

Table of Contents

Audit Report	Description	Page No.
	Preface	v
State Finances Report No.1 of 2012	Highlights	1
	Finances of the State Government	2
	Financial Management and Budgetary Control	6
	Financial Reporting	7
Revenue Sector Report No.1 of 2013	Highlights	9
	Performance Audit	
	Recovery of Revenue arrears in Commercial Tax Department	11
	Collection of Excise Receipts on Liquor	12
	Results of Transaction Audit	12
Public Sector Undertakings (General, Social, Economic and Revenue Sectors)	Overview of Government Companies and Statutory Corporations	15
	Performance Audit	
	Performance Audit on Madhya Pradesh Power Transmission Company Limited	17

Report No. 2 of 2013	Performance Audit on working of Madhya Pradesh State Tourism Development Corporation Limited	22
	Transaction Audit observations	27
Economic (Non-PSUs) Report No. 3 of 2013	Performance Audit	
	Development of roads in Madhya Pradesh	29
	Thematic Studies	
	Construction of minor irrigation scheme Wainganga Basin	31
	Distribution Network of Rani Avanti Bai Lodhi Sagar Project	32
	Department Centric Audit	
	Narmada Valley Development Authority (Narmada Valley Development Deptt.)	34
	Compliance Audit of Transactions	36
General and Social (Non- PSUs) Report No. 4 of 2013	Highlights	40
	Performance Audit	
	Management of Jails in Madhya Pradesh	41
	Mahatma Gandhi National Rural Employment Guarantee Scheme	43

	Functioning of Government Department(s)	
	Chief Controlling Officer based Audit of Public Health and Family Welfare Department	46
	Chief Controlling Officer based Audit of Department of Culture.	48
	Results of Transaction Audit	50

Preface

This brochure presents, at a glance, the contents of the Audit Reports on State Finance, Revenue Sector, Public Sector Undertakings (General, Social, Economic and Revenue Sectors), Economic Sector (Non-PSUs) 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 2012. 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 Setcor, Economic Sector (Non PSUs) and General and Social Sectors (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) Report No 1 of the year 2012

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

- Actual realisation under Tax Revenue and Non-Tax Revenue was higher than the assessment made by the Thirteenth Finance Commission and Medium Term Fiscal Policy Statement (MTFPS) projections.
- The overall expenditure on Salaries and Wages, Pension, Interest Payment and Subsidies constituted *73 per cent* of the Non Plan Revenue Expenditure (NPRE) during 2011-12.
- The return (*₹ 37.98 crore*) on the investment of *₹ 13,184 crore* made by the Government ending March 2012 in Statutory Corporations, Government Companies, Co-operative Societies etc. was a mere *0.29 per cent* against its average borrowing cost of *6.74 per cent* during 2011-12.
- Excess expenditure of *₹ 135.10 crore* incurred during 2011-12 and *₹ 2,879.84 crore* relating to the period 1997-98 to 2000-2001 and 2002-03 to 2006-07 and 2008-09 to 2010-11 required regularisation under Article 205 of the Constitution.
- As on 31 March 2012, 40405 Utilisation Certificates (UCs) for an aggregate amount of *₹ 31,417.72 crore* were outstanding in respect of 37 Departments involving 47

Major Heads.

- The Government's compliance towards disposal of cases of losses, misappropriation, etc. amounting to ₹ 46.25 crore was pending.

Finances of the State Government

Main sources of revenue The Revenue Receipts of the State consistently increased at an average annual growth rate of 21 *per cent* from ₹ 30,689 crore in 2007-08 to ₹ 62,604 crore in 2011-12. While 55 *per cent* of the Revenue Receipts during 2011-12 had come from the State's own resources comprising Tax Revenue (43 *per cent*) and Non-Tax Revenue (12 *per cent*), the balance 45 *per cent* was contributed by Central Tax transfers and Grants-in-Aid together. Tax revenue increased from ₹ 21,419 crore in 2010-11 to ₹ 26,973 crore in 2011-12. Non-tax revenue increased from ₹ 5,720 crore in 2010-11 to ₹ 7,483 crore in 2011-12 mainly due to increase in receipts under Interest Receipts (₹ 1,273 crore) and Education, Sports, Art and Culture (₹ 357 crore).

Growth in Fiscal Liabilities

Fiscal liabilities of the State increased from ₹ 55,311 crore in 2007-08 to ₹ 81,757 crore in 2011-12. These liabilities stood at 25.92 *per cent* of GSDP, which was 1.3

times the Revenue Receipts and 2.37 times of the State's own resources as at the end of 2011-12.

***Salaries and Wages
Pensions, Interest
Payments and Subsidies
constituted 73 per cent
of Non-Plan Revenue
Expenditure (NPRE)***

Expenditure on Salaries and Wages (₹ 14,113 crore), Pensions (₹ 4,389 crore), Interest Payments (₹ 5,300 crore) and subsidies (₹ 2,926 crore) together constituted 73 *per cent* of the NPARE of ₹ 36,677 crore during the year 2011-12.

Interest payments

Interest payments of ₹ 5,300 crore during 2011-12 accounted for 8.47 *per cent* of the Revenue Receipts and constituted 10.06 *per cent* of Revenue Expenditure during 2011-12.

***Recovery of loans given
to Government
companies,
corporations, other
bodies, etc.***

The recovery of loans advanced by State Government was ₹ 9,123 crore during 2011-12. The increase of ₹ 9,089 crore in actual recoveries over the previous year was mainly under Loans for Power Projects.

Incomplete Projects

An expenditure of ₹ 9,128.68 crore (March 2012) remained unfruitful on 28 incomplete projects out of which the initial budgeted cost of 23 projects was revised by the Government involving a cost overrun of ₹ 9,390.04 crore.

Return on investments

The return (₹ 37.98 crore) on investments of ₹ 13,184 crore made by the Government ending March 2012 in Statutory corporations,

Government companies, Co-operative Societies etc., was a mere 0.29 *per cent* against its average borrowing cost of 6.74 *per cent* during 2011-12.

Major audit findings

Management of fiscal imbalances and resource mobilization

The State continued to maintain Revenue Surplus during the year 2011-12. The Revenue Surplus as a percentage of Gross State Domestic Product (GSDP) increased from 2.63 *per cent* in 2010-11 to 3.14 *per cent* in 2011-12, which was more than the BE of 1.45 *per cent*. The Fiscal Deficit relative to GSDP decreased from 2.02 *per cent* in 2010-11 to 1.83 *per cent* in the current year, thus remaining within the three *per cent* ceiling prescribed in the BE and the norm recommended under the FRBM Act, 2005.

Expenditure Management

The expenditure pattern of the State revealed that the Revenue Expenditure as a percentage of Total Expenditure continued to be a dominant proportion of the Total Expenditure at 68 *per cent* during 2011-12. The Non Plan Revenue Expenditure (NPRE) at ₹ 36,677 crore in 2011-12 was more than the normatively assessed level of the Thirteenth Finance Commission but less than the projection made by the State Government in its MTFPS.

The priority given to Social Sector Expenditure and expenditure on Education Sector and Health Sector in Madhya Pradesh, was not adequate in 2011-12 as their ratios to Aggregate Expenditure were lower than the General Category States' Average. Under the Social Sector greater fiscal priority may be given to Education and Health by the Government.

Management liabilities

The ratio of total liabilities to GSDP was within the limit of 40 *per cent* fixed under the Fiscal Responsibility and Budget Management Act, 2005. These have to be reduced to 25 *per cent* by the end of 2014-15 as per recommendations of the Thirteenth Finance Commission. Consequently, prudent debt management has to be ensured to keep the growth of liabilities in check to achieve the targets of the Thirteenth Finance Commission.

Net availability of funds

During the year 2011-12, repayment of internal debt, GOI loans and other obligations and interest thereon constituted 95 *per cent* of fresh debts leaving very less funds for asset creation.

Interest receipts and payments on Loans and Advances

The average interest paid on borrowings at the rate of 6.74 *per cent* was more than the interest received at the rate of 6.51 *per cent*

on Loans and Advances given by the Government during 2011-12.

Financial Management and Budgetary Control

Overall position

Against the total provision of ₹ 96,187 crore during 2011-12, an expenditure of ₹ 81,134 crore was incurred. Supplementary provision of ₹ 21,843 crore during 2011-12 proved excessive as there was an overall saving of ₹ 15,053 crore. Major savings were in respect of Finance, Land Revenue, Planning, Economics and Statistics, Water Resources, School Education (excluding Primary Education), Bundelkhand Package and Law and Legislative Affairs Departments, etc.

Excess over provision requiring regularisation

Excess expenditure of ₹ 135.10 crore incurred during 2011-12 and ₹ 2,879.84 crore relating to the period 1997-98 to 2000-2001 and 2002-03 to 2006-07 and 2008-09 to 2010-11 was pending regularisation under Article 205 of the Constitution.

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

A sum of ₹ 584.33 crore was transferred to Civil Deposit in Public Account and ₹ 4,872 crore was surrendered on the last day of the financial year. Expenditure of ₹ 358 crore was incurred without making necessary provision in the Appropriation Act. There was also

rush of expenditure towards the end of the financial year.

Anticipated savings not surrendered and surrendered on the last day of the financial year

In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the financial year, leaving no scope for utilising these funds for other developmental purposes.

Injudicious Reappropriations and surrenders

Reappropriation/surrender of funds in 40 cases was made injudiciously which resulted in savings/excess over provision.

Financial Reporting

Utilisation Certificates, delay in submission of Accounts by Autonomous bodies and Disposal of cases of losses, misappropriation, etc.

As of 31 March, 2012, 40405 Utilisation Certificates in respect of grants for an aggregate amount of ₹ 31,418 crore were outstanding. 44 autonomous bodies did not submit their accounts since the inception even after lapse of five to 13 years and three autonomous bodies submitted their accounts for the years 2003-04 to 2010-11 with a delay of nine to 84 months. Final action was pending for disposal of cases of losses, misappropriations, etc. amounting to ₹ 46.25 crore.

Personal Deposit Accounts

Rupees 2,007 crore were retained in 886 Personal Deposit accounts as at the end of March 2012 in violation of the provisions of Madhya Pradesh Treasury Code.

***Non-reconciliation of
Receipt and Expenditure***

Non-reconciliation of expenditure amounting to ₹ 2,808 crore for 2011-12 in respect of Controlling Officers of five departments and 98.56 *per cent* of the total non-debt receipt of ₹ 71,753 crore was also noticed.

Audit Report (Revenue Sector)

Report No.1 of the year 2013

This report contains important findings on working of various Departments on non/short assessment of taxes and consequent non/short realisation etc. of revenue. Two performance audits on “**Recovery of Revenue arrears in Commercial Tax Department**” and “**Collection of Excise Receipts on Liquor**” have also been included in the report.

Highlights

- The arrears of ₹ 288.46 crore (*54.44 per cent* of the arrears outstanding as on 1 April 2011) in respect of 1,70,881 cases were pending for recovery for more than five years.
- Abnormal delay in auctioning the attached properties resulted in non-realisation of dues of ₹ 7.11 crore in case of 12 dealers.
- Tax of ₹ 3.67 crore was short realised from 50 dealers due to application of incorrect rate of tax in 50 cases in 31 offices.
- There was non/short levy of entry tax of ₹ 2.04 crore including interest and penalty of ₹ 79 lakh against 60 dealer in 67 cases in 37 offices.
- The Department did not take follow up action of submission of Modified Debt Rehabilitation Scheme (MDRS) in respect of the cases pending with BIFR involving recovery of dues amounting to ₹ 3.29 crore.
- Spirit/Foreign liquor involving excise duty of ₹ 875.38 crore remained unsecured as irregular export/transport was allowed by the Department without obtaining Bank Guarantee/Bond with solvent securities. Excise duty of ₹ 20.25 crore on unacknowledged liquor was also not

recovered.

- Minimum penalty of ₹ 9.90 crore was not imposed and recovered from the licensees on wastage in excess of the admissible limit during export/transport of liquor.
- Excise Duty of ₹ 2.08 crore was short levied on issue of foreign liquor from Military canteen wholesale licensee to Military canteen retail licensees.
- Tax and penalty of ₹ 7.16 crore was not realised in respect of 1,652 vehicles in 17 offices.
- There was non/short realisation of trade fees of ₹ 1.82 crore from the dealers in six offices.
- The underassessment of premium and ground rent of Government land allotted to Gwalior Development Authority in May 2010 resulted in short levy/realisation of revenue of ₹ 7.79 crore.
- Incorrect determination of market value/non finalisation of 566 cases in 25 offices resulted in short/non-realisation of stamp duty and registration fee of ₹ 7.62 crore.
- There was short levy of stamp duty and registration fee of ₹ 1.28 crore on lease deeds/lease cum sale deeds.
- Incorrect application of rates of duty on mines resulted in short recovery of electricity duty of ₹ 35 lakh in cases of seven consumers.
- There was non-realisation of revenue of ₹ 70.53 crore on account of rural infrastructure and road development tax from holders of 48 mining leases in 12 offices.
- There was short realisation of revenue of ₹ 3.22 crore due to non revision of contract money

TREND OF REVENUE RECEIPTS

The total receipts of the State Government during the year was ₹ 62,604.08 crore against ₹ 51,854.18 crore for the previous year. The revenue raised by the State Government from its own resources during the year 2011-12 was ₹ 34,456.17 crore (55 per cent) comprising of ₹ 26,973.44 crore from tax revenue and ₹ 7,482.73 crore from non-tax revenue as against ₹ 21,419.33 crore and ₹ 5,719.77 crore respectively in the previous year. The balance 45 per cent was received from the Government of India.

AUDIT OBSERVATIONS

The financial effect of the paragraphs and performance audits in the Report is ₹ 247.82 crore. The Government/Departments accepted audit observations of ₹ 115.54 crore, out of which an amount of ₹ 34.05 lakh had been recovered.

PERFORMANCE AUDITS

Major Audit Findings

Recovery of Revenue arrears in Commercial Tax Department

Delay in initiating recovery proceedings

The revenue recovery proceedings were delayed up to four years due to non-issue/delay in issue of notices of demand or delay in issue/institutions of Revenue Recovery Certificates which resulted in mounting of arrears of ₹ 2.86 crore.

Non-issue of kurky warrants which is an order to attach property

In six cases kurky warrants were not issued after the institution of RRC or issue of demand notices which resulted in non-recovery of arrears of ₹ 62.12 lakh.

Non-realisation of arrears of assessed tax due to delay in auctioning the attached property

In case of 12 dealers, the delay in auctioning the attached property resulted in non-realisation of arrears of assessed tax of ₹ 7.11 crore.

Collection of Excise Receipts on Liquor

Non realisation of duty on irregular issue of liquor

Liquor was issued to 143 licensees despite the fact that the licensees of liquor shops had not deposited the fortnightly licence fee/last installment of annual license fee of ₹ 1.20 crore within the prescribed time. This resulted in irregular issue of liquor involving duty aggregating to ₹ 1.20 crore.

Non-levy of penalty on inadmissible wastages

Minimum penalty of ₹ 9.90 crore was not imposed and recovered from the licensees on wastage in excess of the admissible limit during export/transport of liquor.

RESULT OF TRANSACTION AUDIT

Important audit findings are included as paragraphs

COMMERCIAL TAX

Incorrect determination of turnover

Turnover aggregating ₹ 42.65 crore was not assessed to tax which resulted in non-levy of tax of ₹ 2.82 crore including interest/penalty.

Allowance of inadmissible input tax rebate

Due to irregular allowance of input tax rebate, tax of ₹ 87.18 lakh was short realised from 15 dealers.

TAXES ON VEHICLES

Non realisation of tax and penalty on vehicles

Vehicle tax of ₹ 4.03 crore and penalty of ₹ 3.13 crore on 1652 vehicles was neither paid by the vehicle owners nor was it levied by the Department which resulted in non-realisation of Government revenue of ₹ 7.16 crore.

Non/short realisation of trade fee

The dealers had not deposited the requisite trade fee or deposited less trade fee than what prescribed under Central Motor Vehicles (CMV) rules, 1989. This resulted in non/short realisation of ₹ 1.82 crore.

Non levy of vehicle tax and penalty on public service vehicles plying on all India tourist permits

The Taxation Authority failed to detect the vehicles plying on all India tourist permits which were not declared off road, to recover the tax with penalty according to the *Adhiniyam*.

This resulted in non-realisation of tax of ₹ 7.28 lakh and penalty of ₹ 6.77 lakh leviable.

LAND REVENUE

Underassessment of premium and ground rent

The Department valued the land leased to Gwalior Development Authority at rates applicable to land allotted for commercial and residential purposes. The underassessment of premium and ground rent resulted in short levy/realisation of revenue of ₹ 7.79 crore.

STAMPS AND REGISTRATION FEES

Incorrect determination of market value/non-finalisation of cases Incorrect determination of market value/non finalisation of 566 cases in 25 offices resulted in short/non-realisation of stamp duty and registration fee of ₹ 7.62 crore.

Short levy of stamp duty and Registration fees on lease deeds/lease cum deeds There was short levy of stamp duty and registration fee of ₹ 1.28 crore on 28 documents of lease deeds/lease cum sale deeds.

OTHER TAX RECEIPTS

Loss of revenue due to short realisation of electricity duty Incorrect application of electricity duty on mines resulted in short realisation of duty of ₹ 35 lakh.

MINING RECEIPTS

Short realisation of revenue due to non revision of contract money Non-revision of contract money from 141 trade quarry contractors resulted in short realisation of revenue of ₹ 3.22 crore.

Non-realisation of rural infrastructure and road development tax Non-assessment of road development tax in respect of 48 mining leases resulted in non-realisation of tax of ₹ 70.53 crore.

Audit Report on Public Sector Undertakings (General, Social, Economic and Revenue Sectors)

Report No 2 of the year 2013

The Audit Report contains one Performance Audit on the functioning of Madhya Pradesh State Tourism Development Corporation Limited and one Horizontal Performance Audit on Madhya Pradesh Power Transmission Company Limited. This report also contains 8 individual paragraphs (including one para on follow up action) on transaction audit observations relating to Government companies and Statutory corporation. Some of the interesting points contained in the Audit Report are as under:

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 corporations is governed by their respective legislations. As on 31 March 2012, the State of Madhya Pradesh had 55 working PSUs (51 Companies and four Statutory corporations) and nine non-working PSUs (all Companies), which employed 0.58 lakh employees. The working PSUs registered a turnover of ₹ 37949.25 crore for 2011-12 as per their latest finalised accounts as on 30 September 2012. This turnover was equal to 12.03 *per cent* of State GDP indicating an important role played by State PSUs in the economy.

Investment in PSUs

As on 31 March 2012, the Investment (Capital and Long Term Loans) in 64 PSUs was ₹ 33511.25 crore. It grew by 63.17 *per cent* from ₹ 20537.35 crore in 2006-07. Power Sector accounted for 90.24 *per cent* of total investment in 2011-12. The State Government

contributed ₹ 8874.74 crore towards Equity, Loans and Grants/Subsidies to State PSUs during 2011-12.

Performance of PSUs

During the year 2011-12, out of 55 working PSUs, 32 PSUs earned profit of ₹ 190.08 crore and 18 PSUs incurred loss of ₹ 2487.49 crore as per their latest finalised accounts as on 30 September 2012. Five Companies did not submit their first accounts. The State PSUs had accumulated losses of ₹ 15348.27 crore.

The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the State PSUs' losses of ₹ 1179.91 crore and infructuous investments of ₹ 218.95 crore could have been controlled with better management. Thus, there is tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. All 50 accounts of working PSUs finalised during October 2011 to September 2012 received qualified certificates from Statutory Auditors. There were 68 instances of non-compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Twenty six working PSUs had arrears of 63 accounts as of September 2012. The arrears need to be cleared by setting targets for PSUs. There were nine non-working companies.

(Chapter-I)

Performance Audit relating to Government Companies

Performance Audit on Madhya Pradesh Power Transmission Company Limited

A Performance Audit relating to Madhya Pradesh Power Transmission Company Limited was conducted. Executive summary of our audit findings is given below:

Introduction

The transmission of electricity and grid operation in Madhya Pradesh are managed and controlled by the Madhya Pradesh Power Transmission Company Limited (Company), which is mandated to provide an efficient, adequate and properly coordinated grid management and transmission of energy. The Company was incorporated in November 2001 under the Companies Act, 1956.

During 2007-08, 33,710 Million Units (MUs) of energy was transmitted by the Company which increased to 40,692 MUs in 2011-12. As on 31 March 2012, the Company had transmission network of 27,060.67 Circuit kilometres (Ckm) and 247 Extra High Tension sub stations (EHT SSs) with installed capacity of 35,544 Mega Volt Ampere (MVA) capable of transmitting 40,692 MUs annually. It employed 5,365 employees as on 31 March 2012.

Planning and Development

The Central and State Transmission utilities have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all concerned agencies.

Against the targeted construction of 68 EHT SSs, addition/augmentation of 11,036 MVA of transformation capacity and erection of 6,914.88 Ckm of EHT lines, the Company added 49 EHT SSs, installed 10,693.50 MVA of transformation capacity and erected 6,172.54 Ckm of transmission lines.

Construction of Sub Stations and Lines

The Company undertook erection and commissioning of EHT SSs and related transmission lines. A test check of such works completed during the five year period 2007-12 revealed that there were several instances of delay in completion of work ranging from 4 months to 40 months which had a significant impact on the physical and financial objectives of the Company.

Due to inadequate demand the EHT SS at Pawai along with 132 kV lines constructed at a cost of ₹ 15.29 crore remained underutilised. The delay in completion of Satna-Chhattarpur line resulted in idling of EHT SS at Chhattarpur constructed at a cost of ₹ 12.37 crore for more than 11 months.

The completion of associated lines works in advance of construction of EHT SS at Sagar resulted in idling of lines constructed at a cost of ₹ 6.57 crore for a period ranging from 11 months to 17 months.

Contract Management

The Company applied force majeure clause in procurement of 315 MVA power transformer with accessories to the advantage of the supplier which resulted in short recovery of liquidated damages to the extent of ₹ 24.13 lakh.

The Company failed to operate the risk and cost clause of the purchase order in procurement of 70 KN and 90 KN disc insulators, which resulted in non-recovery of extra cost in replacement of failed/rejected insulators to the extent of ₹ 36.46 lakh.

Performance of transmission system

The Company had excess transformation capacity (220 kV) over peak demand which ranged from 318 MVA to 2,985 MVA during the period 2007-08 to 2011-12. Further, while the eight 220 kV EHT SSs had excess installed capacity over the permissible limit valued at ₹ 48.75 crore, 51 EHT SSs had only one power transformer as against the norm of minimum two. The Company is yet to provide Bus Bar Protection Panels in 38 EHT SSs out of 55 EHT SSs of 220 kV. The Company has evolved an innovative

concept for reducing transmission losses without any financial commitment.

Grid Management

Remote Terminal Units (RTUs) were installed in only 46 out of 242 EHT SSs of 220 kV and below. The Company issued Backing Down Instructions (BDI) on 211 occasions, all of which were complied with by the generators.

Financial Management

Loss before tax of the Company decreased by 92.24 *per cent*, from ₹ 39.94 crore in 2007-08 to ₹ 3.10 crore in 2011-12. The Company delayed claiming supply affording charges from DISCOMs resulting in unrealised dues of ₹ 8.17 crore. Delay in repayment of instalment of loan raised from Power Finance Corporation Limited (PFC) resulted in additional expenditure of ₹ 1.91 crore towards penal interest and interest on interest.

Material Management

The value of closing stock exhibited in the Accounts did not agree with that shown by the Stores records. In spite of disposal of the obsolete/unserviceable stock on a regular basis the same remained more than 25 *per cent* of the closing stock.

Conclusion and Recommendations

The Company could not achieve the planned addition of construction of new EHT SSs and lines and addition/

augmentation of transformation capacity. There were several instances of delay in completion of works ranging from 4 to 40 months. The Company short recovered liquidated damages from the contractor by ₹ 24.13 lakh. The Company has evolved an innovative concept for reducing transmission losses without any financial commitment. RTUs were installed in only 46 out of 242 EHT SSs of 220 kV and below. The Company was not able to repay the loan along with interest within the scheduled time to PFC. The value of closing stock exhibited in the Accounts did not agree with that shown by the stores records.

We recommend that the Company analyse the reasons for delay in construction of EHT SSs and find alternative ways so that the works are completed within the time schedule, recover liquidated damages as per the provisions of the contract, install RTUs in all the EHT SSs, minimise the number of occasions of violation of Grid Discipline and list out obsolete and non-moving stores and circulate the same among the DISCOMs for possible utilisation by them.

(Chapter-II)

Performance Audit on working of Madhya Pradesh State Tourism Development Corporation Limited

Introduction

The Madhya Pradesh State Tourism Development Corporation Limited (Company) was incorporated (May 1978) as a wholly owned Company of the Government of Madhya Pradesh (GoMP) for development of tourism in the State. The present Performance Audit was conducted to assess the economy, efficiency and effectiveness in meeting the stated objectives of the State Tourism Policies and Memorandum of Understanding (MoU) with GoMP.

State Tourism Policies & MoU with GoMP

The GoMP framed (October 2010) a new Tourism Policy to promote balanced and sustainable tourism and to fulfill the objectives of the Tourism Policy, 1995. The Company had not prepared any plan for development of tourism in the State and also failed to attract any joint venture company to facilitate private sector investment for development of tourism in State. The growth in the tourist inflow which increased from 141.28 lakh in 2007-08 to 443.89 lakh in 2011-12 (214.19 per cent), was mainly because of addition of new centres for counting of tourists arrival. Further, the Company routinely reported provisional profit to GoMP through the MoU entered into

with State Government due to non finalisation of Annual Accounts.

Operational Performance of the units

The Company had a mechanism in place for redressal of customers' complaint and a system for maintaining hygiene in its hotels/restaurant. The performance of commercial buses on Bhopal-Indore route was satisfactory. The units could not achieve the operating ratio fixed by the Company and the actual operating ratio ranged between 66 and 73 *per cent* against the targeted operating ratio of 56 to 65.75 *per cent* during 2008-09 to 2011-12. The average occupancy of the Company's hotel ranged between 44 and 48 *per cent* during the period 2007-08 to 2011-12 as against the All India average occupancy range of 59.9 to 69.4 *per cent*. The Company increased the tariff of nine hotels by 27 to 102 *per cent*, without considering the low occupancy (ranged between 15 and 44 *per cent*) of these hotels during 2007-08 to 2011-12, which resulted in further decrease of occupancy in five hotels and nominal increase in the occupancy of remaining four hotels during the period 2008-09 to 2011-12. The 32 units of the Company could not maintain both operating ratio as well as food cost limit and resulted in extra expenditure of ₹ 2.81 crore on

food cost. The Company identified 13 units for leasing/privatisation as per the object of tourism policy during 2007-08 to 2011-12 and could lease out only four units so far (December 2012). The Company suffered a loss of ₹ 4.56 crore due to under valuation of land.

Marketing

The Company received ₹ 76.95 crore from GoMP and Finance Commission during the period between 2007-08 and 2011-12 for publicity and promotion of tourism and spent ₹ 78.07 crore during this period. The Company paid higher rates for advertisement through electronic media as compared to the rates fixed by the Directorate of Audio Visual Publicity (DAVP) and also failed to negotiate with the agency to bring rate on par with DAVP rates.

Financial Management

The Company earned profit of ₹ 1.67 crore against the turnover of ₹ 58.54 crore which reduced to ₹ 0.65 crore against turnover of ₹ 87.41 crore in 2010-11. The Company treated the income from interest of ₹ 18.80 crore on unspent amount of grant as their own income during the period 2007-08 to 2010-11. The progress made by the Company in collection of dues from sundry debtors was not encouraging. During the period between 2007-08 and 2011-12 the

Company received an amount of ₹ 248.94 crore as grant from Government of India (GoI), Finance Commission and GoMP. The utilisation of grants ranged from 42.52 to 56.32 *per cent* of the available grants during 2007-08 to 2011-12. The Company submitted utilisation certificate without spending the grant of ₹ 3.12 crore in ten projects of the Twelfth Finance Commission, ₹ 4.90 crore in seven projects of GoI and ₹ 0.93 crore in four projects of GoMP. It had diverted grant of ₹ 1.53 crore in five projects of the Twelfth Finance Commission and ₹ 0.72 crore in three projects of GoI.

The Company violated the terms of sanction of grant by non surrendering the unutilised grant amounting to ₹ 21.36 crore in 13 projects of GoI.

The Company incurred an expenditure of ₹ 24.59 lakh in piece meal on development of software for project management, transport management, hotel management and financial & pay roll management during the period 2007-08 to 2011-12 but could not implement the same successfully so far (December 2012).

Implementation of Information Technology System

Manpower Management

As against the requirement of 2287 employees, the Company had only 1909 employees (662 regular and 1247 outsourced employees) leaving a

short fall of 378 employees

Monitoring, Internal Control and Internal Audit

The Company had not placed annual operating plan, revenue budget, capital budget, MoU with the State Government, quarterly operational results etc. before the Board of Directors. Further, it did not have an efficient internal control system as there was no system for conducting periodical physical verification of fixed assets, inventory, cash, stores etc. The Company also did not have effective internal audit system commensurate with the size and nature of business of the Company.

Conclusion and recommendations

The Company had not prepared any Plan to fulfill the objectives of Tourism Policies and failed in leasing out newly created, existing and loss making assets/units to private parties. The occupancy rate was much less than the All India average occupancy. It had not prepared any marketing policy for effective publicity and promotion of tourism, it also failed in exercising financial prudence in timely finalisation of accounts and prudential management of sundry debtors. The Company had not adhered to terms of sanction of grant received from GoI/ GoMP. The Corporate Governance was deficient and internal audit was inadequate.

We recommend that the Company

should prepare a Corporate plan defining its activities in line with the Tourism Policy, fix the occupancy norms scientifically, improve its financial management by ensuring timely finalisation of accounts, adhere to the terms of sanction of grant and proper utilisation of the same, and strengthen the Corporate Governance by strengthening the internal control and internal auditing system.

(Chapter-II)

3. Transaction Audit Observations

Transaction audit observations included in the Report highlight deficiencies in the management of Public Sector Undertakings involving serious financial implications. The irregularities pointed out are broadly of the following nature:

Loss of ₹ 4.18 crore in two cases due to non-compliance with rules and procedures.

(Paragraphs 3.3 and 3.5)

Loss of ₹ 3.03 crore was incurred in one case due to deficient planning.

(Paragraph 3.1)

Loss of ₹ 8.52 crore in four cases due to non-safeguarding the financial interests of organisation.

(Paragraphs 3.2, 3.4, 3.6, and 3.7)

Major Audit Findings:

Avoidable Loss of Madhya Pradesh Madhya Kshetra Revenue Vidyut Vitaran Company Limited

suffered a loss of ₹ 6.99 crore on account of claiming bad debts lower than the admissible limit of one *per cent* of its yearly revenue.

(*Paragraph 3.6*)

Avoidable Loss of Interest

Madhya Pradesh Power Generating Company Limited suffered a loss of interest of ₹ 3.14 crore due to delay in filing final tariff petition for newly commissioned units.

(*Paragraph 3.3*)

Loss of Revenue

Madhya Pradesh State Mining Corporation Limited suffered a loss of ₹ 77.68 lakh due to failure to effect price revision in line with the price of Rajasthan State Mines and Minerals Limited (RSMML).

(*Paragraph 3.7*)

Avoidable Expenditure of Excise Duty

Madhya Pradesh Power Generating Company Limited made avoidable payment of ₹ 30.70 lakh due to failure to finalise the tender through international competitive bidding.

(*Paragraph 3.2*)

(Chapter III)

Audit Report on Economic (Non-PSUs) Sector Report No 3 of the year 2013

The Report is structured in four chapters. The introductory chapter provides the auditee profile, planning and conduct of audit, significant audit observations and responsiveness of Government to Audit. The other three chapters deal with the findings of performance audits, thematic studies, department-centric audit of Narmada Valley Development Authority and audit of transactions.

Performance Audits

Development of roads in Madhya Pradesh

Against 152 works of CRF and 510 works under NABARD the Department could complete only 42 works of CRF and 169 works under NABARD though there was no financial constraint. Thus, huge shortfall in achievement of planned connectivity was under the CRF/ NABARD.

The Government of India, Ministry of Road Transport and Highways (Department of Roads and Transport) approved 298 works of Major District Roads and Other District in Madhya Pradesh, between 2001 and 2012 for widening, strengthening and upgradation at a cost of ₹ 2,224.78 crore; out of which 152 works were sanctioned during 2007-08 to 2011-12 at a cost of ₹ 1,653.67 crore. During 2007-08 to 2011-12, the Government of Madhya Pradesh approved 510 works of village roads for construction and improvement at a cost of ₹ 1,499 crore from National Bank for Agriculture and Rural Development (NABARD) loan assistance. Government had also undertaken the development and maintenance of roads through the State Budgetary Provision under plan and non-plan heads on which, an expenditure of ₹ 1109.86 crore was made during the review period. Between 2007-08 and 2011-12, 42 works under Central Road Fund (CRF) and 169 works under NABARD were actually completed. Huge shortfall in achievement of planned connectivity was noticed under the CRF/ NABARD schemes, though

there was no financial constraint. Major deficiencies noticed during audit are mentioned below:

- There were instances of misutilisation of Central Road Fund amounting to ₹ 12.34 crore.
(Paragraph 2.1.6.1 and 2.1.13.4)
- There were abnormal delays in completion of sanctioned roads under CRF/ NABARD. Premature upgradation of roads and award of works without clearance from Forest Department resulted in wasteful/unfruitful expenditure of ₹ 15.19 crore and extra cost of ₹ 5.69 crore.
(Paragraph 2.1.8.1 and 2.1.8.2)
- Misclassification of work of strengthening as renewal work led to extra cost of ₹ 2.30 crore besides violation of the orders of Finance Department.
(Paragraph 2.1.9.2)
- Unwarranted provision of Surface Dressing (SD) on Water Bound Macadam (WBM) resulted in extra cost of ₹ 2.76 crore.
(Paragraph 2.1.9.3)
- Short levy of liquidated damages (LD), ineligible payment of price variation and instances of loss to Government amounting to ₹ 25.37 crore were noticed.
(Paragraph 2.1.10.1, 2.1. 10.2 and 2.1.10.3)
- There were instances of short recovery of mobilisation advance, undue financial aid and irregular sanction of secured advances.
(Paragraph 2.1.10.4 and 2.1.10.5)
- Expenditure of ₹ 109.54 crore incurred on road works remained unfruitful due to delay and non-completion of works besides interest burden of ₹ 20.39 crore on the loan.
(Paragraph 2.1.10.7)

Thematic Studies

Construction of minor irrigation schemes in Wainganga Basin

Wainganga Basin of the Water Resources Department covers 1.62 lakh ha area through 778 MI schemes up to end of 2011-12. The basin covers eight districts, namely Balaghat, Chhindwara, Dindori, Jabalpur, Katni, Mandla, Narsinghpur and Seoni and consists of 12 water resources divisions. Major deficiencies noticed during audit are mentioned below:

➤ Inadequate survey and investigation in construction of MI schemes resulted in overlapping of command area in two MI schemes and non-functioning/abandonment of three MI schemes. Expenditure of ₹ 8.83 crore remained largely unfruitful.

(Paragraphs 2.2.3.1 and 2.2.3.2)

➤ Due to non-acquisition/delay in acquisition 13 MI schemes remained incomplete rendering expenditure of ₹ 16.89 crore unfruitful.

(Paragraph 2.2.3.3)

➤ Excess expenditure of ₹ 29.34 crore over administrative approval (AA) was incurred in 26 MI schemes. However, no revised AA was obtained.

(Paragraph 2.2.5.1)

➤ Performance security of ₹ 3.72 crore was not obtained by irregular exclusion of performance guarantee clause from 50 agreement.

(Paragraph 2.2.5.2)

➤ Additional security deposit of ₹ 3.87 crore on account of unbalance items, rates of which were disproportionately higher than the estimates, was not recovered.

(Paragraph 2.2.5.3)

- Avoidable extra expenditure of ₹ 2.32 crore was incurred since the quantity of excavation for spill channel was increased due to non-observance of economical arrangements in spill channel.

(Paragraph 2.2.5.5)

- Maintenance works of minor irrigation schemes amounting to ₹ 12.96 crore were executed directly by the Department, instead of WUAs resulting in deprival of participation of WUAs in maintenance of MI schemes.

(Paragraph 2.2.5.10)

- Utilisation of irrigation potential remained low due to non-adherence to provisions of Works Department manual regarding remodeling work of canals and keeping watch on the performance of the canals.

(Paragraph 2.2.6.1)

- Inspection for MI schemes at division level was inadequate. Only 28 schemes were inspected out of 290 schemes in four divisions.

(Paragraph 2.2.6.2)

Distribution Network of Rani Avanti Bai Lodhi Sagar Project

Against target of irrigation potential of 1.57 lakh hectare through LBC, only 1.23 lakh hectare was created.

Rani Avanti Bai Lodhi Sagar (RABLS) Project was initiated with the objective to irrigate 1.57 lakh hectare through Left Bank Canal (LBC). Construction of 135.50 km long left bank main canal along with its 1,915.04 km distribution network was taken up in 1982 at a cost of ₹ 251.85 crore and was to be completed in 1990. The project was still incomplete after spending ₹ 1,099.66 crore as of March 2012. Irrigation potential of 1.23 lakh hectare was created till January 2012 against the target of 1.57 lakh hectare.

Major deficiencies noticed during audit are mentioned below:

- As of March 2012, total expenditure was ₹ 1,099.66 crore against the original Administrative Approval (AA) of ₹ 309.81 crore accorded in 1992. Excess expenditure over the AA was incurred without obtaining revised Administrative Approval.

(Paragraph 2.3.3)

- Out of ₹ 576.96 crore sanctioned by NABARD, the Authority could obtain reimbursement of only ₹ 467.13 crore due to delays in completion of work.

(Paragraph 2.3.3.1)

- Authority created 1.23 lakh ha of irrigation potential (IP) against targeted IP of 1.57 lakh ha by the end of January 2012. During last five years, only 11 thousand ha IP was created.

(Paragraph 2.3.4)

- In respect of 12 works, there were delays in award of work due to delays at different levels and stages of finalisation of tenders. Non-observance of penal/contractual provision, due to inadequacy of security deposits, resulted in contractors leaving the work incomplete. None of the construction works of LBC were completed within the stipulated period; delays ranged up to six years.

(Paragraph 2.3.4.2)

- Hareri branch canal breached due to poor drainage and below specification work resulting in wasteful expenditure of ₹ 1.60 crore. Non-planning for outlets and re-sectioning of canal system resulted in non-creation of 1,791 ha IP and the extra cost of ₹ 5.17 crore for completion of the balance work withdrawn by the NVDA.

(Paragraph 2.3.4.3)

- Utilisation of created IP was only eight to 25 *per cent* during the period 2007-12, mainly for want of water courses and field channels.

(Paragraph 2.3.5)

- Performance security of ₹ 1.54 crore was irregularly released though the work was rescinded under risk and cost of the defaulting contractor and ₹ 5.35 crore was recoverable from him.

(Paragraph 2.3.6.1)

- In three agreements of canal works, delays in acquisition of land resulted in avoidable payment of price escalation of ₹ 4.81 crore besides delaying irrigation facility in 25,675 ha.

(Paragraph 2.3.6.3)

Department Centric Audit

Narmada Valley Development Authority (Narmada Valley Development Deptt.)

According to award of tribunal in December 1979, MP was to get 18.25 MAF of water of Narmada. So far, 11 dams and its tributaries for storage of 9.114 MAF water and canal system for utilisation of 3.1565 MAF water could only be completed.

According to the award of Tribunal in December 1979 Madhya Pradesh was to get 18.25 MAF of water of Narmada. This was to be reviewed by the NWDT in 2024. For expeditious development of irrigation facilities in the Narmada basin, the Government of Madhya Pradesh established (July 1981) Narmada Valley Development Department (NVDD). In July 1985, planning and execution of major projects in the Narmada Valley was entrusted to the multi disciplinary authority of the Narmada Valley Development Authority (NVDA). So far, 11 dams for 13 major projects across the Narmada and its tributaries for storage of 9.114 Million Acre Feet water and canal system for utilisation of 3.1565 Million Acre Feet

water could be completed. A department centric audit of NVDA conducted to assess preparedness of State for tapping of Narmada Water as per Narmada Water Dispute Tribunal award revealed following deficiencies:

- There were slippages in planning for utilisation of Narmada water due to slow progress by the contractor, delay in obtaining environment clearances and delay in preparation of resettlement and rehabilitation plans

(Paragraph 3.6)

- There were delays in completion of all the components of projects execution resulting in cost overrun and non-completion of dams as well canals and distribution system.

(Paragraph 3.7)

- Delays in approval of drawing, design and Detailed Project Reports (DPRs) were due to non-submission of reports in prescribed format, incomplete information, inadequate drawings etc.

(Paragraph 3.7.2)

- Delays in obtaining environment clearances were due to submission of incomplete information to the Ministry of Environment and Forest (MOEF), delay in preparation and submission of Environment Impact Analysis/Environment Management Plan.

(Paragraph 3.7.3)

- The delays in acceptance of tenders and award of work contributed to delays in completion of projects.

(Paragraph 3.7.6)

- Execution of canal works were delayed mainly due to slow progress by contractors, delays in land acquisition in few reaches, inadequate estimates and execution of works in a phased manner for different reaches instead of taking up execution of all the reaches simultaneously.

(Paragraph 3.7.7 (ii))

- The scheduled completion period of 18 to 36 months in respect of eight turnkey contracts had already lapsed. All the works were however, incomplete as of August 2012 after delays of 12 to 20 months.

(Paragraph 3.7.7 (iii))

- Survey works for medium and minor projects (2.677 Million Acre Feet for 710000 ha) in remaining portion of the Narmada basin (Amarkantak to Handia gauge) was not awarded as of August 2012.

(Paragraph 3.8)

- After lapse of more than 33 years from the date of award of the Tribunal, total utilisation of water was only 5.51 Million Acre Feet during the water year ending June 2012 against the allotted share.

(Paragraph 3.9.1)

- After imposition of the ceiling by State Planning Commission, Narmada Valley Development Authority has not so far planned to tie up funds for bridging the gap of ₹ 11,002 crore required for completion of remaining projects.

(Paragraph 3.10)

Compliance Audit of Transactions

Audit has also noticed significant deficiencies in critical areas, during audit of transactions, which impact the effective functioning of the Government departments/organisations. Important audit findings included in the Audit Report are given below:

Forest Department

- Belated deposit of ₹ 34.97 crore towards Forest Department cess by MP Forest Produce (Trade & Development) Co-operative Federation Ltd. in violation

of rules resulted in loss of interest of ₹ 4.94 crore to the Government.

(Paragraph 4.1.1)

- The Forest Department spent ₹ 2.17 crore on promotion of Eco-tourism in forest area in violation of Forest (Conservation) Act, 1980 and without obtaining approval from Central Government.

(Paragraph 4.1.3)

- During the period 2007-12, the amounts allocated for Joint Forest Management Committee in the budget were drawn and kept in bank accounts instead of in Personal Deposit Account in violation of MP Financial Code. As of March 2012, the amount of unspent balance parked in bank accounts was ₹ 19.07 crore.

(Paragraph 4.1.4)

- Amount of ₹ 1.32 crore was paid to DGS&D for procurement of wireless sets and peripherals without obtaining license under Indian Telegraph Act, 1885 and the amount refunded was kept in Personal Deposit Account of Divisional Forest Officer, Vidisha instead of remitting to the Government account.

(Paragraph 4.1.5)

Narmada Valley Development Department

- In Narmada Valley Development Authority (NVDA), the component of ‘open trough’ costing ₹ 48.32 crore was deleted from the scope of a turn-key contract for execution of canal system. However, instead of reducing the overall contract price, the CE, NVDA unauthorisedly increased the quantity of two other items, which absorbed an amount of ₹ 21.15 crore. The balance amount of ₹ 27.17 crore was also paid to the contractor.

(Paragraph 4.1.6)

- In NVDA, recovery of ₹ 1.05 crore was not made for the excavated hard rock used in four canal construction works.

(Paragraph 4.1.7)

- For execution of Punasa Lift Irrigation Scheme, a contractor was sanctioned cash incentive of ₹ 11.68 crore for early achievement of financial milestones. Despite failure to achieve the specified physical milestones and continued delayed execution, ₹ 5.84 crore was paid to the contractor.

(Paragraph 4.2.1)

- For construction of Canal System of Indira Sagar Project, excess payment of ₹ 85.59 lakh was made to a contractor towards price adjustment due to adoption of incorrect ratio of Petrol Oil Lubricant and Material component.

(Paragraph 4.2.2)

- Additional Security Deposit of ₹ 3.56 crore were not deducted by two divisions of NVDA from the contractors against the items, rates of which were disproportionately higher than the estimates.

(Paragraph 4.3.1)

- Extra payment of ₹ 9.33 crore on account of price escalation was made to contractors by adopting revised factor for price escalation without obtaining prior approval of the Government by the NVDA.

(Paragraph 4.3.2)

Public Works Department

- Delay in sanction and execution of a 35 kilometer road under Twelfth Finance Commission grants resulted in abandoning the work mid-way due to expiry of scheme period and stoppage of funds, and consequential nugatory expenditure of ₹ 4.94 crore.

(Paragraph 4.2.3)

Water Resources Department

- The total command area of 1628 hectares of Rajapur Lift Irrigation Scheme in Rewa district, taken up in 2007, overlapped with the command area of another major Lift Irrigation Scheme at Teonthar resulting in execution of unproductive head work valued ₹ 1.63 crore.

(Paragraph 4.2.4)

- In three divisions of Water Resource Department, undue financial aid to contractors of ₹ 8.48 crore occurred due to non-deduction of additional security deposit (ASD) for unbalanced rate items. In two other divisions, non-deduction of ASD was ₹ 43.92 lakh, while the contractors left the works incomplete.

(Paragraph 4.4.1)

- In four divisions of Water Resource Department, liquidated damages of ₹ 1.68 crore on account of delay in execution of work by the contractors were not recovered from the contractors in seven works.

(Paragraph 4.4.2)

- Deficient planning and non-synchronisation of nalla closure with waste weir construction, contrary to the provisions of MPWD manual, led to idle expenditure of ₹ 1.53 crore.

(Paragraph 4.4.4)

Audit Report on General and Social (Non-PSUs) Sectors Report No 4 of the year 2013

This Audit Report contains reviews and paragraphs arising from the performance audit/ chief controlling officer based audit of selected schemes/ programmes/departments and financial transactions of Government departments. This Epitome gives the gist of important findings included in the Audit Report on General and Social (Non-PSUs) Sectors for the year ended March 2012.

Highlights

- The inmates in the jails in the State were not subjected to quarantine for want of Reception units. Undertrial prisoners were not produced in the courts on stipulated dates. In Central jail Satna, occupancy was 287 *per cent* in excess of its capacity. The prisoners were not paid equitable wages as per the Minimum Wages Act.
- The Employment Guarantee Fund was not constituted at the State, District, Block and Gram Panchayat level. In 13 districts, 13.35 lakh to 19.74 lakh ineligible beneficiaries were registered under the MGNREGS. Only 2.31 *per cent* to 12.60 *per cent* of the registered households were provided 100 days of guaranteed employment. Employment provided to the ST beneficiaries decreased from 49 *per cent* to 27 *per cent* during the period 2007-12.
- In Public Health and Family Welfare Department the Perspective Plan and Annual Plans were prepared without conducting household and facility survey. There was significant under-utilisation of funds. The Trauma centre at Guna district proposed in February 2006 was

not established. The targets of Maternal Mortality Rate, Infant Mortality Rate and Total Fertility Rate could not be achieved. Medicines were issued to patients before obtaining quality test report.

- The Department of Culture did not formulate any cultural policy. The Department paid ₹ 7.19 crore to artistes, film personalities, playback singer etc. as honorarium without fixing any criteria/ rate. Expenditure of ₹ 1.80 crore was incurred for providing water and electricity an activity which was not related to the activities of the Department. Grants of ₹ 3.02 crore were given to 719 NGOs without ensuring their eligibility.
- The District Planning Officer, Panna embezzled ₹ 2.11 lakh through irregular drawal of funds from the treasury in advance and by making incorrect entries in the cash book.
- Government receipts of ₹ 25.88 crore were unauthorisedly retained by the Academy of Administration, Bhopal and were utilised for meeting its expenditure.
- Due to inaction of the Department, an amount of ₹ 1.17 crore remained outstanding with M/s Hospital Services Consultancy Corporation for more than seven years.

Performance Audits

(i) Management of Jails in Madhya Pradesh

The prisons in the State were established under the Prison Act, 1894. The State Government partially adopted (February 2008) the Model Prison Manual introduced by Government of India. A

Performance Audit of ‘Management of Jails’ covering the period 2007-12 revealed the following :

Major audit findings

Central grant was deposited in the Revenue head of account

GOI grants amounting to ₹ 33.50 lakh received under Modernisation of Prisons scheme for installation of night vision devices could not be utilised since the amount advanced to the Madhya Pradesh Laghu Udyog Nigam which was not the approved supplier of the items. The money was deposited irregularly in the Revenue head of the Department.

Prisoners were not subjected to quarantine

In 28 jails, due to absence of Reception units, 68,257 prisoners were not subjected to quarantine during the period 2007-12.

Medical treatment was not provided to ill prisoners

In 18 jails, out of 2.27 lakh cases referred to the hospitals by the Medical Officers during the period 2007-12, 1.91 lakh (84 per cent) prisoners could not be sent to hospital in the absence of police guards/warders.

Security equipment not available / not working in large number of jails

Large number of jails did not have security equipment like CCTV, siren, intercom, generator etc. and many of the existing equipment were not functional.

There were 91 instances of jail escapes in the State during 2007-12.

Undertrial prisoners not produced to Court

In 22 test checked jails, 18 *per cent* to 22 *per cent* of the total undertrial prisoners were not produced to Court during 2007-08 to 2011-12.

Equitable wages were not paid to prisoners

The prisoners engaged in industries running in the jails were not paid equitable wages as per the Minimum Wages Act, though directed by the Supreme Court of India in 1998. The wage rate was last revised in December 2008.

Construction of new CJ at Indore remained incomplete

For construction of a new Central Jail building at Indore at an estimated cost of ₹ 33.60 crore an MoU was signed between Collector, Indore and MP Housing Board (MPHB) in October 2002. The MoU was cancelled in July 2008 due to slow progress of the work and ₹ 8.83 crore were paid to MHPB for the work done. The jail was overcrowded, occupancy being 125 *per cent* of capacity.

(ii) Mahatma Gandhi National Rural Employment Guarantee Scheme

The National Rural Employment Guarantee Act guarantees at least 100 days wage employment in a year to every rural household.

Accordingly, M.P.Rural Employment Guarantee Scheme was introduced on 2 February 2006 in 18 districts of Madhya Pradesh in the first phase. In the second phase, 13 more districts of the State were included from 1 April 2007 and the remaining 19 districts were included from 1 April 2008. It was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in October 2009. Performance Audit of the MGNREGS conducted for the period 2007-12 revealed the following :

Major audit findings

Full time PO was not posted in any of the blocks of the State

A full time dedicated Programme Officer (PO) not below the rank of Block Development Officer (BDO) for co-ordinating the works undertaken by Gram Panchayat and other agencies was not posted in any of the 313 blocks of the State.

Approval of Annual Plans delayed and the labour budgets were unrealistic

Preparation and approval of annual plans was delayed by the districts, blocks and the gram panchayats. Delays ranged up to 21 months in districts and 11 months in blocks and Gram Panchayats. The labour budgets prepared during the period 2007-12 were also not realistic.

Wasteful expenditure was incurred on preparation of DPRs

In block Pandhurna, District Chhindwara an expenditure of ₹ 24.04 lakh was incurred for preparation of detailed project reports for five sub-plans, but not a single work was taken up for execution from these DPRs. Thus, expenditure incurred for preparation of DPRs became wasteful.

Irregular expenditure of ₹ 22.15 lakh incurred on printing of bank pass books

The banks were required to open the accounts of MGNREGS labourers without charge. However, the DPC, Shahdol irregularly incurred an expenditure of ₹ 22.15 lakh on printing of 1,96,000 pass books through private printing press and handed over to 11 banks for issuing those to the beneficiaries.

All rural HHs appearing in the BPL survey list of 2003 were registered under the scheme and issued job cards

In 13 test checked districts 13.35 lakh to 19.74 lakh rural house holds (HHs) who neither submitted application for registration nor were BPL, were registered under the scheme and job cards were issued during the years 2007-08 to 2011-12. Only 32 to 55 per cent of them were provided job.

Only 2.31 per cent to 12.60 per cent of the total registered HHs got 100 days of employment

The number of HHs who were provided 100 days of employment during the period 2007-12 ranged between 2.31 per cent to 12.60 per cent of the total number of registered HHs and the average employment provided per registered rural HH in a financial year ranged between 14 days to 38 days.

Payment of wages was delayed

Test check of 2027 muster rolls (MRs) of line departments in 21 divisions of 11 districts revealed that payment of wages was made with delays ranging from 30 days to 360 days to 66,636

labourers.

***Execution of
impermissible works***

In ten test checked districts expenditure of ₹ 1.31 crore was incurred on execution of 69 impermissible works such as construction of cement concrete roads, ghats, plateforms, leveling and boundary walls of cremation grounds and Jatropha plantation.

Functioning of Government Department(s)

(i) Chief Controlling Officer based Audit of Public Health and Family Welfare Department (PH & FW)

Public Health and Family Welfare Department (Department) is responsible for providing curative, preventive and promotional health care and family welfare services to the people of the State. It is also responsible to improve the access, quality and coverage of health care in the State. A chief controlling Officer based audit of the Public Health and Family Welfare (PH&FW) Department covering the period 2009-12 revealed the following :

Major audit findings

***Significant
underutilisation of funds***

The unspent balances with the Mission Director, National Rural Health Mission increased from ₹ 157.97 crore (out of ₹ 708.79 crore) in 2009-10 to ₹ 366.96 crore (out of ₹ 997.99 crore) in 2011-12. Funds provided to the department through supplementary provisions of ₹ 591.90 crore in three grants during 2009-12 remained unutilised to a great extent as

savings of ₹ 499.41 crore was noticed.

Inadmissible payment under four stage pay scales

In 210 test checked pay fixation cases of 26 test checked DDOs, fixations under four stage pay scales were calculated notionally from the date of appointment resulting in inadmissible payment amounting to ₹ 3.85 crore to 210 employees during periods from August 2008 to 31 March 2012.

UCs of ₹62.75 crore were not obtained from the health institutions

In 14 test checked DDOs, against the total assistance of ₹ 79.40 crore provided in 6848 cases under Rajya Bimari Sahayata Nidhi, only in 1437 cases UCs amounting to ₹ 16.65 crore were received during 2009-10 to 2011-12 from the concerned health institutions.

The trauma care centre could not be established

GOI sanctioned (February 2006) ₹ 1.50 crore for setting up of a Trauma Care Centre at District Hospital, Guna. Staff was also sanctioned (October 2006) by the Department. In spite of incurring an expenditure of ₹ 1.06 crore on civil works and procurement of machine/equipment, the trauma care center could not be established in the last six years.

Blocking of funds for

Two medical colleges at Bhopal

development of eye clinics

and Rewa could not procure equipments for eye patients as of November 2012 even after availability of funds amounting to ₹ 80 lakh since December 2009.

Non-establishment of Sick Newborn Care Units (SNCUs) in the district hospitals

In four test-checked District Hospitals equipment valued ₹ 1.13 crore were purchased without ensuring completion of building for setting up the Sick New Born Care Units.

Targets of Maternal and Infant mortality rate not achieved

The targets fixed by the State for MMR and IMR, which were higher than the National targets, could not be achieved, due to non-availability of skilled manpower and infrastructural gaps.

Delay in supply of medicines and non deduction of penalty from suppliers

In 36 test checked DDOs, in 1,795 cases medicines were supplied with delays up to 446 days. Penalty amounting to ₹ 1.56 crore was not deducted from the suppliers bills.

(ii) Chief Controlling Officer based Audit of Department of Culture

The Department of Culture was established by the Government of Madhya Pradesh with the objectives of preserving the cultural traditions and monuments of archaeological and historical importance in the State. Chief Controlling Officer

(CCO) based audit of the Department covering the period from 2009-10 to 2011-12 revealed the following:

Major audit findings

Non-preparation of a Cultural Policy

As per the Madhya Pradesh Government Business Allocation Rules, the Department was required to prepare a Cultural Policy, but the Department was functioning without a detailed Cultural Policy. The Department stated in January 2012 that preparation of a detailed cultural policy was in progress.

Unadjusted temporary advances

In six offices temporary advances of ₹ 1.33 crore pertaining to the period 1989 to March 2012, were lying unadjusted / unrecovered.

No rates / criteria framed for payment of honorarium

Department paid honorarium of ₹ 7.19 crore during 2009-12 to artistes, singers etc. without fixing rates / criteria for payment.

Expenditure on activities not related to the objectives of the Department

An amount of ₹ 1.80 crore was spent by the Department of Culture, on provision of water and electricity for a function not related with the objectives and activities of the Department of Culture.

Issue of grants to ineligible Organisations

During 2009-12 financial assistance of ₹ 3.02 crore was given to 719 Non-Government and Semi Government

Organisations, which were not recognised by the Directorate of Culture, as organization involved in cultural activities.

Unutilised Central grant kept in bank

Unspent central grant of ₹ 94.16 lakh sanctioned for setting up of museums was not refunded to Government of India and deposited in the bank account of the Trust.

Results of Transaction Audit

Planning, Economic and Statistics Department

Embezzlement of Government money

The District Planning Officer, Panna, embezzled ₹ 2.11 lakh through irregular drawal of funds from the treasury in advance and by making incorrect entries in the cash book. After this was pointed out in audit, ₹ 1.80 lakh was deposited in the departmental bank account.

Scheduled Castes and Scheduled Tribes Welfare Department

Embezzlement of Government money

Rupees 1.50 lakh was embezzled in the office of the District Organiser, Scheduled Castes and Scheduled Tribes Welfare Department (DOTW), Panna. The amount was deposited in the Government Account after being pointed out in audit.

Social Justice Department

Misappropriation /embezzlement of Government money

Violation of Government Rules and absence of internal control resulted in misappropriation of Destitute Fund of ₹ 41.79 lakh in the Office of the Deputy Director, Social Justice, Rajgarh.

Department of General Administration

Unauthorised retention of Government receipts

Government receipts of ₹ 25.88 crore were unauthorisedly retained by the Academy of Administration, Bhopal outside the Government account. The amounts were utilised for meeting its expenditure, in violation of the codal provision.

Department of Medical Education

Irregular purchase of medicines

Superintendent, Sultania Zanana Hospital, Bhopal made unauthorised purchase of medicines, etc. worth ₹ 3.30 crore from a supplier without inviting tenders, in violation of the provisions of Store Purchase Rules during the period August 2009 to December 2011.

Department of Bhopal Gas Tragedy Relief and Rehabilitation

Failure to recover ₹ 1.17

Due to inaction of the

crore from Hospital Services Consultancy Corporation

Department, an amount of ₹ 1.17 crore due from M/s Hospital Services Consultancy Corporation as on 31 March 2006 was not recovered as of March 2013, though the matter was pointed out in audit in December 2010.

Department of Public Health and Family Welfare

Irregular expenditure on pay and allowances

Twenty-four Female Multipurpose Health Workers were irregularly posted in District Hospital, Dewas resulting in irregular expenditure of ₹ 2.46 crore on their pay and allowances. Besides, the rural people were deprived of the services of FMHWs for which they were appointed.