDS Control Programme, 3.4 Prevention and control of fire and 3.5 Accelerated Irrigation Benefits Programme.

#### Agriculture Department

#### 3.1 Working of Directorate of Agriculture\*

##### Highlights

*With a view to increasing production and productivity of major crops, Government had initiated various crop development schemes. The implementation of these schemes/programmes left much to be desired as the production of pulses, oilseeds and cereals significantly declined during 2000-2003. Field monitoring of demonstrations, distribution of seed minikits by district officers and supervision by scientists were almost absent. Performance in respect of soil survey, soil testing, etc. as a support to achieving the overall objectives was far below their capacity. Sub-standard inputs were provided to the cultivators which affected production adversely.*

Supplementary provision of Rs.0.53 crore during 2002-03 proved unnecessary and savings of Rs.71.89 crore were surrendered at the fag end of financial years during 2000-03, indicating poor budgetary practices.

*(Paragraphs 3.1.4 (a)(i) and (iii))*

The unutilised central assistance amounting to Rs.3.62 crore was irregularly allowed to lapse to State revenues.

*(Paragraphs 3.1.4 (a)(iv))*

Production of pulses, oilseeds and cereals decreased by 35 to 37 per cent during 2002-03 as compared to 1998-99 and coverage of area also reduced by 18 to 23 per cent.

*(Paragraph 3.1.5)*

Non-application of enhanced rates of assistance as approved by GOI deprived the cultivators of benefit of enhanced assistance of Rs.33.01 crore on seeds under National Pulses Development Project and Oilseeds Production Programme.

*(Paragraph 3.1.5 (a)(ii))*

Field officers did not ensure that seed minikits were distributed well before the sowing season and adequate attention was not paid to field demonstrations.

*(Paragraphs 3.1.5 (b) and 3.1.5 (f))*

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*The Agriculture Department has two other Directorates of Horticulture and Agriculture Engineering. This review covers only the Directorate of Agriculture.*



State Government failed to set up a cotton seed delinting (treatment plant) under Intensive Cotton Development Programme despite availability of GOI assistance of rupees one crore.

*(Paragraph 3.1.5 (e)(i))*

Sub-standard seeds, fertilizers and pesticides were sold to cultivators. There were substantial shortfalls in soil surveys as well as in soil testing.

*(Paragraph 3.1.5 (h)(iii))*

Expenditure of Rs.53.91 crore incurred on construction of structures under National Watershed Development Project for Rainfed Areas was 19 per cent more than the prescribed ceiling.

*(Paragraph 3.1.6(b))*

Infructuous expenditure of Rs.2.68 crore was incurred on pay and allowances of idle and attached staff.

*(Paragraphs 3.1.8 (h)(i) (ii) and 3.1.8 (c))*

### **3.1.1. Introduction**

The Agriculture Department (Department) is responsible for implementing the Centrally and State sponsored schemes aiming at increasing production and productivity of all crops by means of soil, water management and minor irrigation programme, development of latest technologies and their dissemination among cultivators and ensuring availability of improved inputs viz. seeds, fertilizer, pesticides, agriculture implements, etc.

Madhya Pradesh has a geographical area of 307.55 lakh hectares (ha). The net sown area during 2001-02 was 149.62 lakh ha, including irrigated area of 47.35 lakh (32 per cent) ha. The main crops of the State are Gram, Arhar, Urad, Moong, Lentil (Pulses), Soyabean, Mustard, Linseed, Groundnut (Oilseeds), Wheat, Paddy, Maize, Jowar, Small Millets (Cereals) and Cotton (Commercial crop).

### **3.1.2. Organisational set-up**

The Director of Agriculture (Director) is the chief controlling officer under overall supervision and guidance of Principal Secretary to Government and is responsible for implementation of various schemes for promoting agricultural production through extension, training, provisioning of improved implements, etc. The Director is assisted by Zonal Managers (ZMs), Agro Climatic Zones at the divisional level and Deputy Directors of Agriculture (DDAs) at the district level. The schemes at sub-divisional, block and village levels respectively were implemented by Sub-Divisional Officers of Agriculture (SDOAs), Senior Agriculture Development Officers (SADOs)/Agriculture Development Officers (ADOs) and Rural Agriculture Extension Officers (RAEOs). The soil conservation schemes were implemented through Assistant Soil Conservation Officers (ASCOs), working under respective DDAs.



### 3.1.3. Audit coverage

Review of the schemes implemented by Directorate of Agriculture for the period 2000-2003 was conducted at the Secretariat and the Directorate at Bhopal and subordinate offices in 11\* (out of 45) districts between November 2002 and June 2003. The results are mentioned in the succeeding paragraphs.

### 3.1.4. Financial management and control

#### (a) Budget provisions and expenditure

The budget provisions and expenditure of Director were reflected in 10 Grants detailed as below:

Grant no.	2000-2001			2001-2002			2002-2003		
	Provision	Expenditure	Excess (+)/ Savings(-)	Provision	Expenditure	Excess (+)/ Savings(-)	Provision	Expenditure	Excess (+)/ Savings(-)
13	217.14	208.50	(-)8.64	204.25	201.87	(-)2.38	259.78	204.28	(-)55.50
15	3.26	3.44	(+)0.18	2.91	2.77	(-)0.14	7.10	4.33	(-)2.77
41	45.88	44.25	(-)1.63	32.64	31.32	(-)1.32	58.58	43.01	(-)15.57
45	9.03	9.74	(+)0.71	11.91	8.65	(-)3.26	18.75	8.39	(-)10.36
52	4.40	4.07	(-)0.33	3.83	3.86	(+)0.03	5.20	3.27	(-)1.93
54	44.18	45.62	(+)1.44	34.67	36.75	(+)2.08	41.82	41.77	(-)0.05
64	11.63	11.60	(-)0.03	19.85	19.22	(-)0.63	29.19	19.25	(-)9.94
67	0.09	--	(-)0.09	0.54	0.34	(-)0.20	0.16	0.10	(-)0.06
80	11.08	11.47	(+)0.39	7.69	7.46	(-)0.23	16.77	8.44	(-)8.33
82	3.70	4.13	(+) 0.43	3.20	3.08	(-)0.12	6.06	3.10	(-)2.96
<b>Total</b>	<b>350.39</b>	<b>342.82</b>	<b>(-) 7.57</b>	<b>321.49</b>	<b>315.32</b>	<b>(-) 6.17</b>	<b>443.41</b>	<b>335.94</b>	<b>(-)107.47</b>

Following shortfalls were noticed in budget management:

(i) **Unnecessary supplementary provisions:** Supplementary provision of Rs.0.53 crore made during 2002-03 under Grant No.52 in National resources management project of Danida assisted watershed area development and National resources management project remained totally unutilised.

(ii) **Substantial savings:** Substantial savings were noticed in Grants No.13 (Rs.8.64 crore) and 41 (Rs.1.63 crore) during 2000-01 and 45 (Rs.3.26 crore), 13 (Rs.2.38 crore) and 41 (Rs.1.32 crore) during 2001-02. There was saving under all the grants amounting to Rs.107.47 crore in 2002-03. The savings underlined the need for better estimation of requirement of funds.

(iii) **Belated surrender of savings:** Savings of Rs.18.32 crore (Grant No.13) and Rs.0.93 crore (Grant No.52) during 2000-01 and Rs.44.15 crore (Grant No.13), Rs.1.89 crore (Grant No.52), Rs.6.00 crore (Grant No. 54) during 2001-02 and Rs.0.60 crore (Grant No.13) during 2002-03 were surrendered at the fag end of the financial years, leaving no scope for alternative use of funds. This indicated lack of adequate financial control over expenditure.

Supplementary provision of Rs.0.53 crore proved unnecessary.

Poor budgetary practices resulted savings of Rs.124.70 crore.

Rs.71.89 crore surrendered at fag end of financial year.

\* 1. Betul 2. Chhindwara 3. Dhar 4. Gwalior 5. Hoshangabad 6. Jabalpur 7. Khargone 8. Morena 9. Ratlam 10. Satna 11. Sehore



Central assistance of Rs.3.62 crore lapsed to State revenues.

(iv) **Transfer of funds to Civil Deposits :** Rules\* provide that no money shall be drawn from treasury unless required for immediate disbursement. Nevertheless Rs.6.59 crore were drawn and parked under Civil Deposits (CD) accounts during 1996-99 and Rs.5.40 crore lapsed to State revenues as having remained un-utilised for over 3 years:

(Rupees in lakh)

Name of DDO	Year of parking in Civil Deposits	Scheme	Amount	Amount drawn and utilised in subsequent years		Balance amount	Amount lapsed to Government account	Central assistance involved
			Rs.	Year	Amount Rs.	Rs.	Rs.	Rs.
Director Bhopal	1996-97	NWDPA	481.33	1997-1999	119.33	362.00	362.00	362.00
Director Bhopal	1998-99	State Schemes	99.36	--	--	99.36	99.36	--
DDA Morena	1996-97	Minor Irrigation	22.60	--	--	22.60	22.60	--
	1998-99	Tube/Dug well	54.90	--	--	54.90	54.90	--
DDA Betul	1998-99	Amritdhara	1.13	--	--	1.13	1.13	--
	<b>Total</b>		<b>659.32</b>		<b>119.33</b>	<b>539.99</b>	<b>539.99</b>	<b>362.00</b>

DDO - Drawing and Disbursing Officer

The funds were kept under Civil Deposits to shore up the ways and means position of the State Government. The amounts included Central assistance of Rs.3.62 crore which, if not utilized, was required to be refunded to GOI.

#### (b) Control over expenditure

(i) **Non-maintenance of expenditure control register:** Monthly statements of expenditure received from the subordinate units were not compiled and expenditure control register was also not found maintained at the Directorate level. Thus upto-date progressive expenditure on monthly basis not worked out by the Director was indicative of lack of monitoring and improper control over expenditure.

The Director stated (January 2003) that data was compiled in computer. However, audit observed that data bank contained only expenditure figures without budget provisions etc. and hence was not of much use. The Director, however, assured maintenance of the expenditure control register in future.

(ii) **Wanting utilisation certificates:** Grants-in-aid amounting to Rs.132.63 crore were paid to three agencies during 2000-03 for which utilisation certificates(UCs) were not found to have been received in the Directorate. Director did not intimate the details of action, if any, taken by him in this regard.

#### (iii) Outstanding Detailed Contingent bills

Rules provide that before drawal of funds on an Abstract Contingent (AC) bills, it should be certified by the DDO that Detailed Contingent (DC) bills in respect of amounts drawn on AC bills earlier had been submitted. In test-checked districts, DC bills for Rs.1.74 crore for the period 1991-2003 as detailed in **Appendix XXX** were still wanting.

Utilisation certificates for Rs.132.63 crore were awaited.

Funds of Rs.1.74 crore drawn on A.C. bills not adjusted.



DC bills were not submitted, reportedly due to delay in receipt of accounts, wanting physical verification of works, pending departmental enquiries and court cases, etc. The possibility of loss to Government due to cases of misutilisation, etc. of funds and other malpractices remaining undetected due to non-submission of DC bills cannot be ruled out.

### 3.1.5. Scheme/Programme management

The Department is responsible for implementation of 5<sup>#</sup> major Centrally sponsored and 13 Central Schemes merged to form the Macro Management Scheme (inclusive of 2 of 5 major Schemes transferred) as given in **Appendix XXXI**. The schemes comprising of components like distribution of seeds, mini-kits, pesticide, insecticide, educating farmers through demonstration, training etc.

All major Centrally sponsored schemes are funded on 75:25 sharing and the Macro Management Scheme is shared in ratio of 90:10 comprising of 80 per cent grant and 20 per cent loan. The scheme-wise financial releases by GOI, provision in the State budget and expenditure during 2000-03 were as per details given in **Appendix XXXII** and the targeted and actual area, production and yield of major crops in the State during last five years were as detailed in **Appendix XXXIII**.

The targets of production were required to be fixed in such a manner so as to achieve the ultimate target of doubling the food production within 10 years. The targets of area coverage as well as production, fixed during 2000-03 were far below the levels required for doubling the production in 10 years.

Further, the production of pulses, oilseeds and cereals instead of increasing, never touched the level achieved during 1998-99 and had come down sharply by 35 to 37 per cent during 2002-03 as compared to 1998-99 as per details given below:-

(Production-In lakh tonnes)

Crop	Yearwise production				Percentage of shortfall in production in comparison to 1998-99		
	1998-99	2000-01	2001-02	2002-03 (FFC)	2000-01	2001-02	2002-03*
Pulses	33.74	22.81	32.17	21.91	32	5	35
Oilseeds	55.47	40.97	45.69	34.86	26	18	37
Cereals	119.34	79.09	103.70	75.22	34	13	37
<b>Total</b>	<b>208.55</b>	<b>142.87</b>	<b>181.56</b>	<b>131.99</b>	<b>31</b>	<b>13</b>	<b>37</b>

\* Final forecast

The shortfall in coverage of area of major crops ranged between 18 and 23 per cent. The shortfall in yield was also significant due to shortfall in production.

<sup>#</sup> (i) National Pulses Development Project (NPDP), (ii) Oilseeds Production Programme (OPP), (iii) Intensive Cotton Development Programme (ICDP), (iv) Integrated Cereals Development Programme-coarse cereals (ICDP-CC) and (v) Integrated cereals Development Programme-Rice (ICDP-Rice)



The Director attributed the shortfall to drought, flood and irregular rains in different areas of the State. There was no doubt that bad monsoon played a big role in the low production of the main crops during 2002-03 but it also indicates that the Government has not done enough to reduce the dependence of farmers on vagaries of monsoon in last five decades. Further it is also a fact that not only poor monsoon was responsible for low production but the lackadaisical performance in the fields of soil surveys, soil testing, supply of certified high yielding varieties of seeds, fertilizers, lack of assured irrigation facilities, training, supportive extension activities etc were also responsible for low production and still lower productivity of the major crops.

The component-wise implementation of Centrally sponsored (NPDP, OPP, ICDP, ICDP-CC and ICDP-Rice) schemes were as under:

**(a) Seed production and distribution**

The breeder seed is multiplied into foundation seed and subsequently into certified seed. The requirement of breeder seed is indented by the Director to GOI on demand by seed producing agencies and government agriculture farms. The scheme-wise targets of purchases and distribution and achievements/shortfalls during 2000-03 were as per details given in **Appendix XXXIV**.

It was observed that the procurement of seed was erratic, the cultivators were not paid assistance at enhanced rates and payment of assistance to the selected beneficiaries was not ensured as discussed below :-

(i) The shortfalls under various schemes, in procurement of breeder seeds ranged from 27 (ICDP-Rice-2002-03) to 82 (OPP-2001-02) per cent, production of foundation seed from 36 (NPDP-2000-01 and ICDP-Rice-2002-03) to 91 (OPP 2001-02) per cent, production of certified seed from 30 (NPDP 2000-01) to 98 (OPP 2001-02) per cent and distribution of certified seed from 6 (ICDP-Rice-2002-03) to 78 (ICDP-2000-01) per cent. The targets fixed for procurement of seeds were unrealistic and as a result the achievements there against were highly erratic. The seed is a vital input and its shortage could not but have adversely affected the agricultural production. No reasons for shortfall in production and distribution of seeds were assigned.

(ii) It was also noticed that GOI enhanced the rates of assistance on production of foundation seed, certified seed (under seed village programme) and distribution of certified seed under NPDP and OPP from the year 2000-01 and sanctioned financial assistance accordingly. The State Government, however, continued the payment of assistance at old rates. Thus the cultivators were deprived of the benefit of the enhanced assistance of Rs.33.01 crore during 2000-03. Director stated (January 2003) that enhanced rates were not made applicable with a view to extend the area of coverage by the schemes and for giving the benefit of assistance to maximum number of beneficiaries.

The reply was not consistent with the directions of the GOI, and the assistance short disbursed remained unutilised.

(iii) As per orders (December 2000) of State Government, certified seed was to be distributed at subsidised rates to the beneficiaries selected by

Cultivators  
deprived of  
assistance of  
Rs.33.01 crore.



Adhoc payment of assistance of Rs.1.38 crore to seed supplying agencies.

RAEOs and approved by Janpad Panchayats. The lists of such approved beneficiaries were to be sent by SADOs to DDAs for payment of the assistance to seed supplying agencies.

Test-check of records of Chhindwara, Dhar, Hoshangabad and Khargone districts, revealed that the assistance under the schemes was paid to the seed supplying agencies by DDAs without ensuring the distribution of seeds to the approved beneficiaries. Lists of beneficiaries were neither available with the DDAs nor were found attached with the invoices of seed supplying agencies. It was, therefore, doubtful whether the assistance of Rs.1.38 crore on 46512.42 quintals of seed during 2000-03 actually reached the targeted beneficiaries.

While DDAs Chhindwara, Hoshangabad and Khargone assured that payments would not be made on adhoc basis in future, the DDA, Dhar, replied (June 2003) that selection of beneficiaries was not possible as seed was received in the peak time for sowing. The reply of DDA, Dhar indicates that the Department needs to ensure that selection of beneficiaries is done before sowing season.

(iv) The subsidy was admissible on seeds of latest varieties notified within 10 years. It was observed that subsidy of Rs.2.97 lakh was paid in Chhindwara (151.20 quintals) and Khargone (1331.07 quintals) districts during 2001-03 under ICDP-CC on varieties of seeds, which were more than 10 years old.

The DDA, Khargone, replied that subsidy was paid as the seed supplying agency had certified the variety as notified within 10 years. The reply was not tenable as the varieties of seeds mentioned in the invoices Wheat RAJ-3077, Mangla-HI-1077 were notified in November 1989 and Gujarat Wheat-496 notified in August 1990. No reply was forthcoming from DDA, Chhindwara.

#### (b) Distribution of seed minikits

With a view to popularise the latest high yielding varieties of seeds, minikits containing good quality seeds together with seed treating chemicals, rhizobium culture and literature on agriculture practices printed thereon were distributed to identified farmers free of cost under NPDP and OPP. GOI decided to supply the seed minikits direct to the States through the Technology Mission on Oilseeds, Pulses (TMOP), National Seed Corporation (NSC) and State Farms Corporation of India (SFCI) from 2000-01. The payment of the cost of seed minikits to NSC and SFCI was made by TMOP.

7536 seed minikits were distributed after normal sowing period and results not collected.

Actual date of receipt of seed minikits by SADOs/RAEOs and distribution to farmers with dated acknowledgements of the latter were not on record in Chhindwara, Dhar, Hoshangabad, Gwalior, Khargone and Ratlam districts, with the result that it could not be verified whether the distribution of seed minikits was done prior to the sowing season. However, 7536 seed minikits were distributed after the sowing period was over as these were received in the districts when sowing period was already over as per details given below:



District	Year	Seed	Normal sowing period	Date of receipt of minikits in district office	No. of minikits distributed	Actual sowing period reported by SADOs
1. Chhindwara	2002-03	Urad T-9	Between last week of June and first week of July	14 August	1000	26-8-2002 to 22.9.2002
		Urad TAU-1		19 August	600	
		Til GT-1	First week of July	19 August	900	
				<b>Total</b>	<b>2500</b>	
2. Dhar	2001-02 2002-03	Castor --do--	--do-- --do--	8 August	10	NMA
				7 August	30	
				4 October	46	
				21 October	50	
				<b>Total</b>	<b>136</b>	
3. Hoshangabad	2002-03	Gram - RSG-44	Between 15 October and 15 November	13 November	500	NMA
				4 December	1000	
				<b>Total</b>	<b>1500</b>	
4. Ratlam	2002-03	Urad TAG-1 Urad T-9 Urad TU-94-2 Til GT-1	Between last week of June and first week of July	13 August	600	NMA
				24 August	1900	
			First week of July	24 August	200	
				25 August	700	
				<b>Total</b>	<b>3400</b>	
				<b>Grand Total</b>	<b>7536</b>	

NMA - Not made available

The distribution of seed minikits after the sowing period did not serve the objective. Delayed distribution resulted in low production and it adversely affected the objective of popularising the new varieties.

The DDAs, Chhindwara and Ratlam, agreed (May and June 2003) that low yield was due to belated receipt and distribution of seed minikits.

Results of distribution of minikits were not compiled and published by the Director due to which its impact could not be demonstrated to beneficiaries. The Director replied (March 2003) that the results were maintained at block/district levels. Verification of records in Chhindwara, Dhar, Hoshangabad, Gwalior and Khargone districts, however, revealed that the results were not maintained except in a few cases.

### (c) Distribution of sprinkler sets

The sprinkler mode of irrigation was introduced to provide life-saving irrigation with most economical use of available water for coverage of maximum area. The assistance on distribution of sprinkler sets to farmers was based on the category of the beneficiary and cost of the sprinkler set subject to a ceiling.

In six\* test-checked districts, 6977 sprinkler sets were distributed and subsidy of Rs.6.04 crore was paid during 1998-2003. However, no physical verification was conducted by the SDOAs and DDA in Betul and Chhindwara

\* Betul, Chhindwara, Dhar, Gwalior, Hoshangabad and Khargone.



and by DDAs in Dhar, Gwalior, Hoshngabad and Khargone districts to ensure actual installation of sprinkler sets in the fields of the farmers.

The beneficiaries were required to furnish an affidavit to the effect that the sprinkler set would be used for irrigation only and would not be sold out/transferred during the next five years, failing which amount of subsidy was recoverable with interest. No follow up to ensure the installation of sprinkler set till five years was done.

**(d) Extension of technology**

To boost production of agricultural crops, the schemes envisaged transfer of technology by imparting training to farmers. Training was to be imparted through Government Training Centres, with help of subject matter specialists of the Department and Regional Research Centres of Agriculture University; study tours were also required to be conducted for field training.

Against 2613 groups of farmers to be provided training, only 2318 groups were covered during 2000-03 under all the schemes. Moreover, the impact of the training programmes organised was not evaluated.

**(e) Non-setting up of cotton seeds extraction plant and bio-agent lab facility**

Non-erection/  
commission of  
plant/laboratory

(i) GOI sanctioned (May 2000) assistance of rupees one crore under ICDP for setting up a plant in the State during 2000-01 to help farmers for extraction of their own cotton seeds. The plant was not, however, established even as of March 2003. Thus the State Government failed to create this important item of infrastructure during the last three years with the result that the growers of cotton were deprived of the benefits envisaged of the plant. Director did not intimate the reasons for not setting up the plant.

(ii) GOI sanctioned (January 2000) under ICDP the establishment of bio-agent laboratory for the production of different kinds of bio-agents used primarily in cotton crop on actual cost basis limited to Rupees one crore per laboratory on 75:25 sharing basis between GOI and State Government during 1999-2000. The assistance of Rupees one crore drawn in March 2001 was released to MP State Agriculture Marketing Board (Board) for setting up the laboratory in Ratlam district. The Board reported expenditure of Rs.80 lakh up to October 2002, but actual physical progress of the work was not available with the Director. The Director stated (January 2003) that progress of the work was awaited from the Board. The plant had not been erected and commissioned so far (January 2003).

**(f) Field demonstrations**

Schemes envisaged demonstrations of use the latest varieties of seeds on the fields of farmers to popularise adoption of new technologies for obtaining high yields. The demonstration plots were to be visited by departmental officers and supervised by agricultural scientists. Results obtained in comparison to those on adjoining fields (control plots) using conventional methods were to be compiled and notified/published to assess and disseminate the impact of improved technologies. Subsidy for seeds and other inputs was admissible at different rates, cropwise.



The scheme-wise targets, achievements and shortfall of demonstrations during 2000-03 were as per details given in **Appendix XXXV**.

(i) The average scheme-wise shortfall in demonstrations ranged between 12 and 52 per cent of the targets during 2000-03.

(ii) The results of the demonstrations were not received in the Directorate and were not compiled and publicised. The Director claimed (May 2003) that the results were maintained and published at block and district levels. However, records of Chhindwara, Dhar, Hoshangabad and Khargone districts revealed that this was not done by the DDAs.

(iii) Demonstration plots were not visited by the departmental higher officers to ensure that the demonstrations were laid as per the recommended package of practices. They were not supervised by Agricultural Scientists too, as envisaged.

(iv) More than 10-year old variety of seed was used in demonstrations under ICDP-CC during 2000-01 in Dhar (4 quintal) and during 2001-03 in Khargone (12 quintal) and under NPDP during 2002-03 in Dhar (15.60 quintal) districts.

The above findings highlight the fact that adequate attention was not paid to the demonstration component of the scheme, involving subsidy of Rs.2.12 crore during 2000-03. The expenditure on this component, therefore, appeared to have proved largely unfruitful.

**(g) Excess payment of subsidy under Macro Management (MM) Scheme**

GOI approved (July 2002) the continuance of the MM scheme during Tenth Plan subject to the condition that the subsidy per farmer or per activity should not exceed 25 per cent of cost or the present subsidy level, whichever is lower. The notification regarding this ceiling was circulated by State Government in November 2002.

Test-check of records in four districts revealed that the subsidy under MM was paid without restricting it to 25 per cent of the cost. This resulted in excess payment of subsidy amounting to Rs.24.37 lakh in 10531 cases on agriculture implements, plant protection equipments, sprinkler sets, etc. after November 2002. The DDAs replied that the cases were sanctioned prior to receipt of said State Government orders. Reply was not tenable as subsidy was released after issue of orders (November 2002) by State Government.

**(h) Quality control**

To ensure availability of good quality inputs (seeds, fertilizers and pesticides) Government had established one seed laboratory (Gwalior), four fertilizer laboratories (Bhopal, Gwalior, Indore and Jabalpur) and one pesticide laboratory (Jabalpur) in the State under the Seed Act, Fertilizer Control Order and Pesticides Act respectively. The laws empower SADOs to draw samples of inputs and get them tested in the laboratories (labs).

The details of samples targeted to be drawn, actually drawn and tested and those found substandard during 2000-03 were as under:-

Older variety of seed was used in demonstrations and results not ascertained.

Excess payment of subsidy of Rs.24.37 lakh.



Input	Year	Number of samples		Percentage of shortfall	No. of samples tested	No. of samples cancelled	No. of samples found		Percentage of sub standard samples
		Targeted to be drawn	Actually drawn				Standard	Sub-standard	
(I) Seed	2000-01	Not fixed	2918	NA	2918	--	2745	173	6
	2001-02	3500	2438	30	2438	--	2141	297	12
	2002-03	3500	2929	16	2893	36	2473	420	15
	<b>Total</b>	<b>7000</b>	<b>5367</b>	<b>23</b>	<b>8249</b>	<b>36</b>	<b>7359</b>	<b>890</b>	<b>11</b>
(II) Fertilizer	2000-01	9145	6146	33	5830	316	4470	1360	23
	2001-02	7575	5550	27	4536	1014	3191	1345	30
	2002-03	7600	5936	22	5330	606	3913	1417	27
	<b>Total</b>	<b>24320</b>	<b>17632</b>	<b>28</b>	<b>15696</b>	<b>1936</b>	<b>11574</b>	<b>4122</b>	<b>26</b>
(III) Pesticides	2000-01	3000	634	79	624	10	518	106	17
	2001-02	1500	591	61	581	10	481	100	17
	2002-03	1500	721	52	718	3	625	93	13
	<b>Total</b>	<b>6000</b>	<b>1946</b>	<b>68</b>	<b>1923</b>	<b>23</b>	<b>1624</b>	<b>299</b>	<b>16</b>

It would be evident from the table above that:

- Targets for drawing samples for seeds were not fixed during 2000-01.
- Shortfalls in drawing samples ranged between 16 and 30 per cent (in respect of seeds), 22 and 33 per cent (fertilizer) and 52 and 79 per cent (pesticides); during 2000-03.
- Of the samples analysed, 6 to 15 per cent, 23 to 30 per cent and 13 to 17 per cent samples of seeds, fertilizer and pesticides respectively were found to be sub-standard.

Three months' period was provided for carrying out tests (60 days) and communication of results (30 days). However, it was observed that during this long period of 3 months, the inputs used to be sold to cultivators even without waiting for results. In the test-checked (excluding Jabalpur and Satna) districts, the DDAs issued orders to stop sale of the stocks whose samples were found sub-standard. SADOs were instructed to report the quantity of sub-standard stock after conducting physical verification. The requisite reports from SADOs were not found received. Thus, the 'stop the sale' orders were not implemented. The quantities in stock on the date of taking samples, subsequently found sub-standard during 2000-03 was as follows:

Sl. No.	District	Seed (quintals)	Fertilizer (tonnes)	Pesticides	
				Dust (tonnes)	Liquid (litres)
1.	Betul	244.10	1196.100	0.086	17.150
2.	Chhindwara	315.60	3200.850	--	48.200
3.	Dhar	938.35	3454.250	9.201	131.900
4.	Gwalior	NA	778.800	1.044	6.000
5.	Hoshangabad	5184.63	2868.251	35.157	934.750
6.	Jabalpur	--	1016.000	NA	NA
7.	Khargone	1223.29	4618.450	0.098	440.750
8.	Morena	NA	7183.600	0.040	0.100
9.	Satna	1471.10	NA	NA	NA
10.	Sehore	862.80	814.989+ 7872 bags	17.300	97.200
	<b>Total</b>	<b>10239.87</b>	<b>25131.29</b> tonnes+7872 bags	<b>62.926</b>	<b>1676.05</b>

Sub-standard seeds, fertiliser and pesticides were sold to cultivators.

*As the samples taken did not conform to the laws.*



Thus the DDAs failed to stop the sale of aforesaid quantities of sub-standard stock, which defeated the very purpose of collecting and analysing the samples. The DDA, Gwalior, agreed (June 2003) that the stock was sold out by the time the analysis reports were received.

**(i) Undue financial aid**

Rupees 1.52 crore were outstanding against M.P. State Cooperative Oilseed Growers' Federation Limited (Oilfed) against the advance payment of subsidy made to it during 1990-2000 for production of foundation and certified seeds under OPP. The yearwise details of subsidy paid in advance, adjusted and balance at the end of year were not made available to Audit by the Director. He also did not effect recovery or adjust the outstanding subsidy when further payment of subsidy of Rs.52.59 lakh on production of foundation and certified seeds under OPP was made to Oilfed during 2002-03.

Director, however, stated in June 2003 that outstanding amount would be adjusted at the earliest.

**3.1.6 Implementation of National Watershed Development Project for Rainfed Areas (NWDPA)**

The NWDPA was launched in the State from 1990-91 with the objective to conserve, improve and utilise the natural resources like land, water, plant, animal and human resources in a harmonious and integrated manner in rainfed areas. It aimed at development of natural resource base, sustaining its productivity and improving the standard of living of poor and landless farmers and endeavoured towards restoration of ecological balance. The scheme was modified by GOI from 14 November 2000 as Watershed Area Rainfed Agricultural System Approach (WARASA)-Jan Sahbhagita with thrust on community participation in planning, implementation, monitoring and maintenance of watersheds.

**(a) Targets and achievements:** Physical and financial targets and achievements during IX Plan and 2002-03 were reported as under:

Year	Targets		Achievements		Percentage of shortfall in physical achievement.
	Physical	Financial	Physical	Financial	
1997-98	60000	3325.00	53836	1208.00	10
1998-99	100000	2499.56	90230	1819.89	10
1999-00	100000	2500.00	90082	2622.37	10
2000-01	75000	1750.00	62158	1541.14	17
2001-02	75000	1750.00	38044	1079.30	49
2002-03	55500	1100.00	32797	1097.98	41
<b>Grand Total</b>	<b>465500</b>	<b>12924.56</b>	<b>367147</b>	<b>9368.68</b>	<b>21</b>

The shortfalls in physical achievements during IX Plan ranged between 10 (1997-2000) and 49 (2001-02) per cent and 41 per cent during 2002-03. The Director attributed the shortfalls to short release of funds by GOI.

The reply was not tenable as against available Central assistance of Rs.3547.89 lakh (including unspent balance of Rs.17.78 lakh as on 1 April

Advance  
payment of  
Rs.1.52 crore not  
recovered.



2000, Rs.3465.85 lakh were utilised during 2000-03 leaving unspent balance of Rs.82.04 lakh as of March 2003.

(b) **Faulty execution:** Execution of each component of the scheme was to be done as per prescribed norms. Expenditure of Rs.91.62 crore was incurred on the scheme during 1997-2003. The component-wise norms fixed, amount actually spent and its percentage to total expenditure during 1997-2003 were as follows:

Component	Prescribed norms (in terms of percentage to total expenditure)	Expenditure incurred (Rs. in lakh)	Percentage of expenditure
Basic activities	35	2714.04	30
Soil and water conservation measures	40	5391.04	59
Production system and vegetative works	20	743.11	8
Household production system	5	313.60	3
<b>Total</b>	<b>100</b>	<b>9161.79</b>	<b>100</b>

Thrust was on construction of structures at the cost of other activities benefiting rural masses.

Thus, major emphasis was laid on construction of structures under soil and water conservation measures and other components like basic activities i.e. training, community organisation, research support, establishment of project nurseries, agro forestry, pasture development, livelihood support for landless and marginal farm households etc. were only partially covered with the result that income-earning opportunities, fuel, fodder, fibre, etc. could not be made available to rural masses, as envisaged.

(c) **Excess expenditure:** Assistance of Rs. 7.50 per plant under agro-forestry, Rs.15 per plant under dryland horticulture and Rs.250 per family under homestead garden was to be provided to the beneficiaries. Physical and financial targets and achievements thereagainst, expenditure incurred and expenditure in excess of prescribed unit cost were as follows:

Sub-component	Physical		Financial		Approved unit cost (Rs.)	Expenditure as per approved unit cost	Excess expenditure
	Targets	Achievements	Targets	Achievements			
1. Agroforestry	786683	759223	59.00	67.72	7.50 per plant	56.94	10.78
2. Dryland horticulture	285714	387332	41.00	60.29	15.00 per plant	58.10	2.19
3. Homestead garden	32480	26704	87.68	79.64	250.00 per family	66.76	12.88
				207.65	<b>Total</b>	<b>181.80</b>	<b>25.85</b>

Thus the expenditure under the above sub-components exceeded that as per the approved norms by Rs.25.85 lakh.

### 3.1.7. Implementation of State Schemes

The Directorate has implemented State sponsored schemes. Results of test-check of these schemes are as under:

#### (a) Management of departmentally owned farms:

The department owns 43 agriculture farms to provide qualitative seeds to farmers. Test-check of 4 farms revealed that shortfall in achievement of target



Recovery of cost of seed of Rs.1.83 crore not effected from State Seed Corporation.

of production of seeds during 2000-2003 ranged from 26 (AETC Pawarkheda, Hoshangabad) to 60 (Delakhedi, Chhindwara) per cent as per details given in **Appendix XXXVI**. The shortfall was attributed to scanty and irregular rains.

Further, seeds produced in farms was sold to M.P. State Seed and Farm Development Corporation (SSFDC) but sale proceeds amounting to Rs.1.83 crore were outstanding for recovery/realisation from SSFDC as of March 2003. No effective action for recovery of outstanding amount or its adjustment against subsidy paid to SSFDC under the schemes was taken by the Director.

#### (b) Soil surveys

Soil surveys are essential for knowing the characteristics of soil, its behaviour and adaptability to various uses as also the productivity under defined sets of management practices.

Against the target of 5.56 lakh ha fixed for soil survey by eight\* Soil Survey Units (SSUs) in the State, each headed by an Assistant Soil Survey Officer (ASSO), only 3.27 lakh ha were surveyed during 2000-03 and the shortfall ranged from 35 to 46 per cent of the targets fixed.

Non conducting of soil surveys resulted in infructuous expenditure of Rs.1.04 crore.

Test-check of records of Gwalior, Hoshangabad and Jabalpur units revealed that no soil survey was conducted by Gwalior unit during 2000-03, rendering the entire expenditure of Rs.71.52 lakh on the unit infructuous. Similarly in Hoshangabad unit, where the extent of shortfall in surveys during 2000-03 was 52 per cent, there was no achievement at all during 2000-01 rendering the expenditure of Rs.32.23 lakh on the unit during that year, infructuous. The ASSO, Hoshangabad, agreed (December 2001) that the staff remained idle.

The Director and ASSOs, Gwalior and Hoshangabad, attributed the shortfall to delays in release of and/or paucity of funds and non-availability of vehicles.

#### (c) Soil testing

The objective of the soil testing was to recommend the balanced and integrated use of fertilizers for increasing agriculture production. Six (Chhindwara, Dhar, Hoshangabad, Khargone, Morena and Sehore) out of the 16\*\* soil testing labs in the State were test-checked during the present review. It was noticed that each lab was allotted two or more districts for coverage. The targets for drawing soil samples were fixed districtwise, by the Director, and blockwise, by the DDAs. Though the Director issued (May 2002) instructions for stoppage of one increment of the officials failing to achieve the targets, the shortfalls in collection of samples ranged between 43 (Khargone) and 64 (Chhindwara) per cent which was indicative of poor implementation of the programme and under-utilisation of infrastructures and manpower. Action against the officials responsible for shortfalls was not found taken by the DDAs, Chhindwara, Dhar, Hoshangabad, Gwalior,

\* 1. Chhatarpur (Nowgaon) 2. Gwalior 3. Hoshangabad, 4. Indore, 5. Jabalpur, 6. Khandwa, 7. Rewa, 8. Sagar

\*\* 1. Balaghat, 2. Bhind, 3. Bhopal, 4. Chhatarpur (Nowgaon), 5. Chhindwara, 6. Dhar, 7. Hoshangabad, 8. Khandwa, 9. Khargone, 10. Mandsaur, 11. Morena, 12. Narsinghpur, 13. Rewa, 14. Sagar, 15. Sehore, 16. Ujjain



Khargone, Morena and Sehore. The yearwise targets, achievements and shortfalls in the six test-checked labs during 2000-2003 are detailed in **Appendix XXXVII**.

**(d) Training centres**

Nineteen (19) training centres (Farmers' Training Centres-FTC, Agriculture Extension Training Centres-AETC, Soil Conservation Training Centres-SCTC) were established for imparting training to extension staff and farmers. Training was imparted for sessions of one day to three months. The targets, achievements and shortfalls during 2000-2003 in the 8<sup>th</sup> test-checked training centres were as per details given in **Appendix XXXVIII**.

Rs.5.18 crore spent on the training centres which were largely under utilised.

It was noticed that of the total 273 working days in a year, the centres were idle on an average for 135 (SCTC, Betul and AETC, Pawarkheda, Hoshangabad) to 256 (AETC, Antari Gwalior) working days. The shortfall in imparting training to staff ranged between 12 (SCTC, Gwalior) and 34 (SCTC, Betul) per cent and to farmers between 2 (FTC, Morena) and 54 (AETC, Pawarkheda, Hoshangabad) per cent.

The training centres (except Jabalpur) attributed the shortfalls to non-availability of trainees, insufficient amount of honorarium to farmers and paucity of funds. The fact, however, remains that the training infrastructure on which further recurring expenditure of Rs.5.18 crore was incurred during 2000-03 remained largely under-utilised

**3.1.8 Manpower management**

**(a) Sanctioned strength and persons-in-position**

After the creation of Chhattisgarh State, the persons-in-position under the control of the Director were 15,115 against the sanctioned strength of 15,747. Out of total shortage of 632, shortage of technical staff was 623. (DDAs:13 (16 per cent), ADAs:190 (31 per cent), and ADOs:416 (34 per cent)) which perhaps adversely affected the implementation of various schemes and programmes in the field.

**(b) Infuctuous expenditure on pay and allowances of idle staff**

Infuctuous expenditure of Rs.2.18 crore incurred on pay and allowances of idle staff of defunct Ravine reclamation scheme and drivers.

(i) A Centrally sponsored Pilot Project for Reclamation of Ravine Lands launched during 1987-88 with the objective to eradicate dacoits in Chambal division and implemented by Executive Engineer (EE), Ravine Reclamation Scheme (RRS), Morena, was discontinued by State Government in January 1992. Government also directed the Director and Forest Department to adjust the staff thus rendered idle elsewhere. The Director, however, sanctioned transfer of staff along with equipment and workshop to Agriculture Engineer, Gwalior, only five years later, in February 1997. These orders too were not implemented even as of May 2003.

Government sanctioned (April 1997) transfer of 11 officials to Sagar division under the control of Director of Agriculture Engineering but only two officials (an Executive Engineer and an Assistant Engineer) were relieved. Twenty-

<sup>8</sup> 1. Betul 2. Gwalior (AETC and SCTC) 3. Hoshangabad (FTC and AETC) 4. Jabalpur 5. Khargone 6. Morena



seven (27) officials were still in-position at the defunct Morena office. Of which 15 officials were attached to other offices like Collectorate, Zila Panchayat, local bodies, etc. but their pay and allowances were being drawn by the ASCO incharge of the defunct office.

The expenditure of Rs.1.62 crore incurred on pay and allowances of the defunct office during 1997-2003 was infructuous. Further, equipment like trucks, tractors, drilling machines, diesel pumps, etc. numbering 30 in all (cost not available), had also been lying idle since 1997.

The EE replied (May 2003) that the staff were not relieved for want of individual transfer orders and the equipment was not accepted by Agriculture Engineer, Gwalior.

(ii) Director was not having information about drivers-in-position against the vehicles actually on road. However, in 6 test-checked districts (Betul, Chhindwara, Dhar, Gwalior, Hoshangabad and Sehore), 53 drivers as against 16 on road vehicles were in position. Thus, 37 drivers were idle due to non-availability of vehicles rendering the expenditure of Rs.55.85 lakh on their pay and allowances during 2000-03 infructuous.

#### (c) Irregular secondment of staff to other departments

Government in General Administration Department issued (January 2000) instructions for termination of the practice of attachment of staff elsewhere. Scrutiny revealed that in nine (Betul, Chhindwara, Dhar, Gwalior, Jabalpur, Khargone, Morena, Ratlam, and Sehore) test-checked districts, 34 officials were attached to other departments, but their pay and allowances continued to be drawn by the Agriculture department. Total expenditure on pay and allowance on the staff amounted to Rs.50.24 lakh. Their continued attachment for long periods calls for re-assessment of staff requirement in the aforesaid districts.

#### (d) Monitoring and Evaluation

(i) **Internal controls:** With a view to exercising a watch over proper working of subordinate offices, Government in General Administration Department (GAD) issued instructions (May 1999) for preparing a roster each year for inspection of subordinate offices. The roster was prepared by the Director during 2000-03. The yearwise number of inspections targeted, actually carried out and the shortfalls were as follows:

Year	No. of inspections due	No. of inspections carried out	Shortfall	Percentage of shortfall
2000-01	493	253	240	49
2001-02	910	374	536	59
2002-03	664	477	187	28

Thus the shortfall ranged between 28 (2002-03) and 59 (2001-02) per cent. It was further noticed that 22, 13 and 10 officers, who were required to inspect 200, 118 and 108 offices, respectively, did not conduct any inspections at all during 2000-01, 2001-02 and 2002-03.

It was stated that show cause notices and warnings were issued to the defaulters. The facts, however, remains that the functioning of the internal

Irregular expenditure of Rs.0.50 crore on the staff attached to other departments.



audit wing working under direct control of the Director left much to be desired.

(ii) Systematic and result-oriented monitoring necessary for effective implementation of schemes/ programmes, was generally poor. Guidelines issued by Government from time to time envisaging intensified field monitoring of activities through visits by district officers and supervision by scientists were not being followed. Impact of transfer of latest production technologies to farmers through training was not assessed and results of seed minikits and field demonstrations for disseminating these technologies among the cultivators were not assessed and publicised.

### 3.1.9. Conclusion

The Government of India had set the target (1998) of doubling the production within 10 years. However, the average growth rate during 1998-2003 reduced under all the major crops by 5.94 (Pulses), 15.41 (Oilseeds), 4.16 (Cereals) and 22.79 (Cotton) per cent in comparison to that during 1997-98 primarily due to severe drought conditions, which gripped the state during 2002-03. It indicated continued dependence of the agricultural crops on the monsoon. The performance in the fields of soil surveys, soil testing, training, supportive extension and increasing production and productivity was far below the set targets. In a number of cases, sub-standard inputs were provided in test checked districts, affecting production adversely. The crop development schemes and programmes failed to boost production and productivity as there was decrease in production and productivity of pulses, oilseeds and cereals during 2000-03 as compared to 1998-99.

### 3.1.10. Recommendations

- ⇒ Indenting of breeder seeds, production of foundation seeds and certified seeds and their distribution require accurate planning to ensure availability of certified seeds to farmers well before the crop season. The distribution network should be strengthened to ensure timely supply of quality seeds to all intending farmers.
- ⇒ Public awareness should be generated by giving publicity to holding of demonstrations and training camps.
- ⇒ Tests reports of inputs should be obtained well in advance of their distribution to farmers.
- ⇒ The training centres should be strengthened by providing sufficient funds and farmers should be motivated to join training; enhancing honorarium payable to them could be considered.

## PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.2 Implementation of Drugs and Cosmetics Act

#### Highlights

*The Drugs and Cosmetics Act, 1940 is an important social legislation and is very effective tool for safeguarding the consumer's interest. Public Health*



*and Family Welfare Department was responsible for enforcing the implementation of the provisions of the Drugs and Cosmetics Act, 1940, and Rules framed there under, to ensure availability of standard and safe drugs and cosmetics, at fair and affordable prices to the consumers. The department, however, did not have adequate skilled manpower to enforce effectively the regulatory functions. There was near-total absence of effective action to discharge this vital responsibility, resulting in supply and distribution of sub-standard, fake and adulterated drugs by manufacturers and retail sellers. The supply and distribution of these sub-standard drugs remained un-checked also due to acute shortage of inspectorate and laboratory staff as well as very limited capacity of the existing drug testing laboratory in the State.*

The Controller, Food and Drug Administration was working with less than one third of the inspectorate staff required.

**(Paragraph 3.2.4)**

The licences for manufacturing/ selling units were not renewed timely and positive action against the defaulting units was not taken properly and promptly.

**(Paragraph 3.2.5 B)**

Shortfalls in inspection of manufacturing and sales premises during 1998-2003 ranged from 40 to 66 per cent and 24 to 78 per cent respectively.

**(Paragraph 3.2.5 D & E)**

Shortfalls in collection of samples of drugs vis-a-vis the targets ranged between 23 and 39 per cent. No targets for sampling of Ayurvedic and Unani drugs were fixed. Collection of samples from rural areas did not receive adequate attention.

**(Paragraphs 3.2.5 F and G)**

Samples of sera, vaccine and blood products were not being collected and tested at all for want of storage facilities in districts offices; this exposed the patients to risks of serious infections like HIV, hepatitis, etc.

**(Paragraph 3.2.5 H)**

Register of court cases filed against manufacture or sale of fake/spurious/adulterated drugs was not maintained; the pace of launching of prosecution and the follow-up was slow and poor.

**(Paragraph 3.2.5 J)**

Inordinate delays were noticed in issue of test reports; in 72 per cent cases, the test reports were issued after 45 days. Of these, 40 per cent reports were issued after 200 days to over one year.

**(Paragraph 3.2.6)**

Action was not taken to curb sale of scheduled drugs at prices higher than those fixed by National Pharmaceutical Pricing Authority, defeating the very objective of the Drugs (Price Control) Order, 1995.

**(Paragraph 3.2.7)**



### 3.2.1. Introduction

i) **Background:** At the beginning of the twentieth century, pharmaceuticals were being imported from abroad. After the First World War manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these products were of inferior quality and harmful. Government, therefore, decided to introduce legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of drugs as well as of import and finally the Drugs Act<sup>†</sup> was enacted on 10 April 1940.

At present, the Acts and Rules, apart from the Drugs and Cosmetics Act, 1940, which govern the manufacture, sale, import, export and clinical research of drugs and cosmetics in India are : The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; The Narcotics Drugs and Psychotropic Substances Act, 1985; The Medicinal and Toilet Preparations (Excise Duties) Act, 1956; The Drugs (Prices Control) Order 1995 (Under the Essential Commodities Act). However, 'The Drugs and Cosmetics Act, 1940' continues to be the main Act.

#### ii) Main features of the Act

- To ensure standards of Drugs and Cosmetics, Diagnostics and Devices.
- To monitor the quality of drugs and medicines imported, manufactured, distributed and sold.
- To take punitive measures for violations of provisions of the Act.
- To regulate clinical research and publication of Indian Pharmacopoeia.

iii) **Statutory Functions:** This is a Central Act and is applicable to all the States. Central Government lays down the regulatory measures and the standards of drugs, cosmetics and diagnostics, and makes amendments to Acts and Rules. It regulates market authorisation of new drugs and standards of imported drugs. It is the Central Licence Approving Authority for Blood Banks, Large Volume Parenterals and Vaccines and Sera. Drugs Technical Advisory Board (DTAB), Drugs Consultative Committee (DCC) and Central Drugs Laboratories are under the control of the Central Government.

The main functions of the State Government are (a) licensing of drug manufacturing and sales units, (b) licensing of drug testing laboratories,

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<sup>†</sup> *Drugs Act, 1940 was amended in December 1961 to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics.*



(c) approval of drug formulations for manufacture, (d) monitoring of quality of Drugs and Cosmetics manufactured and (e) investigation and prosecution in respect of contravention of legal provisions, (f) regulation of the standards of imported drugs, (g) inspection and (h) recall of sub-standard drugs.

The Drugs (Prices Control) Order, 1995 (amendment of 2002 awaiting approval), a subordinate legislation mainly lays down the criteria for identifying the drugs to be kept/brought under price control and fixing of ceiling prices.

The Act is implemented through issue of licences for import of drugs and for manufacturing and selling units, periodical inspections, taking samples and testing the drugs and cosmetics and launching prosecutions in cases of drugs found to be not of standard quality (NSQ) or spurious or adulterated.

### **3.2.2. Organizational arrangements**

The Act is administered at the Government level by the Principal Secretary in the Public Health and Family Welfare Department (Department) with the assistance of Drug Controller at State level. The Chief Medical and Health Officers who are ex-officio Deputy Directors, Food and Drugs Administration at district level, assisted by Senior Drug Inspectors, are responsible for inspection of manufacturing units and Drugs Inspector for inspection of sales premises. The Sr. Inspector/Inspectors are required to collect samples and get them tested at State Drugs Testing Laboratory (SDL), Bhopal and launch prosecutions in respect of sub-standard, spurious or misbranded drugs and cosmetics.

### **3.2.3. Audit coverage**

A test-check of records of the Controller, Food and Drugs Administration (Controller) and Deputy Directors, Food and Drugs (Deputy Directors) in 10 districts\* out of 45 for the period 1998-99 to 2002-03 was conducted during December 2002 to November 2003 to assess the effectiveness of the implementation of the Act and the Rules. Deficiencies noticed in implementation of provisions of Act are discussed in succeeding paragraphs.

### **3.2.4 Acute shortage of manpower**

Shortage of field staff was 68 per cent

The Food and Drugs Administration in the State was functioning with skeleton staff and facilities that it inherited from the Public Health Department in 1978. With the fast development of pharmaceutical industry in the State, the number of manufacturing units had increased from a little more than 200 in 1982 to 693 in 2002-03 with total available sale premises of 14,741 as at end of March 2003. The strength of the staff sanctioned 25 years back however, remained same and was totally inadequate to handle the present workload. Even the posts sanctioned were not fully manned.

As per norms prescribed by Central Council of Health and Family Welfare, 36 Sr. Drugs Inspectors and 130 Drugs Inspectors were required in the State

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\* Betul, Dhar, Gwalior, Indore, Jabalpur, Khargone, Mandsaur, Ratlam, Satna, Ujjain



before its re-organisation with effect from November 2000 whereas only 7 Sr. Drugs Inspectors and 46 Drugs Inspectors were in position prior to re-organisation and 4 and 41 respectively thereafter. Shortage of staff adversely affected the implementation of the Act.

### **3.2.5. Implementation of the Act**

The implementation of provisions of Act suffered from number of deficiencies such as non-renewal of licences timely, inadequate inspection of manufacturing and sales premises, short collection of samples, non-confiscation of spurious and adulterated drugs and non-launching of prosecution etc.

#### **A. Infirmities in the Act**

There were many infirmities in the Act itself due to inadequate provisions in respect of licensing, loopholes, absence of time-frame for prosecution etc.

#### **Inadequate provision for renewal**

Under Rule 72 of the Rules a licence or a renewal certificate issued shall be valid for a period of 5 years from the date of issue. But once a renewal application is submitted either before the expiry of the original licence or within six months from the date of its expiry, the original licence shall continue to be in force until orders are passed on the application by the licensing authority. No time frame has however, been prescribed in the Act for renewal of licences. As such, in cases where the inspection of the premises is delayed for some reason and subsequently the licence is found unfit for renewal, the concerned unit can function with immunity during the interval.

#### **Non-differentiation of minor and major offences**

There is no differentiation of minor and major offences in the Act/Rules. As such, decision on departmental action or prosecution is left to the discretion of the DC or DIs. As such they are amenable to outside pulls and pressures.

#### **Lack of provision for free surrender of samples**

According to existing provisions, drug samples are required to be collected by the DI only on payment of cost thereof. In view of financial stringency, the funds allotted for this purpose are generally inadequate. As such the provision in the Rules acts as a hindrance in the collection of adequate number of samples for quality analysis.

#### **Absence of time frame for prosecution**

No time frame has been prescribed in the Act to file the complaint by the department in the court of law with the result that action against the offenders get delayed.

#### **No time frame for drug analysis**

No time frame has been prescribed to analyse the drugs samples due to which substandard/ spurious drugs continue to be sold in the market.



## B. Licensing procedures

Year wise details of renewal of licences not maintained

As per Rule 72 of Drugs and Cosmetics Rules 1945, the licences of manufacturers are to be renewed before expiry of their validity. However, if a licensee applies for renewal within six months of expiry, the licence shall continue to be valid. The validity of a licence for manufacturers was up to 31 December of the following year (five years from the date of application from August 2001).

Records of Controller revealed that the master licence register was neither maintained year-wise, category-wise and in alphabetical order nor was it's format standardised to serve as an effective control mechanism for ascertaining the number of units due for renewal each month/year and those actually applying for renewal. The year-wise details of number of applications for renewal of licence received, disposed off and pending were also not available with the Controller.

On this being pointed out, the Controller replied (May 2003) that the register would henceforth be maintained systematically.

The year-wise position of issue and renewal of licences as furnished by the Controller was as under:

Description	1998-99		1999-2000		2000-2001		2001-02		2002-03	
	A	B	A	B	A	B	A	B	A	B
1.No. of manufacturing units	567	434	685	431	634	483	667	502	693	539
2.Licences renewed	247	72	327	289	232	157	361	170	273	179
3. New licences granted	75	46	85	39	101	52	96	44	63	40
4.Licences cancelled	1	28	30	36	13	--	18	8	11	--
5.Licences pending for renewal	198	119	53	76	27	23	33	38	85	80

A---Allopathy/Homeopathy medicines and Cosmetics B--- Indian systems of medicine

Note: No record in support of above information was made available by the Controller for verification of the information supplied.

It would be seen from above details that out of 1232 manufacturing units 165 units were working without renewal of licences at the end of 2002-03.

Licences were cancelled after 3 to 5 years from date of expiry of validity

Records of Controller revealed that the position of receipt of applications for renewal of licences was not assessed every year in time and licences were cancelled for various reasons after period of 3 to 5 years from the date of expiry of validity of licences. Analysis of 50 such cases indicated that licences were cancelled due to non-receipt of renewal applications (31), withdrawal of consent by Principal units (5), changes in constitution of the firms (4) and closure of firms (10). The Senior Inspector's reports available in cancellation files indicated that inspections were carried out after 3 to 5 years of expiry of licences. On being pointed out the Controller did not furnish his comments.



Thus the provision relating to submission of applications for renewal within six months after expiry of licence period has provided leverage to administrative staff for not taking timely action for renewal of licence, which in turn, enabled the manufacturers to continue production and sale beyond period of valid licence.

### C. Lack of check over retail sales premises

Rules 65(2) of the Drugs & Cosmetics Rule 1945 provide that retail sales of drugs on the prescription of a registered medical practitioner shall be made only under supervision of a registered pharmacist. The State Pharmacy Council was the competent authority to issue registration certificates to pharmacists. It was observed that the list of registered pharmacists was never obtained by the Controller to check that retail sellers hold valid pharmacist certificate.

Verification of validity of registration of pharmacists was not done

On being enquired about how many licences were checked and cancelled due to bogus registration certificates, the Controller stated (March 2003) that no list of persons holding bogus registrations was received from the Pharmacy Council. The reply was disturbing because (i) the Controller was required to exercise necessary checks after collecting lists of pharmacists registered by the Council and (ii) the State Economic Offence Wing was investigating the issue of fake registration numbers (6924 to 14463) issued during 1997-98. The Controller had thus failed to take any action to curb unauthorised retail drugs selling activities.

However, the Controller called for the list of registrations cancelled during the period 1998-2003 in May 2003 after the omission was pointed by Audit. Further developments were awaited.

### D. Inspection of manufacturing premises

Rule 52 and Rule 162 of Drugs & Cosmetics Rules 1945 provide that all manufacturing premises of modern medicines and cosmetics shall be inspected by the Senior Drugs Inspectors and those of ayurvedic and Unani manufacturing units by the Superintendent-cum-District Ayurveda Officer (DAO). Inspectors were authorised to inspect the manufacture of Allopathic or Ayurvedic (including Siddha) or Unani drugs twice every year up to 27 September 2001 and once every year thereafter. Inspection was mandatory at the time of grant or renewal of licences to ensure that the manufacturers fulfill the conditions stipulated in the licences and maintained good manufacturing practices as prescribed in the Rules.

Short fall in inspection of Manufacturing premises ranged between 40 to 66 per cent

Report of Inspections from DAOs were not obtained

It was, however, observed that against 5799 inspections due, only 3225 inspections were carried out during 1998-2002 resulting in shortfalls ranging from 40 to 66 per cent (**Appendix XXXIX**). Shortfalls declined to nil during 2002-03 only after the number of inspections prescribed was reduced by 50 per cent. The data regarding inspection of units manufacturing Ayurvedic and Unani drugs were not collected by the Controller from DAOs.

The Controller attributed (July 2003) the shortfalls in inspections to shortage of field staff.

The reply of Controller was not relevant in respect of inspections of ayurvedic and Unani units because for these even yearwise details of inspections were



not collected by him. Failure to conduct regular inspections of manufacturing premises could lead to production and supply of fake and adulterated drugs.

### E. Inspection of sales premises

Shortfall in inspection of sales premises ranged between 24 to 78 per cent.

Under Rule 51 of Drugs & Cosmetics Rules 1945, a Drugs Inspector was required to inspect the drugs sales premises twice a year up to 27 September 2001 and once a year thereafter to satisfy himself that conditions of licences were being complied with including maintenance of records. The information regarding inspections conducted for the years 1998-99 to 2002-03 as intimated by the Controller indicated large scale shortfall as brought out here under:

Year	Number of licensed sales units	No. of inspections required to be done	Inspections done	Licensee not fulfilling conditions of licences	Percentage of sales premises inspected	Percentage shortfall
1998-99	17250	34500	9000	700	26	74
1999-00	17691	35382	11360	359	32	68
2000-01	15531	31062	6814	327	22	78
2001-02	13206	26412	9064	416	34	66
2002-03	14741	14741	11218	519	76	24

Note: Sale premises of Ayurveda and Unani drugs do not require licencing and inspection.

Inspections of sale premises were not conducted even once a year and shortfall ranged from 66 to 78 per cent during 1998-2000; the shortfall during 2002-03 when the quantum of inspections was halved too was 24 per cent. The Controller attributed (March 2003) the shortfall to shortage of field staff. Failure to conduct prescribed inspections leaves scope for unauthorised persons to indulge in selling of spurious, fake and adulterated drugs.

### F. Collection of drug samples

Shortfall in collection of samples ranged between 23 to 39 per cent.

As per the norms fixed (May 1999) by the Controller, each Senior Drugs Inspector/Drugs Inspector was required to collect 10 samples of different categories of drugs per month including two samples of such drug for which laboratory testing facility was not available at SDL and which were required to be sent to Central Drugs Laboratory, Calcutta. It was observed that required number of samples were not collected and samples required to be sent to Central Drugs laboratory Calcutta were not sent. No norms for checking of Ayurveda and Unani drugs were fixed.

The year-wise details of samples of allopathic and homeopathic medicines collected were as under:-



Year	Working strength of SDIs/DIs	Annual norms for collection of samples	Samples required to be collected	Samples collected *	Shortfall	Percentage of shortfall
1998-99	53	--	Target not fixed	2380	--	--
1999-00	53	120	6360	3974	2386	38
2000-01	47	120	5640	3437	2203	39
2001-02	45	96	4320	3180	1140	26
2002-03	45	96	4320	3334	986	23

Note: SDIs= Senior Drugs Inspectors; DIs= Drugs Inspectors

The Controller stated (March 2003) that capacity of the laboratory at Bhopal was very limited and hence the collection of samples as per the prescribed norms was not insisted upon. The CDL Calcutta too was facing the same problem and had requested not to send samples (November 1999) and accordingly the department had stopped sending samples to Calcutta too. Government had not initiated any action either to increase the capacity of SDL or to set up other laboratory(ies) to cope with the requirement.

In respect of Ayurvedic and Unani drugs the Udupa Committee Report<sup>s</sup> had disclosed that costly raw materials such as gold, musk, pearl, saffron, etc., which are component ingredients in various Ayurvedic and Unani drugs were either not used or were substituted by imitation products.

The Controller confirmed (August 2003) that the targets for collection of samples of Ayurvedic and Unani preparations were not fixed and samples containing costly raw materials were also not collected. Thus in absence of specific norms and directions to collect category-wise samples containing costly raw materials, the consumers were left at the mercy of manufacturers, dealers and practitioners.

#### **G. Short collection of samples from retailers in rural areas**

Required proportion of samples collection from rural areas was not achieved

As per directions issued (May 1999) by the Controller, collection of samples of drugs/cosmetics was to be 2/3rds from urban areas and 1/3rd from rural areas. However, details of rural retailers were not available with him. The following data indicates that the prescribed proportion of samples was not collected from rural areas, generally more susceptible to supply of sub-standard, misbranded and adulterated drugs & cosmetics:

\* In addition a negligible number of 16, 12, 19, 74 and 22 samples of Ayurvedic and Unani medicines was also collected during these years.

<sup>s</sup> As referred to in Preamble to the Drugs and Cosmetics Act



Year	Total samples collected from retailers	2/3 <sup>rd</sup> of total samples (urban areas)	1/3 <sup>rd</sup> of total samples (Rural areas)	Actual samples collected from rural areas	Shortfall number of samples	Percentage of shortfall
1998-99	1654	1103	551	249	302	55
1999-00	3159	2106	1053	551	502	48
2000-01	2668	1779	889	531	358	40
2001-02	2308	1539	769	400	369	48
2002-03	1504	1003	501	283	218	44

On this being pointed out, the Controller stated (May 2003) that required quantity of samples were not available in rural areas due to small/lesser number of shops. The reply was not supported by records and was in contradiction of spirit of his own orders.

#### H. Non-conducting of tests of sera, vaccine and blood and blood products

Non collection of samples of blood and blood products, Vaccines, Sera.

As per Section 23 of Drugs & Cosmetics Act, 1940, if the samples of a drug or cosmetics be such that it is likely to deteriorate or otherwise be damaged by exposure, the Drugs Inspector shall take three or four samples of the drug in the container of the manufacturer. The containers of samples of sera, vaccine, blood and blood products are required to be kept under specific storage conditions so that they do not deteriorate. The position of licences issued to manufacturers of large volume parenterals (LVPs), sera, vaccine and blood banks and samples collected for the period 1998-2003 was as under:

Year	No. of LVPs manufacturers	No. of samples collected	No. of Vaccines & sera manufacturers	No. of samples collected	No. of Blood products manufacturers	No. of samples collected
1998-99	10	31	01	Nil	76	Nil
1999-00	09	15	01	Nil	78	Nil
2000-01	10	37	01	Nil	84	Nil
2001-02	12	46	01	Nil	90	Nil
2002-03	12	NA	01	Nil	97	Nil

The non-collection of samples of blood and blood products and vaccines and sera and consequently non-testing of these products could lead to exposure of patients being administered such products to risks of such serious infections as that of HIV, hepatitis B/C, AIDS, etc.

On being pointed out in audit, the Controller stated (March 2003) that the samples were not collected due to non-availability of storage facility with district offices. It is unfortunate that such an important facility of storage has not been provided by Department inspite of the fact that the blood product are categorised as drugs under the Act.

#### I. Non-confiscation of substandard and spurious drugs

Section 18 of the Drugs & Cosmetics Act 1940 prohibits manufacture or sale of or stock for sale or distribute any drug which is not of standard quality (NSQ) or is misbranded, adulterated or spurious. The Act also provides that



where court is satisfied on the application of the Inspector or otherwise that the drug/cosmetics are of sub-standard quality, such drugs and cosmetics are liable to be confiscated. It was observed that in 722 cases (241 in 1998-99, 170 in 1999-2000, 125 in 2000-01, 96 in 2001-02 and 90 in 2002-03) drugs were found to be NSQ in laboratory tests. Further, the following drugs were found to be spurious with names of the manufacturers noted against each:

Sl. No.	Names of drugs and batch numbers	Manufacturers
1.	Analgin (B No.01), Paracetamol IP (B. No. 01)	M/s D of Gwalior
2.	Premethazine IP (B. no. 99019)	M/s B of Indore
3.	Analgin-IP 500 mg (B. No. 11)	M/s S of Bhind
4.	Brufen Plus (B. No. R 21)	M/s P of Sambalpur (Orissa)
5.	Chloroquine Inj. (B.No. CH-12)	M/s. G of Indore
6.	Amoxiline Trihydrate (B. No. 190)	M/s. S of Ujjain

No action, however, was found to have been initiated to move the courts to confiscate the drugs found to be spurious/ of sub-standard quality.

On being pointed out, the Controller stated (December 2002) that action for confiscation could be taken only after conviction by courts. The reply was not tenable as the Controller ignored the provision of Sec.31(ii) whereunder, confiscation of sub-standard/adulterated/spurious drugs could be ordered by Court on specific application of Inspector but no such application was found submitted before court(s). As a result spurious and sub-standard drugs continued to be sold in the market against the provisions of the Act.

#### J. Poor performance in launching of prosecutions

Section 18 of the Act provides that any person stocking or exhibiting for sale, any drug, which is not of standard quality or is misbranded/spurious is liable to be prosecuted. Scrutiny of records of the Controller revealed that the register of court cases filed/list of cases pending in various courts prior to 1997-98 was not maintained. The year-wise details of court cases filed, decided and pending for the years 1998-2003 were as under:

Year	Cases pending at beginning of the year	Fresh prosecutions ordered during the year	Cases actually filed during the year	Total number of cases	Cases decided during the year leading to			Cases pending at the end of the year
					Impri-sonment	Fines	Acquittal	
1998-99	425	19	9	434	3	1	25	405
1999-00	405	19	22	427	1	--	10	416*
2000-01	341	20	17	358	5	--	3	350
2001-02	350	14	13	363	3	--	4	356
2002-03	356	6	10	366	--	--	3	363
<b>Total</b>		<b>78</b>	<b>71</b>		<b>12</b>	<b>1</b>	<b>45</b>	

\* 75 cases were transferred to Chhattisgarh

Delayed prosecution resulted in discharge/dismissal of 78 percent cases



It was observed that pace of launching prosecutions was very slow. The follow-up of cases was also poor. The progress of pending court cases was not being reported by the field offices. The Controller stated (May 2003) that delays occurred due to delay in obtaining original documents from manufacturers and dealers. The delayed prosecution and poor follow-up resulted in discharge/ dismissal of as many as the 78 per cent of the 58 cases in courts.

**K. Non-establishment of intelligence-cum-legal cell and anti-spurious drugs squads**

Under Rule 51 of Drugs and Cosmetics Rules 1945, the Drugs Inspectors are required to investigate complaints about sale of spurious/fake drugs received by the Controller. For this purpose, a committee to suggest remedial measures to combat the menace of manufacture and sale of spurious drugs/fake medicines set up by GOI had recommended (July 2002) that each State should have an intelligence-cum-legal cell and anti-spurious squads under the supervision of senior officers for investigation, co-ordination and follow-up of cases of spurious drugs. It was observed that no intelligence and surveillance wing was set up with the result that reports of complaints about fake drugs/cosmetics manufacturers were not being investigated. A list of serious nature of complaints/news items received in Controller's office during 2000-03 but not investigated is given in **Appendix XL**. Year-wise details of complaints received and investigated were neither maintained by the Controller nor at district level.

Though the Controller confirmed (May 2003) that raids were conducted by district police authorities and huge quantity of drug stocks was seized by them, the fact remained that these cases could not be departmentally detected; no intelligence cell was setup as required.

**L. Dissemination of information about banned drugs**

The GOI prohibited manufacture, sale, distribution of certain drugs involving risk to human beings or animals. The Controller was required to circulate the fact to all trade associations, district hospitals, nursing homes, medical associations etc. so that the use of banned drugs could be stopped forthwith. It was observed that no action had been taken by the Controller to circulate the GOI notifications thereby helping prolonged use of banned drugs in the State.

On being pointed out, the Controller issued a circular in May 2003.

**M. Ineffective action for circulation of information on sub-standard drugs**

The main purpose of the Act was to see that no sub-standard drug is sold or administered. The Act also required every manufacturer to have each batch of his product lab-tested in his own lab or the one appointed by Food and Drugs Administration (FDA). Test-check of cases of "drugs found sub-standard, detected by Drugs Controllers of other States and reported to the Controller FDA, Madhya Pradesh for withdrawal of batches", revealed that notices for withdrawal were issued after delays of two to fifteen months. No action was

Non calling  
batches of fake,  
adulterated and  
misbranded drugs  
from market.



taken by the manufacturers to call back the batches of sub standard drugs from the market and destroy them. Thus whole stocks sold were consumed by hospitals and other institutions. A few instances are detailed in **Appendix XLI**.

The Controller replied (November 2002) that batches of the drugs reported as NSQ were fully exhausted by the manufacturers and hence could not be confiscated. The reply was not tenable as his own failure to take timely action facilitated distribution and sale of NSQ drugs by the manufacturers.

**N. Non-collection of data on deaths occurring in hospitals and nursing homes due to spurious drugs**

The annual reports of activities sent to GOI by the Controller during 1998-99 to 2002, indicated that no death had occurred in the State due to intake of fake/spurious drugs. Audit scrutiny revealed that neither any returns/reports in this regard were collected from district hospitals and nursing homes nor was any such report/return prescribed by the Controller. However, the news paper (Dainik Bhasker dated 28 December 2002) reported a case of death due to use of spurious drugs in Gwalior district. The reports thus sent to GOI were without obtaining the factual position from the Hospitals.

**3.2.6. Working of the State Drugs Testing Laboratory**

(a) **Inadequate capacity:** Testing of the samples of drugs and cosmetics collected from manufacturing and sales premises is crucial to ensure proper implementation of the Act. The State Drugs Testing Laboratory (SDL) at Bhopal had a capacity to analyse 1,800 to 2,000 samples per year. The SDL did not have its own separate building and lacked modernization. Even the facility of simple tests for sterility and pyrogen was not available due to lack of equipments like HPLC/FTIR\*, with the result that 57 vital drugs of different categories could not be tested. The Central Drugs Testing Lab, Calcutta, which was expected to test samples of these 57 drugs had expressed its inability to carry out the tests owing to its own workload. As such, the drug testing facilities in the State were grossly inadequate. The FTIR/HPLC equipments received in July 2001 and July 2002 respectively were not installed as of May 2003.

(b) **Shortage of staff:** The laboratory was working with a skeleton technical staff, who were not able to test even few samples collected by SDIs/DIs during the year. The year-wise position of samples received and tested was as follows:

15 per cent samples collected could not be tested due to inadequate facilities in laboratory.

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\* High Performance Liquid chromatograph/ Fourier Transform Infrared Spectrophotometer



Year	No. of samples received in the laboratory		No. of samples tested				No. of samples rejected		No. of samples pending	
	Allopathy /Homeo-pathy	Ayurvedic/ Unani, Sidha	Allopathy/ Homeopathy		Ayurvedic, Unani, Sidha		Allopathy, Homeo-pathy	Ayurvedic, Unani, Sidha	Allopathy Homeo-pathy	Ayurvedic Unani Sidha
			STD	NSQ	STD	NSQ				
1998-99	2380	16	1926	241	16	--	213	--	--	--
1999-00	3974	12	1834	170	3	--	539	9	1431	--
2000-01	3437	19	1916	125	18	--	1137	1	259	--
2001-02	3180	74	1859	96	45	--	377	5	848	24
2002-03	3334	22	1846	90	--	--	218	1	1180	21
Total	16305	143	9381	722	82	--	2484	16	3718	45

Thus, 2500 (15 per cent) of 16,448 samples collected were not tested either due to non availability of testing facilities or the samples becoming time-expired before they could be taken up for testing.

Inordinate delay ranging from 45 to 365 days was observed in reporting of test reports.

(c) **Delayed communication of test results:** As per directions issued (October 2001) by the Controller, test reports of samples of food items should be sent to field offices within 40 days from the date of its receipt but no time schedule was specified for samples of drugs. Test-check of the samples register maintained in SDL revealed that test results of samples of drugs received and analysed by it during 1998-99 to 2002-03 were reported to the field offices, with delays ranging from 46 days to more than 365 days as indicated below:

Year	Total no of NSQ samples	Reported within 45 days	46-100 days	101-200 days	201-365 days	More than 365 days
1998-99	241	50	88	85	14	4
1999-00	170	3	20	67	58	22
2000-01	125	32	5	23	38	27
2001-02	96	39	7	10	25	15
2002-03	90	76	4	5	4	1
Total	722	200	124	190	139	69

Thus 72 per cent test reports were reported after 45 days, out of which 40 per cent were reported after 200 days.

### 3.2.7 Sale of scheduled formulations at prices higher than those fixed by GOI

Sale of scheduled drugs at higher rates

In order to make available scheduled drugs at reasonable prices to public, GOI promulgated the Drugs (Price Control) Order, 1995 (DPCO) and reserved the right to fix from time to time the retail price/ceiling price of drugs. The retail price once fixed under DPCO was not to be increased by any manufacturer except with prior approval of Government. Copies of approved rate lists were to be provided to State FDAs by the manufacturers to enable the Drugs Inspectors to check the prices fixed by GOI.

The GOI informed (January 2001) the Controller that products manufactured by M/s Russel India Limited and M/s Hoechst Marion Russel Limited were



being sold at rates higher than those fixed by National Pharmaceutical Pricing Authority (NPPA) as follows:

Name of product	Pack size	Price fixed (Rs.)	MRP charged (Rs.)
Avil - Inj.	10 ml. Amp.	7.11	10.95
Avil - Inj.	10x2 ml. Amp.	27.59	39.94
Sofradex - F Cream	15 gm. Tube	17.03	28.00
Sofradex - F Cream	20 gm. Tube	20.13	27.65 (15 gm. tube)

MRP= Maximum retail price as required to be indicated.

Audit observed that apart from the above cases, rates of drugs as fixed by NPPA were not being checked with market prices and no details of cases if any, booked under DPCO were available. Even the approved rate lists of GOI were not available with the Controller or his field officers.

On being pointed out, Deputy Directors Drugs Administration, Indore and Gwalior, stated (May 2003) that action regarding price fixation and over-charging by manufacturers was the responsibility of the Controller.

The replies were not tenable as the Controller had forwarded copy of the NPPA communication to all field officers to ensure compliance of the said order. The Controller too however, did not follow up the matter. Year-wise details of number of cases if any, booked under DPCO were however, awaited (December 2003) from him. Thus the Controller and his field officers has failed to check the overpricing of drugs by manufacturers even when brought to their notice, thereby defeating the very objective of DPCO.

### 3.2.8 Refresher courses and training

Refresher courses and training for field and technical staff are necessary to keep them abreast of the modern technological advances. It was observed that no refresher courses/training for field/ laboratory staff were organised by the Controller, who stated (November 2002) that field/technical staff already possessed necessary qualification and as such no training was organised. The reply was not tenable in the context of continuous modernisation in technology underlining the need to continuously update the knowledge of field and technical staff.

### 3.2.9 Other topics of interest

#### (a) Purchase of sub-standard injectable drugs through Madhya Pradesh Laghu Udyog Nigam

The DHS placed an order (March 1999) for supply of injectable drugs\* for Rs.54.86 lakh with Madhya Pradesh Laghu Udyog Nigam (MPLUN), which in turn placed orders with four firms. Audit scrutiny revealed that (i) one of the suppliers M/s. Karnataka Antibiotics Pvt. Ltd. (KAPL) Bhopal, from whom the drugs were purchased and distributed through Regional Joint

\* Injection Benzazyle Pencillin- 5 lakh units: Injection Benzazyle Pencillin- 10 lakh units  
Procain Pencillin-4 lakh units and Injection Steptomycin-0.75 gm.



Directors (RJD), Health Services was found to be a non-existent dealer and (ii) The samples of the drugs taken by Drug Inspector, Narsinghpur from the District Hospital, Narsinghpur were found to be sub-standard. The Inspector demanded copies of supply vouchers and the details of quantities of drugs supplied by the firms from RJD Jabalpur so as to establish link between the manufacture and total production and supply thereof in the State for initiating necessary investigations. The RJD did not furnish the requisite vouchers (June 2003) in utter disregard of the provisions of the Act resulting in non-withdrawal of batches of sub-standard drug. No punitive action was taken against the RJD under provisions of the Act or otherwise.

**(b) Purchase of drugs and medicines in contravention of the provisions of the Act**

Irregularities in purchase of medicines for seasonal epidemic control

The Act, provides that all bills and vouchers for supply of drugs should contain name of manufacturer, batch number, manufacturing date, expiry date etc.

Test-check of records of CMHO, Indore revealed that the DHS had placed orders with MPLUN for supply of medicines worth Rs.1.13 crore for control of seasonal epidemics during 2000-01. These were to be supplied to district hospitals. Scrutiny of stock register of the CMHO, Indore, Jabalpur, Mandsaur and Ujjain revealed that the prescribed details, viz. manufacturing date, expiry date etc. were not found recorded therein. In absence of full details, samples of the drugs could not be collected by drugs inspectors.

On being pointed out in audit, CMHOs stated (May 2003) that required details were not supplied by manufacturers. The CMHO also confirmed that samples were also not collected by Drug Inspectors. Thus the possibility of procurement of spurious/fake misbranded and even time-expired drugs could not be ruled out.

**3.2.10. Monitoring and evaluation**

Non-monitoring and evaluation of over all performance of drug control administration

The Controller was the chief regulatory authority at State level. The various regulatory functions entrusted to him required close monitoring to ensure that the objectives of the organisation are achieved effectively. The scrutiny of annual returns prescribed by GOI regarding collection of samples, inspection of sale premises, progress of court cases and investigation of cases of drugs found to be sub-standard, adulterated or spurious revealed that the monitoring was practically non-existent as information on various points prescribed in the returns, like, number of sale premises as on 31 March, number of cases pending in courts etc. were not furnished by the district officers. The Controller had mentioned in each report that information was awaited from the districts and would be supplied on receipt. This indicated poor monitoring of the implementation of the Drugs and Cosmetics Act in the State.

Periodical State level meetings under the chairmanship of the Controller were not held regularly to evaluate the work done vis-à-vis the targets nor were any reports/returns prescribed by the Controller for collection of information from hospitals/nursing homes about casualties occurring due to administration of spurious drugs thereby failing to evaluate the extent of usage of fake and substandard drugs.



**3.2.11. Conclusion**

The implementation of Act suffered from major shortcomings such as inordinate delay in the cancellation of licences wherever renewal of licences was not approved, huge shortfalls in the inspection of manufacturing/selling units, delays in testing of samples collected, lack of prompt action to stop the manufacturing/sale of NSQ drugs. Although the Act provided for confiscation of substandard, fake and adulterated drugs, no specific departmental instructions exist for making field staff incumbent for approaching the court for obtaining confiscation order. No provision was made in the rules and procedures for dissemination of information of drugs found spurious/fake and adulterated by Government analyst to other States to ensure effective control over sale of such drugs throughout the country.

**3.2.12. Recommendations**

- ⇒ Provision should be made to ensure renewal of licences before expiry of validity of licence.
- ⇒ Notices to the manufacturers/dealers, where products are found substandard or fake/spurious need to be communicated promptly so as to ensure timely withdrawal of such drugs from the market.
- ⇒ It is very crucial to complete laboratory analysis within a fixed time frame; shorter time span between sampling and test analysis is a paramount need to curb production and circulation of substandard/spurious/fake/ misbranded drugs.
- ⇒ The state drug testing laboratory needs to be modernised with proper personnel and their training at regular intervals to update knowledge & skills.
- ⇒ A master control register should be maintained to watch issue/renewal of licences to manufacturers/dealers as well as submission of regular returns from District offices, effective monitoring and control on periodical renewal of licences.

**Public Health and Family Welfare Department****3.3 National AIDS Control Programme****Highlights**

*National AIDS Control Programme (NACP) launched in 1987 as a cent per cent Centrally sponsored scheme has since moved through three phases. To reduce the spread of HIV infection and to strengthen the country's capacity to respond to the HIV/AIDS on a long term basis, NACP-II was launched in 1999 in the third phase (1999-2004). Due to faulty implementation, the programme failed to make much of a dent even after spending Rs.19.18 crore during 1998-2003.*



MP State Aids Control Society (MPSACS) at the apex could utilise only 36 to 64 per cent of funds available with it for the implementation of the AIDS control programme during 1998-2003. Rupees 4.10 crore were lying unutilised as of March 2003 with 90 different implementing agencies.

*(Paragraph 3.3.4)*

Number of AIDS patients in the State increased from 303 to 1011 registering a growth of 234 per cent during the period from 1998 to June 2003.

*(Paragraph 3.3.5)*

Survey to identify the location and number of persons forming part of high risk group had not been completed so far. NGO participation in implementing projects relating to targeted interventions for groups at high risk was negligible.

*(Paragraph 3.3.6 (i)(a))*

Condom promotion programme was highly deficient. Testing and treatment facilities at STD clinics were not provided to 52 per cent of patients.

*(Paragraph 3.3.6 (i)(b) & (c))*

Only 46 per cent of the 22,400 health care workers in the State were provided training in syndromic case management and counselling in condom use.

*(Paragraph 3.3.6 (ii))*

Out of 8383 Secondary and Senior Secondary schools in the State, AIDS education programme was taken up for the first time only in 2002-03 and that too only in 1360 schools (16 per cent) of 11 districts.

*(Paragraph 3.3.6 (iii)(c))*

### **3.3.1 Introduction**

In order to combat and control the spread of Acquired Immuno Deficiency Syndrome (AIDS) disease, National Aids Control Programme was launched in 1987 and has since moved through three phases: the first phase (1986-92), was marked by the denial threat of HIV to India; the second phase (1992-99), called National AIDS Control Programme-I (NACP-I) was implemented with financial support extended by World Bank. To encourage and enable the States themselves to take on the responsibility of responding to the epidemic on a long term basis, NACP-II was launched in 1999 for a period of 5 years (1999-2004) in the third phase. This project is expected to be completed by October 2004.

The key objectives of NACP-II were (a) to reduce the spread of HIV infection, and (b) to strengthen the country's capacity to respond to the HIV/AIDS on a long term basis.

### **3.3.2 Organisational set-up**

Madhya Pradesh State AIDS Control Society (MPSACS) was registered on 14 July 1998 under the chairmanship of Principal Secretary, Public Health and Family Welfare Department. For day-to-day working an executive committee was constituted at State level with a Project Director as its Secretary.



District AIDS Control Societies were responsible for implementing the Programme at district level under the chairmanship of District Collector through the Chief Medical and Health Officer (CMHO) of the district.

### 3.3.3. Audit coverage

Records of the Project Director, MPSACS, 9<sup>s</sup> out of 45 CMHOs and 3<sup>@</sup> out of 5 medical colleges for the period 1998-03 were test-checked between December to June 2002 and December 2003. Significant points noticed are mentioned in the succeeding paragraphs.

### 3.3.4. Financial arrangements

The project is a cent per cent Centrally sponsored scheme.

Grants were released by National AIDS Control Organisation (NACO) directly to MPSACS from July 1998 onwards. The position in respect of grants released and expenditure incurred was as under:

(Rupees in crore)								
Year	Annual plans approved by NACO	Opening balance	Grants received from NACO	Miscellaneous receipts	Total funds available	Expenditure	Closing balance	Expenditure as percentage of available funds
1998-99	6.47	0.00	3.15	1.58	4.73	1.77	2.96	37
1999-00	7.14	2.96	3.55	0.65	7.16	4.55	2.61	64
2000-01	5.30	2.61	5.42	0.01	8.04	3.61	4.43	45
2001-02	12.38	4.43	7.80	0.08	12.31	4.71	7.60	38
2002-03	10.03	7.60	4.82	0.01	12.43	4.54	7.89**	36
<b>Total</b>	<b>41.32</b>		<b>24.74</b>	<b>2.33</b>		<b>19.18</b>		

1. Component-wise position of utilisation of funds under NACP-I (1998-99) and NACP-II (1999-2003) is summarised in **Appendix XLII**.

2. Miscellaneous receipts includes drawals relating to NACP-I: Rs.1.58 crore; receipts in kind (vehicles, scanners, etc.): Rs.31.27 lakh; funds transferred from State AIDS Cell: Rs.14.87 lakh; interest receipts: Rs.15.91 lakh; miscellaneous adjustment and receipts: Rs.13.28 lakh.

3. Of the unutilised amounts, Rs.4.10 crore were with 90\* different implementing agencies (March 2003).

It was noticed that separate expenditure accounts for family health awareness campaigns (FHACs) were not maintained by the State/district level AIDS Control Societies, despite instructions issued by NACO. Separate bank accounts were not maintained by DACSs, Chhindwara and Shahdol. Instead the funds received under the programme were kept mixed up with other programme funds.

29 per cent  
funds remained  
unutilised

<sup>s</sup> Barwani, Bhopal, Chhindwara, Dhar, Gwalior, Indore, Satna, Shahdol and Ujjain  
<sup>@</sup> Bhopal, Gwalior and Indore

\*\* It includes Rs.0.86 crore which belongs to Chhattisgarh State  
Collectors:29; CMHOs:45; Deans Medical Colleges:5 RHFUTC:3; Civil Surgeons:2; RMRC, Jabalpur, Surgical Specialist, Burhanpur, Superintendent M.Y.Hospital, Indore, and Medical College, Rewa, Principal, SMS Medical College, Jaipur and Principal Controller, Dean Medical College, Jabalpur.



29 per cent funds were lying unadjusted in account.

In test checked units, the accounts were not found maintained properly. Expenditure of Rs.3.54 crore was shown as incurred by 8 CMHOs\* and Dean, Medical College, Indore. MPSACS, however, adjusted only Rs.2.51 crore in its books of accounts during 1998-2003 leaving a difference of Rs.1.02 crore as detailed in **Appendix XLIII**.

Project Director, MPSACS stated (November 2003) that the funds remained unutilised during initial years due to formation of new State/district level AIDS control societies, new plan of action, non-availability of staff and late receipt of annual budget and guidelines. It was further stated that due to non-availability of eligible NGOs as per NACO guidelines, limited schemes were taken up under targeted intervention for high risk groups. Funds provided for salary of 14 VCTCs staff sanctioned in 2002-03 also could not be utilised due to their non-posting.

47 per cent AIDS cases were in two districts only.

### 3.3.5. Position of AIDS cases in the State

As at the end of 2002 there were 45.80 lakh (estimated) HIV/AIDS patients in the country. Of which, 1011 confirmed AIDS cases were found in Madhya Pradesh as of May 2003 as against 303 cases reported in the state by end of December 1998. The prevalence of HIV/AIDS was found to be concentrated in 12<sup>⊗</sup> districts of Malwa-Nimar region contributing 70 per cent cases. 47 per cent of cases (477) were reported in two districts of Ujjain & Indore.

Of these, 836 cases (83 per cent) were in the age group of 21-45 years and in 593 cases (59 per cent) HIV occurred through sexual route and in 208 (21 per cent) cases through blood transfusion.

Year-wise position of cases registered and death cases was as under:

Year	No. of AIDS cases registered	No. of death cases
Up to 1997	201	42
1998	102	2
1999	211	1
2000	127	4
2001	156	6
2002	156	3
2003 (up to May 2003)	58	2
<b>Total</b>	<b>1011</b>	<b>60</b>

### 3.3.6. Programme implementation

#### (i) Priority targeted intervention for groups at high risk

The programme aimed at reducing spread of HIV in high risk groups by identifying target population and providing peer counselling, condom

\* Barwani, Bhopal, Chhindwara, Gwalior, Dhar, Indore, Satna and Ujjain

⊗ Barwani, Dewas, Dhar, Indore, Jhabua, Khandwa, Khargone, Mandsaur, Neemuch, Ratlam, Shajapur and Ujjain.



promotion, treatment of sexually transmitted infections (STIs) and client<sup>#</sup> programmes. Rupees 8.53 crore were provided by NACO to the MPSACS during 1999-2003, which incurred only Rs.3.93 crore (46 per cent) on this component.

**(a) Identification of target population**

Survey for the identification of persons at high risk was not completed.

Commercial sex workers, truck drivers, industrial migrant labour, street children and slum community were classified as groups at high risk in the State. It was observed that survey to identify the locations and number of persons at high risk was not conducted by MPSACS. Project Director, MPSACS, stated (November 2003) that the agency to whom the work was assigned had submitted its draft report on 20 February 2003; further action was to be taken by NACO.

In the absence of a survey, the MPSACS planned 57 projects for targeted interventions on the basis of information available with Regional Transport Officer, Women and Child Welfare, Labour and Police Departments, to cover 61,200 persons during 1998-2003 as per details in **Appendix XLIV**. (truck drivers: 40,000; slum community: 16,000; commercial sex workers: 3,200 and street children: 2000).

NGOs participation in targeted intervention was only 11 per cent.

Against these 57 projects, only 12 projects covering 6795 persons (slum community: 5129; commercial sex workers: 410 and street children: 1256) 11 per cent could be taken up. Ten NGOs were appointed since 1999-2000 for targeted intervention for 7 high risk groups and Rs.63.38 lakh were disbursed to them as of March 2003. As per GOI guidelines, the NGOs were required to complete project within one to three years and submit utilisation certificates together with audited statements of accounts and full project reports within one month of completion of the project.

The test-check revealed that against Rs.26.85 lakh disbursed as grant-in-aid to 6 NGOs up to March 2002, utilisation certificates for Rs.15.40 lakh only were received by March 2003. It was further observed that work done by 3<sup>s</sup> of these (six) NGOs was not found satisfactory by MPSACS and it was decided to place them under independent evaluation.

When the matter of providing grant-in-aid for conducting TIs in fewer Projects was pointed out in audit, NGO Adviser of MPSACS, attributed (July 2003) it to lengthy process of selection of NGOs and non-availability of required number of eligible NGOs.

**(b) Promotion of condoms**

Deficient condom promotion programme.

The main objective of containing spread of HIV was to be achieved through promoting the use of condoms up to not less than 90 per cent among high risk groups. To achieve this goal, condoms were to be distributed free of cost through various channels. It was observed that during 1998-2000 condoms were not distributed under this programme.

<sup>#</sup> Persons coming in contact with commercial sex workers

<sup>s</sup> 1 B.R.Ambedkar Social Welfare and Research Society, Bhopal,

2. Malwanchal Vikas Parishad, Bhopal and

3. Arambh, Bhopal



However, during 2000-03, out of 23 lakh condoms received for distribution by CMHOs (8 lakh from NACO and 15 lakh from State Government) only 18.96 lakh were distributed. Project Director, MPSACS, Bhopal stated (November 2003) that during 1998-2000 condoms were already distributed by the State Health and Family Welfare Department under National Family Welfare programme. The reply was not satisfactory as under the programme condoms were required to be distributed among high risk groups through NGOs.

### (c) STD clinics

As sexually transmitted diseases (STD) increase the chance of HIV infection, STD control was assigned a major role in programme strategy. The main focus was to provide treatment to STD patients and ensure their protection from AIDS since STD can be cured while AIDS cannot.

In order to achieve this goal, STD clinics were to be opened in each district hospital and medical college hospitals. While all the 5 medical colleges were having STD clinics, 4 district hospitals (Dindori, Harda, Sheopur and Umaria) were not having these clinical facilities. Department's failure to open STD clinics in these 4 districts had resulted in non-detection of STD patients from that area, their treatment and counselling.

The State level position of number of patients who attended STD clinics and the numbers treated was as under:

Year	No. of patients who attended STD clinics	Number of patients reported and treated	Number of patients not treated
1998	5204	4108	1096
1999	11606	11107	499
2000	15069	8827	6242
2001	19209	9129	10080
2002	49242	15205	34037
<b>Total</b>	<b>1,00,330</b>	<b>48,376</b>	<b>51,954</b>

Further, 51,954 patients did not take up the treatment after registration and expressed their unwillingness to undergo tests and treatment. Project Director stated in November 2003 that these patients were referred to other specialists as they were suffering from diseases other than STD.

According to the guidelines, seven essential equipments were prescribed for each STD clinic. Scrutiny of records revealed that a number of STD clinics were not having these equipments (microscope-8 clinics; hot air oven with rotating fan; 11 clinics; water bath-serological: 8 clinics; timer clock-8 clinics; VDRL<sup>⊕</sup> rotator-9 clinics; refrigerator-20 clinics; and autoclave-45 clinics).

Project Director, MPSACS, stated (July 2003) that Rs.7.50 lakh were sanctioned for the purchase of these equipments in 2002-03 but the tenders were not issued due to technical reasons. Thus, these clinics were not fully

STD clinics were devoid of essential equipments.

<sup>⊕</sup> Venereal Diseases Reference Laboratory (syphilis test)



functional even as of October 2003 with the result that STD patients were deprived of proper investigation facilities for their treatment.

### **(ii) Training to health care workers**

Primary Health Care Providers were to be trained in syndromic case management and counselling in condom use and medical staff / para-medical staff were to be trained in quality control of VDRL tests.

Only 46 per cent health care workers were trained in syndromic case management.

Out of 22,400 health care workers in the State, only 10,283 (46 per cent) were trained in syndromic case management and counselling in condom use as of March 2003.

The shortfall in training was attributed by MPSACS to the large number of vacancies, as a result of which medical officers and para-medical staff could not be spared for training; conducting of too many training courses every year; emergency duties in hospitals and lack of interest due to over-work.

MPSACS did not however, specify the steps taken or proposed to be taken to overcome these constraints.

### **(iii) Preventive intervention for general community (Prevention among low risk groups)**

Under this component, activities to be undertaken were (i) Information, education and communication (IEC) and Family Health Awareness Campaigns (FHAC); (ii) providing voluntary testing and counselling; and (iii) reducing transmission by blood transfusion and occupational exposure.

Against grants of Rs.18.14 crore received from NACO during 1999-2003 under this component, only Rs.8.40 crore (46.29 per cent) were utilised. Reasons for short utilisation were not intimated.

#### **(a) IEC and awareness campaigns**

IEC activities included general awareness and social mobilisation through mass media, press advertisements, hoardings, glowshine boards, advertisements on AIR/Doordarshan, wall writing etc.

Audit observed that only 22 per cent (Rs.46.04 lakh) of the funds allocated (Rs.2.14 crore) for this component were spent during 2001-2002.

#### **(b) Family health awareness campaigns**

To raise the level of awareness on re-productive track infections (RTI)/sexually transmitted diseases (STD) and HIV/AIDS in rural areas and other vulnerable groups of the urban population and to facilitate early detection and prompt treatment of RTI/STD and to promote use of condoms, Family Health Awareness Campaigns (FHACs) were to be organised by CMHOs annually in each district for a period of 7-15 days, covering the population in 15-49 years age group.

The period-wise details of FHACs conducted, number of persons who actually attended the camps, the number of persons referred to treating units and RTI/STD cases actually treated are given below:



(In lakh numbers)

	1999 1-12 to 15-12	2000 (1-6 to 15-6)	2001 (1-6 to 15-6)	2002 (11-2 to 28-2)	Total
1. Total estimated target population	186.61	285.64	190.27	198.45	-
2. Number of persons who actually attended camps	22.41	57.32	32.16	33.88	145.77
3. Percentage of persons who actually attended camps	12.01	20.07	16.90	17.07	--
4. Number of patients referred to treating units	1.59	3.84	2.61	3.01	11.05
5. Number of patients actually treated	1.32	2.14	1.39	1.81	6.66
6. Percentage of persons actually treated	83.01	55.72	53.25	60.13	--

Follow up action was not taken in respect of patients attended FHACs.

Neither the remedial action taken in respect of 4.39 lakh (11.05 lakh – 6.66 lakh) patients who were not treated, nor the information as to how many of 11.05 lakh patients referred to RTI/STD clinics were HIV positive, was made available by the MPSACS.

For conducting these FHACs, NACO released separate funds over and above those approved under the annual action plan. Though no diversion of funds from the approved annual action plan for the FHAC was permissible, it was observed that the expenditure incurred by the CMHOs against the allotment for FHAC was mixed up with the general programme component/activities. As a result, the expenditure on FHAC was not distinctly verifiable.

#### (c) School education

Late start of school AIDs education programme in the state.

According to National plan for school AIDS education guidelines, all schools, preferably higher secondary schools, were to be covered at the rate of 20 per cent per year so that all were covered in 5 years. School AIDS education was to be taken up in IX and XI classes to make the students aware of the growing threat of HIV/AIDS. All principals/head-masters and identified teachers and students (2 teachers and 2 peer educators from each school) were to be provided training at district level by a master trainer. Rupees 1100 were to be provided to each school for conducting school level activities. Regular monitoring was to be carried out by NGOs implementing the programme.

Scrutiny of records revealed that due to non-receipt of action plan and funds, school AIDS education programme was not taken up during the first three years (1998-2001) of the project. In 2001-02, Rs.25.90 lakh were provided by NACO and the programme was taken up on experimental basis in 18 schools of 8 districts utilising Rs.0.61 lakh only. The programme was taken up on large scale for the first time during 2002-03 when 1360 schools in 11 districts, against the target of 2718 schools, were selected. Rupees 78.41 lakh were allotted to these 11 districts against Rs.80 lakh provided by NACO. Information about expenditure actually incurred was not available with MPSACS as of November 2003.

Thus out of total 8383 Secondary and Senior Secondary schools in the State, School AIDS education programme was taken up for the first time only in 2002-03 and that too in 1360 schools (16 per cent). As against 2720 teachers



and 2720 students required to be trained only 1745 teachers (64.15 per cent) and 1767 students (64.96 per cent) were actually trained during 2002-03.

#### (d) Voluntary testing and counselling

14 voluntary testing and counselling centers not made operational.

This activity involved (i) increasing availability of and demand for voluntary testing, specially joint testing of couples, (ii) training of grassroot level workers in HIV/AIDs counselling, and (iii) providing counselling services through all blood banks in the State and through STD clinics.

The position of setting up of voluntary counselling and testing centres (VCTC) and their performance was as under:

Year	No. of VCTC sanctioned	No. of operational sites (cumulative)	Year	Performance				Counselling provided to
				Blood testing		Number found positive out of		
				For clinically suspected HIV/AIDS cases	For voluntary HIV testing	Clinically suspected	Voluntary testing	
1998-99	3	3	1998	6334	9239	258	26	1852
1999-2000	--	3	1999	4693	10342	376	31	1864
2000-01	--	3	2000	4865	9714	462	30	1970
2001-02	16	19	2001	3695	9143	527	29	2207
2002-03	14	19	2002	4800	1447	496		3552

It was observed that 14 VCTCs established in 2002-03 could not be made operational as required staff was not appointed and the necessary equipment were also not provided by SACS.

#### (e) Reduction of transmission of HIV through blood transfusion and occupational exposure

According to the National Blood Safety Policy, testing of every unit of blood is mandatory for detecting infectious diseases like hepatitis, syphilis, malaria and HIV/AIDS. To carry out such tests, assistance was being provided by NACO to blood banks for purchase of necessary equipment, consumables and for salaries of lab technicians. Under this activity, setting up of new modern blood banks, upgrading of existing major blood banks and setting up of new district level blood banks was to be taken up.

The position of setting up of modern blood banks was as under:

	At district level	Medical hospitals	College	Major blood banks
Number of blood banks existing in the State as on 1-4-1998.	39	06		03
Number transferred to Chhattisgarh	5	1		1
Number of new blood banks established during 1998-2002	1	--		--
Total number of modernised blood banks as on December 2002	35	5		2

Scrutiny of records revealed that:

(1) Out of 42 blood banks, 5 (District Hospitals Datia, Hoshangabad, Panna, Raisen and Rajgarh) were functioning without a valid licence from the State Controller, Food and Drugs during 2002-03. Project Director, MPSACS



5 district level Blood Banks not having valid licence.

stated (November 2003) that action was being taken to get the licences revalidated from the competent authority.

(2) Although project implementation plan envisaged that every district would have at least one modernised blood bank by 2002, 5 districts (Dindori, Harda, Neemuch, Sheopur and Umariya) in the State were not having any blood bank as of March 2003.

(3) 35 district level and 2\*\* major blood banks were not having some of the essential equipment (airconditioner:25; refrigerator:17; refrigerated water bath:36; ELISA reader:20 and tube sealer:35) as of March 2003.

(4) Of the 50 sanctioned posts of lab technicians, 24 (48 per cent) were lying vacant as of March 2003, for periods ranging from one year to 2 years.

**(f) Establishment of blood separation units**

To promote rational use of blood and blood products by establishing component separation facilities and blood fraction facilities, 3 blood component separation units (BCSU) were established (1998-99) in 3 medical colleges of the State at Bhopal, Gwalior and Indore.

It was observed that though the equipment were provided by NACO during July 1995 to July 2000 and recurring grants of Rs.16 lakh during 2000-03 by MPSACS to each of the 3 blood component separation units, all the units were functioning without obtaining valid license from State Controller of Food and Drugs as of June 2003. While the units at Bhopal and Indore stopped functioning from December 2002 and June 2001 respectively, the Gwalior unit continued to function even as of June 2003 without a valid licence, a pre-requisite condition for establishing blood bank under the Drugs and Cosmetics Rules 1945 and GOI Gazette notification dated 5 April 1999.

Project Director, MPSACS stated (November 2003) that while Bhopal and Indore units had been granted licence by the State Controller, Food and Drugs, Gwalior unit was in the process of obtaining it.

Equipment provided by NACO remained idle in 2 blood separation units.

Equipment worth Rs.55.38 lakh (27.69 x 2) were lying idle at BCSUs Indore and Bhopal since July 2001 and January 2003 respectively. Thus, the facilities created for rational use of blood products for patients at large continued to be unused even after spending Rs.87.38 lakh on their creation.

**(iv) Low cost AIDS care**

The objectives of the activities under low cost AIDS care were to provide funding for home-based and community-based care, including increasing the availability of cost effective interventions for common opportunistic infections, usually encountered by AIDS patients. Specific activities to be taken up were (i) providing appropriate drugs for treating common opportunity infection at district hospitals, (ii) training at selected State level hospitals to medical officers for providing referral services.

\*\* District Hospital, Ujjain and J.P. Hospital, Bhopal.



(1) It was observed that no such hospital/centre was established in the State as of March 2003. Project Director, MPSACS stated (November 2003) that Madhya Pradesh being low prevalence State, home based programme were not started.

(2) Against Rs.32.10 lakh approved by NACO for providing appropriate drugs for treating opportunistic infections at district hospitals during 1999-2003, Project Director, MPSACS stated that Rs.8.19 lakh were allotted to district hospitals in 2001-02 for purchasing appropriate drugs but the UCs were not received as of November 2003.

(3) Training at selected State level hospitals for the provision of referral services was not organised by MPSACS.

#### (v) Results of sentinel surveillance

In order to provide critical data on the progression of the epidemic geographically among various sections of the population and to plan appropriate strategies, sentinel surveillance was carried out by establishing sentinel surveillance centres. The data so collected was to be extrapolated to the large population of the State for arriving at the extent of HIV infection.

During 1998-2002, five rounds of surveillance were conducted on mothers attending antenatal centres (ANC) and patients attending STD clinics situated in 10 districts in 1998-99 which were gradually raised to 23 districts in 2002-03, of the State covering each region. Results of the surveillance are given below:

Period	Sentinel group	No. of sites	Targets to be tested	Actually tested	Number positive	State level HIV prevalence rate
August 1998 to September 1998	STD	4	1000	665	15	2.25
	ANC	6	2400	1807	2	0.11
August 1999 to October 1999	STD	4	1000	1000	6	0.60
	ANC	6	2400	2400	6	0.25
August 2000 to October 2000	STD	8	2000	1569	26	1.65
	ANC	6	2400	2400	4	0.16
August 2001 to November 2001	STD	6	1500	1170	24	2.05
	ANC	10	4000	4000	13	0.32
August 2002 to November 2002	STD	10	2500	1784	39	2.18
	ANC	13	5200	5200	6	0.11

The table showed that the trend of prevalence of HIV in high risk group in STD cases was on the increase.

#### (vi) Inter-sectoral collaboration

With the object of promoting collaboration among the public, private and voluntary sectors, activities were to be coordinated with other programmes within the Union Ministry of Health and Family Welfare and other Central/State Ministries and Departments. Collaboration would focus on (i) learning from the innovative HIV/AIDS programmes that existed in other



sectors, and (ii) sharing in the work of generating awareness, advocacy at delivering interventions.

It was observed that even detailed plans for promoting inter-sectoral collaboration were not prepared by MPSACS although an amount of Rs.36.80 lakh was sanctioned and provided by the NACO for undertaking this activity during 1999-2003. Rupees 2.10 lakh (5.70 per cent) only were spent during 1999-2003 on this activity. Project Director, MPSACS stated (November 2003) that due to non-receipt of guidelines, the funds provided by the NACO could not be utilised.

**(vii) Capacity building for monitoring and evaluation of programme**

Evaluation of the programme not done.

As per guidelines, monitoring and evaluation were to be conducted by an outside agency at baseline, interim and final year. Scrutiny of records revealed that information regarding conducting baseline, mid term and final evaluations was not available with MPSACS as these activities were to be conducted by NACO.

**3.3.7. Conclusion**

Implementation of the AIDS control programme was still at a nascent stage; Targeted intervention is based on unscientific data and NGOs' participation in targeted intervention was negligible. Spouses of STD patients were not examined although envisaged under the guidelines. Rs.7.89 crore out of Rs.24.74 crore released, remained unutilised both at the level of MPSACS and with various implementing agencies. Appropriate drugs for treating common opportunistic infections were not provided. Small community based hospitals, drop-in centers and home-based care were not provided to persons living with AIDS. A number of blood banks/ blood component separation units had failed to obtain licences from the State Controller of Drugs. School AIDS education programme was started late, only from the fourth year of NACP-II. Thus, the impact of the programme is still to be felt.

**3.3.8. Recommendations**

- ⇒ Survey to identify the locations and number of persons at high risk should be completed on priority so as to identify higher risk groups for targeted intervention.
- ⇒ Systematic and sustained campaigns for general awareness and social mobilisation by associating mass media, press advertisements, hoardings, AIR and Doordarshan need to be organised.
- ⇒ Efforts should be made to obtain valid license from State Controller of Food and Drugs for all the blood banks/blood separation units established in the State and to fill up vacant posts of lab technicians and counsellors.
- ⇒ NGOs' participation in implementing the AIDS control programme needs to be enhanced.
- ⇒ District Hospitals, Community and Primary Health Centres need to be associated and well equipped to provide proper care to HIV/AIDS patients.



## Urban Administration and Development Department and Home (Police) Department

### 3.4 Prevention and control of fire

#### Highlights

*Fire services in the State are provided by municipalities under Local Self Government for rural as well as urban areas except in respect of seven major fire stations at Indore (5), Bhopal (1) and Malanpur (1). For these the services are provided by Home (Police) Department (Chief superintendent, Police fire Brigade, Indore). Out of 336 urban local bodies and 11 industrial areas, Fire services were available only in 102 urban local bodies and 4 industrial towns. However, the details of fire stations and fire vehicles available in the state were not available with Urban Development Directorate. Fire Force Bill regulating prevention of fire and adoption of safety measures has not been enacted in the State. Further, risk hazard analysis was not done and maximum response time for attending to fire incidents was not prescribed.*

In 26 local bodies test checked, against the norms of 164 fire stations and 210 fire vehicles, only 31 fire stations and 122 fire vehicles were available. Of these, fire station buildings were not available at five places while source of water was not available in the fire station premises at 7 fire stations.

*(Paragraph 3.4.5 (i)(a),(b))*

Building for fire station Dewas was not handed over even after its completion and Rs.60 lakh advanced for construction of building at Urla (Raipur) in March 2000 were not got refunded from the executing agency though the work was not taken up.

Twelve fire vehicles were purchased for these fire stations in March 2000 though fire stations were not yet functional

*(Paragraphs 3.4.5 (ii))*

Fire services training centre was not established and an amount of Rs.77.98 lakh released under Tenth Finance Commission was diverted for fabrication of bodies of fire vehicles.

*(Paragraph 3.4.5 (iv))*

#### 3.4.1. Introduction

Fire prevention and related safety measures are an integral part of town planning and building construction. To combat any fire related calamities, fire services are organised as first responder to save life and property. 'Fire Services' has been included as a municipal function in Schedule XII of the Constitution of India. Government of India (GOI) felt that any departure from this could be justified only where municipal authorities are found unable to provide fire fighting facilities on a scale which the State Government considers necessary. GOI had accepted the recommendations of the Expert Committee that there should be a uniform fire legislation in all States but State Government is still to accept them. The Standing Fire Advisory Committee



(SFAC) also recommended that every State should have a Fire Advisor or a State Fire Chief with authority to inspect and direct fire services. However, in absence of fire legislation no Fire Advisor or State Fire Chief was appointed.

### 3.4.2. Organisational set-up

Home (Police) Department was required to provide fire services in Indore City, Mantralaya (Vallabh Bhawan) at Bhopal, and 11 industrial areas of the State. Principal Secretary, Home (Police) Department was the head at State level and Director General of Police (DGP), and Additional Director General of Police (Fire Services), Indore, were executive heads of the fire services managed by Police. The Chief Superintendent, Police Fire Brigade, Indore (Superintendent) was in overall charge of police fire services. Fire services in remaining urban areas were provided by Urban Administration and Development (UAD) Department, headed by a Principal Secretary at State level. He was assisted by the Director, Urban Administration and Development (Director) at the apex of the local bodies and 7 Deputy Directors at divisional level. Similarly, out of 336 urban local bodies in the State, fire services were being provided by 102, while Home (Police) Department was providing fire services at 4 industrial towns<sup>⊗</sup>.

### 3.4.3. Audit coverage

Test-check of the records was carried out during November 2002 to November 2003 of Director, Superintendent, Police Fire Station, Indore, and Vallabh Bhawan and 26 urban local bodies\* for the period 1998-2003 with a view to examine efficacy of the fire fighting facilities available. The results of test check are as follows.

### 3.4.4. Finance

Position of budget allotment, expenditure and grants received from Government of India (GOI) and utilised during 1998-2003 was as under:

<i>(Rupees in lakh)</i>							
Year	Department	Pay and allowances and other expenditure		Grants received from GOI		Savings (-) / Excess (+)	Scheme which received grants from GOI
		Allotment	Expenditure	Allocation	Expenditure		
1998-99	Home (Police)	179.91	167.57	200.00	200.00	(-) 12.34	Tenth Finance Commission (TFC)
	Urban Admn	--	--	--	--	--	
1999-2000	Home (Police)	423.75	160.21	200.00	200.00	(-) 263.54	(TFC)
	Urban Admn	--	--	--	--	--	
2000-01	Home (Police)	520.00	203.55	--	--	(-)316.45	--
	Urban Admn	--	--	826.40	415.48	(-)410.92	Eleventh Finance Commission (EFC)
2001-02	Home (Police)	257.58	219.82	--	--	(-)37.76	--
	Urban Admn	--	--	413.20	413.20	--	EFC
2002-03	Home (Police)	592.97	284.25	Nil	Nil	(-)308.72	--
	Urban Admn	--	--	412.00	412.00	--	EFC
<b>Total</b>	Home (Police)	1974.21	1035.40	--	--	(-)938.81	--
	Urban Admn.	--	--	1651.60	1240.68	(-)410.92	--

⊗ Indore, Malanpur (Bhind), Pithampur (Dhar) and Vallabh Bhawan (Bhopal).

\* Bhopal, Burhanpur, Betul, Barwani, Damoh, Dewas, Dhar, Guna, Gwalior, Harda, Hoshangabad, Jabalpur, Jaora, Jhabua, Katni, Khargone, Multai, Mandsaur, Raisen, Ratlam, Shivpuri, Sagar, Shahdol, Sehore, Satna and Umari.



Savings under the head Urban Administration was stated to be due mainly to non-posting of staff. The reply indicated that the provision was being made in the budget for vacant posts in contravention of state financial rules.

Following shortcomings were noticed in management of finances:

**(a) Parking of funds in Civil Deposits/Bank accounts**

Of Rs.14.41 crore parked in Civil Deposit/banks Rs.4.12 crore were still lying in Civil Deposit.

Rules\* provide that no money shall be drawn from treasury unless required for immediate disbursement. However, funds amounting to Rs.14.41 crore meant for upliftment of fire services were drawn during 1998-2003 and kept in Civil Deposits and banks to avoid lapse of budget allocations. Of this only Rs.10.29 crore could be utilised/disbursed in subsequent year of the drawal with delays of 7 to 13 months and remaining amount of Rs.4.12 crore was still lying unutilised in Civil Deposits (January 2004).

Director and Superintendent admitted (December 2002, April 2003 and January 2004) that amounts were kept in Civil Deposits and banks but stated that it was done as per directions of the State Government and due to delayed finalisation of action plan as per recommendations of Eleventh Finance Commission.

**(b) Loss of interest**

Keeping of Rs.4.15 crore in bank suspense resulted in loss of interest of Rs.31.58 lakh.

The Director drew Rs.4.15 crore (meant for purchase of vehicles) from treasury in March 2001 and kept it in State Bank of Indore, Bhopal. The amount was disbursed to local bodies in May 2002. The amount remained in Bank's suspense account from April 2001 to April 2002, which resulted in loss of interest of Rs.31.58 lakh, computed at the rates applicable for overdraft by State Government.

The Director stated (January 2004) that the amount was kept in suspense account as there was no bank account in the name of the department. The reply was not tenable as the drawal itself, not being required for immediate disbursement was irregular and resulted in the loss of interest.

**(c) Non-utilisation of assistance by urban local bodies**

Of the assistance of Rs.8.29 crore disbursed to local bodies, Rs.7.94 crore were lying unutilised.

An amount of Rs.8.29 crore was disbursed to 95 local bodies by the Director in May 2002 (Rs.4.16 crore) and October 2002 (Rs.4.13 crore) for purchase of fire vehicles within 6 and 3 months respectively. In case of non-utilisation within the stipulated period, the amount was to be refunded but only 3 local bodies had intimated utilisation of Rs.35.07 lakh as of January 2004. Abnormal delay in utilisation/refund by remaining 92 urban local bodies, would deprive the citizens at large of the envisaged benefits of improved fire services.

**3.4.5. Programme Management**

The SFAC had recommended certain scales for establishing fire stations, provision of appliances and manpower depending upon population coverage and risk hazards. The number of fire stations set-up and equipments and manpower available in urban and rural sector is discussed below:-

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\* Rule 284 of Madhya Pradesh Treasury Code, Volume I



**(i) Creation of Infrastructure**

(a) SFAC had suggested establishment of a fire station for 10 Sq.km. of area and maintenance of pumping and rescue vehicles with manpower resources depending upon the size of population covered. Information relating to fire stations setup and fire vehicles available with urban local bodies vis-à-vis actually required for the State as a whole was not available with the Director. The actual availability of fire stations and fire vehicles with Home (Police) Department and test-checked urban local bodies vis-à-vis their requirement was as under:

Name of Department	Fire Stations			Fire Vehicles		
	Requirement	Actual	Shortfall	Requirement	Actual	Shortfall
Urban Admn (26 local bodies)	101	24	77	109	74	35
Home (Police)	63	7	56	101	48	53
<b>Total</b>	<b>164</b>	<b>31</b>	<b>133</b>	<b>210</b>	<b>122</b>	<b>88</b>

Local bodies intimated (September 2003) that they could not establish the fire stations and acquire fire vehicles as per requirement due to their adverse financial position. Home (Police) Department intimated (January 2004) that fire station and fire vehicles could not be maintained due to paucity of funds and staff. The reply was not tenable as GOI funds to extent Rs.7.94 crore remained unutilised with department.

(b) Though fire vehicles were available with local bodies of Damoh, Jhabua, Multai, Sagar and Umaria, buildings for fire stations were not constructed. As a result, fire vehicles were being parked near office buildings. Similarly, source of water was not available in the premises of fire stations at Fatehgarh and Pulbogada (Bhopal), Shivpuri, Gwalior (2 stations), Malanpur and Timber market (Indore). Non-provision of fire station buildings by local bodies for want of funds and non-availability of source of water in the premises adversely affected delivery of service to public.

(c) Rent-free accommodation was required to be provided to all members of the service within the premises of the fire stations for ensuring immediate availability to attend emergent situation. However, as against 233 employees working in the Police Fire Services, only 97 were provided with rent-free accommodation. As regards urban local bodies test-checked, out of 119 employees 7 employees were provided rent free accommodation within the premises of fire stations deployed on fire fighting services.

(d) As regards communication facility in test checked units, only telephones were available at all fire stations. Walkie-Talkie Sets and Mobiles sets were provided only at Gwalior, Jabalpur, Bhopal and Dewas to the fire officers as contemplated in the SFAC guidelines. Fire fighting teams of Home (Police) were not well equipped with Mobiles etc. at all the stations. Reasons for not providing Walkie-Talkie and Mobile Sets to all fire fighting teams throughout the State were stated to be due to adverse financial position of the urban local bodies.

Rent free accommodation could not be provided to 248 employees.



**(ii) Non establishment of fire stations and diversion of vehicles**

Additional Director General of Police (Fire Services), Indore, paid Rs.1.20 crore to the M.P Police Housing Corporation (Corporation) for construction of fire station, garage, office building and staff quarters at Dewas and Urla (Raipur) in March 2000. Though the works were required to be completed within 3-4 months, the Corporation had not handed over the building constructed at Dewas as of January 2004 due to non-payment of the additional amount of Rs.12.85 lakh. Besides, the Corporation which had not started the construction work at Urla, had not refunded the amount of Rs.60 lakh advanced to it for the works at Urla. The Superintendent stated (January 2004) that it would be recovered from the Corporation.

The Home (Police) Department simultaneously initiated purchase of 12 fire vehicles and 2 Gypsy vehicles in March 2000 for police fire stations at Dewas and Urla at a total cost of Rs.1.53 crore (Dewas:Rs.83 lakh and Urla: Rs.70 lakh). As fire stations could not be established, the vehicles were diverted to Police Fire Station, Indore which is Headquarters of Police fire services.

Abnormal delay of three years in completion of buildings resulted in non-establishment and non commissioning of fire station at Dewas besides undue financial assistance of Rs.60 lakh to the Corporation. The purchase of vehicles without immediate requirement did not serve the purpose for which they were procured.

**(iii) Fire management**

(a) Information regarding fire accidents reported, attended to, human lives lost, property lost and saved, in respect of urban local bodies was not monitored by the Director. Out of 26 urban local bodies test checked, 24 units did not maintain the records containing above details. In Bhopal and Gwalior, the property lost, property saved and lives lost during the years 1998-2003 were Rs.20.46 crore, Rs.55.44 crore and 26 respectively in 7233 fire incidents, the corresponding position of fire stations under control of Home (Police) department was Rs.95.69 crore, Rs.382.75 crore and 162 in 4044 fire incidents during 1998-2002.

Accuracy of the amounts of property reported and claimed respectively as lost and saved could not be verified in audit in absence of prescribed method of valuation. While the Home (Police) Department records value of property on the basis of "Panchanama" with multiple of four for recording property saved, the local bodies record the value as per information supplied by property owners and estimates made by firemen. Thus two separate methods are adopted for the purpose. On enquiry about the quantum of insurance claims made and settled it was replied (December 2002) that the information was not being compiled separately.

(b) Scrutiny of the records of police fire station, Indore, Vallabh Bhawan (Bhopal) and Municipal Corporation, Gwalior, further revealed that the amounts of property reported as lost and saved included the amounts of Rs.1.33 crore and Rs.4.61 crore respectively (Indore: Rs.73.03 lakh and Rs.2.92 crore, Vallabh Bhawan: Rs.29.59 lakh and Rs.1.18 crore, and

Non handing over/non commencement of construction of buildings resulted in non establishment of fire station besides diversion of vehicles.

There was no uniform procedure of recording values of property lost and saved.



Gwalior: Rs.30.46 lakh and Rs.51.00 lakh) pertaining to incidents of fire where the fire had already been extinguished before the arrival of the fire station teams and without any contribution in fire fighting operations.

In reply, it was stated that the loss in fire accident was a 'national loss' and hence included to ascertain the national loss.

(c) As per the recommendations of the SFAC, risk hazard analysis was to be made and accordingly a town was required to be divided into 3 major groups depending upon the risk hazard analysis and maximum response time fixed for attending to the fire incidents. However, neither the towns were so divided as per risk hazard analysis nor was the maximum response time fixed. No reasons were forthcoming for this failure.

**(iv) Training and awareness**

Non-establishment of training centre due to diversion of funds

(a) No fire services training centre was working under either Home (Police) Department or UAD Department. In March and May 2000 Government released Rs.77.98 lakh as per Tenth Finance Commission's recommendations and placed the amount at the disposal of Police Headquarters for Fire Services Training Centre. However, the amount was diverted for fabrication of bodies of fire vehicles and paid to Madhya Pradesh Laghu Udyog Nigam. Only 39 firemen of urban local bodies were imparted training from other training institutions while no firemen working under Home (Police) Department was imparted such training.

(b) Neither were any special courses for high rise buildings fire hazard, chemical fire, fire in industrial/factory sheds, were conducted, nor was any training/awareness programme for use of latest available appliances and technology to public /other agencies including groups exposed to heavy fire risk such as residents of congested localities/multistoreyed/offices/ commercial areas, organised.

**3.4.6. Manpower**

As per SFAC norms, the operational staff required per shift per vehicle was one driver, four fire men, one leading fire man, and one officer plus 25 per cent for leave reserve against staff and 50 percent against officer cadres. The total number of vehicles in Home (Police) and Urban local bodies was 48 and 74 respectively.

The position of staff required and persons-in-position for fire stations and fire vehicles in urban local bodies was not available with the Director. Audit observed that no staff was provided exclusively for fire stations by urban local bodies and fire stations were managed by the staff meant for fire vehicles.

However, position of staff required as per SFAC norms and that available in Home (Police) Department and test-checked urban local bodies for fire vehicles as available was as under:



Large number of posts were lying vacant against the requirement as per SFAC norms.

Sl. No.	Department	Post	No. of posts required	Persons in position	Shortage	Percentage of shortage
1	Home (Police)	Driver	180	46	134	74
2.	--do--	Firemen	720	185	535	74
3	--do--	Leading Firemen	180	--	180	100
4	--do--	Officer	216	--	216	100
5	Urban Local Bodies	Driver	283	154	129	46
6	--do--	Firemen	1002	268	734	73
7	--do--	Leading Firemen	373	28	345	92
8	--do--	Officer	341	18	323	95

The shortages were attributed to (a) adverse financial position of urban local bodies and (b) non-sanction of posts as per norms by the Government in Home (Police) Department.

The mismatch of manpower in various categories has mainly arisen as the Government was still in the process of examining the SFAC norms and are yet to adopt the scale.

#### 3.4.7. Other point of interest

Test-check revealed that the six urban local bodies (Guna, Harda, Hosahangabad, Sagar, Shahdol and Gwalior) fire vehicles were being utilised for supply of water to the officers' residences and watering of playgrounds, etc. Diversion/misutilisation of fire vehicles resulted in avoidable burden of Rs.6.74 lakh (diesel) on fire services, apart from the avoidable wear and tear of fire vehicles etc.

It was stated (April 2003) that watering of grounds was done and water supplied to officers and other non-government officials as per the orders of higher authorities due to scarcity of water.

#### 3.4.8 Conclusion

Due to non-enactment of Fire Force Bill in the State, no statute/rules/departmental instructions were in place for prevention of fire and adoption of safety measures in respect of high-rise buildings, warehouses, cinema halls, railway stations, public halls, offices, explosives manufacturing units, major oil installations, power plants, workshops etc. The licences were not issued to builders/owners/users of the public premises/high-rise buildings/industrial establishments regarding adequacy of fire fighting measures. No fire prevention wing was established to periodically inspect the vulnerable buildings, cinema halls, industrial estates and other premises with high fire risk. There was no system in place for providing training in fire drill to school children, employees/workers of industrial establishments, offices and residents of high-rise buildings. Walkie-talkie and mobiles sets were not provided to fire staff.



### 3.4.9 Recommendations

- ⇒ The recommendations of the SFAC should be examined and norms devised by the State Government on priority basis. There was an urgent need to fill-up the vacant posts, establish new fire stations, upgrade the existing fire stations by supplying adequate fire tenders and thus reduce the response time/damages to property/lives.
- ⇒ Implementation of the recommendations regarding enactment of Fire Force Bill and Rules there under should be ensured in the State.
- ⇒ A separate Fire Prevention wing needs to be established to create awareness among the general public for adopting fire safety norms. Precautionary measures for high rise buildings, cinema hall, industrial buildings and public places should be prescribed and effectively followed.
- ⇒ Local bodies should be provided sufficient funds to setup Fire Stations.

## Water Resources & Narmada Valley Development, Departments

### 3.5 Accelerated Irrigation Benefit Programme (AIBP)

#### Highlights

*With a view to develop the irrigation potential (IP) from on-going projects which were at an advanced stage of construction, a scheme "Accelerated Irrigation Benefit Programme (AIBP)" was launched (1996-97) by the Government of India (GOI). Eleven projects were selected (1996-2001) to create an additional irrigation potential of 4.84 lakh ha within two years from the date of inception of the project, at an estimated cost of Rs.3565.74 crore. Even after lapse of seven years and incurring an expenditure of Rs.1764.79 crore (49.49 per cent of estimated cost), an additional IP of only 39888 hectare (8 per cent of projected potential) was created as of March 2003. Dismal performance was mainly due to incorrect selection of projects, poor planning, improper utilisation of funds and lack of monitoring.*

Shortfall in matching share to the tune of Rs.222.21 crore by GOMP resulted in disqualification of projects for CLA sanctioned during the year.

(Paragraph 3.5.4)

An expenditure of Rs.125.06 crore beyond the scope of AIBP was incurred on work charged and daily wages staff and was charged to earth/masonry work during 1996-03. Another Rs.3.41 crore were diverted to procurement of vehicles and other inadmissible items.

(Paragraph 3.5.4 (b)(i))



In Bansagar project, against the CLA of Rs.203.59 crore based on the entire expenditure of Rs.317.82 crore including the share of UP and Bihar States the GOMP incurred only Rs.174.69 crore during 1996-2002. The remaining amount of Rs.28.90 crore along with its share of Rs.75.48 crore was diverted for other purposes. An expenditure of Rs.49.19 crore incurred on canal system of Bansagar project during 1996-2001 was also beyond the scope of AIBP.

*(Paragraph 3.5.4 (a)(i), 3.5.4 (b)(i) & 3.5.7(d))*

Rs.52.99 crore towards advance for land acquisition and shifting of HT/LT line, were lying with Land Acquisition Officers (LAO) and MPSEB as of March 2003.

*(Paragraph 3.5.4 (c)(i) & (ii))*

During the three years (1999-2002), the actual utilisation of created potential ranged between 37 per cent and 46 per cent.

*(Paragraph 3.5.6)*

Expenditure of Rs.20.47 crore upto March 2003 on right bank canal (RBC) Sindh Phase-II and Samoha pick-up weir beyond Barua aquaduct for which agency was not fixed (August 2002) proved to be unfruitful till the completion of Barua aquaduct.

*(Paragraph 3.5.6 (ii))*

Injudicious and irregular award of work of earthen and masonry dam at Madikheda without forest clearance led to time extension of 7 years and avoidable cost of Rs.57.82 crore.

*(Paragraph 3.5.7(a))*

Rs.5.18 crore additional security deposit was not deducted from the contractors bills under Bargi Diversion project (BDP) in terms of contracts to safeguard the interest of Government.

Due to Failure in implementation of programme for Bargi Diversion Project – “Fast Track”, CLA of Rs.50.34 crore could not be utilised, the amount was diverted to other purposes which created an additional liability of interest of Rs.5.79 crore.

*(Paragraph 3.5.7(e))*

### **3.5.1 Introduction**

GOMP failed to complete the projects even after lapse of 7 years as against the stipulated period of 2 years.

At the end of 8<sup>th</sup> Plan (1992-97), there were 19 Major and 22 Medium on-going projects in State of Madhya Pradesh at various stages of construction. Of these, 8 major and 16 medium projects with spilled over cost of Rs.1308.43 crore for creation of 4.52 lakh ha irrigation potential were identified for completion by the end of the 9<sup>th</sup> Plan. Despite huge investment having already been made on these projects, the projected benefit could not be derived. To accelerate the completion of these irrigation and multipurpose on-going projects which had spilled over from Plan to Plan mainly because of financial constraints faced by the State Governments, “Accelerated Irrigation Benefit Programme” (AIBP) was introduced by Government of India (GOI) during 1996-97 to provide Central Loan Assistance (CLA) to the State Governments



with the main objective of realising the irrigation potential of these projects over the next four working seasons, i.e. two years.

Eleven projects (10 major and 1 medium) were selected during 1996-97 to 2000-01 for construction under the programme to create 4.84 lakh ha additional irrigation potential at an estimated cost of Rs.3565.74 crore. As against the projected irrigation potential, only 39888 ha (8 per cent) had been created by incurring an expenditure of Rs. 1764.79 crore (49.49 per cent) as on March 2003. The GOMP failed to complete the projects (except one major and one medium) even after lapse of 7 years as against the stipulated period of 2 years.

### 3.5.2 Organizational Set up

Water Resources Department (WRD) and Narmada Valley Development Department (NVDD) of the state headed by the Principal Secretaries, were executing nine and two projects, respectively. The Engineer-in-Chief (E-in-C) of WRD and NVDA (a high power body, with a Chairman, Vice Chairman and 4 full time members) had the overall responsibility for planning and implementation of the schemes falling under their respective jurisdiction. At the field level, Executive Engineers (EE) were responsible for execution of the works under the direction and control of Superintending Engineer (SE) and Chief Engineer (CE).

### 3.5.3 Scope of Test Audit

The review is based on the test check of records of Six<sup>§</sup> out of 11 projects, accounting for 94 per cent of total expenditure of Rs.1764.79 crore of the programme relating to the period from 1996-97 to 2002-03, in the offices of E-in-C, one CE, one SE and 12 Divisions of WRD and NVDD, conducted during December 2002 to June 2003. The information and data were also collected from Water Resources Department, & Narmada Valley Development Authority (NVDA) of the State and CWC.

The audit objective in this review was to make an assessment of the methodology of selection of projects for CLA under AIBP, efficacy of the implementation process and effectiveness of expenditure as demonstrated by the key factor of completion of the projects. The points noticed during audit are discussed in succeeding paragraphs.

### 3.5.4 Financial Outlay and Expenditure

Central assistance under the scheme was to be given in the form of loan on matching share basis. According to guidelines modified from time to time, the ratio of share between GOI and GOMP was 1:1, 2:1 and 4:1 during 1996-99, 1999-2002, and 2002-2003 respectively. Under Fast Track Project CLA for entire expenditure was admissible. The CLA was to be released quarterly during 1996-97 and from 1997-98 onwards in two equal instalments. The second instalment was to be released only after incurring more than 70 per cent expenditure together with state share. No CLA for establishment cost was considered during the period 1999-2002. However, the establishment cost upto

GOMP could get CLA of Rs.936.60 crore only as against sanctioned CLA of Rs.1326.81 crore due to non-contribution of required matching share.

<sup>§</sup> 6 Projects:- Bansagar, Upper Wainganga, Sindh Phase- II, Bariyarpur, Indira Sagar and Bargi Diversion (Fast Track)



15 per cent subject to adjustment of the State share, except for fast track projects was admissible for CLA during the year 2002-2003.

It was observed in audit that CLA was demanded by the GOMP on the basis of budget provision deducting the balance CLA of previous year. The demand had been considered and recommended by the CWC for release of first instalment. However, the expenditure was not commensurate with budget provision.

Project-wise financial status during 1996-03 as detailed below:

*(Rupees in Crore)*

Name of project	Budget Provision (1996-03)	CLA sanctioned	Central Share	State Share	Total	Expenditure		Shortfall in matching share
			(CLA)			Actual	Admissible	
1	2	3	4 (a)	4 (b)	4 (c)	5 (a)	5 (b)	6 [4 (c)-5 (b)]
Bansagar	483.99	256.34	203.59	150.42	354.01	463.31	229.88	124.13
Upper Wainganga	113.44	68.02	49.09	31.90	80.99	106.46	79.31	1.68
Rajghat	46.05	45.40	27.81	19.65	47.46	46.00	46.00	1.46
Sindh-Ph I	14.06	12.90	6.82	2.83	9.65	12.63	12.63	0
Sindh-Ph II	246.25	142.57	105.96	42.31	148.27	214.40	202.67	0
Bariyarpur	30.28	21.87	12.06	4.27	16.33	28.30	25.78	0
Urmil	7.25	3.20	1.93	0.82	2.75	7.24	3.84	0
Banjar	2.64	2.80	1.40	0.60	2.00	2.45	2.45	0
Mahi	42.61	53.62	21.87	6.48	28.35	37.87	37.87	0
Indra Sagar	1023.53	394.01	343.01	216.00	559.01	798.41	705.37	0
Bargi Diversion	259.93	326.06	163.06	0	163.06	47.72	47.72	115.34
<b>Total</b>	<b>2270.03</b>	<b>1326.81</b>	<b>936.60</b>	<b>475.28</b>	<b>1411.88</b>	<b>1764.79</b>	<b>1393.52</b>	<b>222.21</b>

GOMP's matching share was short by Rs.222.21 crore even against the curtailed CLA of Rs.936.60 crore received from GOI.

Due to failure in contribution of matching share, the GOMP could get only Rs.936.60 crore as against sanctioned CLA of Rs. 1326.81 crore. As a result, three projects – Sindh Phase-I (2000-01), Bariyarpur and Banjar (2001-02) were disqualified for full amount of sanctioned CLA. Besides this, all the projects were disqualified for second instalment of CLA at least in two or more financial years during 1996-03.

#### (a) Excess receipt of CLA

Audit scrutiny revealed that the GOMP demanded CLA on the expenditure other than what it was admissible for, as below:

(i) CLA of Rs.203.59 crore instead of admissible amount of Rs.99.21 crore, was obtained for Bansagar Project by reporting incorrect expenditure of Rs.317.82 crore during 1996-02 including Rs.143.13 crore share of UP and Bihar State, resulting in receipt of excess CLA of Rs.104.38 crore.

(ii) There were no clear-cut guidelines for CLA on account of establishment cost during the years 1996-99. However, 15 per cent of work expenditure which worked out to Rs.51.92 crore, was taken in to account by the State Government for CLA.



**(b) Diversion and Under-Utilisation of funds**

The guidelines, inter-alia, stipulated that the CLA and matching share of the state should solely and exclusively be utilised only on those AIBP components of the project for which it was sanctioned and would not be diverted to any other project/ purposes.

An amount of Rs.299.75 crore was diverted to other projects/ purposes.

Test check of records, however, revealed that CLA and matching share of State of Rs.299.75 crore was diverted to other projects/purposes and Rs.68.14 crore was under utilised as detailed below:

**(i) Diversion**

- Huge expenditure of Rs.125.06 crore\*\* beyond the scope of AIBP, was incurred on work charged and daily wages staff by charging to the earth and masonry work during 1996-2003 on 9 projects. Besides this, an amount of Rs.3.41 crore had been diverted and utilised on the procurement of vehicles (Rs.0.94 crore) and on other inadmissible items (Rs.2.47 crore) in Upper Wainganga, Sindh Phase-II, Bariyarpur and Bansagar projects during May1999 to May 2003.
- CLA of Rs.98.06 crore (1<sup>st</sup> instalment) was released for Bargi Diversion Project (BDP), Phase-I in March 2002, of which only Rs.60 crore were allotted to the project. However, only Rs.47.72 crore could be utilised on works during the year 2002-03. The remaining amount of Rs.50.34 crore was utilised on other projects/purposes during the year.
- In Bansagar Project, against total CLA of Rs.203.59 crore, an expenditure of Rs.174.69 crore (MP State Share) was incurred by GOMP during 1996-2002. Thus Rs.28.90 crore CLA was diverted to other purposes, besides withholding its matching share to the tune of Rs.75.48 crore.
- Rs.15.50 crore out of CLA of Rs.54 crore released for Bansagar project during 1997-98 was handed over to MPSEB for construction of head regulator and common water carrier for power generation, which was beyond the scope of AIBP.

**(ii) Non/ Under Utilisation**

- CLA of Rs.65 crore for BDP, Phase-II was released (March 2003) under "Fast Track" by the GOI without scrutinising the plan for its utilization, as the project was at survey stage and even agencies for work were not fixed. Consequently, released CLA could not be utilized.
- Though the matching share of Rs.1.68 crore was lying with the GOMP and the project was incomplete, upper Wainganga Project was withdrawn (March 2003) from AIBP. Hence, the pre-mature withdrawal of the project from AIBP was not justified.

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\*\* Ban Sagar-Rs.65.17 crore, Bariyarpur -Rs.2.79 crore, Upper Wainganga -Rs.20.19 crore, Sindh Phase-I- Rs.0.44 crore, Sindh Phase-II -Rs.7.77 crore, Banjar-Rs.0.40 crore, ISP-Rs.27.02 crore Bargi Diversion -Rs.0.17 crore and Mahi-Rs.1.11 crore.



- The matching share of Rs.1.46 crore was not released to Betwa River Board (BRB) during 1999-2003 as of March 2003.

The above shortcomings and diversion of AIBP funds indicate Government's failure in pursuing the true spirit of the programme.

**(c) Advance payment**

- (i) Codal provisions stipulated that advance payments to Land Acquisition Officer (LAO) for acquisition of private land was to be accounted for under suspense head "Land Acquisition" which was to be cleared on receipt of the account from LAO.

An amount of Rs.52.99 crore was lying with the LAOs and MPSEB as of March 2003

Notwithstanding the above provisions, the advance payments for Rs.65.63 crore were made to the LAOs for acquiring 5493.297 ha private land and charged to final head of account instead of suspense head during 2001-03. Out of this only Rs.13.47 crore was paid to the landowners and remaining amount of Rs.52.16<sup>††</sup> crore was lying with the LAOs as of March 2003. No prompt action was taken by the project authorities and LAOs for timely land acquisition, and only 1756.031 ha land was acquired finally out of 5493.297 ha of land.

Further scrutiny of records also revealed that there was an apparent lack of realistic assessment while working out the requirements of funds for land acquisition. Some of the instances noticed in audit are summarised below:

- (1) An advance payment of Rs.3.62 crore was made by the EE ND Division No.24 Khargone, to the LAOs against the actual requirement of Rs.2.17 crore resulting in excess payment of Rs.1.45 crore.

- (2) In BDP, as against the provisions of Rs.1.53 crore for land acquisition an amount of Rs.15.72 crore was advanced to the LAO.

- (ii) Similarly, an advance payment of Rs.82.50 lakh<sup>††</sup> was also made to the Madhya Pradesh State Electricity Board (MPSEB) for shifting of high tension (HT) and low tension (LT) lines by the EEs during 2002-2003 against which the account was awaited from MPSEB as of May 2003.

On this being pointed out, the EEs admitted the facts and stated that the payments were made on the demand of LAOs and MPSEB; and cases were in process as of March 2003. EE ND DN No-24, Khargone, however, stated that

<sup>††</sup>

Indira Sagar project (ND DN No-14 Sanawad and ND DN No 24, Khargone)	Rs. 8.99 Crore
Bargi diversion project (ND DN No.4, DN No.7 and RBC DN No.1)	Rs. 14.02 Crore
Bariyarpur	Rs. 13.54 Crore
Sindh Phase-II	Rs. 15.61 Crore
Total	Rs. 52.16 Crore

<sup>††</sup>

Indira Sagar project (ND DN No-14 Sanawad)	Rs.55.93 Lakh
Bargi diversion project (ND Division No.4, No.7 and RBC No.1)	Rs.26.57 Lakh
Total	Rs.82.50 Lakh



the excess payment would be adjusted in acquiring the remaining land of other villages.

### 3.5.5 Project Selection

Criteria for selection of projects for CLA under AIBP envisaged that:

Selection of projects was in contravention of the laid down criteria. The selected projects failed to achieve the projected benefit.

- (a) Only those Major/medium projects were to be identified which had investment clearance of the Planning Commission and were in advance stage of completion i.e. expenditure to the extent of 75 per cent of projected cost or more had been incurred thereon. The limit was relaxed to 50 per cent or more from 1999-2000;
- (b) Projects which could be completed with little additional resources to get projected irrigation benefit in one of the next four agricultural seasons (i.e. 2 years);
- (c) Phased completion of large projects to derive benefit with comparatively smaller investment which were languishing for want of funds;
- (d) Project with larger irrigated area per unit of additional investment; and
- (e) Projects which were already receiving assistance from domestic agencies were not to be considered.
- (f) Projects which were in advanced stage and could be completed in one year be selected under "Fast Track" with 100 per cent central assistance.

It was, however, seen that projects were selected in total disregard to the laid down criteria. Five projects viz Indira Sagar Phase-I, Bansagar, Mahi, Bariyarpur and Sindh Phase-II were in preliminary stages of construction and expenditure incurred was 35 per cent, 38 per cent, 21 per cent, 34 per cent and 18 per cent respectively of the projected cost at the time of their selection were considered against the prescribed stage of 75/50 per cent.

The physical progress of these projects at the time of selection was as under:

- (i) **Sindh Project Phase-II:** Dam and canals of the project were in the initial stages, even the final forest clearance from the GOI was not obtained.
- (ii) **Indira Sagar Project:** Dam was at a preliminary stage of foundation work which could not be raised due to non completion of rehabilitation and resettlement (R&R) work. Alignment of ISP main canal beyond km 58 was not approved and even the control structure, without which irrigation was not possible, was not started.
- (iii) **Bansagar Project:** Although, the dam was cleared by the Planning Commission in 1978, the canal system, without which irrigation was not possible, could be got cleared from the Planning commission as late as in October 2001. However, the dam was selected for CLA without canal system. Moreover, both dam and canal were in preliminary stages of construction.
- (iv) **Rajghat Project:** The construction of dam of Rajghat, an interstate (MP&UP) Project, was entrusted to Betwa River Board (BRB) constituted by Government of India. It was included (1998-99) under AIBP for CLA to contribute the share of expenses on remaining work of dam and land and property acquisition, though the dam (Civil Work) was not cleared by the Planning Commission.



(v) Two projects namely **Bawanthadi** and **Mahan** with balance cost of Rs.89.03 crore and Rs.71.78 crore to create 29412 ha and 19740 ha Irrigation potential respectively had been recommended for inclusion under AIBP in the financial year 2003-04. Such small projects which could yield greater irrigation benefit with comparatively smaller investment could have been selected at an earlier stage.

(vi) **Bargi Diversion Project:** Right Bank Canal (km 16 to 63) of Bargi dam (constructed in 1988) was the only project selected (March 2002) for CLA under AIBP - "Fast Track" for completion within one year (upto May 2003). The project was approved (July 1998) by the Planning Commission for Rs.1101.23 crore. The RBC with its distribution system in initial reaches upto km 16 taken under loan assistance from NABARD was planned to be completed within 2 years upto March 2004. Thus, the desired irrigation benefit would not be derived till the completion of initial reaches up to km 16. Bargi Diversion Project is one project which had already been funded by NABARD upto km 16, selection and inclusion of such project was an infringement of the laid down criteria. Moreover, on expiry of the prescribed period of completion only 25 per cent work was completed and has been recommended by the CWC under normal AIBP for next financial year 2003-04. The selection of the project under "Fast Track" was incorrect.

Thus, the selected projects *prima-facie* did not fulfill the prescribed stipulations and laid down criteria under AIBP. As a result, projected benefit could not be achieved in the prescribed time frame.



**Table-1**

(Rs in Crore/ Irrigation Potential in ha.)

Sl. No.	Name of project	Estimated cost/ Year	cost of AIBP components	Year of sanction under AIBP	Stipulated date of completion of the AIBP portion	Revised date of completion of the AIBP portion	Additional Irrigation potential (designed)	Actual irrigation potential			Utilisation
								Before AIBP	Through AIBP	Total	
1	2	3	4	4	5	6	7	8	9	10	11
<b>Water Resources Department</b>											
1	Bansagar Project	1281.00 (1991)	794.33	1996-97	Unit-I 3/98 Unit-II 6/05	Unit-I-6/04 Unit-II Phase-I 6/04 Phase II 6/06	193359 (193359)	0	350	350	350
2	Upper Wainganga (Withdrawn)	207.57 (4/96)	56.62	1996-97	6/2000	6/2003	35253 (105253)	70000	28253	98253	40810
3	Sindh Phase I	56.42 (11/91)	17.97	1999-00	6/2002	6/2004	10577 (13627)	3050	0	3050	0
4	Sindh Phase II	607.67 (11/91)	329.29	1998-99	3/2005	6/2005	83084 (162100)	4162	8998	13160	8000
5	Bariyarpur LBC Project	190.87 (8/2002)	144.90	2000-01	3/2005	3/2005	43850 (43850)	0	0	0	0
6	Urmil Project (Completed)	27.62 (2000)	3.00	2000-01	6/2002	3/2003	1192 (7692)	6500	1192	7692	4090
7	Banjar Project (Completed)	8.55 (1998)	3.00	2000-01	6/2002	3/2003	1095 (2024)	1334	1095	2429	1133
8	Mahi Project	265.75 (1998)	179.36	2000-01	3/2003	3/2006	26429 (26429)	0	0	0	0



Chapter III - Performance Reviews

9	Rajghat project	N.A	46.21	1998-99	6/2001	3/2003	0	0	0	0	0
<b>Narmada Valley Development, Department</b>											
1	Indira Sagar Project phase I	2167.67 (11/90)	1500.00	1996-97	3/2001 Phase-I	6/2005	36100 (123000)	0	0	0	0
2	Bargi Diversion Project Phase I Phase II	2604.50 (4/2001)	196.06 295.00	2001-02 2002-03	5/2003 3/2004	3/2004	(245010) 21194 31900	651	0	651	651
	Total	7417.62	3565.74	-	-	-	484033 (922344)	85697	39888	125585	55034



### 3.5.6 Planning and Implementation

Eleven incomplete irrigation projects at balance estimated cost of Rs.3565.74 crore were sanctioned by GOI, MOWR for CLA, under AIBP during 1996-97 to 2001-02, with the aim to realise additional IP of 4.84 lakh ha within one/two years. Target and achievement of the projects as of March 2003 are shown in Table-1.

Two projects (Urmil and Banjar) were completed in March 2003, after three years from their sanction against the prescribed period of one year. One incomplete project (Upper Wainganga) was withdrawn (March 2003) after creating 80 per cent of projected IP by the GOMP with a view to include another new project.

The GOMP kept revising its targets for projected IP every year. The expenditure of Rs.1764.79 crore (49.49 per cent) over a period of 7 year was not commensurate with the created IP of only 39888 ha. (8 per cent).

Audit noticed that reasons for non achievement of targets included incorrect selection of projects, faulty planning, delay in clearance of forest land, delay in R & R work, delay in fixing of agencies, frequent changes of engineers and inadequate budget outlay resulting in creation of liability of loan and interest thereon without yielding projected irrigation benefit and depriving the farmers from irrigation facility, as discussed in succeeding paragraphs.

Further the actual utilisation of over all created potential of 20 lakh ha, 20.31 lakh ha and 20.59 lakh ha during the years 1999-2000 to 2001-2002 was only 9.25 lakh ha (46.25 per cent), 7.37 lakh ha (36.85 per cent) and 9.91 lakh ha (44.63 per cent) respectively up to March 2002. The shortfall in utilization was attributed by the department to reluctance of cultivators to take water from Government sources due to sufficient rains which fulfilled their need, and less rainfall leading to the administration reserving water for drinking and other purpose and shortage of power.

The contention of the department is not acceptable as the project were conceived and constructed only on the basis of irrigation requirement of their respective command area. The inability to utilise even partly created potential of less than 50 per cent on grounds of low or no demand from cultivators was thus an alarming situation and would bear a question mark on the very utility of the project when completed.

Audit further observed that there was poor planning and heavy slippages in the implementation of the programme as discussed below:

(i) Bansagar Project was planned to create 13500 ha IP through its 5 canals by June 2000. Though the dam was completed (June 2000), the construction of the canal system was not started simultaneously because of non clearance by Planning Commission. As a result the department was forced to re-plan the completion of the canal by June 2004.

Looking at the slow progress of work, CWC suggested (July 1998) development of one canal at a time to achieve some benefit instead of the original 5 canals. This was not reviewed by the departmental authorities and work on all five canals continued; and only 350 ha irrigation potential could be created as of March 2003.

Even after incurring an expenditure of Rs.1764.79 crore (49.49 per cent), irrigation potential of only 39888 ha. (8 per cent) could be created.



Expenditure of Rs.20.47 crore on the construction of RBC beyond Barua Aquaduct did not serve the purpose.

GOMP failed to create irrigation potential even after incurring an expenditure of Rs.1546.67 crore.

On this being pointed out the CE did not offer (May 2003) any specific comment.

(ii) Construction of structures in reaches of Right Bank Canal of Sindh Phase-II beyond Mahuar river and Samoha Pick up Weir which were beyond the Barua Aquaduct (12.75 km) had been taken up while the agencies for the balance work of Barua Aquaduct had not been fixed upto August 2002. As the water cannot reach beyond Barua Aquaduct unless it is completed, expenditure to the tune of Rs.20.47 crore incurred as of March 2003 on RBC beyond Mahuar river (Rs.4.71 crore) and Samoha pick up weir (Rs.15.76 crore) was unfruitful and did not serve any purpose.

(iii) The targets and completion schedules of Indira Sagar Project dam<sup>§§</sup> up to crest level and canal system up to 81 km under phase I to provide irrigation in an area of 36100 ha were revised from time to time due to failure to achieve the specified targets of those years and finally planned to be completed by March 2001. Canal system inter-alia envisaged the construction of control structure of main canal, lining of canals, other structures and tunnels. These works had not been taken up in a planned manner and their progress was negligible as of March 2003.

Thus, despite incurring an aggregate expenditure of Rs.1546.67 crore (Rs.705.37 crore under AIBP), the department failed to implement the programme for creation of IP of 36100 ha even after lapse of 7 years.

### 3.5.7 Execution

Projects were to be planned for their phased completion in such a way that benefit could start flowing easily, and priority was to be given to those components which quickly create more irrigation potential with lesser investment.

It was, however, noticed that not only were the objectives of AIBP ignored while submitting the proposals of projects and planning for their implementation, but the execution also suffered owing to lackadaisical approach, such as, the construction of distribution system was not synchronized with dam work and vice-versa. Huge amount was incurred on dam work only, leaving the construction of their canals without which irrigation was not possible.

Some illustrative instances noticed by Audit are brought out below:

#### (a) Sindh Phase-II

⇒ In 1998-99, project components with an objective to create IP of 40838 ha up to 2000-01 at the cost of Rs.62.72 crore were included under AIBP. Subsequently (2000-01), Madikheda dam upto crest level and balance reaches of canals with additional IP of 42248 ha at an estimated cost of Rs.266.57 crore were also taken under AIBP.

§§

(Transferred to Narmada Hydro Electric Development Corporation Ltd, a joint venture of National Hydro Power Corporation and GOMP from September 2000)



Avoidable cost  
over-run of  
Rs.57.82 crore  
due to poor  
planning

- ⇒ As against the target of additional IP of 83086 ha upto 2002-03, only 8998 ha (11 per cent) potential could be created as of March 2003, after incurring an expenditure of Rs.214.40 crore (65 per cent).
- ⇒ Non-achievement of target was due to slow progress in canal work, greater concentration on dam work, award of dam work without clearance of forest land and delay in fixing of agencies for canal system.
- ⇒ 14272 ha IP could have been created (by investing only Rs.15.10 crore) for completing the balance work of left bank Doab canal (12548 ha) and Ukaila canal (1724 ha) with sufficient available water in Mohni Pick up Wier and Ukaila Anicut, which were already constructed. Though these works were part of AIBP, priority was not given to complete these cost-effective works despite specific recommendation (March 2001) by CWC. Lackadaisical approach of the department in construction of Canals deprived the farmers from irrigation facility.
- ⇒ Work of Madikheda earthen and masonry dam was awarded (January 1994 and November 1993) to two contractors at a cost of Rs.25.91 crore and Rs.122.87 crore respectively to be completed within stipulated period of 5 years including rainy season, without prior final clearance of forest land from GOI as required under Forest (Conservation) Act 1980. The final forest clearance by GOI was given in February 2000. Besides, private land for the dam axis was acquired after 7 years from the date of award of work.

As a result, the progress of earthen and masonry dam was a meagre 0.5 per cent and 2 per cent, respectively upto their stipulated period of completion (January 1999 and October 1998). Both the contractors were granted time extension of 7 years, which was more than the stipulated period. Thus, award of work without forest clearance and the lack of proper planning by the department resulted in avoidable cost of Rs.57.82 crore (masonry dam Rs.43.23 crore, earthen dam Rs.14.59 crore) payable on account of escalation beyond the stipulated period due to unwarranted time over-run.

On this being pointed out, the EE stated (December 2002) that tenders were called for in anticipation of forest clearance from GOI. The reply is however not tenable in the light of codal provisions.

**(b) Bariyarpur Left Bank Canal Project**

Bariyarpur left bank canal (LBC) 49 km in length, taking off from the old Bariyarpur pick up weir (Constructed in 1906) across river Ken was sanctioned under AIBP during 2000-01 by GOI for balance cost of Rs.144.90 crore to create IP of 43850 ha. with the target to complete the project by 2004-05.

Scrutiny of records revealed that the department failed to plan for completion of the project in specified period. Actually there was no sound planning as the



target for creation of IP were revised\*\*\* every year for continuation under AIBP. Even after lapse of 3 years and an expenditure of Rs.28.30 crore, the achievement was nil as of March 2003. This was mainly due to delay in fixation of agencies for execution of works and delay in land acquisition. Despite repeated reporting by CWC to Department/ GOMP no effective steps were taken for timely completion of work.

### (c) Upper Wainganga Project

The project with an estimated cost of Rs.207.57 crore (April 1996), had incurred an expenditure of Rs.150.98 crore by 1996-97. Thereafter the project with its balance cost of Rs.56.62 crore was taken up under AIBP to create an additional IP of 35253 ha by June 2000. This target could not be achieved due to insufficient allotment of matching funds during 1997-2001 by the State.

Further, as against the approved balance cost of Rs.56.62 crore under AIBP, an expenditure of Rs.106.46 crore was incurred as of March 2003 on the incomplete project. The project was withdrawn from AIBP after creation of additional IP of 28253 ha as of March 2003. The increase in cost was mainly attributable to slow progress of work in initial years. Consequently the project cost was revised to Rs.243.48 crore but the investment clearance from Planning Commission was not obtained despite considerable increase (481 per cent) in the cost of the project.

### (d) Bansagar Project

Bansagar Project, was included under AIBP during 1996-97 with an aim to create 193359 ha IP with balance cost of Rs.794.33 crore (Dam- Rs.526.25 crore and canal-Rs.268.08 crore) which was revised to Rs.1665.29 crore (Dam-Rs.1054.96 crore and canal-Rs.610.33 crore) at 1998 price level. The revised cost was however, not approved by Planning Commission as of March 2003.

Cost over-run of Rs.384.29 crore with respect to estimated cost of Rs.1281 crore at price level of 1990-91 was due to time over run as a result of delay in getting environmental clearance, consequently delay in seeking investment clearance of Unit-II canal from Planning Commission, inadequate budget provision, delay in floating and finalising the tenders and slow progress of work by contractors. Thus, after incurring an expenditure of Rs. 463.31 crore (28 per cent) and lapse of 7 years, an IP of 350 ha could only be created. The expenditure of Rs.49.19 crore under AIBP on canal system of the project during 1996-2001 without clearance of Planning Commission was beyond the scope of AIBP.

\*\*\*

Year of proposal	Target (Fig. in ha)				
	2001-02	2002-03	2003-04	2004-05	Total
2000-01	1000	15850	22350	4650	43850
2001-02		10000	25000	8850	43850
2002-03			25000	18850	43850
2003-04			13920	29930	43850



**(e) Bargi Diversion Project**

The construction of Right Bank Canal (RBC), 194 km in length with CCA of 2.45 lakh ha taking off from right bank of Bargi dam completed in 1987-88 identified as "Bargi Diversion Project", was taken up under Fast Track programme (March 2002) by a Memorandum of Understanding (MOU) signed between GOMP and GOI.

An amount of Rs.196.06 crore was sanctioned (March 2002) by GOI for completion of RBC in km 16 to 63 to create an IP of 21194 ha. According to the MOU, the works under Fast Track Programme were to be completed by 31 May 2003. The agencies for various works were fixed as late as upto May 2003. As a result, the department could utilise only Rs.47.72 crore as against released first instalment of Rs. 98.06 crore and the Government was put to a loss of Rs.5.79 crore on account of interest on unutilized CLA of Rs.50.34 crore, besides depriving the farmers from irrigation benefit.

According to the construction programme, the works of lining and canal structures were to be executed simultaneously with earth work. It was, however, seen that the earth work of canal section was done in a haphazard manner in the entire reaches without completing the designed canal section. The tender rates of the contractor were unbalanced and the progress of work indicated that the contractors were interested only in execution of excavation and earth work for which quoted rates were more beneficial to them whereas the rates for the items of CC lining (Rs.800-900 per Cum against ruling USR rates of Rs.1393 to Rs.1633 per Cum) and structures were unworkable. The contractor was not advised to follow the scheduled programme. The department failed to monitor and synchronize the progress in terms of construction schedule specified in the MOU.

Undue financial aid of Rs.5.18 crore to contractor due to non implementation of contractual provisions.

Further scrutiny revealed that clause 3.26 of the agreement was not invoked for making payments of running bills of the contractors from time to time. According to the clause, in case, the quoted rates for some items are disproportionately high or the tender is unbalanced, the payment of such items shall be limited to the estimated rates plus or minus overall percentage as the case may be. The balance payment of such items was to be retained as additional security to safeguard the interest of Government, which was to be released only after completion of entire work. If the contractors were to leave the work incomplete for any reason, the additional security so deducted was to be 'stand forfeited' to the Government. The EEs however, failed to deduct additional security to safeguard the interest of Government resulting in irregular/undue financial aid to contractors amounting to Rs.5.18 crore<sup>†††</sup>.

On this being pointed out the EE stated (June 2003) that there were no specific orders of tender accepting authority. Hence the clause was not applied. The reply is not tenable in the light of contractual provisions.

<sup>†††</sup> RBC Division No. 1 Bargi Hills, Jabalpur, - Rs.2.46 crore  
ND Division No. 4 Jabalpur - Rs.0.79 crore  
ND Division No.7 Bargi Hills, Jabalpur - Rs.1.93 crore



### 3.5.8 Monitoring

As per the guidelines the overall monitoring of programme was to be done by MOWR, Planning Commission with comprehensive physical and financial periodical monitoring by CWC. The release of instalments of sanctioned CLA was to be based on the recommendation of CWC.

At the State level, the implementation of the programme was required to be monitored by the E-In-C and CEs of the projects with a view to ensure that the various targets relating to time, cost, quality, social and economic benefit were achieved.

It was, however, seen that although the prescribed status reports were regularly submitted by the EEs, effective steps for expediting the execution of the project and removal of bottlenecks particularly in planning the activities of construction and progress thereof by CPM/PERT<sup>†††</sup> chart were not taken by the E-In-C and CE.

Further, though CWC pointed out shortcomings in implementation and planning, yet the projects were recommended for release of CLA without ensuring the compliance thereof. As a sequel the monitoring by CWC remained ineffective and the works were executed in unplanned manner without achieving the required targets.

### 3.5.9 Conclusion

Out of 11 projects taken up under AIBP (Normal/ Fast Track), in 6 projects against a targeted additional IP of 1.70 lakh ha, no IP could be created as of March 2003 despite an investment of Rs.970.93 crore, thus considerably overshooting the completion period. In the remaining 5 projects, against targeted IP of 3.14 lakh ha, the additional created IP under AIBP was only 39888 ha, despite expenditure of Rs.793.86 crore. If additional IP of 28253 ha of Upper Wainganga project taken up under AIBP at nearly completion stage is ignored, the additional IP created in the rest 10 projects was dismal.

No impact assessment study was undertaken by GOMP to assess the productivity. The extent of enhancement of socio-economic benefit with reference to prescribed indicators, especially benefits accrued to small farmers is not known.

### 3.5.10 Recommendations

- ⇒ The GOMP should ensure provision and release of the required matching share timely to optimize the CLA and to achieve the objectives of the programme.
- ⇒ The GOMP should take appropriate action to motivate cultivators to utilise the created IP.
- ⇒ Project wise accounts of CLA and its repayment with interest should be maintained and reconciled by the Finance Department to ensure fiscal discipline.

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<sup>†††</sup> Critical Path Method/ Project Evaluation Review Technique



- ⇒ The implementation of the programme, which lacks effective monitoring at the moment, needs to be toned up.
- ⇒ Finance department should keep a close watch to ensure proper utilisation of funds and prevent the diversion.

The matter was reported to Government (August 2003); reply was awaited (August 2003).



**CHAPTER IV**  
**Audit of Transactions**







## **CHAPTER IV**

### **Audit of Transactions**

#### **4.1 Misappropriation/losses**

#### **Agriculture Department**

##### **4.1.1 Misutilisation of funds**

**Rupèes 1.35 crore provided to MP Rajya Beej Evam Farm Vikas Nigam for establishing a Revolving Fund for production and supply of assured quality seeds to farmers of drought prone areas were misutilised by it for other purposes**

Government sanctioned (January 1998) Rs.1.35 crore under Central sector Seed Production Scheme for Drought- prone Areas for release to Madhya Pradesh Rajya Beej Evam Farm Vikas Nigam (Nigam) for opening a Revolving Fund. The amount received by the Nigam in February 1998 was to be utilised as working capital for production of breeder/ certified/ foundation seeds for supply to farmers of drought-prone areas with the sale proceeds recouping the Revolving Fund. Nigam was also required to prepare and submit a separate balance sheet of the Fund at the close of each year to the Government.

Test-check (July 2000) of the records of Nigam and further information collected in June 2001 and June 2003 revealed that in flagrant violations of the term and conditions of the scheme, the Nigam purchased a quantity of 26273 qtls. seed at a cost of Rs.4.04 crore for kharif 1998 from authorised agencies instead of producing the seeds itself. Of this quantity, only 13693.91 qtls. seed was sold to the farmers at a cost of Rs.1.84 crore. The balance quantity of 12629 qtls. seed, not worth carrying over to the next season, was disposed of at throw-away cost of Rs.84.51 lakh with consequential loss of Rs.1.36 crore to the government. The loss was charged against the funds meant for establishing Revolving Fund.

On this being pointed out, the Nigam stated (June 2001) that since three years period was required for production of certified seeds, the fund money was utilised for purchase of seeds during 1998. However, due to loss in the trade, no funds were available for continued operation of the revolving fund and that a balance sheet showing the loss was sent to Government in January 1999. Nigam however did not clarify as to why they did not take approval of the Government before purchasing the seeds instead of producing them. The Finance Department asked (February 2002) the Agriculture Department to get the matter investigated and deposit the amount of Rs.1.35 crore in Government treasury along with interest.

Agriculture Department stated (June 2003) that the Nigam has been asked to submit utilisation certificates. They further informed that the issue (of mis-utilisation) was under investigation by a committee constituted by it. Thus,



even after a lapse of over 5 years, Government had failed to get the Revolving Fund established. As a result, the farmers of the drought-prone areas of the State were still deprived of the benefits envisaged.

## **Commerce and Industries Department**

### **4.1.2 Non-recovery of loan and interest from a private mill**

**Rupees 15.26 crore were overdue for recovery out of a total amount of Rs.27.79 crore as of November 2003 from a private mill of Indore, which owned assets with an estimated value of only Rs.20 crore**

Government sanctioned 12 loans amounting to Rs.17.32\* crore during 1997-98 to 2002-2003 to Indore based Rajkumar Mills, a private mill, closed in July 1998 for reimbursement of loss (Rs.3.76 crore) and for payment of gratuity and compensation to its labourers (Rs.13.56 crore). The loans were repayable in eight equal annual instalments and carried interest @ 19.5 per cent per annum. In addition, any default attracted penal interest of 3 per cent per annum.

Test-check (January 2002) of the records of Commissioner, Industries and further information collected (June and December 2003) revealed that the total over-dues against the Mill amounting to Rs.15.26 crore (over-due instalments : Rs.4.79 crore, interest: Rs.9.07 crore, and penal interest Rs.1.40 crore) were neither deposited by the loanee nor recovered by the Commissioner as of November 2003. It was also observed that the loans were paid even without getting the agreement registered, as required, since the mill was unable to bear even the registration charges (4 per cent of the loan amounts).

Government stated (December 2003) that for running the Mill, the management of the Mill was taken over by the State Government in 1986 and loans were paid to the Mill to meet out the legal dues of its labourers after approval of Council of Ministers. It was further stated that loans would be recovered by disposing the land of the Mill costing about Rs.20 crore for which a high level Committee was formed but in a case filed by the State Bank of Indore, Indore Debt Recovery Tribunal has issued a decree to maintain the status-quo on the assets of Mill.

In view of the fact that the estimated value of the land of the Mill of Rs.20 crore was much less than the dues of Rs.27.79 crore (as of November 2003) of the Government, the possibility of recovery of entire government dues appears remote particularly in view of the fact that there are many other creditors including the banks of the Mill.

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*Rs.2.54 crore in 1997-98, Rs.1.52 crore in 1998-99, Rs.0.81 crore in 1999-2000, Rs.0.50 crore in 2000-01, Rs.7.60 crore in 2001-02, and Rs.4.35 crore in 2002-03*



## **4.2 Infertuous/wasteful expenditure and overpayment**

### **Narmada Valley Development Department**

#### **4.2.1 Excess payment to a contractor due to incorrect rate for extra items**

**Excavation of hard rock by controlled blasting was paid for at the higher rate applicable for excavation without blasting. This led to excess payment of Rs.29.80 lakh to the contractor**

The work of construction of Bargi Right Bank Canal (RBC) from km 16 to km 20, estimated to cost Rs.17.39 crore, was awarded (June 2002) on item rate contract for Rs.11.01 crore (36.67 per cent below estimated cost) to a contractor for completion in 12 months. The work was, however, under progress and only 44.47 per cent could be completed by the contractor as of August 2003. The contractor was paid 9th running account bill for Rs.4.90 crore in August 2003. Scrutiny in Audit revealed the following:-

Schedule of quantities forming part of the agreement provided for excavation of hard rock for 3,65,138.68 cum @ Rs.120 per cum and against the item of excavation with controlled blasting, the quantity was shown as nil. However, during the course of execution, though the entire quantity of 182394.82 cum (upto 9th RA bill of August 2003) was excavated with controlled blasting as recorded in measurements, yet the contractor was paid @ Rs.120 per cum applicable for excavation without blasting.

As per contract, the rates for the extra item should have been determined from the rates provided in Unified Schedule of Rates (USR) in force after adding or subtracting the over all tender percentage. Accordingly, the payable rate for excavation with controlled blasting works out to Rs.103.66 per cum only as against Rs.120 per cum paid to the contractor. Incorrect rate thus resulted in an excess payment of Rs.29.80 lakh to the contractor.

On being pointed out, the Executive Engineer stated (June 2003) that total quantity of hard rock was taken under the item of 'excavation with blasting prohibited' due to typographical error while preparing tender document. The reply was not tenable as the rates quoted by contractor were for excavation without blasting, which was not applicable to the item actually executed. Further scrutiny (January 2004) of the case revealed that the contractor had abandoned the work after executing the work amounting to Rs.4.90 crore (August 2003) and his agreement was terminated (November 2003) under clause 4.3.3.3 (debitable clause). No action to recover the excess payment was initiated (January 2004).



The matter was reported to the Government in July 2003; reply had not been received (January 2004).

**4.2.2 Non-deduction of shrinkage allowance from earth work led to excess payment to the contractor**

**Ignoring test results of compaction, shrinkage allowance at prescribed percentage was not deducted from earth work of canal embankment resulting in an excess payment of Rs.1.29 crore to the contractor**

The work of construction of Bargi Right Bank Canal (RBC) from RD (-) 43 m to km 12, estimated to cost Rs.64.37 crore was awarded for Rs.42.20 crore (28.09 per cent to 39.49 per cent below) to a contractor under 4 groups during 2001-02 and 2002-03 for completion in 24 months. The works were in progress and running payment of Rs.22.19 crore was made to the contractor till May 2003. Scrutiny in Audit revealed the following:

The specifications for earth work as well as nomenclature of item prescribed in the agreements required that the compaction of earth work was to be done to achieve dry density of not less than 90 per cent of maximum dry density (MDD) at optimum moisture contents (OMC) by sheep foot roller. Further, when earth work is watered and rolled, a percentage addition of 11 per cent was to be made for settlement of earth work. While making payment to the contractor, the quantities of earth work so arrived on the basis of cross sectional measurement, shall be reduced by 10 per cent. The percentage deduction shall be further reduced to 50, 30 and 12.50 per cent, if the measurements are taken after one, two and three rainy seasons respectively.

Notwithstanding the above provisions, deduction of shrinkage allowance at nominal rates (2 to 4 per cent) was done by the department ignoring the test results of compaction showing 90 per cent dry density. Further, the quantity of utilised earth deducted in previous bills was ignored in subsequent running bills, resulting in an excess payment of Rs.1.29 crore to the contractor.

On being pointed out, the Chief Engineer admitted (September 2003) the excess payment. Although a payment of Rs.1.37 crore was made to these contractors after May 2003, no recovery on account of excess payment was made (January 2004).

Matter was brought to the notice of Government in July 2003; reply had not been received (January 2004).



## Public Health Engineering Department

### 4.2.3 Excess payment due to surreptitious and belated reclassification of strata

**44107 cum of 'red bole' correctly classified and adjudged as soft rock in arbitration was subsequently re-classified by the successor Executive Engineer as hard rock resulting in extra payment of Rs.37.05 lakh to a contractor**

The work of Sagar (Augmentation) Water Supply Scheme was awarded to a contractor (February 1998) for Rs.18.10 crore for completion in 32 months including rainy season. The work was still in progress (April 2003) and 51st running Account bill for Rs.16.27 crore had been paid (April 2003).

In February 1999, the Executive Engineer (EE), at the instance of the contractor and on the directions of the Superintending Engineer (SE), belatedly re-classified 18316.62 cum soft rock<sup>1</sup> (red bole) as hard rock and submitted a proposal to SE for approval. SE declined (February 1999) to accord sanction stating that EE was competent to take decision.

When justification for the belated re-classification was questioned in Audit (June 1999), the EE while cancelling (July 1999) the re-classification, restored the original classification as soft rock and stated (April 2000) that no payment on account of reclassification was made to the contractor. Subsequently, the Superintending Engineer too, in his arbitral decision (October 2001) set aside the contractor's claim and upheld the correct classification of 'red bole' as soft rock as paid to the contractor.

However, during subsequent audit, it was noticed (October 2002) that 44107 cum of 'red bole', which was correctly classified by the former EE as soft rock and paid @ Rs.36 per cum, was again re-classified (August 2002) by the succeeding EE as hard rock without any justification, resulting in extra payment of Rs.37.05 lakh to the contractor.

The matter was reported to Government (May 2003). Government accepted (December 2003) the audit observation and stated that necessary action was being taken separately. Further developments were awaited (January 2004).

<sup>1</sup> The agreement Cl. 5.3.5 defines soft rock as boulders not greater than 0.5 cum in volume, or any rock which may be quarried or split with crow bar with casual blasting



## **Public Works Department**

### **4.2.4 Lack of proper planning rendered the executed work infructuous**

**Due to poor planning, the work of hard shoulders executed at a cost of Rs.24.19 lakh proved infructuous as the same had to be excavated for widening work at a cost of Rs.5.66 lakh.**

The work "Improvement of riding surface quality in km 67/4 to 94 of National Highway No.12", technically sanctioned (March 2000) by Ministry of Road Transport and Highways (MORT&H) for Rs.3.18 crore, was awarded (June 2000) on percentage rate contract to a contractor at 0.16 per cent below the Schedule of Rate (SOR - August 1999) against the probable amount of contract (PAC) of Rs.2.70 crore. The work was completed on 15th March 2001 at a cost of Rs.2.88 crore. Scrutiny in Audit revealed the following:-

The scope of work, inter-alia, included construction of hard shoulders. While the work was in progress, the Executive Engineer, National Highway Division, Kareli prepared another estimate of Rs.6.68 crore for widening of these kilometers and submitted it (February 2001) to MORT&H for approval. The Ministry intimated (March 2001) that since the estimate for widening was under active consideration, construction of hard shoulders sanctioned in earlier estimate should not be commenced in order to avoid infructuous expenditure.

The Executive Engineer was aware of the situation since 1989 that the road was in single lane and required widening. Thus, the work of improvement of riding surface including construction of hard shoulder should have been planned accordingly. The expenditure of Rs.24.19 lakh incurred on construction of hard shoulders proved infructuous because for widening work the same was re-excavated at a cost of Rs.5.66 lakh by the same contractor through another agreement for the work of widening of single lane road.

Thus the construction of hard shoulder and its re-excavation for widening of the road resulted in wasteful expenditure of Rs.29.85 lakh.

On this being pointed out (July 2002) the CE (NH) stated (January 2003) that by the time the sanction of widening work was received, (May 2002), the work of hard shoulder was already completed and execution of hard shoulder was necessary for frequent flow of traffic on the single lane road. The reply was not tenable because the EE and other authorities should have ensured that the work of improvement of riding surface should have been planned after widening of the road to avoid the extra expenditure on construction of hard shoulders and its re-excavation. This was indicative of lack of proper planning and foresight.

The matter was reported to Government (July 2002); reply had not been received (January 2004).



#### 4.2.5 Inadmissible payment of escalation

##### **Unauthorised and irregular invoking of deleted escalation clause by the Chief Engineer resulted in an inadmissible payment of Rs.27.15 lakh**

The work of construction of 100 bedded hospital building at Jhoteswar (District Narsinghpur) was awarded (August 1998) to contractor 'A' by the Executive Engineer PWD (B/R) Division, Narsinghpur @ 34.27 Per cent above SOR. Estimated cost of this work was Rs.87.50 lakh. Work order for completion of the work within 10 months was issued on 6 August 1998. Since the stipulated period for completion of work was less than 12 months, the escalation clause 11-C was deleted while inviting (December 1997) and accepting (August 1998) the tender.

The work was actually completed in twenty five months (July 2001) at a total cost of Rs.3.36 crore (September 2001). Scrutiny in audit revealed that, the delay in completion of work was due to delayed approval of drawing and design by the CE, RDD, PWD, Bhopal, which could be supplied to contractor only in July 1999, resulting in the grant of extension of time upto 30 July 2001 under clause 5 of the agreement. The CE, PWD (Central Zone) Jabalpur, allowed (14 December 2000) the payment of price escalation by invoking clause-11C of the agreement which was already deleted. Once the clause was deleted, neither the CE nor the Government was competent to invoke it. The action of CE had not only vitiated the sanctity of legal contract but also resulted in an inadmissible payment of price escalation of Rs.27.15 lakh.

When pointed out (April 2002) in Audit, the Executive Engineer stated that the payment of escalation was made as per orders of the CE.

The matter was reported to Government (July 2002); reply had not been received (January 2004).

#### 4.2.6 Inadmissible and excess payment to contractor

##### **Payment of price adjustment of bitumen amounting to Rs.22.45 lakh was inadmissible. Excess payment of Rs.4.85 lakh on tack coat was also noticed**

The work of Black Topped (BT) renewal in km 310 to 314 of National Highway (NH) No.12, was awarded (January 2000) to a contractor on percentage rate contract at 4.8 per cent above the Schedule of Rates (SOR - August 1999) by Executive Engineer (EE) NH Division, Obaidullaganj. The order to commence and complete the work by 31st March 2000 was issued on 10 January 2000. The contractor, however, delayed commencement of work by more than 9 months insisting upon the inclusion of an additional clause in the agreement relating to variation in cost of bitumen. The time extension upto 31 March 2001 was granted (February 2001) by Superintending Engineer (SE) NH Circle Bhopal imposing (August 2001) penalty @ Rs.0.20 per cent of contract amount. The work was actually completed on 31 March 2001 at a cost of Rs.1.75 crore. Scrutiny in Audit revealed the following irregularities:-



(a) According to additional special conditions forming part of agreement "any variation in cost of bitumen will be paid or deducted on the theoretical consumption of bitumen. The difference in price was to be worked out on the basis of rates prevailing on the date of tender and any variation during the period stipulated in the agreement". Since the delay in commencing and completing the work was attributable to the contractor, no such variation in cost of bitumen was admissible to him. In contravention to the above the contractor was allowed price variation of Rs.22.45 lakh despite time extension under penal clause, resulting in an inadmissible payment.

(b) MORT&H specifications, while dispensing with use of paving bitumen in tack coat since April 1995, provides that bituminous emulsion should be used in tack coat. Accordingly the schedule of items for renewal work forming part of agreement provided item of tack coat using bituminous emulsion @ 2.5 kg/10 sqm payable at the rate of Rs.3.70 per sqm. The contractor was paid for 78642 sqm at the above rates. However, for the remaining 96455 sqm, extra rates of Rs.8.50 per sqm for tack coat using paving bitumen were sanctioned (February 2001) by the SE.

Tack coat using paving bitumen was not only costlier and unwarranted but also was contrary to the specifications resulting in excess payment of Rs.4.85 lakh to the contractor.

On these being pointed out (June 2003), the EE admitted & assured (June-2003) to recover the excess payment Rs.22.45 lakh from the final bill. No recovery has been made till date (January 2004). Regarding tack coat the EE stated (May 2002) that the SE sanctioned the extra rates for tack coat using paving bitumen in view of site conditions. The reply was not tenable in view of MORT&H specifications.

The matter was reported to the Government in August 2002; reply had not been received (January 2004).

#### **4.2.7 Sanction of exorbitant rate for extra items resulted in excess payment to the contractor**

**Extra item rates sanctioned in May 1997 and March 1999 were exorbitant as compared to standards prescribed in All India Standard Schedule of Rates (AISSR), resulting in excess payment of Rs.1.04 crore to the contractor.**

Balance work for construction of 800 bedded Sanjay Gandhi Memorial Hospital, Rewa estimated to cost Rs.7.24 crore was awarded (November 1994) on item rate contract for Rs.11.85 crore for completion in 30 months (May 1997). The work was, however, completed in May 2001, at a cost of Rs.29.78 crore, which included Rs.10.86 crore (36.46 per cent) towards scheduled items of work, Rs.16.25 crore (54.57 per cent) towards extra/substituted items of work and Rs.2.67 crore (8.97 per cent) towards price escalation.



The agreement inter-alia provided that quantities for items of work exceeding by upto 20 per cent would be payable at the tendered rates, and between 20 to 40 per cent at 10 per cent above the quoted rates. Extra rates for altered/substituted items were to be decided from the rates for similar items of work as specified in the contract, on pro-rata basis. However, for items not available in contract, extra rates were to be derived by adding 20 per cent over the rates provided in current schedule of Rates (CSR) of National Highway Circle, Jabalpur. Scrutiny in audit revealed the following:-

- (i) The quantities of some items of work exceeded the estimated quantities abnormally (upto 360 to 635 per cent) indicating that the estimate was defective and unrealistic.
- (ii) The agreement was defective since it did not provide any methodology for deciding rates in respect of quantities exceeding beyond 40 per cent. Further, for extra items mention of CSR, National Highway Circle Jabalpur was incorrectly made in the agreement, as National Highway Circle Jabalpur, had no CSR for building works.
- (iii) Substituted / altered items of work were invariably those, which were either partially executed or clubbed together with minor changes in nomenclature of items.
- (iv) Even where rates could have been derived on pro-rata basis from the contract, the department preferred to sanction rates on fresh analysis.
- (v) The analysis were also incorrect *in-as-much as* number of labours required for Cement Concrete 1:2:4 flooring including plastering and waterproofing over 25 sqm area were heavily inflated to 139 as against 8.55 labours prescribed in All India Standard Schedule of Rates (AISSR) published by National Building Organisation. Similarly, for Reinforced Cement Concrete 1:2:4 per 15 cum volume, 142 labours were considered in the analysis as against 7.65 labours prescribed in AISSR.
- (vi) Even extra rates for items sanctioned (May 1997 and March 1999) exclusive of cost of cement were exorbitantly high as compared to the rates provided in SOR (November 1999) which were inclusive of cost of cement.

These short comings, thus paved the way for the arbitrary sanction of the extra rates, resulting in excess payment of Rs.1.04 crore.

On being pointed out (July 2002), EE stated (July 2002) that extra rates were sanctioned by Superintending Engineer on the basis of analysis submitted by contractor. The reply was not tenable as the rates were abnormally high as compared to the standard analysis prescribed in AISSR.

The matter was reported to the Government in August 2002; reply had not been received (January 2004).



## Water Resources Department

### 4.2.8 Infructuous expenditure on procurement of sub-standard/defective material

#### **Digital Water Level Recorder (DWLR) and Data Retrieval System (DRS) procured at a cost of Rs.58.06 lakh by the department from a foreign firm were defective and non-functional**

With an objective to have a scientific and accurate study of ground water levels, the work of supply, installation and commissioning of 350 Nos. Digital Water Level Recorders (DWLRs) and 40 Nos. Data Retrieval Systems (DRS), estimated to cost Rs.1.23 crore was awarded (October 1999) to a foreign firm having its representative in the country, for Rs.1.37 crore. The agreement was drawn (December 1999) and letter of credit was opened (February 2000) in a Bank in favour of the above firm. The work of supply, installation and commissioning was to be completed within 12 weeks (3 months) from the date of opening of letter of credit.

The agency supplied 350 Nos. DWLRs in May 2000, but could not install even a single DWLR within the stipulated period of 12 weeks. Despite this an agreement for supply of yet another 160 Nos. DWLRs was signed with the same supplier in July 2000. Audit scrutiny revealed the following:

- (i) Out of 510 DWLRs only 408 DWLRs could be installed as of September 2003. Out of this, 62 DWLRs costing Rs.21.95 lakh installed at site were not functional.
- (ii) 102 uninstalled DWLRs costing Rs.36.11 lakh were lying in stores for more than two to three years. The department failed to conduct the test while accepting the material for installation. As a result 73 DWLRs were found defective and the remaining 29 DWLRs could not be installed as the department could not provide the site to the supplier for installation the DWLRs.
- (iii) Despite several requests, the Indian representative of the foreign firm failed to replace the defective and nonfunctional DWLRs. Though the guarantee period (18 months from the date of shipment or 12 months from the date of receipt by the department which ever was earlier) of supply had already expired, the department failed to invoke the guarantee clause of the agreement.
- (iv) Liquidated damages (LD) of Rs 13.70 lakh for abnormal delay in installation and commissioning @ 10 per cent of contract amount was recoverable in terms of agreement. The Senior Geohydrologist, GWS Unit, Ujjain replied (July 2003) that the department had made 70 per cent payment, the LD will be imposed at the time of final settlement of the contract. However, no action for recovery was initiated so far.



Thus, due to nonfunctional (62 Nos) and uninstalled (73 defective + 29 for want of site) DWLRs, the objective of the project could not be achieved, besides blockage of funds to the tune of Rs. 58.06 lakh.

The matter was reported to the Government in April 2003, reply had not been received as of (January 2004).

### **4.3 Violation of contractual obligation/undue favour to contractor**

#### **Public Works Department**

##### **4.3.1 Award of work without tenders and written agreement-irregular and unauthorised expenditure**

**In contravention to the Manual and Act, award of work without invitation of tender and written agreement led to irregular payment of Rs.1.08 crore**

Madhya Pradesh Works Department Manual provides that tenders must be invited for all contractual works above the value of Rs.15,000 and a written agreement must be executed on standard forms. Further, as per Section-10 of Indian Contract Act 1872, only those agreements are enforceable by law, which are made in writing and attested by witnesses.

In disregard to the provisions of Manual and Act, Executive Engineer, PWD Division-I, Indore, without invitation of tenders, awarded (February 2001) the work of "Construction of Chest Centre at Manorama Raje TB Hospital," Indore, to a contractor for Rs.2.50 crore with whom an agreement for another work 'construction of TB Sanatorium at Rau', District, Indore, was executed (April 2000) which could not commence due to the stay order (June 2000) of the High Court, Indore Bench. Though the work of Chest Centre, had a different magnitude and work site, as compared to the originally agreed work, neither a fresh agreement was drawn nor a supplementary schedule to the original agreement was approved by the competent authority. The contractor, after executing the work valuing Rs.1.08 crore abandoned it (February 2002).

In the absence of a valid and legal written agreement, the Department could not take any action against the defaulting contractor. Thus the entire expenditure of Rs.1.08 crore, was irregular and unauthorised.

The matter was reported to the Government in April 2002, reply had not been received (January 2004).



#### 4.3.2 Irregular payment against lump sum contract

##### **A supervising consultant engaged on a lump-sum contract of Rs.47.87 lakh was unauthorisedly paid an additional amount of Rs.79.99 lakh**

The construction of 800 bedded Sanjay Gandhi Memorial Hospital building at Rewa was taken up in October 1994.

A separate tender for supervision consultancy for the above work was finalised (December 1997) by the Medical Education Department. A lump-sum agreement for Rs.47.87 lakh with the supervision consultant was executed (February 1998) by the Executive Engineer, Public Works Division II Rewa with a stipulated completion period of 16 months. The contract, stipulated the following payment ceilings of the summary lump-sum price.

	(Rupees in lakh)
Remuneration for basic services	35.00
Out of pocket expenses	9.05
Computer software costs	0.75
Misc. expenditure	3.08
Total	47.87 <sup>2</sup>

Any extra payments over the prescribed ceilings were only admissible on execution of separate written agreements for works beyond the specified scope of services. Further, the contract specified the consultant to be liable for all taxes, duties, fees and other impositions as may be levied under applicable laws.

However, as the main building work and installation of medical equipments etc., could not be completed within 16 months, the Medical Education Department unilaterally extended (November & May 2001) the contract period of the supervision consultant (upto June 2001) without entering into any fresh agreement for extended scope of work.

Against the lump-sum contract amount of Rs.47.87 lakh, total running payment of Rs.1.28 crore was irregularly made (August 2001) to the consultant on pro-rata basis, without drawing fresh contract as stipulated in the contract. The extra unauthorized payments of Rs.79.99 lakh also included Rs.6.09 lakh towards service tax liabilities of the contractor inspite of specific stipulation in the agreement.

On this being pointed out in audit the EE stated (July 2002) that as the work could not be completed within 16 months, payment beyond 16 months was made on pro-rata basis in view of the time extension sanctioned by Medical Education Department.

<sup>2</sup> the total of the break up shown as Rs.47.87 lakh (instead of Rs.47.88 lakh) in the agreement has been adopted.



The reply was not tenable because while granting extension of time beyond 16 months, no additional payment to consultant was sanctioned by Government. The nature of the contract of the Consultant were not repeatable on a proportionate basis.

The matter was reported to Government (June 2003); reply had not been received (January 2004).

#### **4.4 Avoidable /excess /unfruitful expenditure**

### **Cooperation Department**

#### **4.4.1 Avoidable interest liability on unutilised loan**

#### **Non-utilisation of a loan of Rs.7.67 crore resulted in avoidable extra interest liability of Rs.3.79 crore.**

The National Cooperative Development Corporation (NCDC) sanctioned and released (February-March 1999) a margin money loan of Rs.7.67 crore to State Government for utilisation by Markfed<sup>®</sup>, Bhopal, for development of marketing activities of agricultural products. The loan was to repayable in 5 years with interest at 16.75 per cent per annum. Any default attracted a penal interest of 2.50 per cent.

Test-check (July 2002) of records of Registrar, Cooperative Societies (RCS), revealed that though the loan amount was received in March 1999, the State Government sanctioned it further to Markfed one year later, in March 2000. Even then, the loan was kept under Civil Deposits.

The amount when finally released to Markfed in August 2000, was not accepted by Markfed mainly because in the meantime the NCDC interest rate had come down to 14 per cent, from 16 August 2000. Markfed requested (November 2000) the RCS also to reduce the rate of interest to 14 per cent. The request was not acceded to and the amount was lying unutilised under Civil Deposits even as of June 2003.

As a result of the refusal of Markfed to accept loan due to delayed release, the State Government had also become liable to pay interest of Rs.6.15 crore @ 19.25 per cent per annum (interest plus penal interest) as of May 2003 besides delay in developing its marketing activities for which the loan was obtained. The Government replied (November 2003) that the amount remained in Civil Deposit with State Government and if the Government had to borrow the equal amount from market it would have had paid more amount as interest. The contention of the Government is not tenable as Government would have saved interest burden of Rs.2.36 crore if it would have availed the ways and means advances of Rs.7.67 crore from Reserve Bank of India.

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⊗ *Madhya Pradesh State Marketing Federation*



## General Administration Department

### 4.4.2 Sanction of discretionary grants by Chief Minister

**Discretionary grants of Rs.8.09 crore were sanctioned in 2969 cases without adhering to prescribed scales and objectives. Rs.5.52 crore were sanctioned in excess of prescribed monetary ceiling and utilisation certificates were not obtained for expenditure of Rs.14.48 crore out of total grants of Rs.14.52 crore sanctioned.**

The Government notification issued under Book of Financial Powers in May 1982 regulated the objects, purposes and quantum of financial powers for sanction of discretionary grants to be paid to the institutions/individuals by the Chief Minister (CM), which inter-alia, provided that total amount of grant in a year will be restricted to Rs.2 crore (Rs.1 crore for the financial year 1998-99) and in a single case the grant should not exceed Rs.2 lakh. The grants may be sanctioned as per his discretion for public purposes and in public interest: to individual for medical treatment, education, as reward for honesty and bravery, incentive to meritorious and poor students, financial assistance for marriage of daughter of widow and released bonded labourers and to orphans/handicapped personnel and to institutions excluding institutions of political and religious nature.

Discretionary grants of Rs.14.52 crore were sanctioned by the Chief Minister during 1998-2003 covering 22931 beneficiaries as detailed below:

*(Rupees in lakh)*

Year	Prescribed annual ceiling	Allotment	Expenditure	No. of sanctions	No. of beneficiaries	Excess over ceiling (percentage within brackets)
1998-99	100.000	310.00	306.795	14	917	206.795 (207)
1999-00	200.000	200.00	199.990	13	640	--
2000-01	200.000	225.00	225.00	24	1072	25.000 (12)
2001-02	200.000	200.00	188.817	129	7581	--
2002-03	200.000	530.983	530.983	131	12721	330.983 (165)
<b>Total</b>	<b>900.000</b>	<b>1465.983</b>	<b>1451.585</b>	<b>311</b>	<b>22931</b>	<b>562.778 (113)</b>

The excess grant of Rs.5.52 crore was sanctioned in violation of the prescribed ceiling.

Scrutiny of individual sanctions released during 1998-2003 revealed following irregularities:

- (a) Notification provided that grants may be sanctioned for public purpose alone for which expenditure could be incurred out of State revenues and does not specifically provide for release of grants to individuals/institutions located outside State. However, it was noticed that in 22 cases grants aggregating to Rs.46.34 lakh were sanctioned during 1998-2003 to individuals/ institutions outside the State of Madhya Pradesh as detailed in **Appendix XLV**. In these cases it was anticipated that the financial assistance outside the State would be



provided for purpose of larger public interest like overcoming natural calamities or earthquake, floods or damage to properties etc. However it was observed that the assistance was provided to individual and institutions having very limited public cause.

(b) Notification also provided that amount sanctioned by the Chief Minister in any single case would not exceed Rs.2 lakh in a year. It was, however, noticed that in 10 cases mentioned in **Appendix XLVI**, grants of Rs.48.90 lakh were sanctioned. The excess amount sanctioned worked out to Rs.28.90 lakh.

(c) Notification specifically prohibited sanction of grants to institutions of religious or political nature. However, grants aggregating to Rs.7.15 crore were sanctioned in 2891 cases for religious purposes e.g. construction/renovation of temples or mosques, caste-based community halls and Dharmashalas, etc. as detailed in **Appendix XLVII**.

(d) Notification further provided that the grants may be sanctioned only for a specific 'public purpose'. However, in 45 cases, grants aggregating Rs.17.10 lakh were sanctioned as financial assistance (1998-99: Rs.13.35 lakh and 1999-2000: Rs.3.75 lakh) without recording the purpose for which the grants were sanctioned.

On the above irregularities being pointed out, the General Administration Department(GAD) replied (April 2003) that the rules empowered the CM to sanction grants by relaxing the rules and the grants were sanctioned under the enabling provisions of the notification by the CM at his discretion.

The reply of the Department was not acceptable as there was clear cut violation due to non-adherence of objects and prescribed scales. Further the provisions of notification were relaxed in a routine manner and not as an exception in release of Rs.8.09 crore out of total release of Rs.14.52 crore which cannot be termed as an exception.

Further as per the procedure prescribed, grants were to be disbursed to payees through Collectors of the districts concerned who were required to furnish utilisation certificates (UCs) alongwith the payees' stamped receipts (PSRs) to the Chief Accounts Officer.

The position of receipt of PSRs and UCs vis-à-vis the grants sanctioned during 1998-2003 was as follows:

*(Rupees in lakh)*

Year	Amount of grants sanctioned	PSRs received for	UCs received (including amounts refunded)	
			Ucs received	Amount refunded
1998-99	306.795	11.80	2.14	0.86
1999-2000	199.990	2.95	0.50	--
2000-01	225.00	5.50	--	0.05
2001-02	188.817	15.525	--	0.25
2002-03	530.983	3.07	--	0.13
<b>Total</b>	<b>1451.585</b>	<b>38.845</b>	<b>2.64</b>	<b>1.29</b>



Thus PSRs and UCs for Rs.14.11 crore and Rs.14.48 crore respectively were awaited. The Accounts Officer, Vallabh Bhawan, stated (January 2003 and December 2003) that the Collectors were reminded for submission of the wanting PSRs and UCs. In absence of PSRs and UCs, it could not be ensured that the amounts were actually disbursed to the intended payees and also utilised for the intended purpose(s).

On the irregularity being pointed out, the GAD replied (April 2003) that wherever sanctions exceeded prescribed annual ceilings additional funds were augmented through supplementary estimates to meet the additional requirement and that no excess expenditure was incurred. The fact, however, remained that expenditure incurred in excess of prescribed ceilings was not only irregular but in most cases, did not serve the purposes for which the scheme had been sanctioned.

### **Housing and Environment Department**

#### **4.4.3 Delayed completion of bridge work resulted in avoidable expenditure besides unauthorised payment**

**The purpose of non consideration of low cost tender for construction of Retghat-Lalghati high level bridge and re-award of the work at abnormally high cost on grounds of urgency was defeated due to delay of 34 months. In addition there was irregular payment of escalation of Rs.47.07 lakh.**

The work "Construction of High level bridge at Retghat-Lalghati Road was awarded (November 1996) on lump-sum contract for Rs. 9.20 crore to a contractor for completion in 18 months (April 1998) including rainy season. The contractor, however, could actually complete the work in November 1999 after 34 months and final bill for Rs. 10.22 crore was paid in February 2002.

A mention was made in paragraph 5.2 of the Report of the Comptroller and Auditor General of India- No.3 (Civil) for the year ended 31<sup>st</sup> March 1998 that the lowest offer of a contractor for Rs.5.99 crore, accepted in August 1995, was later rejected (September 1995) by Government on the grounds of urgency. Subsequently (November 1996), an abnormally higher rate tender for Rs.9.20 crore was accepted by reducing the period of completion to 18 months (against the original 30 months), resulting in cost escalation by Rs.3.21 crore. Thus, while reduction in completion period by 12 months on grounds of urgency was rendered meaningless due to delay of 15 months in awarding the work to another contractor, the very purpose of abnormally high rate tender was also defeated due to further delay of 19 months even by the second contractor.

Scrutiny in audit (January 2002) revealed further the following inconsistencies:

- (a) In terms of clause 1.13 of the contract the Executive Engineer is competent to grant time extension without involving price escalation.



However, for the purpose of payment of price escalation under clause 2.33, only the Superintending Engineer (SE) was competent to extend the operative period beyond the specified 18 months.

It was, however, noticed that the first time extension for 452 days (5 April 1998 to 30 June 1999) was sanctioned by the SE referring to 'clause 5' of the agreement which did not exist. The second time extension for 148 days (1 July 1999 to 25 November 1999) was belatedly granted (February 2002) by the EE under clause 1.13 of the agreement on grounds of deeper foundation depths of a few piers which was incidental to the work as per agreement clause. Neither the grounds nor the competence of EE qualified the extended period for payment of price escalation, as the belated time extension was granted for the purpose of completion and had no relation with the payment of price escalation. In spite of these inconsistencies, the contractor was irregularly paid price escalation of Rs.47.07<sup>3</sup> lakh during extended period.

On being pointed out (January 2002) the Controller of Buildings justified payment of escalation and stated (January 2002) that delay was attributable to the department on the counts like shifting of HT line, death of a labour during execution, depth of piers etc. for which contractor was not responsible, hence payment of escalation was justified. Reply was not tenable because the department had accepted a high rate tender on the plea of urgency of work which had not served the purpose as the department themselves were responsible for the delays for which they had to pay additional amounts to the contractor.

The matter was reported to the Government in June 2003; reply had not been received (January 2004).

### **Medical Education Department and Bhopal Gas Tragedy and Rehabilitation Department**

#### **4.4.4 Avoidable expenditure on electricity charges**

#### **Incorrect estimation of contract demand resulted in avoidable expenditure of Rs.2.31 crore on electricity charges.**

Kamla Nehru Hospital of Gas Rahat Department, Bhopal (KNH) started providing medical care to Bhopal Gas Tragedy victims from January 2000, which was earlier being done by the Hamidia Hospital (HH) under Medical Education Department. Superintendent, HH, had entered (August 1995) into an agreement with Madhya Pradesh Electricity Board (MPEB) for supply of

<sup>3</sup> Rs.74.28 (-)  $(13.95/462.73 \times 920) = \text{Rs.}47.07 \text{ lakh}$

Value of work done upto April 1998 Rs. 462.73 lakh.

Escalation paid upto April 1998 Rs.13.95 lakh.

Admissible escalation entire value of work =  $920 \times 13.95/462.73 = \text{Rs.}27.71 \text{ lakh}$ .

Escalation Actually paid Rs.74.28 lakh



556 KVA per month and the bills were payable on the basis of consumer's actual demand or 75 per cent of the contract demand, whichever would be higher during the month.

Test-check (February 2002) of the records of Superintendent, KNH, and further information collected in June 2002 and August 2003 revealed that Superintendent, HH, had entered (March 1999) into a revised agreement for 2223 KVA from January 2000, inclusive of the requirement of KNH without assessing the actual requirement. The actual power consumption, however, during January 2000 to August 2003 ranged between 216 KVA and 744 KVA only. MPEB raised, an additional demand of Rs.2.31 crore on the basis of 1667 KVA for the period and the payment was made by HH (Rs.1.31 crore) and KNH (Rs.1 crore) in the ratio of 55:45 as per a decision taken by the Government in November 2001.

On this being pointed out, Superintendent, KNH, stated in February-June 2002 that agreement for HT connection was executed by HH prior to commissioning of KNH and action to revise the agreement would be taken after assessing the actual requirement and obtaining guidance from higher authorities. Government of Madhya Pradesh (Bhopal Gas Tragedy and Rehabilitation Department) replied in October 2003 that matter was taken up (May 2003) with Medical Education Department to initiate action against Superintendent, Hamidia Hospital Bhopal for the lapse. However no action was taken to revise the demand or to obtain separate connections so far (October 2003).

The extra payment of Rs.2.31 crore till July 2003 could have been avoided had the actual power consumption been properly assessed before entering into the agreement for revision of contract demand to 2223 KVA or a separate connection taken by KNH after assessing its own requirement. The extra liability will continue to arise till no corrective action is taken.

The matter was referred to Medical Education Department in September 2003; reply had not been received (December 2003).

### **Narmada Valley Development Department**

#### **4.4.5 Avoidable cost due to incorrect provision of levelling course**

##### **Unwarranted execution of PCC over newly widened granular portion of two roads resulted in avoidable extra cost of Rs.64.61 lakh**

The work of widening and strengthening of two roads (Anjad-Thikri road and Kukshi-Shinghana road) was awarded to contractor A & B at the total cost of Rs.7.59 crore.

According to clause 501 of MORT&H specification " a Profile Corrective Course (PCC) is essentially a pavement base material course for correcting the existing pavement profile which has either lost its shape or has to be given a



new shape. Further PCC should be provided of the same specification as the layer over which it is to be laid.

Audit scrutiny revealed that the agreement provided for 15260 cu.m. PCC of specified thickness of 50 mm over the entire carriageway. Out of this 8720 cu.m. PCC with bituminous material over newly widened granular portion of road covering 180480 (86400 + 94080) sqm area was un-necessarily provided in the widened portion of 2 meter. This was not required as per MORT&H specification which resulted in extra cost of Rs.64.61 lakh on the work executed and paid up to last bill to the contractors.

On being pointed out in audit (April 2003), CE, NVDA replied (May 2003) that PCC was provided as levelling course as per sanctioned estimate and applied to make the profile correction on full width of carriageway.

Government, to whom the matter was reported (April 2003 and June 2003) endorsed the reply of CE. The reply was not tenable as it was not in conformity with MORT&H specification, according to which PCC is essentially for correcting existing profile which has gone out of shape or has to be given a new shape. It is not meant to strengthen a newly constructed road. The newly constructed WBM in the widened portion should have been levelled to synchronize with the lines and grades of PCC in the existing carriageway. Thus provision of PCC on the newly constructed WBM in the estimate itself was incorrect.

### **Panchayat and Rural Development Department**

#### **4.4.6 Excess distribution of food grains under Mid-day Meals Scheme**

##### **Excess distribution of 7279 quintals of food grains costing Rs.60.41 lakh under Mid-day Meal scheme 2001-02 was noticed**

The scheme of Nutritional Support to the students of Primary schools, popularly known as Mid-day Meal Scheme, was launched by Government of India (GOI) in August 1995.

The Scheme covered students of Class I to V of schools run by government/government aided institutions and local bodies. According to the scheme the schools not providing hot cooked food, were required to provide food grains @ 3 kg per student per month subject to attendance above 80 per cent for 200 school days. The entitlement was for 10 months (July to April) during an academic year.

Test-check (June 2003) of records of Chief Executive Officer (CEO), Zila Panchayat, Rajgarh revealed that during August 2001 to March 2002, against the admissible required quantity of 24844 quintals of food grain for schools functioning under Community Development Blocks (CDBs), the quantity reported in monthly progress reports as distributed by CDBs was 32,123



quintals to 828134 students as detailed in **Appendix XLVIII**. This resulted in excess distribution of 7279 quintals costing Rs.60.41 lakh.

The CEO stated (June 2003) that the grains were distributed as per State Government orders of January 1998. The reply was not relevant and tenable as these orders provided for distribution @ only 3 kg per student per month, as envisaged in the original scheme.

### **Public Health Engineering Department**

#### **4.4.7 Avoidable extra expenditure on providing richer cement concrete mix**

##### **Richer cement mix grade M-15 in laying of pipe line resulted in avoidable expenditure of Rs.27.13 lakh.**

The Civil works for laying, jointing and commissioning of pipeline of various diameter, estimated to cost Rs.1.35 crore, were awarded (1999-2000-01) under 13 percentage rate contracts at 94.4 to 97 per cent above PWD, SOR (April 1993) in 2 contracts and 59 to 75 per cent above SOR (January 2000) in remaining 11 contracts. The agreements, inter-alia, included an item of cement concrete Mix M-15 using 20 mm aggregate for 2826.662 cum in plinth and foundation.

Scrutiny in audit revealed that the quantity of cement concrete M-15, abnormally exceeded to 9368.90 cum. Out of this total quantity, 5854.80 cum was used in nalla/river portion, 1353.60 cum in road crossings and 2159.18 cum for pipe encasing. Where the R.C.C. saddle supports or anchorage could have been provided with a leaner mix of M-10 grade concrete, the Executive Engineer, Fluorosis Control Project Division, Alirajpur, even without approval of competent authority, indiscriminately used richer mix of M-15 grade cement concrete, resulting in avoidable extra expenditure of Rs.27.13 lakh.

On being pointed out, the Chief Engineer PHED, Indore Zone, Indore, admitted (July 2003) that leaner concrete could have served the purpose and agreed with Audit that prior assessment and approval from competent authority should have been obtained before execution.

The matter was reported to the Government in May 2002; Government accepted (September 2003) the audit observation and stated that responsibility for the extra cost was being fixed.



## Public Relations Department

### 4.4.8 Undue financial assistance to news agencies and periodicals

**Payment of bills for advertisements without ensuring that the newspapers had implemented the recommendations of the Wage Boards as required, resulted in excess payment of Rs.1.53 crore to 32 newspapers.**

As per a gazette notification issued in March 1997 by State Government in Public Relation Department, a deduction of 15 per cent was to be made from advertisement dues of newspapers, which had not implemented the recommendations of the Wage Boards appointed by Government of India for determining the wages of the journalists and other non-journalist newspaper employees.

Test-check (September 2001) of the records of the Commissioner, Public Relations (Commissioner) and further information collected in October 2002 and April 2003 revealed that payments of Rs.10.22 crore were made to 32 newspapers as advertisement charges during 2000-01 to 2002-03 without effecting the said recovery of Rs.1.53 crore even though the newspapers had not implemented the recommendations of the Manisana Wage Board. This led to an excess payment of Rs.1.53 crore to these newspapers.

The Commissioner Public Relation Department attributed (September 2001 and June 2002) the non-deduction to non-receipt of the details of newspapers which had not implemented the recommendations of the Wage Board from the Labour department. He further stated (September 2003) that the matter of amending the provision stipulating 15 per cent deduction was under consideration of the Government. However, no document was furnished in support of the reply. The Labour Commissioner, MP, Indore, on the other hand claimed (September 2003) that no responsibility lay on him requiring him to intimate the position of implementation or otherwise of the recommendations of the Wage Boards to the Public Relations Department.

The reply was not tenable as the Commissioner could have approached the Government in Labour Department through his own Administrative (Public Relations) Department, or asked the newspaper concerned to provide the proof of having implemented the recommendations.

The matter was referred to Government in December 2001; reply had not been received (September 2003).



## Public Works Department

### 4.4.9 Avoidable extra expenditure on substitution, incorrect specification and excess payment to contractor

**Unwarranted substitution of item of work and adoption of incorrect specification led to avoidable extra expenditure of Rs.37.26 lakh. Non-regulation of rate for additional quantities also resulted in excess payment of Rs.7.89 lakh.**

The work of "widening of existing single lane to two lane carriageway from km 48 to 67 on National Highway No.12, approved (March 1996) for Rs.2.80 crore by MORT&H was put to tender (December 1996) on item rate for Rs.2.98 crore by the SE, PWD (NH) Circle, Indore. Lowest offer of Rs.1.93 crore (35.165 per cent below) was accepted (July 1997). The work was completed in December 2000 and the final bill of the contractor for Rs.2.76 crore was paid in February 2001. Scrutiny in Audit revealed the following inconsistencies:-

(i) The sanctioned estimates provided for a single coat surface dressing over an area of 67975 sqm. During the course of execution and on contractor's own volition, the item was substituted by 20 mm thick open graded premix carpet (OGPC) which was provided as a leveling course. The SE on the recommendation of Resident Officer (RO) of the Ministry, sanctioned (January 1999) a supplementary schedule for Rs.12.58 lakh. While recommending substitution, the RO mentioned that financial implication arising out of substitution must be got approved from the Ministry. Approval was not obtained and thus this expenditure of Rs.12.58 lakh was improper.

(ii) The estimate provided that item of OGPC was meant for Profile Corrective Course (PCC) on an average thickness of 35 mm. MORT&H specifications stipulate that where the maximum thickness of PCC was not more than 40 mm, the PCC shall be constructed as an integral part of the overlay course. However, in case of thickness of more than 40 mm, the same shall be constructed as a separate layer of leveling course. Accordingly, the thickness of PCC being 40 mm, it should have been constructed as an integral part of overlay (wearing) course by sealing it without any further course. It was, however, observed that OGPC was followed by Mix Seal Surfacing (MSS) which was another wearing course. Execution of superfluous MSS wearing course was not only contrary to the specifications but also resulted in avoidable extra expenditure of Rs.24.68 lakh (Rs.29.92 lakh incurred on MSS (-) Rs.5.24 lakh required for seal coat).

(iii) The schedule of quantities forming part of agreement provided for 982.62 cum OGPC. However, due to substitution of the originally envisaged work of surface dressing by OGPC, the quantity of OGPC during execution exceeded 2366.31 cum (139.11 per cent). The agreement provided for



regulation of rate for additional quantities beyond 30 per cent on the basis of rates provided in SOR plus/minus over all tender percentage.

It was, however, observed that the contractor was paid for the entire quantity at his quoted rate of Rs.1600 per cum as against Rs.875.27<sup>4</sup> per cum payable in terms of agreement. Non-regulation of rate had, thus, resulted in excess payment of Rs.7.89 lakh.

On these being pointed out (October 2001), Executive Engineer, NH Division Biora stated (October 2001) that item of surface dressing was substituted by competent authority and SE was competent to fix and sanction rate for any item. Further, 20 mm thick OGPC was provided without seal coat, hence MSS was done to seal the OGPC due to heavy traffic.

The reply was not tenable because approval of substitution involving extra expenditure of Rs.12.58 lakh was not obtained from Ministry. Further, application of two wearing courses (OGPC and MSS) did not conform to the MORT&H specifications. The work of sealing of OGPC by MSS was not specified in MORT&H specification. Thickness of PCC being 40 mm, was to be done as an integral part of OGPC overlay course without any further wearing course (MSS) over it.

The matter was reported to Government in April 2003; reply had not been received (January 2004).

#### **4.4.10 Extra expenditure on item of works executed contrary to the specifications**

**Execution of tack coat using paving bitumen instead of bituminous emulsion was contrary to the specifications besides an extra cost of Rs.26.48 lakh on four works**

MORT&H specifications, while dispensing with use of paving bitumen in tack coat since 1995, provides use of bituminous emulsion @ 2.5 kg per 10 sqm to 4 kg/10 sqm on Black Topped (BT) and Granular road surfaces respectively. Despite this, in the schedule of rates (SOR-2000) issued by Engineer-in-Chief, the item of tack coat using paving bitumen @ 5 kg to 10 kg per 10 sqm was reintroduced.

Scrutiny of four percentage rate contracts awarded during 2001-02 for strengthening/widening of 87.06 km roads of Raisen District at 4.01 to 7.20 per cent below the SOR by EE, PWD, Division Raisen, disclosed that work of tack coat using paving bitumen was executed and contractors were paid @ Rs.6.20 to Rs.14.80 per sqm as against Rs.4 to Rs.7 per sqm payable for emulsion.

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875.27 = Rs.1350/- SOR rates minus 35.165 per cent being tender percentage



Re-introduction of item of tack coat using paving bitumen was not only costlier but was also contrary to the MORT&H specifications, and resulted in extra cost of Rs.26.48 lakh on 4 works.

On being pointed out (November 2002), EE stated that work was executed as per agreement. The reply was not tenable because provisions made in the agreement did not conform to the specifications.

The matter was reported to Government in February 2003; reply had not been received (January 2004).

#### **4.4.11 Avoidable expenditure on re-execution of damaged work**

**Re-execution of damaged work owing to default of a contractor resulted in avoidable expenditure of Rs.76.38 lakh besides non recovery of Rs.15.65 lakh.**

The work "Improvement of riding quality of pavement" (IRQP) in km 161 to 174 of NH 12 with PAC of Rs.2.73 crore was awarded (November 2000) to a contractor "A" at 6.6 per cent below SOR- August 1999 stipulating completion in four months.

The agreement provided for execution of: (i) 75 mm thick Built-up spray Grout (BUSG), to be followed by (ii) 50 mm thick Bituminous Macadam (BM), and finally sealed by (iii) 25 mm thick Semi-dense Bituminous concrete (SDBC). However, the contractor executed BUSG in the entire 14 kilometer stretch, BM in only 6 kilometers and SDBC in merely one kilometer as of June 2001. The remaining kilometers were neither covered with SDBC nor with provisional seal coat at contractor's cost of Rs.15.65 lakh'. Eight Running Bill for Rs.1.56 crore was paid to the contractor (June 2001). Despite extension (October 2001) of time upto 31 December 2001 (reserving the right to impose penalty for delay), the contractor failed to resume the work after June 2001. After issue of show cause notice (January 2002), the contract was terminated (February 2002) by the Executive Engineer NH Division, Obaidullagunj at the risk and cost of the contractor.

According to MORT&H specification (forming part of the agreement), the layers of BUSG and BM should be immediately paved with final layer of SDBC before opening the road to traffic. If immediate laying of SDBC is not possible, at least a 6 mm seal coat should be provided as a process incidental to the work, at contractor's cost, before allowing traffic.

Audit scrutiny (September 2002) revealed that the newly laid BUSG and BM surface was allowed to traffic by the department for two rainy seasons without execution of SDBC or seal coat, and as a result, the entire stretch of road (14 kilometers) sunk and was damaged. Though the contractor was asked (August 2001 and January 2002) to repair the damaged work, he refused. The balance work evaluated at Rs.1.21 crore was awarded (April 2002) to another contractor "B" at 0.12 per cent below SOR involving extra cost Rs.11.96 lakh. Simultaneously, the work of repair of damaged road and execution of one



additional course of BUSG in the entire stretch from Km 161 to 174 costing Rs.79.51 lakh was awarded (January 2002) to yet another contractor "C" at 13.1 per cent below SOR. Final Bill for Rs.76.38 lakh was paid to him (March 2002).

The additional layer of BUSG, in violation of MORT&H specification, was apparently necessitated to restore the sunken crust. Thus, re-execution of work abandoned by contractor "A" resulted in avoidable expenditure of Rs.76.38 lakh, besides non-recovery of Rs.15.65 lakh towards seal coat which he failed to execute at his own cost as per terms of agreement and Rs.11.96 lakh as extra cost on balance work.

On being pointed out, SE, NH Circle Bhopal stated (September 2002) that second layer of BUSG was executed as the road was widened to two lanes for which a provision was made in the revised estimate. The reply was not tenable and also misleading because BUSG was found recorded in the entire length and width of the road and not at widened portion only. Moreover, had the work been completed by the original contractor "A" as per work awarded to him, the question of re-execution of BUSG subsequently by another contractor on finished BT Surface would not have arisen.

The matter was reported to Government (July 2003); reply had not been received (January 2004).

## **Water Resources Department**

### **4.4.12 Extra cost on the work of lining of canals**

#### **Execution of costlier precast cement concrete lining work instead of more economical cast-in-situ lining resulted in extra cost of Rs.1.03 crore.**

Technical circular issued (January 1984) by the E-in-C, Water Resources Department, stipulated that the bed and inside slopes of canals, carrying more than 3 cumecs discharge, should be lined with cement concrete cast-in-situ (M-10 grade). Contrary to these specifications, the Chief Engineer, Upper Wainganga Basin, Seoni approved (1998 to 2000) estimates for lining of canals of Sanjay Sarovar, with inferior but costlier canal lining of precast cement concrete (PCC) tiles in the inside slopes of the canals.

The work of PCC lining of Bhimgarh Right Bank canal and Tilwara Feeder canal, was executed on 14 item rate contracts during August 2001 and March 2002 and contractors were paid at the rates ranging from Rs.171 to Rs.370 per sqm as against Rs.139 to Rs.209 per sqm payable for cast-in-situ cement concrete lining. Adoption of costlier specification in contravention to the technical circular resulted in avoidable extra cost of Rs.1.03 crore.

On being pointed out by Audit (April 2003), the Engineer-In-Chief stated (October 2003) that pre-cast lining in side slopes was got executed as per the sanctioned estimates as cast-in-situ lining required more time for curing. The



reply was not tenable in as-much-as, the execution of lining by pre-cast cement concrete violated the Engineer-In-Chief's own Technical circular No. 1/84 dated 3 March 1984 and his specific directive (July 2001) to the Chief Engineer directing him to execute the lining work in canal bed and side slopes by 75 mm cast-in-situ cement concrete.

The matter was reported to Government in April 2003; reply had not been received (January 2004).

#### **4.5 Idle investment/idle establishment/blockage of funds**

### **Agriculture Department**

#### **4.5.1 Non-recovery of unutilised subsidy from banks**

#### **Subsidy of Rs.78.44 lakh was lying with banks even after discontinuance of the scheme for construction of wells and pump sets in April 1999.**

Under the State-sponsored Minor Irrigation Scheme, subsidy payable to farmers for construction of wells and establishment of pump sets was to be adjusted against loans taken by them from banks. For this purpose, Agriculture Department deposited every year a lump sum with the banks which adjusted the amount of subsidy after sanction of loans. Since funds were remaining unutilised with banks for long periods, Government instructed (April 1995) that the unutilised amounts of subsidy be withdrawn from the banks and kept under Civil Deposits with State treasuries. The scheme for grant of subsidy was, however, discontinued by Government from April 1999, with instructions that incomplete wells as on 31 March 1999 may be completed during 1999-2000.

Test-check of records of the Director, Agriculture (May 2000 and April 2003) and further information collected (December 2003) revealed that an unutilised amount of subsidy Rs.78.44 lakh was lying as of November 2003 with various banks\* in six districts<sup>(2)</sup> despite Government instructions (April 1995) and discontinuance of the scheme (April 1999).

On being pointed out, Government replied (April 2003) that adjustment of recovery of Rs.70.57 lakh was delayed due to unsound financial position of Land Development Bank and that the amounts lying with other banks were insignificant. However, efforts were being made to recover the amounts within the next six months.

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\* Land Development Bank (Rajya Sahakari Krishi Evam Gramin Vikas Bank): Rs.70.57 lakh, Allahabad Bank: 2 lakh, Baroda Bank: 0.15 lakh, Bank of India: Rs.0.16 lakh, Central Bank: Rs.0.58 lakh, Punjab National Bank: Rs.0.10 lakh, State Bank of India: Rs.0.84 lakh, District Central Co-operative Bank: Rs.2.87 lakh, Regional Rural Bank: Rs.1.17 lakh.

<sup>(2)</sup> Narsinghpur, Sagar, Shahdol, Sehore, Raisen and Rewa.



Had the Government ensured adjustment of advances by extended date of March 2000, for completion of incomplete wells, they could have saved an amount of Rs.22.75 lakh paid on Government borrowings to the extent of funds blocked in this case.

## **Fisheries Department**

### **4.5.2 Non-recovery of royalty on fish extraction**

**Recommendations of the Public Accounts Committee were not implemented and royalty recoverable from Matsya Mahasangh had swelled to Rs.5.30 crore as of March 2003.**

The erstwhile M.P. State Fish Development Corporation (Corporation) was required to pay royalty on fish extracted by it to the Fisheries Department. The Corporation was dissolved with effect from 1 August 1999 when its assets and liabilities were transferred to the newly created Matsya Mahasangh (Co-operative) Limited, a federation of fisheries co-operatives (registered cooperative society). Thereafter, the Federation became liable to pay royalty including the arrears at rates fixed by Government from time to time.

Mention was made in paragraph 3.15 of the Report for the year ended March 1997 (No.4 Civil) of arrears of royalty amounting to Rs.3.06 crore as of March 1997. The Public Accounts Committee (PAC) in its 198th Report (April 2002) recommended framing of a policy for extraction of fish in the interest of the state and to take disciplinary action against the officials responsible for non-recovery of royalty.

Test-check (August 2002) of the records of Director of Fisheries and further information collected (August and December 2003) revealed that besides the aforementioned amount of Rs.3.06 crore, a further amount of Rs.3.32 crore had become due for recovery from Corporation/ Fish Federation for the period from April 1997 to March 2003, against which only Rs.1.08 crore were recovered (1997-98: Rs.32.50 lakh; 1999-2000: Rs.50 lakh and 2002-03: Rs.25 lakh) from Corporation/ Fish Federation. The arrears of royalty had thus swelled to Rs.5.30 crore at the end of March 2003 despite the recommendations of the PAC.

On being pointed out the department stated that a Committee has been formed to restructure the rates of royalty and that the Government decision is still awaited. The Government however stated that the matter relates to policy decision and was still under consideration.

The reply of Government is not relevant as restructured rates will only be applicable from prospective date and thus the Government had failed to initiate corrective action in past cases as contemplated in the recommendations of the PAC even though a period of 21 months had since elapsed.



## **Higher Education Department**

### **4.5.3 Non-recovery of national loan scholarships**

**Out of Rs.4.60 crore paid to 28691 students as national loan scholarship during 1963-94, Rs.3.21 crore were not recovered even as of September 2003.**

National loan scholarship were provided to students under a Government of India (GOI) scheme of providing interest-free loans to poor students for continuation of their study in classes XI onwards up to the level of Ph.D.

The loan was required to be refunded by the loanee in easy monthly instalments after three years of completion of study, or after one year of getting employment, whichever being earlier. Default attracted interest at 6 per cent (10 per cent from January 1976) per annum and the loan also became recoverable as arrears of land revenue. The scheme was closed by GOI in the year 1991-92.

Test-check (June 2002) of the records of Commissioner, Higher Education, and further information collected in June 2003 and January 2004 revealed that out of Rs.4.60 crore sanctioned and paid to 28691 students under the scheme during 1963-64 to 1993-94, only Rs.1.12 crore were recovered and the recovery of Rs.0.27 crore was transferred to the new State of Chhattisgarh, the amount being recoverable in that State. Thus, an amount of Rs.3.21 crore still remained un-recovered as of September 2003.

On being pointed out in audit, the Commissioner stated (January 2004) that notices for recovery of loan were issued to the students and the district Collectors were also requested for effecting recoveries but due to changes in address of students notices could not be served to them. However, as per rule, students were themselves responsible to repay loan in time.

The reply was not tenable as due to failure on the part of the Government to put in place an effective system for recovery of the loan amount, the dues have not been recovered even after a decade. The chances of its recovery appears to be bleak and remote.

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



#### 4.6 Regulatory issues and other points

### Narmada Valley Development Department

#### 4.6.1 Construction of head office building for Narmada Valley Development Authority (NVDA) at Bhopal

**Work costing Rs.7.24 crore was entrusted to existing contractor without fresh tenders and extra/substituted items valuing Rs.5.57 crore were executed and paid without competent sanction. In addition, excess payments of Rs.42.08 lakh were also noticed.**

The work of "Construction of head office building at Bhopal, originally approved (March 1990) for Rs.6.44 crore was technically sanctioned for Rs.6.79 crore in May 1994 by the Chief Engineer, NVDA. The work of architectural consultancy was awarded (November 1990) to Environmental Planning and Co-ordination Organization (EPCO) Bhopal, an autonomous body registered under Societies Registration Act. Initially the building was to be constructed over the built-up area of 14382 sqm as per concept plan prepared (1993) by EPCO. As EPCO was not equipped enough to prepare and submit architectural and structural designs in time, the work was entrusted to a private architect in October 1998 by EPCO with the concurrence of NVDA.

The work, estimated to cost Rs.6.44 crore, was awarded (October 1998) to a contractor on item rate contract for Rs.6.22 crore (0.43 per cent below) for completion within 36 months. After award of the work, the architect revised the concept plan in December 1998 by increasing built-up area besides including new provisions. Post tender changes led to increase in cost by Rs.9.63 crore (142 per cent).

(i) The rules provided that additional work exceeding 25 per cent of original cost, as well as, work beyond the scope of agreement be awarded after invitation of fresh tenders. Contrary to these, additional work estimated at Rs.7.24 crore (116.40 per cent of tendered cost) was entrusted to the existing contractor, without exploring possibilities of obtaining competitive and reasonable rates through fresh tenders.

On being pointed out in audit it was stated (June 2003) that work was awarded in October 1998 and change in scope of work took place in December 1998 and had the fresh tender been invited, the offered rates would have been much higher. The reply was not acceptable because escalation clause of the existing agreement provided for payment at base index of August 1994 (the date of invitation of tender) and as against the estimated payment of Rs.1.66 crore, an amount of Rs.2.58 crore was already paid on escalation alone.

(ii) The agreement provided that the contractor will have to carry out all additional quantities/extra items of work ordered during execution. The quantum of such work shall not exceed 10 per cent of amount of contract unless acceptable to the contractor as well as the Department. Powers to



decide rates for additional quantities/extra items exceeding Rs.15 lakh rests with NVDA in terms of contract.

The SE permitted (February 2000) for execution and payment of Rs.5.57 crore even without approval of rates from the competent authority. Thus execution of such items without approval and payment of Rs.5.57 crore was irregular and unauthorised.

When pointed out, the EE stated that the matter is under consideration of NVDA. The reply was not tenable as execution and payment of such quantities/items should have been made after approval of the competent authority in terms of the agreement.

(iii) Following cases of excess payment were also noticed:-

(a) According to the agreement, the rates tendered by the contractor were for execution of complete item of work and no extra payment for any part of work was admissible. Contrary to this, the contractor was allowed payment for propping, removal of form work, lift for reinforcement bars, erecting centering at different heights, mechanical mixing of concrete etc. treating these items as extra, which were part of the completed items of centering and shuttering and concreting, was thus incorrect resulting in excess payment of Rs.15.52 lakh.

On being pointed out, it was stated that the matter is under consideration of higher authorities. The reply was not acceptable as extra rates were inadmissible in terms of the contract.

(b) In item rate contracts no lead and lift for carriage of materials is payable separately. Contrary to this for RCC and brick masonry items, payment of lift from 1st floor level was allowed and for subsequent floors rates were increased proportionately. Incorrect regulation of rates, thus, resulted in excess payment of Rs.5.76 lakh.

On being pointed out, it was stated that action would be taken on receipt of decision from NVDA. The reply was not tenable as payment was irregular and needs recovery.

(c) According to SE's order (February 2000) payment of extra items available in SOR (1992) should have been regulated at the rates of SOR minus 0.43 per cent plus escalation. Scrutiny, however, disclosed that payment for item of centering and shuttering including propping and removal of form work etc. was made at the rate of Rs.85.63 per sqm instead of payable rate of 53.76 per sqm. This resulted in excess payment of Rs.20.80 lakh to the contractor.

The EE assured regularization of excess payment on receipt of sanction from NVDA.

To sum-up, though post tender changes in concept plan led to increase in cost by Rs.9.63 crore, possibilities for obtaining competitive and reasonable rates were not explored while awarding additional work of Rs.7.24 crore, besides excess payment of Rs.42.08 lakh were also noticed.



The matter was referred to Government in June 2003; reply had not been received (January 2004).

### **Public Health Engineering Department**

#### **4.6.2 Gwalior sewerage and sewage disposal project**

##### **Rs.6.49 crore was not recovered from the contractor.**

Government of Madhya Pradesh approved (February 1988) Rs.33.55 crore for Gwalior sewerage and sewage disposal project to be completed by 1993-94. The project was to be executed with 70 per cent loan and 30 per cent grant-in-aid from the State Government. An expenditure of Rs.40.21 crore was incurred on project upto March 2003.

The work of laying, jointing and commissioning of RCC sewer pipe line in 2 groups was awarded (September 1993) to contractor 'A' by the EE, PHE Project Division, Gwalior at a cost of Rs.4.39 crore for completion within 18 months. Despite grant of time extension upto September 1998, the contractor could complete only 34 per cent of work. Owing to slow progress, the contracts were rescinded (August 1999) at the risk and cost of the contractor. The balance works in 2 groups were awarded (June-July 2001) to another contractor 'B' for Rs.8.40 crore and was paid Rs.7.37 crore upto June 2003. The extra cost recoverable on this account worked out to Rs.5.35 crore.

The contractor executing the work had offered 10 per cent rebate on the contract value. Thus, the base price indices for the month of opening of price bids (October 1990), and the value of work done after deducting 10 per cent rebate were to be adopted for calculation of price escalation. Similarly, for material and labour components, value of work done was to be 60 and 40 per cent. The Division, however, incorrectly reckoned the value of work done without reducing the rebate and using incorrect percentages of material and labour components for calculation of price escalation. The month of base index was also incorrectly reckoned as August 1990 (month of opening of tender) instead of October 1990 (month of opening of price bids) as specified in the agreement. These resulted in excess payment of Rs.38.22 lakh to 'A'.

Besides no pipes were laid in the trenches excavated for 26091 cum by 'A' and the trenches were filled up with the passage of time and Contractor 'B' had to excavate 16218 cum again, resulting in avoidable expenditure of Rs.15.81 lakh. In addition an amount of Rs.60 lakh on account of machinery advance, mobilisation advance, cost of material and interest on advances etc was also recoverable from the contractor.

When pointed out (July 2002) in Audit, against Rs.6.49 crore recoverable from 'A' on the above issues, the EE initiated (December 2002) action for recovery of Rs.6.10 crore only. No recovery has been made so far.



The matter was reported to the Government in August 2002; reply had not been received (January 2004).

## **Public Works Department**

### **4.6.3 Non-recovery of extra cost from the defaulting contractors**

#### **The Department failed to initiate action for recovery of extra cost of Rs.1.33 crore from the defaulting contractors**

Executive Engineer (EE) PWD (NH) Division Kareli awarded (November 1992) the work of widening (without strengthening) of road in kilometer 108 to 130/2 of NH 12 to contractor 'A' for completion within 36 months including rainy season (November 1995) at a cost of Rs.2.73 crore against the probable amount of contract Rs.2 crore. The contractor failed to complete the work within the stipulated period and due to very slow progress, his contract was rescinded (March 1997) under clause 3 of the agreement. The incomplete final bill for Rs.22.58 lakh was paid in July 1998.

The balance work, estimated to cost Rs.1.94 crore was awarded to another contractor 'B' for Rs.2.07 crore (February 1998) to be completed within 34 months including rainy season (December 2000). Again owing to slow progress and failure to complete the work, this contract was also rescinded (6 June 2000) at the risk and cost of the contractor. The incomplete final bill for Rs.20.79 lakh was paid in December 2001.

The remaining balance work (estimated to cost of Rs.1.78 crore) was now awarded to contractor 'C' for Rs.3.22 crore (January 2001) with completion period of 32 months (September 2003) including rainy season. The work was in progress and contractor 'C' had executed the work for value of Rs.1.64 crore (September 2002).

Thus, the repeated failure of the contractual agencies resulted in an extra cost of Rs.1.33 crore which was recoverable from 'B', under clause 3 of contract agreement.

On being pointed out (June 2001) SE accepted the Audit observation and stated (February 2003) that action for recovery would be taken after assessing the work done by the contractor 'C'. Only Rs.10.37 lakh had been recovered (March 2002) from the security deposit of the contractor.

The reply was not acceptable as the recommendations<sup>5</sup> of Public Accounts Committee provide that once the agency to complete the balance work is fixed (2001), the extra cost should be recovered from the defaulting contractor, without delay. Although the work awarded to contractor 'C' was also finalised (September 2002), the Executive Engineer has placed Rs.56.78 lakh under

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<sup>5</sup> 96th Report of PAC on C&AG Report for the year 1993-94 presented in the Vidhan Sabha on 29.3.2000.



Miscellaneous Public Works Advance recoverable from the contractor, but no recovery was effected (January 2004).

The matter was reported to Government in June 2002. Reply had not been received (January 2004).

## Water Resources Department

### 4.6.4 Non-recovery of extra cost from defaulting contractors

#### Extra cost of Rs.9.28 crore was not recovered from seven defaulting contractors who abandoned the works mid way

Contract agreements for various works stipulate that in case a contractor abandons work, the Divisional Officer is empowered to entrust the unexecuted work to another contractor or get it completed departmentally at the risk and cost of the defaulting contractor.

Audit scrutiny in 5 Divisions (Water Resources 3 and NVDA 2) revealed that 10 works (WR 5, NVDA 5) abandoned during March 1990 to May 1999 by the contractors were got executed from other agencies. The extra expenditure of Rs.8.27 crore<sup>6</sup> was recoverable from the original contractors in accordance with the provisions of the agreements. Against this, only Rs.4.75 lakh has been recovered so far and the value of security deposits of the contractors available with the Department was for Rs.0.99 lakh only (WR Rs.0.99 lakh), thus the net amount recoverable worked out to Rs.8.22 crore. Apart from this, Rs.1.06 crore (WR Rs.24.07 lakh and NVDA Rs.82.19 lakh) on account of balance amount of advances and cost of material issued to contractors were also recoverable from the contractors.

Thus, even after adjustment of the available security deposit, an amount of Rs.9.28 crore (WR Rs.222.67 lakh and NVDA Rs.705.38 lakh) stands to be recovered. Details given in **Appendix XLIX**.

Although the agencies to complete the balance work were fixed between 1996-97 to 2001-2002 and the department was aware of the extra cost recoverable from the original contractor, the revenue authorities were requested between 2000-01 and 2002-03, in five cases and for the other two

6

<i>W.R.D</i>		<i>NVDA</i>	
1. Bariyarpur Left Canal	Rs.88.84 lakh	1. RABC LBC Dn	Rs. 290.65 lakh
Division No.I, Rajnagar		No.II, Jabalpur	
2. Banjar River Project Dn	(i) Rs.18.59 lakh	2. P.W.D. NVDA	Rs. 332.54 lakh
Baihar	(ii) Rs.29.59 lakh	(ISP) Dn, Barwaha	
			Rs.623.19 lakh
3. Gandhi Sagar Dam Dn.	(i) Rs.29.82 lakh		
Gandhi Sagar	(ii) Rs.31.76 lakh		
	Rs.198.6 lakh		



cases it was replied that the recovery will be made. However no recovery has been made till date (January 2004).

The matter was reported to Government during January 2000 to June 2002 and in May 2003, reply had not been received (January 2004).

## General

### 4.6.5 Failure of senior officials to enforce accountability and protect the interests of Government

Accountant General\* arranges to conduct periodical inspection of the Government departments to test check, inter alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities etc. detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued by the Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions pointed out promptly and report their compliance to the Accountant General. The Accountant General also brings serious irregularities to the notice of Heads of the Departments. A half-yearly report of pending IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2002 pertaining to 510 divisions/offices of Forest, Water Resources, Public Works, Public Health Engineering and other Works<sup>s</sup> Departments under Government of Madhya Pradesh disclosed that 13475 paragraphs relating to 3598 IRs remained outstanding since 1990-91 to the end of June 2003. Department wise position of the outstanding IRs and paragraphs were as follows:

Sl. No.	Department	Number of Inspection Reports	Number of Paragraph	Number of Auditee Units	Amount (Rupees in crore)
1.	Forest	681	2080	51	386.00
2	Water Resources	1323	4459	173	2192.01
3	Public Works	778	3688	104	1408.89
4.	Public Health Engineering	526	2311	88	1645.86
5	Narmada Valley Development (i) Irrigation (ii) Building /roads	138 44	365 98	69 13	303.33 61.72
6	Housing and Environment (Capital Project Construction units)	44	188	5	120.35
7	Bhopal Gas Rahat (Works units)	10	49	1	12.07
	Total	3544	13238	504	6130.23

\* Accountant General (Audit II), Madhya Pradesh.

<sup>s</sup> Other Works Departments include Narmada Valley Development, Housing and Environment and Bhopal Gas Rahat (Relief and Rehabilitation) Departments.



Of these, 766 IRs containing 2720 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of the Offices within six weeks from the date of issue were not received in respect of 214 divisions/offices for 214 IRs and 1060 paragraphs issued between January and December 2002.

A review of the IRs which were pending due to non-receipt of replies, revealed that the Heads of the Offices (whose records were inspected by the Accountant General) and the Heads of the Departments did not send any reply to large number of IRs / paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Accountant General in the IRs. The Principal Secretaries/ Secretaries of the Departments, who were informed of the position through half yearly reports, also did not ensure that the concerned offices of the Department take prompt and timely action.

Inaction against the defaulting officers facilitated the continuance of serious financial irregularities and loss to the Government, though these were pointed out in Audit. It is recommended that Government should re-look into the procedure for action against the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule and take action to recover loss/outstanding advances/over payments in a time bound manner and revamp the system to ensure proper response to the audit observations in the Department.

#### **4.6.6 Transfer of funds to Personal Deposit Account**

Five hundred and thirty one Personal Deposit Accounts (PDAs) of Government and semi Government institutions as on 31 March 2003 were found opened in the treasuries. Following irregularities were noticed in maintenance of PDAs:

(a) Non-closing of PDAs

As per provisions of Rule 543 of Madhya Pradesh Treasury code 531 PDAs with balance of Rs.1142.38 crore were required to be closed at the end of financial year by minus debit to the relevant service head. Of these 128 PDAs with balances of Rs.94.64 crore remained un-operative during 2002-03, and none of the above accounts were found closed.

(b) Funds remaining unutilised in PDAs

P.D. Accounts are generally opened by debit to the consolidated fund and the amount debited is shown as expenditure in the respective heads.

Financial rules provide that no money shall be drawn from Treasury unless it is required for immediate disbursement. It was, however, noticed that 115 new P.D. Accounts with balances of Rs.419.66 crore as on 31 March 2003 were opened during 2002-03. This was obviously done with a view to avoid lapse of grants. The expenditure to this extent was inflated and did not depict the factual position of accounts of the State. Non-utilisation of funds by keeping



in PDAs not only delayed the implementation of schemes for which funds were released but also defeated the purpose for which budget were provided in financial year.

(c) A test check of 59 PDAs (Rs.650.28 crore) conducted (August/September 2003) further revealed the following irregularities:

(i) According to instructions issued by Finance Department (January 1998) all amounts pertaining to land acquisition and development schemes excluding funds received from Government of India deposited in Commercial bank accounts were required to be withdrawn and deposited in PDA. Records of Land Acquisition Offices Shahdol and Joint Director Panchayat and Social Welfare Rewa revealed that an amount Rs.0.85 crore (Shahdol: Rs.0.56 crore and Rewa: Rs.0.29 crore) was lying in bank accounts in contravention of aforesaid instructions issued by the Finance Department.

The concerned officers (August 2003) confirmed the position. Report on further action taken by them was awaited in audit (November 2003).

(ii) In another case LAO Sehore had credited receipt of Rs.0.13 crore meant for land acquisition in post office Sehore instead in PDA to achieve the targets under small saving scheme.

(iii) It was noticed that departments did not reconcile the balances in PDAs with treasuries. Resultantly, in 19 PDAs the balance shown by department was less by Rs.18.48 crore while in other 9 cases it was more by Rs.20.92 crore as shown in **Appendix L**.

The matter was referred to Government in November 2003; reply had not been received (December 2003).



# **CHAPTER V**

## **Internal Control System in Government Department**







## **CHAPTER V**

### **Internal Control System in Government Department**

#### **5. Introduction**

Internal control mechanism forms an integral part of an organisation to provide independent assurance to the senior management on adequacy of internal control frame work of the department. It tends to ensure that provisions of Codes, Manuals and Rules laid down by the Government provided fool-proof and workable system for smooth performance of duties and responsibilities at all levels of staff and that the provisions were being adhered to in letter and spirit. The Rules and Manuals provide for reliability of financial reporting, effectiveness and efficiency of department's operations. In order to ensure these objectives every departmental head is provided with Internal Audit Wing to safeguard against errors, irregularities in operational and financial matters.

#### **5.1 Evaluation of Internal Audit System in Forest Department**

##### **5.1.1 Organisational set up**

In the Forest Department the Internal Audit Wing was established in the year 1978. The Internal audit wing has nine cadre posts of the Treasuries and Accounts Department.

Internal Auditors being from Treasuries and Accounts department are independent entities and submit their reports to the Principal Chief Conservator of Forest (PCCF).

##### **5.1.2 Training of Audit Personnel**

Training programme are arranged from time to time by the Academy of Administration, Madhya Pradesh, Bhopal on behalf of Directorate of Treasuries and Accounts. However, the internal audit wing of Forest department has not codified instructions issued by the Department even after lapse of a period of 25 years since its establishment. Hence there is no code or manual for the internal audit. No internal audit standards has been prescribed. which is essential to make the internal Audit more effective.

The PCCF stated (September 2003) that action is being taken to strengthen the Audit Wing by providing necessary books, instructions etc.

##### **5.1.3 Planning of Internal Audit**

With a view to enhance the effectiveness, the Internal audit must be planned based on risk indicators corroborated through detailed risk analysis. In the Forest department, the selection of units for internal audit is done merely by rotation and no statistical or scientific method is used to select the units. The



department has fixed the periodicity of audit of all units as once in 3 years irrespective of size, expenditure and associated risk.

#### 5.1.4 Adequacy of coverage and periodicity of the audit

The year-wise position of availability of staff for internal audit as well as units covered by audit was as under:-

Year	Availability of staff for audit				Position of coverage of audit				
	Director	Dy. Director	Asstt. Director	Asstt. Internal Audit Officers	Total No. of units	Units due for audit	Units covered by audit	Percentage of coverage	Deficiency in No. of units (Percentage)
1998-99	1	1	1	7	156	52	15	29	37 (71)
1999-00	1	1	1	7	156	52+37=89	26	29	63(71)
2000-01	1	1	1	5	156	52+63=115	21	18	94(82)
2001-02	1	2	1	4	156	52+94=146	15	10	131(90)
2002-03	1	2	1	4	156	52+131=183	7	4	176(96)

Though there was no deficiency in availability of staff during the years 1998-99 to 2000-01, shortfall in coverage of audit ranged between 71 per cent and 82 per cent with reference to the year 1998-99. During the years 2001-02 and 2002-03 the deficiency in the staff was 11 per cent while the shortfall in coverage of units ranged between 90 percent and 96 per cent respectively.

The Department attributed the reasons for pendency in internal audit coverage to -

- (i) Transfer of staff to Chhattisgarh State in excess of their proportion. These posts were filled in July 2003.
- (ii) The supervisory staff was engaged in other important departmental activities.

This reply confirms that the available staff was not utilised for the purpose for which it was sanctioned. Internal audit is an important function and the staff meant for internal audit should not be engaged in other departmental activities.

#### 5.1.5 Inspection reports of Internal audit

The year-wise position of Inspection Reports (IRs) issued by internal audit, as well as its settlement is as under:-

Year	Total No. of IRs issued	Total no. of Paras included in the IRs of			Total No. of paras settled		Total No. of Paras still outstanding	
		Serious nature	Ordinary nature	Money value (Rs. in crore)	No.	Money value (Rs. in crore)	No.	Money value (Rs. in crore)
1998-99	15	--	210	13.01	107	5.78	103	7.23
1999-00	26	--	358	14.40	34	0.24	324	14.16
2000-01	21	--	284	8.80	21	1.49	263	7.31
2001-02	15	--	192	10.73	21	0.22	171	10.51
2002-03	7	--	129	3.06	--	--	129	3.06
<b>Total</b>	<b>84</b>	<b>--</b>	<b>1173</b>	<b>50.00</b>	<b>183</b>	<b>7.73</b>	<b>990</b>	<b>42.27</b>



All the 1173 paras included in the IRs were of ordinary nature. Not a single para of serious nature was found by internal audit in the audit of 84 units covered during the years 1998-99 to 2002-03.

No time-frame for responses to the audit observations has been fixed. It is stated that efforts have been made for early settlement of paras by issuing periodical instructions.

#### 5.1.6 Overall effectiveness of Internal Audit

##### (a) Departmental compliance to internal audit observations

As department had not fixed any time-frame for responses to the internal audit observations, the compliance was low ranging between zero per cent to 51 per cent during the years as mentioned below:-

Year	Total No. of paras included in the IRs	Total No. of Paras settled		
		No.	Period of compliance	Percentage of settlement
1998-1999	210	107	More than five years	51
1999-2000	358	34	More than 4 years	9.5
2000-2001	284	21	More than 3 years	7.39
2001-2002	192	21	More than 2 years	10.93
2002-2003	129	--	More than 1 years	Zero

##### (b) No system has been corrected at the instance of Internal Audit.

##### (c) There was not a single instance where any recourses and penal action was taken by the department at the instance of Internal Audit.

#### 5.1.7 Outcome of special audits done by Internal Audit wing

Special Audit of any units was not entrusted to the Internal Audit Wing by the PCCF. The PCCF stated (October 2003), that the special audit does not come under the purview of Internal Audit Wing. Usually Special Audits are conducted by Directorate of Treasuries and Accounts under the special order of Finance Department.

#### 5.1.8 Evaluation of the performance of Internal Audit

With a view to keep the Internal audit more effective, it is essential that the internal control structure must be reviewed and updated periodically. It is evident from the information made available by the PCCF and test check of the records, the performance of the Internal Audit was not evaluated so far.

The Government to whom the matter was referred (October 2003) endorsed (December 2003) the reply of the Department wherein the CCF (Finance / Budget) while accepting the para No. 1 to 3 and 7 to 8 stated (November 2003) that deficiency in coverage of internal audit should be taken on year to year basis. He further stated that Department's statement regarding not finding paras of serious nature meant only that no such serious cases of theft, fraud etc. were found in audit. As regards audit observation at para No. 10 the CCF stated that the internal audit is not mere formality but Department is serious



towards Internal audit and already expressed commitment towards strengthening the internal Audit Wing.

#### **5.1.9 Conclusion**

The internal audit wing of the Forest department has become a mere formality. The wing does not carry out the tasks which are essential to its existence. Neither are the units covered regularly, nor is any system check or analysis carried out. A weak Internal Audit wing reflects weak internal controls, which can result in frauds etc.

#### **5.1.10 Recommendations**

It is in the interest of the department that the Internal audit wing be strengthened and made more effective through proper training and professional education. The selection of units for internal audit should be based on risk indicators corroborated through risk analysis. The staff meant for internal audit should only be utilised for the same.

### **5.2 Evaluation of Internal Audit System in Technical Education and Training Department**

#### **5.2.1 Audit Coverage**

An evaluation study of Internal Audit system was carried out during September-October 2003 in the Department of Technical Education which consists of one Directorate with 5 Engineering Colleges, 41 Polytechnics, 9 Pre-Vocational Training centres and 1 Technical Higher Secondary School (total 56 units) under the control of Director. Results of test check of records of the Directorate and 5 Government Engineering Colleges (Bhopal, Jabalpur, Rewa, Sagar and Ujjain) are given in the succeeding paragraphs.

#### **5.2.2 Organisation of Internal audit wing**

A separate Internal Audit wing was set-up in the office of the Director, under the supervision of Accounts Officer. A Deputy Director was in-charge of the wing under overall control of the Director.

Against the sanctioned strength of one superintendent, five senior auditors, four junior auditors, one assistant Grade-I and one assistant grade II (total 12 members), four senior and four junior auditors (total eight) were deployed in other wings of the Directorate. As a result, there was a huge shortage of staff in the wing.

Due to acute shortage of staff, Internal audit of 38 of the 56 units could not be conducted during 1998-2003. Reasons for engaging staff of Internal Audit to other Jobs of the office were not intimated by Director.



### **5.2.3 Auditing standards, responsibilities and duties for Internal audit**

No auditing guidelines for selection of units, programming of audit, identification of key areas for check in audit, detailed duties & responsibilities assigned to each member of party, measures and time frame to comply with the objections raised etc. were provided in departmental codes/Manuals/Standing instructions for Internal Audit wing.

### **5.2.4 Training of Internal audit personnel**

The persons trained in accounts were posted in the Internal Audit wing. No separate training in auditing or refresher courses was arranged for Internal Audit staff, which was essential to make the internal audit effective.

### **5.2.5 Planning, coverage and periodicity of internal audit**

Audit observed that Internal Audit of the units was being conducted on ad-hoc basis without observing fixed and roster/cycle registers and periodicity. 42 units were pending for audit since 10 to 20 years and 10 units were pending for Internal Audit since their inception (1984). The Internal Audit wing never conducted the audit of Directorate itself. The position of pendency of internal Audit of units is shown in the **Appendix LI**.

On being pointed out, the Director stated that no specific Codes & Manuals were framed and due to shortage of staff, internal audit could not be conducted. Reply only confirmed that work of internal audit had suffered due to deployment of audit staff to other sections.

### **5.2.6 Pendency of audit observations**

As only 18 out of 56 units due were audited during last five years (1998-2003) for period ranging between 9 to 17 years, no repeat audit was conducted. It could not be ascertained whether deficiencies indicated in the reports were removed/complied with and the corrective measures taken. Internal audit of accounts for years earlier to 2-3 years hardly served intended purpose of internal control and tool of management.

Inspection reports (IRs) of two units viz. Government Engineering College, Rewa and Government Polytechnic, Ashoknagar were not issued though audit was conducted during 2002. No time frame for response to the audit observation had been fixed. As a result, the immediate compliance of the audit observations were not made by the units. Of the 255 observations outstanding, 149 related to IRs of 56 units, audits of which was conducted prior to 1998 and remaining 106 pertained to audit conducted between 1998-2003. No serious efforts were made for obtaining compliance for internal audit observations.



### 5.2.7 Overall effectiveness of Internal audit

Internal Audit wing was not found effective, as 58 per cent internal audit observations remained unsettled for want of compliance. No penal action was found to be initiated against any officer/official on the basis of Internal audit observations. No special audit was conducted so far except in case of Women Polytechnic, Sagar on the basis of complaints of suspected misappropriation of stores and stock, which was stated to be in progress.

### 5.2.8 Conclusion

The internal audit wing in the department was found ineffective and did not carry out the tasks which were essential for its effectiveness. Neither the units were covered regularly nor any system check or risk analysis carried out. The wing carried out audit of seven units for period ranging between four and 17 years. Thus, the purposes for which the Internal audit wing was created have not been achieved.

### 5.2.9 Recommendations

- ⇒ The department should devise a manual/code of internal audit providing periodicity and detailed procedure for carrying out audit and rectification of errors noticed during internal audit.
- ⇒ The staff strength required for internal audit should be assessed to cover the audit within a reasonable time frame and full deployment made.

Gwalior  
The

29 JUN 2004

*Jai Narain*  
(J.N. GUPTA)  
Principal Accountant General (Audit)-I  
Madhya Pradesh

Countersigned

New Delhi  
The

2 JUL 2004

*(Signature)*  
(VIJAYENDRA N. KAUL)  
Comptroller and Auditor General of India



# **APPENDICES**







**Appendix I**  
(Reference: paragraph 1.1, page 2)

**Statement showing definitions of terms used in Chapter I**

**1. 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 classifications 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 2 - List of terms used in the Chapter - I and basis for their calculations**

<b>Terms</b>	<b>Basis for calculations</b>
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)	$[(\text{Current year Amount} / \text{previous year Amount}) - 1] * 100$
Trend / Average	Trend of growth over a period of 5 years $[\text{LOGEST}(\text{Amount of 1997-98: Amount of 2002-03}) - 1] * 100$
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 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 spread	GSDP growth - Weighted Interest rates
Interest received as per cent 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 Payment
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all plan grants and Non-plan Revenue Expenditure excluding debits under 2048 - Appropriation for Reduction or Avoidance of Debt



## Appendix II

(Reference: paragraph 1.1, page 2)

### Statement showing apportionment of assets and liabilities of the erstwhile State of MP as on 31 March 2003 between successor States of Madhya Pradesh and Chhattisgarh

(Rupees in crore)

Items	Balance as on 31 October 2000	Apportioned to		Balance retained in MP accounts pending apportionment	Reference to Finance Accounts Statements No.
		Madhya Pradesh	Chhattisgarh		
(1)	(2)	(3)	(4)	(5)	(6)
<b>I- Liabilities-</b>					
1. Internal Debt	7628.95	5766.01(a)	1862.94(a)	--	4 and 17
2. Loans and Advances from Central Government	10606.50	7783.25(a)	28823.25(a)	--	4 and 17
3. Contingency Fund	26.61	26.61	--	--	16
4. Small savings, provident funds, etc.	7371.51	4840.27(b)	974.52(b)	1556.72	4, 16 and 17
5. Deposits	1872.19	1325.09	288.60	258.50(b)	4 and 16
6. Reserve Funds	657.94(c)	45.49	11.55	102.46(d)	4 and 16
7. Suspense and Miscellaneous Balances	39.58	25.46	5.93	8.19(e)	16
<b>II- Assets-</b>					
1. Gross Capital Outlay	15760.57	4941.77	1484.59	9334.21(e)	2 and 13
2. Loans and Advances	2883.18	555.95	135.91	2191.32(f)	5 and 18
3. Advances	13.88	12.25	1.63	--	16
4. Remittance balance	665.60	512.72	152.88	--	16
5. Cash balance	-29.75	22.29	-52.04	--	7
Guarantees	9709.60	--	--	10480.65(g)	6

N.B.: For further details, see Finance Accounts.

- Apportionment vide Government of India, Ministry of Finance, Department of Economic Affairs (Budget Division) order F. No. 9(2)B (S)/2002 dated 25 June 2002; Includes Ways and Means Advances and Overdraft apportioned by Reserve Bank of India.
- To be reviewed after receipt of details of final allocation of employees to the two successor States.
- Dropped Rs. 498.44 crore out of total of Rs. 657.94 crore, in terms of second proviso to Section 42(1) of M.P. Re-organisation Act, 2000.
- Retained in M.P. pending decision of GOI.
- Retained in M.P. for want of details.
- Retained in M.P. due to non-receipt of decisions/details from successor States.
- Differs from the figures of Rs. 9657.38 crore of 2001-02 by Rs.823.27 crore due to (i) cancellation of guarantees of Rs. 51.79 crore (ii) guarantees of Rs. 231.56 crore received during the year and (iii) rectification of mistake of Rs. 643.50 crore pertaining to the period prior to October 2000, as per information received from the departments.



**Appendix III**  
(Reference: paragraph 1.4, page 5)

**SUMMARISED FINANCIAL POSITION OF THE  
GOVERNMENT OF MADHYA PRADESH AS ON 31 MARCH 2003**

(Rupees in crore)

As on 31.03.2002	Liabilities	As on 31.03.2003
<b>7648.43</b>	<b>Internal Debt-</b>	<b>10664.24</b>
4473.38	Market Loans bearing interest	5573.09
2.98	Market Loans not bearing interest	2.89
845.84	Loans from other Institutions (Autonomous bodies)	1153.73
-	Ways and Means Advances	-
-	Overdraft from Reserve Bank of India	-
2326.23	Special Security issued to NSS fund of Central Government	3934.53
<b>9043.18</b>	<b>Loans and Advances from Central Government-</b>	<b>9483.05</b>
328.15	Pre 1984-85 Loans	291.53
2468.10	Non-Plan Loans	1815.53
6090.57	Loans for State Plan Schemes	7221.33
42.14	Loans for Central Plan Schemes	39.10
114.22	Loans for Centrally Sponsored Plan Schemes	115.56
<b>40.00</b>	<b>Contingency Fund</b>	<b>39.95</b>
<b>6942.42</b>	<b>Small Savings, Provident Funds, etc.</b>	<b>7034.50</b>
<b>2484.16</b>	<b>Deposits</b>	<b>2631.20</b>
<b>368.67</b>	<b>Reserve Funds</b>	<b>527.13</b>
<b>296.97</b>	<b>Suspense and Miscellaneous Balances</b>	<b>69.11</b>
<b>26823.83</b>		<b>30449.18</b>

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



As on 31.03.2002	Assets	As on 31.03.2003
16332.79	<b>Gross Capital Outlay on Fixed Assets -</b>	<b>18787.69 \$</b>
1687.07	Investments in shares of Companies, Corporations, etc.	1702.38
14645.72\$	Other Capital Outlay	17085.31
<b>2001.91</b>	<b>Loans and Advances -</b>	<b>2439.90</b>
677.76	Loans for Power Projects	858.08
1263.66	Other Development Loans	1531.37
60.49	Loans to Government servants and Miscellaneous loans	50.45
--	Reserve Fund Investments	-
<b>7.04</b>	<b>Advances</b>	<b>4.14</b>
<b>471.59</b>	<b>Remittance Balances</b>	<b>459.24</b>
<b>331.03</b>	<b>Cash -</b>	<b>(-) 91.30</b>
(-)3.22	Cash in Treasuries and Local Remittances	(-) 37.51
303.55	Deposits with Reserve Bank	(-) 113.41
12.50	Departmental Cash Balance including permanent cash imprest	13.99
18.20	Cash Balance Investments and investment of earmarked funds	45.63
<b>7679.47</b>	<b>Deficit on Government account -</b>	<b>8849.51</b>
4513.09	(i) Accumulated deficit brought forward	7679.47
3157.69	(ii) Revenue Deficit of the current year	1169.40
5.56	(iii) Inter-State Settlement	-
3.13 <sup>¶</sup>	(iv) Amount closed to Government account	0.64
<b>26823.83</b>		<b>30449.18</b>

\$ Grants-in-aid of Rs. 82.42 crore to local bodies/ institutions was misclassified under Capital (Plan) expenditure instead of non plan Revenue expenditure (see paragraph 1.6)

<sup>¶</sup> Includes Rs. 3.08 crore proforma transfer of balances relating to Revenue Reserve Funds, Investment Account to State of Chhattisgarh.



## Appendix IV

(Reference: paragraph 1.4, page 5)

## ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03

(Rupees in crore)

2001-02			2002-03	2001-02		2002-03		
		Section-A: Revenue				Non-plan	Plan	Total
11211.08	I.	Revenue receipts	13390.40		I. Revenue expenditure			
4678.98		- Tax Revenue	6164.55	5049.49	General Services	5324.69	119.99	5444.68
				4582.89	Social Services	3832.21	1452.05	5284.26
1601.68		- Non tax revenue	1635.48	2110.04	-Education, Sports, Arts and Culture	1979.23	316.35	2295.58
				666.89	-Health and Family Welfare	484.32	276.29	760.61
3439.30		-State's share of Union Taxes	3728.73	535.72	-Water Supply, Sanitation Housing and Urban Development	237.38	160.00	397.38
322.35		-Non Plan grants	301.16	16.63	- Information and Broadcasting	23.94	0.37	24.31
				691.70	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward classes	442.63	388.73	831.36
649.08		-Grants for State Plan Schemes	815.90	52.94	-Labour and Labour Welfare	49.37	6.84	56.21
				500.96	-Social Welfare and Nutrition	606.46	303.03	909.49
519.69		-Grants for Central and Centrally Sponsored Plan Schemes	744.58	8.01	-Others	8.88	0.44	9.32
				4363.49	Economic Services	1476.44	1948.26	3424.70
				1107.62	-Agriculture and Allied Activities	769.11	456.48	1225.59
				619.00	-Rural Development	163.40	468.91	632.31
				-	-Special Areas Programme	-	-	-
				261.11	-Irrigation and Flood control	191.68	58.91	250.59
				2037.01	-Energy	70.00	909.77	979.77
				54.13	-Industries and Minerals	31.20	34.98	66.18
				246.34	-Transport	224.00	-	224.00
				2.09	-Science, Technology and Environment	1.41	2.65	4.06
				36.19	-General Economic Services	25.63	16.56	42.20
				372.90	Grants-in-aid and contributions	406.16	-	406.16*

\* Grants-in-aid of Rs.82.42 crore to local bodies/institutions was misclassified under Capital expenditure instead of non-plan Revenue Expenditure



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

3157.69	II.	Revenue deficit carried over to Section B	1169.40		II-Revenue surplus carried over to Section B	-	-	-
14368.77		<b>Total</b>	14559.80	14368.77	<b>Total</b>	11039.50	3520.30	14559.80*
		<b>Section-B</b>						
(-)226.65 <sup>⊕</sup>	III	Opening cash balance including Permanent Advances and Cash Balance investment	331.03		III.Opening overdraft from RBI	-	-	-
				1470.64*	IV. Capital outlay	6.43	2448.47	2454.90
	IV	Miscellaneous Capital receipts		21.79	General Services	-	36.28	36.28
				171.58	Social services	1.43	534.41	535.84
				15.82	-Education, Sports, Arts and Culture	-	16.56	16.56
				21.27	-Health and Family Welfare	0.03	18.26	18.29
				72.26	-Water Supply, Sanitation Housing and Urban Development	0.40	393.73	394.13
				-	- Information and Broadcasting	-	-	-
				61.10	-Welfare of Scheduled Castes/Scheduled Tribes/Other Backward Classes	-	105.24	105.24
				0.25	-Social Welfare and Nutrition	1.00	0.21	1.21
				0.88	-Other Social Services	-	0.41	0.41
				1277.27	<b>Economic Services</b>	5.00	1877.78	1882.78
				23.46	-Agriculture and Allied Activities	4.87	28.99	33.86
				148.54	-Rural Development	-	222.77	222.77
				685.49	-Irrigation and Flood control	-	950.14	950.14
				172.78	-Energy	-	347.54	347.54
				6.80	-Industries and Minerals	0.10	9.52	9.62
				237.33	-Transport	-	314.92	314.92
				2.87	-General Economic Services	0.03	3.90	3.93
		<b>Total</b>		1470.64	<b>Total</b>	6.43	2448.47	2454.90

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



(Rupees in crore)

2001-02			2002-03	2001-02		2002-03
1587.65	V	Recoveries of Loans and Advances	42.71	598.58	V. Loans and Advances disbursed	480.70
1557.55		-From Power Projects	1.34	224.47	-For Power Projects	181.66
12.96		-From Government Servants	11.44	7.62	-To Government Servants	1.35
17.14		-From others	29.93	366.49	-To others	297.69
--	VI	Inter-State Settlement	-	5.56	VI. Inter State Settlement	-
-	VII	Revenue Surplus brought down	-	3157.69	VII. Revenue deficit brought down	1169.40
3281.00	VIII	Public debt receipt	4949.30	521.67	VIII. Repayment of Public debt	1493.61
1830.30		-Internal debt other than ways and means advances and overdraft	3168.69	149.38	-Internal debt other than ways and means advances and overdraft	152.87
1450.70		-Loans and advances from Central Government	1780.61	372.29	-Repayment of loans and advances to Central Government	1340.74
-		-Net transactions under Ways and means advances including overdraft	-	--	-Net transactions under Ways and means advances including overdraft	-
-	IX	Appropriation to Contingency Fund	-	--	IX. Appropriation to Contingency Fund	
-	X	Amount transferred to Contingency Fund	-	--	X. Expenditure from Contingency Fund	0.05
15012.67	XI	Public Account receipts	20119.55	13569.50	XI. Public Account disbursements	19935.23
1238.13		-Small Savings and Provident Funds	1108.88	830.53	-Small Savings and Provident Funds	1016.81
130.97		-Reserve funds	169.79	37.50	-Reserve Funds	11.33
7433.57		-Suspense and Miscellaneous	10763.80	7332.81	-Suspense and Miscellaneous	10992.29
3394.46		-Remittances	4286.52	3234.45	-Remittances	4274.17
2815.54		-Deposits and Advances	3790.56	2134.21	-Deposits and Advances	3640.63
	XII	Closing Overdraft from Reserve Bank of India	-	331.03	XII. Cash Balance at end of the year	(-) 91.30
				(-)3.22	-Cash in Treasuries and Local Remittances	(-) 37.51
				303.55	-Deposits with Reserve Bank	(-) 113.41
				12.50	-Departmental Cash Balance including permanent cash imprest	13.99
				18.20	-Cash Balance Investment and Investment of Earmarked Funds	45.63
19654.67		Total	25442.59	19654.67	Total	25442.59

**Appendix V**  
**(Reference: paragraph 1.4, page 5)**  
**SOURCES AND APPLICATION OF FUNDS**

(Rupees in crore)

2001-02		Source	2002-03	
Amount	Per cent		Amount	Per cent
11211.08	65.94	Revenue receipts	13390.40	75.55
1587.65	9.34	Recoveries of Loans and Advances	42.71	0.24
2759.33	16.23	Increase in Public debt	3455.69	19.50
1443.18 <sup>φ</sup>	8.49	Receipts from Public account	412.81	2.33
407.60		a. Increase in Small Savings	92.07	
681.33		b. Increase in Deposits and Advances	149.93	
93.47		c. Increase in Reserve Funds and Reserve Fund Investment	158.46	
160.01		d. Effect of Remittances transactions	12.35	
100.77		e. Increase in suspense and miscellaneous	--	
--	--	Decrease in closing cash balance	422.33	2.38
<b>17001.24</b>	<b>100</b>	<b>Total</b>	<b>17723.94</b>	<b>100</b>
<b>Application</b>				
14368.77	84.52	Revenue expenditure	14559.80	82.15
598.58	3.52	Lending for development and other purposes	480.70	2.71
1470.64	8.65	Capital expenditure	2454.90	13.85
--	--	Net effect of Contingency Fund transactions	0.05	
5.56	0.03	Net effect of Inter State settlement		
--	--	Application from Public Account-	228.49	1.29
--	--	a. Net effect of Suspense and Miscellaneous	228.49	
--	--	b. Miscellaneous Government Account	-	
--	--	c. Decrease in Deposits and Advances	-	
--	--	d. Effect of Remittances transactions	-	
557.69 <sup>*</sup>	3.28	Increase in closing cash balance	-	
<b>17001.24</b>	<b>100</b>	<b>Total</b>	<b>17723.94</b>	<b>100</b>

**Explanatory Notes to Statements 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 Statement 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 inter-departmental and inter-Government payments and others awaiting settlement.
4. Grants-in-aid of Rs.82.42 crore to local bodies/institutions was mis-classified under Capital (Plan) expenditure instead of non plan Revenue expenditure
5. There was a difference of Rs.1812.86 lakh (credit) between the figures- Rs.11341.00 lakh (credit)- reflected in the Accounts and that intimated by Reserve Bank of India - Rs.9528.14 lakh (debit)- Under "Deposits with Reserve Bank". After close of June 2003 accounts, the net difference to be reconciled was Rs.1435.17lakh (credit)

<sup>φ</sup> Difference of Rs.0.01 crore is due to rounding off.  
\* Including proforma correction of Rs.3.08 crore.



**Appendix VI**  
**(Reference: paragraph 1.4, page 5)**  
**TIME-SERIES DATA ON STATE GOVERNMENT FINANCES**

(Rupees in crore)

	1998-99 <sup>⊗</sup>	1999-2000 <sup>⊗</sup>	2000-01			2001-02	2002-03
			April – October 2000	November 2000- March 2001	Total		
<b>1. Revenue Receipts</b>	<b>11346</b>	<b>13204</b>	<b>7136</b>	<b>5703</b>	<b>12839</b>	<b>11211</b>	<b>13391</b>
(i) Tax Revenue	5108 (45)	5795 (44)	3225	2415	5640 (44)	4679(42)	6165(46)
Taxes on Sales, Trade, etc.	2297 (45)	2555 (44)	1568	1198	2766 (49)	2361(50)	2906(47)
State Excise	965 (19)	1073 (19)	674	301	975 (17)	705(15)	890(15)
Stamps and Registration fees	400 (8)	470 (8)	298	179	477 (8)	445(10)	535(9)
Taxes on Vehicles	382 (7)	402 (7)	257	149	406 (7)	393(8)	429(7)
Other Taxes	1064(21)	1295(22)	428	588	1016(19)	775(17)	1405(22)
(ii) Non Tax Revenue	1782 (16)	2469 (18)	1020	704	1724 (13)	1602(14)	1635(12)
(iii) State's share in Union taxes and duties	2932 (26)	3262 (25)	2318	1637	3955 (31)	3439(31)	3729(28)
(iv) Grants-in-aid from GOI	1523 (13)	1678 (13)	574	946	1520 (12)	1491(13)	1862(14)
<b>2. Misc. Capital Receipts</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>3. Total revenue and Non debt capital receipts (1+2)</b>	<b>11346</b>	<b>13204</b>	<b>7136</b>	<b>5703</b>	<b>12839</b>	<b>11211</b>	<b>13391</b>
<b>4. Recovery of Loans and Advances</b>	<b>56</b>	<b>314</b>	<b>(-) 6</b>	<b>19</b>	<b>13</b>	<b>1588</b>	<b>43</b>
<b>4A Inter-State Settlement</b>						<b>--</b>	
<b>5. Public Debt Receipts</b>	<b>2796</b>	<b>3462</b>	<b>2171</b>	<b>930</b>	<b>3101</b>	<b>3281</b>	<b>4949</b>
Internal Debt (Excluding. Ways & Means Advances and Overdraft)	742(28)	2104(61)	1308	568	1876(61)	1830(56)	3169(64)
Loans and Advances from Government of India <sup>s</sup>	1862(72)	1358(39)	632	362	994(32)	1451(44)	1780(36)
Net Transactions under Ways and means advances and overdraft	192	--	231	-	231(7)	--	--
<b>6. Total receipts in the Consolidated fund (3+4+5)</b>	<b>14198</b>	<b>16980</b>	<b>9301</b>	<b>6652</b>	<b>15953</b>	<b>16080</b>	<b>18383</b>
<b>7. Contingency Fund receipts</b>	<b>--</b>	<b>--</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>--</b>	<b>--</b>
<b>8. Public Account receipts</b>	<b>15717</b>	<b>17170</b>	<b>9882</b>	<b>6638</b>	<b>16520</b>	<b>15013</b>	<b>20120</b>
<b>9. Total receipts of the Government (6+7+8)</b>	<b>29915</b>	<b>34150</b>	<b>19190</b>	<b>13290</b>	<b>32480</b>	<b>31093</b>	<b>38503</b>
<b>10. Revenue expenditure</b>	<b>14218(92)</b>	<b>16136(93)</b>	<b>8938</b>	<b>6047</b>	<b>14985 (91)</b>	<b>14369(87)</b>	<b>14560(83)</b>
Plan	2476(17)	2727(17)	1217	1466	2683 (18)	2516(18)	3520(24)
Non-Plan	11742(83)	13409(83)	7721	4581	12302 (82)	11853(82)	11040(76)
General Services (including interest, payments)	4766(34)	5244(33)	3364	1959	5323 (36)	5049(35)	5445(37)
Social Services	5574(39)	6210(38)	3639	2197	5836 (39)	4583(32)	5284(36)
Economic Services	3462(24)	4033(25)	1585	1713	3298 (22)	4364(30)	3425(24)
Grants-in-aid and contributions	416(3)	648(4)	350	178	528 (3)	373(3)	406(3)
<b>11. Capital Expenditure</b>	<b>1010(6)</b>	<b>950(5)</b>	<b>524</b>	<b>586</b>	<b>1110 (7)</b>	<b>1471(9)</b>	<b>2455(14)</b>
Plan	999 (99)	946 (100)	518	587	1105(100)	1466(100)	2449(100)
Non-Plan	11 (1)	4	06	(-) 01	05	05	6
General Services	20 (2)	16 (2)	05	11	16(2)	22(1)	36 (1)
Social Services	219 (22)	195 (20)	38	98	136(12)	172(12)	536(22)
Economic Services	771 (76)	739 (78)	481	477	958(86)	1277(87)	1883(77)

-contd..

⊗ Pertains to erstwhile composite State of M.P.  
s Includes ways and means advances from GOI.



# Appendix VI (continued)

(Rupees in crore)

	1998-99*	1999-2000*	2000-01			2001-02	2002-03
			April – October 2000	November 2000– March 2001	Total		
12. Disbursement of Loans and Advances	302 (2)	343 (2)	33	263	296(2)	599(4)	481 (3)
12A Inter-State settlement			-	-		5-	-
13. Total expenditure (10+11+12)	15530	17429	9495	6896	16391	16444	17496
14. Repayment of Public Debt	439	549	271	547	818	522	1494
Internal Debt (excluding Ways & Means Advances and Overdraft)	90	135	51	72	123	150	153
Net transactions under Ways and Means Advances and Overdraft	--	21	-	294	294	--	-
Loans and Advances from Government of India <sup>a</sup>	349	393	220	181	401	372	1341
15. Appropriation to Contingency Fund	--	--	-	-	--	--	-
16. Total disbursement out of Consolidated Fund (13+14+15)	15969	17978	9766	7443	17209	16966	18990
17. Contingency Fund disbursements	--	7	13	(-) 13	--	--	-
18. Public Account disbursements	14131	16040	9690	6146	15836	13569	19935
19. Total disbursements by the Government (16+17+18)	30100	34025	19469	13576	33045	30535	38925
<b>Part C. Deficits</b>							
20. Revenue Deficit (1-10)	2872	2932	1802	344	2146	3158	1169
21. Fiscal Deficit (3+4-13)	4127	3911	2365	1174	3539	3645	4062
22. Primary Deficit (21-23)	2292	1772	858	270	1128	1391	1560
<b>Part D. Other data</b>							
23. Interest payments (included in revenue expenditure)	1835	2139	1507	904	2411	2254	2502
24. Arrears of Revenue (percentage of Tax & non-Tax Revenue receipts)	248 (4)	465 (6)	-	-	347 (5)	204(3)	839 <sup>s</sup> (11)
25. Financial assistance to local bodies etc.	759	1505	224	589	813	2304	525
26. Ways and Means Advances/ Overdraft availed (days)	129/144	165/100	70/9	95/38	165/47	117/172	103/176
27. Interest on WMA/Overdraft	5/3	10/3	6/2	2/1	8/3	11/5	11/7
28. Gross State Domestic Product (GSDP)	90737	98768(P)	-		88445(@)	81286(Q)	83011(Q)
29. Outstanding debt (year-end)	21959	25948	-	22548	22548	26487	30340
30. Outstanding guarantees (year-end)	1413	142	-	-	467	472	585
31. Maximum amount guaranteed (year- end)	8599	9671	-	-	9673	9701	11572
32. Number of incomplete projects	59	237	-	-	185	180	301
33. Capital blocked in incomplete projects	3725	5957	-	-	4983	5589	6459

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

(P)- Provisional

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

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

(S) Revenue figure of some principal heads of revenue



## Appendix VII

(Reference: paragraph 1.7.2, page 15)

## Department wise figures of Misappropriation, Defalcations, etc.

Sl. No.	Major head and name of the department	No. of cases	Amount	Category	Remarks
1.	2014-Administration of Justice	33	39,10,664.22	Misappropriation, defalcation, losses etc.	
2.	2029-Land Revenue	39	10,62,937.56	-----"	
3.	2040-Commercial Tax	03	1,13,088.50	-----"	
4.	2051-Public Service Commission	01	23,109.71	-----"	
5.	2053-District Administration	13	3,76,756.27	-----"	
6.	2054-Treasury and Accounts (Finance Deptt.)	13	33,18,186.85	-----"	
7.	2058-Printing and Stationery	02	98,155.70	-----"	
8.	2210-Public Health Department	140	1,19,44,499.10	-----"	
9.	2211-Family Welfare Department	95	17,74,285.96	-----"	
10.	2245-National Calamities	04	46,91,553.30	-----"	
11.	2235-Panchayat & Social Welfare	14	2,15,145.95	-----"	
12.	2235-Women and Child Welfare	08	3,91,656.00	-----"	
13.	2235- Rehabilitation Department	06	65,080.49	-----"	
14.	2403-Animal Husbandry Deptt.	18	11,27,459.38	-----"	
15.	2041-Transport	04	6,10,020.80	Losses	
16.	2055-Police	256	82,64,137.67	Misappropriation, defalcation, losses etc.	
17.	2225-Tribal Development SC/ST & OBC	83	46,26,236.46	-----"	
18.	2030-Stamp Registration	01	95,980.00	-----"	
19.	2853-Collector, Sidhi	01	1669.30	-----"	
20.	2853-Director, Mining	01	30,579.00	-----"	
21.	2853-Director, Mining	01	27,675.00	-----"	
22.	-----"	01	80,442.00	-----"	
23.	2401-Agriculture Deptt.	61	8,81,826.86	-----"	
24.	2402.-----"	11	2,81,589.57	-----"	
25.	2701-Water Resources	09	1,48,844.86	-----"	
26.	2702.-----"	15	2,32,889.99	-----"	
27.	2408-Food & Civil Supply	04	2,23,763.32	-----"	
28.	2056-Jail Department	01	10,000.00	-----"	
29.	2851-Gramodyog Deptt.	13	4,42,755.40	-----"	
30.	2230-labour & Employment	24	10,37,342.82	-----"	
31.	2039-State Excise	15	5,54,953.72	Misappropriation, defalcation, losses etc.	
32.	2425-Co-operative	02	1,11,774.00	-----"	
33.	2059-Public Works	02	2,91,735.50	-----"	
34.	2202-School Education Deptt.	166	51,69,853.62	-----"	
35.	2202-Higher Education Deptt.	25	12,97,037.59	-----"	
36.	2203-Technical Education Deptt.	04	2,87,361.47	-----"	
37.	2205-Art & Culture Deptt.	01	13,12,117.70	-----"	
38.	2405-Fisheries Deptt.	02	39,526.35	-----"	
39.	2501, 2505, 2515 Rural Development Department	19	9,51,407.72	-----"	
	<b>Total</b>	<b>1111</b>	<b>5,61,24,099.71</b>		

### Appendix VIII

(Reference: paragraph 1.7.2, page 15)

#### Department/year-wise break-up of Misappropriation, Defalcations etc.

Sl. No.	Major head and name of the department	Upto 1965-66 to 1998-99		1999-2000		2000-2001		2001-2002		2002-2003		Grand Total	
		No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts
1.	Administration of Justice	29	8,00,304.91	--	--	04	31,10,359.31	--	--	--	--	33	39,10,664.22
2.	Land Revenue	38	9,82,937.56	--	--	01	80,000.00	--	--	--	--	39	10,62,937.56
3.	Commercial Tax	03	1,13,088.50	--	--	--	--	--	--	--	--	03	1,13,088.50
4.	Public Service Commission	--	--	--	--	01	23,109.71	--	--	--	--	01	23,109.71
5.	District Administration	12	2,65,256.27	--	--	01	1,11,500.00	--	--	--	--	13	3,76,756.27
6.	Treasury Accounts (Finance Department)	13	33,18,186.85	--	--	--	--	--	--	--	--	13	33,18,186.85
7.	Printing & Stationery	02	98,155.70	--	--	--	--	--	--	--	--	02	98,155.70
8.	Public Health Deptt.	134	1,13,11,243.22	04	4,70,765.88	02	1,62,490.00	--	--	--	--	140	1,19,44,499.10
9.	Family Welfare Deptt.	95	17,74,285.96	--	--	--	--	--	--	--	--	95	17,74,285.96
10.	Natural Calamities	03	24,553.30	01	46,67,000.00	--	--	--	--	--	--	04	46,91,553.30
11.	School Education Deptt.	148	38,30,714.97	04	87,248.00	01	44,276.00	02	4,25,287.00	11	7,82,327.65	166	51,69,853.62
12.	Higher Education Deptt.	20	10,74,077.99	01	2,00,389.60	02	14,640.00	01	1,500.00	01	6,430.00	25	12,97,037.59
13.	Technical Education Deptt.	01	63,710.47	--	--	--	--	03	2,23,651.00	--	--	04	2,87,361.47
14.	Art & Culture Deptt.	01	13,12,117.70	--	--	--	--	--	--	--	--	01	13,12,117.70
15.	Fisheries Deptt.	02	39,526.35	--	--	--	--	--	--	--	--	02	39,526.35
16.	Rural Development Department	17	8,11,376.72	--	--	--	--	01	7,031	01	1,33,000.00	19	9,51,407.72
17.	Agriculture Deptt. (2401)	59	7,82,534.86	--	--	--	--	01	95,000.00	01	4,292.00	61	8,81,826.86
18.	Agriculture Deptt. (2402)	09	1,86,201.57	--	--	--	--	01	5,388.00	01	90,000.00	11	2,81,589.57
19.	Water Resources (2701)	09	1,48,844.86	--	--	--	--	--	--	--	--	09	1,48,844.86
20.	Water Resources (2702)	15	2,32,889.99	--	--	--	--	--	--	--	--	15	2,32,889.99
21.	Food & Civil Supply	04	2,23,763.32	--	--	--	--	--	--	--	--	04	2,23,763.32
22.	Jail Department	01	10,000.00	--	--	--	--	--	--	--	--	01	10,000.00



Sl. No.	Major head and name of the department	Upto 1965-66 to 1998-99		1999-2000		2000-2001		2001-2002		2002-2003		Grand Total	
		No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts	No. of cases	Amounts
23.	Gramodyog Deptt.	03	91,395.05	01	11,000.00	02	3,13,135.35	04	15,600.00	03	11,625.00	13	4,42,755.40
24.	Labour & Employment	12	1,87,287.82	01	12,735.00	05	7,92,700.00	01	11,494.00	05	33126.00	24	10,37,342.82
25.	State Excise	10	4,93,810.72	--	--	03	52,514.00	--	--	02	8,629.00	15	5,54,953.72
26.	Co-operative	--	--	--	--	02	1,11,774.00	--	--	--	--	02	1,11,774.00
27.	Public Works	02	2,91,735.50	--	--	--	--	--	--	--	--	02	2,91,735.50
28.	Transport Department	04	6,10,020.80	--	--	--	--	--	--	--	--	04	6,10,020.80
29.	Police Department	139	42,11,181.40	4	6,31,069.75	18	7,26,370.82	36	11,62,851.95	59	15,32,663.75	256	82,64,137.67
30.	Animal Husbandry Deptt.	17	11,26,850.38	--	--	--	--	01	609.00	--	--	18	11,27,459.38
31.	Stamp Registration	01	95,980.00	--	--	--	--	--	--	--	--	01	95,980.00
32.	Collector Sidhi	01	1,669.30	--	--	--	--	--	--	--	--	01	1,669.30
33.	Director, Mining	--	--	--	--	03	1,38,696.00	--	--	--	--	03	1,38,996.00
34.	Tribal Welfare, SC, ST, OBC	82	42,21,840.46	01	4,04,396.00	--	--	--	--	--	--	83	46,26,236.46
35.	Panchayat and Social Welfare	14	2,15,145.95	--	--	--	--	--	--	--	--	14	2,15,145.95
36.	Rehabilitation	06	65,080.49	--	--	--	--	--	--	--	--	06	65,080.49
37.	Mahila Bal Vikas	07	2,73,487.00	01	1,18,169.00	--	--	--	--	--	--	08	3,91,656.00
	<b>TOTAL</b>	<b>913</b>	<b>3,92,89,255.94</b>	<b>18</b>	<b>66,02,773.23</b>	<b>45</b>	<b>56,81,565.19</b>	<b>51</b>	<b>19,48,411.95</b>	<b>84</b>	<b>26,02,093.40</b>	<b>1111</b>	<b>5,61,24,099.71</b>

# Appendix IX

(Reference: paragraph 1.7.3, page 15)

Write off of losses, etc.

SL No.	Department	Number of cases	Amount (in rupees)
1.	Transport	02	1,39,972.00
2.	Police	18	3,84,127.60
3.	Panchayat and Social Welfare	03	27,398.00
4.	Women and Child Welfare	--	71,135.00
5.	Rehabilitation, Relief and Natural Calamities	01	1,000.00
6.	Medical and Health	03	9,772.00
7.	Food and Civil Supplies	03	1,09,729.00
8.	Gramodyog	01	15,993.00
9.	School Education	14	3,49,927.00
10.	Higher Education	03	38,808.00
11.	Fisheries	01	17,825.00
12.	Rural Development	04	47,227.00
	<b>TOTAL</b>	<b>53</b>	<b>12,12,913.60</b>



## Appendix X

(Reference: paragraph 1.8.3, page 16)

Financial position of Statutory Corporations/Government Companies as on 31.12.2003 running in loss at the end of March 2003

(Rs. in lakh)

Sl. No.	Name of the Company/Corporation	Amount invested (paid-up capital) at the end of 31 March 2003				Accumulated loss (-) at the end of 31 March 2003	Year upto which accounts furnished	Remarks
		State	Central	Others	Total			
<b>A.</b>	<b>COMPANIES</b>							
1.	M.P. State Agro Industries Development Corporation Limited Bhopal	209.50	120.00	--	239.50	(-)80.37	2000-01	
2.	M.P.; Hastha Shilp Evam Hathkargha Vikas Nigam Ltd. Bhopal	1.70	52.00	72.46	126.16	(-)173.84	1998-99	
3.	M.P. Police Housing Corporation Limited Bhopal	600.00	--	--	600.00	(-)349.15	2001-02	
4.	MPAKVN (Rewa) Ltd. Rewa	--	--	80.00	80.00	(-)462.12	1999-2000	
5.	M.P. Picchra Varg Tatha Alpsankhyak Vitta Evam Vikas Nigam Ltd. Bhopal	644.85	--	--	644.85	(-)16.44	1997-98	
6.	M.P. State Tourism Development Corporation Ltd. Bhopal	2497.29	--	--	2497.29	(-)1215.24	2000-01	
7.	M.P. State Industrial Development Corporation Ltd. Bhopal	8109.18	--	--	8109.18	(-)22495.13	2000-01	
8.	M.P. Urja Vikas Nigam Ltd. Bhopal	68.92	--	--	68.92	(-)37.81	2001-02	
<b>B.</b>	<b>DEFUNCT COMPANIES</b>							
9.	M.P. Lift Irrigation Corporation Ltd. Bhopal	592.29	--	--	592.29	(-)623.76	1991-92	
10.	Optel Telecommunications	--	-- Private Shareholders	1500.00 896.71	2396.71	(-)4455.99	2001-02	
11.	M.P. State Industries Corporation Ltd. Bhopal	1511.67	--	--	1511.67	(-)6990.35	2001-02	
12.	M.P. State Textile Corporation Ltd. Bhopal	685.95	--	--	685.95	(-)7905.44	2001-02	
13.	M.P. Rajya Setu Nirman Nigam Ltd.	500.00	--	--	500.00	(-)205.04	1989-90	
14.	M.P. Panchayati Raj Vitta Aivam Gramin Vikas Nigam Ltd. Bhopal	27.25	--	15.67	42.92	(-)37.50	2001-02	
<b>C</b>	<b>619-B-COMPANIES</b>							
15.	M.P. Vidyut Yantra Limited Bhopal	126.00	24.00	--	150.00	(-)378.00	1989-90	
<b>D.</b>	<b>CORPORATIONS</b>							
16.	M.P. State Electricity Board	16961.71	--	--	16961.71	(-)161521.53	2001-02	
17.	M.P. State Road Transport	14140.34	4096.38	--	18236.72	(-)86452.81	2002-03 upto (31.12.2003)	
18.	M.P. Financial Corporation	6253.91	--	2554.45	8808.36	(-)23871.51	2002-03	
	Grand Total	52930.56	4292.38	5119.29	62342.23	(-)317272.03		

- Note:- 1. Col.5 represents the investment made by the holding Government Companies.  
2. Latest position after finalised certified accounts cannot be given by this wing as no provisional accounts are received in this wing.

## Appendix XI

(Reference: paragraph 2.3.1, page 27)

Cases where expenditure fell short by more than rupees one crore and also by more than 10 per cent of the total provision

(Rupees in crore)

Sl. No.	Number and name of grant/appropriation	Total Provision	Amount of saving (percentage of provision)
(1)	(2)	(3)	(4)
<b>A</b>	<b>Revenue- Voted</b>		
1	01- General Administration	83.50	11.61 (13.9)
2	02- Other expenditure pertaining to General Administration Department	76.97	61.78 (80.3)
3	03- Police	964.41	154.95 (16.1)
4	04- Other expenditure pertaining to Home Department	6.98	2.16 (30.9)
5	05- Jails	64.75	6.73 (10.4)
6	06- Expenditure pertaining to Finance Department	1351.35	215.01 (15.9)
7	08- Land Revenue and District Administration	325.52	63.14 (19.4)
8	11- Expenditure pertaining to Commerce and Industry Department	42.61	12.19 (28.6)
9	13- Agriculture	284.30	56.59 (19.9)
10	14- Expenditure pertaining to Animal Husbandry Department	146.42	21.39 (14.6)
11	15- Financial Assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes	167.92	22.63 (13.5)
12	16- Fisheries	12.14	2.45 (20.2)
13	17- Co-operation	48.91	14.19 (29)
14	18- Labour	46.15	11.35 (24.6)
15	19- Public Health and Family Welfare	570.40	84.23 (14.8)
16	20- Public Health Engineering	203.32	23.87 (11.7)
17	21- Expenditure pertaining to Housing and Environment Department	19.54	2.60 (13.3)
18	25- Expenditure pertaining to Mineral Resources Department	8.61	1.79 (20.8)
19	29- Administration of Justice and Elections	145.49	48.64 (33.4)
20	30- Expenditure pertaining to Panchayat and Rural Development Department	133.80	24.76 (18.5)
21	31- Expenditure pertaining to Planning, Economics and Statistics Department	20.20	5.97 (29.6)
22	32- Expenditure pertaining to Public Relations Department	43.49	7.00 (16.1)
23	34- Social Welfare	24.30	5.02 (20.7)
24	36- Transport	32.49	14.12 (43.5)
25	39- Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	267.67	58.93 (22)
26	40- Expenditure pertaining to Water Resources Department- Command Area Development	5.16	3.56 (69)



(Rupees in crore)

(1)	(2)	(3)	(4)
27	43- Sports and Youth Welfare	7.38	1.04 (14.1)
28	45- Minor Irrigation Works	39.05	5.86 (15)
29	47- Technical Education and Man Power Planning Department	159.17	29.65 (18.6)
30	48- Narmada Valley Development	8.34	3.81 (45.7)
31	51- Religious Trusts and Endowments	5.41	1.12 (20.7)
32	52- Externally Aided Projects pertaining to Agriculture Department	5.20	1.93 (37.1)
33	55- Expenditure pertaining to Women and Child Welfare	294.47	69.99 (23.8)
34	56- Rural Industries	24.87	3.90 (15.7)
35	61- Externally Aided Projects pertaining to Public Health and Family Welfare	4.42	2.51 (56.8)
36	64- Special Component Plan for Scheduled Castes	321.41	70.55 (22.0)
37	72- Expenditure pertaining to Gas Tragedy Relief Works	36.52	16.51 (45.2)
38	74- Externally Aided Projects pertaining to Finance Department	150.00	56.72 (37.8)
39	78- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission – Panchayat and Rural Development	10.41	10.41 (100)
40	80- Financial Assistance to Three Tier Panchayati Raj Institutions	700.37	77.22 (11)
41	82- Financial Assistance to Tribal Areas Sub Plan – Three Tier Panchayati Raj Institutions	299.06	62.79 (21)
42	88- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission— Judicial	4.76	3.05 (64.1)
43	90- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-- Public Health and Family Welfare	6.60	6.60 (100)
44	92- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Culture	3.87	3.37 (87.1)
45	93- Expenditure Pertaining to Accelerated Energy Department	62.15	48.24 (77.6)
	<b>Total (A)</b>		<b>1411.93</b>
<b>B</b>	<b>Revenue- charged</b>		
46	01-General Administration	6.40	1.73 (27)
	<b>Total (B)</b>		<b>1.73</b>
<b>C</b>	<b>Capital Voted</b>		
47	02- Other Expenditure Pertaining to General Administration Department	4.29	4.29 (100)
48	06- Expenditure Pertaining to Finance Department	6.32	4.22 (66.8)
49	07- Expenditure Pertaining to Commercial Tax Department	18.20	4.30 (23.6)
50	08- Land Revenue and District Administration	7.40	4.97 (67.2)

(Rupees in crore)

(1)	(2)	(3)	(4)
51	11- Expenditure Pertaining to Commerce and Industry Department	16.09	3.80 (23.6)
52	17- Co-operation	40.03	22.63 (56.5)
53	19- Public Health and Family Welfare	87.69	76.64 (87.4)
54	20- Public Health Engineering	187.59	41.54 (22.1)
55	23- Water Resources Department	349.89	41.44 (11.8)
56	24- Public Works-Roads and Bridges	282.19	57.13 (20.2)
57	27- School Education	16.21	7.68 (47.4)
58	39- Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department.	31.05	6.36 (20.5)
59	40- Expenditure pertaining to Water Resources Department - Command Area Development	9.57	6.09 (63.6)
60	42- Public Works relating to Tribal Areas Sub-plan-Roads and Bridges	97.11	46.04 (47.4)
61	44- Higher Education	3.00	1.71 (57)
62	45- Minor Irrigation Works	50.78	27.13 (53.4)
63	55- Expenditure Pertaining to Women and Child Welfare	1.56	1.36 (87.2)
64	59- Externally Aided Projects pertaining to Rural Development Department	84.00	39.78 (47.4)
65	64- Special Component Plan for Scheduled Castes	206.97	58.48 (28.3)
66	67- Public Works-Buildings	55.36	37.95 (68.6)
67	73- Externally Aided Projects pertaining to Housing and Environment Department	55.00	21.96 (39.9)
68	75- NABARD Aided Projects pertaining to Water Resources Department	119.76	13.29 (11.1)
69	84 Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Revenue	20.85	9.22 (44.2)
70	85- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Police	3.38	1.78 (52.7)
71	86- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Jail	4.56	3.83 (84)
72	93- Expenditure Pertaining to Accelerated Energy Department	62.15	48.24 (77.6)
73	94- Expenditure pertaining to Sinhasht Mela 2004	110.50	38.45 (34.8)
	<b>Total (C)</b>		<b>630.31</b>
	<b>Grand Total (A+ B + C)</b>		<b>2043.97</b>



## Appendix XII

(Reference : paragraph 2.3.1, page 27)

Cases where entire budget provision under Central schemes remained unutilised

(Rupees in crore)

Sl. No.	Number and name of grant	Head of account	Budget provision not utilised
(1)	(2)	(3)	(4)
<b>A Centrally Sponsored Schemes</b>			
1	11-Expenditure pertaining to Commerce and Industry Department	2852-80-800-0701-6394-Establishment of M.P. Export Facilitation Centre, Gwalior	1.25
2	11-Expenditure pertaining to Commerce and Industry Department	2852-80-800-0701-7604-Establishment of Export Promotion Industrial Park in Pithampur District Dhar	1.00
3	11-Expenditure pertaining to Commerce and Industry Department	2852-80-800-0701-7627-Establishment of Mini tool Room	1.00
4	27-School Education	2202-01-800-0701-1502-District Education and Training Institute for Basic Minimum Services	8.94
5	41-Tribal Areas sub-plan (20-School Education Department)	2202-01-796-101-0702-5215-Grant in Aid to Rajiv Gandhi Mission for Education Guarantee scheme	8.00
6	41-Tribal Areas sub-plan (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	4225-02-796-277-0702-8828-Construction of Buildings of Ashram/Shala	18.58
7	61-Externally Aided Projects pertaining to Public Health and Family Welfare	2211-106-0701-7655-I.P.D. Projects	1.74
8	64-Special Component Plan for Scheduled Castes (02-Home Department)	4059-60-789-800-0703-5172-Establishment of New Police Stations	1.14
9	64-Special Component Plan for Scheduled Castes (20-School Education Department)	2202-01-789-101-0703-5215-Grant in Aid to Rajiv Gandhi Mission for Shiksha Guarantee Scheme.	2.17
10	67-Public Works-Buildings	4059-01-051-0701-7094-Construction Works under Jail Reforms Scheme	31.03
<b>Total – A</b>			<b>74.85</b>
<b>B Central Sector Schemes</b>			
11	08-Land Revenue and District Administration	2029-103-0801-8717-Sixteenth Animal Census.	1.00
12	14-Expenditure pertaining to Animal Husbandary Department	2403-102-0801-6548-Extension of Frozen Semen Technique for development of cow and buffalo	7.03
13	15-Financial assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes 22-Panchayat and Rural Development Department	2501-01-789-101-0803-7118-National Development Equalise Scheme	3.15
14	18-Labour	2230-01-101-0801-5019 Housing Schemes for Hammal working in mandies	1.05



(Rupees in crore)

(1)	(2)	(3)	(4)
15	19-Public Health and Family Welfare	2211-800-0801-2498 Supply of Conventional Contraceptives	10.00
16	19-Public Health and Family Welfare	2211-800-0801-6106-Universal Immunization	25.00
17	19-Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives	13.34
18	19-Public Health and Family Welfare	3606-237-0801-4244-Malaria	9.64
19	19-Public Health and Family Welfare	3606-237-0801-8282-Child Life and Safe Maternity Programme	26.97
20	21-Expenditure Pertaining to Housing and Environment Department	2215-02-106-0801-8872 National River Conservation Scheme	1.00
21	41-Tribal Areas sub-plan (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	2225-02-796-277-0802-5232-Grant to Madhya Pradesh Residential School Committee (Article 275(i))	9.00
22	41-Tribal Areas sub-plan (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	4225-02-796-277-0802-8848-Construction of Higher Secondary School Building	5.00
23	41-Tribal Areas sub-plan (29-Food and Civil Supplies Department)	2408-01-796-190-0802-4994-Construction of Godown Grid	1.50
24	41-Tribal Areas sub-plan (29-Food and Civil Supplies Department)	6408-01-796-190-0802-4994-Construction of Godown Grid	1.50
25	55-Expenditure pertaining to Women and Child Welfare	2235-02-102-0801-7543-Communication Strategy	3.05
26	66-Welfare of Backward Classes	2225-03-277-0801-9026-Post Metric Scholarships	1.49
27	80-Financial assistance to Three Tier Panchayati Raj Institutions	2501-01-101-0801-8777-National Development Parallel Scheme	22.50
28	82-Financial assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions (22-Panchayat and Rural Development Department)	2501-01-796-101-0802-7118-National Development Oriented Scheme	19.35
29	82-Financial assistance to Tribal Area Sub-Plan-Three Tier-Panchayati Raj Institutions (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	2225-02-796-277-0802-7587-Operation Black Board Scheme	6.71
30	93-Expenditure pertaining to Accelerated Energy Department	6801-800-0801-7025-Loans to MPEB for Accelerated Energy Development Work	12.15
	<b>Total - B</b>		<b>180.43</b>
<b>C</b>	<b>Scheme Financed out of Additive Funds from Government of India for Tribal Area Sub-plan or Special Central assistance from Government of India for Special Component Plan.</b>		
31	15-Financial assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	2225-01-793-277-0603-5095-Maintenance of Ashrams/Hostels	1.50
32	41-Tribal Areas sub-plan (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	4225-02-794-190-0602-5156-Tribal Development and Financial Corporation	1.00
		<b>Total- C</b>	<b>2.50</b>
		<b>Grand Total (A+B+C)</b>	<b>257.78</b>



## Appendix XIII

(Reference : paragraph 2.3.1, page 27)

## Cases involving substantial excesses under the schemes

(Rupees in crore)

Sl. No.	Number and name of Grant/appropriation	Name of scheme	Amount of excess	Percentage of excess
1	2	3	4	5
<b>A-Revenue Voted</b>				
1.	06- Expenditure pertaining to Finance Department	2071-01-105-2514-Family Pensions	55.46	105.6
2.	06- Expenditure pertaining to Finance Department	2071-01-115-6429-Leave Encashment Benefits	56.95	11390.00
3.	58-Expenditure on relief on account of Natural Calamities and Scarcity	2245-02-101-2018-Cash Doles	28.66	573.2
4.	58-Expenditure on relief on account of Natural Calamities and Scarcity	2245-02-101-747-Relief to Hail Storm Sufferers	15.23	169.2
5.	64-Special Component Plan for Scheduled Castes (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	2225-01-789-277-0103-2676-Post Matric Scholarships	7.43	185.7
6.	67-Public Works - Buildings	2059-80-052-9269-Renewal and Replacement of Machinery	8.34	833830.0
<b>Total-A</b>			<b>172.07</b>	
<b>B-Capital- Voted</b>				
7.	23-Water Resources Department	4701-01-216-0101-4947-Sindh Project Second Phase.	7.59	1012.3
8.	48-Narmada Valley Development	4701-01-241-0101-2428-Executive Establishment Unit I and II	5.41	135.6
<b>Total-B</b>			<b>13.00</b>	
<b>C-Capital- Charged</b>				
9.	Public Debt	6003-110-779-Advance to meet shortfall	2140.47	107.00
10.	Public Debt	6004-01-102-292-Share of small savings collections	587.55	671.5
11.	Public Debt	6004-06-800-Other ways and means Advances	312.00	Infinit (provision nil)
<b>Grand Total (C)</b>			<b>3040.02</b>	
<b>Grant Total (A+B+C)</b>			<b>3225.09</b>	

## Appendix XIV

(Reference: paragraph 2.3.1, page 27)

### Cases involving substantial savings under the schemes

(Rupees in crore)

Sl. No.	Number and name of grant/Appropriation	Name of scheme	Amount of savings	Percentage of savings
(1)	(2)	(3)	(4)	(5)
<b>A-</b>	<b>Revenue- Voted</b>			
1.	02-Other expenditure pertaining to General Administration Department	2059-80-001-0101-8460- Provision for departmental surplus posts	23.74	100
2	02-Other expenditure pertaining to General Administration Department	2215-01-001-0101-8460- Provision for departmental surplus posts	9.33	100
3	02-Other expenditure pertaining to General Administration Department	2401-001-0101-8460- Provision for departmental surplus posts	5.86	100
4	02-Other expenditure pertaining to General Administration Department	2701-80-001-0101-8460- Provision for departmental surplus posts	10.02	100
5	03- Police	2055-109-1816-Anti dacoity operations	9.30	89.9
6.	03- Police	2055-109-194-Other police	7.65	80.9
7	06- Expenditure pertaining to Finance Department	2070-800-224-Other Expenditure	97.56	100
8	06- Expenditure pertaining to Finance Department	2070-800-6409-Lump sum provision for Voluntary Retirement	10.00	100
9.	06- Expenditure pertaining to Finance Department	2071-01-102-3080- Payment of commuted value of pension in India	110.12	87.4
10	08- Land Revenue and District Administration	2029-103-6337-Update of Land Records	5.64	100
11	08- Land Revenue and District Administration	2029-103-0801-5917- Extension of Computerisation Scheme of Land Records	11.95	91.9
12	08- Land Revenue and District Administration	2029-103-0101-5045-Digitisation of Cadastral Survey Maps	9.74	100
13	10-Forest	2406-01-070-0101-2965- Rehabilitation of Degraded Forests	5.00	100
14	10-Forest	2406-01-101-0101-7534- High Technic Plantation	6.25	80.1
15	10-Forest	2406-02-110-0801-6538-ECO Development	8.11	94.1
16	12- Expenditure pertaining to Energy Department	2801-06-800-3354- Payment of Subsidy to MPEB	9.56	100
17	14-Expenditure pertaining to Animal Husbandry Department	2403-102-0801-6548-Extension of Frozen Semen Technique for development of cow and buffalo	7.03	100
18	17-Co-operation	2425-800-0701-6312- Macro-Management of Agriculture Supplementation	7.45	80.1
19	19- Public Health and Family Welfare	2211-800-0801-2498-Supply of conventional contraceptives	10.00	100
20	19-Public Health and Family Welfare	2211-800-0801-6106-Universal Immunization	25.00	100
21	19-Public Health and Family Welfare	3606-237-0801-2498-Supply of Conventional Contraceptives	13.34	100
22	19-Public Health and Family Welfare	3606-237-0801-4244-Malaria	9.64	100
23	19-Public Health and Family Welfare	3606-237-0801-8282-Child life and safe Maternity Programme	26.97	100
24	23-Water Resources Department	2701-01-800-6360-Arrangement of funds for elected farmers institutions	5.69	87.5



(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
25	27-School Education	2202-01-800-0701-1502-District Education and Training Institute for Basic Minimum Services	8.94	100
26	27-School Education	2202-02-105-0801-3504-Integrated Education Scheme for Disabled Children (I.E.D)	9.64	87.3
27	29-Administration of Justice and Elections	2015-108-9503-Issue of photo identity cards to voters	11.91	99.2
28	41-Tribal Areas Sub Plan (20-School Education Department)	2202-01-796-101-0702-5215-Grant-in-aid to Rajeev Gandhi Mission for Education Guarantee Scheme	8.00	100
29	41-Tribal Areas Sub Plan (20-School Education Department)	2202-01-796-101-0702-8810-Sarva Shiksha (Education for all) Abhiyan	76.89	89.9
30	41-Tribal Areas Sub Plan (25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department)	2225-02-796-277-0802-5232-Grant to Madhya Pradesh Residential School Committee (Article 275(i))	9.00	100
31	44-Higher Education	2202-03-103-7120-Assistance to Jan Bhagidari Samiti for Honorarium to teachers in Government colleges	5.80	100
32	45-Minor Irrigation Works	2702-01-101-0101-6065-Assistance for Tube Wells Digging in the Cultivators field by private Agency/Contractors	5.53	86.1
33	64-Special Component Plan for Scheduled Castes (20-School Education Department)	2202-01-789-101-0703-8810-Sarv Shiksha (Education for all) Abhiyan	35.24	89.9
34	64-Special Component Plan for Scheduled Castes (25-Scheduled Tribe, Scheduled Caste and Backward class Welfare Department)	2225-01-789-277-0103-8829-Residential Schools) for talented students of SC/ST	6.86	98
35	67-Public Works Buildings	2059-80-001-2418-Execution	9.30	100
36	78-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission - Panchayat and Rural Development	2501-02-800-0101-6667-Deepening and Widening of ponds	10.41	100
37	80-Financial Assistance to Three Tier Panchayati Raj Institutions	2202-01-103-0101-5846-Education Guarantee Scheme for Basic minimum services	5.99	98.8
38	80-Financial Assistance to Three Tier Panchayati Raj Institutions	2235-60-102-0801-7124-National Families Assistance Scheme	12.08	91.7
39	80-Financial Assistance to Three Tier Panchayati Raj Institutions	2501-01-101-0801-8777-National Development Parallel Scheme	22.50	100
40	82-Financial Assistance to Tribal Area Sub Plan-Three Tier Panchayati Raj Institutions 22-Panchayat and Rural Development Department	2501-01-796-101-0802-7118-National Development Oriented Scheme	19.35	100
41	82-Financial Assistance to Tribal Area Sub Plan-Three Tier Panchayati Raj Institutions 25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department	2225-02-796-277-0802-7587-Operation Black Board Scheme	6.71	100

(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
42	90-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Public Health and Family Welfare	2210-01-800-5049-Health Services	6.60	100
	<b>Total (A)</b>		<b>715.70</b>	
	<b>B- Revenue Charged</b>			
43	Interest Payments and Servicing of Debt	2049-03-104-4033-Interest on Departmental Provident Fund	12.37	85.5
44	Interest Payments and Servicing of Debt	2049-60-701-4198-Government Employees Group Insurance Scheme (Interest on Saving Fund)	128.77	100
	<b>TOTAL - B</b>		<b>141.14</b>	
	<b>C-Capital- Voted</b>			
45	17- Co-operation	4425-107-0101-2754-Investment in share capital of Primary Agriculture Credit Societies/Farmers Service/ Large sized multipurpose Co-operative Societies	5.17	98.9
46	17-Co-operation	4425-107-0101-955-Investment in the share capital of Central Co-operative Banks	10.80	100
47	19-Public Health and Family Welfare	4210-02-103-0101-7648-Construction of Hospitals and Dispensaries Buildings	73.23	87.8
48	23-Water Resources Department	4701-03-800-0101-2339-Direction and Administration	22.21	100
49	24-Public Works-Roads and Bridges	5054-04-800-0101-6657-Bitumen Laying on District W.B.M Road under Nabard Loan Assistance	34.37	99.6
50	30-Expenditure pertaining to Panchayat and Rural Development Department	4515-800-0701-6655-MP Rural Road Development Authority	254.69	84.6
51	41-Tribal Areas Sub-plan. 25-Scheduled Tribe Scheduled Caste and Backward Class Welfare Department	4225-02-796-277-0702-8799-Construction of Hostel Buildings	16.87	97.8
52	41-Tribal Areas Sub-plan. 25-Scheduled Tribe Scheduled Caste and Backward Class Welfare Department	4225-02-796-277-0702-8828-Construction of Buildings of Ashram/shala	18.58	100
53	41-Tribal Areas Sub-plan. 25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department	4225-02-796-277-0802-8848 Construction of Higher Secondary School Buildings	5.00	100
54	41-Tribal Areas Sub-plan. 27-Narmada Valley Development Department	4701-01-796-800-0102-5090-Upper Veda Project	8.95	89.9
55	42-Public Works relating to Tribal Areas Sub Plan-Roads and Bridges 19-Public Works Department	5054-03-796-337-0102-3710-State Highways	7.87	86.5
56	42-Public Works relating to Tribal Areas sub plan-Roads and Bridges 19-Public Works Department	5054-04-796-800-0102-7563-Bitumenisation of WBM Roads (NABARD)	6.00	100
57	45-Minor Irrigation Works	4702-800-0101-2339-Direction and Administration	16.92	99.6



(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
58	48-Narmada Valley Development	4701-80-800-0101-6399-Indira Sagar Project Unit-I	9.81	100
59	64-Special Component Plan for Scheduled Castes (19-Public Works Department)	5054-03-789-337-0103-8809-Strengthening of Highways	9.50	100
60	67-Public Works-Buildings	4059-01-051-0701-7094-Construction Works Under Jail Reforms Scheme	31.03	100
61	75-NABARD Aided Projects pertaining to Water Resources Department	4702-101-0101-2339-Direction and Administration	7.54	100
62	93-Expenditure pertaining to Accelerated Energy Department	6801-800-0801-7025-Loans to MPEB for Accelerated Energy Development Works	12.15	100
<b>Total-C</b>			<b>550.69</b>	
<b>Grant total (A+B+C)</b>			<b>1407.53</b>	

**Appendix XV**  
(Reference : Paragraph 2.3.2, page 27)  
Cases of persistent savings

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Amount of saving (percentage of saving in brackets)		
		2000-01	2001-02	2002-03
(1)	(2)	(3)	(4)	(5)
<b>A-Revenue Voted</b>				
1.	04- Other expenditure pertaining to Home Department	6.75 (41.1)	2.59 (33.9)	2.16 (30.9)
2	16-Fisheries	4.85 (28.4)	2.41 (20.6)	2.45 (20.2)
3	17-Co-operation	10.19 (20)	7.82 (20.7)	14.19 (29)
4	25-Expenditure pertaining to Mineral Resources Department	7.34 (41.8)	1.82 (22.8)	1.79 (20.8)
5	29-Administration of Justice and Elections	36.03 (27.6)	28.24 (25.3)	48.64 (33.4)
6	31-Expenditure pertaining to Planning, Economics and Statistics Department	10.24 (37)	10.41 (42.1)	5.97 (29.6)
7	36-Transport	7.97 (32.8)	9.60 (39.8)	14.12 (43.5)
8	40-Expenditure pertaining to Water Resources Department-Command Area Development	2.90 (51.3)	3.90 (45.3)	3.56 (69)
9	41-Tribal Areas Sub-Plan	173.40 (29.3)	104.31 (28.8)	159.53 (32.1)
10	48-Narmada Valley Development	5.71 (63.4)	8.17 (90.8)	3.81 (45.7)
11	51-Religious Trusts and Endowments	1.90 (33.9)	2.13 (40.7)	1.12 (20.7)
12	52-Externally Aided Projects pertaining to Agriculture Department	1.37 (25.2)	1.86 (32.5)	1.93 (37.1)
13	55-Expenditure pertaining to Women and Child Welfare	103.84 (38.5)	76.38 (31.5)	69.99 (23.8)
14	61-Externally Aided Projects pertaining to Public Health and Family Welfare	11.79 (90.6)	4.61 (62.5)	2.51 (56.8)
15	64-Special Component Plan for Scheduled Castes	99.24 (29.9)	85.51 (32.6)	70.55 (22)
16	72-Expenditure pertaining to Gas Tragedy Relief Works	6.99 (26.8)	13.05 (40)	16.51 (45.2)
17	74-Externally Aided Projects Pertaining to Finance Department	129.91 (86.6)	83.68 (33.5)	56.72 (37.8)
18	82-Financial assistance to Tribal Area Sub-plan Three Tier Panchayati Raj Institutions	95.91 (44.4)	45.52 (20.9)	62.79 (21)



(Rupees in crore)

(1)	(2)	(3)	(4)	(5)
19	90-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Public Health and Family Welfare	6.56 (49.7)	6.60 (50)	6.60 (100)
20	92-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Culture	5.47 (78.7)	3.48 (50.1)	3.37 (87.1)
<b>B-Revenue Charged</b>				
21	01-General Administration	2.58 (30.9)	1.88 (29.9)	1.73 (27)
<b>C-Capital Voted</b>				
22	06-Expenditure pertaining to Finance Department	10.34 (37.4)	12.50 (62.1)	4.22 (66.8)
23	08-Land Revenue and District Administration	7.67 (69.8)	5.76 (73.2)	4.97 (67.2)
24	11-Expenditure pertaining to Commerce and Industry Department	8.63 (64.3)	6.46 (30.9)	3.80 (23.6)
25	17-Co-operation	28.71 (31.4)	66.58 (85)	22.63 (56.5)
26	20-Public Health Engineering	3.53 (31.2)	65.98 (66.1)	41.54 (22.1)
27	24-Police Works-Roads and Bridges	76.64 (49.6)	178.20 (52.1)	57.13 (20.2)
28	39-Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	17.83 (77.5)	6.04 (23.9)	6.36 (20.5)
29	40-Expenditure pertaining to Water Resources Department, Command Area Development	2.76 (48)	3.11 (50.9)	6.09 (63.6)
30	41-Tribal Areas Sub-Plan	109.77 (47.1)	41.29 (20.1)	123.16 (33.6)
31	42-Public Works relating to Tribal Areas Sub-Plan - Roads and Bridges	45.69 (62.9)	25.22 (36.5)	46.04 (47.4)
32	45-Minor Irrigation Works	40.68 (64.7)	30.00 (58.1)	27.13 (53.4)
33	48-Narmada Valley Development	137.36 (27.6)	164.40 (31.2)	476.52 (42.5)
34	64-Special Component plan for Scheduled Castes	41.52 (42.2)	87.00 (56.7)	58.48 (28.2)
35	67-Public Works-Buildings	61.61 (68.4)	35.30 (51.4)	37.95 (68.6)

## Appendix XVI

(Reference: paragraph 2.3.5, page 29)

### Cases where supplementary provision proved unnecessary

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	<b>A- Revenue- Voted</b>				
1.	01- General Administration	73.23	10.27	71.89	11.61
2.	02 - Other expenditure pertaining to General Administration Department	76.52	0.45	15.19	61.78
3.	03- Police	963.76	0.64	809.45	154.95
4.	04 - Other expenditure pertaining to Home Department	6.72	0.26	4.82	2.16
5.	05- Jail	64.34	0.41	58.02	6.73
6.	06- Expenditure pertaining to Finance Department	1333.78	17.57	1136.34	215.01
7.	08- Land Revenue and District Administration	309.16	16.36	262.38	63.14
8.	10- Forest	471.93	28.60	451.57	48.96
9.	11- Expenditure pertaining to Commerce and Industry Department	34.30	8.31	30.42	12.19
10.	13- Agriculture	265.78	18.51	227.70	56.59
11.	15- Financial Assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Castes	152.07	15.85	145.29	22.63
12.	17- Co-operation	48.40	0.51	34.72	14.19
13.	18- Labour	43.40	2.76	34.81	11.35
14.	19- Public Health and Family Welfare	526.53	43.87	486.17	84.23
15.	21-Expenditure pertaining to Housing and Environment Department	19.03	0.51	16.94	2.60
16.	25-Expenditure pertaining to Mineral Resources Department	8.51	0.10	6.82	1.79
17.	27-School Education	1745.44	52.92	1630.72	167.64
18.	28 - State Legislature	22.68	0.35	20.95	2.08
19.	29 - Administration of Justice and Elections	117.38	28.11	96.85	48.64
20.	30-Expenditure pertaining to Panchayat and Rural Development Department	133.48	0.32	109.04	24.76
21.	31- Expenditure pertaining to Planning, Economics and Statistics Department	19.86	0.34	14.23	5.97
22.	32- Expenditure pertaining to Public Relations Department	37.42	6.07	36.49	7.00
23.	33-Tribal Welfare	412.16	5.85	388.89	29.12
24.	34- Social Welfare	24.20	0.10	19.28	5.02
25.	35-Rehabilitation	0.53	0.06	0.40	0.19
26.	39 - Expenditure pertaining to Food, Civil Supplies and Consumer Protection Department	253.20	14.47	208.74	58.93
27.	41- Tribal Areas Sub Plan	478.10	18.69	337.26	159.53
28.	47-Technical Education and Man-Power Planning Department	153.81	5.36	129.52	29.65
29.	48-Narmada Valley Development	6.00	2.34	4.53	3.81
30.	50- Expenditure pertaining to 20 Point Implementation Department	2.93	0.07	2.33	0.67



(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)
31.	51-Religious Trusts and Endowments	5.26	0.15	4.29	1.12
32.	52-Externally Aided Projects pertaining to Agriculture Department	4.68	0.52	3.27	1.93
33.	55 - Expenditure pertaining to Women and Child Welfare	268.56	25.90	224.48	69.98
34.	56- Rural Industries	22.33	2.54	20.97	3.90
35.	64- Special Component Plan for Scheduled Castes	314.55	6.86	250.86	70.55
36.	72-Expenditure pertaining to Gas Tragedy Relief Works	30.23	6.29	20.01	16.51
37.	79-Expenditure pertaining to Medical Education Department	156.47	10.09	156.19	10.37
38.	81-Financial Assistance to Urban Bodies	570.79	123.26	553.47	140.58
39.	82-Financial Assistance to Tribal Area sub-Plan-Three Tier Panchayati Raj Institutions	259.32	39.73	236.26	62.79
40.	93-Expenditure pertaining to Accelerated Energy Department	50.00	12.15	13.91	48.24
	<b>Total (A)</b>	<b>9486.84</b>	<b>527.52</b>	<b>8275.47</b>	<b>1738.89</b>
	<b>B- Revenue- Charged</b>				
1.	01- General Administration	6.33	0.07	4.67	1.73
2.	03-Police	0.38	0.08	0.34	0.12
3.	19 - Public Health and Family Welfare	0.22	0.41	0.04	0.59
4.	27-School Education	0.13	0.10	Nil	0.23
	<b>Total (B)</b>	<b>7.06</b>	<b>0.66</b>	<b>5.05</b>	<b>2.67</b>
	<b>C- Capital- Voted</b>				
1.	01-General Administration	0.15	0.05	0.08	0.12
2.	12-Expenditure pertaining to Energy Department	470.00	32.31	167.75	334.56
3.	14-Expenditure pertaining to Animal Husbandry Department	4.46	0.59	4.35	0.70
4.	17-Co-operation	30.83	9.19	17.39	22.63
5.	24-Public Works-Roads and Bridges	254.51	27.68	225.06	57.13
6.	30-Expenditure pertaining to Panchayat and Rural Development Department	277.89	23.28	46.29	254.88
7.	41-Tribal Areas Sub-Plan	306.25	60.38	243.47	123.16
8.	42 - Public Works relating to Tribal Areas Sub- Plan - Roads and Bridges	96.00	1.11	51.07	46.04
9.	45- Minor Irrigation Works	50.68	0.10	23.65	27.13
10.	47-Technical Education and Man-Power Planning Department	0.50	0.30	0.30	0.50
11.	55 - Expenditure pertaining to Women and Child Welfare	1.35	0.21	0.20	1.36
12.	60-Expenditure pertaining to District Plan Schemes	90.79	1.07	89.23	2.63
13.	64- Special Component Plan for Scheduled Castes	202.36	4.61	148.49	58.48
14.	67- Public Works-Buildings	20.36	35.00	17.41	37.95
15.	80 - Financial Assistance to Three Tier Panchayati Raj Institutions	2.78	0.10	2.74	0.14
16.	84- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Revenue	16.45	4.40	11.63	9.22
17.	85-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Police	2.58	0.80	1.60	1.78
18.	86- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Jail	1.37	3.19	0.73	3.83
19.	88-Upgradation of standards of Administration recommended by the Eleventh Finance Commission-Judicial	0.18	0.24	0.13	0.29
20.	93-Expenditure pertaining to Accelerated Energy Department	50.00	12.15	13.91	48.24
21.	95-Externally aided projects pertaining to Technical Education and Manpower Planning Department	Nil	0.25	--	0.25
	<b>Total (C)</b>	<b>1879.49</b>	<b>217.01</b>	<b>1065.48</b>	<b>1031.02</b>
	<b>Grand Total (A+B+C)</b>	<b>11373.39</b>	<b>745.19</b>	<b>9346.00</b>	<b>2772.58</b>



## Appendix XVII

(Reference: paragraph 2.3.5, page 29)

## Cases where supplementary provision proved excessive

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary grant/ Appropriation	Actual expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
	<b>A- Revenue- Voted</b>				
1.	07-Expenditure pertaining to Commercial Tax Department	137.86	53.81	175.97	15.70
2.	12-Expenditure pertaining to Energy Department	67.42	951.61	932.08	86.95
3.	20-Public Health Engineering	168.59	34.73	179.45	23.87
4.	23-Water Resources Department	227.45	12.45	227.79	12.11
5.	26-Expenditure pertaining to Culture Department	14.52	3.29	16.40	1.41
6.	43-Sports and Youth Welfare	6.26	1.12	6.34	1.04
7.	44-Higher Education	289.45	33.45	300.06	22.84
8.	58-Expenditure on Relief on account of Natural Calamities and Scarcity	227.52	166.55	373.94	20.13
9.	63-Expenditure pertaining to Minority Welfare Department	2.49	0.48	2.59	0.38
10.	65-Aviation Department	5.37	3.34	7.74	0.97
11.	66-Welfare of Backward Classes	40.98	18.35	55.98	3.35
12.	77-Special Problems Recommended by the Eleventh Finance Commission-Sports & Youth Welfare	1.00	2.00	2.54	0.46
13.	80-Financial Assistance to Three Tier Panchayati Raj Institutions	565.09	135.28	623.15	77.22
14.	95-Externally Aided Projects pertaining to Technical Education and Manpower Planning Department	--	0.50	0.07	0.43
	<b>Total (A)</b>	<b>1754.00</b>	<b>1416.96</b>	<b>2904.10</b>	<b>266.86</b>
	<b>B-Revenue- Charged</b>				
1.	---Interest Payments and Servicing of debt	2418.14	206.27	2502.31	122.10
2.	81-Financial assistance to Urban Bodies	16.79	4.77	20.31	1.25
	<b>Total (B)</b>	<b>2434.93</b>	<b>211.04</b>	<b>2522.62</b>	<b>123.35</b>
	<b>C-Capital- Voted</b>				
1.	03- Police	8.73	2.68	10.89	0.52
2.	07- Expenditure pertaining to Commercial Tax Department	13.45	4.75	13.90	4.30
3.	11-Expenditure pertaining to Commerce and Industry Department	9.61	6.48	12.29	3.80
4.	13- Agriculture	1.66	2.07	3.43	0.30
5.	19- Public Health and Family Welfare	4.25	83.44	11.06	76.63
6.	21- Expenditure pertaining to Housing and Environment Department	16.30	62.57	74.42	4.45
7.	23- Water Resources Department	305.62	44.27	308.45	41.44
8.	36-Transport	Nil	1.60	0.92	0.68
9.	44-Higher Education	1.00	2.00	1.29	1.71
10.	48-Narmada Valley Development	632.66	489.63	645.77	476.52
11.	56-Rural Industries	0.54	0.81	1.12	0.23



(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)
12.	66- Welfare of Backward Classes	1.54	0.97	2.01	0.50
13..	72-Expenditure pertaining to Gas Tragedy Relief Works	0.48	1.17	1.02	0.63
14.	73- Externally Aided Projects pertaining to Housing and Environment Department	5.00	50.00	33.04	21.96
15	75-NABARD Aided Projects pertaining to Water Resources Department	97.76	22.00	106.47	13.29
16.	81- Financial Assistance to Urban Bodies	235.33	21.53	251.80	5.06
	<b>Total (C)</b>	<b>1333.93</b>	<b>795.97</b>	<b>1477.88</b>	<b>652.02</b>
	<b>Grand Total (A+B+C)</b>	<b>5522.86</b>	<b>2423.97</b>	<b>6904.60</b>	<b>1042.23</b>

Additional requirement :- Rs.6904.60 crore-Rs.5522.86 crore = Rs.1381.74 crore

### Appendix XVIII

(Reference: paragraph 2.3.5, page 29)

#### Cases where supplementary provision was insufficient

(Rupees in crore)

Sl. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Actual expenditure	Final Excess
(1)	(2)	(3)	(4)	(5)	(6)
	<b>A- Revenue- Voted</b>				
1.	24-Public Works-Roads and Bridges	185.07	0.22	221.97	36.68
2.	67 Public Works-Buildings	169.34	15.98	197.51	12.19
	<b>Total (A)</b>	<b>354.41</b>	<b>16.20</b>	<b>419.48</b>	<b>48.87</b>
	<b>B-Capital- Charged</b>				
3.	Public Debt	4602.95	2962.35	7940.73	375.43
	<b>Total (B)</b>	<b>4602.95</b>	<b>2962.35</b>	<b>7940.73</b>	<b>375.43</b>
	<b>Grand Total (A+B)</b>	<b>4957.36</b>	<b>2978.55</b>	<b>8360.21</b>	<b>424.30</b>

**Appendix XIX**  
(Reference: paragraph 2.3.7, page 29)

**INJUDICIOUS/IRREGULAR/INCORRECT RE-APPROPRIATIONS/  
SURRENDERS**

- (a) Some of the cases in which funds were injudiciously withdrawn by re-appropriation/surrender, although accounts already showed excess over provision

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation/surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	10-Forest - 2406-01-101-3836-Timber Forest Circles Government Trading of Nationalised Timber, Khair and Bamboos	75.27	79.38	4.11	(-)1.00	5.11
2.	32-Expenditure pertaining to Public Relations Department-2220-01-001-0101-2320-Direction and Administration	14.35	16.37	2.02	(-)1.84	3.86
3.	64-Special Component Plan for Scheduled Castes-(25-Scheduled Tribe, Scheduled Castes and Backward Class Welfare Department)-2225-01-789-800-0103-7560-Lump sum provision for special component scheme	42.66	45.09	2.43	(-)12.76	15.19
4.	80-Financial Assistance to Three Tier Panchayati Raj Institutions-2235-60-102-9142-Social Security and Welfare	126.50	129.83	3.33	(-)22.43	25.76
5.	81-Financial Assistance to Urban Bodies-2235-60-102-9142-Social Security and Welfare	55.66	57.86	2.20	(-)23.11	25.31

- (b) Some of the cases, in which funds were withdrawn by re-appropriation/surrender, in excess of available saving, resulting in final excess of more than Rs.5 lakh

(Rupees in crore)

Sl. No.	Description of Grant and Head of Account	Original plus supplementary provision	Actual expenditure	Available saving	Re-appropriation/surrender	Final excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	03-Police-2055-003-195-Other Police Training Schools	15.45	12.75	2.70	(-)2.96	0.26
2.	03-Police-2055-101-270-Criminal Investigation Department	31.88	27.01	4.87	(-)5.67	0.80
3.	03-Police-2055-114-4155-Wireless Office Bhopal and Gwalior	34.73	30.68	4.05	(-)4.31	0.26
4.	03-Police-2070-107-2710-Office of the Chief Commandant and other Subordinate offices	16.73	14.27	2.46	(-)2.60	0.14
5.	07-Expenditure pertaining to Commercial Tax Department-2030-02-102-2455-Expenses on sale of non-judicial stamps	8.00	6.10	1.90	(-)3.20	1.30
6.	07-Expenditure pertaining to Commercial Tax Department-4070-800-0101-8808-Works related to Information Technology	17.03	12.94	4.09	(-)4.58	0.49
7.	08-Land Revenue and District Administration-2029-102-2193-Nazul Establishment	9.16	8.07	1.09	(-)1.33	0.24
8.	08-Land Revenue and District Administration-2029-103-0801-5917-Extension of Computerisation scheme of Land Records	13.00	1.05	11.95	(-)12.06	0.11
9.	10-Forest-2406-01-102-0801-6027-Integrated Waste Land Development Scheme	3.00	0.34	2.66	(-)3.00	0.34



(Rupees in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
10.	15-Financial Assistance to Three Tier Panchayati Raj Institutions, under special component plan for Scheduled Castes-(22-Panchayat and Rural Development Department)-2216-03-789-102-0803-8743-Pradhan Mantri Gramodaya Yojna	2.20	1.16	1.04	(-)1.24	0.20
11.	15-Financial Assistance to Three Tier Panchayati Raj Institutions, under special component plan for Scheduled Castes-(22-Panchayat and Rural Development Department)-2505-01-789-702-0703-5200-Employment Assurance Scheme	6.14	4.87	1.27	(-)2.30	1.03
12.	23-Water Resources Department-2701-80-799-0101-9191-Stock	13.50	10.73	2.77	(-)9.07	6.30
13.	23-Water Resources Department-4701-03-800-0101-3368-Medium Irrigation Construction Works	5.11	1.91	3.20	(-)3.36	0.16
14.	30-Expenditure pertaining to Panchayat and Rural Development Department-2515-001-0101-1033-Block Development Office	36.45	31.77	4.68	(-)6.08	1.40
15.	30-Expenditure pertaining to Panchayat and Rural Development Department-2515-800-1208-Rural Engineering Service	38.63	27.35	11.28	(-)11.49	0.21
16.	33-Tribal Welfare-2225-02-277-3492-Middle Schools	97.78	92.30	5.48	(-)5.56	0.08
17.	41-Tribal Areas Sub-plan-10-Forest Department-2406-01-796-101-0802-2962-Improvement of Degraded Forest	3.00	0.31	2.69	(-)2.91	0.22
18.	41-Tribal Areas Sub-plan-10-Forest Department-2406-01-796-102-0702-682-Area Oriented Programme of Fuel/Fodder	2.28	1.35	0.93	(-)1.80	0.87
19.	55-Expenditure pertaining to Women and Child Welfare-2235-02-102-0801-5356-Supervision of Integrated Child Development Scheme (under Externally Aided scheme)	7.00	3.74	3.26	(-)3.42	0.16
20.	55-Expenditure pertaining to Women and Child Welfare-2235-02-102-0801-9044-Integrated Child Development Services Scheme	86.44	65.72	20.72	(-)23.07	2.35
21.	55-Expenditure pertaining to Women and Child Welfare-2235-02-103-0801-8687-Balika Samridhi Yojna	6.00	1.73	4.27	(-)4.46	0.19
22.	80-Financial Assistance to Three Tier Panchayati Raj Institutions-2216-03-102-0801-8794-Prime Minister Gramodaya Yojna	4.01	2.68	1.33	(-)1.46	0.13
23.	80-Financial Assistance to Three Tier Panchayati Raj Institutions-2501-02-800-0701-2725-Training	3.88	2.55	1.33	(-)1.39	0.06
24.	80-Financial Assistance to Three Tier Panchayati Raj Institutions 2505-01-702-0701-6503-Rojgar Aashwasan Yojna (Water Shed)	9.82	8.24	1.58	(-)3.80	2.22
25.	81-Financial Assistance to Urban Bodies-3604-107-8018-Grant-in-Aid to Urban Local Bodies Equal to income received from entry tax	315.44	262.73	52.71	(-)53.89	1.18
26.	82-Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions, (22-Panchayat and Rural Development Department)-2505-01-796-702-0702-5200-Employment Assurance Scheme	8.59	5.71	2.88	(-)3.31	0.43
27.	82-Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions, (22-Panchayat and Rural Development Department)-2515-796-101-1302-5184-Lumpsum Grant to Basic Services (Financial Assistance to Local Bodies)	1.93	1.04	0.89	(-)1.51	0.62
28.	84-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Revenue-4059-01-051-1301-5052-District Administration	16.45	11.63	4.82	(-)5.75	0.93

**(c) Cases, in which funds were injudiciously augmented by re-appropriation more than the amount required to cover the excess of expenditure over the provision**

(Rupees in crore)

Sl. No.	Description of Grant and Head of account	Original plus supplementary provision	Actual expenditure	Excess before re-appropriation	Re-appropriation	Final saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	06-Expenditure pertaining to Finance Department-7610-201-9085-House Building Advances to other Government Servants	1.00	1.12	0.12	(+)1.00	0.88
2.	41-Tribal Areas Sub-plan-25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department-2225-02-796-277-0102-2773-Primary Schools	30.59	36.00	5.41	(+)8.36	2.95
3.	48-Narmada Valley Development-4701-01-233-0101-9128-Dam and Appurtenant Work	98.73	128.95	30.22	(+)34.64	4.42
4.	48-Narmada Valley Development-4701-01-241-0101-2428-Executive Establishment Unit I and II	3.99	9.40	5.41	(+)5.67	0.26
5.	48-Narmada Valley Development-4701-01-241-0101-9000-Rani Awanti Bai Sagar Project, Jabalpur, Unit II	44.39	55.00	10.61	(+)16.16	5.55
6.	82-Financial Assistance to Tribal Area Sub-Plan-Three Tier Panchayati Raj Institutions-25-Scheduled Tribe, Scheduled Caste and Backward Class Welfare Department-2225-02-796-277-0102-1392-Scholarship/Stipend	4.80	7.03	2.23	(+)2.71	0.48



## Appendix XX

(Reference : Paragraph 2.3.8 (a), page 29)

Non-surrender of significant savings (Rs. 5 crore and above)

(Rupees in crore)

Sl. No.	Number and name of Grant/Appropriation	Total available saving	Amount not surrendered (percentage to total saving in brackets)
(1)	(2)	(3)	(4)
	<b>A - Revenue- Voted</b>		
1.	01-General Administration	11.61	5.51 (47.5)
2.	03- Police	154.95	52.48 (33.9)
3.	06- Expenditure pertaining to Finance Department	215.01	214.80 (99.9)
4.	08- Land Revenue and District Administration	63.14	17.97 (28.5)
5.	10- Forest	48.96	30.23 (61.7)
6.	11- Expenditure pertaining to Commerce and Industry Department	12.19	12.19 (100)
7.	12-Expenditure pertaining to Energy Department	86.95	86.82 (99.8)
8.	13-Agriculture	56.59	55.99 (98.9)
9.	15- Financial Assistance to Three Tier Panchayati Raj Institutions under special component plan for Scheduled Castes	22.63	6.19 (27.4)
10.	19- Public Health and Family Welfare	84.24	84.24 (100)
11.	20-Public Health Engineering	23.88	23.88 (100)
12.	27-School Education	167.64	41.37 (24.7)
13.	33- Tribal Welfare	29.12	8.53 (29.3)
14.	41- Tribal Areas Sub-Plan	159.54	34.01 (21.3)
15.	44-Higher Education	22.84	22.84 (100)
16.	45-Minor Irrigation Works	5.86	5.86 (100)
17.	47- Technical Education and Man-Power Planning Department	29.65	14.79 (49.9)
18.	58- Expenditure on Relief on account of Natural Calamities and Scarcity	20.13	14.74 (73.2)
19.	72- Expenditure pertaining to Gas Tragedy Relief Works	16.51	6.50 (39.4)
20.	78-Upgradation of Standards of Administration, recommended by the Eleventh Finance Commission-Panchayat and Rural Development	10.41	10.41 (100)

(1)	(2)	(3)	(4)
21.	79- Expenditure pertaining to Medical Education Department	10.37	10.37 (100)
22.	80- Financial Assistance to Three Tier Panchayati Raj Institutions	77.22	15.50 (20.1)
23.	82- Financial Assistance to Tribal Area Sub Plan- Three Tier Panchayati Raj Institutions	62.79	9.65 (15.4)
24.	90- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Public Health and Family Welfare	6.60	6.60 (100)
25.	93-Expenditure pertaining to Accelerated Energy Department	48.24	48.24 (100)
	<b>Total (A)</b>	<b>1447.07</b>	<b>839.71 (58)</b>
<b>B- Revenue- Charged</b>			
1.	-- Interest Payments and Servicing of Debt.	122.10	122.10 (100)
	<b>Total (B)</b>	<b>122.10</b>	<b>122.10 (100)</b>
<b>C- Capital- Voted</b>			
1.	12- Expenditure pertaining to Energy Department	334.56	334.56 (100)
2.	19-Public Health and Family Welfare	76.64	76.64 (100)
3.	20-Public Health Engineering	41.54	41.54 (100)
4.	23- Water Resources Department	41.44	18.83 (45.4)
5.	24- Public Works -Roads and Bridges	57.13	57.13 (100)
6.	27-School Education	7.68	7.68 (100)
7.	41- Tribal Areas Sub-Plan	123.16	63.00 (51.2)
8.	42- Public Works relating to Tribal Areas Sub-Plan-Roads and Bridges	46.04	41.51 (88.2)
9.	45- Minor Irrigation Works	27.13	25.00 (92.1)
10.	48- Narmada Valley Development	476.52	476.52 (100)
11.	64- Special Component Plan for Scheduled Castes	58.48	21.64 (37.0)
12.	67- Public Works-Buildings	37.95	37.95 (100)
13.	73-Externally Aided Project pertaining to Housing and Environment Department	21.96	21.96 (100)
14.	75- NABARD Aided Projects pertaining to Water Resources Department	13.29	8.51 (64.0)
15.	93-Expenditure pertaining to Accelerated Energy Department	48.24	48.24 (100)
	<b>Total (C)</b>	<b>1412.76</b>	<b>1280.71 (90.7)</b>
	<b>Grand Total (A+B+C)</b>	<b>2981.93</b>	<b>2242.52 (75.2)</b>



### Appendix XXI

(Reference:- Paragraph 2.3.9 (a), page 30)

#### Cases of injudicious surrender

(Rupees in crore)			
Sl No.	Number and name of Grant/Appropriation	Available Saving	Amount surrendered
<b>A-Revenue Voted</b>			
1	07 -Expenditure pertaining to Commercial Tax Department	15.70	15.74
2	23-Water Resources Department	12.11	12.95
3	26-Expenditure pertaining to Culture Department	1.41	1.54
4	32-Expenditure Pertaining to Public Relations Department	7.00	7.29
5	35-Rehabilitation	0.19	0.21
6	49-Scheduled Caste Welfare	3.19	3.86
7	56 - Rural Industries	3.90	3.99
8	64- Special Component Plan for Scheduled Castes	70.55	78.91
9	81-Financial Assistance to Urban Bodies	140.58	158.55
	<b>Total (A)</b>	<b>254.63</b>	<b>283.04</b>
<b>B-Revenue Charged</b>			
1	16-Fisheries	0.02	0.03
	<b>TOTAL-(B)</b>	<b>0.02</b>	<b>0.03</b>
<b>C-Capital Voted</b>			
1	07 -Expenditure pertaining to Commercial Tax Department	4.30	4.71
2	15-Financial Assistance to Three Tier Panchayati Raj Institutions under Special Component Plan for Scheduled Caste	0.09	0.25
3	80-Financial assistance to Three Tier Panchayati Raj Institutions	0.14	0.30
4	84-Upgradation of Standard of Administration recommended by the Eleventh Finance Commission- Revenue	9.22	10.15
	<b>Total (C)</b>	<b>13.75</b>	<b>15.41</b>
	<b>Grand Total (A+B+C)</b>	<b>268.40</b>	<b>298.48</b>

### Appendix XXII

(Reference : Paragraph 2.3.9 (b), page 30)

#### Cases of injudicious/unrealistic surrender

(Rupees in crore)			
Sl. No.	Grant number and name	Excess over expenditure	Amount surrendered
<b>Revenue- Voted</b>			
1.	53-Financial Assistance to Urban Bodies under Special Component Plan for Scheduled Castes	Token	0.01
2.	67-Public Works-Buildings	12.19	0.02
	<b>Total</b>	<b>12.19</b>	<b>0.03</b>

### Appendix XXIII

(Reference : Paragraph 2.3.10, page 30)  
Expenditure incurred without budget provision

(Rupees in lakh)

Sl. No.	Description of Appropriation	Head of Account	Amount of expenditure
	<b>Capital Charged</b>		
1	Public Debt	6003-106-3732 Compensation and other bonds (5% Urban Land Ceiling 1976)	0.28
2	Public Debt	6004-06-800-other ways and means Advances	31200.00
		<b>TOTAL</b>	<b>31200.28</b>

### Appendix - XXIV

(Reference Paragraph 2.4, page 30)

Non-reconciliation of expenditure figures for 2002-03

(Rupees in crore)

Sl. No.	Head of Account	Grant Numbers	Amount of expenditure not reconciled during the year
1.	2.	3.	4.
1.	2054	6	8.29
2.	2059	1,67	14.00
3.	2202	15, 27, 32, 41, 44, 64, 80, 81	2150.95
4.	2203	32, 41, 47, 64	88.73
5.	2204	27, 43, 77	24.93
6.	2205	26, 27, 41, 64, 92	20.07
7.	2210	15, 19, 20, 32, 41, 61, 64, 67, 72, 79, 80, 82	634.92
8.	2215	20	125.00
9.	2235	4, 6, 29, 47	6.39
10.	2406	10	0.22
<b>Total</b>	<b>Major Heads 10</b>	<b>Grants 25</b>	<b>3073.50</b>

### Appendix XXV

(Reference: paragraph 2.5, page 31)

Defective sanctions for re-appropriations/surrenders

Sl. No.	Number of sanctions	Grant numbers	Amount (Rupees in crore)	Particulars of irregularities
1	4	3, 9, 51, 77	2.98	Sanctions were issued after close of financial year 2002-03
2	7	8, 20, 67	82.15	Delayed receipt of sanction in Accountant General (A&E) office, i.e. after closing and finalisation of Accounts.
3	9	1, 26, 31, 34, 39, 64, 67, 72	3.21	Non-availability of provision under the Heads from which re-appropriations/ surrenders were sanctioned and non-furnishing of details of schemes from which surrenders/ re-appropriations were sanctioned.
4	1	14	0.80	Re-appropriation of more than Rs.10 lakh were issued without prior approval of Finance Department.
5	5	11, 36, 49, 67, 79	7.27	Funds, to the Head "Office expenses" increased by re-appropriation and funds re-appropriated from "Salary and Wages" to other Heads and Vice versa
6	2	41	22.05	Re-appropriation from one Grant to another Grant (Grant No.41 to Grant No.48)
7	1	01	0.20	Non-tallying of totals of the both sides of re-appropriation sanctions
<b>Total</b>	<b>29</b>	<b>20</b>	<b>118.66</b>	



## Appendix XXVI

(Reference: paragraph 2.6, page 31)  
Rush of Expenditure during March 2003

(Rupees in crore)

Sl No.	Number and name of Grant Appropriation	Total provision	Expenditure up to			Total Expenditure upto March 2003	Expend-iture in March 2003	Percentage of expenditure in March to total expenditure
			6/2002	9/2002	12/2002			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	53-Financial Assistance to Urban Bodies under Special Component Plan for Scheduled Castes	21.48	--	1.10	6.21	21.43	15.28	71.3
2	58-Expenditure on relief on account of Natural Calamities and Scarcity	395.23	19.53	38.32	51.31	373.95	202.86	54.2
3	71-Expenditure pertaining to Biodiversity and Biotechnology Department	1.00	--	--	0.01	0.26	0.16	61.5
4	85-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission -Police-	6.43	--	--	--	4.65	4.65	100
5	87-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission- Urban Administration and Development	4.12	--	--	--	4.12	4.12	100
6	91- Upgradation of Standards of Administration recommended by the Eleventh Finance Commission -School Education-	8.84	--	--	--	8.84	8.84	100
7	92-Upgradation of Standards of Administration recommended by the Eleventh Finance Commission-Culture-	3.87	--	--	--	0.50	0.50	100
8	95-Externally Aided Projects pertaining to Technical Education and Manpower Planning Department	0.75	--	--	--	0.07	0.05	71.4

**Note:** The expenditure shown in column 8 of grant no. 53,58,85,87 and 91 includes amount of Rs.15.00 crore, Rs.122.34 crore, Rs.3.04 crore, Rs.4.12 crore, Rs.8.84 crore respectively aggregating to Rs.153.34 crore, which were credited to the Major Head 8443 - Civil Deposits 800-Other Deposits.

## Appendix XXVII

(Reference: Paragraph 2.7(b) (ii), page 32)

### Substantial savings under Schemes of selected grants

(Rupees in crore)

Sl.No	Grant No. and name of scheme	Saving (Percentage)		
		2000-01	2001-02	2002-03
	<b>A-14-Expenditure pertaining to Animal Husbandary</b>			
1.	2403-102-0801-6548-Extension of Frozen semen Technique for development of Cow and Buffalo	--	7.03 (100)	7.03 (100)
	<b>B-44-Higher Education</b>			
2.	2202-03-103-7120-Assistance to Jan Bhagidari Samiti for honorarium to teachers in Government Colleges	--	--	5.80 (100)
	<b>C-58-Expenditure on Relief on account of Natural Calamities and Scarcity</b>			
3.	2215-01-102-4377-Water Supply in Scarcity areas	5.65 (25.7)	--	3.41 (97.4)
4.	2245-01-101-96-Relief to out Break of fire	23.18 (77.3)	23.87 (64)	13.05 (65.3)
5	2245-01-102-2661-Drinking Water Supply	4.40 (62.9)	6.50 (35.4)	7.26 (36.3)
6	2245-02-122-989-Re-establishment and Repairs of Damaged Irrigation and Flood Control Works	2.68 (53.6)	--	2.56 (73.1)
7	2245-80-800-8030-Grant for Re-establishment and other works	--	--	4.51 (90.2)
	<b>D-67-Public Works-Buildings</b>			
8	4059-01-051-0701-7094-Construction Work under Jail Reforms Scheme	--	--	31.03 (100)
9	4211-101-0801-1171-Extension of Rural (Regions) Family Welfare Centres	--	--	2.18 (57.1)
10	2059-80-001-2418-Execution	--	--	9.30 (100)
11	2059-80-001-0101-3300-Circle Establishment	--	--	2.22 (42.4)
	<b>E-81 Financial assistance to Urban Bodies</b>			
12	2202-01-103-2669-Nutritious Grant to Rural and Urban Local Bodies	5.95 (23.4)	7.60 (38.5)	5.59 (30.1)
13	2217-04-191-0101-4179-Displacement and Rehabilitation of Jhuggi and Environmental improvement in Urban Slum Dwellers	--	--	2.05 (100)
14	2217-04-191-0101-9106-Golden Jubilee Urban Employment Scheme	--	--	3.81 (59.3)
15	3604-108-8860-Payment of surcharge to Local Bodies charged on commercial Tax	33.91 (28.3)	89.47 (82.1)	56.56 (59.2)
	<b>Total</b>	<b>75.77</b>	<b>134.47</b>	<b>156.36</b>



## Appendix XXVIII

(Reference: Paragraph 2.7(b) (ii), page 32)

## Substantial excesses under Schemes of selected grants

(Rupees in crore)

Sl. No	Grant Number and name of scheme	Excess (Percentage)		
		2000-01	2001-02	2002-03
	<b>A-44-Higher Education</b>			
1.	2202-03-102-6385-Grant to Madhya Pradesh Bhoj (Mukth) University, Bhopal	--	--	1.44 (99.3)
	<b>B-58-Expenditure on Relief on account of Natural Calamities and Scarcity</b>			
2.	2245-02-101-2018-Cash doles	--	0.27 (7.35)	28.66 (573.2)
3	2245-02-101-747-Relief to Hail Storm Sufferers	--	0.69 (6.3)	15.23 (169.2)
	<b>C-67-Public Works-Buildings</b>			
4	2059-01-053-3383-Special repairs-Building	--	0.22 (4.6)	2.93 (514)
5	2059-80-001-0101-2418-Execution	0.58 (0.6)	14.55 (21.4)	12.38 (20.7)
6	2059-80-001-0101-3566-Headquarter Establishment	--	--	3.45 (31)
7	2059-80-052-9269-Renewal and replacement of Machinery	--	0.53 (5.5)	8.34 (833830)
8	2059-80-799-4056-Miscellaneous PWD Advances	0.99 (5.0)	3.35 (22.6)	4.68 (46.8)
9	2216-80-001-2300-Direction and Administration (Prorata share of Establishment charges transferred from Grant 67, Major Head 2059)	2.73 (45.1)	2.84 (63.5)	4.66 (94.9)
10	2216-80-800-4095-Special repairs	--	--	1.88 (376)
	<b>D-81-Financial Assistance to Urban Bodies</b>			
11	2235-60-102-9142-Social Security and Welfare	--	--	2.20 (4)
	<b>Total</b>	<b>4.30</b>	<b>22.45</b>	<b>85.85</b>

## Appendix XXIX

(Reference: Paragraph 2.7(c), page 32)

**(A) Cases where supplementary provision under schemes proved unnecessary in respect of selected grants**

(Rupees in crore)

S.No.	Description of grant and scheme	Amount of unutilised supplementary provision
(1)	(2)	(3)
	<b>(a) 14-Expenditure pertaining to Animal Husbandry</b>	
1.	4403-101-0101-2549-Veterinary Hospitals and Dispensaries	0.59
	<b>(b) 44-Higher Education</b>	
2.	2202-03-103-7120-Assistance to Jan Bhagidari Samiti for honorarium to teachers in Government College	5.80
	<b>(c) 67-Public Works -Buildings</b>	
3.	4059-01-051-0701-7094-Construction work under Jail Reforms Scheme	31.03
4.	4059-01-051-0801-8040-Construction of Jail Buildings	0.43
5.	2059-80-001-2418-Execution	9.30
6.	2059-80-001-3566-Headquarters Establishment	0.62
	<b>(d) 81-Financial Assistance to Urban Bodies</b>	
7.	2217-04-191-0101-4179-Displacement and Rehabilitation of Jhuggi Environmental Improvement in Urban Slum Dwellers	1.46
8.	2217-04-191-0101-9106-Golden Jubilee Urban Employment Scheme	1.00
9.	3604-106-8017-Grant - in- aid to Urban Local Bodies for maintenance of road from receipt of Taxes on Vehicles.	6.76
10.	3604-107-8018-Grant-in-aid to Urban Local Bodies equal to income received from Entry Tax	21.44
11.	3604-108-8860-Payment of Surcharge to Local Bodies charged on Commercial Tax	51.42
12.	3604-108-9436-Special grant to Urban Local Bodies in lieu of Abolished passenger Tax	8.54
	<b>TOTAL</b>	<b>138.39</b>

**(B) Cases where supplementary provision proved excessive under schemes of selected grants**

(Rupees in crore)

Sl. No.	Description of grants and schemes	Original	Supplementary	Expenditure	Saving (-)
(1)	(2)	(3)	(4)	(5)	(6)
	<b>(a) 44-Higher Education</b>				
1.	2202-03-103-0101-7043-Supplementary Education arrangement for Government colleges through Jan Bhagidari Samities.	Nil	3.35	2.19	(-) 1.16



(1)	(2)	(3)	(4)	(5)	(6)
2.	4202-01-203-0101-5435- Construction of building of Government college / construction work of incomplete Buildings.	Nil	1.00	0.05	(-) 0.95
3.	4202-01-203-0101-7052- Development of eight government colleges into Excellent Institutes of Higher Education.	Nil	1.00	0.14	(-) 0.86
<b>(b) 67-Public Works-Buildings</b>					
4.	4059-01-051-0701-8739- Construction of Jail Buildings	Nil	0.49	0.01	(-) 0.48
5.	4202-01-203-0101-577- Construction of Higher Secondary Schools and College Buildings	Nil	2.00	1.39	(-) 0.61
<b>(c) 58-Expenditure on Relief on account of Natural Calamities and Scarcity</b>					
6.	2245-01-800-7024-Amount received from National Contingent calamity Relief Fund	Nil	166.55	143.93	(-) 22.62
<b>TOTAL</b>		<b>NIL</b>	<b>174.39</b>	<b>147.71</b>	<b>(-) 26.68</b>

(C) Cases where supplementary provision proved inadequate under schemes of selected grants

<i>(Rupees in crore)</i>					
Sl. No.	Description of grants and schemes	Original	Supple-mentary	Expenditure	Excess (+)
(1)	(2)	(3)	(4)	(5)	(6)
<b>(a) 44-Higher Educations</b>					
1.	2202-03-102-0101-5212- Chitrakut Gramodaya University.	2.00	3.00	5.40	(+) 0.40
<b>(b) 67-Public Works-Buildings</b>					
2.	2059-01-053-3383-Special Repairs -Buildings	0.50	0.07	3.50	(+) 2.93
3.	2059-80-001-0101-2418- Execution	53.87	5.99	72.24	(+) 12.38
4.	4059-01-051-0701-2450- Administration of Justice	3.03	0.09	3.41	(+) 0.29
<b>(c) 81-Financial Assistance to Urban Bodies.</b>					
5.	2235-60-102-9142- Social security and welfare	53.33	2.33	57.86	(+) 2.20
<b>TOTAL</b>		<b>112.73</b>	<b>11.48</b>	<b>142.41</b>	<b>(+) 18.20</b>

**Appendix XXX**  
**(Reference : Paragraph 3.1.4 (b) (iii), page 40)**  
**Outstanding detailed contingent (DC) bills**

(Rupees in lakh)

Sl. No.	District	Offices to which AC* bills pertained	Offices in which DC bills were pending	Period of AC bills	Amount of AC bills
1	Betul	ASCO Bhainsdehi	ASCO Bhainsdehi	1991-1994	41.82
		ASCO Betul	DDA Betul	2002-03	0.10
		SDO Agriculture Multai	SDO Agriculture Multai	1999-2003	7.36
		SDO Agriculture Multai	DDA Betul	2000-01	0.02
		SDO Agriculture Bhainsdehi	SDO Agriculture Bhainsdehi	1999-2003	2.23
		SDO Agriculture Betul	SDO Agriculture Betul	1999-2003	4.32
		Principal Soil Conservation Training Centre, Betul	Principal, SC TC Betul	1999-2001	1.61
		DDA Betul	2001-02	5.20	
Total					62.66
2.	Chhindwara	ASCO Saunsar	DDA Chhindwara	1997-98	3.96
Total					3.96
3.	Hoshangabad	ASCO Shahpura	DDA Hoshangabad	1986-1988	5.52
		ASCO Pipariya	DDA Hoshangabad	1992-1994	36.72
		ASCO Hoshangabad	DDA Hoshangabad	2001-2002	15.61
Total					57.85
4.	Jabalpur	SDO Agriculture Jabalpur	DDA Jabalpur	1997-98	0.67
		SDO Agriculture Sihora	DDA Jabalpur	1997-98	5.29
Total					5.96
5	Morena	ASCO Morena	DDA Morena	1995-1996	0.13
				1996-97	0.06
Total					0.19
6	Ratlam	ASCO (General) Ratlam	ASCO (General) Ratlam	1998-99	1.25
Total					1.25
7.	Satna	Government Agriculture Farm Gahabara, Maihar	Government Agriculture Farm Gahabara, Maihar	2001-02	17.44
Total					17.44
8.	Sehore	Assistant Director Sugarcane, Sehore	DDA Sehore	1997-98	7.26
		Farm Superintendent Rehati	DDA Sehore	1997-98	1.98
		Assistant Director Sugarcane, Sehore	DDA Sehore	1998-99	1.00
		ASCO Budni	DDA Sehore	2000-2003	13.92
		SDO Agriculture Sehore	DDA Sehore	2001-02	0.48
Total					24.64
Grand Total					173.95

**AC bills= Abstract contingent bills**



## Appendix XXXI

(Reference : 3.1.5, page 41)

### Statement showing schemes included in Macro Management Plan

Sl.No.	Name of the Scheme
1.	Integrated Cereal Development Programme (Rice).
2.	Integrated Cereal Development Programme (C.C)
3.	Sustainable Development of Sugarcane.
4.	Balanced & Integrated use of Fertilisers
5.	Integrated Pest Management.
6.	National Watershed Development Programme for Rainfed Areas.
7.	River Valley Project and Flood Prone River Scheme.
8.	Promotion of Farm Mechanisation.
9.	Production of Quality & High yielding seed.
10.	Development of organic and sustainable farming.
11.	Agriculture Extension and Training support.
12.	Development of Information Technology.
13.	Augmentation of Ground Water.

**Appendix XXXII**  
**(Reference : 3.1.5, page 41)**  
**Details showing Central releases, budgetary provisions and expenditure**

(Rupees in Lakh)

Sl. No.	Name of Scheme	Year	Unspent Central assistance as on 1-4-2000	Assistance released by GOI/allocated by State Government	Provision in the State Budget			Expenditure		
					GOI share	State share	Total	GOI share	State share	Total
1.	NPDP	2000-01	132.18	398.00	717.97	216.29	934.26	436.12	145.37	581.49
		2001-02		275.84	598.93	199.63	798.56	119.32	39.77	159.09
		2002-03		132.50	582.28	193.97	776.25	241.16	80.41	321.57
2.	OPP	2000-01	184.57	960.00	2062.46	630.69	2693.15	1091.17	363.73	1454.90
		2001-02		1207.00	1497.83	499.27	1997.10	594.01	198.00	792.01
		2002-03		675.00	1601.24	524.30	2125.54	1246.27	415.42	1661.69
3.	ICDP	2000-01	167.10	79.75	300.01	78.68	378.69	203.34	67.80	271.14
		2001-02		210.00	302.25	100.75	403.00	87.56	29.21	116.77
		2002-03		28.00	383.25	127.75	511.00	148.03	49.35	197.38
4.	ICDP(CC)	2000-01	68.47	97.55 (+MM)350.00 <b>447.55</b>	197.62	211.60	409.22	86.39 (+MM)279.89 <b>366.28</b>	28.80 <b>31.10</b>	115.19 <b>310.99</b>
		2001-02		540.00				371.08	41.23	412.31
		2002-03		369.64				343.04	38.12	381.16
5.	ICDP(Rice)	2000-01	(-) 0.41	70.50 (+MM)82.15 <b>152.65</b>	144.75	83.35	228.10	49.10 (+MM)52.38 <b>101.48</b>	16.77 <b>5.82</b>	65.87 <b>58.20</b>
		2001-02		157.50				81.82	9.09	90.91
		2002-03		69.66				87.97	9.77	97.74

**MM= Macro Management**



Appendix XXXIII

(Reference : 3.1.5, page 41)

Details showing area, production and yield of major crops

Area: lakh hectares (ha)  
Production: lakh tonnes  
Production (cotton): lakh bales  
Yield: Kg/ha

Crop	Year	Area coverage			Production			Yield	
		Targets	Achievements	Percentage of Shortfall	Targets	Achievements	Percentage of Shortfall	Targets	Achievements
Pulses	1998-99	NA	42.22	NA	NA	33.74	NA	NA	799
	1999-2000	NA	42.26	NA	NA	34.26	NA	NA	811
	2000-01	43.06	35.51	18	30.60	22.81	25	711	642
	2001-02	40.30	41.64	--	30.40	32.17	--	754	773
	2002-03 (FFC)	26.48	41.43	--	30.83	21.91	29	1164	529
Oilseeds	1998-99	NA	58.66	NA	NA	55.47	NA	NA	946
	1999-2000	NA	57.90	NA	NA	57.45	NA	NA	992
	2000-01	61.64	55.32	10	72.93	40.97	44	1183	741
	2001-02	59.70	55.89	6	63.60	45.69	28	1065	817
	2002-03 (FFC)	58.75	48.07	18	59.50	34.86	41	1013	725
Cereals	1998-99	NA	85.37	NA	NA	119.34	NA	NA	1398
	1999-2000	NA	86.47	NA	NA	126.38	NA	NA	1461
	2000-01	75.44	72.21	4	112.17	79.09	29	1487	1095
	2001-02	73.00	76.63	--	105.70	103.70	2	1448	1353
	2002-03 (FFC)	85.40	65.60	23	137.42	75.22	45	1609	1147
Cotton	1998-99	NA	4.97	NA	NA	4.30	NA	NA	441
	1999-2000	NA	4.88	NA	NA	4.17	NA	NA	436
	2000-01	5.52	5.42	2	4.98	2.45	51	460	231
	2001-02	5.50	5.42	1	5.00	4.94	1	464	465
	2002-03 (FFC)	5.50	5.45	1	4.86	3.79	22	451	355

FFC: Final forecast

NA: Not available

**Appendix XXXIV**  
**(Reference : 3.1.5 (a), page 42)**

**Targets and achievements in respect of purchase, production and distribution of seed**

Seed Component	Unit	Scheme	2000-01			2001-02			2002-03		
			T	A	Percentage of shortfall	T	A	Percentage of shortfall	T	A	Percentage of shortfall
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1. Purchase of breeder seed	Qtl.	NPDP	332	914	--	100	101	--	163	875	--
		OPP	1579	2697	--	921	170	82	2895	4220	--
		ICDP	--	--	--	--	--	--	--	--	--
		ICDP-CC	--	--	--	2000	667	67	2160	629	71
		ICDP-Rice	--	--	--	75	138	--	425	310	27
2. Production of foundation seed	Qtl.	NPDP	13285	8454	36	4600	10580	--	5400	1715	68
		OPP	10000	25714	--	12000	1114	91	14000	16236	--
		ICDP	--	--	--	--	--	--	--	--	--
		ICDP-CC	--	--	--	7500	2063	72	5025	2879	43
		ICDP-Rice	--	--	--	2000	530	74	4000	2579	36
3. Production of certified seed	Qtl.	NPDP	54265	37817	30	7000	42580	--	10200	5410	47
		OPP	20000	53922	--	25000	499	98	36000	205413	--
		ICDP	--	--	--	--	--	--	--	--	--
		ICDP-CC	--	--	--	25000	13059	48	16738	9961	40
		ICDP-Rice	--	--	--	10000	2396	76	8000	2635	67
4. Distribution of certified seed	Qtl.	NPDP	44280	30464	31	4375	15673	--	7500	17360	--
		OPP	17500	124834	--	102000	117607	--	23750	116932	--
		ICDP	1000	223	78	300	384	--	700	593	15
		ICDP-CC	51100	18950	63	50000	54934	--	33477	37847	--
		ICDP-Rice	60850	22538	63	10000	7752	22	8000	7505	6

**T- Target**

**A-Achievement**



**Appendix XXXV**  
**(Reference : 3.1.5 (f), page 46)**  
**Details showing targets and achievements of demonstrations**

Scheme	Unit	Year	Target	Achievement	Percentage of shortfall	Subsidy paid (Rs. in lakh)
1. NPDP	ha	2000-01	6642	2821	58	36.09
		2001-02	682	628	8	7.29
		2002-03	1554	785	49	10.72
		Total	8878	4234	52	54.10
2. OPP	ha	2000-01	1750	2244	--	20.03
		2001-02	3000	2441	19	34.59
		2002-03	3235	2173	33	27.72
		Total	7985	6858	14	82.34
3. ICDP	ha	2000-01	100	48	52	0.84
		2001-02	275	254	8	4.45
		2002-03	275	254	8	4.27
		Total	650	556	14	9.56
4. ICDP-CC	No./Acres	2000-01	1700	1348	21	11.85
		2001-02	3130	2995	4	23.35
		2002-03	2110	1735	18	15.90
		Total	6940	6078	12	51.10
5. ICDP-Rice	No./Acres	2000-01	1460	1167	20	8.40
		2001-02	900	555	38	4.50
		2002-03	626	314	50	2.20
		Total	2986	2036	32	15.10
					Grand Total	212.20

**Appendix XXXVI**  
**(Reference : 3.1.7 (a), page 50)**  
**Details of area and production at Government Agriculture Farms**

Districts	Name of farm	Total area	Cultivable area	Season	Area-ha Production-Quintals Production during 2000-2003		
					Targets	Achievements	Percentage of shortfall
1. Chhindwara	Delakheri	40.980	34.800	Kharif	1002.92	437.45	56
				Rabi	1582.50	592.90	63
				<b>Total</b>	<b>2585.42</b>	<b>1030.35</b>	<b>60</b>
2. Dhar	Dhar	38.035	30.225	Kharif	1037.40	709.00	32
				Rabi	444.00	194.35	56
				<b>Total</b>	<b>1481.40</b>	<b>903.35</b>	<b>39</b>
3. Hoshangabad	AETC Pawarkheda	5.000	5.000	Kharif	267.00	194.23	27
				Rabi	302.00	226.00	25
				<b>Total</b>	<b>569.00</b>	<b>420.23</b>	<b>26</b>
4. Khargone	AETC Satrathi	39.081	33.500	Kharif	811.00	522.24	36
				Rabi	238.00	88.74	63
				<b>Total</b>	<b>1049.00</b>	<b>610.98</b>	<b>42</b>

**Appendix XXXVII**  
(Reference : 3.1.7 (c), page 51)

**Targets and achievements in respect of collection and analysis of soil samples**

	Lab	Year	No. of samples to be drawn (Targets)	Opening balance of samples as on 1.4.2000	No. of samples received in lab (Achievements)	Percentage of shortfall	No. of samples tested	No. of samples cancelled by Lab	Closing balance of samples at the end of 2002-03
1	Chhindwara	2000-01	10500	3495	1089	90	2100	--	
		2001-02	15000		6192	59	8165	--	
		2002-03	15000		7477	50	7499	----	
		<b>Total</b>	<b>40500</b>	<b>3495</b>	<b>14758</b>	<b>64</b>	<b>17764</b>	<b>----</b>	<b>489</b>
2.	Dhar	2000-01	17000	Nil	10248	40	8068	772	
		2001-02	15000		8739	42	9583	130	
		2002-03	15000		6638	56	7058	14	
		<b>Total</b>	<b>47000</b>	<b>Nil</b>	<b>25625</b>	<b>45</b>	<b>24709</b>	<b>916</b>	<b>Nil</b>
3.	Hoshangabad	2000-01	13000	37	8603	34	8640	--	
		2001-02	15000		3460	77	3460	--	
		2002-03	--		--	--	--	--	
		<b>Total</b>	<b>28000</b>	<b>37</b>	<b>12063</b>	<b>57</b>	<b>12100</b>	<b>--</b>	<b>Nil</b>
4	Khargone	2000-01	7000	Nil	4666	33	4631	35	
		2001-02	9000		5368	40	5368	--	
		2002-03	15000		7594	49	2432	25	
		<b>Total</b>	<b>31000</b>	<b>Nil</b>	<b>17628</b>	<b>43</b>	<b>12431</b>	<b>60</b>	<b>5137</b>
5.	Morena	2000-01	12000	Nil	8005	33	8005	-	
		2001-02	15000		7006	53	7006	--	
		2002-03	15000		7200	52	7200	--	
		<b>Total</b>	<b>42000</b>	<b>Nil</b>	<b>22211</b>	<b>47</b>	<b>22211</b>	<b>--</b>	<b>Nil</b>
6.	Sehore	2000-01	11000	Nil	6677	39	6677	--	
		2001-02	15000		8416	44	6430	--	
		2002-03	15000		4048	73	5047	--	
		<b>Total</b>	<b>41000</b>	<b>Nil</b>	<b>19141</b>	<b>53</b>	<b>18154</b>	<b>--</b>	<b>987</b>



**Appendix XXXVIII**  
(Reference : 3.1.7 (d), page 51)

**Targets and achievements of Training Centres**

District	Name of training centre	Year	Targets				Achievements				Percentage shortfall of trainees		No. of idle days taking 273 working days in a year	Expenditure (Rs. in lakh)
			No. of sessions	No. of training days in the sessions	No. of trainees		No. of sessions	No. of training days in the sessions	No. of trainees		Staff	Farmers		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Betul	SCTC	2000-01	3	204	191	--	3	204	173	--	9	--	69	29.64
		2001-02	26	139	735	115	26	139	446	115	39	--	134	24.37
		2002-03	21	70	382	248	21	70	248	248	35	--	203	27.89
		<b>Total</b>	<b>50</b>	<b>413</b>	<b>1308</b>	<b>363</b>	<b>50</b>	<b>413</b>	<b>867</b>	<b>363</b>	<b>34</b>	<b>--</b>	<b>406</b>	<b>81.90</b>
2. Gwalior	(i) AETC Antari	2000-01	6	31	180	--	6	31	111	--	38	--	242	19.54
		2001-02	4	8	120	--	4	8	118	--	2	--	265	22.88
		2002-03	5	11	150	--	5	11	149	--	--	--	262	21.65
		<b>Total</b>	<b>15</b>	<b>50</b>	<b>450</b>	<b>--</b>	<b>15</b>	<b>50</b>	<b>378</b>	<b>--</b>	<b>16</b>	<b>--</b>	<b>769</b>	<b>64.07</b>
	(ii) SCTC	2000-01	4	272	129	--	4	236	113	--	12	--	37	14.96
		2001-02	5	10	60	90	5	10	46	90	23	--	263	7.30
		2002-03	13	40	60	345	13	40	60	297	--	14	233	15.18
		<b>Total</b>	<b>22</b>	<b>322</b>	<b>249</b>	<b>435</b>	<b>22</b>	<b>286</b>	<b>219</b>	<b>387</b>	<b>12</b>	<b>11</b>	<b>533</b>	<b>37.44</b>
	(i) FTC Pawar Kheda	2000-01	135	225	--	3375	138	168	--	2181	--	35	105	14.84
		2001-02	6	6	--	180	6	6	--	180	--	--	267	13.23
		2002-03	6	6	--	180	6	6	--	180	--	--	267	10.89
		<b>Total</b>	<b>147</b>	<b>237</b>	<b>--</b>	<b>3735</b>	<b>150</b>	<b>180</b>	<b>--</b>	<b>2541</b>	<b>--</b>	<b>32</b>	<b>639</b>	<b>38.96</b>
3. Hoshangabad	(ii) AETC Pawarkheda	2000-01	4	213	150	30	4	213	121	5	19	83	60	34.11
		2001-02	36	95	570	510	30	80	402	182	29	64	193	32.30
		2002-03	43	120	750	535	43	120	487	311	35	42	153	28.88
		<b>Total</b>	<b>83</b>	<b>428</b>	<b>1470</b>	<b>1075</b>	<b>77</b>	<b>413</b>	<b>1010</b>	<b>498</b>	<b>31</b>	<b>54</b>	<b>406</b>	<b>95.29</b>

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4. Jabalpur	AETC	2000-01	27	268	200	500	NA	NA	122	100	39	80	NA	17.81
		2001-02	30	73	540	420	NA	NA	450	331	17	21	NA	20.73
		2002-03	20	51	240	184	NA	NA	160	499	33	--	NA	26.19
		Total	77	392	980	1104	NA	NA	732	930	25	16	NA	64.73
5. Khargone	AETC Satrati	2000-01	2	140	112	--	2	140	99	--	12	--	133	31.46
		2001-02	27	54	360	450	24	48	216	423	40	6	225	37.96
		2002-03	14	49	90	326	14	49	75	283	17	13	224	35.24
		Total	43	243	562	776	40	237	390	706	31	9	582	104.66
6. Morena	ETC	2000-01	61	73	--	1795	61	73	--	1742	--	3	200	11.64
		2001-02	27	43	--	870	27	43	--	870	--	--	230	11.44
		2002-03	25	38	120	690	25	38	90	690	25	--	235	8.00
		Total	113	154	120	3355	113	154	90	3302	25	2	665	31.08
Grand Total														518.13



**Appendix XXXIX**  
(Reference : paragraph 3.2.5 D., page 59)

**Shortfalls in inspection of units manufacturing allopathic medicines**

Year	Number of manufacturing units (allopathic medicines)	Number of inspections required to be carried out	Number of inspections carried out by Senior Drug Inspectors	Shortfalls in inspection	Percentage shortfalls in Inspection
1998-99	567	1134	681	453	40
1999-2000	685	1370	786	584	43
2000-01	634	1268	537	731	58
2001-02	667	1334	459	875	66
2002-03	693	693	762	Nil	nil

**Appendix XL**  
(Reference : paragraph 3.2.5.K., page 64)

**News- items/other reports about fake/ spurious, etc. drugs not investigated**

Source	Nature of complaint	Action taken
Free Press, Indore, issue dated 10.9.2001	Recycling of disposable syringes	Circulated to all district authorities. No feed back from districts.
Commissioner, FDA, Gujarat telegram dated June 2000	Sale of infected I.V. sets	
Glaxo India, Mumbai, letter dated 14.06.2001	Retail sale of spurious Cefazidime Injection USP retail in Mannu Lal Hospital, Jabalpur	No action by Controller
Superintendent M.Y. Hospital, Indore dated 06/07/2002	J.Multi (multivitamin) (Paediatric) spurious by J.K. Surgicals, Indore	
Dainik Bhaskar issues dated 03/04/2002 23/12/2002, 14/2/2003 and 20/04/2003,	Fake cosmetics, fake drugs and I.V. fluids in JA Hospital, Gwalior	
Commissioner, FDA, Gujarat Telegram dated 11/09/2001	Sub-standard gentamycin eye/ear drops B.No.1002 of Dujon Limited Indore	
Dainik Bhaskar issue dated 10.05.2003	Manufacture of sub-standard I.V. fluid by PDPL	

**Appendix XLI**  
(Reference : Paragraph 3.2.5.M., page 65)

**Statement showing ineffective action for circulation of information on sub-standard drugs**

Sl. No.	States reporting cases of sub-standard drugs	Date of report	Date of issue of notice for withdrawal of drugs	Delay (complete months)	Names of drugs	Batch number/ date of expiry of drugs	Name of manufacturer	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Andhra Pradesh	November 1998	January 1999	2	Fortwin Inj.	23097/April 2000	M/s. Ranbaxy, Dewas.	Withdrawal of batch not confirmed
2	Maharashtra	February 2002	April 2002	2	Isopropyl Rubbing Alcohol USP/PD spirit	PDS-101/ February 2003	M/s. Pharma Asia Drugs, Indore	Stock sold out
3	Gujarat	May 1999	August 1999	3	Veterinary sulphadimidine Inj.	9803/August 1999	M/s. Modern Laboratories, Indore	Withdrawal of batch not confirmed
4	Maharashtra	May 2000	July 2000	2	Deecol	DC823/May 2000	M/s. Ordeal Laboratories, Indore	Expiry date over
5	Maharashtra	December 1999	March 2000	2	Amoxycillin for oral suspension	02/Decembcr 99	M/s. Indo Labs Ltd., Indore	Withdrawal of batch not confirmed
6	Karnataka	November 1999	January 2001	13	Florvit Inj.	9901/August 1999	M/s. Beryal Drugs Ltd., Indore	Expiry date over
7	Maharashtra	November 1999	February 2000	2	Sonamin Tabs	502/March 2001	M/s. Pharma Chem, Indore	Withdrawal of batch not confirmed
8	Goa	February 2000	November 2000	8	Fesolic-L Tabs	8526/ January 2001	M/s. Pure Pharma Indore	Withdrawal of batch not confirmed
9	Karnataka	February 2000	May 2000	3	Gentamycin Inj. IP	9907/ February 2001	Du-John Laboratories Ltd. Indore	Withdrawal of batch not confirmed
10	Gajarat	March 2000	April 2001	13	Sulphacetamide Eye drops IP 20%	9903/ August 2002	M/s. Pure Pharma, Indore	Stock sold out
11	Punjab	April 2000	July 2001	14	Acetaminophen oral suspension USP	98455/ November 2000	M/S Bright Drug Industries, Indore	Expiry date over
12	Andhra Pradesh	April 2000	July 2000	2	Adis Hypodermic Syringe	29066N/ February 2004	M/s. Albert David Ltd., Raisen	Stock sold out
13	Haryana	May 2000	July 2000	2	Deecol Eye Drops	DC-93/ October 2000	M/s. Ordeal Laboratories, Indore	Stock sold out
14	Rajasthan	June 2000	April 2001	10	Hospital Spirit	HS-48/ June 2000	M/s. Paradise Pharmaceutica ls, Indore	Expiry date over
15	Kerala	June 2000	December 2000	5	Ferrous Sulphate Tab, IP 200 mg.	9906 May 2002	M/s. Pure Pharma, Indore	Stock sold out
16	Karnataka	July 2000	January 2001	5	Diclovoron Inj.	V-29/ November 2000	M/s. Alpe Laboratories, Indore	Withdrawal of batch not confirmed
17	Andhra Pradesh	July 2000	December 2000	4	Sodium Chloride and dextrose Inj. IP	B-3858/ January 2003	Parental Drugs, Indore	Stock sold out.
18	Karnataka	July 2000	December 2001	4	Retacin (Paracetamol suspension) USP	814D July 2001	M/s. Royal Drugs, Indore	Withdrawal of batch not confirmed
19	Tamilnadu	July 2000	January 2001	5	Maxidol Tab	98384 September 2000	M/s. Bright Drugs Industries, Indore	Expiry date over



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
20	Maharashtra	September 2000	December 2000	3	Vetosa capsules	41027/ September 2000	M/s. Makin Labs. Ltd. Dhar	Expiry date over
21	Tamilnadu	September 2000	July 2001	9	Bronchosolvin suspension	8012-TER/ November 2000	M/s. IPCA Laboratories, Ratlam	Expiry date over
22	Maharashtra	October 2000	January 2001	3	Silver Sulphadiazine Cream USP	01/ May 2001	M/s. DU-John Laboratories, Indore	Withdrawal of batch not confirmed
23	Maharashtra	October 2000	January 2001	2	Jayfex Tabs	864/ June 2001	M/s. J.K. Surgicals, Indore	Withdrawal of batch not confirmed
24	Gujarat	January 2001	April 2002	15	Sulpha cetamide Eye drops IP 20%	9909/ January 2003	M/s. Pure Pharma, Indore	Stock sold out.
25	Maharashtra	February 2001	June 2001	3	Diacid MPS Chewable Tabs.	0001/ March 2002	M/s. Deepin Pharmaceutica ls, Indore.	Withdrawal of batch not confirmed
26	Maharashtra	March 2001	June 2001	3	Jayfex Tab	863/ May 2001	M/s. J.K. Sugicals, Indore	Withdrawal of batch not confirmed
27	Delhi	March 2001	June 2001	2	Dextrose Inj. IP 5%	OG5730 February 2002	M/s. Mount Mettur Pharmaceutica ls, Bhopal	Stock sold out
28	Orissa	April 2001	June 2001	2	Hydrogen Paroxcide	NU 05/ April 2002	M/s. Prince Laboratories, Ujjain	Withdrawal of batch not confirmed
29	Maharashtra	May 2001	August 2001	3	Anadolaxn Tab	CT-106 November 2001	M/s. CIPCO Pharmaceutica ls, Pigdamber, Indore	Stock sold out.
30	Maharashtra	July 2001	September 2001	2	Deltetus-D Liquid	P0021/ December 2001	M/s. Nicholas Piramal, Dhar	Withdrawal of batch not confirmed
31	Maharashtra	September 2001	January 2002	3	Arogen Tabs	22/ September 2002	M/s. Arrow Pharma, Indore	Stock sold out.
32	Karnataka	November 2001	April 2002	4	Fesolic-S Tabs	00117/ April 2003	M/s. Pure Pharma, Indore	Withdrawal of batch not confirmed
33	Andhra Pradesh	February 2002	June 2002	4	Fesolic-L	00215/ March 2003	M/s. Pure Pharma, Indore	Stock sold out.
34	Gujarat	February 2002	May 2002	3	Quinine, Dihydrochloride Inj.	0102/ October 2003	M/s. Pure Pharma, Indore	Stock sold out.
35	Gujarat	June 2002	October 2002	4	N.S.O. 9% Sodium Chloride Inj. IP	803/ October 2003	M/s. Beryl Drugs, Dhar.	Withdrawal of batch not confirmed

**Appendix XLII**  
(Reference : 3.3.4, page 71)  
**Component-wise position of utilisation of funds**  
**under NACP- I**

(Rupees in lakh)

Year	Programme management		Voluntary blood testing centres		Sentinel surveillance		STD control and condom promotion		Drugs for opportunistic infections		Training activities		Blood safety		IEC and social mobilisation		Total	
	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1998-99	48.00	20.15	10.92	NIL	9.26	6.37	55.00	63.52	12.00	NIL	209.48	7.46	157.40	65.10	145.00	14.20	647.06	176.80

**Under NACP - II**

(Rupees in lakh)

Year	Priority targeted intervention against HIV/AIDS		Preventive interventions for the general community		Low cost AIDS care		Institutional strengthening		Intersectoral collaboration		Total	
	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure	Provision as per approved plan of Action	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1999-2000	68.45	107.53	366.71	205.18	53.40	NIL	219.06	141.52	7.00	1.20	714.62	455.43
2000-01	278.51	202.00	172.64	66.80	5.00	NIL	68.85	91.79	5.00	0.90	530.00	361.49
2001-02	248.20	26.98	771.65	324.59	11.10	NIL	192.08	119.55	14.80	NIL	1237.83	471.12
2002-03	257.42	56.57	503.28	243.34	11.00	NIL	221.16	153.63	10.00	NIL	1002.86	453.54
<b>Total</b>	<b>852.58</b>	<b>393.08</b>	<b>1814.28</b>	<b>839.91</b>	<b>80.50</b>	<b>NIL</b>	<b>701.15</b>	<b>506.49</b>	<b>36.80</b>	<b>2.10</b>	<b>3485.31</b>	<b>1741.58</b>



**Appendix XLIII**

(Reference : Paragraph 3.3.4, page 72)

**Difference in expenditure reported by CMHOs/Deans Medical Colleges and that as per books of accounts maintained by MPSACS during 1998-2003**

Sl. No.	Name of Unit	Expenditure* reported by Units	Expenditure* as per books of MPSACS	Difference
1.	CMHO, Barwani	31,63,532	28,75,656	2,87,876
2.	CMHO, Bhopal	25,72,960	17,71,487	8,01,473
3.	CMHO, Chhindwara	32,27,719	21,66,319	10,61,400
4.	CMHO, Dhar	56,17,898	30,84,909	25,32,989
5.	CMHO, Gwalior	14,57,891	8,26,161	6,31,730
6.	CMHO, Indore	38,52,797	27,25,973	11,26,824
7.	CMHO, Satna	32,15,032	23,47,302	8,67,730
8.	CMHO, Ujjain	47,64,837	31,89,877	15,74,960
9.	Dean, Medical College Indore	75,06,174	61,57,467	13,48,707
	<b>Total:</b>	<b>3,53,78,840</b>	<b>2,51,45,151</b>	<b>1,02,33,689</b>

\* Expenditure include refunds also.

Appendix XLIV

(Reference : Paragraph 3.3.6 (i)(a), page 73)

Targeted interventions: Targets and achievements in respect of high risk groups

Sl. No.	Group	Year	Targeted interventions				Amount			Name of NGOs involved
			Planned	Actuals	Population proposed to be covered	Actually covered	Disbursed	Utilised	Balance outstanding	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(i)	CSW	1998-99	--	--	--	--	--	--	--	1. B.R. Ambedkar Social Welfare & Research Society, Bhopal (2000-03)
		1999-2000	--	--	--	--	--	--	--	
		2000-01	NA	1	500	410	2,47,334	1,89,789	57,545	
		2001-02	14	--	--	--	57,545	57,545	16,08,768-	
		2002-03	14	3	2,700	on going project	16,08,768	yet to be received	--	
		<b>TOTAL</b>	<b>28</b>	<b>4</b>	<b>3200</b>	<b>410</b>	<b>19,13,647</b>	<b>2,47,334</b>	<b>16,66,313</b>	
(ii)	Truck Drivers	1998-99	--	--	--	--	--	--	--	2. M.P. Voluntary Health Association, Indore (2002-03) 3. Creative Media-Project & Promotion, Bhopal (2002-03) 4. Adarsh Samaj Sewa Shiksha Samiti, Gwalior (2002-03) 5. Gramin Adivasi Samaj Shikshan Sansthan, Chhindwara (2002-03)
		1999-2000	--	--	--	--	--	--	--	
		2000-01	--	--	--	--	--	--	--	
		2001-02	--	--	--	--	--	--	--	
		2002-03	18	4	40,000	on going project	18,94,000	Yet to be received	18,94,000	
		<b>TOTAL</b>	<b>18</b>	<b>4</b>	<b>40,000</b>		<b>18,94,000</b>	<b>--</b>	<b>18,94,000</b>	
(iii)	Industrial labour	1998-99	--	--	Industrial Area, Govindpura, Bhopal	--	--	--	--	6. Family Planning Association of India, Bhopal (1999-2003)
		1999-2000	NA	1	Previous ongoing project	4 slums	1,34,873	1,06,619	28,254	
		2000-01	--	--	--	--	4,45,311	3,80,847	64,464	
		2001-02	--	--	--	--	2,00,340	1,66,524	33,816	
		2002-03	--	--	--	--	1,50,688	--	1,50,688	
		<b>TOTAL</b>	<b>NA</b>	<b>1</b>			<b>9,31,212</b>	<b>6,53,990</b>	<b>2,77,222</b>	
(iv)	Slum community	1998-99	--	--	--	--	--	--	--	7. Malwanchal Vikas Parishad, Bhopal (1999-2001)
		1999-2000	NA	1	16,000	5,129 ongoing project	3,89,963	1,89,124	2,00,839	
		2000-01	--	--	--	--	5,90,801	--	5,90,801	
		<b>TOTAL</b>	<b>--</b>	<b>1</b>	<b>16,000</b>	<b>5,129</b>	<b>9,80,764</b>	<b>1,89,124</b>	<b>7,91,640</b>	



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(v)	Migrant labour	1998-99 1999-2000 2000-01 2001-02	-- NA	-- 1	-- 1 Block of CI State (STD mobile unit) ongoing project	-- Katghara Block	-- 85,334 84,033	-- 71,568 --	-- 13,766 84,033	8. Center for Labour Education & Research, Bilaspur. (2000-2002)
		<b>TOTAL</b>	<b>--</b>	<b>1</b>			<b>1,69,367</b>	<b>71,568</b>	<b>97,799</b>	<b>Transferred to CG State</b>
(vi)	Migrant labour & transport workers	1998-99 1999-2000 2000-01 2001-02	-- -- NA 11	-- -- 1 --	-- Industrial area of Dewas, ongoing Project	-- -- Industrial Area	-- -- 74,900 1,35,327	-- -- 56,903 1,24,221	-- -- 17,997 11,106	9. Ranbaxy Community Health Care, Dewas. (2000-02)
		<b>TOTAL</b>	<b>11</b>	<b>1</b>			<b>2,10,227</b>	<b>1,81,124</b>	<b>29,103</b>	
(vii)	Street children	1998-99 1999-2000 2000-01 2001-02	-- -- NA	-- --	-- -- 2000	-- -- 1,256	-- -- 2,16,666 22,544	-- -- 1,96,622 --	-- -- 20,044 22,544	10. Aarambha, Bhopal (2000-02)
		<b>TOTAL</b>			<b>2000</b>	<b>12,56</b>	<b>2,39,210</b>	<b>1,96,622</b>	<b>42,588</b>	
	<b>GRAND TOTAL</b>		<b>57</b>	<b>12</b>	<b>61,200</b>	<b>6,795</b>	<b>63,38,427</b>	<b>15,39,762</b>	<b>47,98,665</b>	

**Appendix XLV**

(Reference : paragraph 4.4.2 (a), page 118)

**Sanctions issued in favour of persons/institutions outside the State of Madhya Pradesh**

Sl. No.	Date of sanction	Name of grantee	Purpose	Amount (Rupees in lakh)
(1)	(2)	(3)	(4)	(5)
1.	August 1998	Surekha Panandikar, President, Finance Committee, I.B.B.Y. Congress, Bahadur Shah Zafar Marg, New Delhi	For release of book	3.00 less amount refunded <u>0.86</u> 2.14
2.	September 1998	Chief Trustee, Shree Gyaneshwar Maharaj Sansthan, ALGI (Pune)	Construction of rest house	1.00
3.	May 1999	Secretary, Bahramghat Vikas Sansthan, Ganeshpur (U.P.)	For construction of Late Queen Usha Devi Singh Library	0.50
4.	December 1999	President, N.V. Gadgil National Society, Meerut (U.P.)	For publication and release of selected works of Late Shri Gadgil	0.25
5.	May 2000	Principal, Freedom Fighter Education Centre, Faizabad (U.P.)	For purchase of furniture and sports articles	0.50
6.	May 2000	Shri Mayakesh Amrohvi Indian Cultural Society, Delhi	For Almi Urdu Conference	0.20
7	May 2000	Anis Ahmed, Muslim Women's Forum, New Delhi	For arranging collegium on Muslim women's rights and status	0.50
8	July 2000	President, National Education Development Association (NEDA), Bapunagar, Mirzapur (U.P.)	Construction of library building	0.25
9	November 2001	Ku. Upma Arora, Lady Shriram College, New Delhi	For participation in Inter-iversity Debating Championship, Singapur	0.50
10	December 2001	President Vivekanand Medical Research Trust, Palampur (Himachal Pradesh)	For establishment of hospital	5.00
11.	February 2002	Smt. Hemvanti Porte, Vice President, Akhil Bhartiya Adivasi Vikas Parishad, Bilaspur (CG).	Construction of college building	5.00



(1)	(2)	(3)	(4)	(5)
12.	February 2002	President, Aero Club of India, New Delhi	For encouraging aero-flights training and development of flying as sport	5.00
13.	April 2002	Miss B.M. Leelakumari, Guntur (A.P.)	For Ph. D. work	0.50
14.	June 2002	Smt. Sharmila Tagore, New Delhi	For construction work	2.00
15.	August 2002	Kalpana Ramteke, Ahmedabad, Gujrat	Purpose not mentioned	1.00
16.	August 2002	Principal, Harmen Manner School, Nainital	For education etc. of orphans	1.00
17.	October 2002	Manager, DP Dhar Memorial Trust, Srinagar (J&K)	For establishment of school	3.00
18.	October 2002	Secretary, "SAHMAT" Sanstha, New Delhi	For annual function	3.00
19.	November 2002	Shri Bhalchandra Mungrekar, President, Dr. Ambedkar Institute of Social & Economic Cell, Mumbai	For arranging a workshop	2.00
20.	January 2003	Honorary Secretary, Chopasni Shiksha Samiti, Jodhpur	For grant of scholarship to students	2.00
21.	January 2003	Pratibha Vikas Evam Shodh Sansthan, Ajmer (Rajasthan)	For grant of scholarship to students	1.00
22.	February 2003	Dr. Vishnucharan Sharma, Honorary Secretary, Swami Nishchalanad Saraswati Seva Sansthan, Puri (Orissa)	For construction of hospital	10.00
<b>Total</b>				<b>46.34</b>

**Appendix XLVI**

(Reference : paragraph 4.4.2 (b), page 119)

**Cases involving sanction of more than Rs.2 lakh in each case**

Sl. No.	Date of sanctions	Name of grantee	Purpose	Amount (Rupees in lakh)
1.	June 1998	Indian Medical Association, Indore	Financial assistance	3.00
2.	August 1998	Maa Danteshwari Utsav Samiti, Bastar	For re-furbishing of Maa Danteshwari's chariot	3.00
3.	May 1999	Director, Administrative Academy, Bhopal	Financial assistance to Noronha Foundation, Bhopal.	3.00
4.	May 2000	Sachiv, Sunni Hanfi Maszid Committee, Raipur	For construction of boundry wall of graveyard	2.40
5.	June 2000	Adhyaksha, M.P. Balai Samaj Dharmshala Nirman Samiti, Ujjain	For construction of Dharmashala	2.50
6. A	September 2002	Miss Rajkumari Dodiya, Village Harsola, Tehsil Mhow. (Indore)	Award for winning gold and silver medals in Commonwealth Games	1.00
6. B	November 2002			4.00
7.	January 2003	Chairperson, Noronha Foundation, Bhopal	For Noronha foundation	10.00
8.	March 2003	President, Madhya Pradesh Administrative Services Union, Bhopal	For construction of office-cum-guest house	10.00
9.	March 2003	Manager, Hindu Bal Seva Sadan, Khandwa	Construction of Ashram and workshop	5.00
10.	March 2003	Adhyaksha, Bhartiya Yog Anusandhan Parishad, Bhopal	For charitable physiotherapy hospital	5.00
<b>Total</b>				<b>48.90</b>



## Appendix XLVII

(Reference : paragraph 4.4.2 (c), page 119)

## Particulars of cases involving sanctions of grants for religious purposes and/ or for the benefit of a particular caste/community

(Rupees in lakh)

Sl. No.	Year	Purpose for which the grant was sanctioned													
		For construction or repair etc. of places of worship		For arranging religious activities or functions		For construction of caste-based community halls etc.		For arranging caste/ community-based activities		For cremation grounds graveyard, etc.		For religious education, etc.		Total	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1.	1998-99	328	88.04	18	2.92	207	96.90	6	2.25	41	9.00	33	10.71	633	209.820
2.	1999-2000	329	78.50	16	4.80	76	45.10	26	4.11	17	7.60	16	3.20	480	143.31
3.	2000-01	552	90.11	39	7.49	93	37.33	23	2.65	47	11.20	28	4.95	782	153.73
4.	2001-02	122	14.56	4	1.60	12	5.90	1	0.15	7	2.25	3	0.60	149	25.06
5.	2002-03	560	67.045	29	2.52606	172	87.66	23	6.445	34	12.00	29	7.31	847	182.98606
Total		1891	338.255	106	19.33606	560	272.89	79	15.605	146	42.05	109	26.77	2891	714.90606

**Appendix XLVIII**  
**(Reference: paragraph 4.4.6, page 124)**  
**Details of food grain distributed under Mid-day Meals Scheme**

Month	Number of students enrolled in class I to V	Number of students provided food grains	Quantity of food grain distributed (In quintals)	Quantity of food grain admissible at 3 kg per month (In quintals)	Excess quantity of food grain distributed (In quintals)
8/2001	184571	64051	1965.96	1921.53	44.43
9/2001	184444	102209	3557.44	3066.27	491.17
10/2001	177806	81142	3820.67	2434.26	1386.41
11/2001	177862	111855	3721.61	3355.65	365.96
12/2001	177437	108812	4119.16	3264.36	854.80
01/2002	176773	141769	4739.55	4253.07	486.48
02/2002	176838	141483	5145.15	4244.49	900.66
03/2002	176995	76813	5053.24	2304.39	2748.85
<b>Total</b>	<b>1432726</b>	<b>828134</b>	<b>32122.78</b>	<b>24844.02</b>	<b>7278.76</b>

Cost of food grain (wheat) @ Rs.8.30/- per kg fixed by the Government of India.

Thus Excess pay  $7278.76 \times 8.30 = 60.41$  lakh

**Source:-** Monthly Progress Reports maintained in the office of Chief Executive Officer, Zila Panchayat, Rajgarh.



**Appendix XLIX**  
(Reference: paragraph 4.6.4, page 137)  
**Statement showing details of recoverable extra cost from the defaulting contractors**

*(Rupees in lakh)*

Sl. No.	Name of original contractor from whom the extra cost is recoverable	Agt. No.	Name of work	Name of Division	Amount of contract	Estimated cost	Value of work done	Balance Amt. Of work	Amt. of work awarded to another contractor	Amt. of work done	Extra cost recoverable from original contractor	Balance Amt. of advances & cost of material	Amt. available with the deptt.	Date on which work was withdrawn from original contractor
1	Shri Omprakash Mishra	40/DL/8 9-90	Constn. of Urmil aqueduct at ch 816 of Bariyarpur left main canal	Bariyarpur left canal Dn. No. I Rajnagar	117.88 (49% above)	79.01	32.29	85.59 PAC 64.40	187.08 (190.49%)	11.24	91.00 (141.49%) - 2.16 adjusted	6.24	3.15 Adjusted 2.16 Balance 0.99	15.11.95
2	Shri Amiruddin	16/DI/9 0-91	Constn. of chute fall at RD 115 M on Bhangra Nalla tank	Banjar River Project Dn. Baiher	47.90 (65.17%)	29.00	24.69	23.21 PAC 13.86	44.07 (217.97%)	32.09	21.18 (152.8%) Recd -2.59			4.10.97
	Shri R.K. Khurana	9/DL/88 -89	Constn. of chute fall at RD 120 M on Amanall tank	Banjar River Project Dn. Baiher	15.88 (22.84%)	12.93	1.92	13.96 PAC-11.36 PAC-11.00	18.62 (63.90%) 42.97 (290.557%)	7.65 52.86	4.66 (41.06%) 24.93 (226.66%)			7.3.90 8.12.98
3	M/s Mishra & associates Rewa	6.7.8 & 9/88-89	1) CC lining at RD 700 to 1800 M of LBC 2) CC lining at RD 1800 to 3000 M of LBC 3) CC lining at RD 6565 to 8000 M of LBC 4) CC lining at RD 4000 to 5000 M of LBC	RABS LBC dn. No. II Jabalpur	139.10 (6.49%)	130.62	16.25	122.86 PAC-113.17	413.51 (365.38%)	179.28	290.65	14.90		26.12.90
4	Banka Engg. Co.	3/89-90	Constn. of high level bridge across Narmada river	PWD NVDA (ISP) Dn. No. II Barwaha	338.00 (12.66%)	300.02	185.55	PAC 152.45	484.99 (318.13%)	418.73	332.54	67.29		5.6.97
5	Khoobchand Tanwar Mal	7/91-92	Constn. of Indergarh Tank	Gandhi Sagar Dam Dn., Gandhi Sagar	102.90 (6.94%)	96.22	37.56	135.43 <sup>1</sup>	216.77 (60.06%)	74.59	29.82	0.32		23.11.96
	Universal	67/96-97	Constn. of Indergarh Tank	Gandhi Sagar Dam Dn., Gandhi Sagar	216.77 (160.06%)	135.43	74.59	88.35	170.04 (92.45%)	174.31	31.76	21.31 Mach. Adv -10.76 10.55 +6.96 Sec Adv. 17.51		14.05.99
											826.54 - 4.75 821.79	106.26	0.99	

<sup>1</sup> Includes some non-debitable items

**Appendix L**

(Reference : paragraph 4.6.6, page 140)

**Statement of unreconciled figures of Personal Deposit Account, during the year 2002-03.**

Sl.No.	Unit	Try figures as on 31.3.03	Dept. figures as on 31.03.03	Difference as on 31.3.03
1	LAO Gwalior	8,37,25,175	7,32,02,384	1,05,22,791
2	LAO Rajghat Canal Project, Datia	10,79,74,297	9,65,67,225	1,14,07,072
3	LAO Rajghat Canal unit I/II Datia	4,52,26,282	1,70,24,496	2,82,01,786
4	LAO Chhatarpur	20,94,82,073	20,97,52,449	(-)2,70,376
5	LAO Shivpuri	6,52,23,619	18,57,30,779	(-)12,05,07,160
6	Director Public Health and Family Welfare Bhopal	93,48,208	93,83,208	(-)35,000
7	Distt. Small Saving Officer Bhopal	9,52,126	3,64,493	5,87,633
8	Director centre for Reh. Studies Bhopal	Nil	5,00,00,000	(-)5,00,00,000
9	LAO Sehore	1,13,12,415	1,26,26,521	(-)13,14,106
10	LAO Rajgarh	3,27,18,225	3,55,45,338.55	(-)28,27,113.55
11	LAO and RO Sardar Sarovar Project Khargone	10,05,71,247	7,30,05,648	2,75,65,599
12	LAO & RO Sardar Sarovar Proj Barwani	32,27,17,433	30,88,07,314	1,39,10,119
13	LAO & RO Manjobat Project, Dhar	18,89,54,895	11,59,92,612	7,29,62,283
14	LAO&RO Mahi Project Dhar	13,44,34,919	13,41,48,911	2,86,008
15	LAO & RO Sardar Sarovar Project Alirajpur	4,58,49,777	4,58,29,777	20,000
16	Labour Commissioner, Indore	1,32,07,902.25	1,30,78,876.25	1,29,026
17	Collector LAO Ujjain	8,85,73,795.71	8,23,36,930.71	62,36,865
18	Distt. Collector Shajapur	21,20,076	20,60,076	60,000
19	LAO Katni	1,00,29,587	1,22,64,795	(-)22,35,208
20	LAO Shahdol	1,75,98,599	1,64,00,660.24	11,97,938.76
21	LAO Jabalpur	94,06,708.33	3,34,99,841	(-)2,40,93,132.67
22	LAO Jabalpur	1,28,37,830	1,17,77,801	10,60,029
23	SDO Narsimhpur	7,66,35,533	7,38,88,310	27,47,223
24	LAO Seoni	2,19,31,697	2,01,92,456	17,39,241
25	LAO Chhindwara	2,24,94,477	2,23,09,370.38	1,85,106.62
26	LAO Balaghat	3,70,03,446	4,48,92,670	(-)78,89,224
27	Asstt. Commissioner Tribal Dev. Jabalpur	1,16,93,146	67,55,459	49,37,687
28	Collector Tribal Dev., Balaghat	1,15,18,767	1,05,18,767	10,00,000
		<b>1,69,35,42,255.29</b>	<b>1,71,79,57,168.13</b>	<b>(-)2,44,14,912.84</b>



## Analysis of difference between treasury and departmental figures year 2002-2003

Excess figures in treasury (+)		Less figures in treasury (-)	
Sl. No.	Amount	Sl. No.	Amount
1.	1,05,22,791	1.	2,70,376
2.	1,14,07,072	2.	12,05,07,160
3.	2,82,01,786	3.	35,000
4.	5,87,633	4.	5,00,00,000
5.	2,75,65,599	5.	13,14,106
6.	1,39,10,119	6.	28,27,113.55
7.	7,29,62,283	7.	22,35,208
8.	2,86,008	8.	2,40,93,132.67
9.	20,000	9.	78,89,224
10.	1,29,026		
11.	62,36,865		
12.	60,000		
13.	11,97,938.76		
14.	10,60,029		
15.	27,47,223		
16.	17,39,241		
17.	1,85,106.62		
18.	49,37,687		
19..	10,00,000		
<b>G. Total</b>	<b>18,47,56,407.38</b>	<b>G. Total</b>	<b>20,91,71,320.22</b>

(9) (-) 20,91,71,320.22

(19) (+) 18,47,56,407.38

Net (-) 2,44,14,912.84

**Appendix LI**

(Reference : paragraph 5.2.5, page 145)

**Statement showing the units pending for Internal Audit**

Sl. No.	Name of Unit	Period of last Internal Audit conducted	Internal Audit not conducted Period
1.	Government Engineering College, Jabalpur	10/87 to 9/92	More than 10 years
2.	Government Engineering College, Ujjain	1/75 to 5/81	More than 22 years
3.	Government Engineering College, Rewa	4/84 to 8/85	More than 18 years
4.	Government Engineering College, Sagar	11/81 to 11/88	More than 14 years
5.	Government Engineering College, Bhopal	11/86 to 4/89	5/89 to 8/2003 More than 14 years
6.	Government Pre Vocational Training Centre, Alirajpur	Up to 3/90	4/90 to 8/2003 More than 13 years
7.	Government Pre Vocational Training Centre, Betul	Up to 8/2000	9/2000 to 8/2003 3 years
8.	Government Pre Vocational Training Centre, Panagar	Up to 3/90	4/90 to 8/2003 More than 13 years
9.	Government Pre Vocational Training Centre, Hoshangabad	Up to 2/97	3/97 to 8/2003 More than 6 years
10.	Government Pre Vocational Training Centre, Sehore	Up to 1/2001	2/2001 to 8/2003 2 years
11.	Government Pre Vocational Training Centre, Beohari	1/89 (Since its inception)	1/89 to 8/2003 More than 14 years
12.	Government Pre Vocational Training Centre, Shujalpur	Up to 3/90	4/90 to 8/2003 More than 13 years
13.	Government Pre Vocational Training Centre, Kasarabad	Up to 7/95	8 years
14.	Government Pre Vocational Training Centre, Ratanpur	Up to 3/89	14 years
15.	Government Pre Vocational Training Centre, Raipura	Date not known (Since inception)	
16.	Government Women Polytechnic, Bhopal	2/89 to 3/98	5 years
17.	Government Women Polytechnic, Sagar	5/87 to 1/91	12 years
18.	Government Women Polytechnic, Burhanpur	4/88 to 12/89	13 years
19.	Government Women Polytechnic, Khargone	3/98 to 1/2000	3 years
20.	Government Women Polytechnic, Jabalpur	12/96 to 5/2000	3 years
21.	Government Women Polytechnic, Indore	11/96 to 4/99	4 years
22.	Government Women Polytechnic, Gwalior	3/95 to 12/98	4 years
23.	Government Women Polytechnic, Hoshangabad	2/95 to 1/98	5 years
24.	Government Women Polytechnic, Sehore	11/98 (Since inception)	13 years
25.	Government Women Polytechnic, Chhindwara	1/98 to 10/2000	3 years



Sl. No.	Name of Unit	Period of last Internal Audit conducted	Internal Audit not conducted Period
26.	Government Polytechnic, Baidhan	9/90 (Since inception)	13 years
27.	Government Polytechnic, Jhabua	Up to 3/96	7 years
28.	Government Polytechnic, Morena	5/94 to 8/98	5 years
29.	Government Polytechnic, Pachor	7/87 to 8/89	14 years
30.	Government Polytechnic, Mandla	3/94 to 8/97	6 years
31.	Government Polytechnic, Satna	9/85 to 2/89	14 years
32.	Government Polytechnic, Betul	2/93 to 4/2000	3 years
33.	Government Polytechnic, Dhar	Up to 3/2000	3 years
34.	Government Polytechnic, Tikamgarh	3/98 (Since inception)	5 years
35.	Government Polytechnic, Jawad (Neemuch)	2/2001 (Since inception)	2 years
36.	Government Polytechnic, Dabra (Gwalior)	4/96 to 8/2000	3 years
37.	Government Polytechnic, Balaghat	1/84 (Since inception)	19 years
38.	Government Polytechnic, Khurai	1/92 to 8/94	9 years
39.	Government Polytechnic, Damoh	1/97 (Since inception)	9 years
40.	Government Polytechnic, Seoni	1/84 (Since inception)	19 years
41.	Government Polytechnic, Ashok nagar	4/2000 to 11/2002	Inspection report not issued
42.	Government Polytechnic, Harda	4/98 to 1/2001	2 years
43.	Government Polytechnic, Sanawad	1/97 (Since inception)	1/97 to 8/2003
44.	Government Polytechnic, Jabalpur	4/94 to 11/96	7 years
45.	Government Polytechnic, Bhopal	10/80 to 10/90	13 years
46.	Government Polytechnic, Jaora	4/81 to 3/84	19 years
47.	Government Polytechnic, Ujjain	1/78 to 10/87	16 years
48.	Government Polytechnic, Khandwa	10/96 to 5/98	5 years
49.	Government Polytechnic, Nowgaon	7/81 to 6/84	19 years
50.	Government Polytechnic, Shahdol	1/98 to 12/2000	2 years
51.	Government Polytechnic, Khirsodoh (Chhindwara)	7/79 to 3/82	21 years
52.	Government Polytechnic, Gwalior	10/76 to 9/79	24 years

