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Preface

This brochure presents, at a glance, the contents of the Audit Reports on State Finance, Revenue Sector, Economic Sector (Non-PSUs), Public Sector Undertakings (General, Social, Economic and Revenue Sectors), and General and Social Sectors (Non-PSUs) of the Comptroller and Auditor General of India relating to the Government of Madhya Pradesh for the year ended 31 March 2014. These Reports contain major findings of audit of financial transactions of Government of Madhya Pradesh, Government Companies and Statutory Corporations and audit of Revenue Receipts of Government of Madhya Pradesh.

In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards these Audit Reports to the Governor, who causes them to be laid on the table of the Vidhan Sabha.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the Vidhan Sabha stand referred to the Public Accounts Committee (PAC) in respect of State Finance, Revenue Sector, General and Social Sectors (Non PSUs) and Economic Sector (Non PSUs) and Committee on Public Undertakings (COPU) in respect of Audit Report on Public Sector Undertakings (General, Social, Economic and Revenue Sectors). The government departments are to submit *suo moto* Action Taken Notes on all Audit paragraphs and Reviews to the committee. The Committees select some of the paragraphs/ reviews for detailed examination after which a report containing their observations and recommendations is presented to Vidhan Sabha.

The draft of the paragraphs/ reviews included in the Audit Reports are forwarded to the Secretary of the department concerned for his comments which are incorporated in the Audit Reports. Finance department has prescribed that draft

paragraphs should be disposed of as expeditiously as possible and the comments of the concerned department intimated to Audit within a period not exceeding six weeks. However, in number of cases the departments did not abide by the provision about furnishing the comments on the draft paragraphs within the stipulated time.

This brochure contains only a summarised version of more important issues included in the Audit Reports. While it has been our endeavor to keep the contents of this document as close to the original Reports, the original Reports ought to be referred to for authentic facts and figures. The names and telephone numbers of the officers who could be contacted for any clarification in respect of Audit Reports are on the inner page of the backside cover of this publication.

Audit Report (State Finances)

The Audit Report contains three chapters on observations of Audit on the Finance Accounts and Appropriation Accounts and financial reporting. A gist of important findings included in the Audit report is included in this Epitome.

Highlights

- During 2013-14, the State maintained the revenue surplus at ₹ 5,879 crore. The fiscal deficit relative to GSDP improved from 2.53 *per cent* in 2012-13 to 2.19 *per cent* during 2013-14, mainly due to higher growth of GSDP over the previous year.
 - Growth of revenue receipts during 2013-14 was 7.56 per cent against 12.50 per cent in 2012-13. Only 54 per cent of revenue receipts came from the State's own resources.
 - During 2013-14, revenue expenditure (RE) increased by 10.96 *per cent* over the previous year. Non-plan revenue expenditure (NPRE) constituted 72 *per cent* of RE. Total expenditure on salaries & wages, pension, interest payments and subsidies (₹ 37,251 crore) constituted 53 *per cent* of RE and 74 *per cent* of NPRE.
 - Fiscal liabilities at the end of the year 2013-14 (₹ 96,826 crore) were 21.47 *per cent* of GSDP, which was within the limit prescribed under FRBM Act.
 - During 2013-14, return on investment made in Government Statutory corporations, companies, etc. was 2.48 *per cent* against average borrowing cost of 6.84 *per cent*.
 - Government incurred excess expenditure of ₹ 34.32 crore during 2013-14, which requires regularisation under Article 205 of the Constitution.
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- **Utilisation certificates in respect of grants paid amounting to ₹ 27,373 crore were outstanding as of March 2014 in 36 departments.**
- **Personal Deposit Accounts were continued even after close of the financial year without approval of Finance Department, in violation of Treasury Code.**
- **Thirteen departments did not reconcile expenditure for the year 2013-14 amounting to ₹ 50,546 crore with the books of the Accountant General (A&E).**

Finances of the State Government

Sources of revenue

The Revenue Receipts of the State increased by 83 *per cent* from ₹ 41,395 crore in 2009-10 to ₹ 75,749 crore in 2013-14 at an average annual growth rate of 16.60 *per cent*. Growth rate during 2013-14 was 7.56 *per cent* against 12.50 *per cent* in 2012-13. While 54 *per cent* of the Revenue Receipts during 2013-14 had come from the State's own resources comprising Tax Revenue (44 *per cent*) and Non-Tax Revenue (10 *per cent*), the balance 46 *per cent* was contributed by Central tax transfers and grants-in-aid together. Tax Revenue increased from ₹ 30,582 crore in 2012-13 to ₹ 33,552 crore in 2013-14. Non-tax revenue increased by ₹ 705 crore from ₹ 7,000 crore in 2012-13 to ₹ 7,705 crore in 2013-14 mainly due to increase in receipts under Dividends and Profits (by ₹ 361

crore) and Education, sports, Art & Culture (by ₹ 326 crore).

Growth in Fiscal Liabilities

The overall Fiscal Liabilities of the State increased from ₹ 67,853 crore in 2009-10 to ₹ 96,826 crore in 2013-14. These liabilities at the end of 2013-14 were 21.47 *per cent* of GSDP, 1.28 times of the Revenue Receipts and 2.35 times of the State's own resources.

Committed Expenditure

During 2013-14, total expenditure on salaries and wages, pension payments, interest payments and subsidies (₹ 37,251 crore) was 53 *per cent* of revenue expenditure and 74 *per cent* of NPRES.

Interest payments

Interest Payments of ₹ 6,391 crore during 2013-14 accounted for 8.44 *per cent* of the revenue receipts and constituted 9.15 *per cent* of revenue expenditure.

Recovery of loans given to Government companies, corporations, etc.

The total outstanding loans and advances to Government companies, corporations, etc. as on 31 March 2014 was ₹ 32,072 crore. The interest received against these loans was ₹ 12 crore which was less than the BE for 2013-14 (₹ 204 crore). The recovery of loans advanced by State Government was ₹ 93 crore during 2013-14.

Return on investments

During 2013-14, return (₹ 378.72 crore) on investment of ₹ 15,275.10

crore made by the Government up to 2013-14 in Statutory corporations, companies, Co-operative societies etc. was only 2.48 *per cent* against the average borrowing cost of 6.84 *per cent* during the year.

Incomplete Projects

Expenditure of ₹ 34,465 crore incurred on 201 incomplete projects in the Departments of Energy, Water Resources, Public Works and Narmada Valley Development Authority remained unfruitful as of 31 March 2014. Of these initial estimated cost of 50 projects was revised involving cost over-run of ₹ 12,701 crore.

Management of fiscal imbalances and resource mobilisation

The State maintained Revenue Surplus during the year 2013-14 at ₹ 5,879 crore. However, it decreased by ₹ 1,580 crore over the previous year. Though the Fiscal Deficit of the State (₹ 9,882 crore) was within the limits prescribed by XIII FC, FRBM Act and Budget estimates, the Fiscal Deficit increased from the previous year by ₹ 462 crore. However, Fiscal Deficit relative to GSDP has improved from 2.53 *per cent* in 2012-13 to 2.19 *per cent* in the current year, mainly because of higher growth of GSDP during 2013-14 (21.15 *per cent*) compared to the previous year (19.41 *per cent*).

Expenditure Management

During 2013-14, the Revenue Expenditure (RE) of the State

(₹ 69,870 crore) increased by 10.96 *per cent*. The Non-Plan Revenue Expenditure (NPRE) increased by 13.05 *per cent* and constituted 72 *per cent* of RE. Actual NPRE was 46.88 *per cent* more than the XIII FC projection, but almost equal to the projection made in the MTFPS of the State. Capital Expenditure in 2013-14 decreased by seven *per cent* over the previous year. The priority given to Social Sector Expenditure and expenditure on Education and Health Sectors in Madhya Pradesh was not adequate during 2013-14, when compared with General Category States' Average.

Management of liabilities

At the end of the year 2013-14, total liabilities (TL) of the State was ₹ 96,826 crore. The ratio of TL to GSDP at 21.47 *per cent* was within the limit prescribed in FRBM target and XIII FC (36 *per cent*). The buoyancy of TL with respect to GSDP also decreased from 0.53 in 2012-13 to 0.35 during 2013-14.

Interest received on Loans and Advances vis-à-vis interest paid on borrowed funds

Considering the average interest paid on borrowings at the rate of 6.84 *per cent* during 2013-14, the rate of interest received was very low at 0.04 *per cent* on Loans and Advances given by the Government.

Financial Management and Budgetary Control

Overall position of savings

Against the total budget provision of ₹ 1,13,550 crore during 2013-14, total expenditure incurred was ₹ 90,432 crore, resulting in overall savings of ₹ 23,118 crore. Therefore, entire supplementary provision of ₹ 11,088 crore (10.82 *per cent* of original provision) proved unnecessary. In 21 grants, there were savings of more than ₹ 100 crore in each of 27 items, which aggregated to ₹ 12,427 crore.

Excess over provision requiring regularisation

Excess expenditure of ₹ 34.32 crore was incurred during 2013-14, which requires regularisation under Article 205 of the Constitution. Besides, ₹ 740 crore pertaining to previous years also remained unregularised.

Transfer of Funds to Public Account and rush of expenditure in March

Central funds of ₹ 12.25 crore drawn on 29 March 2014 was transferred to Civil Deposit in Public Account to avoid lapse of funds, which inflated the expenditure of the year under the Consolidated Fund of the State. We noticed that in respect of 45 cases of 26 grants/appropriations ₹ 2,924.65 crore (84 *per cent* of total expenditure) was incurred during the last quarter of the financial year. Of these, expenditure of ₹ 2,688.01 crore was incurred in the month of March.

Anticipated savings

Out of total savings of ₹ 23,117.53

either not surrendered or surrendered on the last day of the financial year

crore, only ₹ 12,538.75 crore (54 per cent of the total savings) was surrendered during the year. In 59 cases, savings of ₹ 7,558.39 crore (more than ₹ 10 crore in each) was surrendered on the last day of the financial year, leaving no scope for utilising the funds for other works.

Injudicious Reappropriations and surrenders

Re-appropriation/surrender of funds in 26 cases (Reappropriation amount of ₹ one crore or more in each case) was made injudiciously which resulted in savings/excess of more than ₹ one crore in each scheme.

Financial Reporting

Outstanding utilisation Certificates, delay in submission of Accounts by Autonomous bodies and disposal of cases of losses, misappropriation, etc.

As on 31 March 2014, 36,414 UCs in respect of grants for an aggregate amount of ₹ 27,372.73 crore were outstanding. Out of six Autonomous Bodies (ABs), Madhya Pradesh State Legal Services Authority, Jabalpur did not submit their accounts since inception of the AB in 1997-98. Governments' compliance towards disposal of 2989 cases of losses, misappropriations etc. amounting to ₹ 28.17 crore was pending.

Personal Deposit Accounts

Personal Deposit (PD) Accounts were continued even after close of the financial year without approval of Finance Department, in violation of the provisions of Madhya Pradesh Treasury Code. There was significant

amount of closing balance aggregating to ₹ 1,784.77 crore in the PD Accounts as of ended March 2014.

Non-reconciliation of Receipt and Expenditure

Controlling Officers of 13 Departments did not reconcile expenditure amounting to ₹ 50,546.04 crore as on 31 March 2014. Such reconciliation had been completed only for ₹ 23,158.46 crore (31 *per cent*) against the total non-debt receipt of ₹ 75,880.88 crore of the Government during the year 2013-14.

Audit Report (Revenue Sector) **Report No.5 of the year 2014**

This report contains important findings on working of various departments on non/short assessment of taxes and consequent non/short realisation etc. of revenue. Three Performance Audits- **(1) Rebate of Input Tax under Section 14 of MP VAT Act, 2002 (2) Assessment and collection of tax on public service vehicles plying on regular stage/contract carriage permit and (3) Assessment and levy of Stamp Duty and Registration Fees-** have been included in the report.

AUDIT OBSERVATIONS

The financial effect of audit paragraphs and there performance audits in the Report is ₹ 368.07 crore. The Government /Departments accepted audit observations involving ₹ 54.64 crore, out of which an amount of ₹ 5.94 lakh had been recovered.

TREND OF REVENUE RECEIPTS

The Total receipts of the State Government during the year 2013-14 was ₹ 74,539.01 crore against ₹ 70,427.28 crore for the previous year. The revenue raised by the State Government from its own resources during the year 2013-14 was ₹ 40,047.05 crore (54 *per cent*) comprising of ₹ 32,342.12 crore from tax revenue and ₹ 7,704.93 crore from non-tax revenue as against ₹ 30,581.70 crore and ₹ 7,000.22 crore respectively in the previous year. The balance 46 *per cent* was received from the Government of India.

Test check of records of 376 units of Commercial Tax, State Excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees and Mining receipts conducted during the year 2013-14 revealed underassessment/short levy/loss of revenue amounting to ₹ 1,267.93 crore in 5,64,313 cases. During the

course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 526.24 crore involved in 1,39,791 cases which were pointed out in audit during 2013-14. The Department collected ₹ 10.03 crore in 1042 cases during 2013-14, pertaining to the audit findings of current year.

Commercial Tax

Performance Audit on “**Rebate of Input Tax under Section 14 of MP VAT Act, 2002**” revealed that:

Deficiencies in MPVAT Act and the Rules regarding ITR

Irregular allowance of Input tax Rebate (ITR) of ₹ 16.97 crore in 115 cases due to absence of provisions in MPVAT Act and Rules, violation of provisions of the Act and deficiencies in the system of grant of ITR.

(Paragraph 2.4.8.1 to 2.4.8.4)

Assessing Authorities failed to abide by the instructions and accepted/allowed the claimed ITR of ₹ 3.69 crore in six cases of six dealers without verifying it with reference to details of purchases.

(Paragraph 2.4.8.5)

Inadmissible ITR of ₹ 2.28 crore in 28 cases of 26 dealers without filing the returns by these dealers as required under Section 14 (i) of MP VAT Act.

(Paragraph 2.4.8.6)

Acceptance of ITR in absence of purchase

Acceptance/allowance of ITR of ₹ 29.18 crore in 78 cases of 77 dealers in absence of purchase bills/purchase

details

details/purchase lists.

(Paragraph 2.4.9)

Irregular acceptance and adjustment of carried forward ITR from previous year

Carry forward ITR of ₹ 1.81 crore of previous year in 19 cases of 19 dealers was irregularly adjusted in the tax levied in current year though no carry forward ITR was claimed by the dealers in their first return.

(Paragraph 2.4.10.1)

Irregular acceptance of ITR on the purchase of goods not eligible for ITR

Irregular acceptance/allowance of ITR of ₹ 2.40 crore in 13 cases of 13 dealers on the purchase of goods not eligible for ITR under Section 14 (6) of MP VAT Act, 2002.

(Paragraph 2.4.11.1 to 2.4.11.3)

Inadmissible ITR of ₹ 38.65 lakh including penalty of ₹ 26.65 lakh in 13 cases of 13 dealers on sale of tax free goods obtained as co-product in manufacturing process.

(Paragraph 2.4.11.4)

Irregular acceptance of ITR of ₹ 1.34 crore including penalty of ₹ one crore in nine cases of nine dealers in the event of the goods/stock transferred out of State otherwise than by way of sale.

(Paragraph 2.4.11.5)

State Excise

Undue benefit given by the Department Undue benefit given to retail licensees by the Department resulted in short realisation of basic license fee of ₹ 39.83 crore by 709 foreign liquor shops in 34 districts.

(Paragraph 3.5)

Non recovery of excise duty Issuance of export/transport permits without recovering the prescribed duty/ without obtaining the sufficient bank guarantee and solvent securities resulted in non-realisation of duty of ₹ 14.41 crore.

(Paragraph 3.6)

Non recovery of penalty The Department though imposed penalty of ₹ 3.75 crore on six manufacturers but did not take action to recover the dues as arrears of land revenue.

(Paragraph 3.7)

Non-realisation of excise duty Non-realisation of excise duty of ₹ 71.96 lakh was due to inaction of the Department in disposal of spirit and foreign liquor stock.

(Paragraph 3.8)

Taxes on Vehicles

Performance Audit on “**Assessment and collection of tax on public service vehicles plying on regular stage/contract carriage permit**” revealed that:

Levy and collection of tax and penalty

The Department had not barred 75 vehicles, which had completed 15 years of life from the year of manufacturing, from plying on stage carriage permit.

(Paragraph 4.4.7.1)

The Department did not take any action against the defaulting vehicle owners, which resulted in non levy of tax amounting to ₹ 7.28 crore including penalty of ₹ 3.73 crore in respect of 270 vehicles.

(Paragraph 4.4.7.3)

Taxation Authorities failed to detect the application of incorrect rate of tax which resulted in short levy of tax of ₹ 1.22 crore besides penalty of ₹ 1.28 crore in respect of 215 vehicles.

(Paragraph 4.4.7.4)

The Department did not initiate action for cancelling the registration certificates of these vehicles whose fitness certificates had expired.

(Paragraph 4.4.7.7)

No action for issuance of revenue recovery certificates was taken up by the Department in follow up of demand notices of ₹ 1.52 crore in respect of 115 vehicles.

(Paragraph 4.4.7.8)

Non-realisation of tax and penalty on vehicles

Inaction by the taxation authority in respect of 1,553 vehicles out of 16,562 vehicles, to recover tax from defaulting vehicle owners led to non-realisation of Motor Vehicle Tax of ₹ 6.87 crore including penalty of ₹ 2.69 crore.

(Paragraph 4.6.1)

Non/short realisation of trade fee

Non/short realisation of trade fee to the tune of ₹ 2.19 crore due to non-ascertaining of actual number of vehicles sold against which trade certificates were issued and trade fee was collected.

(Paragraph 4.8)

Land Revenue

Under assessment of premium and ground rent

Application of incorrect rate led to underassessment of premium and ground rent of ₹ 91.75 crore on land measuring 24.658 hectare in village Dongarapur (Gwalior).

(Paragraph 5.5)

Non remittance of land revenue

Land revenue and *upkar* of ₹ 2.26 crore collected by Tehsil offices was deposited in *Panchayat Nidhi* rather than in the treasury under Major Head '0029' Land Revenue.

(Paragraph 5.6)

Stamps and Registration Fees

Performance Audit on “Assessment and levy of Stamp Duty and Registration Fees” revealed that:

Short levy of SDRF on instruments of lease deeds of mines

There was short levy of Stamp duty and Registration fees of ₹ 40.13 crore on instruments of lease deeds of mines due to incorrect determination of average annual royalty.

(Paragraph 6.2.10)

Non execution/ registration of lease deed of mobile tower

Inaction on the part of the Department to ensure registration of lease deeds of mobile towers led to short levy of Stamp duty and non levy of registration fees of ₹ 13.92 lakh in 44 cases.

(Paragraph 6.2.11)

Incorrect application of rates

Incorrect application of rates on instruments of agreements related to development of land by the Department led to short levy of Stamp duty of ₹ 33.63 lakh.

(Paragraph 6.2.12)

Incorrect determination of market value

Incorrect determination of market value and non-finalisation of referred cases led to short levy of Stamp duty and Registration fees of ₹ 13.69 crore.

(Paragraph 6.2.13)

Short levy of SDRF on

There was short levy of Stamp duty

instruments of power of attorney

and Registration fees of ₹ 1.22 crore on instruments of power of attorney and due to misclassification of documents.

(Paragraph 6.2.14 and 6.2.15)

Short levy of SDRF and failure in safeguarding interests of ST

There was short realisation of Stamp duty and Registration fees of ₹ 21.49 lakh by selling land belonging to Scheduled Tribe persons for consideration of ₹ 3.60 crore instead of ₹ 11.24 crore to non Scheduled Tribe Persons. This also resulted in failure in safeguarding the interests of Scheduled Tribe Persons by depriving them of land with market value of ₹ 7.64 crore.

(Paragraph 6.2.17)

Short levy of SDRF on instruments of developer agreement

There was non/short realisation of revenue of ₹ 9.69 crore due to non registration of instruments of development agreement and short/non levy of Stamp duty and Registration fees in 24 cases.

(Paragraph 6.2.18)

Non levy of SDRF on mortgage deeds executed by developers

There was short/non levy of Stamp duty and registration fees of ₹ 10.23 crore due to undervaluation of development expenditure on mortgage deeds of developing land in 99 cases.

(Paragraph 6.2.19)

Mining Receipts

Non/Short realisation of deed rent Non/Short realisation of dead rent of ₹ 3.05 crore in 107 quarry lessees out of 625 quarry lessees.

(Paragraph 7.5)

Non/Short realisation of contract money Non/Short realisation of contract money of ₹ 3.01 crore against 43 contractors in 107 cases.

(Paragraph 7.7)

Non/Short realisation of royalty Short realisation of royalty amounting to ₹ 1.30 crore due to non scrutiny of returns by the DMOs.

(Paragraph 7.8)

Short levy and collection of SDRF Short levy and collection of Stamp duty and Registration fees of ₹ 17.36 crore due to incorrect determination of average annual royalty and execution of the contracts on nominal valued stamps.

(Paragraph 7.12)

Audit Report on Economic (Non-PSUs) Sector Report No. 1 of the year 2015

The Report is structured in three chapters. The introductory chapter provides the auditee profile, planning and conduct of audit, significant audit observations and responsiveness of Government to Audit. The other two chapters deal with the findings of performance audits and audit of transactions.

Highlights

- **In the state, tiger conservation plans for protection of wild life were not prepared and areas significant to wild life were not declared as conservation reserves or sanctuaries; commercial activities were carried out in core areas affecting inviolate space to wild life; population of great Indian bustards, chitals, sloth bears and wild dogs decreased. Wireless sets and surveillance instruments for protection of wild life remained idle.**
- **The records of level books, material survey and geological investigation required for preparation of estimates of medium irrigation projects were not available with the divisions. Before award of work, technical sanctions were either not obtained or issued without proper survey, Inadmissible items were included in estimates. There was significant increase in volume of work, changes in designs, locations etc. leading to increase in project cost.**
- **Repair and maintenance of roads by Public Works Department was deficient as reflected from non-maintenance of renewal cycle of roads for selection of roads, adoption of richer specification resulting in extra cost, consumption of bitumen of specified quality and quantity not ensured, splitting of road works to avoid approval of higher authority, instances of delays in**

execution/completion of works, and non-recovery of liquidated damages from the contractors.

- The schemes for distribution of animals to cattle farmers suffered due to selection of beneficiaries without ensuring eligibility criteria; shortfall in distribution of animals even after release of subsidies; and non-verification of existence of animals and replacement in case of their death. Achievement of the objectives of breed improvement of cattle, increase in animal product and improving economic condition of the farmers were not assessed by the Department.
- Injudicious time extension granted to contractor resulted in undue payment of price escalation of ₹ 12.29 crore in Narmada Development Division, Khargone.
- Unwarranted provision of richer specification in two road works resulted in extra expenditure of ₹ 2.45 crore in PWD (B&R) Division, Chhindwara.

Performance Audits

(i) Working of Tiger Reserves, National Parks and Sanctuaries

The Wild Life (Protection) Act, 1972 empowers the State Government to declare an area of adequate significance to wild life and its habitat as a Sanctuary, a National Park (NP) or a Tiger Reserve (TR) to protect, propagate and develop it. As on November 2014, the Government of Madhya Pradesh (GoMP) notified (May 1955 to August 2012) six TRs, four NPs and 19 Wild Life Sanctuaries (WLSs) spreading over an area of 16,370.288 sq km which is 17.29 per cent of total forest area in Madhya Pradesh. A review of working of the Department revealed the following deficiencies:

Planning for conservation and

Planning for conservation and protection of wildlife and its habitat

protection of wild life

was deficient as Tiger Conservation Plans/ Management Plans were not prepared. There were delays in incorporation of buffer area. New Ratapani TR in Sehore, one NP and two sanctuaries in Khandwa were not notified by the Government and wild life corridors were not declared as conservation reserves, which affected the efforts for conservation of wild life.

(Paragraphs 2.1.7.1 to 2.1.7.3)

Conservation of wild life and its habitat

Compared to the year 2006, population of tiger was stable in 2010. The population of great Indian bustards, chitals, sloth bears and wild dogs declined in two sanctuaries. The proposed translocation of barhasinga could not be done and inefficiency in translocation of blackbucks resulted in high mortality. Presence of commercial activities, residential infrastructures in core areas affected conservation of wild life and its habitat.

(Paragraphs 2.1.8.1 to 2.1.8.4)

Activities for protecting wild life and its habitat

Protection of wild life was not adequately ensured as electric lines passing through the protected areas were not insulated, veterinary infrastructure was not available and wireless sets and other surveillance instruments were lying idle. Online monitoring system for wild life

offences was deficient. Beat inspection was not carried out as prescribed.

(Paragraphs 2.1.9.1 to 2.1.9.5)

Eco-development activities

Eco-development through Eco-Development Committees was not ensured. Biotic pressure could not be reduced because fuel wood could not be produced from plantations and *Nistar* (sale depot) facilities for villagers were not established.

(Paragraphs 2.1.10.1 and 2.1.10.2)

(ii) Estimates of Medium Irrigation Projects

The responsibility of planning, designing, survey, construction and maintenance of Medium irrigation projects in the State is with Water Resources Department. Preparation of accurate and realistic estimates of irrigation projects is essential for completion of project on time and within the sanctioned cost. In Madhya Pradesh, total created irrigation potential up to March 2014 from Water Resources Departmental (WRD) sources through Major, Medium and Minor projects, was 31.89 lakh hectare (ha). In Madhya Pradesh, there are 4,781 completed (13 major, 110 medium and 4,658 minor) and 774 ongoing (09 major, 31 medium and 734 minor) Irrigation Projects. The Department has incurred expenditure of ₹ 3,250.44 crore up to 31 March 2014 on 31 on-going medium projects. A performance audit of preparation of estimates of selected on-going Medium Irrigation Projects revealed the following deficiencies:

Preparation and approval of Detailed Project Reports

In all test checked projects the detailed project reports (DPRs) were prepared with improper or without survey and investigation. The administrative

approval was accorded by Government and technical sanction was accorded by departmental authorities based on deficient DPRs without ensuring conduct of mandatory detailed survey and investigation.

(Paragraph 2.2.1)

Maintenance of records and reports of geological investigations and material survey

The level books containing the levels recorded after conduct of detailed survey and investigation, reports of geological investigations and material survey, which are the basis of preparation of estimates, were not available with the divisions. Significant increase in volume of works (19.54 per cent to 486.54 per cent) during execution raised doubt about conduct of proper survey and investigation.

(Paragraph 2.2.6.1)

Technical Sanction to estimates

Technical sanctions were either not obtained before inviting tender or works were awarded on the basis of improper/ inadequate survey. Subsequent changes in designs, location, volume of items of works etc. during execution of the projects resulted in increase in cost by ₹ 52.36 crore.

(Paragraph 2.2.6.2)

Inaccurate provisions of lead in estimates

Incorrect provision of lead for hard rock and soil and additional lead for Cohesive Non-Swelling soil resulted in

increase in estimates in seven projects.

(Paragraphs 2.2.7.1 and 2.2.7.2)

Provision of inadmissible items, quantities and non-utilisation of local cheaper material

During preparation of estimates Cohesive Non-Swelling soil was provided without conducting mandatory test for ascertaining its necessity in cement concrete lining work. Unrequired or inadmissible quantities and items were included and locally available metal was not considered for utilisation in filter in violation of the provisions of Unified Schedule of Rates and Irrigation Specifications.

(Paragraphs 2.2.7.3, 2.2.7.5 and 2.2.7.6)

(iii) Repair and maintenance of roads in Madhya Pradesh

Public Works Department (PWD), Government of Madhya Pradesh is engaged in planning, designing, construction of roads and Government buildings. Besides, construction of roads, repairs and maintenance of roads are also undertaken by the PWD by utilising funds for maintenance of roads, received under annual repair plan through the State Budget. The Department constructed 19,574 km Major District Roads, 7,044 km Other District Roads and 17,045 km Village Roads up to 2013-14 in the State. During the year 2009-10 to 2013-14, the Department incurred expenditure of ₹ 2,697.21 crore on annual repairs and renewal of roads in the State. A review of the repair and maintenance of roads by the Department revealed the following deficiencies:

Identification of repair and maintenance works

Details of renewal cycle and renewal diagrams were not maintained in the divisions so as to keep watch over timely renewal of the roads. Works covered under the guarantee period as well as works of roads transferred to other organisation were taken up for renewal by the Department.

(Paragraphs 2.3.7.1)

Adoption of costlier specifications

The adoption of costlier specifications for renewal of 200 roads resulted in extra cost of ₹ 29.77 crore.

(Paragraph 2.3.8.1)

Use of bitumen in road repair works

The divisions paid to the contractors ₹ 30.96 crore in respect of 107 works requiring use of packed bitumen, though bulk bitumen was actually used or use of packed bitumen was not ascertained. The Divisions paid ₹ 105.26 crore for bituminous work without verifying the original vouchers from public sector refineries as required.

(Paragraph 2.3.8.2)

Lesser consumption of Bitumen in repair work

In 19 road works, bitumen consumption was lesser than the consumption norms prescribed and seal coat was not provided after execution of Open Graded Premix Carpet and Bituminous Macadam on the roads which affected the quality.

(Paragraphs 2.3.8.3 and 2.3.8.4)

Accounting of construction material

The accounting of bitumen, sand, metal, moorum etc. showing receipts and issues and reference of Measurement Books were not shown to Audit, indicating non-maintenance of adequate records and improper measurement of works.

(Paragraph 2.3.8.9)

Tendering and award of works

The road works were split in three or more parts and awarded separately and thereby avoided the requirement of approvals for acceptance of tenders by higher authority and advertisement through newspapers was avoided.

(Paragraph 2.3.9.1)

Shortcomings in contract management

In respect of road works, evidence of employment of technical expertise and use of motor grader could not be produced to us. Job mix formula required to ensure strength of surface course of roads was not found on records.

(Paragraphs 2.3.9.2 to 2.3.9.4)

Imposition of nominal penalty for delays

There were delays in execution/ completion attributable to the contractors. But liquidated damages amounting to ₹ 1.32 crore was not imposed or short imposed.

(Paragraph 2.3.9.5)

(iv) Distribution of animals to cattle farmers in Madhya Pradesh

The objectives of the Animal Husbandry Department are to provide nutritious animal protein for human consumption and self-employment opportunities for rural people through sale of livestock products such as, milk, egg, meat and breed improvement. During the period 2009-14, the Department incurred expenditure of ₹ 86.88 crore on implementation of six major schemes of animal distribution to rural people (Nandishala, Sammunath, Distribution of dairy units, Male goat, Goat Unit and Intensive Goat Promotion Schemes). Performance Audit of the Schemes revealed the following:

Selection of beneficiaries without ascertaining the eligibility

Selection of beneficiaries was done without ascertaining the eligibility criteria of need and capacity of the farmers, envisaged in the Scheme guidelines. Under five schemes (except Goat Unit Scheme), the farmers who did not fulfil the eligibility criteria were also selected. Applications of 7,844 beneficiaries under Dairy Unit and Goat Unit Scheme were not available with the District Officers for audit verification. Under Male Goat Scheme, eligibility criteria were not obtained from 3,926 beneficiaries by four District Officers. Thus, scheme funds were utilised in violation of implementation guidelines.

(Sub-paragraphs (a) of paragraphs 2.4.6.1 to 2.4.6.6)

Distribution of animals to cattle farmers

Under five selected schemes (except Intensive Goat Promotion Scheme), large number of selected farmers (4,672) were not provided animals though subsidy of ₹ 6.53 crore was released to them and the amount remained unutilised in the bank accounts of the beneficiaries. Of these, 456 beneficiaries have withdrawn subsidy from their bank accounts but did not purchase the animals.

(Paragraphs 2.4.6.1(b), 2.4.6.2(c), 2.4.6.3(b), 2.4.6.4(b) and 2.4.6.5(b))

Mechanism for verifying the existence and replacement of animals

The Department did not have a mechanism for verifying the existence of animals distributed and its replacement in case of death within the breeding period, as required in terms of agreements. There were instances of death of animals under three schemes (*Nandishala*, *Sammunath* and Male Goat Scheme), but no replacement was provided.

(Paragraphs 2.4.6.1(c), 2.4.6.2(d) and 2.4.6.4(d))

Shortfalls in calf birth

There were shortfalls in calf birth under *Nandishala* Yojna and *Sammunath* Yojna for breed improvement. Against the target of calf birth (cow: 4,65,024 and buffalo: 3,76,608) based on prescribed norms, the actual calf birth under *Nandishala*

was 1,55,935 (34 per cent) and under *Sammunath* was 1,20,298 (32 per cent) during the period 2009-14. Thus, the objective of breed improvement of local animals was not fully achieved.

(Paragraphs 2.4.6.1(d), 2.4.6.2(e))

Monitoring and evaluation of schemes

Monitoring of Schemes was deficient as multiple benefits under same scheme to same beneficiaries were extended and 100 per cent physical and financial achievement was reported without ascertaining actual distribution of animals to the selected beneficiaries.

(Paragraphs 2.4.7.1 and 2.4.7.2)

Compliance Audit of Transactions

Audit of transactions of the Government departments and their field formations brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy.

Narmada Valley Development Department

Unjustified payment of price escalation

In Narmada Development Division No. 20 Mandleshwar, Khargone, time extension for completion of work was granted injudiciously which resulted in undue payment of price escalation amounting to ₹ 12.29 crore, besides non-levy of penalty for delays attributable to contractor.

(Paragraph 3.2.1)

Non recovery for compensation for delay

The Executive Engineer, Narmada Development Division No. 18, Khargone did not impose and recover compensation for delay in completion of work amounting to ₹ 1.97 crore from the contractor even though the delay in execution was attributable to the contractor.

(Paragraph 3.4.1)

Excess payment of escalation to consultant

The Executive Engineer, Narmada Development Division, Khargone incorrectly calculated price escalation of consultancy charges because of wrong interpretation of contract clause. This resulted in excess payment of ₹ 59.07 lakh.

(Paragraph 3.1.2)

Public Works Department

Embezzlement of Government money

Non-reconciliation of remittances and cheque drawals with treasury records by PWD Division Rajgarh, facilitated non-detection of embezzlement of ₹ 9.50 lakh.

(Paragraph 3.1.1)

Unwarranted provision of richer specification

In PWD (B&R) Division, Chhindwara, unwarranted provision of richer specification was made in two road works, compared to the provision in Indian Road Congress specifications. This resulted in avoidable extra cost of ₹ 2.45 crore in execution of the works.

(Paragraph 3.3.1)

Inadmissible payment of price escalation

A contractor executing a road work was paid price escalation of ₹ 75.26 lakh by the Executive Engineer, PWD (NH) Division, Bhopal even though the same was not covered under the agreement, since the period of completion of work was less than 12 months.

(Paragraph 3.2.4)

Extra cost due to fixation of higher rate in schedule of rates

The E-in-C, PWD injudiciously fixed higher rates for the item “Excavation for roadways in hard rock blasting prohibited” in Schedule of Rates. Adoption of the rates by PWD (B&R) Division, Damoh resulted in extra cost of ₹ 50.75 lakh in a road work.

(Paragraph 3.2.3)

Short levy of supervision charges

For the deposit work of buildings for UCO Bank, Public Works Department (PWD) levied Supervision charges at three *per cent* instead of the prescribed rate of seven *per cent* for non-government works. Violation of the provisions of the Madhya Pradesh WD Manual resulted in short levy of ₹ 41.26 lakh.

(Paragraph 3.2.5)

Water Resources Department

Non deduction of additional security deposit from contractors

Undue financial benefits of ₹ 3.18 crore was extended to the contractors by the EEs of two Water Resources Divisions due to non-deduction of

additional security deposit for unbalanced rate of items, besides, loss of Government money to that extent.

(Paragraph 3.3.2)

Extra expenditure due to incorrect adoption of CC lining

Adoption of incorrect provision of cement concrete (CC) lining in Canal lining work by the EEs of four Water Resources Divisions resulted in extra expenditure of ₹ 1.01 crore.

(Paragraph 3.2.2)

Public Works, Water Resources and Narmada Valley Development Departments

Delay in deposit of Labour Welfare Cess

In Public Works, Water Resources and Narmada Valley Development Departments, delayed deposit of ₹ 8.10 crore towards Labour Welfare Cess to the Workers Welfare Board in violation of rules attracted liability of interest of ₹ 2.91 crore to the Government.

(Paragraph 3.1.3)

**Audit Report on Public Sector Undertakings
(General, Social, Economic and Revenue Sectors)
Report No 2 of the year 2015**

The Audit Report contains Overview of State Public Sector Undertakings, three Performance Audits i.e. on “**Allotment and infrastructure development activities in Madhya Pradesh Audyogik Kendra Vikas Nigam Limited, Bhopal, Indore and Jabalpur**”, on “**Implementation of Restructured Accelerated Power Development and Reforms Programme in three Power Distribution companies of Madhya Pradesh**” and on “**Adherence to the Environmental Norms in Satpura Thermal Power Station, Sarni of Madhya Pradesh Power Generating Company Limited**”. This report also contains 9 individual paragraphs (including one para on follow up action) on transaction audit observations relating to Government companies.

Some of the interesting points contained in the Audit Report are as under:

1. Overview of Government Companies and Statutory Corporations

Audit of Government Companies is governed by Section 619 of the Companies Act 1956. The accounts of Government Companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory Corporation is governed by their respective legislations. As on 31 March 2014, the State of Madhya Pradesh had 58 working PSUs (55 Companies and three Statutory corporations) and nine non-working PSUs (all Companies), which has employed 62420 employees.

(Paragraphs 1.1, 1.2, 1.4, 1.5 and 1.6)

Investments in PSUs

As on 31 March 2014, the investment (Capital and Long Term Loans) in 67 PSUs was ₹ 54206.15 crore. It grew by 210.67 *per cent* from ₹ 17447.93 crore in 2008-09. Power Sector accounted for 93.45 *per cent* of total investment in 2013-14. The State Government contributed ₹ 14613.51 crore towards Equity, Loans and Grants/Subsidies to State PSUs during 2013-14.

(Paragraphs 1.7, 1.8, 1.9 and 1.10)

Performance of PSUs

During the year 2013-14, out of 58 working PSUs, 27 PSUs earned profit of ₹ 349.95 crore, six PSUs neither earned profit nor incurred losses and 20 PSUs incurred loss of ₹ 6216.29 crore as per their latest finalised accounts as on 30 September 2014. Five PSUs did not submit their first accounts. The major contributors to losses were Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (₹ 2113.02 crore) , Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (₹ 1887.15 crore), Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (₹ 1810.95 crore) and Madhya Pradesh Power Generating Company Limited (₹ 385.75 crore).

(Paragraph 1.16)

This Audit Report shows that the working PSUs in the State incurred controllable losses of ₹ 133.57 crore and infructuous investments of ₹ 51.66 crore.

(Paragraph 1.17)

Arrears in finalisation of accounts

Thirty two working PSUs had arrears of 84 accounts ranging from one to ten years as of September 2014. The arrears need to be cleared in compliance with the provision of the Companies Act, 1956. Out of the nine non-working PSUs, seven had gone into

liquidation. Arrears in respect of the remaining two non working PSUs ranged from two to six years.

(Paragraphs 1.19, 1.20 and 1.21)

Comments on accounts

The quality of accounts of PSUs needs improvement. All 47 accounts of working PSUs finalised during October 2013 to September 2014 received qualified certificates from Statutory Auditors. There were 46 instances of non-compliances of Accounting Standards in 11 accounts during the year. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

(Paragraphs 1.28, 1.29 and 1.31)

2. Review relating to Government Companies

2.1 Performance Audit on Allotment and infrastructure development activities in Madhya Pradesh Audyogik Kendra Vikas Nigam Limited, Bhopal, Indore and Jabalpur

With the main objectives to promote, encourage and develop industries and industrialisation in the state, the Government of Madhya Pradesh (GoMP) had incorporated Audyogik Kendra Vikas Nigam Limited (AKVN), Bhopal, Indore and Jabalpur during November, 1987, November, 1981 and November, 1981 respectively as subsidiary companies of Madhya Pradesh State Industrial Development Corporation Limited/ Madhya Pradesh Trade and Investment Facilitation Corporation Limited. Since inception and up to 31 March 2014, the AKVNs acquired 19032.60 acres of land (Bhopal-6472.59 acres, Indore-10230.49 acres and Jabalpur-2329.52 acres) for development and allotment to industries. During 2009-14, these AKVNs incurred ₹ 242.33 crore for creation of infrastructure facilities and allotted land to an extent of 1750.31 acres to 876 allottees and realized ₹ 414.82 crore.

Audit findings on allotment and infrastructure development activities in three out of seven AKVNs i.e., Bhopal, Indore and Jabalpur are discussed below:

AKVN, Bhopal

- Due to non development of acquired land, the process of allotment slowed down in AKVN.

(Paragraph 2.1.7)

- AKVN did not prepare perspective/ corporate/ annual plans for acquiring, developing and allotment of land/ plots.

(Paragraph 2.1.8)

- AKVN handed over the possession of 18.50 acres of land valued ₹ 9.74 crore for developing Logistic Hub at Mandideep and also issued No Objection Certificate (NOC) in spite of Concessionaire not achieving financial closure and violating the terms of agreement.

(Paragraph 2.1.9)

- AKVN did not recover rebate along with interest of ₹ 1.22 crore from four allottees for failure to invest minimum fixed capital and establishment of mega projects in time.

(Paragraph 2.1.10)

- AKVN did not recover transfer fee and development charges of ₹ 4.56 crore from an allottee inspite of change in shareholding pattern/ constitution of the allottee unit.

(Paragraph 2.1.11)

- AKVN charged lesser rate than the rate prescribed as per Collector's guidelines for allotment of land to an allottee resulting in loss of revenue of ₹ 20.91 crore.

(Paragraph 2.1.15)

AKVN, Indore

- As against completion of civil works in respect of Crystal IT Park, Indore in December 2004 at an estimated expenditure of ₹ 55.57 crore, the work was completed in March, 2014 at a cost of ₹ 118.47 crore.

(Paragraph 2.1.19)

- AKVN incorrectly allowed rebate of ₹ 2.92 crore on additional land premium collected from 21 allottees of prime location plots in deviation of rebate policy for allowing rebate on lease premium for establishing mega projects.

(Paragraph 2.1.21)

- AKVN did not recover rebate along with interest of ₹ 10.39 crore from 11 allottees for failure to invest minimum fixed capital and establishment of mega projects in time.

(Paragraph 2.1.22)

- Delayed implementation of Allotment Rules/ decision for levying development charges resulted in loss ₹ 6.92 crore.

(Paragraph 2.1.26)

AKVN, Jabalpur

- AKVN incurred ₹ 5.23 crore without preparing feasibility report/ cost benefit analysis in development of Special Economic Zone (SEZ) at Hargarh despite knowing its adverse sustainability and without identifying Private Promoters/ Co-developer.

(Paragraph 2.1.30)

- AKVN incurred loss of revenue of ₹ 45.48 lakh due to non-levy of additional premium on 15 allottees and short collection of development charges from eight transferees.

(Paragraphs 2.1.33 and 2.1.34)

2.2 Performance Audit on Implementation of Restructured Accelerated Power Development and Reforms Programme in three Power Distribution companies of Madhya Pradesh

The Restructured Accelerated Power Development and Reforms Programme (RAPDRP) was implemented in three power distribution companies of Madhya Pradesh state with an objective to reduce the Aggregate Technical and Commercial (AT&C) losses to 15 per cent level. The performance audit was conducted during May to July 2014 covering the scheme implementation period from 2009-10 to 2013-14. Discom wise audit findings pertaining to implementation of the scheme are discussed below:

Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (Eastern Discom)

- Discom did not complete Part A project of the scheme within three years stipulated period, this made GoI to extend the scheme period by absorbing an additional burden of ₹ 49.61 crore by converting interest of extended period into grant.

(Paragraph 2.2.8)

- Human intervention in energy accounting and auditing was not eliminated as envisaged, due to poor implementation of Part A project by Information Technology Implementing Agency.

(Paragraphs 2.2.10, 2.2.11 and 2.2.14)

- Discom did not get the performance of completed feeders worth ₹ 77 crore tested and Operational Acceptance (OA) certificate was not issued. This was due to non generation of

reliable AT&C losses at feeder/town level by Part A application.

(Paragraph 2.2.15)

- Discom awarded Supervisory Control And Data Acquisition (SCADA) project to a previously defaulter Turnkey Contractor (TKC). This resulted in its poor execution and non achieving the envisaged objective of centrally controlling the Distribution Management System at Jabalpur town.

(Paragraph 2.2.18)

- Discom awarded Part B turnkey contracts belatedly resulting in its non completion within prescribed time schedule and prolonged the benefits to be derived under the scheme.

(Paragraph 2.2.21)

- Discom did not exercise financial prudence in utilising the funds received under the scheme. This resulted in the extension of undue benefit of ₹ 11.89 crore to TKCs towards excess payment of mobilisation advance, not charging of interest on unadjusted mobilisation advance, excess payment of Price Variation amount.

(Paragraph 2.2.22)

- Discom deviated from the procurement policy and awarded the contract of same town to a defaulter TKC at higher rate and extended an undue benefit of ₹ 6.08 crore.

(Paragraph 2.2.23)

Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (Central Discom)

- Discom did not complete Part A project of the scheme within three years stipulated period, this made GoI to extend the scheme period by absorbing an additional burden of ₹ 24.10

crore by converting interest of extended period into grant.

(Paragraph 2.2.26)

- Discom did not get the performance of completed feeders worth ₹ 14.29 crore tested and Operational Acceptance (OA) certificate was not issued due to non generation of reliable AT&C losses at feeder and town level by Part A application.

(Paragraph 2.2.31)

- The envisaged objective of SCADA project was not achieved at Bhopal and Gwalior towns due to the poor execution of project by TKCs.

(Paragraph 2.2.33)

- Discom did not exercise financial prudence in utilising the funds received under the scheme. This resulted in the extension of undue benefit of ₹ 16.16 crore to TKCs.

(Paragraph 2.2.37)

- Discom did not recover the risk and cost amount of ₹ 10.55 crore from defaulter TKCs towards left over works executed.

(Paragraph 2.2.38)

- Discom executed works worth ₹ 48.10 crore departmentally before obtaining the approval of DPRs from Power Finance Corporation (PFC) and the amount was yet to be claimed from PFC.

(Paragraph 2.2.39)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (Western Discom)

- Discom did not complete Part A project of the scheme within three years stipulated period, this made GoI to extend the scheme period by absorbing an additional burden of ₹ 9.94 crore by converting interest of extended period into grant.

(Paragraph 2.2.44)

- Discom did not get the performance of completed feeders

worth ₹ 55.36 crore tested and Operational Acceptance (OA) certificate was not issued due to non generation of reliable AT&C losses at feeder and town level by Part A application.

(Paragraph 2.2.49)

- The envisaged objective of SCADA project was not achieved at Indore and Ujjain towns due to the poor execution of project by TKCs.

(Paragraph 2.2.51)

- Discom did not exercise financial prudence in utilising the funds received under the scheme. This resulted in the extension of undue benefit of ₹ 6.54 crore to TKCs.

(Paragraph 2.2.54)

- Discom procured excess Distribution Transformers than required under the scheme and incurred an avoidable expenditure of ₹ 8.93 crore.

(Paragraph 2.2.55)

- Discom revised Detailed Project Reports beyond the limit prescribed by steering committee and incurred an additional expenditure of ₹ 20.33 crore. This amount was yet to be claimed from PFC.

(Paragraph 2.2.56)

2.3 Performance Audit on Adherence to the Environmental Norms in Satpura Thermal Power Station, Sarni of Madhya Pradesh Power Generating Company Limited

The performance audit on adherence to Environment Norms in Satpura Thermal Power Station (STPS), Sarni of Madhya Pradesh Power Generating Company was undertaken during April 2014 to June 2014 covering period 2011-12 to 2013-14. The performance review was conducted to examine the existence and adequacy of the mechanism to control air and water pollution put in place by the Company as per statutory

requirement. Audit findings pertaining to performance audit were as below:

- The STPS did not meet the targets of Station Heat Rate (SHR) fixed by Madhya Pradesh Electricity Regulatory Commission (MPERC) during the period from 2011-12 to 2013-14. The actual SHR was more than the target fixed by MPERC for each unit. Since the actual SHR was more than the prescribed norms, the consumption of coal and oil was also in excess as against the norms fixed by the Company which has effect on air and water pollution due to generation of 10.33 lakh MT of excess ash and releasing of greenhouse gases.

(Paragraph 2.3.6)

- Suspended Particulate Matter (SPM) levels were in excess of the norm of 150 mg/Nm³ as required under the Environment (Protection) Rules, 1986. The STPS did not take up the up-gradation of Electro Static Precipitators and also failed to implement the ammonia flue gas conditioning system on regular basis to control the SPM levels.

(Paragraphs 2.3.8 and 2.3.9)

- The STPS which produced on an average 20 lakh MT of ash per year did not install the dry fly ash collection system which was planned to be installed between March 2012 and March 2015.

(Paragraph 2.3.11)

- The Total Suspended Solids (TSS) in effluents from water was noticed at higher side ranging from 106 to 125 mg in Ash Pond, 108 to 1707 mg in Pata Nala as against norm of 100 mg per liter. As against target of treatment/recycling 100 per cent ash pond effluent, the STPS recycled 19, 24 and 23 per cent of total effluent during 2011-12, 2012-13 and 2013-14 respectively.

(Paragraphs 2.3.12 and 2.3.13)

- STPS did not dispose-off used oil and resin (hazardous waste) within the time limit of 90 days stipulated in the Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules 2008 and same had accumulated for years together rendering threats to environment.

(Paragraph 2.3.15)

3. Transaction Audit Observations

Transaction audit observation included in the Report highlight deficiencies in the Management of Public Sector Undertakings involving serious financial implications.

The gist of the important audit observations are given below:

- Non-filing of annual Income tax Return within due dates and shortfall in remittance of the advance tax resulted in avoidable payment of interest of ₹ 26.77 lakh by *Madhya Pradesh Audyogik Kendra Vikas Nigam (Ujjain) Limited*.

(Paragraph 3.1)

- *Special Economic Zone Limited (Indore)* did not pay interest on security deposits to consumers during the years 2009-10 to 2012-13 which has resulted in avoidable expenditure of ₹ 47.17 lakh on account of penal interest.

(Paragraph 3.2)

- Keeping in view slow progress of Apparel Park, Ministry of Textile Government of India decided to discontinue the scheme with effect from September 2011. Thus inordinate delay and lack of effective monitoring by *Special Economic Zone Limited (Indore)* resulted in unfruitful expenditure of ₹ 32.48 crore.

(Paragraph 3.3)

- Lack of proper fund management system for assessing the receipt of short term and long term funds and its requirement resulted in loss of interest of ₹ 35.28 lakh to the *Madhya*

Pradesh Urja Vikas Nigam Limited.

(Paragraph 3.4)

- Non-observance of Board's decision on the operation and maintenance charges resulted in failure to collect the same from the four allottees amounting to ₹ 2.84 crore leading to loss of revenue to ***Crystal IT Park Indore.***

(Paragraph 3.5)

- Procurement of materials without requirement resulted in unfruitful expenditure of ₹ 5.02 crore to ***Madhya Pradesh Power Generating Company Limited.***

(Paragraph 3.6)

- Wrong application of the tariff rate resulted in loss of revenue of ₹ 20.94 lakh to ***Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited.***

(Paragraph 3.7)

- Due to non-enforcing of the prescribed minimum contract demand as per Tariff Schedule 2011-12 in respect of consumers whose contract demand was at variance with the one specified in Tariff Schedule, there was Short billing by ***Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited*** of ₹ 6.61 crore.

(Paragraph 3.8)

Audit Report on General and Social (Non-PSUs) Sectors Report No.3 of the year 2015

This Audit Report contains reviews and paragraphs arising from the performance audit on Working of Madhya Pradesh Pollution Control Board, Public Distribution System in Madhya Pradesh, Total Sanitation Campaign/Nirmal Bharat Abhiyan, Implementation of Schemes for Welfare and Empowerment of Girl Child, Implementation of Health Schemes in Tribal Districts, Implementation of Tribal Sub-Plan under Education Sector and audit of the financial transactions of the Government departments/autonomous bodies, societies, etc. This Epitome gives the gist of important findings included in the Audit Report.

Highlights

- **No survey was conducted to identify the polluting industries, rivers, health care establishments (HECs) etc. to assess the pollution level. Grant of authorization/consent to HECs and industries was delayed. Out of 625 Hazardous industries, 76 were functioning without renewal of authorization. Targets fixed for testing of samples of waste water was lower (23 to 55 per cent) than the norms prescribed. Sewage treatment plant was not available in 32 districts. Cement plants were emitting pollutants, thus causing air pollution. Apex Committee on BMW never met except once in 2011.**
- **Number of BPL and AAY ration cards issued were more than the number of such families, indicating circulation of bogus cards. The Department did not distribute 12.44 lakh MT wheat and 1.61 lakh MT rice. There was significant shortage of fair price shops in rural areas. The distribution of kerosene was done without ensuring the entitlement of cardholders**

possessing LPG cylinders. The Vigilance committee did not hold meetings for review of allotment and distribution of foodgrains.

- The State Water & Sanitation Mission prepared Annual Implementation Plan for Total Sanitation Campaign (TSC) without adopting bottom up approach and community saturation approach. TSC funds were lying idle in bank accounts of Janpad Panchayats. Only 13 *per cent* of the GPs targeted for saturation were completed. There were shortfalls in construction of Individual Household Latrines (11 to 69 *per cent*) and Community Sanitary Complexes (66 and 90 *per cent*).
- Identification of girls for providing training was done without conducting a separate survey under Kanya Saksharata Yojna (KSY). The selection of girls was not done through Gram Sabha. Vocational training was not imparted to girls under KSY. Providing guidance and counseling on nutrition and health education, family welfare and life skill education under SABLA was inadequate. Health check-up of girls was not done at all under KSY. There were delays up to 18 months in payment of incentives to SC/ST girl students under Kanya Saksharta Protsahan Yojna.
- Information, Education and Communication for awareness of non-communicable diseases (NCD) was not carried out under NPCDCS and NPHCE programmes. There were shortages of geriatric wards, clinics, essential drugs, machinery and equipment in NCD clinics due to under-utilisation of funds. Health care services under the programmes suffered due to non-deployment of medical and para-medical staff.
- Despite implementation of SSA, 0.20 lakh 'out of school' children could not be brought into

mainstream during the year 2013-14. Dropout rate was higher among ST children. Availability of drinking water, girl toilets, utensils, furniture in schools was inadequate. Thirteen *per cent* habitations were not covered with high schools within the radius of five kilometers as of March 2014.

Performance Audits

(i) Working of Madhya Pradesh Pollution Control Board

For prevention and control of water and air pollution, the Parliament enacted the Water Act, 1974 and the Air Act, 1981. To regulate management of wastes viz. bio-medical waste, hazardous waste and municipal solid waste, relevant rules were framed under the Environment (Protection) Act, 1986. Madhya Pradesh Pollution Control Board (MPPCB) was constituted in 1974, which is responsible for implementation of the Environmental Acts and Rules in the State. A Performance Audit of working of the MPPCB during 2009-14 revealed the following:

Major audit findings

Planning and survey and identification of polluting industries

While preparing the five-year plan for 2012-17, MPPCB did not obtain inputs from lower level functionaries. Besides, no survey was conducted to identify the polluting industries, health care establishments, rivers, etc. to assess their level of pollution.

Delay in grant of consent/authorisation and non-renewal of consent/authorisation to industries

There were significant delays in granting consent/authorisation to industries. In test-checked Regional Offices 2190 industries, 280 local bodies and 28 building projects were

functioning either without obtaining consent or without renewal of consent. Out of 625 industries, 76 industries were functioning without renewal of authorisation under Hazardous Waste Rules.

Monitoring of industrial waste water

Compared to the norms prescribed by MPPCB for collection and testing of samples of waste water from industries, there were shortfalls in fixation of targets ranging from 23 to 55 per cent.

Inadequate treatment of domestic effluents and deterioration in river water quality

In 32 districts, there was no sewage treatment plant for treatment of domestic effluents/sewage. River water quality deteriorated at 19 monitoring locations and improved at eight monitoring locations.

National Ambient Air Monitoring

Monitoring of air pollution was not adequate. Fourteen ambient air quality monitoring stations were not functional. In the functional stations, shortfalls in testing of samples ranged between 34 and 95 per cent.

Monitoring of vehicular and noise pollution

11 per cent vehicles were found exceeding emission limits causing air pollution and in 47 per cent cases noise pollution was in excess of prescribed standards.

Authorisation and renewal of Health Care

During calendar years 2009 to 2013, 808 to 1274 HCEs were functioning

Establishments

without authorisation and HCEs did not apply for authorisation were 782 to 1217. Authorisation to HCEs was issued with delays from 9 to 623 days. 627 HCEs were functioning without renewal of authorisation.

Compliance with standards prescribed under MSW Rules

Processing and disposal of Municipal Solid Waste (MSW) was done in less than two *per cent* of the Local Bodies.

Inadequate meetings of Advisory committee and norms for inspection

No norm was prescribed for inspection of industries and health care establishments by the MPPCB. Besides, the Apex Committee on BMW constituted in January 2011 never met except once in 2011.

(ii) Public Distribution System in Madhya Pradesh

Public Distribution System (PDS) is an instrument for ensuring availability of foodgrains to the public at affordable prices as well as for enhancing food security to the poor. While overall responsibility of management of foodgrains in the country vested with the Government of India (GoI), the State Government is responsible for distribution of foodgrains in the State through the PDS. In Madhya Pradesh, the PDS was implemented by Food, Civil Supplies and Consumer Protection Department. During the period 2009-14, expenditure of ₹2055 crore was incurred towards subsidy of foodgrains under PDS. A review of implementation of 'Public Distribution System' during the period 2009-14 revealed the following:

Major audit findings

Budget provision and

There was overall savings of funds

expenditure

during 2009-10 and 2013-14. Under-utilisation of funds were noticed during 2013-14 (20 per cent), which affected the PDS activities like recoupment of losses to fair price shops and lead societies on operation of PDS, construction of godowns and distribution of iodised salt.

Issue of ration cards

Number of BPL and AAY ration cards issued were more than the number of BPL families in the State, indicating circulation of bogus cards. The Department did not reconcile the BPL/AAY ration cards with BPL families shown in the BPL survey list. After issue of GoI instructions 1,06,911 bogus ration cards were eliminated in the State during 2009-14. However, door to door physical verification was not done.

Distribution of wheat and rice under PDS

The Department did not distribute 12.44 lakh MT wheat and 1.61 lakh MT rice during the period 2009-14. APL quota wheat of 6.84 lakh MT was diverted for BPL card holders causing additional financial burden of ₹ 507.96 crore to the State Government.

Selling of wheat at lower rates

Madhya Pradesh State Civil Supplies Corporation sold 51,479 MT of wheat at lower rates instead of revised rates to the lead societies, resulting in loss of ₹ 1.78 crore.

Non-distribution of

In test-checked districts, 3,693 Kilo

<i>PDS commodities</i>	Litre of Kerosene and 20,971 MT foodgrains/sugar and salt worth ₹ 10.56 crore were lying undistributed at FPSs as on 31 March 2014.
<i>Non-delivery of sugar by factories</i>	14,399 MT of sugar was not delivered by the sugar factories during 2012-14. Further, inspite of instructions from GoI to seize the stock of concerned sugar factories, no action was taken against the defaulting sugar factories.
<i>Shortage of Fair Price Shop</i>	In test-checked districts, there were shortage of 982 FPSs in rural areas and 295 FPSs in urban areas.
<i>Inspection of distributing agencies and meetings of Vigilance Committees</i>	There were shortfalls in inspection of the district offices ranging from 25 per cent to 70 per cent. There was shortfall in conduct of monthly review of lifting and supply of PDS commodities to FPSs by the Collectors. There was shortfall in constitution of Vigilance Committees at FPSs level and required number of meetings were not held at all levels.

(iii) Total Sanitation Campaign/Nirmal Bharat Abhiyan

Government of India (GoI) introduced the Central Rural Sanitation Programme (CRSP) in 1986 with the objective of improving proper sanitation facilities and to provide privacy and dignity to women in rural areas. In 1999 GoI renamed the programme as Total Sanitation Campaign (TSC) and again renamed it as Nirmal Bharat Abhiyan (NBA) with effect from 01 April 2012. NBA guidelines envisage covering the entire community for saturated outcome with a view to create Nirmal

Gram Panchayats. A review of the scheme during the period 2009-14 revealed the following:

Major audit findings

Under-utilisation and delay in release of funds

Under-utilisation of funds during 2009-10 to 2013-14 ranged between ₹ 84.19 crore to ₹ 472.96 crore, which led to slow progress under various components of the schemes. There were delays ranging up to 81 days in release of State share of Scheme funds by State Water and Sanitation Mission to the District Water and Sanitation Missions.

Non-accountal of interest and funds lying idle at Janpad Panchayat

Interest of ₹ 74.17 lakh earned on TSC/NBA funds was not accounted for in the test-checked JPs. An amount of ₹ 6.58 crore pertaining to TSC in respect of 22 JPs was lying idle in the bank accounts as of March 2014.

Preparation of plans and holding of meetings

Annual Implementation Plans were prepared by the State Mission without adopting bottom up approach and community saturation approach. Holding of meetings of the State level and district level Missions was not adequate.

Revision of Project Implementation Plan (PIP)

The funding norms were changed three times for

providing incentive to Individual House Hold Latrines (IHHLs) beneficiaries during 2009-14, but the PIPs were not revised after the change in funding norms and the targets set in PIPs were not commensurate with attainment of Nirmal status by each GP in a time bound manner.

Shortfall in achievement of targets

In order to accelerate sanitation coverage in rural areas, construction of IHHLs, community sanitary complexes and school toilets were to be carried out. The shortfall for construction of IHHLs for BPL and APL families ranged between 11 and 69 *per cent* and 36 and 76 *per cent* respectively. Shortfall in community sanitary complex ranged between 66 and 90 *per cent* and shortfall in construction of school toilets in the years 2009-10 and 2012-13 were 29 and 90 *per cent* respectively.

Non-achievement of targets of saturation

The main objective of NBA was saturation of all GPs to achieve the vision of Nirmal Bharat by 2022. Only 1,000 GPs (13 *per cent*) were made Open Defecation Free (ODF) against 7,615 GPs targeted for saturation during 2012-13 and 2013-14.

Nirmal Gram Puraskar (NGP) and slip back of awarded GPs

212 GPs selected for NGP were paid only first instalment but the second instalment of NGP award money was not released, the amount of award money ranges from ₹ 0.50 lakh to five lakh depending upon the population of GP. In Shahdol district 32 NGP awarded GPs did not maintain the Nirmal status.

Non-implementation of Solid and Liquid Waste Management (SLWM)

During the period 2009-14, no work was done by the SWSM under SLWM, since no GPs were identified and no funds were allotted for this purpose, due to which the objective of bringing about improvement in the general quality of life in rural areas was defeated.

Lack of IEC activities

The Information, Education and Communication (IEC) activities did not continue throughout the year. The funds were not provided to GPs for IEC activities.

Monitoring and Evaluation

The State Review Mission was not constituted and no Panel of Experts was set up at State level. *Swachhta Diwas* and *Gram Swachhata Sabha (GSS)* were not convened in the test checked GPs, impacting the social audit of the scheme.

(iv) Implementation of Schemes for Welfare and Empowerment of Girl Child

For empowerment of girls through self-development and generating awareness about health and nutrition, the State Government implemented Kishori Shakti Yojana (KSY) and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA) (in 15 districts). Kanya Saksharta Protsahan Yojana (KSPY) has been implemented for increasing female literacy and to continue study up to higher secondary level among SC and ST girl students. Review of the schemes during the period 2009-14 revealed the following:

Major audit findings

Identification and selection of eligible girls

Under the KSY, identification of girls for providing training and health check-up was done without conducting a separate survey though envisaged in the guidelines. The eligibility of the selected girls was not got scrutinised through Gram Sabha.

Conduct of training programme

Under the KSY, no targets were set for coverage of girls, two days training to prepare master trainer was not attended by CEOs and APOs and vocational training was not imparted to girls. Further, under SABLA programme vocational training was not conducted in seven out of 36 test-checked POs during 2011-12 to 2013-14.

Health check-up and IFA supplementation

Health check-up of girls and IFA supplementation was not done in any of the test checked districts under KSY. Under SABLA health check-up was not conducted in 79 AWCs and IFA supplementation was not done in 68 AWCs.

Providing guidance/ counselling

In test-checked districts, there were shortfalls ranging from 33 *per cent* to 97 *per cent* in providing guidance and counseling on nutrition and health education, family welfare and life skill education under SABLA.

Monitoring and supervision

Monitoring and supervision of KSY and SABLA was not adequate since there was significant shortfalls in holding required number of meetings of monitoring committees at district and project levels, which affected achievement of Scheme objectives.

Convergence with different departments

Convergence with schemes/ programmes of different departments was not done at district/project level, thus the objective of SABLA scheme to achieve effective co-ordination of policy and implementation

amongst the various departments to promote girls empowerment remained unaccomplished.

Benefits given without obtaining requisite documents

Under KSPY benefits of ₹ 1.48 crore was given to 9189 beneficiaries without ascertaining the eligibility criteria, like income certificate, caste certificate and without obtaining applications.

Decrease in number of girls in secondary and higher secondary classes

The objective of encouraging the SC and ST girls to continue study up to higher secondary level was not fully achieved, as against the number of SC/ST girls in 9th class during the years 2009-10 (0.95 lakh), 2010-11 (1.18 lakh) and 2011-12 (1.67 lakh), the number of SC and ST girls in 11th class during 2011-12, 2012-13 and 2013-14 was 0.55 lakh, 0.58 lakh and 0.64 lakh respectively, indicating decrease of girls in 11th class by 42 per cent, 51 per cent and 62 per cent respectively.

(v) Implementation of Health Schemes in Tribal Districts

With a view of reducing the incidences of non-communicable diseases and to address health related problem of elderly people National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Disease and Stroke (NPCDCS) and National Programme for Health Care of the Elderly (NPHCE)

were launched by GoI in 2008 and 2010 respectively. The programmes were implemented in five tribal districts. Performance Audit of implementation of the Scheme covering the period 2011-14, revealed the following:

Major audit findings

Financial management

Under-utilisation of funds was 77 to 100 *per cent* under NPCDCS and 70 to 94 *per cent* under NPHCE, as a result, various activities such as establishment of geriatric wards and clinics, procurement of machinery, equipment, drugs, deployment of human resources, training and public awareness were not carried out.

Planning

During the years 2011-12 and 2012-13, State Action Plan or District Action Plan and database on physical, financial and epidemiological profile was not prepared.

Strategy for early diagnosis and lack of investigation facilities

Screening camps were not organized in two test checked districts and pilot study on school based screening programme for diabetes was not conducted. Essential investigation facilities were not available in districts as well as CHC level NCD clinics.

Cardiac Care Unit

Due to shortage of buildings and equipment cardiac care unit could not be strengthened in Dhar and Ratlam districts and machines procured at a cost of ₹ 41 lakh during August 2012 to March 2014 were lying idle.

Shortage of essential drugs

Shortages of 29 to 45 per cent drugs under DCS component and 91 to 100 per cent drugs under cancer component were noticed in three test-checked district NCD clinics.

(vi) Implementation of Tribal Sub-Plan under Education Sector

The Sarva Shiksha Abhiyaan (SSA) and National Programme of Mid Day Meal (NPMDM) were introduced to promote Universal Elementary Education (UEE), nutritional support to children and increasing attendance of children in the age group 06-14 years in the schools. The Rashtriya Madhyamik Shiksha Abhiyaan (RMSA) was introduced to ensure Universal Secondary Education for the children in the age group of 14-18 years. These programmes were implemented in 21 tribal districts of the State. Performance Audit of implementation of these programmes covering the period 2011-14 revealed the following:

Major audit findings

Financial management

The released funds were not earmarked as General, SCSP and TSP under SSA. Further, optimum utilisation of funds was not ensured under SSA, RMSA and NPMDM.

Planning

Submission of Annual Work Plan and Budget (AWP&B) by MDM Parishad to MHRC was delayed by 39 to 45 days, which caused delay in approval of AWP&B and release of funds as well.

Out of school children

Despite implementation of SSA, there were 33,000 'out of school' children; of them 13,000 could not be brought into mainstream during the year 2013-14 in the tribal districts.

Drop out of ST students in selected schools

In test-checked primary and upper primary schools, out of 689 students dropped out, 619 students were STs, i.e. 90 *per cent* of total dropped out students. Thus, the drop out rate of ST children was higher than that of the total children of all categories.

Non-availability of basic amenities

Out of 29,939 schools in 10 selected districts, there were 1738 schools without drinking water facilities, 3725 schools without boys toilet, 3442 schools without girls toilet, 12283 schools without ramps, 19881 schools without boundary wall and 3329 schools without furniture.

Monitoring and evaluation

Against the required 3024 inspections during 2011-14, only 885 inspections were carried out in the selected 84 schools. Thus, there was shortfall of 2139 inspections (71 per cent). Further, no evaluation study was conducted by any other agency.

Results of Transaction Audit

Public Health and Family Welfare Department

Procurement and distribution of non-standard medicines

Quality of medicines procured from the suppliers was not ascertained by the Public Health and Family Welfare Department before distribution. Medicines worth ₹ 65.95 lakh procured were found 'not-of-standard quality' during tests conducted by Food and Drug Administration.

Non-levy of penalty towards non-supply of medicines

Penalty amounting to ₹ 2.37 crore was not levied by the Chief Medical and Health Officers and Civil Surgeons against non-supply of medicine/material from the suppliers in violation of contract clause.

Short levy of stamp duty and non-registration of lease deeds

Government was deprived of revenue of ₹ 1.02 crore due to short levy of stamp duty and non-registration of lease deeds

executed by Rogi Kalyan Samities.

Unauthorised use of Government land and incorrect retention of receipts by RKS

Rogi Kalyan Samiti (RKS) unauthorisedly used Government land for construction of shopping complex and leased out the same to private persons and retained ₹ 4.35 crore outside Consolidated Fund of the State.

Operation of Trauma Care Centres (TCCs)

Trauma Care Centres established in Madhya Pradesh were not fully functional due to non-procurement/idling of equipment (₹ 1.05 crore), utilisation of funds for inadmissible items (₹ 0.71 crore), non-operation of ambulances and lack of manpower.

Payment of pay and allowances to the staff of non-functioning training centres

Expenditure of ₹ 6.26 crore was incurred by Chief Medical and Health Officers on pay and allowances on staff deployed at Training Centres which were not functioning for 3 to 12 years. Besides, the objective of providing trained Multipurpose Health Workers (Male) (MPHW) was not achieved.

Irregular payment of assistance for treatment of BPL patients

In Public Health and Family Welfare Department financial assistance amounting to ₹ 1.01 crore was provided to ineligible

beneficiaries under Rajya Bimari Sahayata Nidhi¹ Scheme for treatment of Below Poverty Line (BPL) patients.

Women and Child Development Department

Irregular payment of transportation charges

Irregular payment of transportation charges amounting to ₹ 80.46 lakh was made by three District Programme Officers for providing supplementary nutritional food.

Urban Development and Environment Department

Extra expenditure on housing projects

The Madhya Pradesh Housing and Infrastructure Development Board incurred an extra expenditure of ₹ 1.07 crore towards re-award of an incomplete work of a housing project. Due to deficiency in agreement with the contractor, only ₹ 48.73 lakh could be recovered from the defaulting contractor.

Medical Education Department

Avoidable expenditure on electricity charges

Due to execution of an agreement for higher contract demand and non-maintenance of average monthly power factor, Bundelkhand Medical College,

¹ State Illness Assistance Fund

Sagar incurred avoidable expenditure of ₹ 1.04 crore on electricity charges.

Panchayat and Rural Development Department

***Non-remittance of
Workers Welfare Cess to
the State Board***

Workers Welfare cess amounting to ₹ 3.84 crore collected by Panchayat and Rural Development Department was not remitted to the Madhya Pradesh Building and other Construction Workers Welfare Board.